

CITY OF DANA POINT
AGENDA REPORT

| Reviewed By: | |
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| DH | <u> X </u> |
| CM | <u> X </u> |
| CA | <u> </u> |

DATE: AUGUST 29, 2017

TO: FINANCIAL REVIEW COMMITTEE

FROM: MARK DENNY, CITY MANAGER

SUBJECT: FINANCIAL REVIEW COMMITTEE PROCEDURES

RECOMMENDED ACTION:

The Financial Review Committee Review and Approve proposed Committee Procedures

BACKGROUND:

The Financial Review Committee was formally established by the Dana Point City Council Resolution 17-03-07-01. The enabling Resolution established the name, membership, and purpose of the organization.

At the last Financial Review Committee meeting, Chair Porter agendized a discussion of Committee Procedures to provide a framework and schedule for the Committee's work.

DISCUSSION:

The Committee did not come to a consensus on its work procedures at the last meeting. As a result, staff has taken the initiative to draft a set of procedures for the Committee's review, comment and consideration.

The Committee Procedures document before you establishes a regular meeting time of the Committee (4th Monday of each month, 4:00pm – 6:00pm) and establishes the process by which the Committee can conduct its work. The purpose of the procedures is to enable the Committee to have an established process to use in conducting its work in order to facilitate the orderly consideration of recommendations to the City Council

NOTIFICATION AND FOLLOW-UP:

None.

FISCAL IMPACT:

None.

ALTERNATIVE ACTIONS:

Other actions as may be determined by the Financial Review Committee.

ACTION DOCUMENTS:

None.

SUPPORTING DOCUMENTS:**PAGE #**

| | |
|---|-------------------|
| A. Resolution 17-03-07-01 | 3 |
| B. Committee Procedures | 7 |

SUPPORTING DOCUMENT A**RESOLUTION NO. 17-03-07-01****A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
DANA POINT, CALIFORNIA AMENDING THE
MEMBERSHIP, DUTIES AND RESPONSIBILITIES OF THE
FINANCIAL REVIEW COMMITTEE.**

WHEREAS, the City Council of the City of Dana Point ("City") has a long and established history of being good guardians and stewards of the public's money;

WHEREAS, appropriations, expenditures and other budgetary matters are a primary concern of the City Council;

WHEREAS, the City Council has adopted various policies regarding financial matters;

WHEREAS, in 1989 the City Council officially adopted its Statement of Safekeeping and Investment of Public Funds ("Investment Policy"), and concurrently formed an Investment Review Committee ("IRC") as required by the investment policy; and,

WHEREAS, in 2005 the City Council amended the scope of responsibility of the IRC to advise, review, comment and work with Staff to draft specific financial management policies and provide recommendations for the City Council's consideration relating to the development and implementation of general fiscal policies; and,

WHEREAS, in May 2015, the City Council changed the name of the IRC to the Financial Review Committee ("FRC"); and,

WHEREAS, the City Council now desires to make amendments to the membership and purpose of the FRC; and

WHEREAS, the City Council by adopting this Resolution desires to change the makeup of FRC's membership to be comprised of five Dana Point residents, with each FRC member selected by a City Council member to serve at the pleasure of the City Council member that selected him/her during the term of appointing City Council member's term of office, and to amend the role and duties assigned to the FRC.

NOW, THEREFORE, the City Council of the City of Dana Point resolves as follows:

Section 1: The City Council hereby amends its preexisting resolutions related to the Financial Review Committee as described in Attachment "A," which is incorporated herein by reference.

Section 2: The City Council hereby repeals all resolutions related to the Finance Review Committee that are in conflict with this resolution.

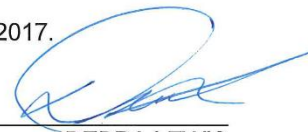
Resolution No. 17-03-07-01
Financial Review Committee – Purpose and Procedures
Page 2

Section 3: If any section, subsection, sentence, clause or phrase of this resolution is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this resolution. The City Council hereby declares that it would have passed this resolution and each section, subsection, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases be declared unconstitutional.

Section 4: The recitals provided in this resolution are true and correct and are incorporated into the substantive portion of this resolution.

Section 5: This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting this resolution.

PASSED, APPROVED and ADOPTED this 7th day of March 2017.



DEBRA LEWIS
MAYOR

ATTEST:



KATHY M. WARD
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF DANA POINT)

I, Kathy Ward, City Clerk of the City of Dana Point, do hereby certify that the foregoing Resolution No. 17-03-07-01 was duly adopted and passed at a regular meeting of the City Council on the 7th day of March 2017, by the following roll-call vote, to wit:

AYES: Council Members Muller, Tomlinson, Viczorek, Mayor Pro Tem Wyatt,
 and Mayor Lewis

NOES: None

ABSENT: None



KATHY M. WARD
CITY CLERK

**Resolution No. 17-03-07-01
Financial Review Committee – Purpose and Procedures
Page 3**

ATTACHMENT A:

FINANCIAL REVIEW COMMITTEE (“FRC”)

PURPOSE:

The City of Dana Point Financial Review Committee (FRC) is a standing committee established by the City Council (“Council”) to review matters pertaining to the finances of the City, advise the Council on financial matters and provide recommendations to the Council on City financial policies and actions.

MISSION:

The mission of the FRC is to support the Council’s financial decision-making process by providing clear, accurate financial analysis, interpretation and advice. The FRC will provide financial expertise that facilitates and enhances Council’s commitment to fiscal responsibility, long term financial viability and good stewardship of taxpayer resources.

SCOPE OF WORK:

1. **Fiscal and Financial Advice:** Provide oversight and advise the City Council on matters concerning the general fiscal operations of the City, providing information to assist them in making good financial management decisions.
2. **Financial Reports:** Review, discuss and make comments/recommendations in regards to the:
 - a. City’s Proposed Budget and adjustments to the Adopted Budget;
 - b. Interim unaudited financial reports (Monthly and Quarterly);
 - c. Audited Comprehensive Annual Financial Report (“CAFR”); and,
 - d. Legally required financial filings and disclosures.
 - e. This Committee is serving as a Watchdog Committee, not a Policy Making Committee.

Said reviews to include, but not be limited to, comparison of budget vs. actual revenues and expenditures, and comparison of performance to the City’s Master Financial Plan that is included in the adopted budget.

3. **Make recommendations to the City Council regarding financial policies:** Policies to include, but not be limited to, Budget, Reserves, Investments and Debt. This Committee is serving as a Watchdog Committee, not a Policy Making Committee.

Said policies should be directed to ensure the long-term viability of the City by creating prudent reserves for projected short and long-term financial needs, as well as potential emergencies and/or economic downturns. In regards to investments, help ensure that funds are safeguarded and invested appropriately. In regards to debt, monitor the City’s outstanding debt and debt capacity, and assist with issues relating to the issuance of debt.

Resolution No. 17-03-07-01
Financial Review Committee – Purpose and Procedures
Page 4

4. **Transparency:** Strive to make clear, relevant, easily understood financial information available to the City Council and residents of Dana Point.
5. **Auditors:** The FRC should have access to the City's independent auditors during the planning of the annual financial audit, in addition to after the audit. Also, the FRC should participate in evaluating, and make a recommendation to the City prior to selection of new independent auditors.

ACCESS & LIMITATIONS:

6. The FRC is authorized to review all City financial and operational information, policies, and procedures, unless such information is protected for reasons of legal confidentiality. Access to such documents and information requires a majority vote of the FRC.
7. The FRC has no legislative powers and exists solely to advise the City Council on financial matters. Committee reports, advice and opinions have no direct legal impact on the City of Dana Point.

ORGANIZATION:

8. The FRC consists of 5 members. To qualify as a member of the FRC a member must be (1) a registered Dana Point voter and (2) a full-time Dana Point resident.
9. Each FRC member is appointed by one of the 5 Council members, at the appointing Council member's discretion. Appointments shall be ratified by the Council, which shall simply amount to a confirmation that the proposed member is qualified as noted in item 8. above.
10. Each FRC member serves at the pleasure of the appointing Council member, but no longer than the appointing Council member's term on the Council.
11. The FRC shall annually appoint a chair and vice-chair.
12. The FRC is to meet quarterly on a set date and time unless a majority of the FRC votes to meet more often. Unexcused absence from three regularly scheduled meetings should be cause for consideration of dismissal from the FRC.
13. The FRC's minutes shall be submitted to the City Council on a regular basis, just as occurs with the Planning Commission and other Council created bodies. Reports prepared by the FRC on specific topics shall be presented to the Council on its agendas when deemed appropriate by the Council.

SUPPORTING DOCUMENT B

**City of Dana Point
Financial Review Committee**

Committee Procedures

FRC Authority: City Council Resolution 17-03-07-01
Adopted: August 29, 2017
Regular Meeting Time: Fourth Monday of each month, 4:00 – 6:00 p.m.
Meeting Location: Dana Point City Hall, Council Chambers or Conference Room

Committee Work & Procedures

To further refine the Financial Review Committee's Scope of Work as established by the City County, the following Procedures are established:

Financial Policies: Develop & recommend for Council approval complete set of Financial Policies
Maintain and update financial policies and recommend Council Approval

City Council Referrals: Staff to identify specific outcome/timeline in response to Council Request (primarily via City Council minutes)
City staff shall prepare initial scope of work for review & approval by FRC
FRC Members may individually provide input and requests for scope, subject to review and approval of FRC at next regularly-scheduled meeting
Scope changes require approval by FRC at regularly-scheduled meeting

FRC-Initiated Studies: FRC Members shall present proposals for FRC-initiated studies for review/approval at a regularly-schedule FRC meeting
Proposals shall include defined outcome (e.g. specific recommendation to Council), scope of work, estimated timeline and estimate of staff time (including staff's concurrence on estimates)