

**Finance Commission
Meeting Minutes
July 14, 2020**

Roll Call/Announcements

The Finance Commission (FC) meeting was called to order at 6:30 p.m. Chair Murray requested staff call the roll.

Commissioners Present: Siafa Barclay, Bruce Bester, Wanda Davies, Ryan Lee, John Murray, Jack Reif, Dan Sagisser

Commissioners Absent: None.

Staff Present: Finance Director Michelle Pietrick

Receive Public Comments

There being no one present wishing to speak to the Commission on an item not on the agenda, the Chair moved to the next agenda item.

Approval of Meeting Minutes

Chair Murray asked if there were any changes to be made.

Commissioner Reif stated line 52 should be changed to: “Ms. Pietrick.”

Commissioner Lee moved, seconded by Commissioner Reif to approve the June 9, 2020 meeting minutes as amended. **The motion carried unanimously.**

Receive 2019 Audit Reports

Finance Director Pietrick stated State Statute requires an annual presentation of the City’s year-end financial report by an independent auditor.

Mr. Dave Mol, Redpath and Company, LLC, presented the 2019 Audit Report to the Commission.

Commissioner Davies asked in the places that note discrepancies such as collateral relative to the bank, was this a lack of process documentation, lack of following the process, a lack of understanding the process and if any of the above, how were they corrected.

Ms. Pietrick explained the city has an account for safe keeping of investments and it is the banks responsibility to make sure it has adequate collateral on all of the city's money and she has been in communication with them to determine why it happened, why it was not caught and if she does not get sufficient response shortly the city will be looking for a different bank to hold the investments for safe keeping. With regard to the affidavit that was missed, the city has worked with the Public Works Department and they are instituting processes that they will be verifying to have it on hand before requesting final payment on a contract.

Commissioner Reif noted the same issue occurred in 2018 regarding collateralization and was commented on by the auditors. This is not the first time this has happened.

Chair Murray indicated that was correct. He asked if this was the same bank.

Ms. Pietrick indicated this is the same bank and the reason why she is looking at a different bank to hold the city's investments.

Mr. Mol continued with his presentation on the audit provided to the city Council previously.

Mr. Mol continued the audit presentation with the Commission. He noted there were some good results and some changes were made to the financial statements based on auditor features as noted in the internal control report. There were a couple of items in the legal compliance report that Ms. Pietrick has or will be addressing. He noted the water fund is what needs some attention.

Ms. Pietrick explained in regard to the utility funds this was brought up last year that there were some issues. As she started examining the utility funds listed, it raised her attention due to the negative cash balance and this is being addressed during the budget process and later in the meeting she will be discussing some of the options her department has discovered and will be pursuing.

Commissioner Davies asked when a fund borrows from another fund who authorizes the transfer.

Ms. Pietrick indicated it does not need to be authorized, it is an accounting standard. Negative cash cannot be reported in any fund and is standard operating procedure to do an inter-fund borrowing at year end which is reversed the very next day.

Chair Murray believed the city Council is made aware of this when done and have oversight.

Ms. Pietrick indicated that was correct.

Commissioner Reif noted in looking at the financial statements put together by the City of Roseville, specifically the notes, the note on page 44 regarding deposits and investments and the note on page 51 regarding investments, basically the language in the explanation is the same as last year and last year it was noted that those notes are not complete with respect to what the State of Minnesota allows as far as investment goes and does not reflect the 2017 changes made

by the Legislature that allow investments with the Minnesota Investment Board and also in mutual funds. It is the second year in a row that those notes have not been updated.

Ms. Pietrick indicated the notes reflect the city's investment policy and for 2019 those changes were not made.

Commissioner Reif indicated the notes state "Minnesota Statutes". Maybe the notes should state "This is what the city's investment policy is".

Chair Murray indicated on page 18 there is a breakdown of assets and liabilities and gives a net position, but it does not give the yearly amount of depreciation. He asked what the yearly depreciation was.

Ms. Pietrick indicated she did not know right off hand.

Mr. Mol indicated that amount is disclosed in the financial statement's footnotes on page 56.

Chair Murray indicated on page 56 there is a mention of Ramsey County Library Improvements and he wondered if the city is paying anything for that.

Ms. Pietrick indicated that was related to the roads. Her understanding is the city improved some of their entry points.

Chair Murray asked as a part of the audit is a risk assessment done for the city. He wondered if the city is adequately insured and particularly in the IT area he was a little concerned that something could go wrong, and the other cities could get after Roseville.

Mr. Mol indicated his company does take a look at that but did not have that information off the top of his head.

Ms. Pietrick noted the city does have cyber coverage through the League of Minnesota Cities and also the IT Department does run quite a few diagnostics and tests and has invested in a lot of firewalls and different security protocols.

Chair Murray indicated he had a question on the recreation fund in the city budget. He wondered if estimates have been done on how this will change.

Ms. Pietrick explained with Parks and Recreation, it is a little early to estimate because the department has not been holding programs so expenses have not been spent and staff or supplies have not been needed for the programs. The department has been starting to role out programs as best it can with current COVID parameters.

Chair Murray thanked Mr. Mol for the presentation.

Receive Finance Commission Recommendations Tracking Report

No report was given by Commissioner Sagisser.

Staff Update

Finance Director Pietrick updated the Commission on the activities happening in the city.

Identify Discussion Items for the Future Meeting

Finance Director Pietrick indicated the City Council and City Manager Trudgeon have not decided if the city Commissions will continue meetings through Zoom format or some type of hybrid, in person or if people are not comfortable in person then on Zoom. She noted as soon as she hears something she will share it with the Commission.

Chair Murray indicated he was hoping for an in-person meeting.

Commissioner Sagisser thought remotely was fine and seemed safer and less difficult to plan. He thought a hybrid at most would be preferable.

Ms. White indicated she would like the option of using Zoom even if all the Commissioners preferred to meet in person because she would not be attending in person.

Chair Murray noted the next meeting is August 18th to discuss the 2021 City Manager recommended budget and tax levy and also discuss items for Joint city Council/Commission meeting.

Ms. Pietrick indicated she was not sure when joint Council meetings will occur, most of the ones scheduled earlier have been moved further out in the year. The Commission will also have the Capital Improvement Plan to review at the August meeting.

Adjourn

Commissioner Davies made a motion, seconded by Commissioner Sagisser to adjourn. **The motion passed unanimously.**

Meeting adjourned at 7:39 p.m.