

MEMORANDUM

TO: Michael G. Herring, City Administrator
FROM: Kelly L. Vaughn, Director of Finance and Administration
DATE: August 24, 2010
SUBJECT: Finance and Administration Committee Meeting

The Finance and Administration Committee met on Monday, August 23, 2010. Those in attendance included: Chairperson Randy Logan, Ward III; Councilmember Matt Segal Ward I; Councilmember Lee Erickson, Ward II; Councilmember Bob Nation, Ward IV; City Administrator Mike Herring; and, Director of Finance and Administration Kelly Vaughn. Those also in attendance included Councilmember Bruce Geiger, Ward II; Councilmember Mike Casey, Ward III; Councilmember Barry Flachsbart, Ward I; Assistant Director of Finance and Administration Brian Whittle.

Chairperson Randy Logan called the meeting to order at 5:30 p.m.

1. Approval of Minutes—July 26, 2010

Councilmember Erickson motioned to approve the minutes as amended from the July 26, 2010 meeting of this Committee. Councilmember Nation seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

2. Discussion Regarding FY2010 Financial Update

Ms. Vaughn noted that General Fund sales tax collections were down approximately 8.4% for the month of June 2010 compared to the month of June 2009 and that the collections are down approximately 2.7% from prior year at this point. She also noted that under her conservative estimates General Fund revenues could end up \$600,000 down compared to budget. She further reminded the Committee of the budgeted draw down of fund reserves in the amount of \$565,000.

Mr. Herring noted that those are conservative estimates and will be partially offset by the T-Mobile settlement of approximately \$180,000. Additionally, he noted that utility taxes should come in higher based on the heat in July and August. He stated that the City has a diverse revenue source and that it is important to not isolate one source but rather look at all revenues for balance.

Councilmember Erickson told Ms. Vaughn that he appreciated the new graphs breaking down sales tax by region. He felt that in 2010, part of the decline is a result of the performance of the Valley. He noted that the Mall has been performing better than he thought.

A general discussion occurred regarding sales tax collections and the variances that occur month to month.

3. Discussion Regarding Sprucing Up Chesterfield

Councilmember Erickson stated that he has noted significant deferred maintenance on houses in his neighborhood and has found that the problem is not unique to just his neighborhood. He felt that the City should take steps to encourage homeowners to improve their homes. He suggested that the City explore having a Home Improvement Show in conjunction with the Chesterfield Chamber of Commerce. Additionally, he felt that the Beautification Committee could give out awards to the 'most improved' house and other similar awards.

Councilmember Segal said he felt it was a good idea that had the potential to improve the City, help City businesses, and cost the City little or no money.

Councilmember Erickson motioned to direct staff to explore a home improvement show in conjunction with the Chesterfield Chamber of Commerce. Councilmember Logan seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

4. Discussion Regarding Internal Controls

Ms. Vaughn stated that under Mr. Herring's direction she conducted a thorough review of internal controls. She said she was very confident with the level of controls at the City and felt that the frauds that occurred within other Cities would be prevented and detected at Chesterfield. She said as a result of the examination, one change was made to the policy. The change was made to make Mr. Herring, the main point of contact if the bank notes any suspicious activity. Ms. Vaughn stated that previously she was the point of contact but that was a potential conflict of interest because she can approve bank activity that someone else has initiated or vice-versa.

Mr. Herring said he directed Ms. Vaughn to conduct the examination as a result of a discussion that occurred at the last Finance and Administration Committee meeting. He said he welcomed the review because he had a high level of confidence in the City's internal control. He stated that both Ms. Vaughn and Mr. Whittle have done a great job implementing and revising the internal controls since they started with the City. Mr. Herring stated that he tells all new employees how seriously the City takes fraud at any level. He further stated that any fraud would lead to instant termination and a police investigation.

Councilmember Logan thanked Ms. Vaughn for providing a copy of the City's internal control policies. He said they were very well written and that after reviewing them, he had confidence in the City's internal control.

5. New Business

Councilmember Segal stated that he felt the City should consider a system that would allow people to purchase concession stand items using their pool passes. He said based on the large amount of children and teenagers at the pool and CVAC, this could increase concession stand sales. He would like the City to explore this option and see what costs would be involved if any.

Ms. Vaughn stated that an 'easy pay' system is a good idea and she would be happy to explore the possibility. She also stated that the City began accepting credit cards at the pool and concession stands because of the bank change at the beginning of the year. Based on anecdotal evidence, she feels that the machines are part of the reason for the increased concession sales this year.

Councilmember Segal motioned to direct staff to explore an 'easy pay' type system at the concession stands at the pool and CVAC. Councilmember Nation seconded the motion. A voice vote was taken, with a unanimous result, and the motion was approved.

9. Adjournment

There being no further business to discuss, Chairperson Logan adjourned the meeting at 6:42 p.m. The Committee's next meeting has been scheduled for Monday, September 27 at 5:30pm.