

City of Woodbury

**Audit and Investment Commission Minutes
March 24, 2023**

Pursuant to due call and notice thereof, a meeting of the Audit and Investment Commission was held at Woodbury City Hall, 8301 Valley Creek Road, on the 24th day of March 2023.

Item 1: Call to Order / Roll Call

Chair Lehman called the meeting to order at 7:30 a.m.

Upon roll call, the following members of the Audit and Investment Commission were present: Gracie George, Frank Gilbertson, Cody Groth, Jeanine Kuwik, John Lehman, Alec Sonstebly, Ross Tollefson, and Annmarie Weiser.

Absent: None

Others present: Angela Gorall, Assistant City Administrator; Jason Schirmacher, CFO/Controller; Kim Wilson, Council Member; Mary Hurliman, Public Works Director; Roxy Nowicki, Recording Secretary.

Oath of Officer forms were handed out to newly elected and reelected Commission members.

Item 2: Approval of Minutes – February 10, 2023

Member Sonstebly stated there was one spacing correction to the minutes.

Moved by Member Sonstebly and seconded by Member Tollefson to approve the corrected February 10, 2023 minutes.

Voting in favor: All present

Voting Against: None

Absent: None

Item 3: Review and Recommend Updates to CD-FIN-5.10 Water and Sanitary Sewer Utility Capital Asset Funding and Reserve Policy

Ms. Gorall gave a brief introduction to Commission Members on what a Council Directive is. The City has policies in place for the many rules and regulations they need to follow. There are two different types of policies - Administrative Directives and Council Directives. Council Directives need to be approved by Council and Administrative Directives can be approved by the City Administrator.

Ms. Gorall continued by stating that implementation of this policy will be an annual process. As the budget is reviewed and rates are set for utilities, staff will depend on this policy to guide that decision making. Funding decisions and recommendations will be made as part of the budget process.

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After a short discussion, Mr. Schirmacher began reviewing the changes to the key policy parts of the directive. Each section of the policy was reviewed with Mr. Schirmacher providing details on why any changes are recommended and why some sections are recommended to remain unchanged. Mr. Schirmacher also provided a detailed review of the division's process on determining depreciation.

After review and discussion, it was determined to accept the policy with the additional following changes:

4. Renewal and Replacement (Capital Asset) Reserve

- The second paragraph, first sentence. Replace "The annual depreciation is on capital assets with an initial cost of \$5,000. . ." with "The annual depreciation is on capital assets with an initial cost consistent with City capitalization policy and. . ."
- The second paragraph, last sentence. Replace "Theoretically. . ." with "The goal being. . ."

Debt Utilization and Considerations

- The first sentence. Replace "Debt may be utilized to mitigate the effects of large. . ." with "Debt may be utilized to fund large. . ."

RESERVE REPLENISHMENT

- Replace "target funding. . ." with "depreciation funding. . ."

Moved by Member Kuwik and seconded by Member Sonstebly to approve Council Directive CD-FIN-5.10 with the changes discussed.

Voting in favor: All present

Voting Against: None

Absent: None

Item 4: Other Business

Ms. Gorall then gave a brief update on the new ERP system with Tyler Technology. There will be an upgrade to the Utility Billing system as well.

The next meeting will be approximately late June to review the audit.

Meeting adjourned 8:30 a.m.

Approved by the Audit and Investment Commission on June 23, 2023.