

**GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY**  
**July 13, 2015 – Noticed Agenda Attached**

Meeting Convened: 5:01 p.m. in the City Auditorium.

Meeting Adjourned: 8:42 p.m.

City Council Members present: All except Councilmember Traylor Smith who conferenced in via speaker phone for the beginning of the workshop

Staff present: Moore, Shaver, Lanning, Kovalik, Watkins, Romero, Schoeber, Hazelhurst, Camper, Valentine, Evans, and Tuin

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Agenda Topic 1. 2014 Auditor Report

Lisa Hemann, Chadwick, Steinkirchner, and Davis, reviewed the history, staffing, and qualifications of their firm and explained the purpose of the audit is to provide assurance to the users that the financial information that what they are using is correct and in compliance with generally accepted accounting principles. She explained the steps they take to conduct the audit which includes looking at the footnotes in the financial statements very carefully. There were no significant deficiencies or material weaknesses with the internal controls of the City. Ms. Hemann stated that the audit firm and employees must be independent from the City and have to document that every year to include that there are no relationships with the City, financially or otherwise. Three reports are provided as a result of the audit; an opinion on the financial statements (Auditors Report) and two independent reports for the federal grant awards. She reviewed the roles of the City's management in regards to the operation of the City, having good policies and procedures in place, and putting together fairly represented financial statements. The role of the auditor is to give an opinion on the financial statements. City Council's role is to provide oversight to management, making sure competent staff is in place, ability to ask the right questions regarding the financial statements, ensuring a system of internal controls is in place, and a means to which individuals could report safely on anything such as ethical problems, abuse, fraud, etc. Ms. Hemann explained that the Persigo Wastewater Treatment Plant is listed in the footnotes, however, there are separate financial statements for Persigo Wastewater Treatment Plant.

Councilmember Chazen asked if the City has an internal audit function. Ms. Hemann said that there is not a formal one and she has not seen that within a municipality. Financial Operations Director Jodi Romero said that when Staff notices something that needs to be investigated, someone goes to that department and corrects internal controls.

There was discussion on the 0% investment earnings that were listed in the report, where the Avalon Theatre Project was in the report, and how often the efficiency of internal controls is looked at. An area of focus was keeping an eye on the modest increase in revenues.

City Council thanked Ms. Hemann for the review of the auditor report. Ms. Hemann lauded the work done by Finance Supervisor Sonya Evans in the preparation for the audit and being able to provide well organized documentation.

Agenda Topic 2. Budget Policy Discussion including Reserves

Moved on the agenda to follow the 2<sup>nd</sup> Quarter Financial Report.

Agenda Topic 3. 2<sup>nd</sup> Quarter Financial Report

Financial Operations Director Jodi Romero handed out the report to City Council and reviewed the report. She advised that the report compared the 2<sup>nd</sup> quarter of 2015 with the 2<sup>nd</sup> quarter of 2014 and briefly explained the differences. There was discussion on the 2015 Adopted Economic Development Budget and the General Fund revenues and expenditures which also included a request for an additional column on the report for remaining balances. Ms. Romero explained the contingency fund. She reviewed the utility funds revenues and expenses and the other enterprise funds revenue and expenses. There was discussion regarding the use of Visitor and Convention Bureau's fund balance for Two Rivers Convention Center and Avalon Theatre and looking at this closely for the 2016 budget process. Ms. Romero reviewed the Internal Service Funds revenues and expenditures and explained that these are internal funds that bill all the departments for services for information technology, insurance, fleet, facilities, and the communication center. The internal service funds support and puts a priority on supporting infrastructure already in place. Ms. Romero said that the facilities management fund was a new fund created for 2015. There was discussion regarding putting a footnote on the communication center fund regarding the transfer of surcharge revenue needed for the fund.

Agenda Topic 2. Budget Policy Discussion including Reserves (continued)

City Council was provided with a fund balance/reserves worksheet and Ms. Romero explained the worksheet. She advised that the purpose of the discussion is intended to create a policy to consider looking at reserves a different way than in the past. She provided a history on the fund balance for the reserves. Previous discussions included designating reserves for certain purposes and have the remaining reserves available for pending items. There was discussion regarding the purpose of reserves if they are not going to be used. Ms. Romero explained that reserves are usually accumulated for anticipated large capital projects; for example, the Riverside Parkway. Ms. Romero advised that the average that cities will keep in their reserves is from one to two months of general operating expense.

Councilmember Chazen questioned the analysis provided as he felt that the numbers should conform with the Comprehensive Annual Financial Report (CAFR) . Ms. Romero explained that the numbers in the CAFR are based on actual accounting numbers, whereas the numbers on the worksheet are based on the budgeted numbers. Ms. Romero said there will be more information and analysis coming forward and what she was seeking was discussion regarding policy for the reserves.

Finance Supervisor Sonya Evans explained the unfunded liability for retiree health insurance and stated that it is estimated based on a 30 year projection into the future. There is a blended premium rate that is paid to Rocky Mountain Health Plan for both employees and retirees. Governmental Accounting Standards Board (GASB) requires the City to value that blended premium rate and recognize the future liability without accounting for the assets being held.

Ms. Romero stated that the amount of the unfunded liability is not in the gross amount of reserves. A trust should be established for a better funding mechanism for the Retiree Health Fund.

City Attorney John Shaver advised that the City is prepared to create a trust, however, because of the Rocky Mountain Health Plan's experience rate, there was a significant benefit to the City and it was discussed previously that some of those monies could be used to help assist with the establishment of the trust.

There was further discussion regarding the reserves and whether or not capital projections should be taken out of the reserves and just keep one or two months of operating costs in reserves plus any other variables using a good scientific approach to reach a number.

The next item that was reviewed and discussed was some of the pending items which could be funded without going into the reserves including the Colorado Mesa University (CMU) campus expansion, the 2<sup>nd</sup> half of the salary market implementation (which Human Resources Claudia Hazelhurst provided explanation for), and the marquee for the Avalon Theatre. The pawn shop property purchase was discussed but to purchase it, it would require reserve funds and City Council decided they would look at that in October.

City Council was in favor of going forward with the expenses for (CMU) campus expansion, the 2<sup>nd</sup> half of the market adjustment, and the marquee for Avalon Theatre.

After further discussion and explanation of the Retiree Health Fund, the majority of City Council was also in favor of using the Health Plan's experience rate monies, along with current holdings, to establish a trust for the Retiree Health Fund.

Two supplemental appropriation ordinances will be brought forward for Council's approval for the items agreed on. CMU's allocation will be on separate supplemental appropriation ordinance because Councilmember Chazen and Taggart will both step down from voting because of a possible perception of a conflict of interest.

#### Agenda Item 4. Other Business

Councilmember Chazen advised that there is a Logistics seminar that came out of the Economic Seminar discussion and he does not see where it would benefit the City in spending the money and going to Salt Lake City for it. He also said that the Parks and Recreation Department has a focus group for the recreation center for Matchett Park. He expressed concern about this

because he did not remember the Council approving that. Interim City Manager Tim Moore said he will look into it.

Councilmember Taggart commented on the editorial that Robin Brown wrote in the Daily Sentinel which both the City and the County were mentioned in as not paying any attention to outdoor industry and stated that no one went to the outdoor summit. He asked that since she is Staff for the Downtown Development Authority (DDA), a letter should be written to her and inform her that if she is going to continue to write editorials, she should get her facts right because there was representation from the City at the Outdoor Summit. Councilmember Chazen said he will have a discussion with her at the next DDA meeting.

#### Agenda Item 5. Board Reports

Councilmember McArthur advised that he is going to a conference in Salt Lake City the following week. The first half is for the realtors and then he will tour all of the homeless facilities on behalf of the City. The only expense for the City will be mileage from Salt Lake City back to Grand Junction.

Councilmember Taggart said he attended the Airport Authority Workshop and reception for the two candidates for Airport Manager where they made presentations to the Authority. He believes a decision should be made the following week at their meeting.

Councilmember Kennedy attended the Parks and Recreation Advisory Board meeting where they had an engineer present for the project for the improvements for the golf course on the North Avenue side. He is looking forward for the TIGER grant piece to begin. He also met with Interim City Manager Tim Moore and Information Technology Director Jim Finlayson regarding broadband and will put something together for an upcoming workshop. He met with Charter and they are working on finding ways to improve communication with customers.

Councilmember Boeschstein attended the ribbon cutting for Las Colonias Park. He stated that the Incubator is getting involved in the Economic Development Plan. The Avalon Theatre Foundation's board meeting is the following week.

Councilmember McArthur mentioned the article in the newspaper regarding drainage and the County Commissioners called them and advised that the Drainage District is making it difficult for them to support it.

Councilmember Chazen thanked Interim City Manager Tim Moore for getting the rest of White Hall torn down.

Fire Chief Ken Watkins advised Council that the next day, the Fire Department is being awarded with the American Heart Association Award at St. Mary's Emergency Room at 10:00 a.m. and asked Council to let him know if any will be able to be there. He also advised that they will also be making a presentation on the award at the July 15, 2015 City Council Meeting.

**Adjourn**

With no other business, the meeting was adjourned.

**GRAND JUNCTION CITY COUNCIL  
MONDAY, JULY 13, 2015**

**WORKSHOP, 5:00 P.M.  
CITY HALL AUDITORIUM  
250 N. 5<sup>TH</sup> STREET**

*To become the most livable community west of the Rockies by 2025*

1. **2014 Auditor Report:** Lisa Hemann from Chadwick, Steinkirchner, and Davis will review the 2014 Auditor Report.
2. **Budget Policy Discussion including Reserves**
3. **2<sup>nd</sup> Quarter Financial Report**
4. **Other Business**
5. **Board Reports**