City of Creve Coeur
Finance Committee
Meeting Minutes

Administrative Conference Room
Tuesday
July 29, 2014
5:30 p.m.

Present:	Richard Kutta, Chairman	Adam Shulenburger, Vice Chairman
	Howard Shalowitz	Marjorie Richter
	Larry Potashnick	Cynthia Kramer, Council Liaison
Also in Attendance:	Daniel Smith, Director of Finance	
	Debbie Loso, Accountant	
Absent:	Mark Perkins, City Administrator	

Call to Order
Mr. Kutta, Chairperson called the meeting to order at 5:33 p.m.

Approve Meeting Agenda
There were no changes to the agenda. Mr. Potashnick made a motion to approve the agenda. Mr. Shalowitz second the motion with all present voting aye.

Approve Minutes for May 22, 2014 Meeting
Mr. Potashnick made a motion to approve the minutes from the March 11, 2014 meeting. Mr. Shalowitz second the motion will all present voting aye.

Reports:
Chairman's report
Mr. Kutta presented to the committee an overview of the Boards & Commissions Realignment Task Force recommendations. The goal of the Task Force is to realign or rearrange the City's Boards and Commissions. The proposed Committee restructuring is to combine Historical Preservation and Parks and Recreations committees, refocus the HEB to include involvement with landscaping, and to transfer the trash/recycling to a new Sustainability committee, and increase the involvement of the Finance Committee in special projects.

Mr. Shulenburger asked where things stood with the committee's suggestion of sharing combined like services. Mr. Kutta responded that it fell in with the use of CNG (Compressed Natural Gas). Currently there is not a station located close enough to the City for it to be feasible for the City to consider transferring the City's vehicles to CNG. When a station is located close enough to the City the City will revisit and look into this more seriously.

Mr. Kutta stated he reported to the Task Force that the Committee would be interested in providing support as requested and be happy to entertain ideas or request. Mr. Kutta stated this would be a good time to offer suggestions to the Task Force as to what the Committee feels their role should be and possibly even change the name of the committee. Mr. Smith responded that the Charter specifically refers to duties of the Finance Committee. Council cannot change the Charter without a vote of the people.

Benefits Committee
Mr. Potashnick reported he has attended one of two meetings that have been held due to a schedule conflict with one meeting date. Mr. Potashnick stated he was impressed with the quality of the Committee members and their knowledge of managing vast pension plans. He stated he has his own agenda of items he would like to discuss at the upcoming meeting. Mr. Potashnick also reported that the current plan has been superbly administered and the unfunded past service cost has been

significantly diminished subject to the new accounting principle. The plan for the past 10 plus years has earned an annual return of approximately 5%. The actuarial assumption is currently 7.5%.

Council Liaison
Ms. Kramer arrived at 5:57 p.m. She is the newly assigned Council liaison for the Finance Committee. She addressed the committee stating she is looking forward to participating and hopes that she can be of service. If there are issues she would like to be the voice to take these issues to the Council.

City Matters
Mr. Smith stated Mr. Perkins was unable to attend due to a conflict with the Mosley Road meeting held the same night. Mr. Smith stated there were a couple of items Mr. Perkins wanted to discuss with the Committee. The sales tax is one of the City's main sources of revenue. The retail sales tax increased 2% over last year and is the largest tax revenue for the City. The sales tax for the Capital Fund increased by 2.2%. The quarterly report was not available for the meeting. The Finance department had a server migration to a new platform that resulted in some complications with the Finance software. All issues have been resolved but not in time to create the financial reports. The preliminary results are that the City had a significant surplus as was budgeted last year at around $1.4 million. An area that significantly increased was the natural gas gross receipts tax which resulted in exceeding the budget by over $100,000. The electric gross receipts even though the Council reduced the residential component from 7% to 5.5% actually came in as what was originally budgeted before the rate was reduced.

Mr. Smith stated the 4th quarter report is not available but will be forwarded to the committee once it is completed.

Mr. Shulenburger asked about the expenditures. Mr. Smith stated the City came in under budget and even after the budget was amended to be less than the original budget. The Police department was significantly less due to vacancies, retirements, and turn overs. WCDC cost was less than originally budgeted. Mr. Smith stated that the Finance department is going to compare the history of the budgeted amounts with the actual amounts to encourage the departments to define their budgets better. Analysis will be completed by function for each department comparing budget versus actual. Then identify the differences, determine the cause and realign the budgeted amount.

Administrative:
Election of Officers
Ms. Richter nominated Mr. Kutta for Chairman and Mr. Shulenburger as Vice Chairman. Mr. Shalowitz moved to close nominations with Ms. Richter seconding and all present voting aye.

New Business
Discussion of City Audit Proposals
Mr. Smith explained to the committee that the City periodically sends out for RFP's for the City's annual audit. For the last eleven years Hocschild, Bloom & Co. has been performing the audit. Mr. Smith stated the firm audits many Municipalities. Mr. Smith stated it is difficult to get firms to bid on the audit because the City demands they have extensive governmental accounting experience and the City is not large enough to attract larger firms. The last RFP's sent out about three years ago Rubin, Brown, Schowalter & Jabori P.C. and Hocschild, Bloom & Co. all submitted proposals. Rubin, Brown, were significantly higher than the other two. Mr. Smith stated he recommended Schowalter & Jabori P.C. to do the City audit. The Finance Committee felt that it would be better to continue with Hocschild, Bloom & Co to save the City money on staff time. This year the City put out the RFP to basically the same firms. The City only received one proposal back from Hocschild, Bloom & Co. Another firm expressed interest but decided against submitting a proposal. The others declined or did not respond for various reasons. Mr. Smith is recommending that we continue with Hocschild, Bloom & Co. They are well qualified and have done an excellent job on previous audits. Mr. Smith stated that he is recommending to Council that the City request a change of the audit manager or partner. Further discussion was held by the committee concerning the auditing firm for the City. Mr. Smith stated the City was happy with the performance of Hocschild, Bloom & Co.

Mr. Shulenburger made a motion to recommend to the Council to accept the RFP from Hocschild, Bloom and Co. for the three year contract with the option to terminate at the end of each year as amended by Mr. Shalowitz. All presented voted aye.

Mr. Potashnick asked the Chairman to get clarification from the Council as to whether in today's business environment if the committee should really be functioning in an audit capacity. Mr. Kutta stated he would work with Dan to put together a memo to the Council as to what the committees function should be.

Mr. Shalowitz left the meeting at 6:49 p.m.

FY2014-15 Meeting Calendar
Committee agreed to keep the meetings schedule as previously scheduled for the rest of the calendar year.

Next meeting is scheduled for September 9, 2014 at 5:30 p.m. The proposed calendar for the upcoming fiscal year will be presented at the meeting for the committee to approve.

Impact of Sale Tax Exemption
Mr. Smith stated that there have been a number of tax exemptions proposed. How they will affect Creve Coeur has not been determined. The information provided by the State was based on an allocation formula that may or may not be reflective of what Creve Coeur receives. Mr. Smith stated there seems to be a big push amongst the Cities to not allow these proposed exemptions.

Adjournment
There being no further business the meeting adjourned at 7:00 p.m.

Respectfully Submitted,

Tracy Brothers
Payroll Associate