

**CITY OF ROCKVILLE
FINANCIAL ADVISORY BOARD**

DATE: January 9, 2019

LOCATION: Black Eyed Susan Conference Room, 3rd Floor City Hall

TIME: 6:30 p.m.

**Board Meeting
MINUTES**

PRESENT: Board Members: Andrew Brammer, Jack Kelly, Kuan Lee, Darryl Parrish, Bob Wright (Board chair)
Staff Liaison: Stacey Webster, Deputy Director of Finance
Guest: Kimberly Francisco, City Controller

ABSENT: Board Members: Corey Orlosky, Sylvia Pacher
Mayor and Council Liaison: Beryl Feinberg

I. Call to Order

Mr. Wright called the meeting to order at 6:30 p.m.

II. Approve Agenda

Mr. Wright asked the Board if there were any changes to the agenda; there were no changes.

III. Approve Minutes

Mr. Brammer made a motion to approve the minutes from November 29, 2018. Mr. Parrish seconded the motion. All members voted in favor.

IV. Reports

- Mr. Wright – everyone was excited about Dawson’s reopening. Mr. Wright described the \$400,000 grant to REDI to support businesses like Dawson’s.
- Stacey Webster, Staff Liaison – Ms. Webster reported changes to the budget calendar: February 4th is now a Mayor and Council budget priority discussion and February 22nd is the release of proposed FY 2020 budget.
- FAB Member Reports – Mr. Wright asked the Board members to discuss their changes/updates to the Action Plan.

- Mr. Brammer reported that he sent various investment policy questions to Mr. Cohen and Ms. Webster and expects to hear back from them in the next several weeks.
- Mr. Parrish recapped a conversation that he had with Ms. Webster on the quarterly financial report and some financial issues in general. He also reported that the City is in the process of finalizing a contract with a new investment manager and Ms. Webster requested that he wait to review any related documents until City staff get the new vendor on board.
- Mr. Kelly listed the various procurement reports that the Board currently reviews and said that he wanted to discuss a memo to the City Manager on the Board's role with procurement products.
- Mr. Wright reported that the consultant for the Transit Gap and Needs Analysis had a second meeting and have identified areas of concentrated population in Rockville. They are now working to describe current public transportation options in those areas and then look for any transportation gaps.
- Mr. Wright confirmed with Ms. Webster that the water and sewer cost of service study by property classification will be under contract before June 30, 2019.
- Mr. Parrish met with Mr. Chesnutt, Director of Recreation and Parks, about the King Farm Farmstead property. Mr. Chesnutt described the current conditions of the barns and that the City would like to engage a private party to lease the property for a desired use.
- Mr. Kelly reported that the Compensation and Classification Request for Proposals was posted on January 9, 2019.
- Mr. Lee met with Mr. Kelly and Mr. Brammer about the Department of Public Works' performance measures. Mr. Lee sent an email to Mr. Simoneau, Director of Public Works, requesting another meeting. Ms. Webster reported that Mr. Simoneau is happy to meet with the subcommittee again. Mr. Lee said that he would work on scheduling another meeting.

V. Old Business

- Compensation and Classification RFP – Mr. Kelly reported that the RFP was posted earlier that afternoon.

- Mr. Brammer met with Ms. Webster and Mr. Cohen about some finance and budget issues in December. He reported that they discussed some financial policy, budget structure, and performance measure information.
- Since the last meeting, Mr. Parrish discussed the Montgomery County fraud issue with Mr. DiSpirito and Mr. Parrish expressed that the Board is willing to help City staff, if needed.
- Other – Mr. Wright discussed what procurement reports the Board will review before they go to the Mayor and Council. Ms. Webster expressed concern that the Board commenting on the internal staff process and guidelines is outside the scope of the Board's role. Mr. Brammer asked questions about the current internal audit practices and procedures of the City. Ms. Francisco described the current audit functions of her division and the new funding that was added for an external auditor to evaluate different City practices and activities starting in FY 2019.

Mr. Wright requested that Mr. DiSpirito provide the reasons why he thinks the Board should not review the City's draft procurement guidelines. He would also like Mr. Kelly to put his comments in writing. The Board will continue this discussion at the next Board meeting.

VI. Review of FY 2018 Comprehensive Annual Financial Report and Accompanying Letters/Reports (presented to the Mayor and Council on December 10, 2018)

Ms. Kimberly Francisco, the City's Controller, was available to answer questions about the FY 2018 CAFR and accompanying letters that were presented to the Mayor and Council on December 10, 2018. Ms. Webster was also available to answer questions on the Popular Annual Financial Report (PAFR). The Board discussed the following topics:

- Deferred inflows of resources for governmental activities
- Fund balance
- Top ten taxpayers and associated children/parent relationships
- Group 1 and Group 3 assessment areas for real property tax
- Change in the history of net position on page 4 of the PAFR
- Debt ratios as stated in PAFR
- County property tax credits and senior tax credits
- Parking Fund debt and what year it will be retired
- Governmental versus business capital assets
- Compensated absences
- Dated vendors in vendor database
- Dated servers that were identified by the auditors as a problem

The discussion concluded with Ms. Francisco explaining how the Mayor and Council direct the audit activities and explaining that it is not the auditor's responsibility to identify fraud; most of the time the auditors are looking to see if information is materially correct. They are looking for significant errors and testing internal controls.

VII. New Business

There was no new business.

VIII. Future Meeting Dates and Future Agendas

The next meeting is scheduled for **February 27, 2019**, at 6:30 p.m. in the Black Eyed Susan Conference Room and will include the following:

- I. Call to Order
- II. Approve Agenda
- III. Approve Minutes
- IV. Reports
- V. Old Business
- VI. FY 2020 Budget
- VII. New Business
- VIII. Future Agenda and Meeting Dates
- IX. Good of the Board
- X. Adjourn

The Board scheduled a future meeting for April 9, 2019.

IX. Good of the Board

X. Adjourn

Mr. Kelly made a motion to adjourn. Mr. Lee seconded the motion. All members voted in favor. The meeting adjourned at 8:30 p.m.

Summary of follow-up items:

- Mr. Lee will schedule another performance measurement meeting with Mr. Simoneau.
- Board members will review the FY 2020 proposed budget and will be prepared to discuss it on February 27.
- Mr. Kelly will provide Mr. Wright the reasons why he wants to review the drafts of the procurement guidelines.
- Ms. Webster will ask Mr. DiSpirito to provide his position on why he does not want the Board to review the drafts of the procurement guidelines.