



Finance Commission Agenda

Tuesday, June 9, 2026

6:30 PM

City Council Chambers

In accordance with [Minnesota Statutes §13D.02](#) and City policy, Council and Commission members may attend meetings remotely up to three times per calendar year.

(Times listed are approximate – please note that items may be earlier or later than listed on the agenda)

1. **Roll Call - Bergquist, Dahir, Davy, Kanzenbach, Vervoort, Jeffers, Kaney, Randolph**
2. **Approval of Agenda**
3. **Receive Public Comment**
4. **Approval of Meeting Minutes**
 - a. Approve minutes
5. **Business Items**
 - a. Finalize discussion items for joint City Council - Finance Commission Meeting
 - b. Maintenance and Operations Center Update/Discussion
 - c. Finance Tracking Document
6. **Commission Direction on Member Initiated Agenda Items**
7. **Other Business**
8. **Adjourn**

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**Finance Commission
Meeting Minutes
DRAFT – May 12, 2026 - DRAFT**

Roll Call/Announcements

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

Commissioners Present: Kevin Davy, Martin Jeffers, Matthew Kaney, Raye Kanzenbach, Kyle Randolph (arrived at 6:58 p.m.), and Anna Vervoort (remote)

Youth Commissioners Present: Aldo Bergquist

Commissioners Absent: Sadiq Dahir

Staff Present: Assistant Finance Director Phil Weix, and Finance Director Sam Magureanu (arrived at 7:24 p.m.)

Approval of Agenda

The agenda was approved by general consensus.

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

Commissioner Jeffers moved, seconded by Commissioner Kaney, to approve the April 14, 2026, meeting minutes presented. The motion carried unanimously.

Review the 2025 ACFR

Ms. Peterson introduced herself as Rebecca Peterson, managing director with Redpath and Company, and the city's auditing firm. She explained that the auditors typically begin Finance Commission presentations by reviewing a summary of the audit reports, then move into the financial statements and discuss high-level financial information.

46 Ms. Peterson reviewed the four audit reports issued for the city’s 2025 audit. She noted that a
47 federal single audit was not required this year because the city did not exceed the \$1 million
48 federal spending threshold. She explained that auditors conduct risk-based testing rather than
49 reviewing every transaction and reported that the city received a clean, unmodified audit opinion,
50 the highest level of assurance available.

51
52 Ms. Peterson also reviewed the internal control report and noted that auditors identified two
53 findings, including one related to disbursement controls. Auditors found several transactions that
54 either lacked sufficient documentation or did not fully follow city policy. She added that staff
55 had already begun implementing corrective actions and additional controls to address the issue.

56
57 Assistant Finance Director Phil Weix explained that staff had already begun reviewing
58 disbursement procedures before the end of 2025 after noticing that some transactions lacked
59 appropriate or sufficient supporting documentation. He said staff had been working with
60 Assistant City Manager Rebecca Olsen to revise the city’s purchasing policy and update the
61 purchasing card policy to reflect current practices better.

62
63 Mr. Weix noted that the updated policies had not yet been fully implemented, but they were
64 scheduled to be presented at the upcoming department head meeting. He said the goal is to
65 communicate the new expectations to employees and improve compliance with documentation
66 and approval requirements for city transactions.

67
68 Ms. Peterson explained that the disbursement finding was relatively common in local
69 government audits and involved several transactions with insufficient documentation or policy
70 compliance. She noted the issue was classified as a significant deficiency because the dollar
71 amounts were relatively small, and she emphasized the importance of consistently following
72 internal controls.

73
74 Ms. Peterson also reviewed a second finding involving a delayed invoice for a county
75 construction project that was received in late 2024 but not paid until 2026. Because the expense
76 should have been recorded in 2024, the city restated the water fund’s beginning net position by
77 approximately \$977,000. The issue also resulted in a legal compliance finding because
78 Minnesota law generally requires invoices to be paid within 35 days, while this invoice remained
79 unpaid for more than a year.

80
81 Mr. Weix commented that Ramsey County has a history of delayed follow-up on accounts
82 receivable matters and noted that the county had not aggressively pursued payment on the
83 invoices during the extended period. He added that no penalties or interest charges were assessed
84 once the invoices were paid.

85
86 Ms. Peterson acknowledged prior discussions regarding timing and reporting challenges
87 involving Ramsey County and said delays tied to county processes were not entirely unexpected.

88
89 Chair Kanzenbach referenced Ms. Peterson’s similar presentation to the city council and
90 observed that councilmembers appeared to view the matter as an accounting error rather than

91 fraud or misconduct. He noted that although the dollar amount was significant, the issue did not
92 appear to disrupt city operations materially.

93

94 Ms. Peterson credited the finance department with identifying the issue and promptly
95 communicating it to staff once they became aware of it.

96

97 Commissioner Randolph arrived at 6:48 p.m., after the discussion had begun.

98

99 Commissioner Kaney asked how such a large invoice could fail to appear in the city's accounts
100 payable system.

101

102 Mr. Weix explained that the invoice had been emailed directly to the engineering department and
103 was never entered into the city's financial software. Because the finance staff relies on
104 departments to enter invoices into the system, the finance department was unaware of the
105 obligation until later.

106

107 Ms. Peterson reviewed the final report issued in conjunction with the audit, which is the required
108 communication to those charged with governance. She explained that the auditors prepare the
109 letter for city leadership and that it primarily contains standard language required under auditing
110 standards, along with several sections customized to address items specific to the city's audit.

111

112 Ms. Peterson said one of the required communications involves notifying governance bodies
113 about any changes in accounting policies from the prior year. For 2025, she noted that the city
114 increased its capitalization threshold for certain items. She explained that capitalization
115 thresholds determine whether purchased equipment or assets are immediately expensed or
116 instead recorded as capital assets on the city's balance sheet and depreciated over time. She
117 added that the adjustment made in 2025 was a relatively small increase affecting one category of
118 assets.

119

120 Mr. Weix explained that the city increased the capitalization threshold for individual items from
121 \$10,000 to \$25,000. He said the adjustment was made largely in response to inflation and rising
122 equipment costs over time.

123

124 Mr. Weix noted that maintaining the lower threshold would have created additional
125 administrative work and asset tracking requirements for items that are now more commonly
126 purchased at higher prices. He also explained that aggregated purchases of smaller items would
127 continue to be subject to a separate capitalization threshold of \$100,000.

128

129 Ms. Peterson explained that the city increased its capitalization thresholds in response to updated
130 accounting standards for grouped assets, noting that tracking large numbers of lower-cost items
131 individually can create administrative challenges. She said the higher threshold allows the city to
132 manage assets more efficiently while maintaining proper accounting practices.

133

134 Ms. Peterson also reviewed accounting estimates included in the financial statements, including
135 the city's OPEB liability. She explained that Minnesota law allows retirees to remain on the

136 city's health insurance plan until they become eligible for Medicare, creating a long-term
137 actuarial liability. The city's OPEB liability at the end of 2025 was reported at just under \$1.5
138 million.
139

140 Chair Kanzenbach asked when the most recent actuarial study had been completed and whether
141 the current figures reflected a roll-forward year. Ms. Peterson responded that actuarial studies are
142 required every other year and noted that the financial statement footnotes would specify whether
143 the study had been completed during the current year or carried forward from the prior year.
144

145 Chair Kanzenbach commented that the city's OPEB liability is relatively small compared to
146 some municipalities around the country, where post-employment benefit obligations can become
147 much more significant financial burdens.
148

149 Ms. Peterson confirmed that some local governments have much larger OPEB liabilities,
150 particularly when they offer retirees additional post-employment benefits beyond health
151 insurance.
152

153 She also reviewed the city's share of the Public Employees Retirement Association of Minnesota
154 pension liability, which totaled slightly more than \$12 million at the end of 2025. Ms. Peterson
155 explained that the liability fluctuates with market conditions and actuarial assumptions and is
156 allocated among participating employers based on their contributions to the statewide pension
157 system.
158

159 Chair Kanzenbach commented that the city's pension liability remains relatively modest
160 compared to the much larger pension obligations of many municipalities across the country.
161

162 Ms. Peterson explained that Minnesota's pension system has improved financially over time,
163 though it is not yet fully funded. She also reported that auditors encountered no difficulties or
164 disagreements with management during the 2025 audit.
165

166 Ms. Peterson also discussed a documentation issue regarding pledge collateral records for city
167 deposits that exceed FDIC insurance limits. Because a year-end collateral report from a former
168 bank could not be obtained after the city changed financial institutions, auditors were unable to
169 complete normal verification procedures. She emphasized that no funds were lost and described
170 the matter as a documentation issue that staff have already addressed through improved record
171 retention procedures.
172

173 Mr. Weix noted that the city's current banking institution now provides pledge collateral
174 statements weekly. He said staff has asked the bank to move to a monthly reporting schedule
175 instead, as monthly reporting would be more practical while still allowing the city to maintain
176 the necessary documentation for audit and compliance purposes.
177

178 Mr. Weix commented that staff would continue saving the weekly pledge collateral statements in
179 a designated folder to ensure the documentation is available for future audits. During the

180 discussion, commissioners and staff noted that pledged collateral is typically held in the form of
181 treasury securities or government agency securities.

182

183 Chair Kanzenbach asked whether it was reasonable to assume the city’s deposits had in fact been
184 collateralized, even though the year-end documentation could not be produced.

185

186 Ms. Peterson responded that the city possessed collateral statements from earlier in the year,
187 including June and September, but the December statement could not be obtained. She indicated
188 that it was likely the deposits remained collateralized at year-end, although the auditors could not
189 formally verify this without the required documentation.

190

191 The commission acknowledged that the issue was appropriately categorized under “other
192 matters” in the governance communication, rather than treated as a more significant audit
193 concern.

194

195 Ms. Peterson then asked whether commissioners had any additional questions regarding the audit
196 reports or whether they would like her to continue with a broader walkthrough of the financial
197 statements.

198

199 Chair Kanzenbach reflected on the Finance Commission’s audit review process from the prior
200 year, noting that commissioners had conducted a much deeper review of the financial statements
201 and audit materials than in previous years. He said the effort, led in part by former Commissioner
202 Bester, involved detailed discussions and numerous questions aimed at better understanding how
203 the city’s financial systems and reporting processes functioned.

204

205 Chair Kanzenbach said the Finance Commission ultimately shared many of its observations and
206 questions with the city council, and councilmembers appeared to appreciate having an additional
207 level of independent review beyond city staff and the external auditors. He noted that
208 commissioners now have a stronger understanding of the audit process than they did a year
209 earlier, which may result in fewer foundational questions during the current review.

210

211 Chair Kanzenbach added that he believed the city council wanted the commission to continue
212 providing that level of detailed oversight and discussion regarding the city’s financial statements
213 and audit findings.

214

215 Chair Kanzenbach noted that three commissioners were new to the Finance Commission and
216 suggested providing a walkthrough of the financial statement summary for their benefit. He
217 indicated that a broader review would help newer members better understand the city’s audit
218 reports and financial reporting structure before the commission moved into more detailed
219 discussion.

220

221 Commissioner Kaney asked about a section of the audit materials that discusses property tax
222 assessments and collections, particularly for commercial properties, where valuations are
223 frequently challenged through appeals or litigation. He asked whether the difference between
224 assessed values and the amounts ultimately collected in Roseville was generally consistent with

225 what auditors see in other municipalities, or whether the city experiences a larger-than-average
226 gap between assessed and collected property tax values.

227
228 Ms. Peterson responded that she had recently discussed declining property tax collection rates
229 with the finance team during the audit exit meeting. She explained that over the past several
230 years, many cities have experienced lower collection rates as more property valuations,
231 particularly commercial valuations, have been challenged or appealed.

232
233 Ms. Peterson noted that county assessors are responsible for establishing the valuations that cities
234 ultimately rely on for tax collections. She said that when property owners successfully contest
235 valuations, the reductions can negatively affect municipal collection rates.

236
237 Ms. Peterson reported that Roseville’s collection rate is slightly lower than what she is currently
238 seeing in many other cities, although she emphasized that the difference is not dramatic. She
239 added that the city has experienced unique valuation adjustments that have contributed to the
240 trend, while noting that reduced collection rates have become more common across
241 municipalities generally.

242
243 The commission discussed whether lower property tax collection rates are currently more
244 common among commercial properties than residential properties.

245
246 Ms. Peterson confirmed that commercial properties are more frequently involved in valuation
247 appeals and tax court challenges, which can contribute to lower collection rates.

248
249 The commission noted that Roseville has a comparatively large commercial tax base, making the
250 city somewhat more susceptible to those impacts than communities with primarily residential
251 property values.

252
253 Ms. Peterson indicated that the slightly lower collection rate in Roseville was not a major
254 concern but was something the city should continue monitoring.

255
256 The commission also discussed whether the city should consider establishing a reserve or
257 making a budget adjustment to account for the likelihood that property tax collections may not
258 reach 100 percent in future years. One commissioner noted that the city’s collection rate is
259 approximately 97 percent and questioned whether recurring shortfalls should be incorporated
260 into future budgeting assumptions.

261
262 Mr. Weix explained that staff have discussed the issue with Ramsey County officials and sought
263 guidance on expectations for property valuation petitions and appeals. He said the county’s
264 recommendation was essentially to levy additional taxes in future years to offset lower collection
265 rates. However, he noted that the city already faces pressure to limit levy increases and cannot
266 easily justify automatically increasing the levy by an additional 2 percent to compensate for
267 collection uncertainty. He confirmed that the city currently budgets on the assumption of full
268 property tax collection.

269

270 Ms. Peterson added that maintaining healthy reserve levels is one of the primary tools cities use
271 to manage occasional revenue shortfalls tied to lower collection rates. She noted that reserve
272 balances would be discussed further during the review of the city’s broader financial
273 information.

274
275 Ms. Peterson reviewed the city’s governmental and business-type funds, explaining that
276 business-type funds, such as water and sewer utilities, are intended to support themselves
277 through fees. In contrast, governmental funds rely primarily on taxes and grants. She also
278 outlined the city’s four governmental fund categories: general, special revenue, debt service, and
279 capital project funds.

280
281 Ms. Peterson noted that capital project funds increased by more than \$4 million in 2025, largely
282 due to bond proceeds issued for projects that have not yet been fully spent. She emphasized that
283 those funds are restricted for specific capital purposes and are not available for general spending.

284
285 Commissioner Jeffers asked whether the city’s local sales tax collections used for capital
286 improvements were included within the approximately \$4 million increase reported in the capital
287 project funds.

288
289 Mr. Weix confirmed that the sales tax revenues were included in that balance.

290
291 Mr. Weix explained that the city collected approximately \$2.5 million in sales tax revenue during
292 2025 and that those funds remain within the capital project funds to support eligible capital
293 improvement and debt-related purposes.

294
295 Ms. Peterson reviewed the city’s governmental fund categories. She noted that capital project
296 funds increased by more than \$4 million during 2025, largely due to unspent bond proceeds and
297 approximately \$2.5 million in local sales tax collections dedicated to capital improvements. She
298 also reported that the general fund increased by nearly \$500,000, while debt service and special
299 revenue funds remained relatively stable.

300
301 Ms. Peterson explained that both general fund revenues and expenditures exceeded budget
302 projections by more than \$1 million, primarily due to police contracted security services that
303 generated matching overtime costs and reimbursement revenues. She also noted that excess
304 license center revenues helped support the general fund.

305
306 Ms. Peterson said the city ended 2025 with approximately \$10.6 million in working capital
307 reserves, equal to 35.4 percent of the following year’s expenditures, just above the city’s
308 minimum reserve policy threshold. She added that property taxes remain the city’s largest
309 revenue source, while service charges continue to increase.

310
311 Commissioner Randolph asked for clarification on the city’s intergovernmental revenue category
312 during the financial statement review. He said he had tried to locate more detailed information in
313 the audit materials but was uncertain which specific revenue sources were included in the

314 intergovernmental revenue totals. He added that the question might reflect his being newer to the
315 commission and still learning the structure of the city’s financial reports.

316

317 Ms. Peterson explained that intergovernmental revenue primarily consists of grants and funding
318 from other governmental entities, such as the state, the federal government, Ramsey County, and
319 agencies like the Minnesota Department of Transportation. She noted that funding received for
320 street or infrastructure projects through MnDOT would be recorded within that category.

321

322 Ms. Peterson also referenced the federal American Rescue Plan Act funding received in 2022,
323 which provided the city with several million dollars that have been spent gradually over the past
324 several years. She said the city has approximately \$32,000 remaining from those funds, which is
325 expected to be spent in full this year.

326

327 Mr. Weix added that intergovernmental revenues are expected to increase significantly next year
328 due to several major public safety grants. The fire department is expected to receive
329 approximately \$1.6 million through a SAFER grant, while the police department is expected to
330 receive approximately \$400,000 through a COPS grant.

331

332 Ms. Peterson reviewed the city’s business-type funds and explained that operating revenues
333 should exceed operating expenses to build reserves for future infrastructure needs. She noted that
334 updated utility rates have improved the water fund’s financial position, though the operating
335 margin remains below ideal, given rising infrastructure costs.

336

337 Ms. Peterson said the sewer and storm drainage funds currently maintain healthier operating
338 gaps, while the golf course and recreation fund performed positively in 2025, with revenues
339 covering nearly all operating expenses except depreciation.

340

341 Ms. Peterson reviewed the solid waste and recycling fund and noted that the presentation
342 separates operating revenues from the city’s annual grant funding. She pointed to a significant
343 financial change in 2025, explaining that it was expected due to operational changes within the
344 fund. Ms. Peterson said future years are expected to more closely resemble the fund’s 2025
345 financial performance rather than prior historical trends.

346

347 Mr. Weix explained that the grant revenue remained relatively consistent from 2021 through
348 2024 because the city received regular SCORE grant funding during those years. He noted that
349 grant revenues increased significantly in 2025 because the city also received additional grant
350 funding to help offset the cost of new recycling bins. Mr. Weix said the additional funding was a
351 one-time increase and expects grant revenues to return to the normal annual SCORE grant level
352 of approximately \$200,000 in future years.

353

354 The commission asked whether the sharp increase in solid waste and recycling expenses during
355 2025 was largely tied to the purchase of new recycling bins and whether those costs were
356 expected to decline in future years.

357

358 Mr. Weix confirmed that approximately \$750,000 to \$800,000 had been spent on the recycling
359 carts during the year.

360

361 Ms. Peterson explained that the purchases of recycling bins were treated as inventory rather than
362 capital assets. Most of the inventory expense had been recognized by year's end, although some
363 remaining inventory still appeared on the city's balance sheet at the close of 2025.

364

365 Commissioner Randolph asked whether the city had also changed recycling vendors when it
366 implemented the new recycling bin program, noting that he was new to Roseville and unfamiliar
367 with the city's prior recycling operations.

368

369 Mr. Weix explained that the city had previously contracted with Eureka Recycling and used its
370 recycling bins. The city later entered into a new contract with Waste Management and chose to
371 purchase its own recycling bins as part of the transition. Mr. Weix said the change was expected
372 to reduce the city's overall recycling costs compared to the prior arrangement with Eureka
373 Recycling.

374

375 Ms. Peterson concluded her prepared presentation and told commissioners she was available to
376 answer questions or review any specific sections of the financial statements in greater detail.

377

378 Chair Kanzenbach raised questions about the growth in public safety expenses over time,
379 particularly the differences between statements prepared on a full accrual basis and on a
380 modified accrual basis. He noted that the gap between the two reporting methods appeared
381 significant and said the ratio between them had also changed over time.

382

383 Chair Kanzenbach asked for clarification on why the increase in public safety expenses appeared
384 to vary substantially depending on the accounting method used.

385

386 Ms. Peterson responded that she would need to review the reconciliation details to provide exact
387 figures. Still, she said that pension-related accounting adjustments commonly drive differences
388 between full accrual and modified accrual reporting. She noted that public safety employees
389 participate in a separate pension plan, and the allocation of pension liabilities and related
390 actuarial adjustments can significantly affect expenses reported under full accrual accounting.

391

392 Ms. Peterson explained that expenses related to the police and fire pension plan administered by
393 the Public Employees Retirement Association of Minnesota are allocated to public safety in the
394 city's full-accrual financial statements. She noted that those pension-related expenses are not
395 reflected at the same level under modified accrual accounting, which commonly creates
396 noticeable differences between the two reporting methods for public safety expenses.

397

398 Chair Kanzenbach said he was not looking for exact figures but wanted to understand better the
399 categories driving the differences between full-accrual and modified-accrual public safety
400 expenses. Referencing trends since 2016, he noted that public safety expenses had increased
401 approximately 72 percent under modified accrual accounting compared to roughly 98 percent
402 under full accrual accounting.

403
404 Ms. Peterson explained that the primary reason for the larger increase under full accrual
405 accounting is pension-related expenses, including allocations tied to the police and fire pension
406 plan through the Public Employees Retirement Association of Minnesota, as well as the city's
407 fire relief pension plan. She noted that the fire relief pension incurred approximately \$1.4 million
408 in expenses, all allocated to public safety, in the full accrual statements.

409
410 Ms. Peterson added that depreciation and other routine accounting adjustments also contribute to
411 the differences, but pension- and post-employment-related costs are generally the largest drivers
412 of the variance.

413
414 Chair Kanzenbach concluded that the explanation answered his question, then asked whether any
415 commissioners had identified other unusual or unclear items in the financial statements that
416 warranted additional discussion.

417
418 Commissioner Randolph said he had additional basic questions from the perspective of an
419 average Roseville resident reviewing the financial statements. Referring to the governmental
420 funds revenue breakdown, he noted that approximately 52 percent of revenues came from
421 property taxes and asked whether that percentage was typical for cities and municipalities or
422 whether Roseville's reliance on property taxes was unusually high or low compared to other
423 communities.

424
425 Ms. Peterson responded that Roseville's reliance on property taxes for approximately 52 percent
426 of governmental fund revenues falls within a normal range for municipalities. She explained that
427 cities take different approaches to funding services, with some relying more heavily on user fees
428 and service charges. In contrast, others prefer broader property tax support to fund services for
429 the overall community. She said Roseville's balance between property taxes and other revenue
430 sources appeared reasonable and consistent with what she sees in other local governments.

431
432 Commissioner Randolph asked a follow-up question regarding the city's property tax base,
433 noting that he did not see a breakdown in the financial statements separating residential and
434 commercial property tax revenues. He asked whether the city tracks or reports data comparing
435 residential versus commercial property tax contributions.

436
437 Mr. Maguraneau explained that the city tracks property tax capacity by category, including
438 residential, commercial, industrial, apartment, and affordable housing. He noted that the
439 information appears in the statistical section of the financial statements rather than within the
440 audited portion of the report, specifically in Table 6.

441
442 Mr. Maguraneau said the city's current tax capacity includes approximately \$39 million tied to
443 residential property and approximately \$35 million tied to commercial property. Commissioners
444 noted that residential properties still contribute a slightly larger share of the city's tax base than
445 commercial and industrial properties.

446

447 Mr. Maguraneau also observed that, over the past decade and a half, the commercial share of the
448 city's tax base has generally increased. However, he noted that during the most recent year, the
449 residential share increased slightly compared to the prior trend.

450

451 Chair Kanzenbach noted that the statistical section of the financial statements is not part of the
452 audited material, although much of the information is provided by the county assessor. He
453 observed that commercial property has generally accounted for a growing share of the city's tax
454 base over the past 15 years. However, the residential share increased slightly in the most recent
455 year.

456

457 Chair Kanzenbach then asked for clarification regarding the tax rate information shown in Table
458 7 of the financial statements, specifically whether the figures reflected the city's mill levy or
459 overall tax rate. Mr. Magureanu explained that the city's total tax rate combines the operating
460 and debt service tax rates.

461

462 Mr. Magureanu further explained that the tax rate is calculated by dividing the city's levy by its
463 total tax capacity. Using a simple example, he described tax capacity as the total assessed value
464 base available to support the city's levy. As tax capacity changes, the tax burden is redistributed
465 among property owners. He confirmed that tax capacity is tied to assessed property values
466 provided by the county assessor.

467

468 Using updated county data, Mr. Magureanu explained that the city's 2026 tax base was projected
469 to be approximately 58 percent residential and 42 percent commercial and industrial. He also
470 clarified that property taxes are ultimately calculated by applying the city's tax rate to a
471 property's assessed market value. At the same time, separate tax rates are also applied by the
472 county and school districts.

473

474 Commissioner Jeffers discussed how property taxes are distributed across the city's tax base and
475 explained that an individual property owner's share of taxes is tied to the proportion of total
476 assessed value represented by that property. He noted that if a homeowner divides their
477 property's assessed value by the city's total assessed tax capacity, that percentage generally
478 reflects their proportional share of the levy supporting city operations and services.

479

480 Mr. Magureanu clarified that property taxes are not calculated simply by dividing an individual
481 property's value by the city's total assessed value. Instead, he explained that the city first
482 determines its total levy, then divides that levy by the city's total tax capacity to establish the tax
483 rate.

484

485 Using the 2026 example, Mr. Magureanu said the city's total levy was approximately \$33
486 million, and the city's net tax capacity was about \$71 million, resulting in a tax rate of
487 approximately 42.5. He explained that the rate is then converted to a percentage, which can be
488 multiplied by a property's market value to estimate the city portion of property taxes. Using a
489 median home value of approximately \$382,000, he demonstrated that the calculation would yield
490 an estimated city tax of roughly \$1,621.

491

492 Mr. Magureanu explained that the county assessor determines tax capacity and reflects the city’s
493 overall residential and commercial property values, adjusted for factors such as fiscal disparities
494 and tax increment districts. He noted that cities with stronger commercial tax bases generally
495 have larger tax capacities, while communities with limited commercial development rely more
496 heavily on residential values. He also explained that Roseville participates in the regional fiscal
497 disparities system, which redistributes a portion of commercial tax capacity among communities
498 throughout the metropolitan area.

499
500 The commission continued discussing how tax capacity and tax rates are calculated.

501
502 Mr. Magureanu explained that the city’s tax rate is determined by dividing the total levy by the
503 city’s net tax capacity, which is based on property values established by the county assessor and
504 adjusted for fiscal disparities and tax increment districts. He noted that increases in tax capacity
505 are generally positive because they spread the tax burden across a larger share of property value,
506 potentially helping stabilize tax rates. Conversely, if city spending rises while tax capacity
507 remains flat, tax rates increase.

508
509 Mr. Magureanu said the city closely monitors tax capacity and tax rates during the budget
510 process to minimize large tax increases. He noted that Roseville experienced significant growth
511 in tax capacity in recent years due to rising commercial property values. However, subsequent
512 valuation appeals and tax court petitions reduced some of that growth. He described 2026 as a
513 relatively stable year because tax capacity and tax rates increased at roughly the same rate.

514
515 The commission also discussed the city’s public safety expenditures and revenues.

516
517 Mr. Magureanu explained that public safety represents the city’s largest governmental expense
518 category, accounting for roughly 40 percent of general fund spending. While the city receives
519 some offsetting revenues through contracted police services, grants, and service charges, he
520 noted that public safety operations are primarily supported through property tax levy revenues
521 because governmental funds are intended to provide services rather than generate profits.

522
523 Reviewing the budget-to-actual figures for the general fund, the commission asked about a
524 substantial increase in service revenue charges.

525
526 Mr. Magureanu explained that the increase was largely tied to contracted police services
527 provided to businesses, such as retailers, for which the city receives reimbursement revenue,
528 which is then used to cover overtime costs for officers assigned to those details. He also noted
529 that increased personnel costs and additional staffing positions contributed to changes within the
530 general fund during 2025.

531
532 The commission additionally reviewed unemployment data included within the statistical section
533 of the financial statements.

534

535 Mr. Magureanu explained that the unemployment figures were obtained from the Minnesota
536 Department of Employment and Economic Development and reflected Roseville-specific data
537 rather than countywide figures.

538
539 The commission noted that the unemployment rate increased significantly from the prior year
540 and discussed the potential effect higher unemployment levels could have on future tax
541 collections and economic conditions within the city.

542
543 Chair Kanzenbach concluded the discussion by asking whether commissioners had any
544 additional questions for the auditors. He thanked Ms. Peterson for attending and assisting with
545 the review of the city’s financial statements and audit materials.

546
547

548 **Discuss Items for Joint City Council – Finance Commission Meeting**

549
550 The commission discussed preparations for the upcoming joint meeting between the finance
551 commission and the city council, which is tentatively scheduled for June 8.

552
553 Chair Kanzenbach explained that the annual meeting allows the commission to discuss topics it
554 believes are important for the council to consider, and noted that last year’s presentation included
555 both verbal discussion and written materials summarizing the commission’s observations.

556
557 The commission discussed preparing bullet-point materials again this year so councilmembers
558 could review topics in advance.

559
560 Mr. Magureanu reviewed the commission’s prior work plan topics. He encouraged the
561 commission to focus less on simply reviewing the annual financial report itself and more on
562 identifying broader financial trends or issues that could help inform councilmembers and the
563 public.

564
565 The commission discussed several possible topics, including rising property taxes, increasing
566 public safety costs, reserve levels in the general fund, pension and long-term liabilities, and
567 trends in tax capacity and tax rates.

568
569 Chair Kanzenbach expressed concern about the pace of tax levy growth and noted that property
570 taxes and city spending have continued increasing in recent years. He said those increases
571 ultimately affect residents and should remain an important focus for the commission moving
572 forward.

573
574 Mr. Magureanu responded that many neighboring cities have experienced similar tax rate
575 increases and displayed comparative historical tax rate data showing similar trends across
576 communities such as Roseville and Maplewood. He noted that maintaining stable tax rates while
577 balancing service demands remains a central challenge during the budget process.

578

579 The commission also discussed the city’s reserve policy and the importance of maintaining
580 general fund balances at or above the city’s minimum 35 percent reserve target.

581
582 Mr. Magureanu explained that the city had recently relied on reserve transfers from other funds
583 to maintain compliance with reserve policies. He cautioned that future budget pressures could
584 require additional levy increases or further reserve adjustments if expenditures continue to
585 outpace revenue growth. The commission indicated that reserve stability could be an important
586 topic to discuss with the city council.

587
588 Additional discussion focused on contracted police services provided to local businesses. The
589 commission asked questions about how those contracts operate, whether the services are
590 intended primarily to recover costs or generate revenue, and what long-term staffing impacts
591 could result from the arrangement.

592
593 Mr. Magureanu explained that revenues and expenses tied to the contracted police details are
594 being tracked separately to ensure the city is not subsidizing those activities with general tax
595 dollars.

596
597 The commission also discussed long-term public safety staffing costs, including concerns about
598 the expiration of future grant funding and the ongoing financial impact of recently approved
599 staffing increases. The commission further discussed future debt issuance plans tied to major city
600 projects, including projects expected to be supported through local sales tax revenues.

601
602 Mr. Magureanu explained that future debt issuances will likely be structured separately from the
603 operating budget process and may involve both capital project funds and debt service funds to
604 track project costs and repayment obligations. He also noted that the city will likely work with
605 bond advisors later in the year, once project timing and financing amounts are more clearly
606 defined.

607
608
609 **Maintenance and Operations Center Update/Discussion**

610
611 Mr. Magureanu explained that the information included in the packet reflects the city’s current
612 understanding of the proposed projects, although planning and design work is still ongoing. He
613 noted that discussions involving the possible purchase of an additional parcel of land could help
614 support both planned facilities. However, he said details were still being developed following a
615 closed meeting on the matter.

616
617 Mr. Magureanu explained that no major changes or significant new developments had occurred
618 since the previous discussions and described the projects as still largely in the design and
619 planning phase.

620
621
622 **Finance Tracking Document**

623

624 Chair Kanzenbach reviewed the Finance Commission Tracking Report.
625
626

627 **Workplan and Future Discussion Items**
628

629 The commission discussed updates to its work plan and future discussion topics, including a
630 proposal to revisit the city’s investment policy statement.
631

632 Chair Kanzenbach said he would be willing to take the lead on that review and suggested
633 scheduling the discussion during a less crowded meeting later in the summer.
634

635 During the discussion, the commission realized the previously proposed June 8 joint meeting
636 with the city council conflicted with the commission’s planned June 9 meeting, which had been
637 intended to finalize discussion topics for the council presentation. After reviewing the calendar,
638 the commission agreed that moving the joint meeting to June 15 would provide additional time
639 for preparation and discussion.
640

641 Mr. Magureanu indicated he would confirm the revised date with the city council.
642

643 The commission discussed the possibility of preparing written materials before the June 9
644 meeting and continuing to explore whether remote collaboration would be permissible under
645 open meeting law requirements.
646

647 Mr. Magureanu agreed to consult with the city attorney regarding allowable communication
648 methods between commissioners outside formal meetings.
649

650 The commission also reviewed future work plan scheduling and discussed whether the
651 investment policy statement review should occur during the July meeting.
652

653 Mr. Magureanu noted that the July agenda already includes a substantial discussion regarding the
654 city’s capital improvement plan and suggested that the investment policy discussion could
655 potentially occur during the June 9 meeting if time allows.
656
657

658 **Commission Direction on Member Initiated Agenda Items**
659

660 None.
661
662

663 **Other Business**
664

665 None.
666
667

668 **Adjourn**

669
670 Commissioner Jeffers made a motion, seconded by Commissioner Kaney to adjourn. The motion
671 carried unanimously.
672
673 Meeting adjourned at 8:31 p.m.

Roseville Finance Commission Agenda Item

DATE: June 9, 2026

ITEM: 5.a.

ITEM DESCRIPTION: Finalize discussion items for joint City Council - Finance Commission Meeting

Background

The Finance Commission has a joint meeting with the City Council on June 15, 2026, for the purposes of reviewing the Commission's activities during the past year, to receive any Commission guidance or recommendations, and to discuss the Commission's workplan for the current year.

Since the last joint meeting on June 17, 2025, the Finance Commission has conducted the following discussions or activities:

- Reviewed and made recommendation on the 2026-2045 Capital Improvement Plan review #1 – July 8th, 2025
- Reviewed and provided recommendations on the 2026 Budget, Tax Levy and Utility Rates — August 27th, 2025
- Reviewed and made recommendation on the 2026-2045 Capital Improvement Plan review #2 — August 27th, 2025
- Established Recommendation on 2026 City Manager Recommended Budget & Tax Levy — September 9th, 2025
- Establish Recommendation on 2026-2046 Capital Improvement Plan — September 9th, 2025
- Present Budget Recommendation to City Council — September 15th, 2025
- Update on the Council's adopted 2026 preliminary Budget & Tax Levy — October 14th, 2025
- Review final 2026 Budget & Levy — January 13th, 2026
- CIP discussion — should inflation be included, debt issuance — February 10th, 2026
- Review 2025 Investment Portfolio and performance — March 10th, 2026
- Reviewed excess cash reserve fund for 2025
- Received and reviewed 2025 audit reports

The Finance Commission should determine who will be presenting the various topics – past accomplishments, current workplan, etc.

Recommendation

Discussion on topics and preparation of recommendations for City Council consideration at a Joint City Council-Finance Commission meeting.

Attachments

1. Finance Commission notes for Joint Meeting on June 15th

Here are few of the questions and answers:

- City golf course not profitable – Correct. The fund can barely cover operating costs. From an operations standpoint, 2025 was essentially break-even with a positive net position change of \$14,636. However, all capital needs are supported through transfers from the Capital Building Replacement Fund 410 and the Capital Parks Fund 402. For 2025, the transfer amount was \$82,169.

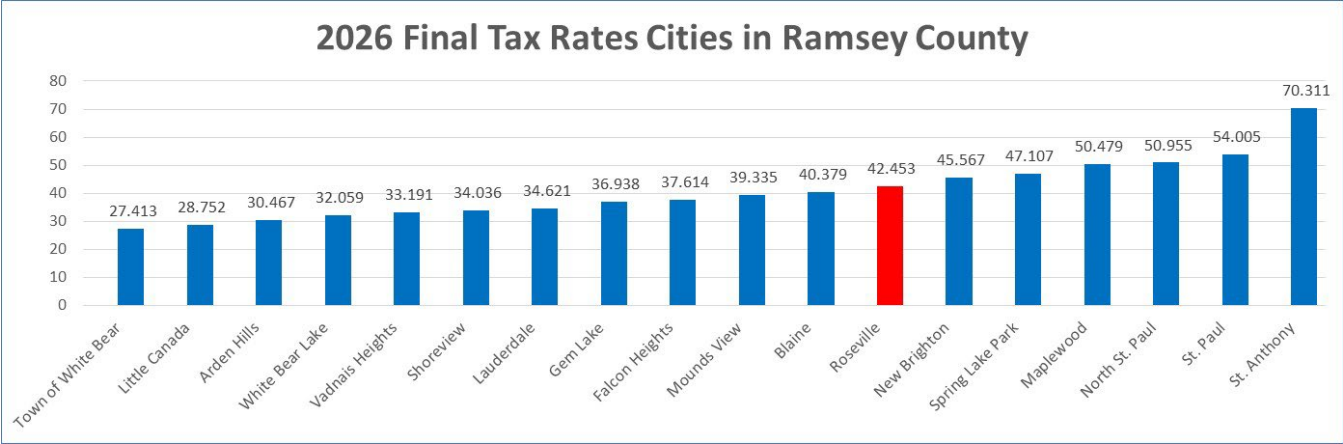
- Police contracts with Target and Walmart – These contracts began in 2025. There isn't much historical data yet, but the primary focus is ensuring the rates we charge cover officer overtime costs as well as administrative overhead. Staff is monitoring these contracts and will review the current rate structure.

- Difference in property tax revenue between residential and commercial properties – The City's tax rate applies to both categories, while the County Assessor determines the valuations for each. Since valuations are outside our control, our focus is primarily on the tax rate, which is driven by the City budget.

- License Center revenue – This is an important point to highlight. The License Center continues to perform very strongly and remains a key contributor to keeping the General Fund levy low. Resolving their ongoing space constraints is critical, and the City is already moving toward approving a new facility for both the License Center and the Passport Center.

- Private trash vs. city recycling – This varies by city preference. Some cities take on billing for all services to enhance customer service and maintain closer engagement with residents. The downside is additional workload for City staff, who then need to manage more calls and mediate issues between residents and haulers, often requiring additional staffing and higher rates. When residents work directly with haulers, the City is generally less involved unless residents bring issues forward.

- Commend the Finance Department for speedily issuing the ACFR and for again being awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting
- Roseville is in generally good financial condition
- Long-term liabilities are low
 - Bonded debt is currently very low, but will be increasing
 - Pension funds (run by the state) have fairly low unfunded liabilities
 - OPEB liabilities are very low
- Unrestricted fund balances are just adequate
 - At year-end General Fund balance was just over 35% (the minimum recommended by the state)
 - The Cash Reserve Fund was completely depleted in order to reach the 35% level
 - General Fund will need to operate at a surplus in 2026 and in future years in order to maintain the 35% level due to increasing expenditures
 - Especially important to have adequate fund balances when we are evaluated by the bond rating agencies for our upcoming bond issuance
- Fair value of investments rose \$1.8 million primarily due to natural recovery of bond prices from the large decline in 2022
- Number of employees has been fairly stable over the last decade except for police
- Primary driver of increasing expenditures has been in Public Safety
 - (Note: the following figures use accrual accounting and do not include the 2025 expenditures which are reimbursed for special policing for retailers)
 - Expenditures rose 69% from 2020 to 2025, an 11.1% compound annual increase
 - Public Safety comprised 45.4% of Governmental Expenses in 2025, up from 34.7% in 2020
- The assessed value of commercial property has grown more rapidly than residential property over the past decade, which lessens the tax burden on residences. This reversed in 2025, as total commercial property value declined. Commercial property is still a very high 47% of total assessed value.
- Roseville's tax rate is ??????, which compares to ????? average for Ramsey County suburbs **(SAM: CAN YOU GET THIS INFO FROM THE COUNTY, PLEASE)** – The City's Tax rate for Roseville for 2026 is 42.453 (which includes the EDA rate as well)



- Tax collection rate has declined slightly in recent years primarily due to assessed value challenges. The collection rate is still acceptable, but likely will remain below 100%, which should be considered when budgeting
- A major issue for the City is how to balance continued increases in property taxes with the cost of services residents desire

Roseville Finance Commission Agenda Item

DATE: June 9, 2026

ITEM: 5.b.

ITEM DESCRIPTION: Maintenance and Operations Center Update/Discussion

Background

At each meeting throughout the planning and construction process, staff will provide updates on the progress of the Maintenance and Operations Center. The February 11th Commission meeting contained a lot of information with regard to this project, and it is recommended that Commission members bring this information to each meeting for reference.

The Below information was provided by the City Public Works Director, Jesse Freihammer:

Both the License Passport Center and Dance Studio (LPCDS) and Maintenance Operations Center (MOC) are still in schematic design. Both the LPCDS and MOC schematic design reports will be presented to Council at their June 15th council meeting. The Council will consider approving an agreement with the VFW to purchase a portion of their parking lot for the project. The agreement would include a shared parking agreement and storm water easement over the parking lot.

A third stakeholder meeting will be held, tonight, Wednesday, June 3, 2026 to review updated plans and to get feedback on the building architecture as well as buffers around the sites. Stakeholder minutes and presentations can be found here. <https://www.cityofroseville.com/4017/Civic-Campus-Final-Design-Stakeholder-Gr>

The overall project is looking to be bid late this year with construction starting in 2027.

Recommendation

No recommendation at this time.

Attachments

None

Roseville Finance Commission Agenda Item

DATE: June 9, 2026

ITEM: 5.c.

ITEM DESCRIPTION: Finance Tracking Document

Background

Recommendation

Attachments

1. Tracking Document

**Roseville Finance Commission
Recommendation Tracking Report
Report Date - April 14, 2026**

No.	Recommendation	Description	Date Recommend	Date Presented	Status	Discussion and Next Steps
2025-06	Finance Commission agrees with the proposed update and revisions including the update to the statutory limit of 3% of estimated market value of taxable property. The Commission recommends changing the "AAA Bond rating" to "Strong Credit Rating". With these changes the Commission recommends approval by City Council.	Debt Policy review and revision	10/14/2025	10/27/2025	Implemented	Finance Commission reviewed and discussed proposed changes and updates to Debt Policy.
2026-01	Finance Commission recommends expanded disclosures in the statistical section of the Annual Comprehensive Financial Report. (ACFR)	Recommendation is to expand disclosures in Table 5. Recommends adding a new column to disclose the annual % increase in Property Tax. Further recommends adding new columns for Sales Tax and Franchise Fees. The intent of this recommendation is to show the annual change in city tax burden for homeowners and businesses. <u>Also report annual property tax on median value home</u>	1/13/2026		Pending	Finance Commission will continue the conversation about this recommendation at the meeting of 2/10/26. We expect the continuing conversation will include an examination of the annual change in city tax burden on median value home.
2026-02	Finance Commission would like to review a sample copy of a simplified ACFR report to determine if it might be a worthy addition to our standard financial reports.	Finance Director made reference to a simplified ACFR format that might be easier to read and understand.	1/13/2026		Pending	Discussion about the complex format of the ACFR. Probably beyond what is reasonable for the average reader to comprehend and synthesize.
2026-03	Numerous questions or recommendations were discussed in many of the City Funds. For example, suggested use of borrowing as a source of funds for fire engines. Another example is use of state grants or borrowed funds for OVAL improvements. A common theme of these suggestions is creative or alternative sources of funding so that levy is not the sole source of CIP funding.	Finance Commission reviewed the first draft of the Capital Improvement Plan for 2027.	1/13/2026		Pending	The Finance Commission asked questions or made recommendations about the CIP draft for the consideration of staff or City Council.
2026-04	Finance Commission recommends 20 year CIP report without inflation. Also recommends 10 year CIP report with a 3% inflation factor.	Finance Commission discussed format options for the CIP budget worksheets. Are the last 10 years of a 20 year look ahead really useful? Should we add a cost of living escalator of some sort?	1/13/2026		Pending	It was noted that costs contained in the CIP budget worksheets are updated to estimated market conditions each year