

**MINUTES OF THE  
CITY OF FRONTENAC  
WAYS AND MEANS COMMITTEE  
TUESDAY, OCTOBER 11, 2005 7:00 P.M.**

**A. CALL TO ORDER**

The October 11, 2005 meeting of the Ways and Means Committee of the City of Frontenac was called to order at 7:00 P.M.

**B. ROLL CALL**

The following Committee members were present: Chairman Warren Winer, Treasurer Ronald Tennenbaum, Henry Dubinsky, Mark Kiehl, Alderman Keith Krieg, Becky Brown, John Jordan, Jeanne Pfister and City Administrator Bob Shelton. Mayor Lee Murray was also in attendance.

Finance Officer Michael Hilburg noted that there was a quorum.

**C. APPROVAL OF AGENDA:**

**MOTION:** Mr. Kiehl motioned and Mr. Dubinsky seconded approval of the agenda without revision. All members present voted in the affirmative. **MOTION PASSED.**

**D. APPROVAL OF MINUTES:**

**MOTION:** Ms. Brown motioned and Alderman Krieg seconded approval of the minutes of the August 18, 2005 Meeting of the Ways & Means Committee. All members present voted in the affirmative. **MOTION PASSED.**

**E. PUBLIC FORUM (PRESENTATION OF REMARKS AND/OR PETITIONS)**

No comments were made.

**F. COMMENTS BY COMMITTEE MEMBERS:**

Finance Officer Hilburg updated the Committee on the Board of Aldermen's passage of Ordinance 2005-1491, which contained Ways and Means' suggestions to enhance the City's Purchasing Policy.

**G. CHAIRMAN'S COMMENTS:**

Chairman Winer welcomed City Administrator Shelton to his first Ways and Means Committee meeting.

**H. PRESENTATION OF THE FISCAL YEAR 2004-2005 ANNUAL AUDIT REPORT:**

Finance Officer Hilburg introduced Karen Lenk, one of the City's auditors from Schowalter and Jabouri, PC.

Mr. Jordan reminded the Committee that Mayor Murray requested a new auditing firm for the 2004-2005 fiscal year and based on their qualifications Schowalter and Jabouri was selected. Mr. Jordan continued that Karen and Jim Torti, the City's Partner-in-Charge, did a thorough and high quality review.

Ms. Lenk stated that based on their research Schowalter and Jabouri issued a favorable, unqualified opinion regarding the City's financials. Ms. Lenk discussed the Financial Statements and the Review of Financial Operations with the Committee, taking questions regarding the City's proposed adoption techniques.

Mr. Jordan stated that in six months he would like Finance Officer Hilburg to create a checklist for the Committee to show which of the auditor recommendations the City implemented.

**I. REVIEW AND DISCUSS FINANCIAL REPORTS:**

*August & September 2005:*

The Committee reviewed and discussed the August & September 2005 financial reports.

Ms. Pfister inquired why the City reports its annual financials and audit on an accrual basis, but the City's monthly financial statements on a cash basis.

Finance Officer Hilburg replied that the burden and delay caused by reporting the monthly financials on an accrual basis would be extreme, especially for a one person finance office. Finance Officer Hilburg continued that given the limitations of the City's accounting software, he had to rush just to have the September 2005 report completed for this meeting.

Mr. Kiehl suggested that new software would not only ease Finance Officer Hilburg's burden, but also accomplish many of the auditor's recommendations.

Finance Officer Hilburg stated that he will request funds in the next fiscal year for new accounting software, but in the meantime he will continue to work on the financial statements to enhance their use and ensure their accuracy.

**J. OLD BUSINESS:**

*1. Long-Range Financial Planning*

Chairman Winer stressed the importance of this topic on the agenda; furthering that while specific time-lines and exact costs are unknown, the Ways and Means Committee should use existing estimates to analyze the long-term goals of the City to create a financial plan that allows for the highest rate of return on the City's funds without limiting future uses.

Mayor Murray responded that three major expenses are in the City's foreseeable future: the municipal complex, which has deteriorating buildings that are ill-equipped for modern municipal service; Clayton Road Rehabilitation Phase II from Spoeede to Lindbergh; and the Highway 40 Project, which could require City funds to beautify or create further enhancements, since MODOT only does the basics.

Chairman Winer inquired about cost estimates and timelines regarding these projects.

Mayor Murray replied that she intends to have all of the specifics within the next nine months.

Mr. Kiehl questioned whether the Police and Fire Department reports will have financial implications on the long-term budgeting of the City.

Mayor Murray answered that there will be additional expenses as a result of the reports, both reports suggested the need for new infrastructure, technology and schedule revisions; but the Board of Aldermen are continuing to analyze the information so cost estimates are still unknown.

Mr. Jordan stated that despite all of the unknowns regarding the City's future expenditures, the Ways and Means Committee should act proactively.

Chairman Winer mentioned that the City can estimate its operating revenues and expenses, so the Committee should be able to determine a necessary reserve level. Chairman Winer inquired what neighboring municipalities used as their reserve level.

Finance Officer Hilburg responded that generally cities are now focused on balancing their budgets and not reserve levels. However, Finance Officer Hilburg continued that among the Cities with policies, 25% is the most common level

Mr. Dubinsky stressed that special consideration must be given to cash flow seasonality, as well as the affect of current surpluses on future reserve levels.

Chairman Winer stated that he and Mark Kiehl will have a special meeting with Finance Officer Hilburg and City Administrator Shelton to further determine proper levels.

2. *Current Investment Policy*

Finance Officer Hilburg reviewed the City's current investment policy with the Committee, stating that it was approved in 2000 with the 2000-2001 budget.

Mr. Jordan emphatically stated that this policy needs amending, particularly to remove the 75% short-term investment restriction and the limitation on CD investment.

3. *Follow-up Discussion on a Fraud & Compliance Reporting Policy*

Finance Officer Hilburg reviewed the changes to the proposed policy since the previous Committee meeting.

Mr. Jordan inquired why this policy does not consider criminal conduct or sexual harassment.

Mayor Murray replied that the Board of Aldermen recently approved a sexual harassment and discrimination policy, whereas the proposed fraud policy addresses problems more criminal in nature.

**MOTION:** Mr. Dubinsky motioned and Ms. Pfister seconded approval and recommendation to the Board of Aldermen of the Fraud and Compliance Reporting Policy. All members present voted in the affirmative. **MOTION PASSED.**

4. *Comprehensive Benefit Survey*

Chairman Winer mentioned that this item was included on the agenda as a reminder to the Committee and the new City Administrator to begin discussion on this topic. Chairman Winer continued that during his meeting with Mr. Kiehl, Finance Officer Hilburg and City Administrator Shelton this issue can be further discussed.

**J. SCHEDULE DATES FOR NEXT SPECIAL BUDGET MEETINGS:** *November 8, 2005, 7:00PM*

**K. ADJOURNMENT**

**MOTION:** Mr. Jordan motioned and Ms. Brown seconded that the meeting be adjourned. All members present voted in the affirmative. **MOTION PASSED.**

Meeting adjourned 8:40 P.M.

The Ways and Means Committee approved these minutes at their meeting held on November 8, 2005.  
I hereby certify that these are the original minutes of the regular meeting of the Ways and Means  
Committee held on October 11, 2005.

---

Leesa Ross, City Clerk