

FINANCE



Tony Hill, Chief Financial Officer

Tony joined Unified Fire Authority in January 2016 as the Chief Financial Officer. Prior to coming to UFA, Tony worked for Salt Lake County for 15 years, working both in the Mayor's Finance and the Auditors Office.

Tony earned his Master's degree in Professional Accountancy from Weber State University and a Bachelor degree in Accounting from the University of Utah. When he is not working, Tony enjoys playing sports and spending as much time as possible with his wife, Jennifer.

FINANCE OVERSEES:

- *Accounting*
- *Accounts Payable and Accounts Receivable*
- *Payroll*
- *UFA Financial Operations*
- *UFA's VEBA Financial Operations*

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Statement of Purpose and Services Provided

The mission of the UFA Finance Division is to safeguard the fiscal health of the organization and maintain transparency with UFA's Board of Directors, UFA divisions, and the community at large. We value a culture of accountability and integrity. We are committed to maintaining an open door policy and providing UFA stakeholders with timely, accurate, and relevant information in addition to excellent customer service and support.

The Finance Division is responsible for providing financial management, customer service, and analysis for Unified Fire Authority, Unified Fire Service Area, and UFA Health & Welfare Trust. Specific responsibilities include:

- Budget development & management
- Financial reporting
- Accounts payable
- Accounts receivable & billing
- Payroll
- Cash Receipting
- Ambulance collections
- Purchasing card administration
- Financial policies administration
- Internal/external audits
- Long-term financing
- Treasury management
- Bank fraud protection
- Tax regulations
- Accounting software administration
- Capital asset inventory management
- Surplus property sale collections and tracking of property disposals
- USAR financial management oversight
- Grants coordination
- Vendor contract administration
- Recordkeeping for compliance officer

Division Manager Budget Message

Thank you for the opportunity to present the Finance Division Budget for FY19/20. The Finance Division is responsible for maintaining and promoting a fiscally sound organization that conforms to legal requirements, generally accepted accounting principles, and financial management principles. We are committed to continue to look for ways to be a strategic partner for command staff and all UFA divisions, and to align our priorities and performance measures to the outcomes adopted by the UFA Board.

A major project for us in the FY18/19 budget was the transition to the Kronos Timekeeping and Payroll software. Now that the transition is completed, the focus is to customize the program to fit the reporting needs of the various programs and divisions of UFA, which will facilitate improved strategic decision-making.

We have worked to maintain a generally flat non-personnel budget in FY19/20, resulting in a net decrease of \$10. There is an increase in bank fees of \$18,000 from the prior year but these bank fees are offset by estimated growth of interest income of \$100,000.

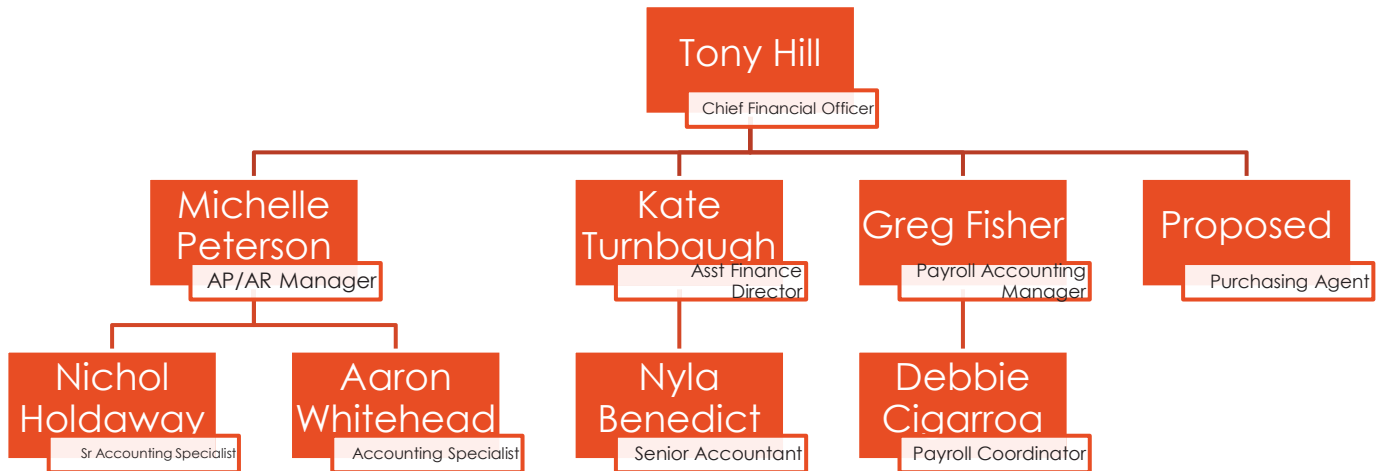
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UFA operation costs within the Finance budget increased as follows:

- Liability insurance \$22,500 due to premium increases
- Ambulance billing services \$35,000 due to anticipated increase in transport revenue
- Professional fees \$4,925 for actuarial valuation and benefit administration services, as well as an application fee to GFOA for the outstanding budget award program
- Medicaid assessment \$50,000 due to an increase in rates assessed by the State of Utah

Finance has proposed upgrading a part-time support position to a full-time Purchasing Agent position with a net effect on its personnel budget totaling \$75,400. More details about this position are provided in the Personnel section, beginning on page 8-1.4.

Organizational Structure



Staffing (FTEs)

Sworn
0

Civilian
9

Part-time
0

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Performance Measures

- Maintain UFSA's Aa2 bond rating
- Receive Unqualified opinion from outside auditor on all audited financial statements
- 100% timecard approvals by both employee and supervisor
- 85% invoices paid within 30 days of invoice date
- Complete internal audits performed on p-card transactions (10% quantity, 25% dollars)
- Semi-monthly preparation of budget-to-actual reports for UFA divisions
- Monthly preparation of disbursements lists for UFA Board consent agenda
- Quarterly preparation of budget-to-actual reports for UFA and UFSA Board review

| Description | FY16-17 | FY17-18 | FY18-19 Estimated | FY19-20 Projected |
|--|---------|---------|----------------------|----------------------|
| Payroll checks processed | 14,829 | 14,336 | 14,528 | 14,500 |
| Percentage of timecards approved | 97% | 96% | 99% | 100% |
| Purchase orders processed (A/P) | 322 | 318 | 327 | 320 |
| Vendor checks processed (A/P) | 1,785 | 1,626 | 1,628 | 1,625 |
| Average vendor invoice aging (A/P) | 20 | 22 | 27 | 25 |
| Purchasing card transactions processed | 6,619 | 6,886 | 7,451 | 7,700 |
| Customer invoices created (A/R) | 448 | 420 | 564 | 560 |
| Ambulance hardship applications reviewed | 77 | 87 | 83 | 85 |
| Unqualified opinion on Financial Report | Yes | Yes | Yes | Yes |
| Bond rating on UFSA Series 2016 bonds | Aa2 | Aa2 | Aa2 | Aa2 |

FY2018-2019 Accomplishments

- Received GFOA Award for Distinguished Budget
- Continued to expand budget documents for employee, Board, and public use
- Issued \$5.2 million master lease agreement to fund UFA capital replacement plan
- Completed a review of existing vendors to terminate more than 500 vendors inactive since 2012
- UFSA's Aa2 bond rating affirmed
- No material weaknesses reported for 2018 financial audit's
- Participated in Support Services review process to identify opportunities for efficiencies and improvement
- Completed bi-annual physical inventory of UFA capital assets
- Completed transition from paper to electronic timecards
- Implemented Positive Pay process for additional fraud protection on vendor payments
- Issued \$25 million Tax Revenue Anticipate Note (TRAN) for UFSA

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FY2019-2020 Action Items

- Ensure timely payments on all current debt payments by December 2019 (Outcome 1-B)
- Review audit findings and recommendations for UFA, UFSA, and UFA Health & Welfare Trust and develop a corrective plan by June 2020 (Outcome 1-C)
- Review division budget proposals for action items and the related costs/benefits, performance measures, and outcomes in comparison to the Strategic Plan by April 2020 (Outcome 1-G)
- Prepare revenue projections and collect division estimates/proposals for future budget year by April 2020 (Outcome 1-M)
- Further expand and improve UFA budget document by September 2019 in an effort to achieve the GFOA Award for Distinguished Budget (Outcomes 1-C, 1-D)
- Continue support for capital replacement plan by April 2020 (Outcome 2-B)
- Develop and implement plan for outreach and follow-up for continued compliance and success of existing p-card users by June 2020
- Provide enhanced training opportunity based on specific needs identified by staff outreach to better equip employees in utilizing Kronos payroll/timekeeping system by April 2020
- Work with Chief Legal Officer, Policy Analyst, and UFA divisions to rewrite Finance policies, such as Purchasing, Meals, and Surplus by December 2019
- Coordinate UFSA funding for Station 112 rebuild based on authorization from UFSA Board

Budget Detail

Revenue

Ambulance service fees \$700,000

As detailed in section 6 of the budget, UFA receives payments for ambulance transports performed by our staff. The portion of these fees related to Finance covers \$350,000 for third party billing company services and \$350,000 for the Medicaid Assessment match due to the State of Utah.

Contribution from UFSA \$69,697

UFA provides financial management and administrative services to its member, UFSA. The portion of these fees related to Finance covers for time worked on UFSA's behalf by the CFO, Payroll Accounting Manager, Assistant Finance Director, and Senior Accountant to perform daily accounting activities, budgeting, debt financing and property tax duties, as well as year-end audit and financial statement preparation.

Interest Income \$200,000

Due to increasing interest rates, UFA Finance made a conscious choice to change the method by which we hold our funds at the bank, resulting in approximately \$82,000 of additional interest income (net of related bank fees). The PTIF interest rate has also increased substantially, bringing more interest income to UFA's savings account.

Rent \$94,896

UFA leases a portion of its warehouse out to a related party, Salt Lake Utah Task Force One (UTTF-1). As part of the agreement between the two entities, UTTF-1 pays monthly rent of \$7,908 to UFA. This rental income offsets UFA's annual long-term debt obligation for the warehouse totaling \$188,061 (principal and interest).

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Personnel

Overtime \$17,500

The Finance division utilizes minimal overtime to cover time spent processing payroll, preparing budget documents, and producing financial reports. Our request for FY19/20 is \$2,500 less than last fiscal year.

Full-time Purchasing Agent \$75,400

UFA's Finance Division proposes adding an allocation to centralize the roles of purchasing agent and contract administration. The estimated total cost of the full-time position is \$100,400; however, this cost would be offset by dropping a part-time position and reduction of overtime. Eliminating the Senior Accountants role in contract administration is expected to save enough time to make it possible to eliminate the part-time allocation currently in Finance, currently budgeted for \$22,500 and reduce our overtime burden by \$2,500.

We envision this position being filled by an experienced professional to perform the following:

- Coordinating RFQ/RFP processes with Legal, UFA divisions, and vendors
- Drafting new contracts for review
- Researching and identifying existing contracts able to be utilized by UFA
- Maintaining UFA contracts, including files, tracking, renewals, extensions
- Enforcing purchasing policy compliance by UFA divisions
- Enforcing contract compliance by vendors, including pricing, terms, etc.
- Facilitating sole source and standardization requests
- Functioning as a resource for all UFA divisions with all bid/quote/contract needs
- If time allows and need exists, this person could assist with grant coordination and compliance

Currently, the role is split between three individuals: Nyla Benedict in Finance (contract administration for contracts associated with purchasing), Lana Burningham in Administration (contract administration for contracts not associated with purchasing), and Chris Bankowski (RFP/RFQ coordination). We would like to centralize the duties to provide UFA divisions and vendors with one point of contact, streamline the purchasing process, and provide an experienced resource for all purchasing inquiries and issues, including having established contacts within the governmental purchasing environment.

Centralizing these functions would also allow Finance to concentrate on other tasks beneficial to UFA. Potential areas for improvement/expansion/completion:

- Enhanced, timely ambulance cost and revenue analysis
- Transition UFSA accounting from Payroll Manager to Senior Accountant to allow Payroll to focus strictly on payroll needs (timecard review, GL allocation audit, timecard compliance) and reposition all accounting functions under Assistant Finance Director
- Timely performance of monthly internal compliance audits for pcards, including review and follow-up on findings – better communication and enforcement
- Expand training/outreach to existing cardholders, not just new users
- Cross-training staff to assist with year-end audit preparation

Potential areas for improvement/expansion/completion for Logistics:

- Maintaining real-time budget tracking for all division GLs, including more closely monitoring costs & identifying efficiencies where possible
- Process internal purchase orders faster, securing goods/services faster
- Expand data mining and reporting capability for Fleet Management program to identify trends and develop more accurate fleet cost data

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Capital Outlay

None

Debt Service

Capital Lease - \$685,228 Principal & \$127,267 Interest

UFA entered into a master lease agreement in October 2018 with Zions Bank (ZMFU II) for the purposes of financing apparatus, equipment, and improvements. Annual payments on this lease for General Fund equipment are \$812,495 through December 2024.

Capital Lease - \$2,550,502 Principal & \$157,704 Interest

UFA entered into a master lease agreement in December 2015 with US Bank for the purposes of financing apparatus and equipment. Annual payments on this lease for General Fund equipment are \$2,708,206 through December 2021.

Warehouse Loan - \$114,357 Principal & \$73,704 Interest

UFA entered into an agreement in 2012 with a related party, UFSA, to borrow funds used to purchase the Logistics warehouse in West Jordan, Utah. Total annual payments on this loan are \$188,061 through 2032.

It should be noted that UFA has no legal debt limits.

Non-Personnel Detail by Account

| Account | Description | | Account Total |
|------------------|---|---------|------------------|
| 10-88-205 | AUDITOR | | \$8,900 |
| | Fee for external audit of UFA financial statements | | |
| 10-88-209 | BANK FEES | | \$18,000 |
| | Client analysis fees from Wells Fargo | | |
| 10-88-219 | CLOTHING PROVISIONS | | \$450 |
| | Two tops for each employee (9 * \$50) | | |
| 10-88-250 | EDUCATION, TRAINING & CERTIFICATIONS | | \$7,350 |
| | Kronos software conference registration (2 * \$1,800) | 3,600 | |
| | UGFOA Annual Spring conference (4 * \$150) | 600 | |
| | GFOA GAAP update (3 * \$100) | 300 | |
| | GFOA annual conference | 650 | |
| | Other education to maintain licenses & educate staff | 2,200 | |
| 10-88-293 | INTERGOVERNMENTAL | | \$4,000 |
| | Fee for external audit of UFA Health & Welfare Trust | | |
| 10-88-290 | LIABILITY INSURANCE | | \$472,500 |
| | CyberRisk annual premium | 20,000 | |
| | Liability coverage for UFA facilities and vehicles | 397,500 | |
| | Insurance broker fee | 55,000 | |

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| Account | Description | | Account Total |
|------------------|--|--------|------------------|
| 10-88-350 | PROFESSIONAL FEES – AMBULANCE BILLING | | \$350,000 |
| | Fees paid for ambulance billing & collection services | | |
| 10-88-351 | PROFESSIONAL FEES – OTHER | | \$36,625 |
| | Fees for third-party administration of COBRA, flex spending (FSA), Health reimbursement (HRA) | 33,000 | |
| | Actuarial valuation update (GASB requirement) | 2,500 | |
| | Advertisement of public hearings to meet State budget requirements | 700 | |
| | Application fee for GFOA budget award | 425 | |
| 10-88-355 | MEDICAID ASSESSMENT | | \$350,000 |
| | Quarterly fees paid to the State of Utah to self-fund Medicaid program, results in higher Medicaid collections funded by Federal match | | |
| 10-88-370 | PRINTING CHARGES | | \$3,600 |
| | Printing of FY18-19 approved budget books (90 * \$40) | | |
| 10-88-385 | RENT OF BUILDINGS | | \$147,000 |
| | Rent paid to Salt Lake County for ECC | | |
| 10-88-410 | SMALL EQUIPMENT NONCAPITAL | | \$6,000 |
| | Project: Desk upgrade for one office | | |
| 10-88-415 | MEMBERSHIPS & SUBSCRIPTIONS | | \$1,590 |
| | Dropbox subscriptions (2 * \$110) | 220 | |
| | Professional organization memberships (UACPA, AGA, GFOA, UGFOA) | 1,370 | |

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| | | ACTUAL | ACTUAL | ACTUAL | BEGINNING | FINAL | PROPOSED | TENTATIVE | ADOPTED | % INCREASE |
|--|---------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|
| | GL | FY15-16 | FY16-17 | FY17-18 | FY18-19 | FY18-19 | FY19-20 | FY19-20 | FY19-20 | BEGINNING |
| | | Finance 88 | Finance 88 | Finance 88 | Finance 88 | Finance 88 | Finance 88 | Finance 88 | Finance 88 | FY19 to FY20 |
| | | | | | | | | | | BUDGET |
| REVENUE | | | | | | | | | | |
| AMBULANCE FEES | 1032 | 593,839 | 605,837 | 599,575 | 615,000 | 615,000 | 700,000 | 700,000 | 700,000 | 13.8% |
| CONTRIBUTIONS FROM UFSA | 1034160 | 0 | 0 | 88,454 | 83,987 | 83,987 | 69,697 | 69,697 | 69,697 | -17.0% |
| MISC FEES | 1035 | 74 | 160 | 56 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| INTEREST INCOME | 1039105 | 67,389 | 99,138 | 189,139 | 100,000 | 124,000 | 200,000 | 200,000 | 200,000 | 100.0% |
| MISC REVENUE | 1039510 | 18,251 | 108,680 | 66,058 | 899 | 899 | 0 | 0 | 0 | -100.0% |
| PROCEEDS FROM LONG-TERM DEBT | 1039600 | 17,867,799 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| RENTAL INCOME (USAR SUBLEASE) | 1039300 | 94,896 | 94,896 | 94,896 | 94,896 | 94,896 | 94,896 | 94,896 | 94,896 | 0.0% |
| TOTAL REVENUE | | 18,642,249 | 908,711 | 1,038,177 | 894,782 | 918,782 | 1,064,593 | 1,064,593 | 1,064,593 | 19.0% |
| PERSONNEL | | | | | | | | | | |
| SALARIES | 100 | 639,408 | 638,638 | 663,552 | 742,751 | 742,751 | 808,329 | 818,364 | 818,364 | 10.2% |
| OVERTIME | 120 | 4,587 | 9,385 | 22,268 | 20,000 | 20,000 | 17,500 | 17,500 | 17,500 | -12.5% |
| OTHER EMPLOYEE BENEFITS | 130 | 261,480 | 271,782 | 280,731 | 11,786 | 11,786 | 9,484 | 9,885 | 9,885 | -16.1% |
| MEDICAL/DENTAL/LIFE INSURANCE | 132 | 0 | 0 | 0 | 107,219 | 107,219 | 124,898 | 124,898 | 124,898 | 16.5% |
| RETIREMENT CONTRIBUTIONS | 133 | 0 | 0 | 0 | 131,980 | 131,980 | 152,438 | 154,291 | 154,291 | 16.9% |
| PAYROLL TAX | 134 | 0 | 0 | 0 | 52,820 | 52,820 | 62,396 | 63,163 | 63,163 | 19.6% |
| WORKERS COMP | 135 | (374,193) | 832 | 436 | 1,560 | 1,560 | 1,713 | 1,734 | 1,734 | 11.2% |
| UNIFORM ALLOWANCE | 140 | 550 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| VAC/SICK PAYOUTS | 160 | 33,698 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| TOTAL SALARY | | 565,528 | 920,637 | 966,987 | 1,068,116 | 1,068,116 | 1,176,758 | 1,189,835 | 1,189,835 | 11.4% |
| FINANCE NON PERSONNEL | | | | | | | | | | |
| AUDITOR | 205 | 8,900 | 8,900 | 8,900 | 8,900 | 8,900 | 8,900 | 8,900 | 8,900 | 0.0% |
| BANK FEES | 209 | 0 | 0 | 0 | 0 | 24,000 | 18,000 | 18,000 | 18,000 | 100.0% |
| CLOTHING PROVISIONS | 219 | 0 | 0 | 0 | 900 | 900 | 450 | 450 | 450 | -50.0% |
| COMPUTER COMPONENTS | 225 | 3,554 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| COMPUTER SOFTWARE<5000 | 235 | 1,083 | 106 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| COMPUTER SOFTWARE>5000 | 236 | 7,368 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| EDUCATION & TRAINING & CERT | 250 | 2,845 | 1,274 | 6,174 | 8,500 | 8,500 | 7,350 | 7,350 | 7,350 | -13.5% |
| INTERGOVERNMENTAL | 293 | 4,000 | 4,148 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 0.0% |
| MAINTENANCE OF SOFTWARE | 330 | 27,132 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| PRINTING CHARGES | 370 | 0 | 0 | 0 | 2,500 | 2,500 | 3,600 | 3,600 | 3,600 | 44.0% |
| SMALL EQUIP. NONCAP | 410 | 9,047 | -2,229 | 4,942 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 0.0% |
| MEMBERSHIPS & SUBSCRIPTIONS | 415 | 0 | 766 | 1,082 | 1,100 | 1,100 | 1,590 | 1,590 | 1,590 | 44.5% |
| TRAVEL & TRANSPORTATION | 425 | 3,418 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| TOTAL FINANCE OPERATIONS | | 67,347 | 12,965 | 25,098 | 31,900 | 55,900 | 49,890 | 49,890 | 49,890 | 56.4% |
| UFA OPERATIONS | | | | | | | | | | |
| NONCAP EQUIPMENT - FINANCED | 227 | 0 | 781,735 | 134,221 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| LIABILITY INSURANCE | 290 | 245,228 | 407,961 | 391,955 | 450,000 | 450,000 | 472,500 | 472,500 | 472,500 | 5.0% |
| LIABILITY CLAIMS | 290 | 300 | 1,415 | 25,096 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| MIDA | 292 | 312 | 318 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| STATE WL MITIGATION PROGRAM | 294 | 0 | 139,290 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| PROFESSIONAL FEES-AMB BILLING | 350 | 341,972 | 326,302 | 314,966 | 315,000 | 315,000 | 350,000 | 350,000 | 350,000 | 11.1% |
| PROFESSIONAL FEES-OTHER | 350 | 54,451 | 64,544 | 50,128 | 31,700 | 31,700 | 36,625 | 36,625 | 36,625 | 15.5% |
| MEDICAID ASSESSMENT (AMB) | 355 | 251,868 | 279,534 | 284,609 | 300,000 | 300,000 | 350,000 | 350,000 | 350,000 | 16.7% |
| RENT OF BUILDINGS | 385 | 146,369 | 146,671 | 146,670 | 147,000 | 147,000 | 147,000 | 147,000 | 147,000 | 0.0% |
| SANDY CONTRACT | 390 | 828,125 | 840,962 | 861,047 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| UTAH COMMUNICATIONS AUTHORITY | 428 | 192,843 | 160,456 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| VECC/VALLEY DISPATCH | 435 | 778,784 | 852,767 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| UFA OPERATIONS TOTAL | | 2,840,250 | 4,001,954 | 2,208,692 | 1,243,700 | 1,243,700 | 1,356,125 | 1,356,125 | 1,356,125 | 9.0% |
| CAPITAL OUTLAY | | | | | | | | | | |
| CAPITAL OUTLAY-CASH | 216 | 413,175 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| CAPITAL OUTLAY | 217 | 16,203,198 | 2,803,026 | 33,767 | 0 | 20,455 | 0 | 0 | 0 | 0.0% |
| CAPITAL OUTLAY TOTAL | | 16,616,372 | 2,803,026 | 33,767 | 0 | 20,455 | 0 | 0 | 0 | 0.0% |
| DEBT SERVICE | | | | | | | | | | |
| CAPITAL LEASE PAYMENTS | 221 | 3,673,385 | 2,401,982 | 2,450,502 | 3,300,002 | 3,312,497 | 3,235,730 | 3,235,730 | 3,235,730 | -1.9% |
| INTEREST EXPENSE | 277 | 113,191 | 392,839 | 105,579 | 286,384 | 286,384 | 358,675 | 358,675 | 358,675 | 25.2% |
| WAREHOUSE LOAN | 437 | 97,475 | 101,446 | 340,186 | 109,881 | 109,881 | 114,357 | 114,357 | 114,357 | 4.1% |
| DEBT SERVICE TOTAL | | 3,884,050 | 2,896,267 | 2,896,267 | 3,696,267 | 3,708,762 | 3,708,762 | 3,708,762 | 3,708,762 | 0.3% |
| TOTAL EXPENDITURES | | 23,973,549 | 10,634,849 | 6,130,811 | 6,039,983 | 6,096,933 | 6,291,535 | 6,304,612 | 6,304,612 | 4.4% |
| NET EFFECT ON UFA GENERAL FUND BUDGET | | -5,331,300 | -9,726,138 | -5,092,634 | -5,145,201 | -5,178,151 | -5,226,942 | -5,240,019 | -5,240,019 | 1.8% |