

# CITY FINANCE OFFICE

## 2017 ANNUAL REPORT

### **Mission:**

The mission of the Finance Department is to provide timely and accurate financial information to the city management and to the public, and to provide fiscal responsibility and accountability focused on the highest degree of customer service, honesty, and integrity.

### **Department Overview:**

#### **Description:**

The Finance Department is responsible for collecting, disbursing and accounting for all the City's funds. We are a support service for City departments, including BMU and Brookings Health System, the City Manager, Council, and citizens of Brookings.

#### **Collection Services:**

On a daily basis, we collect, receipt, and deposit funds, oversee the credit card activity, and monitor the activity on our bank accounts. Weekly, we receive all the invoices from the various liquor distributors which we then process and bill the alcohol operating agreement establishments for their purchases for the preceding week. This billing averages \$100,000-\$125,000 a week. In addition, to liquor, we also process, and bill customers for other services provided by City Departments.

#### **Disbursing Services:**

On a weekly basis we process and pay the City bills, and monthly process and pay credit cards (pcard). The weekly batches can vary from tens of thousands to millions depending on what is occurring within the City. We scan processed invoices which are stored on our accounting software and can be accessed by City staff for reference. The payroll process includes weekly steps of approval and review, and the monthly processing of the actual payroll to employees. Monthly payroll, including benefits, can run from \$825,000 to \$950,000 depending on the season.

#### **Accounting Function:**

In addition to the above, we are responsible for a variety of accounting functions which include the following: preparing and monitoring the annual budget, debt management, tracking and accounting for capital assets, grant monitoring and administration, banking and investments, ensuring proper internal controls are in place throughout the City to prevent errors, misstatements, or fraud, processing year end 1099's, W2's, 1095's, and other various activities.

The Finance Department compiles the City entities (including BMU and BHS) financial information into the Comprehensive Annual Financial Report (CAFR) following General Accepted Accounting Standards. This report along with our procedures is audited by an outside firm annually.

The department consists of 4 full-time employees who are crossed trained and able to do multiple department functions. 1-Finance Director, 3-Accounting Specialists.

### **2017 Highlights:**

1. The department compiled, reviewed and updated all existing procedure documents and established one central electronic file. This file is accessible to the department staff and can assist in completing one another's tasks in the event of an unexpected absence. In addition, the information is secure and backed up on a regular basis.

2. As recommended by our Auditors, we completely reviewed and updated security setting and employee access to the various accounting software functions making sure employees only had access to information or processes needed for their position.
3. Archived paper copies of old City financial reports were scanned to an electronic format and stored on the shared drive making future research much more accessible.
4. The City completed the process to become PCI DSS compliant (Payment Card Industry Data Security Standard). All credit card readers have the chip readers installed and working. The City adopted an Information Security Policy which instructs all staff who handle sensitive customer information of their responsibilities.
5. The department focused on streamlining more processes and paperwork. In 2017 Finance staff did site visits to departments with office staff turnover. Together they reviewed documents copied and retained in-house at these locations, and pointed out how to access these documents on the accounting software. They also reviewed with the new staff tasks that could be eliminated. The result was we cut down on the duplication of paper documents and redundant processes. Another area addressed in 2017 was the notification and collection process for late operating agreement payments. Again we reduced the amount of paper and staff time involved and have had better results with collections. 2017 was also the first year we did not distribute paper copies of the upcoming budget to the departments and went electronic. Once again saving paper, printing expense and time.
6. We reviewed our bank accounts and visited with our institutions to explore ways for the City to earn better interest rates. We negotiated some rate changes and added some features to existing accounts to take advantage of the growing economy and increasing interest rate environment.
7. For the fifth consecutive year we received the Government Finance Officers Association's Award for Excellence in Financial Reporting for our Comprehensive Annual Financial Report. Brookings is one of four cities in South Dakota to receive this prestigious award. One benefit of the award is bond rating agencies tend to look favorably on organization that achieve this recognition. The City's bonds are rated as follows: 2014A (sales tax revenue) Moody's A1; 2010A (sales tax revenue) is rated AAA by S&P and Aa3 by Moody's, all very respectable for a City our size.
8. We implemented six new year-end reporting requirements including the following: GASB 72- Fair Value Measurement and Application; GASB 73-Accounting and Financial Reporting for Pension and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68; GASB 76-The Hierarchy of Generally Accepted Accounting Principles; GASB 77-Tax Abatement Disclosures; GASB 79- Certain External Investment Pool and Pool Participants; GASB 82-Pension Issues, and amendment of GASB Statement No. 67, 68, and 73.

For detailed information regarding the City's finances please see the City's Comprehensive Annual Finance Report (CAFR) located on the website.