AMENDED AGENDA
CITY OF HARRISONVILLE
BOARD OF ALDERMEN
REGULAR MEETING
CITY HALL
MAY 1, 2017
7:00 PM

1. **Call to Order & Pledge of Allegiance**

2. **Roll Call**

   A. **Roll Call**

3. **Ceremonial Matters**

   A. **A Proclamation Designating May 14-20, 2017 as National Police Week in Harrisonville**

4. **Public Participation**

5. **Approval of Minutes**

   A. **Board of Aldermen - Regular Meeting - Apr 17, 2017 7:00 PM**

   B. **Executive Committee Minutes, Apr. 17, 2017**

6. **Agenda Items**

   A. **Approval of Construction: Marketplace Storage**

   B. **Kim Pearson, Dana F. Cole, Annual Audit Report**

   C. **Council Bill 027, Second Reading: AN ORDINANCE AMENDING THE OPERATING BUDGET FOR THE CITY OF HARRISONVILLE, MISSOURI, FOR THE FISCAL YEAR JANUARY 1, 2017 THROUGH DECEMBER 31, 2017.**

   D. **Council Bill 028: A Resolution of the Board of Aldermen of the City of Harrisonville, Missouri Rescinding the Permit Fee for Re-roofing Work within the City.**

   E. **Council Bill 029: A Resolution of the Harrisonville Board of Aldermen Authorizing the City Administrator to Execute a Purchase Agreement for AmbuPro Software to be Used by the Emergency Services Department at a Cost Not to Exceed $3,851.**

   F. **Summary of IRS Audit**

7. Aldermen and Committee Reports

8. Report from the City Administrator

A. City Admin Report

B. Departmental Review, April 26, 2017

9. Report from the Mayor

10. Adjourn to Executive Session -- Legal Communications (RSMo. 610.021 (1) & Audit Product (RSMo. 610.021 (17)

11. Adjourn From Regular Session

Posted on City Hall Bulletin Board this 28TH day of April 2017

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Randy Jones, City Clerk

The Board of Aldermen meeting is an open meeting but is not a meeting of the public. There is a place on the agenda for comments of citizens under PUBLIC PARTICIPATION. Our rule is that comments by any individual or group shall not exceed (4) minutes. The Board of Aldermen request that concerns be initially addressed at the appropriate action level before coming to the Board of Alderman

City of
Harrisonville
est. 1836

PROCLAMATION

NATIONAL POLICE WEEK

WHEREAS, the Congress and President of the United States have designated May 14 through 20, 2017 as National Police Week; and

WHEREAS, the members of the Harrisonville Police Department play an essential role in safeguarding the rights and freedoms of the citizens of Harrisonville; and

WHEREAS, it is important that all citizens know and understand the duties, responsibilities, hazards, and sacrifices of their police department, and that members of our police department recognize their duty to serve the people by safeguarding life and property, by protecting them against violence or disorder, and by protecting the innocent against deception and the weak against oppression or intimidation; and

WHEREAS, the police department of Harrisonville has grown to be a modern and scientific law enforcement agency which unceasingly provides a vital public service;

NOW, THEREFORE, On behalf of the Board of Aldermen of the City of Harrisonville I, Mayor Brian Hasek, call upon all citizens of Harrisonville and upon all patriotic, civil and educational organizations to observe the week of May 14 through 20, 2017, as Police Week with appropriate ceremonies in which all of our people may join in commemorating police officers, past and present, who by their faithful and loyal devotion to their responsibilities have rendered a dedicated service to their communities and, in doing so, have established for themselves an enviable and enduring reputation for preserving the rights and security of all citizens.

I FURTHER call upon all citizens of Harrisonville to observe Monday, May 15, 2017, as Peace Officers Memorial Day in honor of those peace officers who, through their courageous deeds, have lost their lives or have become disabled in the performance of duty, and let us recognize and pay respect to the survivors of our fallen heroes.

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Brian Hasek, Mayor

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DRAFT

MINUTES
CITY OF HARRISONVILLE
BOARD OF ALDERMEN
REGULAR MEETING
CITY HALL
APRIL 17, 2017
7:00 PM

1. Call to Order & Pledge of Allegiance

2. Roll Call

Attendee Name	Organization	Title	Status	Arrived
Judy Bowman	Harrisonville	Board Member	Present	
Clint Long	Harrisonville	Board Member	Present	
Josh Stafford	Harrisonville	Board Member	Absent	
David Dickerson	Harrisonville	Board Member	Present	
Matt Turner	Harrisonville	Board Member	Present	
Marcia Milner	Harrisonville	Board Member	Present	
Judy Reece	Harrisonville	Board Member	Present	
Brad Bockelman	Harrisonville	Board Member	Present	
Brian Hasek	Harrisonville	Mayor	Present	

Also present: City Attorney John Fairfield; City Administrator Happy Welch; Finance Director Marcella McCoy; Chief of Police John Hofer; Director of Public Works Eric Patterson; Street Superintendent Rodney Jacobs; Director of Parks and Recreation Chris Deal; Deputy City Clerk/Public Information Office Sheryl Stanley, recording.

3. Ceremonial Matters

A. A Service Award Honoring Officer Mike Davis, Harrisonville Police Department, for Ten Years of Loyal Service

Mayor Hasek presented a service award to police officer Mike Davis, congratulating him on his 10 years of service to the city.

4. Public Participation

No one came forward to speak during Public Participation.

5. Approval of Minutes

A. Board of Aldermen - Regular Meeting - Apr 3, 2017 7:00 PM

The minutes were accepted with one amendment.

RESULT:	**ACCEPTED AS AMENDED [UNANIMOUS]**
MOVER:	David Dickerson, Board Member
SECONDER:	Judy Reece, Board Member
AYES:	Bowman, Long, Dickerson, Turner, Milner, Reece, Bockelman
ABSENT:	Josh Stafford

B. Executive Committee Minutes, Mar. 29, 2017

Alderman Dickerson moved the minutes of the Executive Committee's March 29 meeting be accepted, and Alderman Milner seconded. Motion passed, 7-0, on a voice vote.

C. Executive Committee Minutes, Apr. 3, 2017

Alderman Dickerson moved the minutes of the April 3 Executive Committee meeting be approved as presented and Alderman Matt Turner seconded. Motion passed, 7-0, on a voice vote.

6. Agenda Items

A. Special Event Permit: Burnt District Festival 2017

Chief Hofer reviewed the Special Event Permit application received from the Chamber of Commerce with the aldermen, pointing out this is the eighth year for the Burnt District Festival and much of the request remains the same as in previous years. Alderman Bowman asked about the cost of services provided by the city, and Chief Hofer said it was a little more than previous festivals but that Street Superintendent Rodney Jacobs does a good job of tracking expenses and keeping them under control. The permit was approved on a 7-0 voice vote.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Marcia Milner, Board Member
SECONDER:	David Dickerson, Board Member
AYES:	Bowman, Long, Dickerson, Turner, Milner, Reece, Bockelman
ABSENT:	Josh Stafford

B. An Ordinance of the City of Harrisonville, Missouri Certifying the Results of the Municipal Election Held April 4, 2017 and Declaring the Ballot Question to have Passed.

Mayor Hasek reminded those in attendance that the sales tax will go into effect in 2022, after the Community Center is paid off, and Parks and Recreation will have a master plan to guide their development. Alderman Dickerson moved Council Bill 26 be advanced to its second reading, and Alderman Milner seconded. Motion passed on a 7-0 roll call vote, Alderman Stafford being absent. Following the second reading, Council Bill 26 was adopted unanimously on a 7-0 roll call vote with Alderman Stafford being absent and was designated Ordinance 3403.

RESULT:	**ADOPTED [UNANIMOUS]**
AYES:	Bowman, Long, Dickerson, Turner, Milner, Reece, Bockelman
ABSENT:	Josh Stafford

C. AN ORDINANCE AMENDING THE OPERATING BUDGET FOR THE CITY OF HARRISONVILLE, MISSOURI, FOR THE FISCAL YEAR JANUARY 1, 2017 THROUGH DECEMBER 31, 2017.

Finance Director Marcella McCoy presented the request for budget re-appropriations from the 2016 budget to the current year. She noted that this is something that the city does annually and it is essentially a housekeeping task which brings the budget into alignment concerning expenditures which are expected to come forward during the calendar year. Alderman Bowman and Milner expressed concern over the cost of the state audit which was first estimated in 2016 to be $40,000-$60,000. However, Mr. Todd Schuler, SAO audit manager, stated on March 29 that it would likely be closer to $70,000.

Mr. Fairfield also noted his concerns with the formatting in the staff report and said it needed to be corrected. Mr. Hasek determined that Council Bill 27 would stand with a first reading only and would continue with a second reading on May 1.

RESULT:	**FIRST READING**
	Next: 5/1/2017 7:00 PM

7. Aldermen and Committee Reports

Alderman Bowman congratulated Mike Davis on his service award and announced the police and the Volunteers in Police Service would staff the local Drug Take Back event, April 29, 10 a.m. - 2 p.m., at CVS pharmacy.

Alderman Reece noted she had a happy Easter holiday and hoped everyone else had the same.

Alderman Milner related that she and Alderman Bowman had spoken to a local Boy Scout troop about city government, and they found the scouts to be very bright, interested in the topic and armed with good questions.

Alderman Turner shared that he had attended the Beck's Open House recently. He thought the facility was a great space and he hoped they would be successful.

Mayor Hasek noted that Alderman Stafford was absent because he was delayed in travel, returning from a trip.

8. Report from the City Administrator

Mr. Welch directed the aldermen's attention to Item 3 on his report, telling them the city was trying to join the lawsuit against Tracfone, and Item 8, concerning changes to the rates for employee insurance to begin in July.

A. "Departmental Review," April 13, 2017

9. Report from the Mayor

Mr. Hasek reported he had taken advantage of the Brush Drop Off to get rid of some tree waste and that he enjoyed a good Easter holiday. He reminded the audience that the City wide Garage Sale, Junk in the trunk, and City wide Clean Up were all coming up in May.

He also said he had received a letter from a resident who was unhappy with the new No Parking restrictions on Elm Street near the high school and said he thought the board should bring the issue back and reconsider their earlier decision.

10. Adjourn to Executive Session -- Audit product (RSMO. 610.021 (17)

Alderman Dickerson moved the board adjourn to Executive Session according to RSMo. 610.021(1), privileged legal communications, and RSMo. 610.021 (17), audit product. Alderman Turner seconded. Motion carried, 7-0, all aldermen present voting Aye on a roll call vote and Alderman Stafford being absent.

Meeting adjourned to Executive Session at 7:30 p.m. Aldermen reconvened to Regular Session at 8:54 p.m.

11. Adjourn From Regular Session

Alderman Dickerson moved the board adjourn; Alderman Milner seconded. Meeting adjourned at 8:54 p.m.

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Brian Hasek, Mayor & Ex-Officio
Chairman of the Board of Aldermen

ATTEST:

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Sheryl Stanley, Deputy City Clerk

City of Harrisonville est. 1836

STAFF REPORT

TO: **Board of Aldermen**

FROM: **Happy Welch, City Administrator**

DATE: **April 26, 2017**

SUBJECT: **Marketplace Storage**

Type of Item: *Approval*

Mike Christie wants to add 60,000 square feet of climate controlled storage (2 story) to the vacant lot on the south end of the Price Chopper shopping center. Non sales tax generating businesses are limited to 10,000 square feet or 20% of the floor area. He will also be adding tenant spaces to the front of the building. The Marketplace TIF agreement requires Board approval to allow that size of a non retail use.

A. Action Item (ID # 2497)

Approval of Construction: Marketplace Storage

Attachments:

Marketplace uses (PDF)

Marketplace Proposed Storage (PDF)

as an automobile repair or similar business that includes garage doors as a primary feature of its facility; provided that an auto repair business or similar business as described herein shall not include a retail business whose primary business is the sale of and installation of tires for motor vehicles. For the purpose of this section and notwithstanding the foregoing, the following shall shall not be considered to be automobile repair businesses: NTB, Jiffy Lube, and Quaker State Lube, but in no event may any business have garage doors directly facing any public street.

f. Non-Sales Tax Generating Businesses. The Developer shall not, without City approval, sell or lease any portion of the Redevelopment Project Area to non-sales tax generating businesses such as office uses, banks, or fitness centers; provided however, that the Developer is hereby authorized without further approval or consent from the City pursuant to this subsection 13.f., to locate a bank use of no more than 10,000 square feet of finished floor area on the ground floor level, plus such other non-sales tax generating businesses as may occupy no more than 20% of the small shop space as referenced in Exhibit 4 of the Redevelopment Plan as Shops A, Shops B and Shops C.

14. Intentionally Left Blank

15. Design Criteria and Review Procedures.

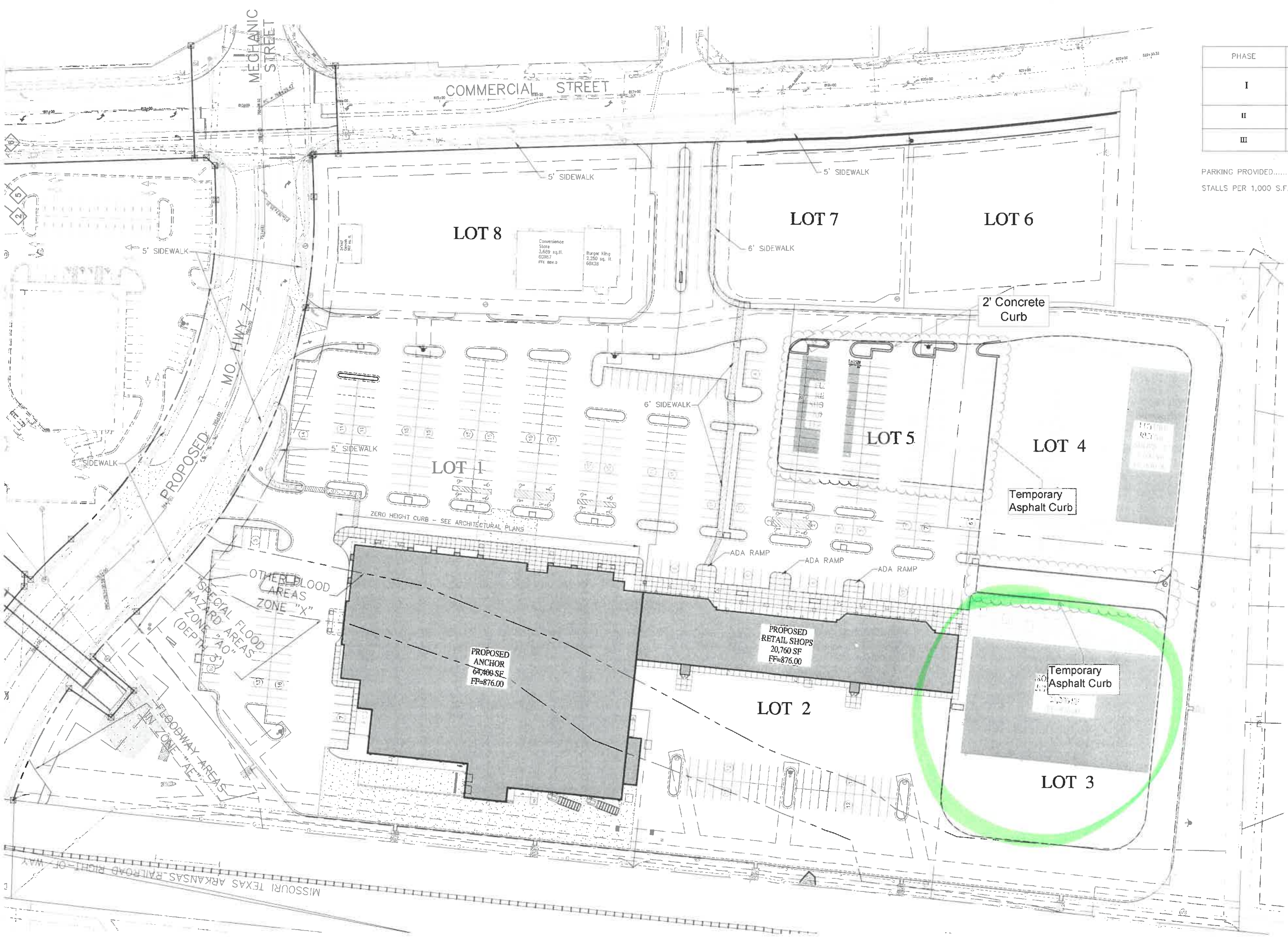
a. The Developer shall comply with and/or follow controls and design criteria relating to exterior improvements as a part of all zoning (including preliminary and final site development plans) and subdivision approvals (hereinafter collectively referred to as "Land Use Approvals") in order to create an integrated, unified design.

b. Construction plans for the Project Improvements shall conform to the Redevelopment Plan, Land Use Approvals, Commercial Design Guidelines attached hereto as Exhibit G and this Agreement. In order to insure that the Project Improvements and their construction will be in accordance with the provisions of this Agreement, and in substantial agreement with proposals made by the Developer to the City, the parties agree as follows:

(1) No Project Improvements shall be commenced or made unless and until all the construction plans therefore, in the detail herein required, or any changes thereto, shall have been submitted to and approved in writing by the City or the City staff all in accordance with the Redevelopment Plan and Land Use Approvals.

(2) The City shall have the absolute right in its judgment and discretion at any time to approve a variance from conformance to, or a waiver of compliance with, the approved controls and design criteria relating to exterior improvements, or to eliminate any one or more of such requirements in connection with the approval or disapproval of the above construction plans or changes thereto, subject to all applicable City ordinance provisions.

(3) Subsequent to commencement of Project Improvements and until said Project Improvements have been completed, the Developer shall, as part of the report required by Section 16, describe in such detail as may reasonably be required by the City, the progress of the Developer in construction. During such period the work of the



PHASING TABLE

PHASE	TYPE	TOTAL SQUARE F...
I	ANCHOR RETAIL SHOPS RESTAURANT/GAS STATION	92,061
II	JUNIOR ANCHOR	23,200
III	RETAIL	15,600

PARKING PROVIDED...........553 STALLS

STALLS PER 1,000 S.F.............4.23

GRAPHIC SCALE

(IN FEET)
1 inch = 50 ft.

City of Harrisonville est. 1836

STAFF REPORT

TO: **Board of Aldermen**

FROM: **Marcella McCoy, Director**

DATE: **April 10, 2017**

SUBJECT: **Fiscal Year 2017 Budget Amendment**

Type of Item: *Budget*

Please see attached Summary for staff report beginning on page 22.

Council Bill No. 027, Second Reading

Ordinance No.

AN ORDINANCE AMENDING THE OPERATING BUDGET FOR THE CITY OF HARRISONVILLE, MISSOURI, FOR THE FISCAL YEAR JANUARY 1, 2017 THROUGH DECEMBER 31, 2017.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF HARRISONVILLE, MISSOURI AS FOLLOWS:

Section 1: That the annual operating budget for the City of Harrisonville, Missouri, for the fiscal year beginning January 1, 2017, and ending on December 31, 2017, a copy of which is appended hereto and made a part hereof, is hereby amended. Maximum amounts to be expended by fund are as follows:

FUND	BUDGETED REVENUE	BUDGETED EXPENDITURES
GENERAL	$ 8,895,258	$ 8,895,258
PARK	558,177	558,004
SALES TAX	1,095,974	1,095,974
COMMUNITY CENTER	1,263,289	1,262,056
EMERGENCY SERVICES	3,651,330	3,642,843
DEBT SERVICE	840,015	840,015
REFUSE	499,600	499,600
ELECTRIC	12,815,930	12,402,052
CWSS	5,809,662	5,809,662
AQUATIC CENTER	155,810	155,810
	35,585,045	35,161,274

Section 2: That the City Administrator is hereby authorized to amend the line items of the budget as needed, but in no event shall more funds be expended for any particular fund than that authorized by this budget without prior approval of the Board of Aldermen. In addition, any monies set aside for capital outlays shall not be used for any other purposes without prior approval of the Board of Aldermen.

Section 3: That this ordinance shall become effective immediately upon its passage and approval.

Vote taken as follows:

Ayes:

Nays:

Absent:

Abstain:

Read for the first time by title only on the 17th day of April 2017. Read for the second time by title only on the 1st day of May 2017.

Brian Hasek, Mayor & Ex-Officio
Chairman of the Board of Aldermen

ATTEST:

Sheryl Stanley, Deputy City Clerk

APPROVED by the Mayor this 1st day of May 2017

City of Harrisonville est. 1836

MEMO TO: Mayor, Board of Aldermen and City Administrator

FROM: Marcella McCoy, Finance Director

DATE: 04/03/2016

SUBJECT: Fiscal Year 2017 Budget Amendment #1
Re-appropriations

Each year, a year-end review of revenue and expenditures is completed as part of preliminary close processes. As a part of that, items are identified as incomplete and still planned expenditures. These projects or items were not included in the current fiscal year budget development, therefore, they are not included in the current year approved budget. To complete these items or projects, a budget amendment is required to add them to the current fiscal year budget. Each department director provides a list of items that are still planned to add to the current fiscal year budget. The following summarizes the preliminary year-end balances for each fund and identifies the requested budget amendment. Not all funds require an amendment. To provide a balanced budget presentation there is a line item added as Transfer from Reserves in the funds that are using fund balance to complete projects.

GENERAL FUND

General Fund is the basic operating fund for the city. It includes all administrative activities, police, streets, storms, and community development along with capital for these activities. The following table includes Fiscal Year 2015 audited balances, 2016 preliminary ending balances, approved 2017 budget and requested budget for fiscal year 2017.

	2015 Actual	Revised 2016 Budget	2016 Unaudited Actual	2016 Over/Under Budget	2017 Approved Budget	2017 Revised Proposed Budget
Beginning Fund Balance (Fund Basis)	$ 5,083,745	$ 5,663,266	$ 5,663,266		$ 4,501,959	$ 6,279,511
Total Operating Revenues	7,712,787	7,770,663	7,885,609	114,946	7,724,652	8,745,258
Total Capital Revenues	293,635	334,416	412,974	78,558	150,000	150,000
Total Revenues	8,006,422	8,105,079	8,298,583	193,504	7,874,652	8,895,258
Total Resources Available	13,090,167	13,768,345	13,961,849		12,376,611	15,174,769
Operating Expenditures:						
Total Operating Expenditures	6,720,529	7,654,679	6,579,725	(1,074,954)	7,020,577	7,144,687
Total Capital Expenditures	706,372	1,611,707	1,102,613	(509,094)	1,316,871	1,750,571
Total Requirements	7,426,901	9,266,386	7,682,338	(1,584,048)	8,337,448	8,895,258
Ending Fund Balance (Fund Basis)	5,663,266	4,501,959	6,279,511		4,039,163	6,279,511
Cash Flow Reserve -					3,874,797	3,926,923
Estimated Unreserved Cash and Investments					164,366	2,352,588
Operating Surplus (Deficit) used for Capital Expenditures					$ 919,475	$ 1,815,971

Attachment: 2017 Re-appropriation Admendment Memo (2490 : Fiscal Year 2017 Budget Amendment)

Notice the increase in fund balance in fiscal year 2015 and again at the end of 2016. The fund balance decrease in the proposed 2017 budget is a direct result of the projected capital expenditures. Use of fund balance is acceptable, especially when identified as needed capital. It is reflected in a revenue item as transfer from reserve in order to comply with the balanced budget requirement. The total transfer from reserve is $1,020,606 to cover the planned capital expenditures. The original $462,796 plus $557,810.

Another factor that affects ending fund balance is projects and planned purchases from 2016 that are recorded in 2017. These are recorded as encumbrances, in other words, money identified to be paid to a particular business for a product or service that was ordered or started. As they are completed the amounts will be included in the total year to date amounts. The total General Fund encumbrances from 2016 are $105,022.90.

The table below outlines the requested increase in expenditures for General Fund. Most of these items were discussed during the 2016 budget development. The one new item is the name badge printer that is a replacement for the one that recently quit operating.

Re-Appropriations			Re-Appropriation		
GENERAL FUND					
Adm-Mayor & Board					
01-6-0101-0216	State Audit		$	70,000	
Administration					
01-6-0103-0216	INCODE HR Module/Timekeeping			25,400	
01-6-0103-0305	Safety Equipment	To be reimbursed by MPR		13,900	
Finance-Property Management					
01-6-0215-0504	Building -- new roof / may be reimbursed by insurance			73,700	
Law Enf-Animal Control					
01-6-0312-0214	Donation Expenditures / Money received in 2016			11,110	
Capital Improvements					
01-6-0936-1073	Morningview Storm Improvements			129,000	
01-6-0936-1075	Ann Terrace Storm Improvements			141,000	
01-6-0938-1003	Sidewalk Curb Program			90,000	
Totals			$	554,110	
Total Re-Appropriations					
New Appropriations					
01-6-0215-0350	Small Tool/Equipment - Nametag/badge Printer replacement		$	3,700	
Totals			$	3,700	
Total re-appropriation and new appropriations					$ 557,810

REFUSE FUND

There is no current proposed changes to the refuse fund for fiscal year 2017. The table on the following page includes the actual ending balances for 2015, preliminary 2016 and proposed 2017 budget. Increase in fund balance is reflected in 2015 and 2016. Fiscal year 2017 is presented as a balanced budget with no change in fund balance. Staff is currently working on request for proposals for refuse services. The current contract for refuse services expires November 30, 2017.

Refuse Fund

	2015 Actual	Revised 2016 Budget	2016 Unaudited Actual	2016 Over/Under Budget	2017 Approved Budget	2017 Revised Proposed Budget
Beginning Fund Balance (Fund Basis)	$ 30,403	$ 34,831	$ 35,701		$ 34,831	$ 36,510
Operating Revenues:						
Total Operating Revenues	500,294	503,730	504,576	846	499,600	499,600
Total Resources Available	530,697	538,561	540,277		534,431	536,110
Operating Expenditures:						
Total Operating Expenditures	494,996	503,730	503,767	37	499,600	499,600
Total Requirements	494,996	503,730	503,767		499,600	499,600
Ending Fund Balance (Fund Basis)	35,701	34,831	36,510		34,831	36,510
Cash Flow Reserve - 42% of Operations					188,336	188,336
Estimated Unreserved Cash and Investments					(153,505)	(151,826)

ELECTRIC FUND

There are no current proposed changes to the electric fund for fiscal year 2017. The following table includes the actual ending balances for 2015, preliminary 2016 and proposed 2017 budget. Fiscal year 2015 shows a decrease in fund balance. Fiscal 2016 preliminary and fiscal year 2017 both reflect an increase in fund balance. Fiscal year 2017 is presented as a balanced budget. Like general fund, the electric fund has projects and planned purchases from 2016 that are recorded in 2017 as an encumbrance. The total encumbrance from 2016 is $39,132.22 that reduces the projected increase in fund balance.

	2015 Actual	Revised 2016 Budget	2016 Unaudited Actual	2016 Over/Under Budget	2017 Approved Budget	2017 Revised Proposed Budget
Beginning Fund Balance (Fund Basis)	$ 3,648,865	$ 3,195,622	$ 3,430,430		$ 2,904,378	$ 3,735,374
Operating Revenues:						
Total Operating Revenues	11,580,130	12,775,280	11,362,870	(1,412,410)	12,815,930	12,815,930
Total Capital Revenues	91,811	-			-	-
Total Revenues	11,671,941	12,775,280	11,362,870		12,815,930	12,815,930
Total Resources Available	15,320,806	15,970,902	14,793,300		15,720,308	16,551,304
Operating Expenditures:						
Total Operating Expenditures	10,868,645	12,145,308	11,026,931	(1,118,377)	12,092,352	12,092,352
Total Capital Expenditures	1,021,731	921,216	30,995		309,700	309,700
Total Requirements	11,890,376	13,066,524	11,057,926		12,402,052	12,402,052
Ending Fund Balance (Fund Basis)	3,430,430	2,904,378	3,735,374		3,318,256	4,149,252
Debt Service Reserve					330,261	330,261
Cash Flow Reserve - 42% of Operating Expenses					5,078,788	5,078,788
Estimated Unreserved Cash and Investments					(2,090,793)	(1,259,797)
Operating Surplus (Deficit)					$ 723,578	$ 723,578

Attachment: 2017 Re-appropriation Admendment Memo (2490 : Fiscal Year 2017 Budget Amendment)

CWSS FUND

The Combined Water and Sewer Services Fund is the operating and capital fund for the water and sewer services. Water rates were last increased effective with the bills due June 1, 2016. The table on the following page includes the actual ending balances for 2015, preliminary actuals for 2016 and proposed 2017 budget. Fiscal year 2015 and projected 2016 shows decreases in fund balances. The approved 2017 budget shows an increase in fund balance, however the requested amendment shows a decrease. The decrease is a result of capital improvements recommended.

	2015 Actual	Revised 2016 Budget	2016 Unaudited Actual	2016 Over/Under Budget	2017 Approved Budget	2017 Revised Proposed Budget
Beginning Fund Balance (Fund Basis)	$ 4,885,649	$ 4,794,779	$ 4,500,305		$ 3,938,273	$ 4,438,108
Operating Revenues:						
Total Operating Revenues	5,012,276	5,038,330	4,971,473	(66,857)	4,783,897	4,783,897
Total Capital Revenues	-	8,549,000			-	1,025,765
	5,012,276	13,587,330	4,971,473	(66,857)	4,783,897	5,809,662
	9,897,925	18,382,109	9,471,778		8,722,170	10,247,770
Operating Expenditures:						
Total Operating Expenditures	3,509,725	4,358,789	3,536,205	(822,584)	4,253,192	4,273,372
Total Capital Expenditures	1,887,895	10,085,047	1,497,465	(8,587,582)	493,950	1,536,290
	5,397,620	14,443,836	5,033,670		4,747,142	5,809,662
Ending Fund Balance (Fund Basis)	4,500,305	3,938,273	4,438,108		3,975,028	4,438,108
Debt Service Reserve					1,825,460	1,825,460
Cash Flow Reserve - 42% of Operating Expenses					1,290,604	1,299,080
Estimated Unreserved Cash and Investments					858,964	1,313,568
Operating Surplus (Deficit)					$ 530,705	$ 510,525

The following table details the requested increase for re-appropriation. These projects were approved in prior year budgets and are still planned or beginning. Additionally, there are encumbrances remaining from prior years including the State Revolving Fund water plant improvement. The total encumbrance from Fiscal 2016 is $8,407,689.74. The majority of the 2016 encumbrance is for the water plant improvement and is paid with the proceeds from the Direct Loan approved.

CWSS			
08-6-0103-0201	Utilities	$ 180	
08-6-0720-0216	Bowers Survey-LH Survey	20,000	
08-6-0931-3056	291 Waterline Relocation	400,000	
08-6-0931-3062	Beckerdite Waterline Engineering	60,000	
08-6-0931-3059	Lake Hville Electric Crossing	115,000	
08-6-0931-3060	I49 Waterline	317,340	
08-6-0932-3052	Annual Sanitary Sewer Replacement	25,000	
08-6-0932-3054	WWTP pump replacement	25,000	
08-6-0932-3056	Walmart DC	100,000	
Totals		$ 1,062,520	
Total Re-Appropriations			$ 1,062,520

PARK FUND

Property taxes and fees provide for the park fund and are used for programs and maintenance of the parks. The table on the following page includes the actual ending balances for 2015, preliminary 2016 and proposed 2017 budget. Fiscal year 2015 shows an increase in fund balance as well as preliminary 2016. The approved 2017 budget was presented as a balanced budget. The only re-appropriation is the remaining $48,997 for the sidewalk project along Jefferson Street that was approved by the Board and MODot. To maintain a balanced budget, the $48,997 is referenced as a transfer from the available cash in Parkland Dedication.

	2015 Actual	Revised 2016 Budget	2016 Unaudited Actual	2016 Over/Under Budget	2017 Approved Budget	2017 Revised Proposed Budget
Beginning Fund Balance (Fund Basis)	$ 66,074	$ 97,636	$ 97,636		$ 47,181	$ 175,031
Operating Revenues:						
Total Operating Revenues	522,722	502,525	572,808	70,283	509,180	509,180
Capital Revenues: Transfers Supporting Capital	-	-	-	-	-	48,997
Total Revenues	522,722	502,525	572,808		509,180	558,177
Total Resources Available	588,796	600,161	670,444		556,361	733,208
Operating Expenditures:						
Park Maintenance	463,685	480,140	472,967	(7,173)	509,007	509,007
Capital Improvements- Funded by Payment in Lieu of Parkland Func	-	50,000	1,003	(48,998)	-	48,997
Total Requirements	491,160	552,980	495,414		509,007	558,004
-	97,636	47,181	175,031		47,354	175,204
Escrowed Reserves- Payment in Lieu of Parkland Dedication	56,442	6,442			6,442	6,443
Cash Flow Reserve - Covered by General Fund					213,783	213,783
Estimated Unreserved Cash and Investments					40,912	168,761

SALES TAX

The Sales Tax Fund collects the sales tax for parks and is used to make the transfer for the debt service payment. Sales tax collected over the required debt service payment is transferred to the Community Center fund for operations. The 2017 proposed amendment increases the transfer to the Community Center Fund to present a balanced budget for the Community Center. There is also an added line item for transfer from reserves to present this fund as a balanced budget. The additional transfer is made available because of 2016 sales tax collected over budget and existing money available from previous years. The following table outlines actual 2015, preliminary 2016 and proposed 2017 budget request.

Sales Tax

	2015 Actual	Revised 2016 Budget	2016 Unaudited Actual	2016 Over/Under Budget	2017 Approved Budget	2017 Revised Proposed Budget
Beginning Fund Balance (Fund Basis)	$ 583,785	$ 109,125	$ 109,125		$ 109,125	$ 146,851
Operating Revenues:						
Total Operating Revenues	1,143,761	976,000	1,013,724	37,724	1,022,000	1,093,724
Total Resources Available	1,727,546	1,085,125	1,122,849		1,131,125	1,240,575
Operating Expenditures:						
Total Operating Expenditures	1,618,421	976,000	975,998	(2)	1,022,000	1,093,724
Total Requirements	1,618,421	976,000	975,998		1,022,000	1,093,724
Ending Fund Balance (Fund Basis)	$ 109,125	$ 109,125	$ 146,851		$ 109,125	$ 146,851

AQUATIC CENTER

The Aquatic Center Fund is set up as an enterprise fund. This means that the fees or charges collected are the only source of money for operations and maintenance of the outdoor complex. For several years, the pool has operated with cash available when needed. As noted in the adopted 2017 budget, the fund balance may run out in the next couple of years. There are no requested re-appropriation for the Aquatic Center Fund. An adjustment to reflect use of existing reserve is noted in the total operating revenue. The detail reflects it as a transfer. This is done to comply with the requirement to present a balanced budget. The table on the following page includes the actual 2015, the preliminary unaudited 2016 totals compared to budget and the proposed 2017 budget. There are no outstanding purchase orders from 2016.

	2015 Actual	Revised 2016 Budget	2016 Unaudited Actual	2016 Over/Under Budget	2017 Approved Budget	2017 Revised Proposed Budget
Beginning Fund Balance (Fund Basis)	$ 103,330	$ 75,006	$ 75,006		$ 50,616	$ 47,480
Operating Revenues:						
Total Operating Revenues	131,654	141,770	148,156	6,386	136,080	155,810
Total Resources Available	234,984	216,776	223,162		186,696	203,290
Operating Expenditures:						
Total Operating Expenditures	159,978	164,860	174,484	9,624	155,810	155,810
Total Capital Expenditures	-	1,300	1,197	(103)	-	-
Total Requirements	159,978	166,160	175,682		155,810	155,810
Ending Fund Balance (Fund Basis)	75,006	50,616	47,480		30,886	47,480
Park Board-directed Reserves		67,500				
Cash Flow Reserve - 16.67% of Operating Expenses					25,974	25,974
Estimated Unreserved Cash and Investments					4,912	21,506
Operating Surplus (Deficit)	$ (28,324)	$ (23,090)			$ (19,730)	$ -

COMMUNITY CENTER

The Community Center is funded through user fees and parks sales tax. The sales tax currently provides the debt payment until 2022. Beginning 2023 the parks sales tax may be used to provide for the all the park amenities. The 2017 budget was adopted with the use of available fund balance. The current adjustment to this fund is to record the use of reserve from the Sales Tax Fund as a transfer in to present a balanced budget. The following table outlines the actual 2015, preliminary 2016 and requested 2017 budget.

	2015 Actual	Revised 2016 Budget	2016 Unaudited Actual	2016 Over/Under Budget	2017 Approved Budget	2017 Revised Proposed Budget
Beginning Fund Balance (Fund Basis)	$ 110,060	$ 104,652	$ 104,652		$ 41,673	$ (956)
Operating Revenues:						
Total Operating Revenues	1,142,848	1,089,440	992,466	(96,974)	1,141,565	1,213,289
Total Capital Revenues	-	-	-		50,000	50,000
Revenues	1,142,848	1,089,440	992,466		1,191,565	1,263,289
Total Resources Available	1,252,908	1,194,092	1,097,118		1,233,238	1,262,333
Operating Expenditures:						
Total Operating Expenditures	1,148,256	1,132,714	1,077,367	(55,347)	1,202,051	1,202,051
Total Capital Expenditures	-	19,705	20,708		60,005	60,005
Total Requirements	1,148,256	1,152,419	1,098,075		1,262,056	1,262,056
Ending Fund Balance (Fund Basis)	104,652	41,673	(956)		(28,818)	277
Cash Flow Reserve - 42% of Operating Expenses					504,861	504,861
Estimated Unreserved Cash and Investments					(533,679)	(504,585)
Operating Surplus (Deficit)	$ (5,408)	$ (43,274)	$ (84,901)		$ (60,486)	$ 11,238

EMERGENCY SERVICES

The Emergency Services Fund provides fire and ambulance services. These services are funded through a sales tax, user fees, and transfer from General Fund. The 2017 budget was presented as a balanced budget and there are no recommended changes to the budget at this time. The following table outlines the actual 2015, preliminary 2016 actuals and 2017 approved budget. There is encumbrance money from 2016 in the amount of $2,727 that will be included in the 2017 ending actuals.

Emergency Services

	2015 Actual	Revised 2016 Budget	2016 Unaudited Actual	2016 Over/Under Budget	2017 Approved Budget	2017 Revised Proposed Budget
Beginning Fund Balance (Fund Basis)	$ (306,023)	$ 136,459	$ 136,459		$ 134,923	$ 487,053
Operating Revenues:						
Total Operating Revenues	2,666,568	3,579,330	3,684,861	105,531	3,349,330	3,349,330
Transfer from General Fund for Capital		-	-		302,000	302,000
Total Revenues	2,666,568	3,579,330	3,684,861		3,651,330	3,651,330
Total Resources Available	2,360,545	3,715,789	3,821,320		3,786,253	4,138,383
Operating Expenditures:						
Total Operating Expenditures	2,224,086	3,395,501	3,145,259		3,326,243	3,326,243
Capital Equipment	-	185,365	189,007	3,642	316,600	316,600
Total Requirements	2,224,086	3,580,866	3,334,267		3,642,843	3,642,843
Ending Fund Balance (Fund Basis)	136,459	134,923	487,053		143,410	495,540
Cash Flow Reserve - (Covered by General Fund 42% of Operating Expenditures) **Does not include Medicare/Write-offs					802,840	802,840
Estimated Unreserved Cash and Investments 12/31/2012	136,459	134,923			(659,430)	(307,300)
Operating Surplus (Deficit)					$ 23,087	$ 23,087

SUMMARY/RECOMMENDATION

This information provides a summary of what fund balances were beginning in 2015 along with the preliminary projected ending balances for 2016. It includes the approved budget for 2017 and the proposed changes needed for planned projects and to present the 2017 budget as a balanced budget. Recommendation is to approve the proposed 2017 budget as presented.

Historically, the City has completed a process of re-appropriations during the first half of the new fiscal year. This year is no different in that respect. Presented to the Board is the request to amend the fiscal year 2017 budget to include the requested re-appropriations. Re-appropriation is requested for projects or items that were planned in previous year budgets that are incomplete.

The requested amendment also adds a line item defined as transfer from reserves. This line item is used to present a balance budget as required. This line item specifically identifies the use of fund balance. Fiscal year 2017 use of fund balance is needed for capital projects planned. The approved budget provides for operations and a portion of capital projects. Most of the re-appropriation requests are to complete planned or in progress capital projects. The following tables outline the requested re-appropriations by fund.

Fiscal year 2017 budget was adopted with sufficient revenue to provide operations and a portion of capital items needed. General fund balance increased in 2015 by $579,521. An amount sufficient to cover the approved budget to use $462,796. Fiscal year 2016 is projected to increase fund balance $616,246 before audit entries. This amount is sufficient to cover the requested re-appropriation.

Re-Appropriations				Re-Appropriation	
GENERAL FUND					
Adm-Mayor & Board					
01-6-0101-0216	State Audit			$ 70,000	
Administration					
01-6-0103-0216	INCODE HR Module/Timekeeping			25,400	
01-6-0103-0305	Safety Equipment		To be reimbursed by MPR	13,900	
Finance-Property Management					
01-6-0215-0504	Building -- new roof / may be reimbursed by insurance			73,700	
Law Enf-Animal Control					
01-6-0312-0214	Donation Expenditures / Money received in 2016			11,110	
Capital Improvements					
01-6-0936-1073	Morningview Storm Improvements			129,000	
01-6-0936-1075	Ann Terrace Storm Improvements			141,000	
01-6-0938-1003	Sidewalk Curb Program			90,000	
Totals				$ 554,110	
Total Re-Appropriations					
New Appropriations					
01-6-0215-0350	Small Tool/Equipment - Nametag/badge Printer replacement			$ 3,700	
Totals				$ 3,700	
Total re-appropriation and new appropriations					$ 557,810
Transfer from Reserve - use of fund balance			Original adopted budget		$ 462,796
			Re-appropriation		$ 557,810
		Total			$ 1,020,606

The Combined Water Sewer Services reserve available has decreased the last couple of years because of the improvement to the water treatment plant. Fiscal year 2017 will receive the reimbursement from the Direct Loan for the engineering services paid in prior years for that project in an amount of $1,025,765. This is the necessary amount to present a balanced budget for 2017. The table on the following page outlines the requested re-appropriation.

CWSS			
08-6-0103-0201	Utilities	$ 180	
08-6-0720-0216	Bowers Survey-LH Survey	20,000	
08-6-0931-3056	291 Waterline Relocation	400,000	
08-6-0931-3062	Beckerdite Waterline Engineering	60,000	
08-6-0931-3059	Lake Hville Electric Crossing	115,000	
08-6-0931-3060	I49 Waterline	317,340	
08-6-0932-3052	Annual Sanitary Sewer Replacement	25,000	
08-6-0932-3054	WWTP pump replacement	25,000	
08-6-0932-3056	Walmart DC	100,000	
Totals		$1,062,520	
Total Re-Appropriations			$1,062,520
Reimbursed from Direct Loan for water treatment plant engineering			$1,025,765

The Park fund is the only other fund that has a re-appropriation request that is for the Jefferson Street sidewalk project approved by the Board and MODot. This amount is provided for by the Parkland Dedication money available.

PARK			
11-6-0990-4215	Masterplan Improvements - Jefferson St Sidewalk Proj	$48,998	
Total Re-Appropriations			$48,998
Parkland Dedication Transfer			$48,998

Request an increase in the transfer from the Sales Tax fund to the Community Center fund to present a balanced budget in the amount of $73,974. This includes the additional 2016 revenue received over budget and the use of available funds from prior years.

SUMMARY

Included in the packet is more detailed report about each fund and summary of balances from fiscal year 2015 to requested fiscal year 2017 budget amendment. This information is provided to support the request for re-appropriation and request amendment of the 2017 fiscal year budget to present a balanced budget. Submitted for your approval.

City of Harrisonville est. 1836

STAFF REPORT

TO: **Board of Aldermen**

FROM: **Happy Welch, City Administrator**

DATE: **April 20, 2017**

SUBJECT: **Re-roof Permit Fee Removal**

Type of Item: *Policy*

We currently require that any re-roofing job get a permit through the building division. The building code does not require shingle replacement inspections. By requiring a permit we are obligated to inspect the roof upon completion, however we don't have the equipment or time to do a thorough inspection and I would recommend we eliminate the permit fee for re-roofs (but contractors will still need to purchase a business license). The Community Development Committee recommended approving this change.

Council Bill No. 028

Resolution No.

A Resolution of the Board of Aldermen of the City of Harrisonville, Missouri Rescinding the Permit Fee for Re-roofing Work within the City.

Whereas the International Building Code and Residential Code do not require permitting for non-structural roof repair; and

Whereas the Public Works Committee recommends rescinding the permit fee required for re-roofing work;

Now, therefore be it resolved by the Board of Aldermen of the City of Harrisonville, Missouri as follows:

Section 1: That the Board of Aldermen approve removal of the building permit fee for residential and commercial re-roofs unless the work to be done is structural in nature thereby requiring a permit and inspection.

Section 2: That this resolution shall become effective July 1, 2017 upon passage and approval.

PASSED AND RESOLVED by the Board of Aldermen of the City of Harrisonville, Missouri this 1st day of May 2017.

____

Brian Hasek, Mayor and Ex-Officio
Chairman of the Board of Aldermen

ATTEST:

____

Randall K. Jones, City Clerk

WITNESS my hand and seal this 1st day of May 2017.

City of Harrisonville est. 1836

STAFF REPORT

TO: **Board of Aldermen**

FROM: **Happy Welch, City Administrator**

DATE: **April 21, 2017**

SUBJECT: **AmbuPro Software**

Type of Item: *Agreement*

The Emergency Services department was approved in the 2017 budget year to purchase new incident software for the EMS calls due to our current software being eliminated by the company. Working with Jeremy Smith in IT, Chief Myler has researched and is recommending AmbuPro software to integrate with our billing software and track the runs made by the Paramedic crews. This purchase requires that an agreement be signed and I am looking for resolution authorization.

I have included only a portion of the contract due to the some confidential information included in portions of the remaining contract. If you want to look at the complete contract please stop by my office.

Council Bill No. 029

Resolution No.

A Resolution of the Harrisonville Board of Aldermen Authorizing the City Administrator to Execute a Purchase Agreement for AmbuPro Software to be Used by the Emergency Services Department at a Cost Not to Exceed $3,851.

Whereas, the Harrisonville Emergency Services Department wishes to purchase new incident software to track activity of the paramedic crews, and

Whereas, funding for such software was included in the city's 2017 budget, and

Whereas, research performed by EMS Chief Myler indicates that AmbuPro best fulfills the department's needs,

Now Therefore Be It Resolved by the Board of Aldermen of the City of Harrisonville, Missouri, as follows:

Section 1: The City Administrator is hereby authorized to execute a purchase agreement for AmbuPro Software at a cost not to exceed $3,851.

Section 2: That this resolution shall become effective immediately upon its passage and approval.

PASSED and RESOLVED by the Board of Aldermen and APPROVED by the Mayor of the City of Harrisonville, Missouri this 1st day of May 2017.

____

Brian Hasek, Mayor and Ex-Officio

Chairman of the Board of Aldermen

ATTEST:

____

Randy Jones, City Clerk

WITNESS my hand and seal this 1st day of May 2017

OCI SOFTWARE

Offices: 99 So. Main St - 2nd Floor, Fall River, MA 02721
Mail: P.O. Box 1, Swansea, MA 02777
Voice: 508.678.3330
Fax: 508.296.9495

AmbuPro EMS Information in Motion

Sales Order

NAME / ADDRESS
Harrisonville Emergency Services 903 S. Commercial Harrisonville, MO 64701

TERMS
100% Payment w/ Order

PROJECT	DATE	Number
MO_HarrisonvilleEMS	4/4/2017	22697

DESCRIPTION	QTY	COST	TOTAL
*** AmbuPro EMS ePCR Client and Support Contract (from 04/04/2017 until 04/30/2017) *** Includes the ePCR Client (matching the eFusion setup) and the following: - Remote Installation & Setup of AmbuPro EMS - Cardiac Monitor Integration (Physio Control LP15) - Billing Integration (TriTech) - Missouri NEMSIS v2 & v3 Integration - Web Training & Remote Train-the-Trainer Session of AmbuPro EMS - Technical Support, Maintenance, Updates, Upgrades for AmbuPro EMS	1	2,457.00	2,457.00
Microsoft SQL Server 2014 Standard Edition (including physical media, shipping, and handling)	1	694.00	694.00
AmbuPro EMS CAD Interface Bridge License (with ITI CAD) with Support, Maintenance and Upgrades	1	700.00	700.00
*** TERMS *** Initial Invoice: $3,851 due upon contract signing Ongoing Invoices: Annual Amount invoiced on 04/01 each year Payment Types: Check, Money Wire, or ACH Debit		0.00	0.00
**** ORDER AUTHORIZATION *** I, the undersigned, in accordance with the Payment Terms indicated above, authorize the purchase of all goods and services itemized and/or referenced herein and acknowledge receipt of and agreement to the attached End-User Agreement (see attached): Name: ______________________ Title: ______________________ Signature: ______________________ Date: ____________		0.00	0.00
NOTES: 1.) Internet connection to all AmbuPro EMS resources is required for both initial setup and ongoing support 2.) Client IT personnel are solely responsible for infrastructure support and network connectivity to/from all resources required by AmbuPro EMS 3.) Backup of AmbuPro EMS Master database will be added to already existing backup Procedures (Client responsibility) 4.) Complete training is provided using My AmbuPro web-based training videos (along with a single, remote TTT session) 5.) All Licensing, Software Support, Maintenance and Upgrades of AmbuPro EMS are included 6.) All prices/discounts/promotions are valid until April 30, 2017		0.00	0.00
		TOTAL	$3,851.00

Attachment: AmbuPro Agrment-partial (2494 : AmbuPro Software)

OCI CONFIDENTIAL

OCI SOFTWARE LICENSE, SUPPORT, AND MAINTENANCE AGREEMENT

This OCI Software License, Support, and Maintenance Agreement ("**Agreement**") is made by and between Octernion Consultants Incorporated (dba OCI Software), a company incorporated under the laws of the Massachusetts, with its principal place of business at 99 South Main Street, Second Floor, Fall River, MA, 02720, USA ("**OCI**"), and the customer ("**Licensee**"). Each of OCI and Licensee may hereinafter be referred to individually as a "**Party**" and together, the "**Parties**". The Effective Date of this Agreement is the date of signature on the initial Sales Order. This Agreement supersedes any previous license agreement between the Parties or any license agreement embedded in the Software.

In consideration of the promises and mutual covenants contained herein, the Parties hereby agree as follows:

1. PURPOSE. This Agreement sets forth the terms and conditions which govern Licensee's right to install, use and provide access to the Software on a subscription basis. It also governs OCI's provision of Support and Maintenance Services for the Software. Additional license terms covering the type, functionality, and number of licenses for the Software will be set forth in Sales Orders that incorporate this Agreement by reference and which Licensee may submit to OCI from time-to-time during the Term. This Agreement also applies to any professional services, Add-Ons, Fixes, Updates and Upgrades except to the extent that there are terms that are included with those items which supersede this Agreement.

2. DEFINITIONS. The capitalized terms in this Agreement shall have the following meanings:

"Base AmbuPro Application(s)" means AmbuPro Server, AmbuPro Sync Server, AmbuPro Sync Client, and AmbuPro EMS client software, databases, and additional software included as a standard library, executable, installer, or component engineered and delivered by OCI.

"***Add-on(s)***" means additional components that can be purchased separately, added to and used together with the Base AmbuPro Applications. Add-ons may include but are not limited to: AmbuPro WEB, Cardiac Monitor Interface, CAD Interface, Billing Exports, NFIRS Exports, IntelliForms, or other custom software components developed by OCI to operate with the Base AmbuPro Applications.

"***Documentation***" means the instructions, user guides, videos and other materials supplied by OCI to use, install, and troubleshoot the Software. Documentation is supplied by OCI solely in electronic format and requires an internet connection and secure login to access.

"Fix(es)" means any change or workaround to the Software that corrects a problem with the Software that causes it to crash, lose data, or prevents it from performing substantially in accordance with the Documentation.

"***Improvements***" means any and all modifications, changes, alterations, enhancements and derivative works to the Software or Documentation.

"***Instance***" means a copy of the Software created by executing the Software's setup or install procedure or by duplicating an existing copy of the Software.

"Master Database" means the database(s) to which Workstations connect and Mobile Devices synchronize their local databases. The Master Database includes the complete log history and audit data across Licensee's enterprise and is solely Licensee's responsibility to backup regularly.

"Mobile Device" means a laptop computer, tablet, or other mobile computing device capable of running an Instance of the Software with a local database while disconnected from Licensee's computing network which synchronizes with portions of Licensee's Master Database.

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"Mobile Device License" means a license that is specific to an individual Mobile Device that can be used by a User to access the Software.

"***Run***," "***Runs***" or "***Running***" means to load an Instance of the Software into the memory of a Server, Workstation or Mobile Device and execute one or more instructions.

"Sales Order" means OCI's standard form for ordering Software or Support and Maintenance Services. Licensee's initial order and/or license and services summary references this Agreement and is incorporated herein by this reference. By signing the Sales Order referencing this Agreement, Licensee is bound to all terms and conditions of this Agreement.

"***Server***" means a physical or virtualized hardware system capable of Running the Software. A hardware partition or blade is considered to be a separate physical hardware system. Servers must be owned or directly controlled by Licensee unless otherwise permitted herein or by OCI in writing.

"Web Org" is an Add-On and means a web-exposed, secure portion of the database used by the Software to search, review, and present Licensee's incident/patient data, maintained by Licensee for access by a designated individual or group of individuals, where such individuals may be employees of Licensee or Licensee's Subsidiaries or vendors.

"***Software***" means the Base AmbuPro Applications, additionally licensed Add-ons as listed on applicable Sales Order(s), and all Fixes, Updates and Upgrades thereto for which Licensee is granted a license pursuant to this Agreement.

"Subsidiary" means any legal entity that is owned by a party where ownership means direct or indirect control of more than a 50% interest.

"Support and Maintenance Services" means the support and maintenance services as described in Section 4 of this Agreement.

"***Update(s)***" means minor releases of the Software containing bug fixes or error corrections. Updates are generally indicated by a change in the numeric identifier for the Software in the digit to the right of the first decimal point or a change to the right of the second decimal point (e.g., a change from version x.x.x to x.y.x or from version x.x.x to x.x.y).

"Upgrade(s)" means major releases of the Software containing new enhancements, functionality or features. Upgrades are generally indicated by a change in the numeric identifier for the Software in the digit to the left of the first decimal point (e.g., a change from version x.x.x to y.x.x).

"***User***" means an individual authorized by Licensee to use the Software according to the terms and conditions of this Agreement.

"Workstation" means a non-mobile terminal, desktop computer or other computing device that is connected to Licensee's computing network and directly accesses the Master Database using AmbuPro EMS.

"Workstation License" means a license that is specific to an individual Workstation that can be used by a User to access the Software.

3. SOFTWARE LICENSE.

3.1. General. OCI licenses the Software based on the number of Workstations, Mobile Devices, and Add-Ons that access Instances of the Software as well as the number of Web Orgs that Licensee creates.

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(a) *Server Licenses*. Licensee may install the Server portion of the Software on a single Server only. Each Instance of the Software that a Licensed Party Runs requires a separate license, including any Instances that are Run on a failover or standby Server or a Server used for training purposes. Licensee is not permitted to assign the same license to more than one Server. Licensee may re-assign the Server license to a different Server, but not within ninety (90) days of the last assignment of such license unless the re-assignment is due to the retirement or failure of the prior assigned Server.

(b) *Workstation Licenses*. Licensee must acquire and assign a Workstation License for each Workstation that directly or indirectly accesses an Instance of the Software. Licensee may permanently re-assign a Workstation License from one Workstation to another. Licensee may also assign a Workstation License to a temporary Workstation due to the failure of the normally assigned Workstation. For all other re-assignments, Licensee may not re-assign a Workstation License more frequently than once every ninety (90) days..

(c) *Mobile Device Licenses*. Licensee must acquire and assign a Mobile Device License for each Mobile Device that directly or indirectly accesses an Instance of the Software. Licensee may permanently re-assign a Mobile Device License from one Mobile Device to another. Licensee may also assign a Mobile Device License to a temporary Mobile Device due to the failure of the normally assigned Mobile Device. For all other re-assignments, Licensee may not re-assign a Mobile Device License more frequently than once every ninety (90) days.

(d) *Add-Ons and Web Orgs*. Licensee must acquire a license for the total number of Add-Ons and Web Orgs maintained by Licensee including one (1) Web Org for Licensee's own use. Web Orgs may be allocated to Subsidiaries and unaffiliated third parties including but not limited to hospitals, receiving facilities, medical directors, billing companies, QA/CQI review companies, and regional entities.

3.2. License Keys. The Software requires valid, annually renewable license keys in order for Workstations and Mobile Devices to access and use Instances of the Software as well as for the continued availability of Add-Ons and Web Orgs to third parties (the "**License Keys**"). The License Keys set forth the total number of Workstations, Mobile Devices and Add-Ons that may access and use the Software. Licensee may only use the number of Workstations, Mobile Devices and Add-Ons that the License Keys permit. In order to renew License Keys, Licensee must purchase and maintain an annual Support and Maintenance Services plan (each a "Plan") for the Software. If Licensee purchases additional licenses during the term of a Plan, the Plan fees for such licenses will be pro-rated such that the Plan for the new licenses will be coterminous with the Plan for existing licenses. LICENSEE ACKNOWLEDGES AND UNDERSTANDS THAT IF LICENSEE DOES NOT PURCHASE, PROVIDE PAYMENT, AND MAINTAIN AN ACTIVE SUPPORT AND MAINTENANCE SERVICES PLAN FOR THE SOFTWARE SUBSCRIPTION, LICENSEE WILL BE UNABLE TO USE THE SOFTWARE AFTER THE EXPIRATION OF THE THEN CURRENT SUPPORT AND MAINTENANCE SERVICES PLAN PERIOD. LICENSEE AGREES THAT OCI AND ITS LICENSORS AND SUPPLIERS WILL HAVE NO LIABILITY FOR ANY BUSINESS INTERRUPTION IN THE EVENT THAT LICENSEE FAILS TO PURCHASE, PROVIDE PAYMENT, AND MAINTAIN AN ACTIVE SUPPORT AND MAINTENANCE SERVICES PLAN. Licensee is not permitted to make copies of the License Key without OCI's prior written consent.

3.3. Use Rights. Upon OCI's receipt of payment in full for the applicable Software licenses and Support and Maintenance Services set forth on a Sales Order, OCI grants Licensee a limited, temporary, non-perpetual, fully paid-up, royalty free, non-exclusive, non-transferable (except pursuant to Section 3.3(j)), non-sub-licensable (except as set forth in Section 3.3(b)), world-wide right and license to:

(a) Install and Run the Software; and

(b) Copy the Software and Master Database for archival or back-up purposes. All archival or back-up copies of the Software and Master Database are subject to the provisions of this Agreement and all OCI, or its licensor's titles, trademarks, copyrights and restricted rights notices shall be reproduced on such copies.

The foregoing rights are limited to Licensee' own internal business purposes for the duration of the License Keys, and to the number and type of licenses set forth on the applicable Sales Order(s) and in the License Keys.

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ACCEPTED AND AGREED TO: OCI		**ACCEPTED AND AGREED TO: Licensee**	
Signature:		Signature:	
Name:	Douglas C. Furtado	Name:	
Title:	Chief Operating Officer	Title:	
Notice E-mail(s):	dfurtado@ocisoftware.com; legal@ocisoftware.com	Notice E-mail(s):	

City of Harrisonville est. 1836

STAFF REPORT

TO: Board of Aldermen

FROM: Marcella McCoy, Director

DATE: April 27, 2017

SUBJECT: Summary of IRS Audit

Type of Item: *Audit*

INTRODUCTION

The purpose of this report is to provide a summary of the IRS Audit recently completed. It outlines some of the processes and data reviewed, the penalties assessed and what steps the City needs to take to avoid any further findings.

DISCUSSION

In September 2016, the City was notified by the IRS that they were conducting an audit of the federal employment tax returns for the tax period 2015. Staff met with an IRS agent to review the process.

Documents were gathered and provided to the agent as requested. They included Forms 941, 945, W-2/3, 1099-MISC. & 1096 for 2015. Questions were answered as needed.

The City received a penalty notice for failure to file and provide 5 required 1099 MISC forms as outlined in IRS Form 886A. This resulted in a penalty payment in the amount of $2,600. We completed the subsequent MISC 1099 and Form 1096 required for these 5 vendors.

Additionally, the City received a subsequent IRS Form 886A for adjustments reflected on Forms 2504, 46666 and 4668B. This form outlines the required backup withholding on 3 of the vendors who didn't comply with the requested information. The City is required to pay backup withholding in the amount of $6,514.76. This form goes on to summarize the finding of the audit and outline the steps the City is required to complete at this time.

Lastly, I was advised that should the vendors comply with submission of the required information, the City can request a refund of the backup withholding payments. I will continue to work with the vendors in order to have an opportunity to request and most likely receive a refund of the backup withholding in the coming months.

The subsequent IRS Form 886A provides a summary of advisory issues related to the employer forms 941 and W-2/3 for 2015. As stated these are advisory issues, so there were no significant findings or penalties applied to the employer related forms. There are recommendations to make changes as needed to comply with these advisory issues. Steps are taking place to implement the recommendations.

ACTION REQUIRE/RECOMMENDATION

This is provided for your information.

F. Discussion Item (ID # 2500)

Summary of IRS Audit

Attachments:

Forms 886A - 2 (PDF)

Form **886A**	Department of the Treasury - Internal Revenue Service **Explanation of Items**	Schedule No. or Exhibit
Name of Taxpayer **City of Harrisonville**		**Year/Period Ended** **2015**

Explanation of Information Return Penalty Assessments:

Issue: Requirements for Filing and Furnishing forms 1099MISC

Facts:
In audit of the City of Harrisonville's compliance with filing and providing of correct information returns (Forms 1099 and W-2) for 2015, it was determined that the City failed to timely file and furnish 5 Forms 1099-MISC information returns.

Law:

Reporting requirements under sections 6041 and 6041A:. If a person is engaged in a trade or business and, in the course of that trade or business, pays any person $600 or more of rent, salaries, wages...and income during a calendar year, section 6041 generally requires the payor to file an information return with the Internal Revenue Service and to furnish an information statement to the payee.

The criteria for which Forms 1099MISC are required to be filed with the IRS and furnished to the payee are:

1. Payments of $600 or more for:
2. Payments for rent or leases
2. Payments for services or a combination of products and services.
3. Payments to Individuals, Partnerships and certain Corporations.
4. Payments for Legal Services/Attorneys, even if they are incorporated.
5. Certain Medical and Health care payments, even if they are incorporated.

IRC 6041(A)(e) (Statements to be Furnished to Persons with Respect to Whom Information is Required to be Furnished) provides that the payer must furnish the payee a written statement setting forth the amount of such payments. The statement must be furnished to the payee on or before January 31 of the year following the calendar year for which the return was made.

IRC section 6721(a) provides for a penalty of $260 when an information return or statement is either not filed or not filed correctly by the due date of the information return; $260 per failure, not to exceed $3,178,500 per calendar year.

IRC section 6722(a) and (b) provides for a penalty of $260 when a payee statement is not timely and correctly furnished to the recipients; $260 per failure not to exceed $3,178,500 per calendar year.

Conclusion:

The City of Harrisonville has failed to file and provide 5 required information returns per IRC section 6041. Assessments of the penalties on the failure to file correct information returns per IRC section 6721 in the amount of $1,300 and for the failure to furnish correct statements to recipients per IRC section 6722 in the amount of $1,300, for 2015 will be assessed.

Form 886A	Department of the Treasury - Internal Revenue Service **Explanation of Items**	Schedule No. or Exhibit
Name of Taxpayer **City of Harrisonville**		**Year/Period Ended** **2015**

Penalty assessments are made without any agreement from the City of Harrisonville, therefore, **no separate audit report will be provided summarizing this assessment. The City submits payment to for these penalties prior to assessment and billing by making the check payable to "U.S. Treasury" and mailing the payment to the IRS auditor for processing**. You may make the payment through the EFTPS system. **Please provide print copy of your electronic transaction confirmation number to the auditor if you choose to pay the penalty assessment through EFTPS.**

The City is required to prepare and provide Forms-1099-MISC to the vendors as well as submitting the original Form 1096 transmittal form and Copy A of the Forms 1099-MISC to the auditor for processing.

The required information returns identified in the audit:

No TIN	A STROKE OF COLOR	$ 6,831.50	
45-3658656	PAUL WALLS CON	$ 750.00	
43-1064260	POLSINELLI PC:	$ 15,000.00	Legal fees Corp W-9 in 2011
26-3985278	WILBER PEST CONTROL LLC	$ 15,685.00	LLC Pship W-9 in 2016
47-2063864	OCC HLTH CTRS OF KS, P	$ 908.00	Medical C Corp, W-9 2014

Penalty:	Code Sectior	Penalty per failure	Number of failu	Penalty Assessed
Failure to File information retu	**IRC 6721**	**$260**	**5**	**$ 1,300**
Failure to provide payee stmt	**IRC 6722**	**$260**	**5**	**$ 1,300**
			Total	**$ 2,600**

The City should review the filing requirements for 1099-MISC and ensure that procedures are in place for: 1) determining whether a vendor is an individual, a partnership or a corporation, 2) tracking vendors' Taxpayer Identification Numbers (TINs), 3) tracking payments to vendors and 4) filing the required Forms 1099. The City can be held liable for failure to file and failure to provide penalties as well as backup withholding when the required information returns are not properly filed.

Form 886A	Department of the Treasury - Internal Revenue Service **Explanation of Items**	Schedule No. or Exhibit
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Adjustments Reflected on Forms 2504, 4666 and 4668B:

ISSUE: Backup Withholding
Payments to vendors are subject to Backup Withholding tax when the City did not have the required Taxpayer Identification Number (TIN) or entity type on file in the year of payment.

Facts:
In 2015, the City of Harrisonville (The City) did not secure all service-provider vendor's Taxpayer Identification Numbers (TIN's) prior to payment. The audit identified the following Form 1099 reportable payments for which the TIN's had not been secured in 2015, no backup withholding had been withheld, Form 945 nor Forms 1099-MISC filed.

Vendor Name	Amount	
WILBER PEST CONTROL LLC	15,685.00	LLC Pship, TIN secured in 2016, Form 4669 not valid for IRC 3402(d)
A STROKE OF COLOR	6,831.50	No correspondence, b/c out of business
PAUL WALLS CONSTRUCTION	750.00	LLC Pship, TIN secured in 2016, Form 4669 not valid for IRC 3402(d)
Total Payments subject to Backup Withholding at 28%	$23,267	

If at the time of a reportable payment, the payee has not provided a TIN, the City becomes liable for the 28% backup withholding it should have deducted from amounts paid to the payee. Backup withholding is required when the aggregate amount of the current payment and all previous payments to the payee during the calendar year equal $600 or more.

The City is entitled to a relief from the backup withholding tax under IRC Section 3402(d) for any vendor from whom they secure a correct and complete Form 4669, indicating that the vendor had reported and paid the tax on the payments.

Tax Law:
IRC §6041(a) provides that all persons engaged in a trade or business and making payment in the course of such trade or business to another person, of rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable gains, profits and income of $600 or more in any taxable year shall render a true and accurate return...

IRC section 3406(a) requires a payor of reportable payments to deduct and withhold from such payment a tax of 28% if the payee fails to furnish his TIN to the payor in the manner required per IRC 3406(a)(1)(A).

Treasury Regulation 31.3406(a)(4)(a)(1) states if backup withholding is required, the payor must withhold at the time it makes the payment to the payee that is subject to backup withholding.

Form 886A	Department of the Treasury - Internal Revenue Service **Explanation of Items**	Schedule No. or Exhibit
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Treasury Regulation 31.3406(h)-2(f) states an amount required to be withheld under section 3406 must be treated as a tax required to be withheld under section 3402

Treasury Regulation 31.3403-1 states every employer required to deduct and withhold the tax under section 3402 from the wages of an employee is liable for the payment of such tax whether or not it is collected from the employee by the employer. If, for example, the employer deducts less than the correct amount of tax, or if he fails to deduct any part of the tax, he is nevertheless liable for the correct amount of the tax.

IRC §3402(d) provides that if the employer (or payor) fails to deduct and withhold the tax and thereafter the tax against which such tax may be credited is paid, the tax shall not be collected from the employer (payor). This does not relieve the employer (payor) from liability for any penalties or additions to the tax otherwise applicable in respect of such failure to deduct and withhold.

Form 4669 (Statement of Payments Received) is used by the employer (payor) to secure statements from employees (payees) that the income tax on the wages (or other payments) in question has been satisfied. Form 4670 (Request for Relief from Payment of Income Tax Withholding) is used to summarize and transmit the Forms 4669.

Conclusion:

The City of Harrisonville is liable for backup withholding tax under IRC §3406(a)(1), for the payments listed above, because the City failed to obtain the payee taxpayer identification numbers prior to payment.

The City made reportable payments to the above three vendors from whom they failed to secure TINs. The City also failed to deduct and withhold the appropriate tax from such payment at the time the payment was made in accordance with IRC§3406(a) and Treasury Regulation §31.3406(a)-4. The City failed to deduct and withhold the tax as required under IRC §3402 and is liable for the tax in accordance with the tax that was required to be withheld under IRC§3402 and §3406.

The above payments subject to backup withholding include payments for which a completed Form 4669 Statement of Payments Received has been obtained. However, the 2 Forms secured reflect that the vendor payees DID not report the payments in 2015 and therefore, the abatement procedures under IRC 3402(d) are not allowed at this time. If the vendors provide updated Forms 4669 at a later date, the City can still request abatement under IRC 3402(d) through the IRS Service Center. Those procedures have been explained and provided to the City. See enclosed.

The City should review the filing requirements for 1099-MISC and ensure that procedures are in place for: 1) Determining whether a vendor is an individual, a partnership or a corporation; 2) Requesting vendors' Taxpayer Identification Numbers (TINs); 3) Accounting the total payments to service-vendors and 4) Filing the required Forms 1099.

Form **886A**	Department of the Treasury - Internal Revenue Service **Explanation of Items**	Schedule No. or Exhibit
Name of Taxpayer **City of Harrisonville**		**Year/Period Ended** **2015**

ISSUE: Failure to File and Failure to Pay Form 945

The failure to file and failure to pay penalties (IRC 6651(a)(1) and 6651(a)(2) are applicable for failing to file and pay backup withholding with Form 945 in 2015. However, because of the City's compliance history, the penalties will be waived as a one-time consideration available only for a first-time penalty charge. The IRS will base decisions on removing any future (failure to file, failure to pay, failure to deposit) penalties on any information you provide that meets reasonable cause criteria.

ISSUE: Failure to File and Failure to Furnish Forms 1099-MISC

Further, for 2015 the City was not in full compliance with their Form 1099-MISC filing requirements for payments of services over $600.

Generally information reporting is not required for payments to corporations, however, payments made to corporations for medical and health care payments, attorney's fees, and gross proceeds paid to an attorney must be reported on Form 1099-MISC. The City failed to recognize payments for services to certain payees were reportable, in part for payees when their name included "LLC" or Company (Co). A Limited Liability Company (LLC) can be a sole proprietorship, partnership or corporation. Form W-9 instructs the vendor to designate their appropriate LLC tax classification. Do not automatically treat a payee as a corporation simply because the payee's name ends with "Company" or "Co."

The penalties for failure to file and failure to furnish forms 1099-MISC are applicable. See the related Form 886-A Explanation of Information Return Penalty Assessments, provided previously, for explanation of failures and penalty computation.

It is important to note that a recent law change increased the penalty for failure to file correct information returns under Internal Revenue Code section 6721 and failure to furnish correct payee statements under Internal Revenue Code section 6722 from $100 each penalty to $260 each penalty. Therefore, the total penalty for each information return failure is now $520.

Attachment: Forms 886A - 2 (2500 : Summary of IRS Audit)

Form **886A**	Department of the Treasury - Internal Revenue Service **Explanation of Items**	Schedule No. or Exhibit
Name of Taxpayer **City of Harrisonville**		**Year/Period Ended** **2015**

Summary of Advisory Issues:

1. Issue: Filing incorrect Form 1099-MISC and CP-2100 Form 1099 Mismatch

All of the City's 2015 Form 1099's were filed incorrectly. As we have already discussed, the City incorrectly reported all payments of non-employee compensation paid in Box 3 as "other income", not Box 7.

Further, CP-2100 Notices from the IRS reflect that 1) one Form 1099 you issued was considered as having a "missing TIN" because it had less than 9 digits, therefore, backup withholding was to have been deducted immediately from any payments to that vendor. Our records also reflect that you had 3 other name/TIN mismatches that would occur when 1) using an SSN with a DBA (Doing Business As) on Line 1 of the Recipients Name, when the individual's name should have been used or 2) using an EIN with a DBA, when the legal name of the entity should have been used. For all individuals, sole proprietors, and certain single member LLCs, the City must enter the individual's name (as it appears on their social security card) on the first line of the "Recipient's Name" box of Form 1099; you may enter the business name on the second name line. Entering only the business name, or entering the business name first, will cause a mismatch of IRS records; you may be required to backup withhold on such mismatches when you receive an IRS "CP2100 "B" Notice".

Conclusion:
The City has already corrected the reporting error by reporting the 2016 payments properly in Box 7 instead of Box 3.

The City needs to prospectively comply in full and in a timely manner with the instructions stipulated in any future CP-2100 or 2100A notices you receive from Internal Revenue Service regarding your filed information returns (Forms 1099). See electronic version of Publication 1281 for additional instructions and copies of prototype B notices.

The City is liable for failure to file and failure to provide penalties as well as backup withholding when the required information returns are not properly filed.

2. Issue: Employer's Contributions to 457(b) plan – Not treated as FICA (social security and Medicare) taxable wages

For 2015 the City's employer contributions to the 457(b) retirement fund were not correctly included as FICA (social security and Medicare) taxable wages.

Law and Analysis:
Section 457 provides rules for nonqualified deferred compensation plans established by eligible employers. State and local governments and tax-exempt organizations are eligible employers. They can establish either eligible plans that meet the requirements of § 457(b) or plans that do not meet the requirements of § 457(b) and that are therefore subject to § 457(f).

Section 3121(v)(2)includes as FICA wages all amounts deferred (including employers'

Attachment: Forms 886A - 2 (2500 : Summary of IRS Audit) contributions) under a nonqualified deferred compensation plan, including a 457(b) plan, when they are immediately vested at the time of deferral.

Further, per IRS Notice 2003-20, §VI B. Timing of social security and Medicare Taxes and Example 1:

> The application of social security and Medicare tax is illustrated by the following examples: Example 1. (i) State R's § 457(b) plan provides for elective deferrals from current salary, as well as a one percent of salary nonelective contribution for each employee who participates in the plan and who is employed with State R during the plan year. All employees who participate in the plan are covered by an agreement under section 218 of the Social Security Act. All deferrals and contributions, including the state's contribution, are fully and immediately vested. (ii) Because these contributions are not subject to a substantial risk of forfeiture (and the services to which they relate have already been performed), the elective deferrals are required to be taken into account as wages at the time of the deferral and State R's nonelective contribution is required to be taken into account as wages at the time of the contribution for purposes of the social security and Medicare tax.

Conclusion:

The City of Harrisonville's employer contributions to their 457(b) plan are fully and immediately vested at the time of deferral. Accordingly, such contributions are subject to FICA tax under section 3121(v)(1)(2) of the Internal Revenue Code.

3. Issue: Service Award - Gift Cards

In 2015 10 employees were awarded $30, $40 or $75 Visa gift cards as Service Awards. The gift certificates had no restrictions on how they were to be used. The total value of the gift cards provided to the 10 employees was $430 in 2015 and was not included in these employees' wages or subjected to Federal employment taxes.

Law and Analysis:

Internal Revenue Code Section 61(a) provides that gross income means any income from whatever source derived, including but not limited to compensation for services including fringe benefits.

All compensation for services is includible in the gross income of the recipients (section 1.61- 2(a)(1) of the Income Tax Regulations), whether paid in cash or in property (section 1.61-2(d)(1) of the regulations), and is considered "wages" for the purposes of income tax withholding (section 3401 of the Internal Revenue Code) and contributions under the Federal Insurance Contributions Act (sections 3101 and 3111 of the Code).

Section 3121(a) of the Federal Insurance Contributions Act defines the term 'wages, as 'all remuneration for employment.' Section 3401(a) of the Code relating to the withholding of income tax contains a similar definition of 'wages.'

Code Section 3121(a)(20) and 3401(a)(19) provide that for purposes of FICA and income tax withholding, respectively, the term "wages" shall not include any benefit provided to or on behalf of an

Form 886A	Department of the Treasury - Internal Revenue Service **Explanation of Items**	Schedule No. or Exhibit
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employee if at the time such benefit is provided it is reasonable to believe that the employee will be able to exclude such benefit from income under Code § 132.

Code Section 132(a)(4) provides that gross income does not include any fringe benefit that qualifies as a de minimis fringe benefit. Code Section 132(e)(1) defines a de minimis fringe benefit as any property or service the value of which is (after taking into account the frequency with which similar fringes are provided by the employer to the employer's employees) so small as to make accounting for it unreasonable or administratively impracticable. Income Tax Regulation 1.132-6(a) provides the same definition.

Income Tax Regulation 1.132-6(c) provides that, except for special rules that apply to occasional meal money, **the provision of any cash fringe benefit is never excludable as a de minimis fringe benefit.** Similarly, except for special rules that apply to occasional meal money and transit passes, a cash equivalent fringe benefit (such as a fringe benefit provided to an employee through the use of a gift certificate or charge or credit card) is generally not excludable under Code Section 132(a) even if the same property or service acquired (if provided in kind) would be excludable as a de minimis fringe benefit. For example, the provision of cash to an employee for a theatre ticket that would itself be excludable as a de minimis fringe is not excludable as a de minimis fringe.

Income Tax Regulation 1.132-6(e)(1) provides examples of de minimis fringe benefits that are excludable from an employee's gross income. These include occasional typing of personal letters by a company secretary; occasional personal use of an employer's copying machine; occasional cocktail parties, group meals, or picnics for employees and their guests; traditional birthday or holiday gifts of property (not cash) with a low fair market value; occasional theater or sporting event tickets; coffee, doughnuts, and soft drinks; local telephone calls; and flowers, fruit, books, or similar property provided to employees under special circumstances (e.g., on account of illness, outstanding performance, or family crisis).

Applying the statutory definition of a de minimis fringe benefit requires addressing three factors: value, frequency and administrative impracticability. See Code Section 132(e)(1). Because cash and cash equivalent fringe benefits like gift certificates have a readily ascertainable value, they do not constitute de minimis fringe benefits because these items are not unreasonable or administratively impracticable to account for.

The Code Section 132(e)(1) definition of de minimis fringe benefit is limited to property or services and does not include cash.

It is not administratively impracticable to account for even a small amount of cash provided to an employee because the value of the amount provided is readily apparent and certain. Accordingly, unless a narrow and specific exception applies, such as the special rules that apply to occasional meal money and transit passes, accounting for cash or cash equivalent fringe benefits such as gift certificates is never considered administratively impracticable under Code Section 132. See Income Tax Regulation 1.132-6(c).

Form 886A	Department of the Treasury - Internal Revenue Service **Explanation of Items**	Schedule No. or Exhibit
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Conclusion:
Gift certificates or cards provided to employees by an employer are cash-equivalent taxable fringe benefits and as such are wages to recipient employees subject to all Federal employment taxes. Therefore, the Visa gift cards (cash equivalents) provided to 10 employees in 2015 would be taxable as additional wages paid to them.

The City is required to treat gift cards provided to employees as cash equivalents subject to Federal employment taxes.

3. Issue: "Day meals"
The City should review their meal reimbursement policy for employee's meals when they are away from the workplace but do not have an overnight stay. The law provides that generally these meals are taxable as wages to the employee and are subject to all employment taxes. The law requires overnight travel for the meal reimbursement to be excluded from income.

Conclusion:
The City needs to include in employees' wages the value of meals reimbursed during travel that is not away from home overnight; or change procedures about reimbursing meals only when required to stay overnight.

EIN	Vendor Name	Amount	BUWH	Form 4669	BUWH	Abatement available by Service Center
26-3985278	WILBER PEST CONTROL LL	15,685.00	$ 15,685.00	$ -	$ 15,685.00	$ 4,391.80
	A STROKE OF COLOR	6,831.50	$ 6,831.50	None	$ 6,832.00	$ 1,912.96
45-3658656	PAUL WALLS CON	750.00	$ 750.00	$ -	$ 750.00	$ 210.00
	Total for Backup Withholding		$ 23,266.50		$ 23,267.00	
	Backup Withholding %		$ 0.28		$ 0.28	
	Backup Withholding Assessed		$ 6,514.62		$ 6,514.76	$ 6,514.76

City of Harrisonville est. 1836

STAFF REPORT

TO: **Board of Aldermen**

FROM: **Happy Welch, City Administrator**

DATE: **April 27, 2017**

SUBJECT: **City Admin Report**

Type of Item: *Report*

CITY ADMINISTRATOR REPORT

May 1, 2017

1. The spring citywide cleanup is Friday 9a - 6p and Saturday 8a - 4p, May 12 & 13, at WCA Disposal offices on 291. This is open to all Harrisonville residents. See the website for details. The April brush drop-off was successful this year: 186 total vehicles showed up with brush to mulch, 103 cubic yards of compost was hauled away, while 66 cubic yards of mulch was taken by residents.

2. I will be out of the office at the Missouri Manager's Conference at Lake of the Ozarks, Weds 5/3 through Fri 5/5. I will check emails, texts and voicemails while I'm at the conference so I will be available.

3. The first Board meeting in July is Monday, July 3, the day before a holiday. Would you like to move that meeting, cancel it, or leave it as is?

4. Applications for the Electric Superintendent are due Friday, 4/28 at 5p. Eric Patterson & I will review the applications, perform interviews, and plan on having an individual hired by middle of June.

5. ADS started producing pipe on Tuesday, 4/25 with a test run and are now operational with a Temporary Occupancy Permit. They still have the rail spur and landscaping to complete and are being slowed down by the spring rains.

6. The city is donating one of our oldest Ford Crown Vics to the Cass Career Center CSI program for their use with students. They will be using it for training purposes for students looking to go into law enforcement.

A. Action Item (ID # 2499)

City Admin Report

City of Harrisonville est. 1836

STAFF REPORT

TO: **Board of Aldermen**

FROM: **Sheryl Stanley, Deputy City Clerk**

DATE: **April 26, 2017**

SUBJECT: **Departmental Review, April 26, 2017**

Type of Item: *Report*

B. Action Item (ID # 2498)

Departmental Review, April 26, 2017

Attachments:

Apr. 26, 2017 (PDF)

City of Harrisonville est. 1836

Departmental Review

Wednesday, April 26, 2017

News & Notes

Approval of Executive Committee Minutes – Please remember we have started a new procedure to approve the minutes of executive committee meetings. Minutes of the April 17 meeting will be on the dais for your review prior to the start of the May 1 meeting. Don't forget these minutes are confidential, and we ask that you leave them when the meeting is over.

New Staff – Our new City Clerk Randy Jones and new accounting specialist Debbie Phelps both started work April 24. Another new employee Jamie Martin will start May 1, working at the front counter and in Community Development. In addition, Chief Hofer reports that 2 new officers will be sworn in Monday at 8:15 a.m. in the police station. You are welcome to attend as your schedule permits.

ADS – We have issued a Temporary Occupancy Permit to Advanced Drainage Systems at their new site. They expect to be in full production soon. The Street Department is investigating whether they might be a good source when we need culverts.

Hite Park – This piece of formerly undeveloped park land is located at the intersection of Glenda and Harry Drive in the southeast part of the city (Ward 4) and has recently been planted with several varieties of native prairie grasses such as bluestem and switchgrass plus approximately 20 varieties of wildflowers. Chris Deal reports that it typically takes about three years for these types of plantings to become fully established, but when mature, this should be a wonderful outdoor classroom on restored prairie vegetation.

July 3 Meeting – The first Monday in July falls on July 3. Since the next day is our national Independence Day holiday, would the aldermen like to cancel this meeting? Currently, no business is scheduled to come before the board on July 3.

Future Meetings / Executive Sessions / Work Sessions

Monday, May 1, 7 p.m. – Board of Aldermen

- Proclamation: Police Week, May 14-21
- 2nd reading – budget re-appropriations

- Rescind permit fee for re-roofs
- Purchase ambulance software for EMS
- Purchase of new truck for Public Works
- Approve new construction at Marketplace
- Dana F. Cole auditors present 2016 audit report (tentative)
- Executive Session – Legal Communications; Audit Product

Monday, May 2, 7 p.m. – Public Works Committee
- Single Phase Demand Meters
- Electric Fees
- Tap Fees

Monday, May 15, 7 p.m. – Board of Aldermen
- Proclamation: EMS Week, May 21-28
- Special Event Permit: Cass County Historical Society
- Tow Contract for police

Monday, June 5, 7 p.m. – Board of Aldermen

Monday, June 19, 7 p.m. – Board of Aldermen

Special Events

- Citywide Clean Up – This year's event will be May 12 and 13.
- Offices Closed – City Hall and most city offices will be closed Monday, May 29 for Memorial Day. The Community Center will be open, 7 a.m. – 3 p.m.
- HHW – The Household Hazardous Waste Drop Off will be Saturday, June 3 in Pleasant Hill. (We alternate hosting this event with our neighbors in Pleasant Hill; next year, it will be back here in Harrisonville.)