



# AUDIT & FINANCE COMMITTEE

## MINUTES – April 26, 2023

The regular meeting of the Audit & Finance Committee was held Wednesday, April 26<sup>th</sup> at 4:30p.m. Those in attendance included:

Member	In Attendance	Absent
Randy Atkisson	x	
Rich Carver		x
Brent Dolezalek	x	
Katrina Pon	x	
Lori Hartman	x	
Connor Ward	x	
Jim Kleinschmidt	x	

Also in attendance were:

- Tracy Hansen, Director of Finance
- Doug Harms, City Administrator
- Reagan Holliday, Municipal Advisor

**Reagan Holliday, Municipal Advisor: Bond Discussion:** Mr. Harms gave a brief update on all 3 of the City’s building projects. He explained the City plans to issue bonds for the \$10 million Public Safety renovation. Mr. Harms introduced Reagan Holliday to the Committee. Ms. Holliday is the Financial Advisor that will advise the City throughout the issuance of bonds.

Ms. Holliday outlined the decisions the City will need to make prior to the bond issuance. She stated the market is very volatile right now and it is likely that rates will be increased in May by the Federal Open Market Committee. Ms. Hansen asked if the City would be able to refinance when rates decreased. Ms. Holliday stated that bonds usually have call protection of 8-10 years before they can be refinanced. She also explained the differences between a public and private sale.

Ms. Pon asked Ms. Holliday if she had a recommendation to the City. Ms. Holliday stated that her only concern is the volatility of the market and the timing for issuing bonds. She stated she doesn’t have concerns about either a private or public sale since the City has good credit.

The Director of Finance asked if the continuing disclosures would be the same for a private sale and a public sale. Ms. Holliday stated a public sale would require continuing disclosures via a portal for the investors called EMMA. A private sale

would likely only require emailing the annual report to the bank that purchased the bonds.

Mr. Ward asked why the City had determined that a public sale for the bonds used to build the Lodge was the best option. Mr. Harms stated the market rates were different when they were issued 20 years ago. The Lodge bonds were also issued as general obligation bonds and the City is now issuing Certificates of Participation bonds.

**2022 Financial Performance:** The Director of Finance stated the annual audit was complete and the City received a clean opinion from Schowalter and Jabouri. The document drafts were sent to committee members for their review and the final documents will be printed later this week. The auditors will attend the May meeting to discuss the audit. The auditors will not report on 2022 financial performance, so the Director of Finance prepared a presentation for the Board of Aldermen and the Audit and Finance Committee.

The City overall ended 2022 with revenues 3.56% over budget and 15% under budget in expenditures. The 2022 ending fund balance across all funds was \$26.48 million. Three of the sales tax categories (1%, .25% and use tax) were an average of 11% higher than prior year.

Ms. Hansen presented the General Fund expenditures and trends over 6 years. Every department's expenditures were under budget in 2022. She also noted that Public Safety makes up 64% of the General Fund expenditures.

The Park Fund's total revenue was \$6.2 million, exceeding the budget by 10.5%. Memberships in 2022 were 60% non-resident and 40% resident. Unfortunately, the City has still not caught up to 2019 memberships even after recapturing 300 memberships in 2022. Expenditures in the Park Fund were 7% under budget, mainly due to turnover of full time staff.

The Capital Fund had many significant projects in 2022 including infrastructure, police body cameras, police k9 unit, and air quality improvements.

Mr. Dolezalek noted the Lodge membership graphs were helpful.

**April 2023 Sales Tax:** The Director of Finance gave an update of April sales tax receipts (February at the register). April sales tax has an increase of 18.02% or \$204,599 higher than April 2022. She did note the excessive increase in the 1% sales tax is misleading. This is due to an error in the sharing formula last year which caused the April 2022 receipts to be significantly lower than normal.

On a cash basis, sales tax is 5.77% higher compared to 2022 across all categories. The Park Fund is a good indicator of only Des Peres activity and is performing 4.74% better than the same period of 2022.

The 2023 cash projection shows Sales and Use tax are projected to exceed budget by 3.6% or \$598,569.

The Director of Finance also provided a breakdown of sales tax by category: West County Mall, Grocery Stores, Restaurants, and Other. West County Center and grocery stores continue to be the 2 largest sources of revenue at 38.37% and 29.23%, respectively.

**Fund Balance Policy Changes:** The Director of Finance distributed a draft resolution making amendments to the City's Fund Balance Policy. The changes outline using revenue from the Public Safety Fund and the Fire Fund to make the debt service payments on the Public Safety building renovations. Mr. Atkisson asked if there were pros and cons to changing the fund balance policy. Ms. Hansen stated that it is best practice to have the transfers be allowed by resolution. Mr. Harms also noted it shows there is a source of revenue to pay for the bonds that is related to Public Safety.

**Other Items Discussed:** Mr. Kleinschmidt asked Mr. Harms for an update on the proposal to eliminate grocery sales tax in Missouri. Mr. Harms stated that the original proposal did not pass, but it keeps reappearing in other bills.

Mr. Harms informed the Committee that the City earned the GFOA Triple Crown award for the budget, popular annual financial report, and annual financial report. He noted that very few Cities receive all 3 awards in one year.

The Director of Finance will follow up with an email to Committee members including the first quarter summary and potential dates for the May meeting.

**Adjournment:** The committee adjourned at 5:51 pm.

**Next Meeting Date:** The Director of Finance will follow up with Committee Members once she receives the availability of the auditors for their presentation in May.

Respectfully Submitted,  
Julie Lancaster  
Accounting Manager

## AUDIT AND FINANCE COMMITTEE

### AGENDA

**Wednesday, April 26<sup>th</sup> 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. Reagan Holliday, Municipal Advisor: Bond Discussion
- III. 2022 Financial Performance
- IV. April 2023 Sales Tax
- V. Fund Balance Policy changes
- VI. 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](mailto:cityclerk@desperesmo.org) or use Relay Missouri 711 at least 72 hours in advance of the meeting date to communicate their needs.