



## **Finance Advisory Commission**

### **Meeting Agenda**

**Thursday, April 6, 2023 – 7:30 AM**

**To Be Held At:**

**City Administrative Offices,  
Womack Conference Room  
922 Machin Avenue, Novato, CA 94945**

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**Chair**

**Andy Zmyslowski**

**Vice Chair**

**Larisa Thomas**

**Members**

**Regina Bianucci Rus, Rafelina Maglio, Tina McMillan, Richard Johnson**

**Staff Liaison**

**Amy Cunningham**

The Finance Advisory Commission welcomes you to attend its meetings which are regularly scheduled the third Thursday every month. Your interest is encouraged and appreciated.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at (415) 899-8900. Notification at least 48 hours prior to the meeting will enable the City to make reasonable accommodation to help ensure accessibility to this meeting.

The Finance Advisory Commission may discuss and/or take action on any or all of the items listed on the agenda irrespective of how the agenda items are described.

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**A. CALL TO ORDER AND ROLL CALL**

**B. APPROVAL OF FINAL AGENDA**

**C. PUBLIC COMMENT**

*All members of the public wishing to address the Finance Advisory Commission are requested to submit a speaker card in advance to the Staff Liaison. (Please remember that all comment cards are PUBLIC RECORDS). The Chair will call the names of speakers from the cards. In addition to receiving comment from the public during the Public Comment period, the Chair will recognize persons from the audience who wish to address the Commission on a particular agenda item at the time that item is considered.*

*There is a three-minute time limit to speak although the Chair may shorten the time based on the number of speakers or other factors. A speaker may not yield his or her time to another speaker.*

*For issues raised during Public Comment that are not on the published agenda, except as otherwise provided under the Ralph M. Brown Act, no action can legally be taken. The Commission may direct that the item be referred to the Staff Liaison for action or may schedule the item on a subsequent agenda.*

#### **D. CONSENT ITEM**

*All matters listed on the Consent Calendar are considered to be routine and will be enacted by a single vote of the Commission. There will be no separate discussion unless specific items are removed from the Consent Calendar for separate discussion and action. Any Commission Member may remove an item from the Consent Calendar and place it under General Business for discussion.*

##### **D.1. Approve the Meeting Minutes of March 9, 2023**

#### **E. UNFINISHED AND OTHER BUSINESS**

#### **F. GENERAL BUSINESS**

*These items include significant and administrative actions of special interest and will usually include a presentation and discussion by the Finance Advisory Commission. They will be enacted upon by a separate vote.*

##### **F.1. Fiscal Year 2023/2024 Budget Study Session Preparation – Capital Program and Operating Budget**

##### **F.2. Update on Finance Department Activities**

#### **G. COMMISSION AND LIAISON REPORTS**

*This section is used for Commission Members and the Staff Liaison to orally report on topics that can be considered for discussion at a future meeting.*

##### **G.1. Staff Updates**

##### **G.2. Commission Member Reports**

##### **G.3. The next meeting is scheduled for May 4, 2023, at 7:30 AM, and will be held in-person in the Womack Conference Room at 922 Machin Avenue, Novato**

## H. ADJOURNMENT

*Materials that are submitted to members of the Commission after the distribution of the meeting's agenda packet will be available upon request.*

### AFFIDAVIT OF POSTING

I, Stacey Hoggan, certify that on the Thursday before the Finance Advisory Commission meeting of March 9, 2023 that the agenda was posted on the City Community Service Board at 922 Machin and on the City's website at [novato.org](http://novato.org) in Novato, California.

/ Stacey Hoggan /  
Stacey Hoggan, Payroll/Accounting Technician



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**CITY OF NOVATO**  
**CALIFORNIA**

**Novato Citizens Finance Advisory Commission**

**DRAFT Minutes**

**Thursday, March 9, 2023 – 7:30 AM**

**A. CALL TO ORDER AND ROLL CALL**

The meeting was called to order by Vice Chair Zmyslowski at 7:31 A.M.

**Commissioners Present:** Regina Bianucci Rus, Rafelina Maglio, Tina McMillan, Andy Zmyslowski

**Arrived Late:** Commissioner Richard Johnson arrived at 7:34

**Commissioners Absent:** Commissioner Larisa Thomas

**Staff Present:** Administrative Services Director Amy Cunningham, Deputy Administrative Services Director Carla Carvalho-DeGraff, Payroll/Accounting Technician Stacey Hoggan

**B. APPROVAL OF FINAL AGENDA**

**Commission Action:** Upon a motion by Commissioner Bianucci Rus, and seconded by Commissioner McMillan, the Commission voted 4-0-0-2 to approve the final agenda.

**Ayes:** Bianucci Rus, Maglio, McMillan, Zmyslowski

**Noes:** None

**Abstain:** None

**Absent:** Johnson, Thomas

**Motion Carried**

**C. PUBLIC COMMENT**

None

## D. CONSENT ITEMS

### D.1. Approve the Meeting Minutes from February 17, 2023

**Commission Action:** Upon a motion by Commissioner McMillan, and seconded by Commissioner Bianucci Rus, the Commission voted 4-0-0-2 to approve the Meeting Minutes from February 17, 2023.

**Ayes:** Bianucci Rus, Maglio, McMillan, Zmyslowski

**Noes:** None

**Abstain:** None

**Absent:** Johnson, Thomas

**Motion Carried**

## E. UNFINISHED AND OTHER BUSINESS

NONE

## F. GENERAL BUSINESS

### F.1. Chair and Vice Chair Nominations

**Commission Action:** Commissioners were asked to choose a new Chair for the Finance Advisory Commission. Commissioner Bianucci Rus nominated Vice Chair Zmyslowski as Chair and Commissioner Thomas to Vice Chair. Motion was seconded by Commissioner Maglio.

**Ayes:** Bianucci Rus, Maglio, McMillan, Johnson, Zmyslowski

**Noes:** None

**Abstain:** None

**Absent:** Johnson

### F.2. Fiscal Year 2019/2020 Audit Review

Commissioners were presented with the Fiscal Year 2019/2020 audit report and findings. The ACFR (Annual Comprehensive Financial Report) was presented to City Council at the February 28<sup>th</sup> meeting. MUN CPA's staff were also present at the City Council meeting to present and answer any questions related to their findings. Commissioners were given the opportunity to go over the presentation that Council had received, or to go through the findings. Because most Commissioners had seen the Council meeting, it was decided that time was best spent reviewing the audits findings and results.

Staff presented the audit findings to the Commission. Some of the noted issues were repeat findings and date back several years. The findings did show some Material Weaknesses and Significant Deficiencies. A Material Weakness is a finding that could cause a material misstatement in the financial reporting. This can be one item, or multiple items grouped together. A Significant Deficiency is not as severe as a Material Weakness but is important enough to merit attention. The audit opinion was clean, which means that the independent auditors certified that the numbers reported and recorded are correct and free from material misstatements.

Commissioners asked about the findings and what improvements are being made to help address these concerns with future audits. Due to staffing turnover and other contributing factors, some findings will remain issues in the FY 2020/2021 audit. Most internal controls weren't put in place until FY 2021/2022. With the stability of the Finance staff established, and the internal controls and the tools used to maintain records in place, it is only a matter of time before the issues surrounding the reported weaknesses will be rectified.

The FY 2019/2020 audit started in July of 2022, with Staff preparing and auditors testing multiple samples. The auditors arrived onsite in August 2022 and completed the FY 2019/2020 audit in February. Staff is already preparing for the next audit for FY 2020/2021 and expect to have the auditors back onsite August-September 2023. The standard audit timeline for Government Finance Officers Association (GFOA) is for an audit to be done within six months of fiscal year end, so the City will be catching up for at least another couple of years. There are several new accounting standards that will need to be implemented in the next few years, the largest one being the lease standard, which has already been started and outsourced to a contractor that has assisted other cities with this new accounting requirement.

### **F.3. Fiscal Year 2019/2020 Unexpended Unassigned General Fund**

With the completion of the FY 2019/2020 audit, there was an identification of \$1.2 million in unexpended General Fund revenue. The \$1.2 million includes General Fund monies as well as Measure F monies. In December of 2022, City Council authorized a short-term loan to Homeward Bound. This loan brought the Emergency and Disaster Response Fund (EDRF) below the 15% funding threshold.

Staff recommended the Commission support allocating approximately \$533,000 to the Emergency Reserve Fund so that the reserve will be restored to the 15% threshold. Staff advised that there is a correcting entry that needs to be done for FY 2018/2019 and needs time to research that activity before recommending any further action to the General Fund or Emergency Reserve. Staff further recommended that the \$689,818 from Measure F be returned to Measure F fund balance.

**Commission Action:** Upon a motion by Commissioner McMillan and seconded by Commissioner Johnson, the Commission voted 5-0-0-1 to recommend allocation of the unexpended unassigned revenue to the Emergency and Disaster Response Fund and Measure F Fund.

**Ayes:** Bianucci Rus, Maglio, Johnson, McMillan, Zmyslowski  
**Noes:** None  
**Abstain:** None  
**Absent:** Thomas

#### **F.4. Mid-Year Budget Report**

Staff Liaison Cunningham presented Commissioners with a review of the mid-year budget for Fiscal Year 2022/2023. Some noted changes in revenue include: Parks and Recreation & Community Services Department (PRCS) with an increase of about \$99,000 and Public Works, with an increase of about \$238,000. The PRCS program participation is back to its pre-pandemic state and the programs are in high demand. Public Works revenue increased due to recent work by Frontier Communications and the additional permits needed to complete the work.

Some updates in expenses are administrative in nature, including transferring approximately \$253,000 for homeless services activities from Fund 245 (ARPA) to Fund 101 (General Fund), and transferring approximately \$31,100 from the Police Operating budget to the capital program to offset the increased cost of a dispatch console. Additionally, Public Works is requesting an increase in their expense budget, primarily because of costly repair/maintenance actions taken due to recent storms.

Since July 1, 2022, three new full-time positions have been added. One position, the Homeless Outreach Specialist, is a 3-year limited term position paid for by grants. The other two positions are for the aquatic program at Hamilton Pool since the City is assuming operational responsibility this year from the City of San Rafael. Most of the costs for these two positions will be offset by the revenue from the pool program. The Fiscal Year 2022/2023 Adopted Budget had shown a deficit of about \$1.6 million; due to the mid-year adjustments, the updated deficit of closer to \$1.8 million.

#### **F.5. Update on Finance Department Activities**

Staff is currently working on policy updates. The credit card policy is with consultants and should be finalized soon. Staff is also working on the Fiscal Year 2023/2024 Budget. The Budget Priorities Survey is online now and there is a Virtual Community Budget Workshop scheduled for Tuesday, April 4<sup>th</sup> at 6pm. This virtual workshop will be recorded and posted on the City's website. At the upcoming April 6<sup>th</sup> Finance Advisory Commission meeting, Public Works Director Chris Blunk will be speaking to Commissioners regarding the Capital Program.

### **G. COMMITTEE AND LIAISON REPORTS**

#### **G.1. Staff Updates**

## **G.2. Commission Member Reports**

Commissioner Maglio acknowledged that Commissioner Bianucci Rus was recognized as Novato Citizen of the Year.

**G.3. The next meeting is scheduled for April 6, 2023, at 7:30 AM, and will be held in-person in the Womack Conference Room at 922 Machin Avenue, Novato**

**I HEREBY CERTIFY that the foregoing minutes were duly adopted at the Novato Citizens Finance Advisory/Oversight Committee Meeting of \_\_\_\_\_, 2022.**

/ Stacey Hoggan /  
Stacey Hoggan, Payroll/Accounting Technician



## STAFF REPORT

### MEETING

DATE: April 6, 2023

TO: Finance Advisory Commission

FROM: Chris Blunk, Public Works Director  
Amy Cunningham, Administrative Services Director

**SUBJECT: Fiscal Year 2023/24 Budget Study Session Preparation –  
Capital Program and Operating Budget**

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### REQUEST

Receive and discuss Fiscal Year (FY) 23/24 capital and operating budget presentations.

### DISCUSSION

Public Works Director Blunk will provide the Commission with an overview of the proposed FY23/24 Capital Program and highlight major funding sources.

Administrative Services Director Cunningham will provide the Commission with an outline of the following areas related to the proposed FY23/24 operating budget:

- Budget Development Process / Timeline
- High Level General Fund Revenue Trends
  - Property Tax
  - Sales Tax
  - Transient Occupancy Tax
  - User Fees
- High Level General Fund Expense Trends
  - Personnel (Salaries, Benefits, Part-Time Seasonal)
  - Utilities
  - Other Anticipated Expense Changes
- Community Engagement

- Budget Survey Results
- Community Budget Workshop Update

Staff recommends the Commission receive the presentations and provide any feedback on the above areas.

## **STAFF REPORT**

### MEETING

DATE: April 6, 2023

TO: Finance Advisory Commission

FROM: Amy Cunningham, Director of Administrative Services  
Carla Carvalho-Degraff, Deputy Director of Administrative Services

**SUBJECT: Update on Finance Department Activities**

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### **REQUEST**

Receive report.

### **DISCUSSION**

Staff will provide the Finance Advisory Commission (Commission) with updates on current finance department activities including:

- FY20/21 Close and Audit Preparation - In progress, auditor review scheduled.
- FY21/22 Close and Audit Preparation – In progress
- Policies – Credit Card, Purchase Orders
- Other Finance Activities

Staff recommends the Commission receive the report and provide any feedback on the above areas.