

AGENDA

Tuesday, July 3, 2012

Fiscal Committee

***4:30 PM

Carnegie Town

Hall

235 West 10th

Street

***Committee Meeting will start immediately following the adjournment of the 4:00 p.m. Informational Meeting

1. Call To Order

2. Approval of Minutes

A. Tuesday, June 5, 2012

3. Reports and Updates

A. Developing City-Wide Fees Including Park Department Fees by Rich Oksol, Lead Internal Auditor; Additional Reports by David Pfeifle, City Attorney (Recodification of All Fees Into One Chapter); Sue Quanbeck Etten, Central Services Director (Placing Comprehensive Fee Schedule on the City's Website); and Jim David, Legislative/Operations Manager (Departmental Survey and City-Wide Policy on Fees)

B. Discussion on Creation of the Capital Program Review Committee

C. Determine a Process/Procedure for Reassigning Excess Funds to Benefit Citizens (Rebate Checks, No Property Tax Increases, a Sales Tax Holiday, etc.) by Council Member Kermit L. Staggers

4. Open Discussion

5. Adjournment

Date: 2012-07-03
SIRE Meeting ID: 1742
Meeting Type: Committee Meeting
Subtype: Fiscal Committee
YouTube:<https://youtu.be/kNlV4nOhGbI>
Agenda Item: Not Assigned
Item ID: 63762

The following document(s) are public records obtained from the
City of Sioux Falls.

***This is a draft until approved at the next meeting.**

MINUTES

Tuesday, June 5, 2012

Fiscal Committee

5:05 PM
Carnegie Town Hall
235 West 10th Street



Members Present: Council Member Sue Aguilar, Council Member Jim Entenman, Council Member Dean Karsky, Council Member Greg Jamison

Members Absent: None

Staff Present: Lorie Hogstad, City Clerk; Jim David, Legislative/Operations Manager; David Bixler, Budget Analyst; Rich Oksol, Lead Internal Auditor

Guests: Michelle Erpenbach, Rex Rolfing, Jerry Gerken, Jeanne Gerken

1. Call To Order

Councilor Karsky called the meeting to order at 5:05 p.m.

2. Approval of Minutes

A Tuesday, May 1, 2012

A motion was made by Sue Aguilar and seconded by Greg Jamison to approve the minutes dated Tuesday, May 1, 2012.

Karsky called for a voice vote on that motion and all members voted yes.

Motion Passed.

3. Reports and Updates

A Discussion on a Standardized Format for Reporting by City-Owned Assets by David Bixler, Budget Analyst

This item will be considered at a later date.

B Developing City-Wide Fees Including Park Department Fees by Rich Oksol, Lead Internal Auditor

Rich Oksol, Lead Internal Auditor, stated he presented a report at the May 8, 2012, Audit Committee Meeting regarding the City-wide fees. The audit recommended

the implementation of a City-wide policy on fees, migrating the various fee ordinances into one chapter entitled "Fees," and to create a master fee schedule on the City's web site that the public could access. Oksol presented examples of fee schedules from other cities. The City-wide policy would give the departments direction on how often the fees should be reviewed and the percentage of fees recovered based upon the category and/or type of service. Aguilar asked if this would cover fees from the departments and enterprise fees. Oksol stated there is already a specific ordinance in place that covers the enterprise funds, however, this could be incorporated into policy, as well as a schedule of review. Councilor Jim Entenman asked if any of the directors had been made aware of the audit report. Oksol stated the report was sent to the Finance Department.

Don Kearney, Parks Director, stated the Park Department fees are reviewed every other year and a determination is made at that time if the fees should be adjusted.

Tracy Turbak, Finance Director, endorses the concept of the City-wide policy. Dave Pfeifle, City Attorney, would like to approach the recodification committee regarding incorporating all the fees into one chapter.

Entenman stated the fees are subjective and once a department submits their recommendation for a fee increase, the Council needs to determine whether to raise the fees based on departmental and public input.

Karsky stated that this item should be placed on the July 3, 2012, Fiscal Committee Meeting for follow-up. Pfeifle can report on the recodification efforts as to placing the fees into one chapter. Sue Quanbeck Etten, Central Services Director, will be asked to attend the meeting regarding placing a comprehensive fee schedule on the City's website. Jim David, Legislative/Operations Manager, will report on a departmental survey and the feasibility of a City-wide policy on fees.

C Discussion on the Pension Design Study by Bill O'Toole, Human Resources Director; Angie Uthe, Human Resources Manager; Tracy Turbak, Finance Director; and Tom Huber, Assistant Finance Director

Karsky stated a meeting was held on June 4, 2012, with the Pension Review Board. Bill O'Toole, Human Resources Director, was available to address questions from the Fiscal Committee. Karsky stated over the past year the current pension system has been reviewed with two recommendations made to the Council for future employees of the City. The first option would be to create a tiered system with the existing pension plan as recommended by the Pension Review Board. The second recommendation is to choose the South Dakota Retirement System for new employees as recommended by Mayor Mike Huether.

Entenman reiterated that there are three areas of discussion. Those employees that

have already retired, the existing employees, and future employees. Discussion followed.

Aguilar and Jamison recommend the tiered plan and Entenman and Karsky recommend the SDRS. It was agreed that both plans will reduce and stabilize rates. Karsky directed O'Toole to bring two resolutions forth to the Council Meeting of June 19, 2012, for a vote by the entire Council.

D CIP Budget Process Update by Janelle Zerr, Finance Manager

Turbak gave a brief introduction of the CIP plan and stated that Janelle Zerr, Finance Manager, would give the overview of the current CIP process. Zerr gave a time table of the events that occur on a yearly basis and the various parties involved in preparation for the CIP budget process.

4. Open Discussion

Jamison inquired about the status of the ordinance creating the Capital Program Review Committee. Karsky stated this is a work in progress and will be brought to the Fiscal Committee Meeting on July 3, 2012.

5. Adjournment

A motion was made by Greg Jamison and seconded by Sue Aguilar to adjourn the meeting at 6:21 p.m.

Karsky called for a voice vote on that motion and all members voted yes.

Motion Passed.

Lorie Hogstad
City Clerk

Date: 2012-07-03
SIRE Meeting ID: 1742
Meeting Type: Committee Meeting
Subtype: Fiscal Committee
YouTube:<https://youtu.be/kNlV4nOhGbI>
Agenda Item: Not Assigned
Item ID: 63481

The following document(s) are public records obtained from the
City of Sioux Falls.

City-Wide Fees Audit April 2012



Internal Audit
City of Sioux Falls, SD

CITY-WIDE FEES AUDIT INTERNAL AUDIT REPORT 12-03

INTRODUCTION AND AUTHORIZATION

The Sioux Falls City Council approved this audit by resolution in December 2011 as part of the 2012 Annual Audit Program. The Internal Audit division operates under the authority of an Internal Audit Charter adopted by City Council resolution 104-06. This is the first fees audit.

OBJECTIVES

We reviewed City of Sioux Falls (City) ordinances and a sample of fee deposits to determine the following:

1. What fees are in City ordinance,
2. Were the fees collected in accordance with ordinance and recorded correctly in the accounting general ledger,
3. When were the fees last reviewed and adjusted,
4. Does the City either as a whole or individual departments have a policy on how fees are set and then reviewed and adjusted,
5. Were best practices followed when setting and reviewing fees.

SCOPE AND METHODOLOGY

The scope of this audit included a review of all City fees that are included in ordinance. We also reviewed a sample of fee deposits from September 2011 thru March 2012. We examined original documents, performed analytical procedures, and held meetings with different departments that collect fees. We also reviewed records in the City's computerized financial system. We reviewed audit reports and fee policies from other government entities. Finally, we received guidance for our audit and recommendations from the 1996 GFOA (Government Finance Officers Association) best practices publication "Establishing Government Charges and Fees (1996) (Budget)".

RESULTS

Our review of City-wide fees found that most fees charged by the City are collected accurately and are established within ordinance. We also found that the majority of the fees in ordinance are reviewed on a regular basis and updated when warranted. However, we found the City does not have a comprehensive fee policy either at the department level or City-wide level. We have made a recommendation for this along with additional recommendations that will hopefully make all City fees more transparent to the public.

RECOMMENDATIONS

We made the following recommendations that address areas we feel will improve the handling and transparency of City fees:

- 1) We recommend that a City-wide fee policy be created that covers the City's philosophy on fees as well as the procedures for implementation, review, and adjustment of City fees. The philosophy portion of the policy would discuss what the City's expectation would be for all fees. This portion of the policy would probably have to be stated in sections by department

or by the type of service provided. We would anticipate that the philosophy section would outline how much of a services' expenses would be expected to be recuperated through collection of fees.

The other portions of the policy could detail what would warrant the creation of a new fee, how often a fee should be reviewed, and what would contribute to the adjustment of a fee. We envision that a policy would spell out the steps in the procedure for each of the areas of the policy listed above.

- 2) We recommend that all the fees listed in ordinance be consolidated under "Chapter 15 ½ - Fees". Currently, the fees are spread out throughout ordinance. This makes it difficult for the public to easily locate a fee they might be looking for. We would not expect for this to happen immediately with one large ordinance revision, but would anticipate this happening over a few years as fees are reviewed and updated.
- 3) We recommend that all fees approved in ordinance be listed on the City's website in one section under the heading "Fees" or something similar. Currently, only certain fees are listed on the City website and can be difficult to locate. We further recommend that any City-wide fee policy adopted by the City be published on the City website so that the citizens of Sioux Falls can get a better understanding as to the philosophies and procedures used in the City's management of fees. We believe this would improve the transparency of City fees.

CONCLUSION

City ordinance lists hundreds of fees City departments are allowed to collect for services offered to the citizens of Sioux Falls. All departments that handle fees appear to be doing an effective and efficient job. We commend City staff and management for their efforts to ensure City fees are accurate.

STATEMENT OF INDEPENDENCE

Internal Audit is administratively and operationally independent of the programs and departments it audits, both in appearance and in fact. The Lead Internal Auditor is accountable to an Audit Committee appointed by the City Council per City ordinance 120-05.

DISTRIBUTION OF REPORT

This report is intended for the information and use of the Mayor and City Council, management, and others within the City of Sioux Falls. However, the report is a matter of public record and its distribution is not limited.

PERFORMED BY

Internal Auditor Timothy Buseman performed this audit.