

# CITY OF FRONTENAC



## MINUTES OF THE WAYS AND MEANS COMMITTEE CITY OF FRONTENAC MUNICIPAL COMPLEX MONDAY, DECEMBER 18, 2023, 4:00 P.M.

### A. CALL TO ORDER

The December 18, 2023 meeting of the Ways and Means Committee of the City of Frontenac was called to order at 4:00 p.m.

Chairperson Sant called the meeting to order.

### B. ROLL CALL

Tim Sant

Tom Mug

Ken Marx

John Kennedy, virtual attendance (4:05 p.m.)

Aldersperson Dan Millman

Katie Dixon, Warren Winer and Emily Arneson were absent.

Mayor Kate Hatfield was present, along with Alderspersons Pat Kilker, Meg Mannion, Jamie Griesedieck, and Tom O'Brien.

Ms. Ross stated a quorum was present.

Also in attendance was Finance Officer, Lea Ann Bennett; City Administrator, Scott Schaefer; and City Clerk, Leesa Ross, Chief of Police, Mark Guttmann, and members of the Frontenac Fire Department.

### C. VOTE TO APPROVE AGENDA

Chairperson Sant requested a motion to approve the agenda.

Mr. Mug made a motion and Aldersperson Millman made a second to the motion, to approve the December 18, 2023, meeting agenda. All voting members presented voted in the affirmative. **MOTION PASSED.**

### D. APPROVE MINUTES

Chairperson Sant asked for a motion to approve the November 20, 2023 meeting minutes.

**MOTION:** Mr. Mug made a motion and Mr. Marx made a second to the motion for approval of the amended November 20, 2023 meeting minutes. The amendment was requested by

Mayor Hatfield to delete comments, which she said were misstated. A revised version of the minutes was passed out. All voting members present voted in the affirmative to approve the amended minutes. **MOTION PASSED.**

## **E. AUDIT PRESENTATION**

Mr. Michael Williams a partner at Sikich LLP presented the annual audit.

Mr. Williams stated there were ACFR introductory and transmittal letters, dated 12/15, which will be discussed later. The first pages of the audit are Informational about the city, i.e., background, long term planning, major initiatives, and activities. The ACFR was awarded for the 2021-2022 financial audit. Sikich's opinion is the financial statement is presented fairly in all material respects, and a clean opinion was given. There have been some changes to accounting principles. On page 7, of the combined financial report, the city has \$33 million in assets, \$3 million is in deferred amounts. Total net position \$30.189 million. Prior year assets increased by \$1.4 million, which were capital assets, and deferred payables. Assets were up, and liabilities are down. Summary of activities were \$13.474 million, expenses were \$10.040 million and a change of \$3.122 million. Net position is up \$7 million over two years. He reviewed statements on pages 13 and 14, and fund statements on page 15 and 16. General Fund has \$12.498 million, most are cash and investments, with liabilities, \$834,000, deferred amount of \$599,000, and the difference of the fund balance in the general fund is \$11.064 million. Unassigned balances are \$10.733 million. Storm Water balance is \$2.6 million, and the capital fund is \$0. Notes on page 19, regarding accounting policies, Note B1, references deposits, and city cash accounts which must be secured, and the city complies. MoSIP investment is \$5 million. On page 28, capital assets are \$73,000 (software intangibles), the SBITA (subscription-based information technology arrangement, also known as GASB 96). The pension plan, LAGERS, has a net pension asset of \$6,667 million. The city has a positive funding for its plan. For long term liabilities, the city has a purchase agreement and compensated assets. Lessor Disclosures and cell phone tower leases are \$535,929. Total revenue budgeted is \$9.5 million, with actual revenue being \$622,967 over budget. Total expenditures are under budget by \$110,000. Taxes are \$10.365 million (municipal taxes, breakdown page 55). Also a note on sales tax, page 61, which shows a break-down of sales taxes.

For the board report, there were two journal entries (auditor adjustments) made. The management letter shows three comments and recommendations which reference the escrow bond listings, comp time balances in excess of set levels, and court bank reconciliations.

Mr. Schaefer stated he would like to address the three issues. The court bank reconciliations are up to date, as a couple of months ago. The comp and vacation leave accruals were discussed and a plan is in place to get those numbers down by May. The escrows are difficult to deal with, and the city's policy will be reviewed, and steps taken to try to get this number

reduced. There was a discussion on escrows. Ms. Bennett stated the escrow account has between \$600,000 - \$700,000 in the account and \$100,000 -\$200,000 of old escrows. She stated the problem has been the city has had three building commissioners in the last two years.

Mayor Hatfield advised that pages 11 and 12 of the audit have verbiage from last year. Mr. Williams stated he would fix those two pages and submit a new audit report to the city.

Mr. Sant stated he would like to give kudos to Ms. Bennett, for a clean opinion with very few issues.

#### **F. CITY ADMINISTRATOR REPORT**

Mr. Schaefer has no report at this time.

#### **G. PUBLIC FORUM**

No comments at this time.

#### **H. COMMENTS BY COMMITTEE MEMBERS**

Mr. Marx needs to leave at 5:00 p.m. Mr. Kennedy must leave at 5:15 p.m.

#### **✦ Compensation Discussion**

Mr. Sant stated the committee should come to a consensus for a recommendation to the board. Mr. Schaefer said he looked at comparable cities and made a benchmark with other cities. He presented his summary for review. The summary provides a composite of the cities in the CBIZ study, and whether the cities do COLAs. Three cities ignored him, out of the 20 who responded. He said 14 do step and merit increases, in tandem with a COLA, some others don't call it a COLA. Some are applied separate. He said Frontenac normally adopts a COLA at the beginning of their fiscal year budget, which is July 1. No two cities are the same. A spreadsheet was passed out. Cities do things in different ways. Surveys were sent out and calls were made. Some spell them out in compensation documents. No assumptions were made. Brentwood is on path to do an independent compensation analysis and they hope to get up to the 95<sup>th</sup> percentile. They are trying to apply a COLA as a bridge gap solution. They are not in the practice but will do a COLA now. The COLA will not apply to the range, which is a lump sum concept.

Mr. Mug asked about Ladue. Mr. Schaefer said they have a 3.6% base level, and it is another level of a COLA, which is more performance, MERIT based. Some city's increases are based on economic factors. They don't reference it as a COLA, but ranges do grow. History of

Frontenac's adjustments were on page 45 of his presentation. There was discussion of the history of pay increases.

Mr. Sant said we have a couple of different ways to adjust, market-based pay adjustments or the city administrator can make market rate pay adjustments. They are looking at contiguous cities, no major movement. Mr. Sant asked M. Schaeffer what his recommendation is. Mr. Schaefer stated he does not feel comfortable making a recommendation at this time. Factors which can be included, a memo from CBIZ, to raise by 3.6%, supplemented data with SSA, which is rising by 3.2%; CPI for Midwest is 3.2% for inflation, also comparable communities. Mr. Sant read the compensation policy and the factors for increases. The committee discussed whether the increase should be on January 1 or July 1. Mr. Sant feels employees should get a raise on January 1, then also on July 1. He said it is unfair to ask employees to go over a year with no raise, with high inflation. It was decided by the committee to give an increase at this time and an adjustment in July, to get back on the right cycle to give raises effective the fiscal year, July 1. There was also discussion to change the compensation policy, that raises should be effective July 1. Alderperson Kilker said the policy is a guide, and there is flexibility.

**MOTION**: Mr. Sant made a motion to recommend a 3% increase for all employees effective January 1, 2024 and review a possible second increase effective the fiscal year of July 1, 2024, to get employees back on the fiscal year schedule for pay increases, and Mr. Mug seconded the motion. All commission members voted in the affirmative. Motion passed.

Mr. Marx left the meeting at 5:03 p.m.

#### **Holiday Incentive Pay**

Mr. Sant stated this was discussed at the last meeting, and a committee member made a recommendation to explore paying each employee \$50.00 per year, for each year of service. Ms. Bennett stated the cost was \$40,350, and with social security and medicare taxes, the total is \$43,692. Alderperson Millman stated if this was agreed upon, he would recommend the six employees hired within the year, receive \$100.00. There was discussion on this proposal. Alderperson O'Brien stated the incentive is going from \$5,300 to \$43,000, and feels the optics are bad with the community. He said yes revenues are up, but he has an optics problem with the cost difference. Mr. Sant stated this could become a meaningful part of compensation. Mr. Kennedy stated he is fine going back to the original recommendation.

**MOTION**: Mr. Mug made a recommendation to give each employee a holiday incentive of \$100 for a total cost of \$5,300, and Mr. Sant made a second to the motion. All commission members voted in the affirmative.

## **I. CHAIRMAN’S COMMENTS**

Mr. Sant made no comments.

## **J. REVIEW OF FINANCIAL REPORTS – November 2023**

Ms. Bennett stated revenues are up 6.1%, and expenses are down .7%. She said the use tax continues to increase, and the cable franchise fees are down, due to timing. Police and fire protection payments are down due to timing. She stated court fines are also down. Miscellaneous revenues are up due to the SLAIT reimbursement. Expenses are even. Mr. Schaefer stated he would like to give kudos to Ms. Bennett, as interest income is up \$223,000, which amounts to a 777% increase.

## **K. OLD BUSINESS**

### **✦ Unrestricted Cash**

Ms. Bennett provided a report stating unrestricted cash is \$8.973 million.

### **✦ Sales Tax Trends**

Ms. Bennett said sales taxes are even with budget, and December is up 1.04%, down .64 from last year. With Prop P and use tax, it is up 1.99% from last year and 2.4% over budget. She said in December, some merchants are missing, but the report may flip back.

### **✦ Investment Update**

The City of Frontenac’s Interest income is up, due to MoSIP revenue. Investments are of \$11.1 million, which generates \$51,934 a month. The current interest rate is 5.68%, and they mature in February.

## **L. NEW BUSINESS**

None

## **M. SCHEDULED DATE FOR NEXT MEETING**

The next meeting will be Wednesday, January 17, 2024, 4:00 p.m.

## **N. ADJOURNMENT**

**MOTION**: Mr. Mug made a motion to adjourn the meeting and Alderperson Millman made a second to the motion. All members voted in the affirmative. **MOTION PASSED**.  
The meeting adjourned at 5:25 p.m.