



## Memorandum

**To:** City Council  
**From:** Ben Cowan  
**Date:** 5/19/2016  
**Re:** Semiannual Finance Department Report

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Although most of the services the Finance Department provides are enduring functions, we continually try to make our processes more efficient, more customer friendly, and we try to stay on top of changes in law and the availability of technology.

We have celebrated several milestones in the office during the last six months. Dorene completed 23 years with the City in February (whereas I completed my first year), Shannon completed 6 years in April, Tammy completed 5 years in May and Michelle will complete 8 years in June. They all do an incredible job helping customers in a polite, clear way and in performing their jobs in an accurate and efficient manner.

Below are some highlights of some projects we've undertaken in Finance over the last six months:

### Human Resources:

Tammy worked to help employees through the open enrollment period and prepared personnel action forms for each employee's 2016 wages. We coordinated with the Parks and Recreation Department to offer payroll deduction for City employees' community center memberships. We've seen an increase in employees signing up, which helps employees by spreading the cost of the membership across twelve months and helps the City by gaining more members.

We worked to memorialize the practices used in payroll by finishing the Compensation Plan Administration Guidelines. The document will guide the City in payroll decisions and ensure all employees are treated fairly. The document outlines how minimum wage increases, new hires, promotions, lateral transfers, part-time wage adjustments, part-time experience adjustments, etc. are handled.

The City has enrolled every employee in the Employee Assistance Program. An EAP enhances an organization's employee productivity, performance, conduct, and minimizes behavioral risk by offering 3 free, confidential visits each year to each of the following:

- 1) Attorney visits for estate planning, divorce counseling, legal problems, etc.
- 2) Counseling for relationship difficulties, drug/alcohol misuse, depression or anxiety, family & parenting issues, job-related problems, workplace conflicts, etc.
- 3) Financial advisor to assist with financial planning or problems, elder care, etc.

An EAP can also assist with issues occurring within the workplace by providing mediators/counselors to deal with the aftermath of a critical event, problematic levels of stress, workplace conflict, etc. Thank you for supporting the employees in approving this new program during the budget process.

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Tammy has updated the CML wage survey data compiled by CSS-TechNet with the City of Gunnison's 2016 wage data. She also completed various other salary surveys that will help us to analyze our wages and benefit packages during the upcoming year.

Tammy has also worked with Gunnison Valley Health to prepare health fair payment vouchers for participating City employees. Rather than paying upfront and getting reimbursed, the employee can simply provide a voucher and the insurance reimburses GVH directly. It is a great way to increase participation in the health fair.

As part of our efforts to cross-train in critical areas, Tammy trained me in the use of the software to process the bi-weekly payroll.

We also are busy working with the semi-annual review of the Employee Handbook as it relates to changes in employment law. Some upcoming changes include a return to work policy, amendments to the drug-free work place/reasonable suspicion policies, and a simplification of overtime calculations, among other changes to bring the Employee Handbook into compliance with the current legal environment.

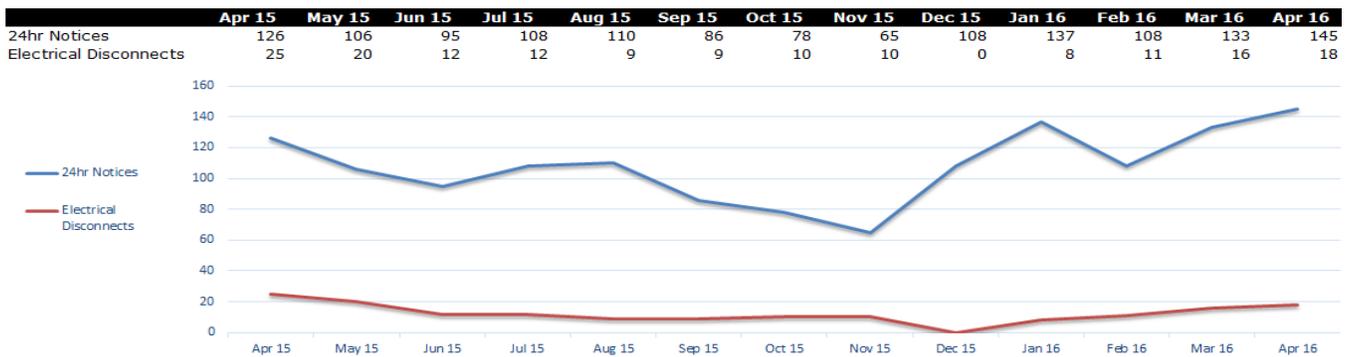
W-2's were sent out on time. Unemployment, disability, Family and Medical Leave Act, and Affordable Care Act reporting is ongoing. Tammy has provided the information to complete the 1094 C transmittal to the IRS for the new Healthcare Act.

We met with Western personnel and made some modifications to the internship program and wage rate to help facilitate internships for those students that have do work during their schooling. Rather than paying \$1,050 at the end of an internship, the City will now pay a base rate with a completion bonus (upon signoff from the student's professor and a passing grade of C).

Utility Billing:

Shannon does a fantastic job managing the utility billing. We often have trouble gathering the meter data from the various types of meters due to electronic and hardware challenges and she invariably works out a way to gather accurate data for billing purposes with a minimum of entry labor and interruption to the electric, sewer, water and refuse crews. The Public Works crews have been busy replacing old manually read meters with new meters that regularly download usage data over the network. Shannon has carefully been working to manually calculate the charges as old meters are retired and new meters are associated with the correct accounts. To date, 903 new meters have been installed.

Shannon processed the annual refund of deposits in November to those utility customers who have had an account with the City for a year and have paid their bills on time.



Now the new Application for Utility Services integrates the Automatic Payment Plan so customers have a much simpler process for signing up for new service and enrolling in the Payment Plan if they wish.

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We have done a significant amount of work to make conducting business online simpler in preparation for the new website, including automatic submission of paperwork via the website. With this integration, we've seen more interest in the free Automatic Payment Plan, which saves time (fewer checks to write), saves postage, prevents late payments and late payment charges even when away on vacation or out of town. Since it reduces the labor of entering 4,000 payments per month on the accounts, we have been waiving the deposit requirement for renters to encourage them to sign up.

Utility billing is busy as many Western students are moving out of their rentals. Shannon is busily updating the customer records, applying deposits and prorating bills.

#### Year-End Processing:

With the end of the fiscal year comes a great deal of work in wrapping up 2015 and starting 2016. Because we utilize a "modified accrual" basis of accounting, all expenses encumbered in 2015 are recorded as a 2015 expense, regardless of when the invoice is received/payment is made. Likewise, all revenues measurable in 2015 are recorded as 2015 revenue.

Dorene has recorded the 2015 expenses through accounts payable and set up a 2015 liability, and changed the date on the computer to the current date to issue a check and reduce the liability in 2016.

We scrambled to ensure all receipts were entered by December 31. For 2015 revenue received after December 31, Michelle made daily journal entries to record the revenues and set up a receivable. This process is wrapping up, so we can close out the books for 2015. Other year-end adjustments are now being made in advance of the auditors' arrival in June.

Tammy has input the new pay rates, insurance premiums, and tax tables for 2016. We have adjusted the part-time salaries for inflation for the first year and hope it will result in the ability to more easily hire quality temporary employees throughout the year.

Michelle sent out 1099's and I produced the 2016 budget document. The budget was posted to the accounting system so we can create weekly financial reports for 2016.

The mileage reimbursement rate has decreased from 57.5 cents to 54 cents per mile.

#### Committees:

The **Computer Working Group** met several times, with Shannon representing our department. Shannon worked closely with the group to recommend updates to hardware and software. The most exciting development in this group is to update the City's website. This will be an exciting new change and improvement for customer interaction.

The **Investment Advisory Board** met via email to help guide investment decisions. We had few maturing investments over the past six months so the Board elected to convene a more lengthy meeting in June to discuss the strategy moving forward.

The **Gunnison/Hinsdale Combined Emergency Telephone Service Authority Board (E911 Authority)** meets on a quarterly basis. The fund balance at the March meeting was \$197,118. The Board's significant work over the last six months has been related to training and programming around radio frequencies and the development of reimbursement agreements for use of repeater sites by non-emergency entities.

The **Firemen's Pension Board** meets semi-annually and held its meeting February 25. A quick synopsis of actions includes acceptance of two firefighters' retirements after having attained 20 years of service and the age of 50. The Board agreed to maintain the current pension levels at \$350 per month, \$175 for a surviving spouse, and \$1,000 for the death benefit.

Youth City Council:

Finance took its turn hosting the Youth City Council on January 18. After discussing some Finance basics such as fund accounting, revenues, expenditures, appropriations and fund balances, the YCC tested their hand at setting priorities and going through the process of allocated limited resources to their desired projects. They came up with their priorities for spending which included the following:

- Public safety
- Support of the University, youth and ranching
- Maintaining the ease of getting around
- Access to recreational amenities
- Preservation of community aesthetics

Each Councilmember played the role of a department head, taking their turns "selling" their proposed projects. They then worked on various methods to allocate funds such as fitting into their priorities, legal mandates, existing programs, etc. We threw in some unanticipated events to highlight the need to keep funds in reserve.

Banking:

With interest rates at a historic low, the banking industry is getting very creative in developing new fees to support their business. It has been a challenge to stay on top of these changes and keep fees as low as possible. Recently, our fees have jumped by double from around \$500 per month to \$1,000. We worked to negotiate lower per unit costs and removed unneeded services like overnight investment sweeps and automatic withdrawals to cover cleared checks in order to maintain the current cost of banking.

Grant Tracking:

We received the final reimbursement request from the Department of Local Affairs for the Senior Addition.

The total cost of the project was \$332,284.43. \$142,979.80 was received from the Department of Local Affairs of the total granted amount of \$150,000. Additional funds were secured from the following sources:

Boomers Building Fund	\$50,894.72
Daniels Foundation	\$38,100.00
Gates Foundation	\$30,000.00
Boettcher Family Foundation	\$20,000.00
El Pomar	\$10,000.00
Young at Heart	\$5,500.00
Community Foundation of the Gunnison Valley	\$1,000.00

The City's cash match totaled \$33,809.91.

Gunnison Rising Metro Districts:

Finance participated heavily in the process to review the proposed creation of the Gunnison Rising Metropolitan Districts and preparing comments regarding the preliminary review of the service plan.

Professional Development:

Michelle and I attended the Colorado Government Finance Officers Association Western Slope Coalition Workshop in Montrose. A quick synopsis of the topics discussed includes:

*Special Events Roundtable*

Those present discussed how they handle the processing of special events in their municipalities. We came away with some new, good contacts with the State of Colorado Department of Revenue Enforcement Division in order to cooperate more closely during larger events. We modified the Event Permit Application to assist in gathering important information.

*Investing Public Funds*

Ned Connolly, with Chandler Asset Management, presented some ideas for investment policies and reporting structures. I think the City already follows the best practices in this area and have a great group of members on our Advisor Board. We will be discussing management directives and cash flows during upcoming meetings.

*Short Term Rentals*

This was an eye-opening session, hosted by Dean Brookie, with the City of Durango and the Colorado Association of Ski Towns. Mr. Brookie discussed the issues and emergent problems experienced in Durango regarding the growing VRBO industry. They worked diligently to address the health/safety issues, tax loss, disturbance to residential character, unfair playing field with lodging establishments, etc. that arose. Essentially, they required a \$750 land-use permit and use of zoning to disallow VRBOs in certain neighborhoods. The resulting permit number must be displayed on the residence so that anyone can report disturbances or illegal rentals. Only one rental is allowed per block to avoid "dark block" during seasons and investors purchasing entire blocks and operating what amounts to a hotel. There must be a local contact and if no taxes are paid during the year, the license is revoked.

*Navigating the New (municipal bond) World*

Troy Bernberg, with UMB Bank, presented information regarding recent changes enacted by the SEC and Dodd-Frank Wall Street Reform. Discussion hinged around changes to continuing disclosures, which pertain to the City on both our 1997 and 2007 bond issues. We also discussed the use of municipal advisors and the fact that your underwriter or broker-dealers may no longer provide advice to municipalities. We will look into whether or not the City needs to engage a municipal advisor with regard to debt.

*Disaster Finance*

Catrina Asher, Financial Compliance Manager, and Kristyn Unrein, Disaster Recovery Accountant for Boulder County, presented information on the impact the 2013 floods had on Boulder County and the smaller municipalities that were cleaned out financially as a result. They gave some good tips on preparing before a disaster or emergency occurs, as well as advice for the first few days when documentation (and therefore eventual disaster reimbursement) is difficult to attain. Some steps we should look into from a Finance perspective are crafting an emergency procurement policy, determining emergency reserve availability and funding options. We also need to ensure we are adopting annual Colorado Resource Rate Forms with the Colorado Department of Public Safety, so that we can be reimbursed for equipment use and labor for our own events and deliverance of mutual aid, from the Division of Homeland Security and Emergency Management, FEMA, HUD, etc.

Tammy participated in a variety of webinars to stay on top of employment law changes include the publication of the U.S. Department of Labor's (DOL) Final Rule modifying the white-collar exemptions and overtime regulations. Another webinar she participated in was regarding employee rights and e-verify, and Teledoc.

Thank you for your ongoing support of professional development in our department.

Sales Tax:

Dorene has been amazingly thorough in helping our taxpayers adjust to the change in the vendor fee. It was difficult for many to understand the difference between the change in the Rural Transportation Authority's rate and our vendor fee reduction. We notified the State regarding the change to their form DR 1002 to further facilitate change for companies using national software companies to remit taxes. We've also communicated the change to various software vendors.

With the additional marijuana revenues, we had to make significant changes to our internally constructed reporting software. We update the monthly charts, including an industry pie chart to increase user understandability.

Dorene has been great in promptly sending out delinquent notices and as we have experienced poor payment history with the marijuana industry, she has made it very clear to them that they must remit taxes on time to avoid penalties and interest.

Water Lab Billing Database:

I created a new water lab database to assist the wastewater treatment staff in producing test results, billing information and state reporting, all derived from the same data source. Previously, this information had to be re-entered three times, which introduced a great propensity for errors and time wasted. We hope this will be a great addition to the water lab processes.

The image displays three screenshots of the City of Gunnison Water Lab Database software. The first screenshot shows the 'Data Entry' menu with buttons for 'Enter Bench Sheet', 'Edit Customers', 'Edit Results', 'Edit Tests', and 'Delete Samples'. The second screenshot shows the 'Reporting' menu with buttons for 'Invoice Report', 'Results Report', 'Customer List', and 'State Water Data', along with date input fields. The third screenshot shows the 'Bench Sheet Entry Form' with fields for Sample, Collection, Received, Read, Type (RT), Customer, Location, PO#, Paid Upfront, and PWS ID #. To the right of the form is a 'Results' table with columns for Test, Results, and Status. Below the form is a 'Summary Water Test' report for Arrowhead Ranch, showing sample and location information, collection and reading dates, and a table of test results for Chlorine, E. Coli, and Total Coliform.

Reference	Test	Results	Status	Analyst	Cost
COLLERT	Chlorine	.40	Safe	Dale J. Picard	\$0.00
	E. Coli	Absent	Safe	Dale J. Picard	\$25.00
	Total Coliform	Absent	Safe	Dale J. Picard	\$15.00
TOTAL:					

Daily work continues with accounts payable, payroll, utility billing, and financial reporting for the City, the Firemen's Pension Fund and the Gunnison/Hinsdale Combined Emergency Telephone Service Authority. College students are moving around and into Gunnison with the end of another school year, which means a significant volume of work orders and collecting on delinquent accounts.

Please let me know if you have further questions regarding these items or other activities in the Finance Department.