



MEMORANDUM

Finance Champion Report

Item Type: Informational Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: January 15, 2024
From: Council Members Davis and Lord

With direction from Resolution 23-120, we met with the City Manager and Finance Director on Friday, January 12 to review goals, priorities, and timelines for financial plan development for the City.

Financial Reporting proposals

- We discussed the report templates brought to Council during the October 23, 2023 work session. Staff hadn't heard any further feedback on them, and we agreed they were a good starting point.
- Timing: Based on timing of Council meeting packets and the time it takes to build an accurate report after the close of each quarter, Quarterly expenditure reports will be presented at the first meeting of the 2nd month after the end of a quarter (i.e. first meeting in February for Q2 (Oct-Dec)).
- Quarterly reports that will be provided:
 - Detailed expenditure reports for each operating fund (GF, Utility, Enterprise) (example: 10/23 work session packet pages 11-21)
 - Cash/Investment Balances Report (example: 10/23 work session packet page 5)
 - Fund Balances Report (example: 10/23 work session packet page 7)
- Monthly reports will be provided at the second meeting of each month. Monthly reports are a condensed expenditure report to-date (budget to actuals) for each operating fund (GF, Utility, Enterprise) (example: 10/23 work session packet pgs. 2-4)
- Finance will provide a calendar with the meeting dates for which financial reports can be expected.
- Financial reports will be provided as a separate attachment under Council meeting packets, similar to the City Manager's report.

Developing Financial Policies

- We will continue to work with staff and Council to develop a common understanding of specific finance terms. We've asked staff to specifically develop a 'cheat sheet' overview of the definitions of "Cash" and "Fund balance".

- We plan to work with staff on a high-level framework for General Fund financial policies, filling in existing policy and procedures, and beginning to work through with Council the many questions and considerations therein.
- Resolution 23-120 directed Harbor staff to work with the Port & Harbor Commission on financial policies for the Enterprise. We recognized that the single line in that resolution lacks direction, and plan to bring forward a resolution in which Council can provide greater clarity.

CARMA Planning

- We discussed the process of reevaluating the structure of the GF CARMA fund (156) to include some subaccounts. This would allow for better planning and transparency across departments. It won't change the Council's ability to appropriate (and re-appropriate when needed) between funds.

Audit

- FY22 should be out to Council shortly, 19 months after the books were closed. The City has done its part and is now going through final review with BDO.
- FY23 audit (for the fiscal year that closed in June 2023): Once the FY22 audit is accepted the City will be able to engage BDO for the FY23 audit. Finance staff is currently completing document review for the FY23 audit and have scheduled time with Porter & Allison in February to work on site in Homer to complete the City's financial statements.
- FY24 audit (for the fiscal year that will close June 2024): we requested that a focused effort be made to get the city back on track with audit timing. We initially agreed on a goal of completing the FY24 audit within six of the end of the fiscal year, which would provide the Council with an audit document in December 2024. After further conversation, staff determined that 9 months would be more realistic in FY 24, and that they should be able to meet the six month turnaround time for the FY25 audit. The city manager agreed to develop a timeline and provide aggressively realistic benchmarks for different stages of audit completion, including internal procedures on timeliness for closing out the City books. Staff needs to collaborate internally and with BDO to develop this timeline, and it is hoped that it will be included in a finance report at a Council meeting by the end of February.
- Finance agreed to provide Council with an audit "cheat sheet" to assist with reading and understanding the audits & accompanying documents when they come out (similar to what BDO presents with the audit, but written down and kept as a reference).

Procurement Policy

- Staff has been working on a comprehensive update of the City's procurement policy. They will provide a draft to us as champions by January 27th. We will review and provide feedback, and present to Council for discussion at the second meeting in February, and with the goal of introducing a resolution at the first meeting in March.

Backup Documents:

Memorandum
City Council
January 15, 2024

CC-24-026

- 10/23 financial reporting packet
- Reso 23-120