

Date: April 7, 2020  
 From: Terry Duryea  
 To: Finance Committee members and Town Staff

Hello fellow Finance Committee members.

The memo summarizes the public information I found when researching the finance committee-like committees for 4 neighboring cities. The information sources included the city website, committee meeting agendas with attachments, committee meeting minutes, and reports to City Councils.

I am bccing this to you so as not to violate the Brown Act. Please do not respond.

I understood from a March 5 meeting I attended with Laurel Prevetti, Arn Andrews and Rob Rennie that the Town was looking to our committee to review certain aspects of the Finance Committee focus in light of the proposed Initiative for the November ballot to form a Finance Commission. The following information is a summary of the responsibilities of other Finance Committees for the following cities:

- Los Altos Hills has a Finance & Investment Committee
- Los Altos has a Financial Commission
- Menlo Park has a Finance & Audit Committee
- Campbell has a subcommittee of the City Council made up of 2 Council members & 3 City Staff

As part of this research, I talked to committee members for the Los Altos and Los Altos Hills committees. But this report does not include any anecdotal information or observations they provided from those discussions.

<b>Responsibilities of the City's Finance Committee</b>				
	<b>Los Altos Hills</b>	<b>Los Altos</b>	<b>Menlo Park</b>	<b>Campbell</b>
Advisory body to council	X	X	X	**
Review annual budget + make recommendations	X	X	X	
Review 5/10 year plan	X	X		
Review 5 year capital budget + make recommendations	X	X	X	
Review annual audit	X		X	X
Advise the council on change + selection of auditors	X			
Study all fiscal issues + recommend possible improvements and economies	X			
Monitor investment performance + recommend changes as appropriate	X	X	X	X
Monitor Pension/OPEB obligations + recommend appropriate mitigation + reserve policies	X	X	X	
Review + update cities financial policy		X		
Review CAFR		X	X	X
Review City Managers Annual Financial Report		X	X	
Improve financial communication to public			X	
Assist in delivery of timely, clear & reliable financial info			X	
City/Town litigation exposure				X
Finance Committee have its own subcommittees	No	No	Yes	N/A
CAFR filed by 12/31	No	No	Yes-in November	No

Annual work plan	Yes	Yes	Yes	Unknown
Meeting frequency	Generally monthly	Generally monthly	5 times in 2019	2 times in 2019
Certificate of Excellence	Yes	Yes	Yes	Yes
** Campbell has no separate Finance Committee. It is a "sub-committee" of City Council				

The committee makeup for each of the Cities is:

Los Altos Hills	9 voting +3 non voting associates, all are residents
Los Altos	7 voting all residents + 1 Council member liaison
Menlo Park	7 voting, 5 residents plus Mayor and Vice Mayor
Campbell	2 Council members + City Mgr + 2 Finance Dept

The financial operations of the above cities and/or the relationships between Staff, Council and their respective committees is not all wine and roses. Based on reading the meeting minutes since December 2019, I identified the following items:

- \* *In December 2019, the Los Altos Hills Finance & Investment Committee chair sent a letter to the Council notifying them that as part of the audit of fiscal 2018-2019, the auditor reported to the Finance Committee that the audit had identified "three serious internal control failures...and [stated that] 25 adjusting journal entries [were] recommended to bring the financial statements into a position where the audit could be performed".*
- \* *The January 20, 2020 Los Altos Finance Commission minutes said the Chair will send an email to Council on behalf of Finance Commission regarding their "discontent with the current financial positioning of the City. [The letter also] expressed the need for Council to have more accountability and consideration for the overall fiscal impact of their Council meeting decisions on the City."*

Town Staff has reviewed my memo to ensure I do not violate the Brown Act. Therefore I have been careful to offer no opinions or conclusions, only information. Through Staff, I understand the Town will send us a Staff report prior to our committee meeting.

All the above information was gathered by me. Although I am a personal friend with one of the Town residents supporting the Finance Commission Initiative, the idea to do research and prepare a report was solely my idea—I gathered all the information.

