

# CITY OF FRONTENAC



## MINUTES OF THE WAYS AND MEANS COMMITTEE FRONTENAC CITY HALL TUESDAY, OCTOBER 15, 2019

### A. CALL TO ORDER

The October 15, 2019 meeting of the Ways and Means Committee of the City of Frontenac was called to order at 5:00 p.m.

### B. ROLL CALL

Chairperson Margaret Sherwood	Warren Winer
Jane Rubin	Tim Sant
Bob Lenzen	Aldersperson Dan Millman
Assistant Treasurer, Emily Arneson, Ex Officio	

Mr. Stergios was absent.

Ms. Ross stated there was a quorum.

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

### C. APPROVAL OF AGENDA:

Chairperson Sherwood asked for a motion to approve the October 15, 2019 agenda.

**MOTION:** Mr. Lenzen motioned and Mr. Winer seconded approval of the agenda. All voting members present voted in the affirmative. **MOTION PASSED.**

### D. APPROVAL OF MINUTES:

Chairperson Sherwood asked for a motion to approve the September 17, 2019 minutes.

**MOTION:** Aldersperson Millman motioned and Mr. Lenzen seconded approval of the September 17, 2019 minutes. All voting members present voted in the affirmative. **MOTION PASSED.**

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

No comments were made at this time.

**F. COMMENTS BY COMMITTEE MEMBERS:**

No comments were made.

**G. CHAIRPERSON'S COMMENTS:**

Chairperson Sherwood stated she will be out of the country the day of the next meeting, November 19, 2019, and that Alderperson Millman would chair the meeting.

**H. REVIEW OF FINANCIAL REPORTS:**

Ms. Bennett gave an overview of the financials for September. She stated year to date revenues are up 0.6% from the budget and expenses are down 1.6%. Ms. Bennett noted PILOT payments are down \$31,000 due to timing. Building permits and ambulance revenues are up year to date, and interest income is up. There was discussion regarding the titles and subtitles on the financial report. It was decided by Chairman Sherwood to leave them as is for now but asked Ms. Bennett to recommend future improvements. There was also discussion regarding variance parameters.

**I. OLD BUSINESS:**

**Sales Tax Trends**

Ms. Bennett stated there were no significant changes this month. She stated the September reporting had some retailers catching up, but the October numbers are back down. Also, the sales tax comparisons for August 18-July 19 are almost flat. There was additional discussion on this matter. Ms. Bennett stated most of the sales tax income moves together but that the one cent sales tax is different due to the sharing formula that fluctuates from month to month.

**Sales Tax & Utility Tax Audit**

Ms. Bennett stated she is presenting at the GFOA meeting next month on this subject. She said five cities have committed to the utility tax audit and the contracts are in the legal review process. She stated she will be sending the contract to our legal team also. She stated there is a possibility of nine cities requesting this audit. She stated the cities will only proceed with utility tax audit at this time.

Mr. Lenzen wanted to know if nine cities sign-ups for the company review of our utility taxes, where will we be on the list when they begin, and how will they prioritize which city to review first. Ms. Bennett stated she would ask and let the Committee know at the next meeting.

She said through her process of reviewing sales taxes, she has found that one retailer using the accounting firm KPMG had sent the Frontenac sales taxes to Chesterfield the last three years. Ms. Bennett said that retailer will have to amend its returns. She estimates the amount the City is owed to be \$75,000. Chairperson Sherwood told Ms. Bennett she had done a great job. Chairperson Sherwood also asked Ms. Bennett to keep track of this income separately so that it can be treated as a one-time occurrence in the next budgeting process.

### **Library Lawsuit**

Mr. Christensen stated the City has not received any new invoices and that the cost regarding the lawsuit is still approximately \$15,000. There was a hearing on October 11 on the library's request to dismiss. Mr. Christensen stated there will be no judgement for several weeks.

### **Utility Tax Lawsuit Updates**

Mr. Christensen stated there is nothing new to report. He said arguments were heard last month from AT&T and Charter and they were taken under submission. There will more than likely, be no news, for several weeks.

### **Multi-Year Plan**

Aldersperson Millman stated Ms. Bennett sent the trial balances from the audit to Mr. O'Connell for him to load the numbers. He started he expects to meet with him sometime in late October or November, once the information is loaded into the 20-year plan.

### **Fund Balance Policy Review**

Ms. Sherwood stated this project will be incorporated into the spring budgeting process and asked that this item continue on future meeting agendas.

### **Worker's Comp Insurance**

Chairperson Sherwood stated due to the audit not being complete, this will also stay on the next meeting agenda. Ms. Bennett was asked if our work comp insurance is audited, and she stated yes.

### **Sales Tax Interruption Insurance**

Chairperson Sherwood stated she has completed a quick preliminary review of this policy but needs to complete a more thorough review. She stated what she saw seems

appropriate, and this item will also be kept on the future meeting agendas. There was additional discussion regarding the sales tax interruption policy.

Ms. Bennett stated she received a call from a resident, about LifeTime Fitness taxing memberships. She stated she reviewed the Department of Revenue taxing guidelines and stated that memberships are taxable but that country club memberships are exempt. The tax rate on the DESCO development is 11.238%, and the tax rate for the remainder of the City is 9.238%. The DESCO development has a Community Improvement District and Transportation Development District, both of which have 1.0% taxes on sales.

**J. NEW BUSINESS:**

Ms. Bennett stated the auditors were here for three days and found were no material or significant deficiencies. She stated there will be several management comments regarding the City:

- lack of a fuel policy;
- one department having excessive comp time on the books;
- one purchase over \$15,000 with no BOA approval;
- some escrow bonds are several years old; and
- employee travel reimbursements being taxed.

She stated Hochschild Bloom & Company is expected to be before the committee in November to present their report.

**K. SCHEDULE DATE FOR NEXT MEETING:**

Tuesday, November 19, 2019, 5:00 p.m.

**L. ADJOURNMENT**

Chairperson Sherwood asked for a motion to adjourn the meeting.

**MOTION:** Ms. Rubin motioned, and Mr. Winer seconded the meeting be adjourned. All commission members present voted "Aye." **MOTION PASSED.**

The meeting adjourned at 5:55 p.m.