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 (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. The staff continuously tries to streamline the year-long budget process by maintaining and improving budgeting system software which includes the development and implementation 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 City-wide. 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 budgets for each City department as a tool for benchmarking actual expenditures and revenues which encourages departments to adhere to their budget.

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 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 City-wide
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

Goal 6: romote 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 2011, Financial Management developed a balanced budget of over $2.8 billion. In addition, Financial Management issued the Fiscal Year 2012-2016 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 2012 identified in the Outlook was $56.7 million.

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. The Fiscal Year 2011 Mid-Year Budget Monitoring Report reflects General Fund projections within one percent of budget.

Fiscal Planning

Beginning in Fiscal Year 2007, the Department began developing the Mayor's Five-Year Financial Outlook. Since then, five new editions have been issued with the latest edition released in February 2011 covering Fiscal Years 2012 through 2016. 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 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. 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

Key Performance Indicators

Performance Measure	Actual FY2010	Estimated FY2011
Percent variance between actual General Fund expenditures and revised budget at year-end	N/A[1]	0%
Percent variance between actual General Fund revenue and revised budget at year-end	N/A[1]	0%

1. At the time of publication, audited financial statements for Fiscal Year 2010 were not available.

Department Summary

		FY2011 Budget		FY2012 Proposed		FY2011–2012 Change
Positions		31.12		**31.12**		0.00
Personnel Expenditures	$	3,702,882	**$**	**3,769,183**	$	66,301
Non-Personnel Expenditures		512,799		**455,410**		(57,389)
Total Department Expenditures	**$**	**4,215,681**	**$**	**4,224,593**	**$**	**8,912**
Total Department Revenue	**$**	**67,180**	**$**	**67,180**	**$**	**-**

General Fund

Department Expenditures

		FY2011 Budget		FY2012 Proposed		FY2011–2012 Change
Financial Management	$	4,215,681	**$**	**4,224,593**	$	8,912
Total	**$**	**4,215,681**	**$**	**4,224,593**	**$**	**8,912**

Department Personnel

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
Financial Management	31.12	**31.12**	0.00
Total	**31.12**	**31.12**	**0.00**

Significant Budget Adjustments

	FTE		Expenditures		Revenue
Equipment/Support for Information Technology Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	$	244,842	$	-
Non-Discretionary Adjustment Total 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		97,808		-
Hourly Personnel Funding Funding allocated according to a zero-based annual review of hourly funding requirements.	1.12		29,163		-
Reduction of Training Expenditures Reduction of training expenditures. Reducing the training budget will lead to a reduction in training opportunities.	0.00		(17,648)		-
Total	**1.12**	**$**	**354,165**	**$**	**-**

Expenditures by Category

		FY2011 Budget		FY2012 Proposed		FY2011–2012 Change
PERSONNEL						
Salaries and Wages	$	2,277,305	**$**	**2,314,138**	$	36,833
Fringe Benefits		1,425,577		**1,455,045**		29,468
PERSONNEL SUBTOTAL	**$**	**3,702,882**	**$**	**3,769,183**	**$**	**66,301**

Financial Management

Expenditures by Category *(Cont'd)*

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
NON-PERSONNEL			
Supplies	$ 14,435	**$ 14,366**	$ (69)
Contracts	129,770	**149,611**	19,841
Information Technology	341,446	**244,842**	(96,604)
Energy and Utilities	23,528	**28,584**	5,056
Other	3,620	**18,007**	14,387
NON-PERSONNEL SUBTOTAL	**$ 512,799**	**$ 455,410**	**$ (57,389)**
Total	**$ 4,215,681**	**$ 4,224,593**	**$ 8,912**

Revenues by Category

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
Charges for Services	$ 20,000	**$ 20,000**	$ -
Other Revenue	47,180	**47,180**	-
Total	**$ 67,180**	**$ 67,180**	**$ -**

Personnel Expenditures

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Proposed	Salary Range	Total
Salaries and Wages						
20001035	1965	Associate Budget Development Analyst	12.00	**12.00**	$59,467 - $71,864	$ 778,492
20001101	2132	Department Director	1.00	**1.00**	59,155 - 224,099	150,000
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	340,229
90001073	2103	Management Intern - Hourly	1.12	**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	**9.00**	65,291 - 78,936	670,846
20001037	1967	Supervising Budget Development Analyst	4.00	**3.00**	73,445 - 88,982	175,294
		Overtime Budgeted				80,000
Salaries and Wages Subtotal			**31.12**	**31.12**		**$ 2,314,138**
Fringe Benefits						
		Employee Offset Savings				$ 36,343
		Flexible Benefits				200,540
		Long-Term Disability				19,733
		Medicare				33,277
		Other Post-Employment Benefits				183,280
		Retiree Medical Trust				387
		Retirement 401 Plan				1,546
		Retirement ARC				805,943
		Retirement Offset Contribution				53,866
		Risk Management Administration				29,203
		Supplemental Pension Savings Plan				63,159

Personnel Expenditures *(Cont'd)*

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Proposed	Salary Range	Total
		Unemployment Insurance				4,821
		Workers' Compensation				22,947
Fringe Benefits Subtotal						**$ 1,455,045**
Total Personnel Expenditures						**$ 3,769,183**