

Financial Management



Page Intentionally Left Blank



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. During the fiscal year, Financial Management monitors the City's revenues and expenditures, oversees budget transfers and adjustments, and reviews requests for City Council and Mayoral Actions for both the operating budget and the Capital Improvements Program (CIP). 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 (PBF)

The Budget Development staff coordinates and manages the development and implementation of a responsible and balanced budget. Staff works to streamline the year-long budget process by maintaining and improving budgeting system software that includes the development and implementation of a new budgeting application, 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. At the beginning of the fiscal year, staff also develops monthly revenue and expenditure plans for each City department as a tool for benchmarking actual revenues and expenditures, which encourage departments to adhere to annual budgets.

Financial Management

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

The following goals and objectives represent the action plan for the Department:

Goal 1: Produce a balanced annual budget

Having a balanced annual budget is mandated by City law. A budget is considered balanced when expenditures are equal to available resources (fund balance and/or revenues). 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 Adopted Budgets

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, review, and consultation for Mayor and Council actions

Goal 5: Build a sustainable organization through learning and improvement

A key part of building a sustainable organization is to develop a trained workforce and high-performing teams. 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

Adherence 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

Key Performance Indicators

Performance Measure	Actual FY2013	Actual FY2014	Target FY2015
1. Percent variance between actual General Fund expenditures and the revised budget at year-end	0.8% ¹	TBD ²	<3.0%
2. Percent variance between actual General Fund revenue and the revised budget at year-end	0.8% ¹	TBD ²	<3.0%
3. General Fund reserves (as a percent of total General Fund revenues) compared to goal	16.8% ¹	TBD ²	15.0%

1. Numbers are based on audited actuals for Fiscal Year 2013.

2. Audited actuals for Fiscal Year 2014 were not available at the time of publication.

Service Efforts and Accomplishments

Budget Development

For Fiscal Year 2014, Financial Management developed a balanced budget of \$2.80 billion. In addition, Financial Management issued the Mayor's Fiscal Years 2015-2019 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.

Budget Monitoring

Beginning in Fiscal Year 2007, the Department has established monthly revenue and expenditure plans 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.

Fiscal Planning

Beginning in Fiscal Year 2007, the Department has prepared the Five-Year Financial Outlook prior to the start of the budget cycle. Seven new editions have been issued with the latest edition released in October 2013 covering Fiscal Years 2015-2019. 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

Financial Management

best practices to ensure that the City adequately recovers costs for services it provides to the public. A master schedule for all General Fund user fees is posted online for the public. The Department will continue to monitor user fees and ensure appropriate cost recovery levels are met.

Capital Budget

For Fiscal Year 2014, Financial Management, in conjunction with the Public Works and all asset-owning departments, developed a CIP Budget adding an additional \$179.4 million to the City's \$5.75 billion CIP Program.

Financial Management

Department Summary

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014–2015 Change
FTE Positions (Budgeted)	31.03	30.00	30.00	0.00
Personnel Expenditures	\$ 3,315,165	\$ 3,727,387	\$ 3,721,386	\$ (6,001)
Non-Personnel Expenditures	361,968	364,217	388,009	23,792
Total Department Expenditures	\$ 3,677,133	\$ 4,091,604	\$ 4,109,395	\$ 17,791
Total Department Revenue	\$ 108	\$ 5,000	\$ 5,000	\$ -

General Fund

Department Expenditures

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014–2015 Change
Financial Management	\$ 3,677,133	\$ 4,091,604	\$ 4,109,395	\$ 17,791
Total	\$ 3,677,133	\$ 4,091,604	\$ 4,109,395	\$ 17,791

Department Personnel

	FY2013 Budget	FY2014 Budget	FY2015 Adopted	FY2014–2015 Change
Financial Management	31.03	30.00	30.00	0.00
Total	31.03	30.00	30.00	0.00

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Addition of Program Coordinators Addition of 4.00 Program Coordinators.	4.00	\$ 682,172	\$ -
Equipment/Support for Information Technology Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	35,310	-
Non-Standard Hour Personnel Funding Adjustment to expenditures according to a zero-based annual review of non-standard hour personnel funding requirements.	0.00	1,577	-
Non-Discretionary Adjustment Adjustment to expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.	0.00	(11,518)	-
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2014 negotiated salary compensation schedule, changes to savings resulting from positions to be vacant for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiation adjustments.	0.00	(98,677)	-

Financial Management

Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Reduction of Supervising Budget Development Analysts	(4.00)	\$ (591,073)	\$ -
Reduction of 4.00 Supervising Budget Development Analysts.			
Total	0.00	\$ 17,791	\$ -

Expenditures by Category

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014-2015 Change
PERSONNEL				
Personnel Cost	\$ 2,047,507	\$ 2,232,883	\$ 2,273,952	\$ 41,069
Fringe Benefits	1,267,658	1,494,504	1,447,434	(47,070)
PERSONNEL SUBTOTAL	3,315,165	3,727,387	3,721,386	(6,001)
NON-PERSONNEL				
Supplies	\$ 18,972	\$ 10,589	\$ 10,754	\$ 165
Contracts	44,978	81,178	74,180	(6,998)
Information Technology	206,005	160,868	196,178	35,310
Energy and Utilities	18,073	22,127	24,003	1,876
Other	4,189	4,800	4,800	-
Transfers Out	69,751	84,655	78,094	(6,561)
NON-PERSONNEL SUBTOTAL	361,968	364,217	388,009	23,792
Total	\$ 3,677,133	\$ 4,091,604	\$ 4,109,395	\$ 17,791

Revenues by Category

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014-2015 Change
Charges for Services	\$ 108	\$ 5,000	\$ 5,000	\$ -
Total	\$ 108	\$ 5,000	\$ 5,000	\$ -

Personnel Expenditures

Job Number	Job Title / Wages	FY2013 Budget	FY2014 Budget	FY2015 Adopted	Salary Range	Total
FTE, Salaries, and Wages						
20000024	Administrative Aide 2	1.00	1.00	1.00	\$42,578 - \$51,334	\$ 42,974
20001035	Associate Budget Development Analyst	11.00	10.00	11.00	59,467 - 71,864	631,554
20001101	Department Director	1.00	1.00	1.00	59,155 - 224,099	170,000
20001168	Deputy Director	0.00	2.00	2.00	46,966 - 172,744	276,000
20000924	Executive Secretary	1.00	1.00	1.00	43,555 - 52,666	52,666
20001172	Financial Operations Manager	3.00	0.00	0.00	25,376 - 148,200	-
90001073	Management Intern - Hourly	1.03	1.00	1.00	24,274 - 29,203	26,252
20001234	Program Coordinator	0.00	0.00	4.00	23,005 - 137,904	400,000
20001036	Senior Budget Development Analyst	10.00	10.00	9.00	65,291 - 78,936	609,506
20001037	Supervising Budget Development Analyst	3.00	4.00	0.00	73,445 - 88,982	-
	Overtime Budgeted					65,000
FTE, Salaries, and Wages Subtotal		31.03	30.00	30.00		\$ 2,273,952

Financial Management

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014–2015 Change
Fringe Benefits				
Employee Offset Savings	\$ 26,986	\$ 37,137	\$ 34,899	\$ (2,238)
Flexible Benefits	186,755	214,686	209,883	(4,803)
Insurance	272	-	-	-
Long-Term Disability	11,530	11,758	7,599	(4,159)
Medicare	30,408	31,883	32,030	147
Other Post-Employment Benefits	172,723	174,748	163,782	(10,966)
Retiree Medical Trust	1,049	1,115	977	(138)
Retirement 401 Plan	3,484	4,458	1,895	(2,563)
Retirement ADC	685,089	854,108	860,591	6,483
Retirement Offset Contribution	3,869	-	-	-
Risk Management Administration	27,708	26,516	25,569	(947)
Supplemental Pension Savings Plan	88,285	86,762	97,667	10,905
Unemployment Insurance	5,873	6,244	4,354	(1,890)
Workers' Compensation	23,627	45,089	8,188	(36,901)
Fringe Benefits Subtotal	\$ 1,267,658	\$ 1,494,504	\$ 1,447,434	\$ (47,070)
Total Personnel Expenditures			\$ 3,721,386	



Page Intentionally Left Blank