



## AUDIT & FINANCE COMMITTEE

### MINUTES – May 26, 2021

The regular meeting of the Audit & Finance Committee was held Wednesday, May 26, 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	
Vacant		
Jim Kleinschmidt	X	

Also in attendance were:

Mark Becker, Mayor

Tracy Hansen, Director of Finance

**Schwalter and Jabouri 2020 Audit Presentation:** Steve Trippi from Schwalter and Jabouri highlighted items from the Annual Financial Report. He noted Schwalter and Jabouri issued an unmodified opinion of the City's financial statement and did not have any issues completing the 2020 Audit. He discussed the COVID-19 disclosures and explained the format of the Statement of Activities. Mr. Trippi also discussed the Single Audit and the process of reviewing government grants to ensure the City has followed all requirements when spending the funds. The Single Audit report has been submitted to the Federal Audit clearinghouse.

Mayor Becker left the meeting after Mr. Trippi's presentation.

The Director of Finance noted she is working on the Popular Annual Financial Report (PAFR), which is a summarized version of the Annual Financial Report for Des Peres residents. She will email the PAFR to the Committee once it is complete.

**May Sales Tax Update:** The Director of Finance provided the sales tax analysis as of May 2021 receipts (March 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. May receipts were higher than 2019 by 9.5% 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. Although the Fire Sales tax rate doubled at the start of 2021 from .25% to .50%, the collections still have not. Year-to-

date on a cash basis receipts are down -8.78% across all categories compared to the same period in 2019. This reflects receipts from January through May 2021.

Ted McNulty joined the meeting at 5:00pm.

The Director of Finance 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. 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 up 43% and restaurants are down 9% compared to 2020. The mall was closed for a portion of March 2020. Grocery store sales tax is down 60% compared to 2020. The grocery store category is down because there are 3 grocery stores that were late in their March payment.

Mr. McNulty inquired about the tax revenue received from vehicle registrations and sales tax paid on new vehicles. The Director of Finance showed the revenue related to vehicles in the Financial Statements and will follow up with the Committee on the specific sources of the Vehicle Fee Increases amount received from the State.

**April 2021 Financial Statements:** General Fund Revenues are 38% of the budgeted amount. Business license renewals were mailed in May and building permit applications are increasing, so an increase in these revenues is expected on the May financial statements.

The Park Fund memberships are down for April. However, a membership drive in May resulted in 200 memberships. 27% of these customers have never been members of the Lodge. Lodge Staff plans to have a membership promotion at the Concerts in the Park this summer. The Director of Finance also announced the new Director of Parks and Recreation, Melissa Myers, was appointed by the Board of Aldermen at the meeting on Monday night. She will start on June 7<sup>th</sup>.

The Capital Improvement Fund did not have a lot of activity in April. The majority of the expenses in the Capital Improvement Fund occur during the summer. Two large projects for 2021 are Fairway Drive and the Des Peres Roundabout.

Ms. Pon inquired about the negative interest amounts on the financial statements. The Director of Finance noted that the year-end market value adjustment from 2020 was reversed in January 2021 leaving a large negative amount in the interest account. The market value adjustment was large this year because the City was holding CDs with 3% interest and the CDs available on the market had interest rates below 1%. This negative amount will be offset by interest received on investments throughout the year.

Mr. McNulty left the meeting at 5:37pm.

**American Rescue Plan Act of 2021 Update:** The Director of Finance provided the US Treasury's 6 approved purposes to use the funds the City will receive from the American Rescue Plan Act. Her recommendation is to use the category to "Replace Public Sector Revenue" from 2020-2023. She explained this is the broadest category of options for use and will be the easiest to provide documentation. Some examples of these options are road projects, new equipment or software for IT, environmental remediation, police, and fire services. There is a formula used to determine the allowable lost revenue. There are many factors that go into the determination of award each region will receive such as unemployment rates, population and other economic factors. The City does not know the official amount they will receive yet, but it is estimated that Des Peres will receive two \$800,000 payments; one in 2021 and the other in 2022. The Mayor and Board of Aldermen will decide how the City will use these funds.

The Director of Finance informed the Committee the City will be going out to bid for banking services. She asked the Committee if they wanted to review the Request for Proposal (RFP) before sending it to banks. The Committee stated rather than reviewing the RFP, they would like to be involved in the review of the submitted proposals.

Mr. Kleinschmidt informed the Committee that the Board is reassigning Board liaisons. He wanted to thank the Committee members and the Director of Finance for their service to the City.

**Adjournment:** The committee adjourned at 5:59 pm.

**Next Meeting Date:** The next meeting will be held on Wednesday, June 23<sup>rd</sup> at 4:30pm via Zoom.

Respectfully Submitted,  
Julie Lancaster  
Accounting Supervisor

## AUDIT AND FINANCE COMMITTEE

### AGENDA

**Wednesday, May 26th, 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. Schowalter and Jabouri 2020 Audit Presentation
- III. May 2021 Sales Tax Update
- IV. April 2021 Financial Statements
- V. American Rescue Plan Act of 2021 Update
- 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.