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.

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

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

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

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

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

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

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

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

Chair Kanzenbach referenced Ms. Peterson's similar presentation to the city council and observed that councilmembers appeared to view the matter as an accounting error rather than fraud or misconduct. He noted that although the dollar amount was significant, the issue did not appear to disrupt city operations materially.

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

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

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

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

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

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

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

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

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

Ms. Peterson also reviewed accounting estimates included in the financial statements, including the city's OPEB liability. She explained that Minnesota law allows retirees to remain on the city's health insurance plan until they become eligible for Medicare, creating a long-term actuarial liability. The city's OPEB liability at the end of 2025 was reported at just under $1.5 million.

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

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

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

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

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

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

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

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

Mr. Weix commented that staff would continue saving the weekly pledge collateral statements in a designated folder to ensure the documentation is available for future audits. During the discussion, commissioners and staff noted that pledged collateral is typically held in the form of treasury securities or government agency securities.

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

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

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

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

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

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

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

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

Commissioner Kaney asked about a section of the audit materials that discusses property tax assessments and collections, particularly for commercial properties, where valuations are frequently challenged through appeals or litigation. He asked whether the difference between assessed values and the amounts ultimately collected in Roseville was generally consistent with what auditors see in other municipalities, or whether the city experiences a larger-than-average gap between assessed and collected property tax values.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Commissioner Randolph asked for clarification on the city's intergovernmental revenue category during the financial statement review. He said he had tried to locate more detailed information in the audit materials but was uncertain which specific revenue sources were included in the intergovernmental revenue totals. He added that the question might reflect his being newer to the commission and still learning the structure of the city's financial reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The commission also discussed the city's public safety expenditures and revenues.

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

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

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

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

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

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

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

Discuss Items for Joint City Council – Finance Commission Meeting

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

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

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

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

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

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

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

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

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

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

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

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

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

Maintenance and Operations Center Update/Discussion

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

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

Finance Tracking Document

Chair Kanzenbach reviewed the Finance Commission Tracking Report.

Workplan and Future Discussion Items

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

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

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

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

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

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

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

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

Commission Direction on Member Initiated Agenda Items

None.

Other Business

None.

Adjourn

Commissioner Jeffers made a motion, seconded by Commissioner Kaney to adjourn. The motion carried unanimously.

Meeting adjourned at 8:31 p.m.