

**Minutes of Meeting  
City of Ladue  
Finance, Revenue, and Taxation Committee  
July 12, 2018**

A meeting of the Finance, Revenue, and Taxation Committee for the City of Ladue was held on July 12<sup>th</sup>, 2018 at 8:00 a.m. in the City Hall Council Chambers. The following members were present:

Chairman Jim Schiele	
Mr. Joe Gazzoli	
Mr. Jim Thompson	
Ms. Gina Hoagland	
Mr. Joseph Rechter	Ex-Officio
Mayor Nancy Spewak	Ex-Officio

Also present were City Councilman John Fox; Mr. Sam Zes, Finance Director; and Ms. Laura Rider, City Clerk and Assistant to the Mayor.

The meeting was called to order by Chairman Schiele at 8:00 a.m.

**Approval of the Agenda:**

Mr. Gazzoli moved approval and adoption of the agenda; seconded by Mr. Thompson which motion passed unanimously.

**Approval of the Minutes:**

Ms. Hoagland moved approval of the minutes from the May 17<sup>th</sup>, 2018 meeting, seconded by Mr. Gazzoli, which motion passed unanimously.

**Public Forum: None**

Mr. Zes reviewed the Mid-Year Financial Report and Status of the City. He stated revenues are 6% higher and combined major fund expenditures are 16% lower compared to the budget. The current expense variances are due to the timing of Road and Bridge and Stormwater projects.

General Fund revenues are 3.38% higher than the budget, which is primarily due to an increase in sales tax revenue and earnings on investments. Utility revenues are also 24.7% higher the budget with the exception of telephone tax which is 33% lower than the budget. Mr. Rechter asked why telephone revenue was down and Mr. Zes stated Sprint is not paying and the City Attorney is investigating. Ms. Hoagland asked if the Supreme Court's recent decision on internet Sales and Use tax will affect Ladue. Mayor Spewak responded the City would have to pass a Use Tax first. Mr. Fox asked if the Municipal League had an opinion on the subject. Mayor confirmed they are in favor of municipalities passing this tax.

Mr. Gazzoli asked Mr. Zes if he was able to negotiate with Commerce to apply un-used Firehouse funds to debt balance, which Mr. Zes confirmed he was and this would save the City \$67,000.

Mr. Zes reviewed the status of the Pension and Retirement Accounts. The annual required contributions were less than budgeted due to the actuarial value of assets in excess of the assumed rate of 7%. The net rate of return for the period was 8.4%. Mr. Gazzoli asked if the City should go ahead and contribute the balance of the budget amount. Mayor Spewak stated the City should take this opportunity to boost the funded status of the plans since the budget expenses are lower than expected and revenues are higher. Mr. Schiele reminded the committee there is no benefit to the plans being funded over 80%.

Mr. Zes also advised the committee the City currently has investments from all city funds to reduce the amount of cash on hand. The amounts invested per fund are as follows: General Fund - \$6,348,000, Road and Bridge - \$750,000, Capital Improvements - \$ 500,000, Storm Water - \$4,250,000, and Special Revenue - \$100,000.

The Committee then reviewed the Fiscal Policies document. Mr. Gazzoli stated there were multiple points in the document that should read "as applicable" or "as required by". He also suggested changes in verbiage needed for the next revision. Mr. Gazzoli asked if this is the state recommended policy, Mr. Zes confirmed this does comply with the state model. Mr. Gazzoli stated the City should put its Reserve Limits in this policy.

Mr. Schiele asked how often the City should review outside auditors. Mr. Zes stated GFOA mandates a minimum of 5 years, to review not necessarily change. GFOA states auditors should rotate personnel between audit years. Mayor Spewak reminded the committee this would have to go through an RFQ process and the City is not yet at 5 years since the last review.

Mayor Spewak announced a Mr. Joe Gazzoli would be the new committee chairperson. She thanked Mr. Schiele for his many years of service as Chairman and asked him to remain on the committee as Chairman Emeritus.

Ms. Hoagland moved to adjourn the meeting; seconded by Mr. Thompson which motion passed unanimously.

The meeting adjourned at 9:10 a.m.

James E. Schiele  
Chairman