

CITY OF FRONTENAC



MINUTES OF THE WAYS AND MEANS COMMITTEE REGULAR MEETING FRONTENAC CITY HALL NOVEMBER 17, 2020

A. CALL TO ORDER

The November 17, 2020 regular meeting of the Ways and Means Committee of the City of Frontenac was called to order at 3:04 p.m. The meeting took place via teleconference.

B. ROLL CALL

Chairperson Margaret Sherwood	Warren Winer
Tim Sant	Tom Mug
Bob Lenzen	Aldersperson Dan Millman
Ken Marx	Ex-Officio Emily Arneson, Assistant. Treasurer

Ms. Ross stated there was a quorum.

Also in attendance were City Administrator Jaysen Christensen; Finance Officer, Lea Ann Bennett; and City Clerk, Leesa Ross.

C. VOTE TO APPROVE AGENDA

Chairperson Sherwood asked for a motion to approve the November 17, 2020 agenda.

MOTION: Mr. Winer motioned and Mr. Mug seconded approval of the agenda. All voting members present voted yes. **MOTION PASSED.**

D. VOTE TO APPROVE MEETING MINUTES

September 15, 2020 and October 20, 2020 meeting minutes.

MOTION: Mr. Lenzen motioned and Mr. Mug seconded approval of both the September 15, 2020 and the October 20, 2020 meeting minutes. All members present voted yes. **MOTION PASSED.**

E. PUBLIC FORUM

There were no comments by the public at this time.

F. COMMENTS BY COMMITTEE MEMBERS

There were no comments made at this time.

G. CHAIRPERSON'S COMMENTS

Chairperson Sherwood said last Friday she received information regarding a software program, "ClearGov", a cloud-based system that purports to integrate with the City's current financial system to facilitate budget development, budget communications, and data transparency. There is an initial \$2,400 setup fee and a \$6,870 annual fee. As the City Administrator and City Finance Officer have not yet had a chance to evaluate this system, Ms. Sherwood declined to have a presentation of the system at this meeting. After Mr. Christiansen and Ms. Bennett have completed their review, Chairperson Sherwood will add this to the agenda of a future Ways and Means Committee meeting if the system looks to be a tool the City should consider purchasing.

H. AUDIT DRAFT PRESENTATION

Mr. Mike Williams of Hochschild Bloom & Company was present to present the draft audit for fiscal year 7/1/19 - 06/3020.

Mr. Williams stated there are two reports: The Comprehensive Annual Financial Report (CAFR) and the Management Letter with comments and recommendations. The transmittal letter enclosed in the CAFR is dated November 12, 2020.

The listed items below were discussed by Mr. Williams:

- information about the economy, and the City's finances;
- certificate of Achievement for Financial Reporting, which was received before. Independent Auditor's Report dated November 12 on Hochschild Bloom letterhead;
- no qualifications or modifications to the opinion;
- on page 6, the big picture of the City's finances shows Total assets of \$26,461,000, a decrease of 6.3%; Total Liabilities are \$4,231,000, a 6.9% increase. The Total Net Position is \$22,563,000, a \$763,000 decrease;
- summary of overall revenues and expenses;
- balance sheet for governmental statements
- significant changes due to the transfer of the amount due to other funds from the General Fund to the Capital Improvement Fund of \$6.1 million;
- the General Fund had a fund balance of \$13.1 million last year and \$6.7 million this year;
- a review of cash and investments, which is required by the FDIC, shows the City complies with the funds being fully secured;
- capital assets are significant, which decrease over time, are construction, vehicles, etc.;

- pension plan information including. summary of balance, fiduciary fund, net pension, liability of pension, and net pension;
- net pension liability asset was \$5.2 million last year has been reduced to \$3.89 million this year;
- The Certificates of Participation balance went from \$2.635 million to \$2.410 million.
- tax abatements are listed for the DESCO Project;
- supplement information relating to revenues and expenses Show that revenues were under budget by \$439,000 and expenditures were under budget by \$137,000;
- budget policies and multi-year information, budget schedule, and statistical information along with the summary of current compared to prior year; and
- internal control and compliance sections that the auditors are required to evaluate showed no instances of none compliance that needed to be reported.

In the Management Letter, there were six comments and recommendations:

- recommend the City update the policies and procedures for fuel purchases;
- recommend the City review old escrow bonds;
- recommend the City review comp time balances related to some employees;
- recommend the City document voided receipts;
- recommend finance review detail of court receivables; and
- recommend Court Department reconcile the bank information in Show-Me Courts and court bond reports monthly.

Chairperson Sherwood stated these were excellent audit results. Mr. Williams said the City does a good job. He said if there were material adjustments, those would be listed in the management letter, and none were found this year.

I. REVIEW OF FINANCIAL REPORTS

- **October 2020**

Ms. Bennett stated, looking at revenue for the year is above budget by 6% and expenses are running 2% over. This month, the bond refinance was completed, and the bond principal and interest payment was early this year. The audit fee also was early this year. The Fire Department overtime is up, and there were two months of health insurance paid. The Police dispatch fee was paid in October this year and September last year. There was a grant revenue received in the amount of \$119,733 from the County for half of the CARES Act Funding. The second half is expected to be approved, for Fire and Police salaries from March to the present.

J. OLD BUSINESS:

Sales Tax Trends

Ms. Bennett stated not much was reported. The City is 25% below last year, which is what was budgeted.

Sales Tax & Utility Tax Audit

Ms. Bennett stated Verizon wireless is balking at Azavar's request, and she was asked to sign an official request in hopes of them receiving the information.

Property Tax

Chairperson Sherwood said there is nothing to discuss at this time.

Mid-Year Budget Review

Ms. Sherwood said the second quarter mid-year budget review will take more time than anticipated. The City's budget is on an accrual basis, but the monthly statements that Ways and Means sees are on a cash basis. The budget review needs to evaluate revenue on an accrual basis, and at this time the City only has two months of data. She said this discussion will be postponed until the December Ways and Means Committee meeting. There was discussion of the potential for a property tax increase in April 2021 versus August 2021.

Bond Refinance Discussion

Ms. Bennett stated the bond refinance has been completed. The payment due in March was completed at closing and the next principal payment is due in March 2022.

Sales Tax Interruption Coverage

Mr. Christensen stated he spoke with the City Attorney who said on the national level, one of the large petitioners has requested a dismissal across the board on all claims. The City of Richmond Heights' insurers requested a declaratory judgment on any potential claims. At this time, the City must compile a three-year average of revenue on all properties that are insured. The City's insurance company previously has been put on notice that they City has a claim.

Utility Tax Lawsuit Updates

Mr. Christensen said there is nothing new to report.

Development Updates

Mr. Christensen stated Uncle Julio's is expected to open in January. Restoration Hardware is also coming. Mr. Christensen and Mayor Hatfield met with the General Manager of the Galleria and Plaza Frontenac as well as the associate manager, Geneva Mosley, who will be housed in Plaza Frontenac.

Mr. Christensen said the DESCO Group has been in contact with the City regarding a PILOT agreement for the ground floor of the Stifel Building. Last January or February, they entered into a PILOT agreement with the City to pay \$8.75 per square foot for any non-retail use. DESCO asked to lower that amount to \$5.00 per square foot. If they put in a non-sales tax generating business, they have to pay. This agreement is for the other half of the ground-floor space, that will be occupied along with 801 Grill, which is approximately 5,009 square feet of space.

COVID-19 Updates

Mr. Christensen stated there is nothing more to report other than half of the CARES Act funding was received. The application for the second half has been submitted. He said new County restrictions have been put in place today. Plaza Frontenac is staying open. The biggest hit will result from the indoor dining change for our restaurants. City Hall will continue to operate as normal, with no new changes.

Fire Department Salaries

Mr. Christensen had nothing to report at this time. The City recently lost two firefighters, and one has already left. Two were hired, and one of the two has already backed out. They will go back to the pool and try to hire another firefighter. The City would like to get everyone to the 60th percentile and consider reducing the number of steps for firefighters to top pay.

Worker's Comp Update

Chairperson Sherwood stated she has no update at this time. Mr. Christensen stated he has nothing new to report.

Multi-Year Plan

Aldersperson Millman stated he is waiting on the mid-year review and said there is no update from last month. Chairperson Sherwood stated after the mid-year review she would like to schedule a workshop in mid-January to go through the assumptions. Aldersperson Millman stated the key is the assumptions.

K. NEW BUSINESS

There was no new business at this time.

L. SCHEDULE DATES FOR NEXT MEETINGS:

Next Regular Scheduled Ways & Means Committee Meeting, Thursday, December 17, 2020, 3:00 p.m.

M. ADJOURNMENT

MOTION: Mr. Winer made a motion and Mr. Mug seconded to adjourn the meeting. All Committee members voted "Aye".

The meeting adjourned at 3:59 p.m.