

**Minutes of Meeting  
City of Ladue  
Finance, Revenue, and Taxation Committee  
Wednesday June 5, 2019 8:00 A.M.**

A meeting of the Finance, Revenue, and Taxation Committee for the City of Ladue was held on June 5, 2019 at 8:00 a.m. in the Ladue Police Department 2<sup>nd</sup> Floor Conference Room. The following members were present:

Chairman Joseph Gazzoli	
Ms. Gina Hoagland	
Mr. Maurice Quiroga	
Mr. Jim Schiele	
Mr. Jim Thompson	
Mayor Nancy Spewak	Ex-Officio
Mr. Joseph Rechter	Ex-Officio

Also present were Council Members John Fox and Stacey Kamps; Mr. Sam Zes, Finance Director; Ms. Laura Rider, City Clerk/Assistant to the Mayor and Michelle Graham representing Botz, Deal, and Company P.C.

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

**Approval of the Agenda:**

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

**Approval of the Minutes:**

Ms. Hoagland moved approval of the minutes from the March 5, 2019 meeting, seconded by Mr. Quiroga, which motion passed unanimously.

**Public Forum:** During an opportunity for public comment none was offered.

Ms. Graham presented the Fiscal Year 2018 audit report beginning with the Management's Discussion and Analysis. She stated the total net position of the City of Ladue increased 2.9% from \$37 million at December 31, 2017 to \$38 million at December 31, 2018. Net position was comprised of: \$22,885,114 net investment in capital assets, \$13,899,686 restricted for capital improvements, \$294,447 restricted for public safety and \$1,474,435 unrestricted.

Funding for the City's governmental activities came from direct charges for services of \$1.5 million, capital grants and contributions of \$1.7 million, tax revenues provided \$12.4 million and investment income and other miscellaneous revenues provided approximately \$852,000 additional revenues for total governmental revenues of \$16.4 million.

The City's government funds reported a combined ending fund balance on December 31, 2018 of \$26,460,329, an increase of approximately \$532,000.

The General Fund recorded a surplus of \$128,760 versus an anticipated budget deficit of \$1,985,933. This favorable variance was led by total expenditures that were below budget by \$807,529 (5.9%) combined with revenues that were over budget by \$307,163 (2.6%). A budgeted transfer from General fund of \$1 million did not take place, resulting in net transfers in of \$808,770 rather than the budgeted net transfer out of \$191,231. The fund balance for the General Fund grew from \$12,137,436 at January 1, 2018 to \$12,266,196 at December 31, 2018. Revenues were 2.6% favorable compared to

budget. Tax collections and easement payments increased, while licenses, permits, and fine and court costs fell short. Expenditures were 6.1% below budget and all departments finished the year below budget. The City made all its actuarially required contributions to both the uniform and non-uniform pension plans during the year.

The Road and Bridge Fund recorded a surplus of \$63,087 versus an anticipated budget deficit of \$515,148. This \$578,235 favorable variance was led by total expenditures that were below budget by \$748,904 and offset by revenues that fell short of budget by \$170,669. 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 grew from \$2,674,000 at the beginning of 2018 to \$2,737,087 at the end of 2018.

The Capital Improvement Fund recorded a deficit of \$283,345 versus an anticipated budget deficit of \$287,579. This \$4,234 variance was led by expenditures that were below budget by \$848,586 and revenues over budget by \$6,734. A budgeted transfer in of \$1 million did not take place, resulting in transfers in being less than the budget by \$886,000. The fund balance for the Capital Improvements Fund decreased from \$2,275,526 at beginning of 2018 to \$1,992,181 at the end of 2018.

The Storm Water Fund recorded a surplus of \$432,267 versus an anticipated budget deficit of \$2,090,786. This \$2,523,053 favorable variance was led by total expenditures that were below budget by \$2,511,318 and revenues that were over budget by \$11,736. The fund balance for the Storm Water Fund grew from \$8,738,151 at the beginning of 2018 to \$9,170,418 at the end of 2018.

The Public Safety Fund recorded a surplus of \$190,128 versus an anticipated budget surplus of \$126,000. This variance was the result of greater than anticipated tax collections. The fund balance grew from \$102,673 at the beginning of 2018 to \$292,801 at the end of 2018.

Key elements of the City's increase in net position are General revenues in 2018 of \$16,366,931 versus \$15,873,127 in 2017; an increase of \$437,549 in capital and operating grants due to the Lay Road reimbursement; a \$415,249 increase in miscellaneous revenues which was a result of a payment to the City for MSD easements; and tax collections which exceeded the budget by \$152,038. Total government-wide expenses increased \$602,926 (4.1%) from \$14,686,137 in 2017 to \$15,289,063 in 2018, primarily reflecting a modest increase in salaries/wages (COLA) and other personnel costs.

The Non-Uniformed Retirement Fund completed the year with assets of \$4,618,695. The City contributed \$200,026, which was the Annual Required Contribution (ARC), as set by the City's actuary, Milliman. The fund experienced a decrease in net position of \$422,387 over the year reflecting the negative net investment return of \$315,857. The net position for the Non-Uniformed Retirement Fund decreased from \$5,041,082 at the beginning of 2018 to \$4,618,695 at the end of 2018.

The Uniformed Retirement Fund completed the year with assets of \$32,599,549. The City contributed \$1,861,396, which was the ARC, as set by the City's actuary, Milliman. The employees contributed \$311,077 (6% of gross salary) to the plan during the year. The fund experienced a decrease in net position of \$2,640,914 over the year reflecting the negative net investment return of \$2,223,570. The net position for the Uniform Retirement Fund decreased from \$35,240,463 at the beginning of 2018 to \$32,599,549 at the end of 2018.

The Non-Uniformed and Uniformed Plans funded percentage was 85.1% and 75.5%, respectively, as of 12/31/2018. The total net pension liability was \$11,376,000.

Ms. Graham concluded by stating the City received a clean opinion on all aspects of the 2018 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 as of 12/31/2018. There were no transactions entered into by the City 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 stated she would like to credit the City staff and department heads for the hard work during the year which resulted in the positive audit findings.

Ms. Hoagland moved to recommend to the City Council approval and acceptance of the Fiscal Year 2018 Audit as presented by Ms. Graham; seconded by Mr. Quiroga which motion passed unanimously.

Chairman Gazzoli advised there were items for discussion in executive session involving confidential or privileged communications between the City of Ladue Finance, Revenue and Taxation Committee and its auditor pursuant to RSMo.610.021 (17).

Ms. Hoagland moved to go into closed session for discussion of confidential or privileged communications with the Auditor, seconded by Mr. Schiele; and the roll call vote thereupon was as follows:

Chairman Joe Gazzoli	"Aye"
Ms. Gina Hoagland	"Aye"
Mr. Maurice Quiroga	"Aye"
Mr. Jim Schiele	"Aye"
Mr. Jim Thompson	"Aye"

There being five aye votes and zero nay votes, the motion was passed unanimously.

The Finance, Revenue and Taxation Committee went into closed session at 8:55 a.m. with Ms. Michele Graham.

The Finance, Revenue and Taxation Committee returned to open session at 9:05 a.m. with Ms. Michele Graham.

Mr. Quiroga moved adjournment; seconded by Mr. Schiele, which motion passed unanimously.

The meeting adjourned at 9:05 a.m.

Joseph Gazzoli  
Chairman