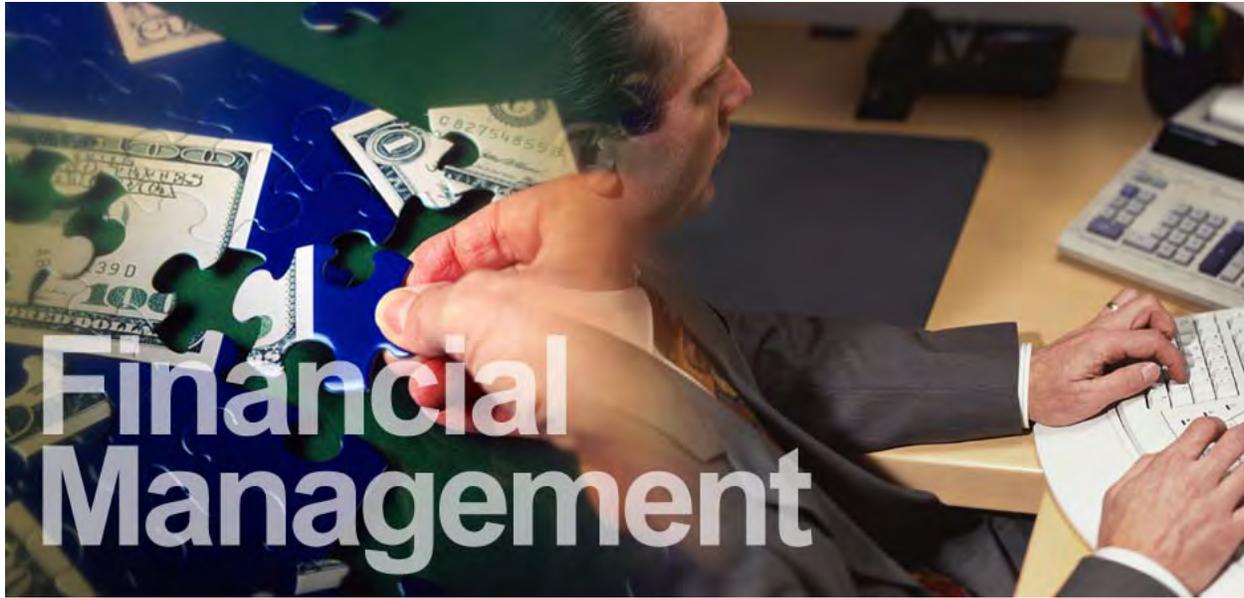


Financial Management



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 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 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 expenditures and revenues which encourages departments to adhere to their 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 Council and Mayoral 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

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 2012, Financial Management developed a balanced budget of \$2.8 billion. In addition, Financial Management issued the Fiscal Year 2013 to 2017 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 2013 identified in the Outlook was \$31.8 million.

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. The Fiscal Year 2012 Mid-Year Budget Monitoring Report reflects General Fund projections within 2 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 October 2011 covering Fiscal Years 2013 through 2017. 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. Beginning in 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 module of SAP's Enterprise Resource Planning. This application is now used to prepare all proposed and annual budgets and develop the quarterly monitoring reports. 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 enhances Financial Management's budget development, execution, and administration abilities.

Financial Management

Capital Budget

During Fiscal Year 2012, the Financial Management Department assisted the Public Works Department in implementing streamlining reforms for the City's CIP contracting process and improving the transparency of CIP information available to the City Council and the public.

As a result of these efforts, the Fiscal Year 2013 Proposed CIP budget document has been revised to include new information such as the listing of projects that will move forward to bid and award of a construction contract in the upcoming fiscal year.

Key Performance Indicators

| Performance Measure | Actual FY2011 | Estimated FY2012 | Target FY2013 |
|---|---------------|------------------|---------------|
| 1. Percent variance between actual General Fund expenditures and the revised budget at year-end (G3/O1) | 0.9% | 0.3% | <3.0% |
| 2. Percent variance between actual General Fund revenue and the revised budget at year-end (G3/O1) | 0.7% | 1.9% | <3.0% |

Financial Management

Department Summary

| | FY2011 Actual | FY2012 Budget | FY2013 Proposed | FY2012-2013 Change |
|--------------------------------------|---------------------|---------------------|---------------------|-----------------------|
| Positions (Budgeted) | 31.12 | 31.12 | 31.03 | (0.09) |
| Personnel Expenditures | \$ 3,458,396 | \$ 3,735,660 | \$ 3,737,134 | \$ 1,474 |
| Non-Personnel Expenditures | 229,166 | 422,637 | 433,833 | 11,196 |
| Total Department Expenditures | \$ 3,687,563 | \$ 4,158,297 | \$ 4,170,967 | \$ 12,670 |
| Total Department Revenue | \$ 710 | \$ 67,180 | \$ 5,000 | \$ (62,180) |

General Fund

Department Expenditures

| | FY2011 Actual | FY2012 Budget | FY2013 Proposed | FY2012-2013 Change |
|----------------------|---------------------|---------------------|---------------------|-----------------------|
| Financial Management | \$ 3,687,563 | \$ 4,158,297 | \$ 4,170,967 | \$ 12,670 |
| Total | \$ 3,687,563 | \$ 4,158,297 | \$ 4,170,967 | \$ 12,670 |

Department Personnel

| | FY2011 Budget | FY2012 Budget | FY2013 Proposed | FY2012-2013 Change |
|----------------------|------------------|------------------|--------------------|-----------------------|
| Financial Management | 31.12 | 31.12 | 31.03 | (0.09) |
| Total | 31.12 | 31.12 | 31.03 | (0.09) |

Significant Budget Adjustments

| | FTE | Expenditures | Revenue |
|---|--------|--------------|---------|
| 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 | \$ 21,055 | \$ - |
| 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 | 3,083 | - |
| Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2012 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 | 2,947 | - |
| Non-Standard Hour Personnel Funding Adjustment to expenditures according to a zero-based annual review of non-standard hour personnel funding requirements. | (0.09) | (2,100) | - |
| One-Time Reductions and Annualizations Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2012. | 0.00 | (4,419) | - |

Financial Management

Significant Budget Adjustments (Cont'd)

| | FTE | Expenditures | Revenue |
|--|---------------|------------------|--------------------|
| Copier Savings Adjustment to reflect savings resulting from the new convenience copier contract. | 0.00 | (7,896) | - |
| Revised Revenue Adjustment to reflect Fiscal Year 2013 revenue projections. | 0.00 | - | (62,180) |
| Total | (0.09) | \$ 12,670 | \$ (62,180) |

Expenditures by Category

| | FY2011 Actual | FY2012 Budget | FY2013 Proposed | FY2012-2013 Change |
|-------------------------------|---------------------|---------------------|---------------------|-----------------------|
| PERSONNEL | | | | |
| Salaries and Wages | \$ 2,107,896 | \$ 2,346,040 | \$ 2,353,866 | \$ 7,826 |
| Fringe Benefits | 1,350,501 | 1,389,620 | 1,383,268 | (6,352) |
| PERSONNEL SUBTOTAL | \$ 3,458,396 | \$ 3,735,660 | \$ 3,737,134 | \$ 1,474 |
| NON-PERSONNEL | | | | |
| Supplies | \$ 13,486 | \$ 14,366 | \$ 12,795 | \$ (1,571) |
| Contracts | 65,202 | 121,377 | 125,491 | 4,114 |
| Information Technology | 124,043 | 234,796 | 255,851 | 21,055 |
| Energy and Utilities | 22,137 | 28,584 | 20,100 | (8,484) |
| Other | 3,545 | 22,229 | 18,782 | (3,447) |
| Transfers Out | 753 | 1,285 | 814 | (471) |
| NON-PERSONNEL SUBTOTAL | \$ 229,166 | \$ 422,637 | \$ 433,833 | \$ 11,196 |
| Total | \$ 3,687,563 | \$ 4,158,297 | \$ 4,170,967 | \$ 12,670 |

Revenues by Category

| | FY2011 Actual | FY2012 Budget | FY2013 Proposed | FY2012-2013 Change |
|----------------------|------------------|------------------|--------------------|-----------------------|
| Charges for Services | \$ 710 | \$ 20,000 | \$ 5,000 | \$ (15,000) |
| Other Revenue | - | 47,180 | - | (47,180) |
| Total | \$ 710 | \$ 67,180 | \$ 5,000 | \$ (62,180) |

Personnel Expenditures

| Job Number | Job Title / Wages | FY2011 Budget | FY2012 Budget | FY2013 Proposed | Salary Range | Total |
|---------------------------|--------------------------------------|------------------|------------------|--------------------|---------------------|-----------|
| Salaries and Wages | | | | | | |
| 2000024 | Administrative Aide 2 | 0.00 | 0.00 | 1.00 | \$42,578 - \$51,334 | \$ 43,420 |
| 20001034 | Assistant Budget Development Analyst | 0.00 | 1.00 | 0.00 | 48,922 - 59,467 | - |
| 20001035 | Associate Budget Development Analyst | 12.00 | 11.00 | 11.00 | 59,467 - 71,864 | 729,719 |
| 20001101 | Department Director | 1.00 | 1.00 | 1.00 | 59,155 - 224,099 | 150,000 |
| 20000924 | Executive Secretary | 1.00 | 1.00 | 1.00 | 43,555 - 52,666 | 51,349 |
| 20001172 | Financial Operations Manager | 3.00 | 3.00 | 3.00 | 25,376 - 148,200 | 340,229 |
| 90001073 | Management Intern - Hourly | 1.12 | 1.12 | 1.03 | 24,274 - 29,203 | 25,002 |
| 20000680 | Payroll Specialist 2 | 1.00 | 1.00 | 0.00 | 34,611 - 41,787 | - |
| 20001036 | Senior Budget Development Analyst | 8.00 | 9.00 | 10.00 | 65,291 - 78,936 | 690,162 |

Financial Management

Personnel Expenditures (Cont'd)

| Job Number | Job Title / Wages | FY2011 Budget | FY2012 Budget | FY2013 Proposed | Salary Range | Total |
|-------------------------------------|--|---------------|---------------|-----------------|-----------------|---------------------|
| 20001037 | Supervising Budget Development Analyst | 4.00 | 3.00 | 3.00 | 73,445 - 88,982 | 258,985 |
| | Overtime Budgeted | | | | | 65,000 |
| Salaries and Wages Subtotal | | 31.12 | 31.12 | 31.03 | | \$ 2,353,866 |
| Fringe Benefits | | | | | | |
| | Employee Offset Savings | | | | | \$ 38,482 |
| | Flexible Benefits | | | | | 198,965 |
| | Long-Term Disability | | | | | 15,438 |
| | Medicare | | | | | 33,925 |
| | Other Post-Employment Benefits | | | | | 184,266 |
| | Retiree Medical Trust | | | | | 682 |
| | Retirement 401 Plan | | | | | 2,727 |
| | Retirement ARC | | | | | 755,668 |
| | Retirement Offset Contribution | | | | | 6,191 |
| | Risk Management Administration | | | | | 30,218 |
| | Supplemental Pension Savings Plan | | | | | 83,534 |
| | Unemployment Insurance | | | | | 6,804 |
| | Workers' Compensation | | | | | 26,368 |
| Fringe Benefits Subtotal | | | | | | \$ 1,383,268 |
| Total Personnel Expenditures | | | | | | \$ 3,737,134 |



Page Intentionally Left Blank