



# AUDIT & FINANCE COMMITTEE

## MINUTES – September 28, 2022

The regular meeting of the Audit & Finance Committee was held Wednesday, September 28<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	
Jim Kleinschmidt	X	
Vacant (ward 3)		

Also in attendance were:

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

**August Financial Statements:** The Director of Finance emailed a copy of the August financial statements to the Committee prior to the meeting. She asked if anyone had questions or comments and no one had any questions. Ms. Hansen noted that she will have a third quarter summary at next month’s meeting.

Ms. Hartman joined the meeting.

**September Sales Tax:** The Director of Finance gave a brief update of September sales tax receipts (July at the register). September 2022 sales tax has an increase of 1.02% or \$14,805 over September 2021.

Accrual year-to-date reflects seven months at the register (January- July). Accrual basis shows receipts 13.89% higher than 2021. The Park Fund is a good indicator of only Des Peres activity and is performing 11.96% better than the same period of 2021 and 5.55% higher than 2019 YTD totals. This increase is likely due to inflation and increased shopping.

Sales tax projections for 2022 are expected to end at 14.01%, or \$2.1 million over budget. She explained that various sales taxes affect the General Fund via direct allocation as revenues or as transfers from other funds. The General Fund is projected to be 13.59%, or \$1.3 million higher than budget.

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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 remain the 2 largest sources of revenue. The Director of Finance will continue to look for missing sales and use tax payments.

**2023 Budget:** The Director of Finance gave a presentation of the 2023 operating budget. The operating budget consists of the general fund, park fund, public safety fund, and fire fund. Mr. Harms explained items in the presentation are proposed by staff and have not been reviewed or approved by the Board of Aldermen yet. The Director of Finance went over the timeline for the budget. She also noted several important items: a 5% increase was budgeted for in insurance premiums, American Rescue Plan Act payments ended in 2022, and the budget does not include any requests for additional personnel or a cost of living increase for employees.

The General Fund is expected to have an ending fund balance of \$17 million. This fund balance is 134% of budgeted expenditures. The fund balance policy only requires 40-60% of budgeted expenditures. The largest expenses in the general fund are Public Safety and the Public Works/Streets Department. The increase in expenditures for these departments relates to an increase in worker's compensation insurance premiums, gasoline costs, and an increase in medical insurance premiums.

Mr. Carver asked how much of the City's fuel usage is diesel compared to unleaded fuel? The Director of Finance noted that most Street department vehicles use diesel fuel and will follow up with exact totals for the Committee.

The Park Fund revenue shows an increase in program revenue and a decrease in rental income and memberships compared to 2019. Daily fees are up 19.68% from 2019, which indicates customers are paying a regular entry fee rather than purchasing an annual membership. The Lodge is bringing life guarding back in-house after having some logistical issues since they outsourced lifeguarding services in 2021. There are also increases in the building maintenance budget to account for increases in utility costs and a \$45,000 maintenance fee on the air quality improvement system.

The Public Safety Fund is funded by the City's portion of the ½% county sales tax for public safety expenses. Recurring expenses related to flock cameras and body cameras were moved to the capital fund in 2023. There is a budgeted transfer of \$503,000 to the debt service fund for the public safety building renovations.

The Fire Fund is funded by the fire sales tax and is used for large fire related expenses, such as fire trucks and ambulances. There is a budgeted \$400,000 transfer to the debt service fund in anticipation for public safety building renovations.

Mr. Kleinschmidt left the meeting.

Mr. Dolezalek asked if the insulation project at City Hall was included in the 2023 budget. Mr. Harms stated that the insulation contract was approved by the Board of Aldermen on Monday and work is expected to begin on Friday.

Mr. Harms also noted the building project is still in the contract negotiating phase with the architects. The City plans to include a 25% contingency for construction costs. Mr. Carver asked who sells the bonds for the City. Mr. Harms noted they do not yet know how the bonds will be sold, but stated Hilltop Securities is the City's financial advisor and Gilmore and Bell is the bond counsel.

Ms. Pon left the meeting at 5:27pm.

**Other Items:** The Director of Finance asked Mr. Carver and Mr. Dolezalek for feedback on the building tours. They both indicated that it was helpful to see the condition and layout of the buildings.

The Director of Finance also informed the Committee that Accounting Supervisor, Julie Lancaster, has resigned. They are planning to post the job opportunity on Friday, September 30<sup>th</sup>. She asked if any Committee members were interested in assisting with the interview process.

**Adjournment:** The committee adjourned at 5:39 pm.

**Next Meeting Date:** The next meeting will be held on Wednesday, October 26<sup>th</sup> at 4:30pm via Zoom.

Respectfully Submitted,  
Julie Lancaster  
Accounting Supervisor

## AUDIT AND FINANCE COMMITTEE

### AGENDA

**Wednesday, September 28<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. August Financial Statements
- III. September Sales Tax
- IV. 2023 Budget
- V. 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.