



## AUDIT & FINANCE COMMITTEE

### MINUTES – June 28, 2023

The regular meeting of the Audit & Finance Committee was held Wednesday, June 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	
Connor Ward	x	
Jim Kleinschmidt	x	

Also in attendance were:

Tracy Hansen, Director of Finance

**Schowalter and Jabouri Audit Presentation:** Janice Smith and Christina Jacquin with Schowalter and Jabouri presented the 2022 audit to the Committee. Ms. Jacquin noted Schowalter and Jabouri issued a clean, unmodified opinion of the City's financial statements and did not have any issues completing the 2022 Audit. She outlined sections of the Annual Comprehensive Financial Report and Internal Control Report. This year the auditors were required to perform a Single Audit because the City received more than \$750,000 in federal grant funding. The Director of Finance noted the 2023 audit will be the last year in the City's contract with Schowalter and Jabouri and the committee will be deciding if they want to pursue an extension to the contract or go out to bid the following year.

**June 2023 Sales Tax:** The Director of Finance gave an update of June sales tax receipts (April at the register). June sales tax has an increase of 3.02% or \$37,519 higher than June 2022. The issue with the St Louis County 1% sharing formula seems to be resolved.

On a cash basis, sales tax is 4.96% higher compared to 2022 across all categories. The Park Fund is a good indicator of only Des Peres activity and is performing 5.28% better than the same period of 2022. This calculation could be misleading because it includes November and December 2022 at the register which are the busiest times of the year.

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Mr. Kleinschmidt asked if the City collects the Use Tax or if the State of Missouri receives it and distributes it to the City. The Director of Finance stated it is collected by the State of Missouri and distributed to the City.

The 2023 cash and accrual projections show an average shortfall of 1.1% compared to budget.

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

**May Financial Statements:** The Director of Finance distributed May 2023 financial statements. Ms. Hansen noted two CDs were purchased in May with close to a 5% interest rate. Across all funds, revenues exceeded expenditures at the end of May 2023 by \$1.7 million. The deficit in the general fund is expected at this time of the year because the transfer from the Fire Fund to the General Fund occur at the end of the year. Capital expenses are low as of May because most construction occurs in the summer and fall months.

**LAGERS update:** The Director of Finance gave some background into the City's retirement study. The City received pricing from LAGERS and will have a Retirement Plan Advisor do a presentation for the Mayor and Board of Aldermen comparing the current plan to the LAGERS options. Once a meeting date is finalized, she will forward the information to Committee members. Audit and Finance Committee members are encouraged to attend this meeting.

**Update on Building Renovations:** The Director of Finance informed the Committee that Navigate Building Solutions gave a presentation to the Board of Aldermen on Monday night about the status of the three building projects: Street Garage, City Hall and the Public Safety Building. Navigate was hired as an owner's representative on all 3 projects.

The addition to the Street Garage cost is estimated around \$3 million. Hankins Construction received the lowest bid and can start construction as soon as August. Ms. Hartman asked if Navigate benefited from saving money on the contract. Ms. Hansen replied no. Mr. Atkisson asked how much the City has paid Navigate under the previous contract. Ms. Hansen said she will follow up with the total for the Committee.

The City Hall Renovations development phase is about 60% complete. The estimated cost is \$6.3 million and the City will use fund balance to pay for the project. The City expects to go out to bid for the project in October and construction should last about 12 months.

The Public Safety Building renovations have an estimated cost of \$10.7 million and about 60% of the design phase is complete. The City plans to go out to bid for construction in November. This project has two estimated timelines. The first timeline is 24 months if the command staff, detectives, and administrative staff stay in the building and have to move around several times during the construction. Another option is to relocate the command staff, detectives, and administrative staff to an empty building owned by Edward Jones. They would charge the City \$1 for a 1 year lease and the City would be responsible for utilities.

The City intends to issue bonds to pay for the Public Safety renovations. The City's Municipal Advisor has cautioned the City that November-December is not a good time to issue bonds because of the holidays. The Director of Finance stated that the Municipal Advisor felt that the City would receive a AAA rating for GO bonds and a AA+ rating for COPS bonds, which is the highest rating in both categories. Mr. Atkisson asked about the municipal advisor that is assisting the City with the bond issuance. Ms. Hansen stated that it is a requirement to hire a municipal advisor when issuing bonds. The City went out to bid for municipal advisor services and hired Reagan Holliday with Hilltop Securities.

**Other Items Discussed:** The Director of Finance informed the Committee that the Assistant City Administrator, Scott Schaeffer, was leaving Des Peres to become City Administrator in Frontenac. She also noted that starting July 1<sup>st</sup>, the new Aldermanic Representative would be Patrick Barrett.

**Adjournment:** The committee adjourned at 5:52 pm.

**Next Meeting Date:** The next meeting is July 26<sup>th</sup> at 4:30 via zoom.

Respectfully Submitted,  
Julie Lancaster  
Accounting Manager

## AUDIT AND FINANCE COMMITTEE

### AGENDA

**Wednesday, June 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. Schowalter and Jabouri Audit Presentation
- III. June 2023 Sales Tax
- IV. May Financial Statements
- V. LAGERS update
- VI. Update on building renovations
- 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](mailto:cityclerk@desperesmo.org) or use Relay Missouri 711 at least 72 hours in advance of the meeting date to communicate their needs.