

# Finance Department

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**T**o manage, protect and report on the City of San José's financial resources to enhance the City's financial condition for residents, businesses, and investors

## *City Service Area*

Strategic Support

## *Core Services*

### Disbursements

Facilitate timely and accurate payment of the City's financial obligations

### Financial Reporting

Provide accurate and meaningful reporting on the City's financial condition

### Purchasing and Risk Management

Purchase and provide quality products and services in a cost-effective manner and ensure insurance coverage for the City's assets

### Revenue Management

Bill and collect the City's resources to enhance the City's financial condition

### Treasury Management

Provide cost-effective financing, investment, and cash collection of the City's resources to maintain and enhance the City's financial condition

**Strategic Support:** Analytical Support, Budget/Fiscal Management, Human Resources Management, Contract Administration, and Administrative Support

# Finance Department

## Service Delivery Framework

PROGRAM	DESCRIPTION
<b><i>Disbursements Core Service</i></b>	
<b>Accounts Payable</b>	Facilitates timely and accurate payment of the City's non-personnel disbursements. Customers of this service include City departments, employees, government agencies, non-profit corporations, consultants, contractors, and vendors who provided goods and services to the City.
<b>Payroll</b>	Facilitates timely and accurate payment of payroll to City employees and provides responses to information requests City-wide. The City's structure has employees divided among many different bargaining units with various requirements contained in each of the related units' Memoranda of Agreement.
<b><i>Financial Reporting Core Service</i></b>	
<b>General Accounting</b>	Provides accurate and meaningful reporting on the City's financial condition and is primarily responsible for the accounting of City-wide financial activity for each City fund, including management of the Financial Management System, preparation of the Comprehensive Annual Financial Report (CAFR), preparation of the Cost Allocation Plan, capital assets accounting, monthly financial information distribution, City-wide audits, and coordination of stand-alone audits.
<b>Special Accounting</b>	Manages accounting responsibilities related to the special facility districts, grant programs, assessment districts, loans, debt transactions, bank reconciliations, investments, deferred compensation, and state-mandated cost reimbursements; prepares and submits legally mandated reports including the City's Single Audit Report and State-mandated cost reimbursement claim reports.
<b><i>Purchasing and Risk Management Core Service</i></b>	
<b>Purchasing</b>	Following transparent and competitive procurement procedures, this program supports the operations of all City departments by ensuring the timely procurement and delivery of products and services of a broad nature. Establishes City-wide procurement policies and procedures, and provides City-wide training and guidance to departments to enable them to facilitate procurements that are decentralized. Manages the P-Card program to enable the procurement of small dollar purchase transactions annually.
<b>Risk Management</b>	Ensures insurance coverage for the City's assets, establishes City-wide risk management policies and procedures, and provides City-wide training and guidance to departments on risk-related programs. Manages property and casualty claims from inception to conclusion and performs the centralized subrogation function to recapture losses resulting from third-party wrongdoing or negligence resulting in loss of or damage to City-owned property.

# Finance Department

## Service Delivery Framework

<b>Revenue Management Core Service</b>	
<b>Accounts Receivable</b>	Develops, maintains, and updates business systems and processes to support the delivery of City services through timely collection of payments due to the City, including services, taxes, fees, and other revenue.
<b>Business Tax</b>	Enforces the general business tax ordinance by ensuring that taxes and related fees are collected. It also issues business tax certificates and processes applications for the following regulatory permits: amusement devices, carnivals/circuses, Christmas tree lots, flower vendors, handbills, pawnbrokers, pool and billiard rooms, pumpkin patches, and second-hand dealers.
<b>Revenue Audit and Compliance</b>	Monitors and conducts compliance reviews of various tax and fee programs related to the following: Transient Occupancy Tax, Convention Center Facility District Tax, Hotel Business Improvement District Fees, Utility Users Tax, Franchise Fees, Telephone Line Tax, Tow agreements, Solid Waste Enforcement Fees, Disposal Facility Tax, Cardroom Tax, Marijuana Business Tax, and Sales and Use Taxes.
<b>Utility Billing System</b>	Develops and streamlines business systems and processes that support the delivery of City services through timely billing and collection of storm, sewer, garbage, and water fees. This program provides billing and customer support related to storm and sanitary sewer charges, garbage, water, and associated liens.
<b>Treasury Management Core Service</b>	
<b>Banking Management</b>	Manages the City's centralized banking function and cash and check processing for multiple programs throughout the City. It oversees transactions processed via check and credit card on multiple billing systems, including: Business Tax, Transient Occupancy Tax and Hotel Business Improvement District, Utility Billing, Airport, and Utility Users Tax.
<b>Cashiering and Payment Processing</b>	Manages over-the-counter payments made for various programs, including: Business Tax, Transient Occupancy Tax and Hotel Business Improvement District, Utility Billing, Airport, and Utility Users Tax.
<b>Debt Management</b>	Responsible for City debt issuance and debt administration activities, including performing compliance activity related to statutory, regulatory, and contractual requirements for over 100 series of bonds. Through various bond measures, it finances the construction of new facilities and improvements to existing city facilities; public infrastructure and affordable housing are also facilitated through special taxes and bonds.
<b>Investment Management</b>	Manages the City's cash flow and invests the City operating funds in accordance with the Investment Policy mandates of safety, liquidity, and yield. The group is responsible for cash flow forecasts, portfolio management, Investment Policy updates and compliance, interest earnings forecasts, and related reporting.

# Finance Department

## Service Delivery Framework

<b><i>Strategic Support Core Service</i></b>	
<b>Finance Management and Administration</b>	Provides administrative oversight for the department, including executive management, financial management, human resources, and analytical support.
<b>Finance Successor Agency to the Redevelopment Agency Administration</b>	Supports the general winding down of the former Redevelopment Agency in an orderly manner, as pursuant to AB X1 26. Responsibilities include all aspects of the financial management of San José Successor Agency to the Redevelopment Agency, such as: accounts payable, accounts receivable, debt management, investments, cash management, financial reporting, and preparation of Recognized Obligation Payments Schedule (ROPS).

# Finance Department

## Department Budget Summary

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### Expected 2018-2019 Service Delivery

- Ensure that the City's financial resources are protected and available to address the short-term and long-term needs of the community; accurate and timely payments to City employees and vendors; accurate and timely financial reports; and efficient business systems and processes for timely billing and collection efforts.
- Ensure prudent use of public funds through competitive processes and cooperative purchasing with other government agencies.
- Maintain favorable bond ratings to ensure lowest cost of capital; provide financial modeling and analysis to meet the increasingly complex needs of the City; and ensure effective management of the City's investment portfolio.
- Maintain adequate insurance coverage by monitoring the insurance market and assessing the City's risk exposure to ensure the lowest cost and best coverage economically possible.
- Manage all financial aspects of the Successor Agency to the Redevelopment Agency of the City of San José including accounting, debt management, cash management, financial reporting, and accounts payable/receivable.

### 2018-2019 Key Budget Actions

- Adds one-time funding of \$305,000 for temporary staffing and outreach to implement a Business Tax Amnesty Program and increases the estimate for General Business Tax Revenue by \$1.5 million. The City anticipates generating new business tax income by conducting a six-month business tax amnesty program that waives penalties, providing an incentive for businesses to register with the City and comply with the newly modernized business tax rates and structures.
- Adds 1.0 Senior Accountant position to provide the necessary resources to ensure appropriate internal controls for implementation and customization to the City's payroll system, including non-pensionable compensation increases.
- Adds 1.0 Financial Analyst position to provide the necessary support for the Community Energy Department's Middle Office operations. The Middle Office requires sophisticated credit analysis and oversight of power providers and other counterparties of the Community Energy Department.
- Adds one-time funding of \$70,000 for the implementation of an E-procurement system to effectively outreach and manage solicitations for all City Departments. The current procurement software system is set to be replaced in 2018-2019.

### Operating Funds Managed

- |   |   |
|---|---|
| <input type="checkbox"/> Cash Reserve Fund                    | <input type="checkbox"/> Convention Center Facilities District Revenue Fund |
| <input type="checkbox"/> City Hall Debt Service Fund          | <input type="checkbox"/> Emergency Reserve Fund                             |
| <input type="checkbox"/> Community Facilities Revenue Fund    | <input type="checkbox"/> Gift Trust Fund                                    |
| <input type="checkbox"/> Convention and Cultural Affairs Fund |   |

# Finance Department

## Department Budget Summary

	<u>2016-2017</u> <u>Actuals*</u>	<u>2017-2018</u> <u>Adopted</u>	<u>2018-2019</u> <u>Forecast</u>	<u>2018-2019</u> <u>Adopted</u>
<b>Dollars by Core Service</b>				
Disbursements	n/a	2,178,740	2,493,005	2,755,365
Financial Reporting	n/a	2,308,752	2,151,223	2,476,505
Purchasing & Risk Management	n/a	3,412,805	3,381,525	3,531,460
Revenue Management	n/a	6,492,442	6,570,324	7,262,504
Strategic Support - Other - Strategic Support	n/a	62,224,241	48,274,998	47,096,628
Strategic Support - Strategic Support	n/a	2,082,115	1,944,795	2,171,768
Treasury Management	n/a	28,860,835	28,461,112	31,497,475
<b>Total</b>	<b>n/a</b>	<b>\$107,559,930</b>	<b>\$93,276,982</b>	<b>\$96,791,705</b>
<b>Dollars by Category</b>				
<b>Personal Services and Non-Personal/Equipment</b>				
Salaries/Benefits	14,628,354	16,631,170	17,344,772	17,589,022
Overtime	31,378	48,615	48,615	48,615
<b>Subtotal Personal Services</b>	<b>\$14,659,732</b>	<b>\$16,679,785</b>	<b>\$17,393,387</b>	<b>\$17,637,637</b>
Non-Personal/Equipment	2,450,834	1,822,864	1,232,597	2,059,440
<b>Total Personal Services &amp; Non-Personal/Equipment</b>	<b>\$17,110,566</b>	<b>\$18,502,649</b>	<b>\$18,625,984</b>	<b>\$19,697,077</b>
<b>Other Costs**</b>				
City-Wide Expenses	n/a	10,845,040	10,364,000	11,525,000
Debt Service/Financing	n/a	74,720,000	60,369,000	62,569,000
Other	n/a	3,492,241	3,492,241	2,574,871
Overhead Costs	n/a	0	425,757	425,757
<b>Total Other Costs</b>	<b>n/a</b>	<b>\$89,057,281</b>	<b>\$74,650,998</b>	<b>\$77,094,628</b>
<b>Total</b>	<b>n/a</b>	<b>\$107,559,930</b>	<b>\$93,276,982</b>	<b>\$96,791,705</b>

\* Some data for the 2016-2017 Actual column are not available. With the change to a program-based budgeting model in 2017-2018, historical budget data by the new programs and core services is not available for prior periods.

\*\* Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

# Finance Department

## Department Budget Summary

	<b>2016-2017 Actuals*</b>	<b>2017-2018 Adopted</b>	<b>2018-2019 Forecast</b>	<b>2018-2019 Adopted</b>
<b>Dollars by Fund</b>				
General Fund (001)	n/a	48,643,684	34,496,164	34,382,510
City Hall Debt Service Fund (210)	n/a	26,225,000	26,225,000	28,358,000
Community Facilities Revenue Fund (422)	n/a	9,159,170	9,159,170	11,029,371
Convention Center Facilities District Revenue Fund (791)	n/a	14,382,000	14,382,000	14,432,000
Emergency Reserve Fund (406)	n/a	200,000	200,000	125,000
Ice Centre Revenue Fund (432)	n/a	4,481,071	4,481,071	3,963,500
Integrated Waste Management Fund (423)	n/a	1,071,725	1,214,354	1,214,354
Low And Moderate Income Housing Asset Fund (346)	n/a	103,219	83,738	83,738
Municipal Golf Course Fund (518)	n/a	2,018,000	2,018,000	2,033,000
Public Works Program Support Fund (150)	n/a	56,156	68,574	103,574
San José-Santa Clara Treatment Plant Operating Fund (513)	n/a	349,566	130,007	130,007
Sewer Service And Use Charge Fund (541)	n/a	585,238	616,626	616,626
Storm Sewer Operating Fund (446)	n/a	29,915	31,413	31,413
Water Utility Fund (515)	n/a	229,434	145,227	145,227
Capital Funds	n/a	25,752	25,638	25,638
<b>Total</b>	<b>n/a</b>	<b>\$107,559,930</b>	<b>\$93,276,982</b>	<b>\$96,791,705</b>
<b>Positions by Core Service</b>				
Disbursements	n/a	15.50	15.50	16.50
Financial Reporting	n/a	13.43	13.43	13.43
Purchasing & Risk Management	n/a	17.06	17.06	17.06
Revenue Management	n/a	38.38	39.37	39.37
Strategic Support - Strategic Support	n/a	9.61	9.61	9.61
Treasury Management	n/a	24.02	24.02	25.02
<b>Total</b>	<b>n/a</b>	<b>118.00</b>	<b>118.99</b>	<b>120.99</b>

# Finance Department

## Department Budget Summary

	2016-2017 Actuals*	2017-2018 Adopted	2018-2019 Forecast	2018-2019 Adopted	2018-2019 Adopted Positions
<b>Dollars by Program**</b>					
<b>Disbursements</b>					
Accounts Payable	n/a	878,148	1,006,803	1,067,660	6.10
Payroll	n/a	1,300,592	1,486,202	1,687,705	10.40
<b>Sub-Total</b>	<b>n/a</b>	<b>2,178,740</b>	<b>2,493,005</b>	<b>2,755,365</b>	<b>16.50</b>
<b>Financial Reporting</b>					
General Accounting	n/a	2,094,546	1,957,601	2,282,883	11.89
Special Accounting	n/a	214,206	193,622	193,622	1.54
<b>Sub-Total</b>	<b>n/a</b>	<b>2,308,752</b>	<b>2,151,223</b>	<b>2,476,505</b>	<b>13.43</b>
<b>Purchasing and Risk Management</b>					
Purchasing	n/a	2,439,840	2,350,573	2,420,508	15.06
Risk Management	n/a	972,965	1,030,952	1,110,952	2.00
<b>Sub-Total</b>	<b>n/a</b>	<b>3,412,805</b>	<b>3,381,525</b>	<b>3,531,460</b>	<b>17.06</b>
<b>Revenue Management</b>					
Accounts Receivable	n/a	1,498,058	1,595,366	1,595,366	10.65
Business Tax	n/a	1,571,573	1,474,186	2,149,198	8.60
Revenue Audit and Compliance	n/a	2,216,287	2,293,537	2,310,705	12.84
Utility Billing System	n/a	1,206,524	1,207,235	1,207,235	7.28
<b>Sub-Total</b>	<b>n/a</b>	<b>6,492,442</b>	<b>6,570,324</b>	<b>7,262,504</b>	<b>39.37</b>
<b>Treasury Management</b>					
Banking Management	n/a	2,036,582	2,197,615	2,368,615	0.00
Cashiering and Payment Processing	n/a	1,511,371	1,206,666	1,206,666	11.10
Debt Management	n/a	24,232,682	23,888,863	26,636,479	6.09
Investment Management	n/a	1,080,200	1,167,968	1,285,715	7.83
<b>Sub-Total</b>	<b>n/a</b>	<b>28,860,835</b>	<b>28,461,112</b>	<b>31,497,475</b>	<b>25.02</b>
<b>Strategic Support - Strategic Support</b>					
Finance Management and Administration	n/a	1,818,744	1,672,104	1,899,077	7.11
Finance Successor Agency to the Redevelopment Agency Administration	n/a	263,371	272,691	272,691	2.50
<b>Sub-Total</b>	<b>n/a</b>	<b>2,082,115</b>	<b>1,944,795</b>	<b>2,171,768</b>	<b>9.61</b>
<b>Strategic Support - Other - Strategic Support</b>					
Finance Funds Debt/Financing Costs	n/a	51,780,000	37,734,000	37,182,000	0.00
Finance Other Departmental - City-Wide	n/a	7,152,000	6,823,000	7,039,000	0.00
Finance Other Operational - Administration	n/a	3,292,241	3,292,241	2,449,871	0.00
Finance Overhead	n/a	0	425,757	425,757	0.00
<b>Sub-Total</b>	<b>n/a</b>	<b>62,224,241</b>	<b>48,274,998</b>	<b>47,096,628</b>	<b>0.00</b>
<b>Total</b>	<b>n/a</b>	<b>\$107,559,930</b>	<b>\$93,276,982</b>	<b>\$96,791,705</b>	<b>120.99</b>

\* Data for the 2016-2017 Actual column are not available. With the change to a program-based budgeting model in 2017-2018, historical budget data by the new programs and core services is not available for prior periods.

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# Finance Department

## Budget Reconciliation

### Personal Services and Non-Personal/Equipment

(2017-2018 Adopted to 2018-2019 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
<b>Prior Year Budget (2017-2018):</b>	<b>118.00</b>	<b>18,502,649</b>	<b>16,051,644</b>
<b>Base Adjustments</b>			
<b>One-Time Prior Year Expenditures Deleted</b>			
• Rebudget: Training Materials, General Liability Claims, and Business Tax Outreach		(430,000)	(430,000)
• Disaster Cost Recovery Manual Update		(100,000)	(100,000)
<b>One-time Prior Year Expenditures Subtotal:</b>	<b>0.00</b>	<b>(530,000)</b>	<b>(530,000)</b>
<b>Technical Adjustments to Costs of Ongoing Activities</b>			
• Salary/benefit changes		626,005	560,455
• iNovah Cashiering System Maintenance Cost		1,033	1,033
• Amendment to the City Pay Plan (City Council approval September 26, 2017): Adds 0.99 Hearing Officer PT and reduces non-personal/equipment funding	0.99	26,297	26,297
• Cost Allocation Plan Position Transition (Personal Services)		0	626,735
<b>Technical Adjustments Subtotal:</b>	<b>0.99</b>	<b>653,335</b>	<b>1,214,520</b>
<b>2018-2019 Forecast Base Budget:</b>	<b>118.99</b>	<b>18,625,984</b>	<b>16,736,164</b>
<b>Budget Proposals Approved</b>			
1. Business Tax Amnesty Program		305,000	305,000
2. Payroll Technical Support	1.00	126,503	126,503
3. Community Energy Financial Support Staffing	1.00	117,747	0
4. Unclaimed Checks Outreach and Processing		61,000	61,000
5. Revenue Results Software Phase II Implementation		18,700	18,700
6. Print Management		(7,857)	(7,857)
7. E-procurement System		70,000	35,000
8. Rebudget: Training Materials		200,000	200,000
9. Rebudget: Disaster Cost Recovery Manual Update		100,000	100,000
10. Rebudget: General Liability Claims - Self-Insurance Actuarial Study		80,000	80,000
<b>Total Budget Proposals Approved</b>	<b>2.00</b>	<b>1,071,093</b>	<b>918,346</b>
<b>2018-2019 Adopted Budget Total</b>	<b>120.99</b>	<b>19,697,077</b>	<b>17,654,510</b>

# Finance Department

## Budget Changes By Department Personal Services and Non-Personal/Equipment

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2018-2019 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
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1. Business Tax Amnesty Program		305,000	305,000
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**Strategic Support CSA**  
**Revenue Management Core Service**  
*Business Tax Program*

This action provides one-time funding of \$305,000 for temporary staffing and outreach to implement a Business Tax Amnesty Program. Non-personal/equipment funding in the amount of \$225,000 will cover expenses for clerical and payment processing services. In addition, an estimated \$80,000 will be used for community outreach advertisement through print media, bus wrap advertising, public service announcements through radio stations, and direct mailing campaigns. This is anticipated to bring in an additional \$1.5 million in General Business Tax Revenue. Additional information can be found in the *General Fund Revenue Estimates* section of this document. (Ongoing costs: \$0)

2. Payroll Technical Support	1.00	126,503	126,503
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**Strategic Support CSA**  
**Disbursements Core Service**  
*Payroll Program*

This action adds 1.0 Senior Accountant position to provide the necessary resources to ensure appropriate internal controls for implementation and customization to the City's payroll system, including non-pensionable compensation increases. In recent years, the number and complexity of the customizations of the Payroll system have increased, and the non-pensionable general wage increase implementation adds further complexity and customization to the payroll system and processes. This Senior Accountant position will be assigned to the Payroll function with responsibility for implementing and supporting additional process customizations, creating and maintain a premium pay record for each employee on the City's payroll, and verifying the base pay components, pensionable and non-pensionable, that will help mitigate risks of incorrect pay and benefits calculations while ensuring employees are paid in a timely manner. (Ongoing costs: \$126,503)

# Finance Department

## Budget Changes By Department Personal Services and Non-Personal/Equipment

2018-2019 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<b>3. Community Energy Financial Support Staffing</b>	<b>1.00</b>	<b>117,747</b>	<b>0</b>

**Strategic Support CSA**  
**Treasury Management Core Service**  
*Investment Management Program*

This action adds 1.0 Financial Analyst position to provide the necessary support for the Community Energy Department's Middle Office operations. The Community Energy Department includes Front Office (Planning and Procurement), Middle Office (Controls and Reporting), and Back Office (Settlements and Recording) operations. The Middle Office requires sophisticated credit analysis and oversight of power providers and other counterparties of the Community Energy Department. The work cannot be absorbed by Finance Department's current Investment staff, as the incremental number of credits that will require ongoing analysis will be more than double the current list of credits being reviewed, and the Community Energy Department's credits are substantially more complex than those currently being evaluated. This position will be funded by the San José Clean Energy Operating Fund, reside in the Investments unit of the Treasury Division, and report directly to the Investment Manager. (Ongoing costs: \$128,452)

<b>4. Unclaimed Checks Outreach and Processing</b>		<b>61,000</b>	<b>61,000</b>
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**Strategic Support CSA**  
**Disbursements Core Service**  
*Accounts Payable Program*

This action provides one-time funding of \$61,000 for outreach and processing costs related to unclaimed checks. In order to fulfill the City's obligation regarding monies that are in the City's possession and that belong to persons who cannot be located, the Finance Department is required to publish a listing of the unclaimed checks once per week for two weeks in a local newspaper of general circulation in the San José area. After this outreach is completed, it is anticipated that approximately \$200,000 will remain unclaimed and will be allocated to the General Fund. Additional information can be found in the *General Fund Revenue Estimates - Other Revenue* section of this document. (Ongoing costs: \$0)

# Finance Department

## Budget Changes By Department Personal Services and Non-Personal/Equipment

2018-2019 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<p><b>5. Revenue Results Software Phase II Implementation</b></p> <p><i>Strategic Support CSA</i>  <b>Revenue Management Core Service</b>  <i>Revenue Audit and Compliance Program</i></p> <p>This action provides one-time funding of \$18,700 to add two new interfaces to the current Revenue Results system that will enhance the Finance Department Revenue Division's collection work, offset by the Fire Department's Development Fee Program (\$10,000) and Planning, Building and Code Enforcement Department's Multiple Housing Permit Fee Program (\$8,700). The Housing Department's Apartment Rent Ordinance Program also provides one-time of funding of \$1,300 to partially offset the cost for the new interfaces. The Revenue Results program serves as the City's general accounts receivable billing and collection system. The application underwent a significant upgrade in October 2017. The second phase of the upgrade will require additional modules and programming to incorporate two new interfaces. The first interface provides a delinquent fire permits function for the Fire Department, as recommended by the City Auditor. The second interface adds custom tabs and fields for the Planning, Building and Code Enforcement Department to enhance the functionality of the collection system. (Ongoing costs: \$0)</p>		18,700	18,700
<p><b>6. Print Management</b></p> <p><i>Strategic Support CSA</i>  <b>Core Service: Department-wide</b>  <i>Program: Department-wide</i></p> <p>This action reduces non-personal/equipment budget in 2018-2019 by \$7,857 to reflect anticipated savings from the implementation of a City-wide print management solution that will control print costs and minimize waste across the 220 multi-function devices the City operates. The new software will provide defaults to non-color and duplex printing that reduce color usage and paper consumption. The project will be implemented in January 2019 and projected savings of approximately \$7,857 in the first year and \$15,714 thereafter are anticipated to be realized. (Ongoing savings: \$15,714)</p>		(7,857)	(7,857)
<p><b>7. E-procurement System</b></p> <p><i>Strategic Support CSA</i>  <b>Purchasing and Risk Management Core Service</b>  <i>Purchasing Program</i></p> <p>This action increases the non-personal/equipment budget by \$70,000 for the implementation of an E-procurement system to effectively outreach and manage solicitations for all City Departments. The current procurement software system is set to be replaced in 2018-2019. With the RFP process completed, additional funding of \$70,000 in 2018-2019 is needed, increasing the implementation costs from \$40,000 to \$110,000. The additional project costs will be split equally among the General Fund (\$35,000) and Public Works Program Support Fund (\$35,000). (Ongoing costs: \$0)</p>		70,000	35,000

# Finance Department

## Budget Changes By Department Personal Services and Non-Personal/Equipment







2018-2019 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<b>8. Rebudget: Training Materials</b>  <b><i>Strategic Support CSA</i></b> <b>Strategic Support Core Service</b> <i>Finance Management and Administration Program</i>  This action rebudgets unexpended 2017-2018 non-personal/equipment funding for consulting services for the development of training materials. Due to staffing constraints and multiple system implementations currently undertaken by the Finance Department, these projects have been delayed to 2018-2019. (Ongoing costs: \$0)		<b>200,000</b>	<b>200,000</b>
<b>9. Rebudget: Disaster Cost Recovery Manual Update</b>  <b><i>Strategic Support CSA</i></b> <b>Financial Reporting Core Service</b> <i>General Accounting Program</i>  This action rebudgets unexpended 2017-2018 non-personal/equipment funding for consulting services to update and modernize the City's disaster cost recovery manual. The Government Finance Officers Association recommends governing bodies update their disaster cost recovery manual every three years; however, the City's disaster cost recovery program has not been updated since 1999. Updates to the federal legislation as part of the Sandy Recovery Improvement Act of 2013 also must be incorporated into the City's policies and procedures. The consultant will identify procedures to be modified and ensure all Federal Emergency Management Agency requirements and guidelines are included, better positioning the City to maintain the appropriate documentation to recover all reimbursable costs. (Ongoing costs: \$0)		<b>100,000</b>	<b>100,000</b>
<b>10. Rebudget: General Liability Claims – Self-Insurance Actuarial Study</b>  <b><i>Strategic Support CSA</i></b> <b>Purchasing and Risk Management Core Service</b> <i>Risk Management Program</i>  This action rebudgets unexpended 2017-2018 non-personal/equipment funding for consulting services for the evaluation of the City's general liability program. Due to staffing constraints and multiple system implementations currently undertaken by the Finance Department, this project has been delayed to 2018-2019. (Ongoing costs: \$0)		<b>80,000</b>	<b>80,000</b>
<b>2018-2019 Adopted Budget Changes Total</b>	<b>2.00</b>	<b>1,071,093</b>	<b>918,346</b>

# Finance Department

## Performance Summary

### Disbursements

#### *Performance Measures*

	<b>2016-2017 Actual</b>	<b>2017-2018 Target</b>	<b>2017-2018 Estimated</b>	<b>2018-2019 Target</b>
 % of disbursements paid accurately and timely	87%	93%	87%	93%
 % of reimbursements paid to employees accurately and timely	98%	100%	99%	99%
 % of payroll disbursements paid accurately and timely	92%	100%	99%	99%
 % of disbursements paid to vendors accurately and within 30 days	74%	79%	74%	79%
 Cost per payment	\$11.31	\$9.02	\$9.63	\$9.81
 Average number of days from invoice date to check issuance	27	27	27	27

#### *Activity and Workload Highlights*



	<b>2016-2017 Actual</b>	<b>2017-2018 Forecast</b>	<b>2017-2018 Estimated</b>	<b>2018-2019 Forecast</b>
Total number of payments made	245,474	260,537	252,838	260,423
Vendor invoices paid	73,315	84,253	75,514	77,780

# Finance Department

## Performance Summary

### Financial Reporting

#### *Performance Measures*

	2016-2017 Actual	2017-2018 Target	2017-2018 Estimated	2018-2019 Target
 % of financial reports that are produced accurately and timely	99%	98%	98%	98%
 Cost per financial report	\$621	\$601	\$600	\$600

#### *Activity and Workload Highlights*





	2016-2017 Actual	2017-2018 Forecast	2017-2018 Estimated	2018-2019 Forecast
Total number of financial reports provided	3,406	3,666	3,442	3,614

# Finance Department

## Performance Summary

### Purchasing and Risk Management

#### *Performance Measures*

	<b>2016-2017 Actual</b>	<b>2017-2018 Target</b>	<b>2017-2018 Estimated</b>	<b>2018-2019 Target</b>
 % of cost savings achieved through the centralized purchasing process	5.3%	6%	5.8%	5.8%
 Cost of purchasing services as a percentage of the total dollars procured	1.38%	1.80%	1.20%	1.20%
 % of purchase orders (POs) processed within established timeframes				
- 8 business days for POs ≤ \$10K	73%	80%	73%	80%
- 26 business days for POs > \$10K and ≤ \$100K	83%	80%	83%	80%
- 38 business days for POs > \$100K and ≤ \$250K	78%	80%	78%	80%
- 83 business days for POs > \$250K and ≤ \$1.0M	77%	95%	77%	95%
- 108 business days for POs > \$1.0M	100%	85%	100%	85%
 Percentage of contracts processed for insurance clearance within five days of receipt	85%	75%	85%	85%

#### *Activity and Workload Highlights*

	<b>2016-2017 Actual</b>	<b>2017-2018 Forecast</b>	<b>2017-2018 Estimated</b>	<b>2018-2019 Forecast</b>
Total dollars procured	\$149.9M	\$135.9M	\$157.4M	\$165.3M
Total cost savings achieved through the centralized purchasing process	\$7.9M	\$8.0M	\$9.2M	\$9.6M
# of purchase orders (POs) processed within:				
- 8 business days for POs ≤ \$10K	536	458	590	613
- 26 business days for POs > \$10K and ≤ \$100K	714	486	785	726
- 38 business days for POs > \$100K and ≤ \$250K	154	71	169	165
- 83 business days for POs > \$250K and ≤ \$1.0M	110	43	121	142
- 108 business days for POs > \$1.0M	12	5	13	11
Total insurable value of the City's assets	\$3.9B	\$4.1B	\$3.9B	\$4.1B
Total number of contracts processed for insurance clearance	520	550	543	550




# Finance Department

## Performance Summary

### Revenue Management

#### *Performance Measures*


	2016-2017 Actual <sup>1</sup>	2017-2018 Target <sup>2</sup>	2017-2018 Estimated <sup>3</sup>	2018-2019 Target
 Return on Investment: - Business Tax and Accounts Receivable	6.04	5.50	6.29	5.50

<sup>1</sup> 2016-2017 Actual ROI was 10.83 which was higher due to a one-time collection in the 2<sup>nd</sup> quarter of \$6.10 million from the State of California's Department of Transportation. ROI without this collection is 6.04.

<sup>2</sup> Collection Target is calculated as an average of the expected 4:1 Business Tax and 7:1 Accounts Receivable collection target ratios.

<sup>3</sup> 2017-2018 Estimated ROI is calculated as an average of the 2017-2018 YTD (Dec-17) ROI of 7.08 and the 2017-2018 Target ROI of 5.50.

#### *Activity and Workload Highlights*




	2016-2017 Actual	2017-2018 Forecast	2017-2018 Estimated	2018-2019 Forecast
 City's Aging Receivable Balance - Business Tax and Accounts Receivable				
Current Receivables:				
0 - 30 days	\$4,826,593	\$2,507,935	\$3,491,475	\$4,209,034
31 - 60 days	\$1,940,031	\$1,888,898	\$1,675,101	\$1,807,566
61 - 90 days	\$1,212,157	\$2,133,965	\$1,935,410	\$1,573,784
Delinquent Receivables:				
91 - 120 days	\$1,044,394	\$300,010	\$627,413	\$835,904
121 - 365 days	\$2,986,683	\$2,807,865	\$2,809,715	\$2,898,199
366 - 730 days	\$9,904,144	\$7,296,096	\$4,992,147	\$4,948,146
731 - 999+ days	\$16,269,091	\$16,089,566	\$21,413,833	\$18,841,462

# Finance Department

## Performance Summary

### Treasury Management

#### *Performance Measures*

	2016-2017 Actual	2017-2018 Target	2017-2018 Estimated	2018-2019 Target
 City's General Obligation Bond rating - Moody's - Standard & Poor's - Fitch	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 AA+ AA+
 Average return on investments  Comparison Benchmarks - Local Agency Investment Fund (LAIF) - Bank of America Merrill Lynch (BAML)	1.156%  0.752% 1.133%	1.350%  N/A <sup>1</sup> N/A <sup>1</sup>	1.090%  0.933% 1.178%	1.350%  N/A <sup>1</sup> N/A <sup>1</sup>
 Cost of Investment Program as a percentage of the City's total investment portfolio	0.060%	0.051%	0.070%	0.074%

<sup>1</sup> Numbers are not available. Bank of America Merrill Lynch (BAML) and Local Agency Investment Fund (LAIF) release these numbers on an annual and monthly basis. Due to volatility in market conditions, numbers cannot be determined.

#### *Activity and Workload Highlights*

	2016-2017 Actual	2017-2018 Forecast	2017-2018 Estimated	2018-2019 Forecast
Total debt portfolio managed	\$4.178B	\$4.428B	\$3.943B	\$3.750B
Total of the City's investment portfolio	\$1.502B	\$1.472B	\$1.500B	\$1.500B

# Finance Department

## Departmental Position Detail

Position	2017-2018 Adopted	2018-2019 Adopted	Change
Account Clerk II	2.00	2.00	-
Accountant I/II	14.00	14.00	-
Accounting Technician	10.00	10.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	8.00	8.00	-
Assistant Director	1.00	1.00	-
Buyer I/II	6.00	6.00	-
Debt Administrator	1.00	1.00	-
Department Information Technology Manager	1.00	1.00	-
Deputy Director	3.00	3.00	-
Director of Finance	1.00	1.00	-
Financial Analyst	4.00	5.00	1.00
Hearing Officer U PT	0.00	0.99	0.99
Investigator Collector I/II	12.00	12.00	-
Investment Officer	1.00	1.00	-
Office Specialist	5.00	5.00	-
Principal Account Clerk	4.00	4.00	-
Principal Accountant	4.00	4.00	-
Program Manager I	4.00	4.00	-
Risk Manager	1.00	1.00	-
Senior Account Clerk	14.00	14.00	-
Senior Accountant	6.00	7.00	1.00
Senior Analyst	6.00	6.00	-
Senior Investigator Collector	2.00	2.00	-
Senior Office Specialist	1.00	1.00	-
Staff Specialist	2.00	2.00	-
Staff Technician	1.00	1.00	-
Supervising Accountant	3.00	3.00	-
<b>Total Positions</b>	<b>118.00</b>	<b>120.99</b>	<b>2.99</b>

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