

1. Approval of Accounts Payable.

In discussion with the Finance Committee, Council takes an action each meeting to “approve the bills” for the prior month; and, as these “accounts payable have already been paid, this action is superfluous. There are a number of checks and balances in the system to safeguard the payment process. Each invoice is reviewed before payment by both the Treasurer and Town Superintendent. The Mayor reviews and signs all “warrants”, which include copies of the invoice and where it is to be charged; although this review normally occurs after the invoice is paid. The warrant form requires two signatures, normally the Mayor and Superintendent.

Action is requested to direct the Town Superintendent and Treasurer to make payment of all bills presented for payment in a timely manner provided that the payment is within the approved budget. Timely payment is important to avoid late penalty charges and to obtain the best price for service for the Town. Any payment that will exceed the budget requires specific approval of Council and a budget adjustment. These actions should occur prior to the approval of the purchase order to prevent the Town from incurring a financial liability. Unauthorized purchases are the responsibility of the person making the purchase.

2. Investment Broker Agreement.

Attached is a copy of the investment broker agreement with Loomis Wealth Management. It is a continuing agreement with either party able to cancel with 30-days’ notice. The broker is compensated by the spread paid by the issuing bank, which may vary. The firm is required to disclose the spread on each transaction prior to the transaction being initiated. There is direct fee paid by the Town. No action is necessary by Council.

3. Banking Services

Ms. Smith and I met with Marie Biser and Jackie Burner with F&M Bank in April to discuss the Town’s banking relationship and the multiple bank accounts that the Town currently uses. The Town has nine bank accounts and transfers money primarily between three. I talked to Justin Moyer and he said that the other accounts (related to park land, general savings and police grants) predated him and that he knew of no reason to keep them. The “checking” component of those have a token \$1,000 in each and there has been no activity in them since before Justin’s time. He was going to propose closing them before he left but did not get time.

Attached is a copy of the F&M proposal. The proposal is very attractive and will be significantly less costly than the current arrangement. The first diagram depicts the Town’s current nine accounts. The main checking account is set up with a target balance of \$247,000. All town income or revenue is deposited into this account. Anything over 247,000 is moved to the ICS (insured cash sweep account – explained in the proposal) each night. The ICS account earns .005 or .5%. There is a bill pay account used for the Town to “pay bills”. Money is moved from the ICS account each day to “cover” the checks that clear. The park land, general savings and police accounts work in the same way, except that the target balance (which is the actual balance) is \$1,000 and anything over that would move to ICS and each earns the .5% if there is a balance in the ICS. Since there is no activity essentially the Town has had \$3,000 not invested for several years.

The proposal from F&M is for all income and revenue to be deposited into the operating account. The target balance is reduced to \$1.00 and any funds over that amount will move to a new ICS account with an enhanced investment rate of 1.01%. Funds will flow from the ICS account to the "bill pay" account as necessary to pay all claims presented for payment. The target balance will be \$1.00 in that account as well. This will increase the income by at least \$1,300 per year, and likely more since there will be more than \$247,000 in the ICS at any given time until the "excess idle funds" are invested by Loomis.

There are also several additional services for the Town to review including the enhanced check reconciliation, remote deposit capture, cash management debit services, and merchant services. These enhancements will be passed on to the new Treasurer.

The attached letter of agreement for banking services for the next three years was sent to F&M today. Under this proposal, F&M is basically "giving the service" to the Town as the compensating balances have been reduced to \$1.00 and all funds-on-hand over that amount will be invested. The payment to the bank is the amount earned on bank funds vs. the 1.01% that the Bank is paying the Town on the ICS account.

4. Use of Facilities

Attached is a revised set of rules and regulations for the use of the Assembly Room. These address some of the issues that have arisen over the years with the use of the room by outside persons or groups. It sets the fee at \$25 per hour (currently it is \$25 per day) with an additional flat \$25 to use the kitchen. This fee level is intended to cover the Town's cost to maintain the facility without having to use general tax dollars. There is an optional \$50 cleaning fee. In addition, each user will be required to provide a \$100 security deposit, which will be held (not deposited) until after the event and the post-event inspection is completed. This is intended to protect the Town from damages that occur during an event.

Action is requested to authorize the approval of the revised set of rules and regulations effective May 15, 2019.

Thank you for your consideration of these matters. Should you have questions or need additional information please call me.

Respectfully submitted

Joseph S. Paxton
Interim Town Superintendent

