

**CITY OF BRENTWOOD
WAYS AND MEANS COMMITTEE MEETING MINUTES
MARCH 20, 2018**

CALL TO ORDER:

Alderman Dimmitt called the Ways and Means Committee Meeting to order at 6:00 pm.

ROLL CALL:

City Administrator Bola Akande performed roll call:

Alderman Dimmitt – Present

Alderwoman O’Neill – Present

Alderwoman Sims – Absent

Alderman Wegge – Present

APPROVAL OF AGENDA

Approved by acclamation.

APPROVAL OF MINUTES

February 1, 2018 Minutes are approved as amended.

PUBLIC COMMENTS

None

COMMENTS BY COMMITTEE MEMBERS

None

CHAIRMAN’S COMMENTS

None

BID OPENING/SELECTION

None

PUBLIC HEARING

None

PRESENTATION

None

UNFINISHED BUSINESS - Presentation of Compliance Report of the 2013 State Audit Report - Discussion on Inventory of all City Vehicles

City Administrator Akande presented an updated list of all city vehicles. The list includes the hours of operation and equivalent hours/miles conversion for police and fire vehicles and equipment. All vehicles sold in 2017 and those sold thus far in 2018 are also on the list.

Alderman Dimmitt stated that since Fall 2017, there has been a net decrease in the number of city-owned vehicles. Mr. Dimmitt said he would like for staff to review the factors and assigned points as stated in the Vehicle Replacement Policy by which staff determines whether a vehicle meets established criteria for replacement. In addition, Alderman Dimmitt said that perhaps the age of the vehicle should be awarded lower points or removed altogether. The purpose and goal of this comprehensive review of the Vehicle Replacement Policy is to determine whether changes can be made to the policy and perhaps it may result in a reduction of long-term vehicle replacement cost. It is anticipated, based on the Equipment Replacement Schedule that the cost to replace vehicles over the next five (5) years is estimated at \$3,000,000. While this number may be a starting point, and it certainly will be reduced, for budgeting purposes, the committee will rethink the policy of calling out when vehicles should be replaced. Every vehicle to eliminate results in savings on insurance and maintenance cost. Public Works Director Dan Gummshaimer and City Administrator Akande said they are reviewing vehicles in the Public Works Department to determine whether there is an opportunity to further repurpose, consolidate and/or eliminate and asked the committee to give them time to complete the analysis.

Alderman Dimmitt said, the committee completed the process to review and ensure Staff is both following the City's financial policies/procedures and are still implementing the recommendations from the audit. He also said, we continued the review of the City's Vehicle Replacement Policy, which began in October 2017. Since then, Planning and Development has reduced the numbers of its vehicles from 5-3, Police from 18-14 and Public Works/Parks & Rec from 28-22. However, the Committee requested Staff to review the possibility of further reduction of fleet through consolidation. For instance, Public Works has 13 trucks (Ford F250's, F350's, F550's and F650's). Parks has 6 (Ford F150, F250's and F350). Additionally, the Committee requested Staff to review the point system for determining replacements. Presently, a vehicle scoring over 40 points is up for replacement, if money is budgeted. In determining that number, Staff assigns 1 point for each year the vehicle is in service. Additionally, Staff assigns 1 point for every 10K in miles and points for hours used. It seemed to the Committee that this system is redundant and that it might be better to look solely at the miles/hours and discontinue the years in service. Staff will report back to the Committee.

Presentation by Daniel Jones Associates on the 2017 Audit of the Bank Statements

Finance Director Shaw read a letter prepared by Daniel Jones and Associate to inform the Board of Aldermen and Management of the procedures performed regarding the 2017 Audit and their initial findings related to these procedures.

On March 9, 2018, the following procedures were performed:

1. Daniel Jones & Associates selected 40 random transactions related to accounts payable. Those
 - transactions were tested for several criteria including:
 - Proper authorization of check requisition, invoices, and cancelled check.
 - We also examined the posting to the general ledger to ensure the expense was properly coded.

- We reviewed supporting documentation of these expenditures to ensure the payment matched
- the invoice, requisition, and cancelled check.

2. Daniel Jones & Associates selected 40 random transactions related to payroll. Those transactions were tested for several criteria including:

- Ensured payroll was properly approved.
- Recalculated gross pay to ensure that the rate paid matches the rate of pay approved by Management and the Board.
- Reviewed all selected employees IRS Form W-4. This allowed us to look for fictitious employees and ensure the District had proper tax records on file for the selected employees.
- Traced selected payroll transactions to the payroll subledgers to ensure accurate recording of these transactions.

During our initial review of the internal controls over these processes during the interim fieldwork section of our audit, we have not identified any deficiencies that need to be communicated to the Board. We will be conducting additional internal control testing during the course of our audit, the findings of which will be reported at the conclusion of final audit fieldwork.

Presentation by Daniel Jones Associates on the 2017 Audit of the Credit Card Statements and corresponding receipts

City Administrator Akande said, staff has taken into consideration recommendations made by the Ways and Means Committee, and as such, the number of staff with city issued credit cards has been reduced by five (5). There is now a draft of a new Credit Usage Policy. This policy and procedures if approved by the Board of Aldermen will be distributed to all employees who are issued with the credit cards. Each of the employees will also have to sign an acknowledgement form as is the practice of the City to ensure the correct accounting controls are being followed with regard to usage of the City issued credit cards. Furthermore, all Staff not including department directors will now have to checkout their credit cards from the department directors in accordance with the policy. The procedures will ensure that the City’s funds are being monitored properly.

In response, Alderman Dimmitt said the goal of the review had been met and nothing further is required at this time. Staff implemented the Committee's recommendation to 1) reduce the number of City-issued credit cards, and 2) require employees (non-department heads) to "check out" credit cards.

Presentation by Daniel Jones Associates on the 2017 Audit of the Accounts Payable Transactions

Finance Director Shaw said the update on this item was covered under the 2017 Audit of the Bank Statements Report.

Discussion of city-wide small and attractive non-capital assets

As a result of the findings from the 2013 State Audit, the firm of Schmersahl Treloar & Co. was hired to offer recommendations for improvement in internal controls on a city-wide basis. Their recommendations were used to create the City of Brentwood Financial Policies and Procedures Manual. Finance Director Shaw gave an overview of the procedures followed by each department in an effort to comply with the accounting for “small and attractive” assets which are defined as those assets that are below the City’s capitalization level of \$5,000 and are particularly vulnerable

to loss. Each department have a written internal procedure for managing small and attractive assets as required in the city's Financial Policies and Procedures Manual. The policy states that each department should include a method of tracking the assets and periodic inventory procedures to ensure that the assets have not been lost or stolen. Any lost or stolen capital assets must be reported to the Police Department and the Finance Director immediately. All department heads had to submit in writing who within their department would be responsible for these types of assets and what control procedures they had in place. An additional procedure was put in place to provide the assurance that the necessary steps are in place to manage and control these smaller assets. Going forward, on annual basis, the department heads must submit a report to the Finance Director signed by the person deemed responsible for this control that certifies that they had accounted for all assets within their department. There were no recommendations as this was for informational purposes only.

MONTHLY FINANCIAL REPORT

Finance Director Shaw gave the preliminary December 31, 2017 financial report. She also stated that a staff accountant is now on-board and can assist with additional checks and balances. Preliminary numbers indicate a revenue shortfall in the amount of \$200,000. With that said, the preliminary General Fund revenues will come in at \$11,240,297 or 95.23% of what was budgeted. The fund balance shows an increase of \$615,300. Again, this is preliminary. As for the expenditures, they came under budget at 94.96%. Higher expenses are attributed to the reorganization payouts and higher insurance premiums this fiscal year. City Administrator Akande stated that the City continues to see a decline in sales tax and attributes it to increased online sales. She also stated that in preparation for the Fiscal Year 2019 budget, having further discussion on the projection of the sales tax is highly necessary.

NEW BUSINESS

Request for Qualifications (RFQ) for Investment Services

City Administrator Akande said the Board of Alderman has determined that extensive improvements to and in the vicinity of Deer Creek will simultaneously protect substantial portions of the City from the ravages of flooding and expand the trails systems available to City residents, thereby protecting and enhancing the health, safety and welfare of the City and its residents, revitalizing the City's economic engine and providing both new employment opportunities and enhanced public revenue to support critical public services for City residents. The program of improvements, known as the Manchester Renewal Project, requires a significant financial investment and an ongoing commitment of civic resources. The Board of Alderman believes it is in the best interests of the community to continue the design, engineering and permitting for the Manchester Renewal Project and to acquire land in the connection therewith, and to proceed with the issuance of approximately \$43,000,000 principal amount of certificates of participation (the "Certificates) to pay those costs. The maximum principal amount of Certificates expected to be issued for the Manchester Renewal Project is \$43,000,000. As such, Mayor Thornton asked that City Administrator Akande and Finance Director Shaw meet with City Treasurer, Greg Reynders to review and prepare a Request For Qualification (RFQ) for Investment Services. Once the RFQ is approved by the Ways and Means Committee, it will be sent to a list of broker dealers and financial institutions. Additionally, an ad will be placed in the Countian and other municipal

publications. Alderman Wegge made a motion that staff release the RFQ. This was seconded by Alderwoman O'Neill. The motion was approved unanimously.

Presentation of Capital Purchases and Purchasing Controls

A new Authorization Form for from the City Administrator has been developed. The City now requires approval for capital purchases before those assets are purchased. The form must be signed by the department director, finance director and city administrator. A capital asset must be capitalized and depreciated for financial statement purposes. A capital asset is defined as a unit of property that: Has an economic useful life that extends beyond one year; the asset must be acquired for use in operations and not be held for sale; and must be acquired or produced for a cost of \$5,000 or more. A mandatory meeting was scheduled with all staff who participate in the procurement process. Karen Shaw, Finance Director reviewed the Brentwood Municipal Code, Chapter 135 – Purchasing Code. There was an acknowledgement form for all to sign at the conclusion of the meeting. The signed form is to be placed in the employees personnel file. City Administrator Akande stated that the Public Works Committee unanimously approved a motion to send this information to the Ways and Means Committee with a statement of support.

Request for Disposition of Inactive Records in accordance with the Missouri Secretary of State Local Government Records Retention Schedules

It is the recommended guideline of the Missouri Secretary of State to formally approve the disposition of local government records at the Board of Aldermen level. Per the Secretary of State's Local Records Retention Schedules guidelines: "The disposition of records should be recorded in a document such as the minutes of the city council or other legally constituted authority that has permanent record status." Staff has reviewed existing records and confirmed that the records listed on Exhibit A are materials that meet the retention schedules set forth by the Secretary of State and that these records are no longer needed by staff. Staff has also verified that this list does not contain any records that would be considered of an historical nature. Staff obtained three price quotes for the secured document shredding service to properly dispose of these records. This expense will be paid from the Miscellaneous Contractual Services budget line item (6210) from each applicable department. The recommendation is for the Board of Aldermen to approve the disposition of the records listed on Exhibit A. A motion was made by Alderwoman O'Neill and seconded by Alderman Wegge to forward this item with a positive recommendation to the Board of Aldermen for consideration. The Ways & Means Committee unanimously approved this recommendation and directed the City Administrator to present this to the Board of Aldermen at the March 19, 2018 meeting.

Fiscal 2018 Budget Amendment

The Board of Aldermen are considering the offering of \$43,000,000 of Certificates of Participation for the continued efforts to improve the Manchester Renewal Project. With the April bond issuance, the rating agency would look favorably upon the city's financial condition if the City were to restore the General Fund Unassigned Operating Reserves to the FY 17 level. Within the 2018 Approved Budget is a large transfer made up from the fund balance of the General Fund Unassigned Reserves. This money was budgeted to be moved into the Storm Water and Park Improvements Fund for funding the Manchester Renewal Project line item-50.00.00.6482. With the issuance of the Certificates of Participation there would be no need for this transfer now. To make this change, a budget amendment must be submitted to the Ways and Means Committee for

their approval. Based on their recommendation the amendment would then need to be presented to the full Board of Aldermen for their approval. The financial impact of this amendment would affect the General Fund Expenditures as the Municipal Operating Expenses (Transfers Out) would be reduced by \$3,770,000. Additionally, the Storm Water and Park Improvements Revenues (Transfers In) would be reduced by \$3,770,000 as would the Expenditure line item in this fund for the Manchester Renewal Project. At the fund level, the Operating Reserves for the General Fund would go from 14.01% to 49.56%. The Storm Water and Park Improvements Fund Reserve percentage would not change as the revenues and expenditures are being reduced by the same amount.

Alderwoman O'Neill made a motion to present the 2018 Budget Amendment to the Board of Aldermen with a positive recommendation. Alderman Wegge seconded the motion. The Ways & Means Committee unanimously approved this recommendation and directed the City Administrator to present this to the Board of Aldermen.

Request for Funding for Firehouse Engine Room Floor Resurfacing

The fire station engine room floor was built from poured concrete and has a hard trowel finish on the surface without any non-slip properties included. Walking on the wet surface is a hazard and creates a potential for a preventable accident. Vehicles backing in to the engine room when the floor is wet or covered in snow or slush, slide on the floor while backing into the engine room. Quotes have been received from two contractors who could provide a solution for this condition. The estimates received are \$32,120.00, and \$31,600.00 respectively. The project will also require technical specifications and oversight if funding is approved. Design/oversight fees are estimated at approximately \$2,500.00. We would also ask to include contingency funding as part of the budget, for any unforeseen issues that might come up. We would figure 10% of the project estimate or \$3,462.00. It's important to keep in mind these are only preliminary estimates that were requested without detailed specifications being drawn up by Horner Shifrin Engineering for the vendors to follow. This project would require an RFP process because the cost exceeds the \$10,000.00 threshold. Estimated cost for this project \$38,032.00 The recommendation is to fund this repair through the 2019 budget process. In the event funding is approved in 2019, technical specifications shall be completed by the Cities on call engineering firm, Horner and Shifrin. Technical specifications and oversight will be part of an RFP process for the project to comply with the Cities purchasing policy on any item/s over \$10,000.00. The committee accepted Chief Kurten's presentation and took no action.

ADJOURNMENT

Alderman Dimmitt made a motion to adjourn at 7:27 pm. Alderwoman O'Neill seconded the motion. A unanimous voice vote in favor was taken.