

**Minutes of Meeting
City of Ladue
Finance, Revenue, and Taxation Committee
Wednesday June 22nd 8:00 A.M. In Person with ZOOM Option**

A meeting of the Finance, Revenue, and Taxation Committee for the City of Ladue was held on Wednesday June 22nd 8:00 A.M. via Zoom. The following members were present:

Chairman Joseph Gazzoli
Ms. Lisa Guirl
Mr. Maurice Quiroga
Mr. David Ryan
Mr. Jim Schiele
Mr. Jim Thompson
Mayor Nancy Spewak, Ex-Officio
Mr. Joseph Rechter, Ex-Officio

Also present were Scott Kroenung, Finance Director and Shelly Benson, Finance and Human Resource Specialist.

The meeting was called to order by Chairman Gazzoli at 8:00 a.m.

Approval of the Agenda:

Mr. Schiele moved approval and adoption of the agenda; seconded by Mr. Quiroga which motion passed unanimously.

Approval of the Minutes:

Mr. Schiele moved approval of the minutes from the November 5, 2021 and December 7, 2021 meetings, seconded by Mr. Ryan, which motion passed unanimously.

Public Forum: Dr. Jonathan Dehner, however no comment was offered.

Ms. Graham presented the Fiscal Year 2021 audit report. The Management's Discussion and Analysis states the total net position of the City of Ladue increased 5.4% from \$38.5 million December 31, 2020 to \$40.6 million December 31, 2021. Net position was comprised of: \$24,844,101 net investment in capital assets, \$12,258,503 restricted for capital improvements, \$491,740 restricted for public safety and \$2,989,404 unrestricted.

Funding for the City's governmental activities came from direct charges for services of \$1.9 million, capital grants and contributions of \$1.0 million, tax revenues provided \$13.1 million, investment income and other miscellaneous revenues provided approximately \$221,000 additional revenues.

The City's government funds reported a combined ending fund balance on December 31, 2021 of \$22,793,302, a decrease of \$2,100,210.

Overall, the financial results for the General Fund were favorable compared to budget. The General Fund recorded a deficit of \$685,546 versus an anticipated budget deficit of \$2,044,540. This \$1,358,994 favorable variance was led by total expenditures that were below budget by \$617,476 (4.2%) combined with revenues that were over budget by \$741,518 (6.2%). The fund balance for the General Fund decreased from \$10,728,605 at January 1, 2021 to \$10,043,059 at December 31, 2021.

The Road and Bridge Fund recorded a deficit of \$164,746 versus an anticipated budget deficit of \$697,001. This \$532,255 favorable variance was led by total expenditures that were below budget by

\$602,481 (46.9%) and combined with revenues that fell short of the budget by \$70,226 (6.5%). These variances are the result of the timing of Road and Bridge project expenditures and the corresponding reimbursement grants. The fund balance (all restricted) of the Road and Bridge Fund decreased from \$2,167,297 at the beginning of 2021 to \$2,002,551 at the end of 2021.

The Capital Improvement Fund recorded a deficit of \$29,652 versus an anticipated budget deficit of \$684,292. This \$654,640 favorable variance was led by expenditures that were below budget by \$628,736 (34.5%) and revenues that were over budget by \$25,904 (2.8%). Total transfers were equal to budgeted amounts of \$200,000. The fund balance for the Capital Improvements Fund decreased from \$1,215,579 at beginning of 2021 to \$1,185,927 at the end of 2021.

The Storm Water Fund recorded a deficit of \$1,295,712 versus an anticipated budget deficit of \$5,226,831. This \$3,931,119 favorable variance was led by total expenditures that were below budget by \$4,167,979 (65%) and revenues that were under budget by \$236,860 (17.5%). The fund balance for the Storm Water Fund decreased from \$10,365,737 at the beginning of 2021 to \$9,070,025 at the end of 2021.

The Public Safety Fund recorded a surplus of \$75,446 versus an anticipated budget surplus of \$9,915. This favorable variance was mainly the result of tax collections exceeding budget expectations. The fund balance grew from \$416,294 at the beginning of the year to \$491,740 at the end of the year.

The Non-Uniform Retirement Fund completed the year with assets of \$7,000,607. The City contributed \$297,695, which was the ARC (annual required contribution, as set by City actuary Milliman). The fund experienced an increase in net position of \$940,377 due to positive net investment returns of \$978,968. The net position for the Non-Uniform Retirement Fund increased from \$6,060,230 at the beginning of 2021 to \$7,000,607 at the end of 2021.

Mr. Thompson asked if it would be appropriate to add a footnote explaining "Deferred outflows and Deferred inflows on the Government-wide Financial Analysis. Mr. Graham confirmed she would add the footnote.

The Uniform Retirement Fund completed the year with assets of \$48,340,992. The City contributed \$1,715,033, which was the ARC (annual required contribution, as set by City actuary Milliman) and the Employees contributed \$323,985 (6% of gross salary) to the plan during the year. The fund experienced an increase in net position of \$6,049,370 over the year reflecting a positive net investment return of \$6,714,770. The net position for the Uniform Retirement Fund increased from \$42,291,622 at the beginning of 2021 to \$48,340,992 at the end of 2021.

The Non-Uniform Plan funded percentage is 102% as of 12/31/2021 and the Uniform Plan funded percentage is 105.6% as of 12/31/2021.

Ms. Graham concluded by stating the City of Ladue received a clean opinion on all aspects of the 2021 audit. All financial statements were represented fairly, in all material respects, as well as the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ladue, MO as of 12/31/2021. There were no transactions entered into by the governmental unit during the year which lacked proper authority and all transactions have been recognized in the financial statements in the proper period. It was determined key factors and assumptions used by management to develop estimates were reasonable. No difficulties were encountered in dealing with management in performing and completing the audit. No audit adjustments were made. No disagreements arose with management during the course of the audit.

Mayor Spewak and Chairman Gazzoli stated they would like to thank Shelly Benson and Melissa Barklage for preparing and assisting with the audit, as well as taking on extra responsibilities during the eight-month absence of a Finance Director. Mayor Spewak also credits the Department heads for the

hard work during the year which resulted in the positive audit conclusion.

Mr. Schiele made a motion to recommend acceptance of the FY 2021 Audit to the City Council; seconded by Mr. Thompson, which motion passed unanimously.

Mr. Kroenung provided the committee a brief update on the financial status of the City as of May 31, 2022 and explained any significant budget variances.

Mr. Thompson moved adjournment; seconded by Mr. Ryan, which motion passed unanimously. The meeting adjourned at 9:35 a.m.

Joseph Gazzoli
Chairman