

**MINUTES OF THE REGULAR MEETING OF FINANCE COMMITTEE OF THE CITY OF SUNSET HILLS,
MISSOURI HELD ON MONDAY JUNE 14, 2021**

Meeting convened at 5:43 p.m.

Place of meeting: Via Zoom.

The Finance Committee of the City of Sunset Hills, Missouri met in open session. Pro tem Chairman Alderman Fred Daues, Member Mark Colombo, Member Mike Fitzgerald, Member Jeff Camilleri, Finance Director, Susanna Messmer, City Administrator Brittany Gillett, Sikich Engagement Partner, Angela Dorn and Sikich CPA Jeff Trentmann, were personally in attendance. Absent: Alderman Joe Stewart, Member Mike Sawicki

Approval of Minutes

Member Fitzgerald made a motion to approve the minutes from the April 26, 2021 Finance Committee meeting. Member Colombo seconded the motion and it was unanimously passed.

2020 Audited Financial Statements draft review with Sikich engagement partner, Angela Dorn

Ms. Angela Dorn introduced herself as an auditor for the City with the Sikich Audit firm, formerly Hochschild Bloom & Co. Ms. Dorn began by explaining the Independent Auditors report, which included governmental activities, each major fund and the aggregate remaining fund information of the City. She explained that management was responsible for the financial statements, and that their responsibility as auditors was to express opinions on the statements based on their audit.

Ms. Dorn stated the City's financial statements were fairly presented in all material respects.

- a. Respective financial position of governmental activities
- b. Each major fund
- c. Aggregate remaining fund information as of 12/31/2021

Ms. Dorn explained this was an unmodified, unqualified opinion and the highest form of assurance on the City's position. She reviewed additional reports done on internal controls, regulations, contracts and grant agreements.

Ms. Dorn stated the Management Discussion Analysis section was a great place to get an overview of how the City is doing. Ms. Dorn explained that the City's net position increased by \$891,072.00 during the fiscal year, and the fund balances increased by \$1,083,507.00 from the previous year. She stated the combined fund balances as of the end of the fiscal year were \$11,633,221.00.

Ms. Dorn stated the City's general fund had a change in fund balance of 1.2 million compared to a deficit in the previous year of \$68,000. She attributed some of this to the CARES Act funds received in the amount of \$584,278.00, and a private donation in the amount of \$500,000.00. Ms. Dorn stated while all revenues had an overall decrease, the expenditures associated with them also dropped.

Alderman Daues asked for clarification on the net position increase, he asked if the City's Fund balances would be essentially the same as the previous year without the donation and relief funds. Ms. Dorn confirmed yes.

Ms. Dorn further reviewed the Funds;

Capital Projects Fund had an increase of \$330,000.00 compared to a deficit of \$128,000.00 from 2019.

County Road Fund had a deficit of \$125,000.00 compared to a deficit of \$30,000.00 in 2019.

Storm Water/ Parks Fund had a deficit of 325,000.00 compared to a deficit of 296,000.00 in 2019.

Ms. Dorn reviewed the Condensed Financial Statements and explained that they looked at the City's operations as a whole, all funds combined. She continued to review the assets and liabilities. Ms. Dorn stated liabilities decreased by 1.1 million dollars, which showed the City was paying off debt and not incurring new debt.

Ms. Dorn stated the City's overall net position increased compared to the prior year, she then reviewed the condensed Statement of Activities. She explained the revenues were down compared to the previous year and that the numbers were a reflection of the circumstances of which we were living in due to Covid-19 and its effects on the economy. She also stated due to the City's reduction of overall expenditures, the City ended up with a positive net position of \$891,072.00, which was an increase of \$107,000.00 from the previous year. This brought the City's net position to \$33.9 million dollars.

Ms. Dorn reviewed the notes sections of the financial statement report. Member Fitzgerald asked about the overfunding of the pension plan. Ms. Dorn explained the \$1,693,276.00 in overfunding was an asset.

Ms. Dorn reviewed the report on Federal award, she stated the City spent \$933,023.00 in Federal expenditures, therefore, requiring a single audit. Ms. Dorn stated in their opinion, "the schedule of expenditure of federal awards was fairly stated in all material respects in relation to the basic financial statements as a whole."

Ms. Messmer asked Ms. Dorn to go over the Internal Control report, Ms. Dorn stated they did not find any deficiencies in internal control over compliance that they would consider a weakness.

Ms. Messmer then asked Ms. Dorn to go over the Management Letter report. Ms. Dorn stated everyone at the City was very helpful in assisting with the audit and that the financial statements were neutral, consistent and clear, and that they encountered no difficulties in performing and completing the audit. She extended her thanks to staff. Ms. Dorn explained that while there were no deficiencies listed, they did have a few comments they felt could improve the City's internal control process.

1. Show Me Court bond report reconciliation
2. Documented review and approval process
3. Parks Department receipts approvals
4. Verification of new businesses in the City

There was a brief discussion with Alderman Daues in reference to implementing these recommendations.

Ms. Messmer addressed questions regarding the driving range income. She explained that the funds come to the city via ACH. Alderman Daues asked if the City should only take credit cards instead of cash. Ms. Dorn stated she didn't feel that was necessary.

There was a brief discussion on the accounting software Ms. Messmer used. Ms. Messmer stated she used Incode 10 and felt it was a great general ledger program and was very user friendly.

Member Colombo thanked Ms. Messmer and Ms. Gillett for their hard work.

Ms. Dorn explained the statements were still going through their quality control department and that there would be a few changes and then she would forward it to Ms. Messmer.

Alderman Daues asked about a report that would simplify the financial statements for members who were not from an accounting background. There was discussion of a potential profit and loss report being generated.

Member Fitzgerald stated he was looking forward to reviewing the Missouri Lagers report. Ms. Messmer stated she would keep an eye out for the new report on their site and provide it when it was available.

Ms. Gillett thanked Ms. Dorn and Mr. Trentmann for their presentation and they left the meeting.

2021 financial review with proposed budget adjustments

Ms. Messmer reviewed the proposed adjustment items in Ms. Gillett's memo. Member Fitzgerald asked if there were any major items in the Public Works department. Ms. Messmer answered no, however there were additional items that came up.

1. Police uniforms at \$9,000.00 and a speed trailer with data gathering equipment \$12,000.00
2. John Deere Gator \$17,500.00
3. Newsletter budget adjustment for unbudgeted mailing costs

Ms. Messmer reviewed the personnel pay grade and classification changes.

Member Fitzgerald made a motion to recommend the proposed budget adjustments to the Board of Aldermen. Member Colombo seconded the motion and it was unanimously approved.

Ms. Gillett asked for a recommendation from the Committee to implement the CBIZ pay scale to take to the Board of Alderman.

Member Colombo made a motion to approve the CBIZ pay scale. Member Fitzgerald seconded the motion and it was unanimously approved.

Member Colombo asked how the revenues were looking for this year compared to 2019. Ms. Messmer replied they were close to the same amount as 2019. There was additional discussion on sales tax generated by the auto dealerships in the city. Ms. Gillett stated they would report back once they received clarification from the DOR.

Adjournment

Member Fitzgerald made a motion to adjourn the meeting. Member Colombo seconded the motion and it was unanimously approved. Meeting adjourned at 7:23 p.m.

Deputy City Clerk- Lori Stone