



AUDIT & FINANCE COMMITTEE

MINUTES – September 27, 2023

The regular meeting of the Audit & Finance Committee was held Wednesday, September 27th 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
Patrick Barrett		X

Also in attendance were:

Tracy Hansen, Director of Finance
Douglas Harms, City Administrator

August Financial Statements: The Director of Finance distributed August 2023 financial statements. Across all funds, the City has an increase in fund balance of \$1.5 million.

General Fund revenue is ahead of expectation at 77% of the budgeted amount. This is due to a \$200,000 settlement from Charter Communications. General Fund expenses are 68% of budget and are expected to remain under budget for the remainder of the year.

Park Fund revenue is 72% of budget. This is due to increased rentals, sports and program revenue. Park expenditures are 66% of the budgeted amount and also expected to be under budget at the end of the year.

Capital Fund revenue is projected to be slightly under budget at year-end. Expenditures are very low at this point in the year as expected. The larger construction projects are usually paid in September and October.

Ms. Hansen noted the September financial statement review will be more in depth because it will also include her third quarter summary.

September 2023 Sales Tax: The Director of Finance gave an update of September sales tax receipts (July at the register). September sales tax is relatively flat with a decrease of 0.48% or \$7,068 lower than September 2022.

On a cash basis, Sales tax is 2.99% higher compared to 2022 across all categories. The Park Fund is a good indicator of only Des Peres activity and is performing 2.85% better than the same period of 2022.

On an accrual basis, Sales tax is 3.28% lower compared to 2022. Ms. Hansen stated that Use tax is difficult to determine if payments are missing since merchants typically do not pay every month.

The Director of Finance also provided a breakdown of Sales tax by category: West County Mall, Grocery Stores, Restaurants, and Other.

Capital Fund Presentation: The Director of Finance noted the next capital budget meeting is on October 9th at City Hall and Committee members are invited to attend. She summarized the budget process and outlined historical capital spending by function and department.

The proposed 2024 capital budget includes revenues of \$5.8 million and appropriations of \$21.1 million. The Capital Fund is budgeted to have an ending fund balance of \$3.6 million after transfers from other funds, use of fund balance and bond proceeds. Ms. Hansen highlighted a few requested items such as replacement fire gear, backhoe for the Street department, City Hall renovations, Public Safety building renovations, a new cloud-based phone system, Des Peres Park playground, and engineering for the new bridge at Sugar Creek Park.

Mr. Dolezalek asked for detail on the Sugar Creek Park Bridge design cost. Mr. Harms stated the bridge was built in 1978 and is in a floodway which requires several studies to prove the engineering is in compliance with MSD and the Missouri Corps of Engineers.

Ms. Hartman left the meeting at 5:15.

Mr. Atkisson asked what items were included in the Lodge fitness equipment budget. Mr. Harms explained all of the fitness equipment is on a 3-4 year rotation. Mr. Carver asked what was included in the \$55,000 total for Lodge land. Ms. Hansen explained the land budget includes the splash pad surface replacement and \$5,000 for large landscaping projects at the Lodge.

The Director of Finance reviewed the 5 year capital plan. She reminded the Committee the fund balance policy includes a target of \$2 million in the capital fund. In 2025, the fund balance is projected to be below that target. Mr. Harms

recommends the Board of Aldermen look at 2025-2029 after the first of the year and determine the City's long-term plan. He stated the cost of equipment keeps increasing, such as the backhoe in the 2024 budget.

Mr. Atkisson asked for a copy of the high level summary of the Capital Fund Budget. Ms. Hansen will email a copy of the presentation to the Committee, which includes the table Mr. Atkisson requested.

Update on Bond Issuance: The Director of Finance stated she is working with Bond Council on the public offering statement. Reagan Holliday, the City's Municipal Advisor, is leaving Hilltop Securities. Ms. Hansen provided a memo to the Board of Aldermen outlining the City's options. The Board decided to terminate the contract with Hilltop Securities and wait the required 30 days to contract with Ms. Holliday and her new employer, UMB Bank.

Mr. Harms stated that the City is still on schedule for a December 6th bond sale. The Director of Finance will email a copy of the bond issuance schedule to the Committee.

Retirement/Pension Discussion: Ms. Hansen asked the Committee to discuss their thoughts on the LAGERS study and the City's retirement plan. Mr. Ward was absent from the meeting but sent the Committee members his thoughts prior to the meeting. Mr. Carver referred to Mr. Ward's suggestion that a vote or survey of employees be taken to see how many employees want to make the change. Mr. Harms stated the City has held a general education meeting with employees on the difference between a defined benefit and defined contribution plan. The City plans to present the cost of a LAGERS plan to employees at the October 9th training day.

Mr. Dolezalek asked if the City was having trouble retaining employees because of the retirement plan. Mr. Harms said he was not aware of anyone leaving for the retirement plan alone. He stated it may be an issue when recruiting experienced employees if they are already in a LAGERS plan and don't want to change. Mr. Dolezalk also recommended looking into increasing the contribution on the current plan because that would be more manageable than taking on a large liability.

Mr. Atkisson stated the large unfunded liability was an issue to him.

Ms. Hansen asked if anyone wanted to make a formal recommendation to the Board of Aldermen. The Committee decided to send the Director of Finance all of their comments and concerns to be combined into one document by the Finance Department and reviewed in person at the October Audit and Finance Committee meeting.

Other Items Discussed: The Committee decided to have an in person meeting in October to continue the retirement/pension discussion. The November meeting is moved to November 15th due to the Thanksgiving holiday. Mr. Harms notified the Committee that the annual Citizen's Boards and Commissions reception will be held December 7th or 14th. Invitations will be sent to Committee members once the date is finalized. Ms. Hansen discussed the Lodge's 20th anniversary celebration on Friday, November 3rd. It will be a family friendly event and is only open to Des Peres residents and Lodge members.

Adjournment: The committee adjourned at 6:10 pm.

Next Meeting Date: The next meeting is October 25th at City Hall.

Respectfully Submitted,
Julie Lancaster
Accounting Manager

AUDIT AND FINANCE COMMITTEE

AGENDA

Wednesday, September 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. August Financial Statements
- III. September Sales Tax
- IV. Capital Fund Presentation
- V. Update on Bond Issuance
- VI. Retirement/Pension Discussion
- 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.

October 3, 2023