

FINANCE COMMITTEE

APRIL 17, 2013

MEMBERS

Chairman Lawrence
Alderman Vota
Alderman Jones
Mayor Brotherton

ABSENT

Alderman Burtle

ALSO PRESENT

Treasurer France
Jacque Nation
Alderman Heberling
Ted Bailey
Steve Milling
Larry Budd
Andy Lasswell
Gwen Podeschi
John Podeschi
Cindy Dey

Chairman Lawrence called the meeting to order at 6:00 P.M.

Alderman Burtle arrived at 6:07 P.M.

Optimist Club request/Fireworks Donation

Mr. Steve Milling representing the Optimist Club updated the Committee since the March 21, 2013 Finance Committee Meeting on the status of the Fourth of July Fireworks Display. Melrose Pyrotechnics, Inc. sells the fireworks for the Fourth of July display and has informed the Optimist Club that they will continue providing the fireworks at a reduced rate provided the club will sign a three year commitment at a reduced rate.

Mr. Milling informed the Committee that the Optimist Club will be seeking additional funds from the businesses and the community to help meet the three year commitment and is requesting assistance from the City of Taylorville to also help meet the three year commitment.

Motion by Alderman Jones and seconded by Alderman Burtle to recommend to the City Council to contribute \$3,000.00 to the Optimist Club for the Fourth of July Fireworks Display with \$2,500.00 coming from the Hotel/Motel Tax to help promote tourism and \$500.00 coming from the General Fund and with additional assistance from the Hotel/Motel Fund if absolutely necessary to meet the three year commitment. Motion carried 4-0.

Direct Energy Contract

Mr. Ted Bailey with Direct Energy informed the Committee that the Contract between the City and Direct Energy will expire November 2013 and that since the March 21, 2013 Finance Committee the rates have dropped slightly. He also stated that Direct Energy will transfer 18 of the 34 accounts to First Energy upon the notification by the Mayor. The 18 small accounts qualify for the Electrical Aggregation Rate through First Energy that is lower than Direct Energy.

The rates quoted as of April 17, 2013 to renew the contract are:

April 17, 2013 Rates

12 Month - .04417
24 Month - .04489
36 Month - .04578

March 21, 2013 Rates

12 Month - .04506
24 Month - .04615
36 Month - .04724

Motion by Alderman Jones and seconded by Alderman Vota to recommend to the City Council to direct the Mayor, upon receipt, to sign the Direct Energy Contract to lock in the rate for a 24 Month Term. Motion carried 4-0.

1st Quarter Water Loan Reimbursement

Motion by Alderman Burtle and seconded by Alderman Jones to recommend to the City Council to approve the transfer of \$50,000.00 from the General Fund to the Water Fund for the repayment of the Water Fund Loan. Motion carried 4-0.

The balance remaining owed to the Water Fund is \$520,000.00 and the amount to pay back the Water Fund can be determined by City Council discretion.

Review/Approve-FY 2013/2014 Departmental Budgets

The Committee reviewed the Water, Safety, Police, Fire, Street, Sewer, Garbage, and MFT, FY 2013/2014 Budgets. Chairman Lawrence recommended forwarding these Budgets to the City Treasurer for further refinement.

Motion by Alderman Jones and seconded by Alderman Burtle to recommend to the City Council to forward the FY 2013/2014 Water, Safety, Police, Fire, Street, Sewer, Garbage, and MFT FY 2013/2014 Budgets to the City Treasurer for further refinement. Motion carried 4-0.

Treasurer's Report

Treasurer France presented each of the Committee Members an overview of the City's Finances and Informational Guideline Booklet. She reviewed some of the topics which included bank accounts, loan and bond payments, City Tax Rate Structure, Sales and NHMR Taxes, Repayment of the Water Fund, 2009 Sewer Project Fund, Sam Taylor Fund, Perpetual Care Fund, Tree Board Fund, Fire and Police Pension Funds, Budget Process Information, Appropriations Ordinance, Annual Tax Levy, Securities Pledged to the City, Sales Tax Reimbursement Agreements and Municipal Utility Tax. Additionally the "Booklet" set forth an excellent summary of just how or where certain of the City's several revenue sources must be spent or directed to other special purpose or restricted funds as provided under state statutes and local ordinances.

Chairman Lawrence, as did the entire Committee, commended Treasurer France for putting together an excellent outline and thanked her for doing a fantastic job.

Any Other Matters

Under the circumstances that this meeting was the last for Treasurer France and Chairman Lawrence, both made some observations as to matters the Committee and Council might address in the future. On the Treasurer's report of NHR Sales Tax collected for the calendar year 2011, \$992,218.00 and 2012 \$1,010,186.00; Chairman Lawrence reported that when compared to the debt service payments of approximately \$815,000.00 for each of those same years, there has resulted an excess of approximately \$177,000.00 and \$195,000.00 respectively for those two years which substantiates his earlier projections provided the Committee that, should that trend continue in following years, such excess could very well service additional borrowings and sewer separation projects in the range of 2 million dollars over the next 15 years.

Treasurer France reported that whereas the Treasurer's Office is reimbursed for services provided the Water Department and Sanitary District a significant amount of time is involved with the Police and Fire Pension Funds accounting and administration duties for which there is no reimbursement under applicable state statutes. Mr. Lawrence apologized regarding the matter had arisen previously and his intentions to contact the State Department of Insurance which governs the pension funds did not get done.

Additionally, Mr. Lawrence suggested that, although perhaps a remote success; but, in view of most public and private pension plans have a paid trustee or administrator and pay for an independent annual audit, it would only seem our City Officials would have valid reasons to at least inquire as to changing the statutes allowing reimbursement for a reasonable part of the cost of the City's annual audit and Treasurer's office expenses.

Lastly, Chairman Lawrence explained to the Committee a few observations in reviewing the monthly bills. He has noticed a pattern of the City Attorney Fees for the past year had changed approximately from 46% City Work vs. 54% for Court and Ordinance Violations to 22% City Work vs. 78% for Court and Ordinance Violations.

He also was concerned with the engineering fees related to the sewer separation projects being 18-20% of the cost of the project which is in excess of the industry average that is 10-12%.

Motion by Alderman Vota and seconded by Alderman Lawrence to adjourn. Motion carried 4-0.

Meeting adjourned at 8:01 P.M.

John Lawrence, Chairman
Finance Committee