

Memo

To: Roseville Finance Commission
From: Michelle Pietrick, Finance Director
Date: May 11, 2021
Re: Item #8: Recap April 26 Joint Meeting with the City Council

Background

On April 26, 2021 the Finance Commission held a joint meeting with the City Council for the purposes of reviewing the Commission's activities during the past year and half, to receive any guidance or recommendations, and to identify potential topics for future discussion.

In addition, a general discussion on the Finance Commission Scope, Duties and Functions was held. The City Council confirmed that the Commission's recommendations are valuable.

Staff Recommendation

Not applicable.

Requested Commission Action

For review purposes only. No formal Commission action is necessary.

Prepared by: Michelle Pietrick,, Finance Director
Attachments: A: Council packet for Joint Meeting April 26, 2021

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: April 26, 2021
Item No.:

Department Approval

City Manager Approval

Michelle Dietrick

Item Description: Joint Meeting with the Finance Commission

BACKGROUND

The City established a joint meeting between the City Council and Finance Commission to review the Commission’s activities during the past year and a half, to receive any Commission guidance or recommendations, and to identify potential topics for future discussion.

Since the last joint meeting on September 16, 2019, the Finance Commission has conducted the following discussions or activities:

- Recommended revised investment policy to City Council (April 13, 2020 council meeting) which was partially approved
- Reviewed Investment Portfolio performance for 2019 and 2020
- Reviewed the 2021-2040 Capital Improvement Plan
- Made recommendations on the 2021 City Manager Recommended Budget & Tax Levy (9/14/20 Council meeting)
- Reviewed the 2019 and 2020 cash reserve balances
- Reviewed the 2019 Audit & Annual Report
- Reviewed Solar project implementation results
- Reviewed financial status report for 2714 Lexington
- Reviewed financial status report for the Golf Course Fund
- Reviewed 2021 Utility Rates and Utility Rate Study- recommended Option 1 to city council, council chose option 2 (11/30/20 Council meeting)
- Reviewed Campus Master Plan Options
- Recommended Post Issuance Debt Compliance Policy (adopted by Council 1/25/21)
- Reviewed CARES act final funding status report
- Received update on Recycling industry and RFP
- Reviewed purchasing policy and reaffirmed endorsement of increasing the \$5,000 threshold to \$10,000 for the City Manager approval – policy will be coming to the City Council in May
- Discussed Finance Commission Scope Duties and Functions – based on citizen communication regarding when the Finance Commission is involved in financial decisions

During the last few months, the Finance Commission identified a few topics that they desired to share and discuss at the joint meeting.

- 33 • A review of the items on the 2021 Finance Commission Work Plan which includes:
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35 1) 2020 Audit & Annual Report
36 2) 2022-2041 Capital Improvement Plan
37 3) Community Development/EDA – review of permit fees and comparable cities data
38 4) Review and recommendations regarding the 2022 Budget and Tax Levy
39 5) Review and recommendations regarding the 2022 utility rates
40 6) Would like to review and weigh in on the Recycling RFP
41 7) Continued discussion on the Scope Duties and Functions of the Finance Commission
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43 • A general discussion on the Finance Commission Scope Duties and Functions and whether the
44 Commission’s recommendations are valuable, and if there are other areas the Commission should
45 focus on.

46 **POLICY OBJECTIVE**

47 Not applicable.

48 **FINANCIAL IMPACTS**

49 Not applicable.

50 **STAFF RECOMMENDATION**

51 Not applicable.

52 **REQUESTED COUNCIL ACTION**

53 For information purposes only. No formal Council action is required, however the Finance Commission
54 is appreciative of any guidance the City Council provides.
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Prepared by: Michelle Pietrick, Finance Director

Attachments: A: Chapter 208 Finance Commission Scope, Duties and Functions

B. Finance Commission discussion notes pm Scope, Duties and Functions

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Discussion notes from Finance Commission meeting of 3/9/21

Reviewed and discussed Attachment A of the Finance Package - Scope Duties and Functions of the Finance Commission.

Note that the question raised about scope, duties and functions focused solely on Function F- review of annual financial information, the annual audit, and management letter.

- Question was raised about the timing of that review.
- Question also raised about Finance Commission awareness, participation, or involvement in key financial transactions.
- Citizen question received by Finance Commission regarding “If and when does the Finance Commission get involved in financial decisions”.

The Finance Commission is expected to first review the 2020 financial statements on 5/11/21.

- Michelle Pietrick explained that the audit fieldwork is just starting as of 3/15/21.
- The final cash reserve entries are expected to be approved by City Council on 3/22/21.
- The City Council is scheduled to review 2020 audit draft on 5/3/21.

What value does the Finance Commission provide in reviewing audited financials after the fact?

- The Finance Commissioners agreed that it is important that the Commissioners be aware and knowledgeable about the content of the annual financial statements. A sort of educational matter for the Finance Commissioners. The audited financials are lengthy and involved.
- Knowing what is in the audited financials can be seen as providing a foundation for the coming year budget.
- The City finances are very much managed through the budget process followed by adherence to budget. Operation managers are granted significant authority to spend within their approved budgets.
- Some thought that Finance Commissioners might provide more value or be more effective by being more focused on the budget development process.

Finance Commission involvement in key financial transactions.

- Financial transactions commonly originate in or are created in any of the City’s operational groups. To be involved in these financial decisions suggests that Finance should find a way to be in touch with the activities of other Commissions.
- Awareness could include monitoring of the agendas of other Commissions.
- Attending, virtually or in person, other Commission meetings based on the agenda topics.
- Attending, virtually or in person, City Council meetings based on the agenda topics.
- Guidance or suggestions from Finance Director.
- Continue to welcome citizen input as to topics that warrant attention.

Roseville Finance Commission Scope Duties and Functions

Attachment A

The purpose of this project is to examine the Scope Duties and Functions as written and provide thoughts, observations and possible recommendations.

Background

On 12/12/20 the Finance Commission received a written communication from a citizen regarding "Finance Commission Involvement". The essence of the issue was – "If and when the Finance Commission gets involved in financial decisions". This communication, and my first months of service on the Finance Commission, caused me to question whether the Finance Commission is fulfilling the scope, duties and functions as written in Chapter 208 of the Commissioner's Handbook.

We don't want to be driven by any one community comment, but we also want to remember who is at the top of the City's Organization Chart. We also want to keep in mind that the Finance Commission is advisory in nature. It is not an oversight or supervisory commission.

Points for Discussion

There are times when I am left with a sense of being downstream from some of the financial activities of the city.

For me the question about scope, duties and functions centers on Function F – Review of the annual financial information, annual audit and management letter.

My question is about the timing of this review. This year, the Finance Commissioners will first review the 2020 financial statements on 5/11/21. This is after the audit fieldwork is completed and the audited financial statements are completed and presented.

I am not sure what value the Finance Commissioners bring after the fact. Perhaps we could discuss to clarify.

Finance transactions do not occur in isolation; there are other departments and commissions involved in creating key financial actions. Seems to me that to do the best job we can as Finance Commissioners, we need to be aware of key financial transactions managed within other commissions.

Recent example of how this was done well was 11/4/20 memo from Michelle Pietrick to Finance Commission suggesting that we watch the 10/19/20 City Council meeting for background on Utility Rate Study, for discussion at Finance on 11/10/20. The City Council meeting of 12/7/20 provided key information about the bond issue for water improvements and refinance of fire station. Probably not feasible to "attend" all commission meetings. Not sure how best to be connected when and where we should. Perhaps more discussion?

In the end, I am curious whether Michelle and the City Council are satisfied that the Finance Commission is meeting expectations, especially with regard to the Scope, Duties and Functions. What could or should we be doing to do better or provide greater value?

Prepared by Bruce Bester and e-mailed to John Murray 2/28/21