



AUDIT & FINANCE COMMITTEE

MINUTES – September 22, 2021

The regular meeting of the Audit & Finance Committee was held Wednesday, September 22, 2021 at 4:30p.m. Those in attendance included:

Member	In Attendance	Absent
Randy Atkisson	x	
Rich Carver	x	
Ted McNulty		x
Katrina Pon	x	
Lori Hartman	x	
Dean Fitzpatrick	x	

Also in attendance were:

- Doug Harms, City Administrator
- Tracy Hansen, Director of Finance

September Sales Tax Update: The Director of Finance provided the sales tax analysis as of September 2021 receipts (July sales tax at the register), Year to Date performance, and budget comparison. Sales tax revenue for 2021 was budgeted based on a 20% reduction from the 2019 actuals. September receipts were higher than 2019 by 13.12% over all of the sales tax categories. The local sales tax categories are down, but have been offset by the large increase in the Use Tax and the Fire Sales tax rate increase from .25% to .50%. Year-to-date sales tax on a cash basis are up .40% compared to the same period in 2019. This reflects receipts from January through September 2021.

Mr. Harms explained the Park Fund is indicative of how the sales tax is performing because it specific to Des Peres and does not include a calculation to share the revenue with other municipalities. He explained the use tax includes a 15% sharing component. This sharing will be eliminated in September due to the internet sales tax law that was passed by the State of Missouri.

The Director of Finance also noted that the average of both the Cash and Accrual based projections would indicate coming in higher than budget numbers by 14% across all funds. She also provided a breakdown of sales tax by category of West County Center, Restaurants and Grocery Stores to show the sources of sales tax revenue through August 2021. She noted this breakdown is the totals before sharing with other municipalities, but the percentages by category give the best comparison

to prior years. West County Center data shows the mall is down 36% and restaurants are down 8% compared to 2019.

August 2021 Financial Statements: The Director of Finance provided the August 2021 Financial Statements to the Committee. General Fund Revenues exceed expenses by \$60,552. This is due to the American Rescue Plan money received in August 2021. Without these funds, the City would have approximately \$800,000 deficit in the General Fund.

The Capital Fund has an ending fund balance of \$5.2 million. The Director of Finance noted that the majority of the capital improvement projects occur during the summer, so the City has not been invoiced for those services yet.

The Park Fund has a fund balance of \$2.6 million. The Director of Finance noted that this is the first year the City has not had to transfer \$1 million to the debt service fund for bond payments. Sports program revenue is over budget by \$100,000 due to the popularity of the new tennis and pickle ball courts. Unfortunately, memberships are still down.

Mr. Carver asked if any expenditures were over budget. Mr. Harms responded that department expenditures were within budget. A supplemental appropriation was made for the COLA and Merit increases that were not originally included in the 2021 budget.

Katrina Pon had to leave the meeting at 4:46pm.

Janssen Property Update: The City Administrator informed the Committee that the City made a bid on the property. The City has not received a formal response from the Janssen family other than they received the bid. The City has heard that they are currently negotiating with another bidder.

Banking RFP Update: The Director of Finance provided the Committee with a memo recommending the City enter into a 5 year contract with JP Morgan Chase Bank for banking services. The memo outlined the RFP process, criteria for evaluation, website demos, and pricing related to the Banking RFP. She stated one improvement offered by both Commerce Bank and Chase Bank was the ability for the City to do remote deposits. Both banks also offered purchasing cards with a rebate.

Randy Atkisson joined the meeting at 5:07.

Mr. Fitzpatrick asked if Commerce Bank's main office was located in Missouri. Ms. Hansen stated they were based in Missouri. Ms. Hartman stated that Chase was likely able to provide the significant cost savings due to automating their processes.

The Director of Finance asked if Committee members had any questions relating to the RFP or if they wanted a few days to review the memo. Mr. Carver and Ms. Hartman suggested presenting the memo with the recommendation of JP Morgan Chase Bank to the Mayor and the Board of Aldermen at the September 27th meeting.

American Rescue Plan Act of 2021 Update: The Director of Finance shared a presentation relating to the American Rescue Plan Act of 2021. She stated the funds will be sent to the City from the State of Missouri. The City received \$877,465 in August and expects the second payment in August 2022. She went over the qualifying and prohibited uses of the funds. Mr. Harms gave some staff recommendations that would qualify, but stated that it is just a starting point for discussion. The Mayor and Board of Aldermen will make the decision of how to spend the funds within the parameters of the regulation. Ms. Hansen stated the City will have to undergo a Single Audit and will potentially be audited by the Federal Government up to 5 years after the completion of the project. There are also several reporting deadlines throughout the process where the City will need to provide the Federal Government with an update on the status of the projects.

At the end of the meeting, Mr. Harms asked the Committee Members that attended the presentation on the future of retail malls for feedback. Mr. Atkisson asked how revenue would be derived from the multi-use facility model presented. Mr. Harms stated that a mixed use development would result in less sales tax revenue so the City would have to look at other sources of revenue and potentially look at adjusting City codes to fit the vision the City has for future use. Ms. Hartman noted that it was encouraging that West County Center seemed to be doing well compared to other malls within the State of Missouri.

The Director of Finance informed the Committee that the City's Auditing Firm, Schowalter and Jabouri, asked if the City wanted to extend their contract 2 more years. She learned today that the Audit Partner, Steve Trippi, has left Schowalter and Jabouri and that Schowalter and Jabouri had recently contracted another City's audit to a different auditing firm in the middle of their audit due to short staffing. Based on this information, the Director of Finance noted the City would be going out to bid for Auditing Services.

Adjournment: The committee adjourned at 6:00 pm.

Next Meeting Date: The next meeting will be held on Wednesday, October 27th at 4:30pm via Zoom.

Respectfully Submitted,
Julie Lancaster
Accounting Supervisor

AUDIT AND FINANCE COMMITTEE

AGENDA

Wednesday, September 22, 2021 at 4:30 PM

[Audit and Finance Committee Livestream](#)

In light of ongoing concerns regarding the COVID-19 pandemic, public attendance at Des Peres Audit and Finance Committee meetings has been temporarily suspended. The City of Des Peres will be live streaming Audit and Finance Committee meetings during this pandemic to allow the public to observe meetings in real-time. The livestream will commence five (5) minutes prior to the start time of any meeting. Please use the link above for livestream access to our meeting.

- I. Roll Call
- II. September 2021 Sales Tax Update
- III. August 2021 Financial Statements
- IV. Janssen Property Update
- V. Banking RFP Update
- VI. American Rescue Plan Act Update
- VII. Adjournment

AMERICANS WITH DISABILITIES ACT

The City of Des Peres will comply with the Americans with Disabilities Act. Individuals who require ADA modifications due to a disability to attend a meeting should contact the City Clerk at 314-835-6111 or cityclerk@desperesmo.org or use Relay Missouri 711 at least 72 hours in advance of the meeting date to communicate their needs.