



Department Description

The Financial Management Department provides fiscal services to the Mayor and serves as an internal fiscal consultant to other City departments. Financial Management prepares the proposed and annual budgets in accordance with the City Charter each year. During the fiscal year, Financial Management monitors the City's expenditures and revenue receipts, oversees budget transfers and adjustments, and reviews requests for City Council and Mayoral Actions for both the operating budget and the Capital Improvements Program. In addition, the Department develops and updates the Mayor's Five-Year Financial Outlook.

Financial Management is organized into the following functions:

Budget Development and Public Budget Formulation

The Budget Development staff coordinates and manages the development and implementation of a responsible and balanced budget. The staff continuously works to streamline the year-long budget process by maintaining and improving budgeting system software (which includes the development of a new budgeting application known as Public Budget Formulation), working with City departments, seeking expenditure savings, and implementing Mayoral objectives.

Economic Analysis and Financial Planning

The Economic Analysis and Financial Planning staff develops and updates the Mayor's Five-Year Financial Outlook, seeks to identify new revenue sources, and forecasts revenues citywide. Revenue monitoring and forecasting are focused on the major revenue sources such as property tax, sales tax, and transient occupancy tax. This is achieved by reviewing current year and historical revenue receipts and factoring in economic trends.

Budget Monitoring

The Budget Monitoring staff monitors the City's annual operating budget. Quarterly reports are produced and presented to City Council to forecast year-end results and aid in adjusting the budget throughout the year to accommodate unforeseen changes in revenues and expenditures. The staff also develops and monitors monthly

Financial Management

budgets for each City department as a tool for benchmarking actual expenditures and revenues which supports departments in managing their budgets.

Capital Budget

The Capital Budget staff develops and monitors the City's Capital Improvements Program (CIP) Budget which supports construction projects such as the development of park land, installation of traffic signals, and the construction and remodeling of City facilities. In addition, requests for Council actions are reviewed for their CIP impact.

The Department's mission is:

To develop and monitor the City's annual budget and comprehensive long-range financial forecast through a collective effort; to provide sound fiscal analysis of operating and capital revenues and expenditures; to provide superior customer service; and to adhere to the highest professional standards

Goals and Objectives

Goals and objectives have been reprinted here as they were adopted in the Fiscal Year 2010 budget. They will be revisited during Fiscal Year 2012.

Goal 1: Produce a balanced annual budget

Having a balanced annual budget is mandated by City law. A budget is considered balanced when revenues and expenditures equal one another. The Department will accomplish this goal by focusing on the following objectives.

- Implement a more efficient budget development application
- Publish the City's Proposed and Annual Budget

Goal 2: Provide long-range fiscal planning

The purpose of long-range fiscal planning is to enable effective decision-making and identify the City's future fiscal requirements to support City services. The Department will accomplish this goal by focusing on the following objectives.

- Analyze actual revenue receipts and economic trends to forecast major revenues
- Forecast expenditure trends in City departments

Goal 3: Monitor spending citywide

Budget monitoring is an essential business practice to identify variances in the spending plan and to control overspending. The Department will accomplish this goal by focusing on the following objective.

- Adjust budgets throughout the year to accommodate unforeseen changes in revenues and expenditures

Goal 4: Provide superior customer service

Providing excellent customer service is a goal of every City department whether the customer is a resident, visitor, outside agency, or a City employee from another department. The Department will accomplish this goal by focusing on the following objectives.

- Provide internal training
- Provide accurate and timely fiscal analysis and review and consultation for Council and Mayoral actions

Goal 5: Build a sustainable organization through learning and continuous improvement

A key part of building a sustainable organization is to develop a trained workforce and high performing teams. Over the next one to two years, the Department will accomplish this goal by focusing on the following objective.

- Support professional growth and development

Financial Management

Goal 6: *Promote the highest ethical standards*

Adhering to a stringent ethical standard is the cornerstone of any governmental organization. City residents must be assured that their interests are always the primary concern of department staff. The Department will accomplish this goal by focusing on the following objectives.

- Provide ethics training for management and staff
- Management review of standards and ethical practices with staff on a regular basis

Service Efforts and Accomplishments

Budget Development

For Fiscal Year 2010, Financial Management developed a balanced budget of over \$2.9 billion. In addition, Financial Management issued the Fiscal Year 2011-2015 Five-Year Financial Outlook which serves as a guide for long-range planning and provides the framework for the development of the annual budget. The Outlook incorporated a variety of economic assumptions and new expenditure requirements affecting the City's General Fund revenues and expenditures. The projected shortfall for Fiscal Year 2011 identified in the Outlook was \$179.0 million.

In response to a \$179.0 million shortfall projected for Fiscal Year 2011 in the Mayor's Five-Year Financial Outlook, a Fiscal Year 2010 Budget Amendment and Fiscal Year 2011 Proposed General Fund Budget Report was issued. The Report discussed the correction actions recommended to mitigate the projected deficit for Fiscal Year 2011 and proposed the Fiscal Year 2011 budget for General Fund operations.

Recognizing the need for an updated policy outlining the City's guidelines for budgetary decision making and setting standards for sound budgetary practices and fiscal performance, a City Budget Policy was developed, amending Council Policy 000-02, and approved by City Council on October 26, 2009. This policy serves to guide the creation of the City's budget and outline standards for revenue generation and execution of operating and capital budget expenditures as recommended by the Government Finance Officers Association and National Advisory Council on State and Local Budgeting.

Budget Monitoring

Beginning in Fiscal Year 2007, the Department has established monthly budgets for each of the City's budgeted departments to benchmark actual expenditures and revenues. In addition, the Department routinely compares actual results to projections and incorporates this data and accompanying relevant analysis into quarterly reports to the City Council. During the first quarterly review for Fiscal Year 2009, significant budgetary reductions were presented to City Council in order to reduce spending early in the fiscal year due to rapidly declining revenues resulting from the economic downturn. These and other adjustments throughout the year resulted in actual Fiscal Year 2009 expenditures and revenues that were within 3 percent of budget at year-end.

Fiscal Planning

Beginning in Fiscal Year 2007, the Department began developing the Mayor's Five-Year Financial Outlook. Since then, four new editions have been issued with the latest edition released in April 2010 covering Fiscal Years 2011 through 2015. The Department will continue to issue annual updated editions of the Financial Outlook at the beginning of each budget cycle to set the framework for the upcoming budget.

User Fees

In Fiscal Year 2009, the Department developed (and Council adopted) a comprehensive Citywide User Fee Policy which defined the method by which fees and charges are set and the extent to which they cover the cost of the services provided. The purpose of this policy is to provide guidelines for the review of City fees and to incorporate best practices to ensure that the City adequately recovers costs for services it provides to the public. Then beginning

Financial Management

Fiscal Year 2010, a master user fee schedule for all General Fund user fees was developed and posted online for the public. The Department will continue to monitor user fees and ensure appropriate cost recovery levels are met.

Public Budget Formulation

The City has partnered with SAP to develop and implement the Public Budget Formulation (PBF) module of SAP's Enterprise Resource Planning. This application has replaced the existing budget development tool - Financial Management Information System (FMIS) - and will be used to prepare all proposed and annual budgets beginning in Fiscal Year 2011. PBF is an integrated system that has allowed the City to move from disconnected data systems to a connected chain of functions and activities. This improved platform will enhance Financial Management's budget development, execution, and administration abilities.

Financial Management

Department Summary

	FY2010 Budget	FY2011 Adopted	FY2010–2011 Change
Positions	31.00	31.12	0.12
Personnel Expenses	\$ 3,280,191	\$ 3,702,882	\$ 422,691
Non-Personnel Expenses	508,088	512,799	4,711
Total Department Expenses	\$ 3,788,279	\$ 4,215,681	\$ 427,402
Total Department Revenue	\$ 371,695	\$ 67,180	\$ (304,515)

General Fund

Department Expenditures

	FY2010 Budget	FY2011 Adopted	FY2010–2011 Change
Financial Management	\$ 3,788,279	\$ 4,215,681	\$ 427,402
Total	\$ 3,788,279	\$ 4,215,681	\$ 427,402

Department Personnel

	FY2010 Budget	FY2011 Adopted	FY2010–2011 Change
Financial Management	31.00	31.12	0.12
Total	31.00	31.12	0.12

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Adjustment to Hourly Personnel Funding Funding allocated according to a zero-based annual review of hourly funding requirements.	1.12	\$ 28,913	\$ –
Revised Revenue Adjustment to reflect Fiscal Year 2011 revenue projections.	0.00	–	(145,867)
Total	1.12	\$ 28,913	\$ (145,867)

Expenditures by Category

	FY2010 Budget	FY2011 Adopted	FY2010–2011 Change
PERSONNEL			
Salaries and Wages	\$ 2,221,579	\$ 2,277,305	\$ 55,726
Fringe Benefits	1,058,612	1,425,577	366,965
PERSONNEL SUBTOTAL	\$ 3,280,191	\$ 3,702,882	\$ 422,691
NON-PERSONNEL			
Supplies	\$ 14,435	\$ 14,435	\$ –
Contracts	139,923	129,770	(10,153)
Information Technology	322,731	341,446	18,715
Energy and Utilities	27,379	23,528	(3,851)
Other	3,620	3,620	–
NON-PERSONNEL SUBTOTAL	\$ 508,088	\$ 512,799	\$ 4,711
Total	\$ 3,788,279	\$ 4,215,681	\$ 427,402

Financial Management

Revenues by Category

		FY2010 Budget		FY2011 Adopted		FY2010-2011 Change
Charges for Current Services	\$	20,000	\$	20,000	\$	-
Other Revenue		127,888		47,180		(80,708)
Other Financial Sources (Uses)		223,807		-		(223,807)
Total	\$	371,695	\$	67,180	\$	(304,515)

Personnel Expenses

Job Number	Job Class	Job Title / Wages	FY2010 Budget	FY2011 Adopted	Salary Range	Total
20001035	1965	Associate Budget Development Analyst	13.00	12.00	\$59,467 - \$71,864	\$ 698,192
20001101	2132	Department Director	1.00	1.00	59,155 - 224,099	145,001
20000924	1876	Executive Secretary	1.00	1.00	43,555 - 52,666	51,349
20001172	2217	Financial Operations Manager	3.00	3.00	25,376 - 148,200	334,653
90001073	2103	Management Intern - Hourly	0.00	1.12	24,274 - 29,203	27,186
20000680	1648	Payroll Specialist 2	1.00	1.00	34,611 - 41,787	40,742
20001036	1966	Senior Budget Development Analyst	8.00	8.00	65,291 - 78,936	577,331
20001037	1967	Supervising Budget Development Analyst	4.00	4.00	73,445 - 88,982	322,851
		Overtime Budgeted				80,000
Salaries and Wages Subtotal			31.00	31.12		\$ 2,277,305
		Employee Offset Savings				\$ 38,538
		Flexible Benefits				208,385
		Long-Term Disability				20,245
		Medicare				32,634
		Other Post-Employment Benefits				183,570
		Retirement ARC				778,682
		Retirement Offset Contribution				51,146
		Risk Management Administration				28,420
		Supplemental Pension Savings Plan				71,582
		Unemployment Insurance				4,710
		Unused Sick Leave				1,781
		Workers' Compensation				5,884
Fringe Benefits Subtotal						\$ 1,425,577
Total Personnel Expenses						\$ 3,702,882

Budget by Program

	FY2011 Positions	FY2011 Expenditures	FY2011 Revenue
Annual Budget Development	9.00	\$ 1,453,513	\$ 47,180
Annual Budget Monitoring	5.00	580,208	-
CIP Administration	4.00	464,678	-
General Administration/Management	3.00	412,720	-
IT Non-Discretionary	0.00	141,446	-
Public Budget Formulation Implementation and Administration	1.00	131,748	-

Financial Management

Budget by Program (Cont'd)

	FY2011 Positions	FY2011 Expenditures	FY2011 Revenue
Revenue and Forecasting	9.12	1,031,368	20,000
Total	31.12	\$ 4,215,681	\$ 67,180