



AUDIT & FINANCE COMMITTEE

MINUTES – April 27, 2022

The regular meeting of the Audit & Finance Committee was held Wednesday, April 27th 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	
Brent Dolezalek	x	
Dean Fitzpatrick		x

Also in attendance were:

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

Only two members were present at the beginning of the meeting and the Committee did not have a quorum.

2021 Financial Performance: The Director of Finance provided an update on the 2021 financial audit. Schowalter and Jabouri plans to give an unqualified opinion on the 2021 financial statements. The final report is in the editing phase and Schowalter and Jabouri will do their annual presentation at the next Committee meeting on May 25th. The Director of Finance gave a presentation on the City's 2021 financial performance. The 2021 revenue totals were \$23 million, which exceeded the budget by 16%.

Mr. Atkisson joined the meeting at 4:43 and the Committee has now has a quorum.

Ms. Hansen stated expenditures were 6.5% under budget across all funds. In the General Fund, sales and use tax revenue rebounded more than anticipated. The 2021 Use Tax exceeded 2019 use tax by \$670,000. This increase is likely because of an increase in online shopping and it is possible that merchants are already collecting the internet sales tax that the State of Missouri will require beginning in January 2023.

In the Park Fund, memberships are down 30% from 2019. Sports revenue, specifically from the tennis and pickle ball courts, increased in 2021. Park Fund expenditures were 13% under budget.

Several large purchases were made from the Capital Fund in 2021 such as streets, sidewalks, Lodge siding replacement and fitness equipment.

The Director of Finance closed her presentation with a note about fiscal conservatism and how this has benefited the City in emergencies, such as the COVID-19 pandemic. Once Schowalter and Jabouri sends the final draft of the financial statements, it will be forwarded to Committee members for review.

1st Quarter Financial Statements: In the first quarter of 2021, the City had an increase in fund balance of \$745,577 across all funds. The General Fund had an expected decrease in fund balance because business license renewals are not due until July and transfers into the General Fund from the Public Safety and Fire Fund occur at the end of the year. Sales and Use Tax are up 26.87% compared to 2021. General Fund expenditures are 7.77% higher than this time last year. Most of that increase is related to personnel costs and benefits.

The Park Fund has a fund balance of \$3.6 million. \$1 million is restricted for capital expenditures, the remaining \$2.6 million is unrestricted and within the range of the City's Fund Balance Policy. The operational recovery rate for the Lodge is 71.54%. This measures the amount that the operational revenues cover the costs related to their continued operation.

The Capital Improvement Fund had a decrease in fund balance. Once the City receives the grant reimbursement of \$225,000 from the dry hydrogen units, the Capital Fund will have an increase in fund balance.

April Sales Tax: The Director of Finance provided the sales tax analysis as of April 2022 receipts (February 2022 sales tax at the register), Cash Year to Date Performance, Accrual Year to Date Performance, and 2022 Projections. April receipts were higher than 2021 by 2.79% over all of the sales tax categories. The Park Fund is a good indicator of the City's performance because this tax does not include sharing with other municipalities. The Park Fund is 7.24% higher than 2021, which is a good indicator that the recovery is continuing. Mr. Harms noted that a 5-6% increase was expected due to inflation.

The cash YTD comparison (November-February activity) is 26.06% higher than 2021. This is a further indication that the recovery is ongoing.

Accrual YTD reflects two months (January – February) and shows receipts 6.90% higher than 2021.

The 2022 projected sales tax is 8.33% higher than budgeted. The 2022 Budget for Sales and Use Taxes are approximately 99% of the 2021 actuals in each category. The City expects to come in above budget for 2022. However, it is still very early in the year to rely heavily on this data.

Mr. Harms explained the St. Louis County sales tax sharing formula for the new Committee Members. The sharing calculation started in 1994. When it was put in place, it allowed the City to start collecting the .25% sales tax as well. After the most recent Census the per capita sharing decreased as Des Peres had a 10% increase in population.

Update on Purchasing Code: Mr. Harms plans to propose increasing the limits listed in the City's purchasing code. The original purchasing code was created in the 1970s and only recently updated in 2018. He is requesting that specialized items where there is only 1 or 2 vendors available be evaluated on a case by case basis and approved by the Board of Aldermen, rather than using a formal bid process. The request also includes requiring formal bids for purchases above \$15,000, 3 written quotes required for purchases from \$5,000-\$15,000, and 3 oral quotes required for purchases \$2,000-\$5,000. Mr. Dolezalek stated he was supportive of the change and asked if the City could build in an inflation increase to the policy. Mr. Harms stated that he didn't think the Board of Aldermen would want to automatically increase it, but the City plans to review the limits on an annual basis.

All three Committee members in attendance stated they are in favor of the Board of Aldermen approving the proposed updates on the City's Purchasing Code.

Other items discussed: Mr. Harms informed the Committee that the Board of Aldermen are revisiting the possibility of building renovations. They have contracted with architects to review the best use of City Hall and the Public Safety building. The Board will have the option of using fund balance, issuing Bonds, or a combination of the two if they chose to move forward with the project.

Mr. Atkisson asked if the air quality had been tested at the Lodge after the dry hydrogen peroxide units were installed. Mr. Harms stated the pre-test for air quality was already in a good range. The air quality in the post analysis had improved slightly. The biggest results were in the surface testing. The post analysis test for surfaces showed an 80% reduction of bacteria on surfaces in the fitness center. Trane will be issuing a national press release and referencing the data from the Lodge in May.

Adjournment: The committee adjourned at 5:44 pm.

May 11, 2022

Next Meeting Date: The next meeting will be held on Wednesday, May 25th at 4:30pm via Zoom.

Respectfully Submitted,
Julie Lancaster
Accounting Supervisor

AUDIT AND FINANCE COMMITTEE

AGENDA

Wednesday, April 27th 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. 2021 Financial Performance
- III. 1st Quarter 2022 Financial Statements
- IV. April Sales Tax
- V. Update on Purchasing Code
- 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 or use Relay Missouri 711 at least 72 hours in advance of the meeting date to communicate their needs.