

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
<i>Disbursements Core Service</i>	
Accounts Payable	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.
Payroll	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.
<i>Financial Reporting Core Service</i>	
General Accounting	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.
Special Accounting	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.
<i>Purchasing and Risk Management Core Service</i>	
Purchasing	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.
Risk Management	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

<i>Revenue Management Core Service</i>	
Accounts Receivable	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.
Business Tax	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.
Revenue Audit and Compliance	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.
Utility Billing System	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.
<i>Treasury Management Core Service</i>	
Banking Management	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.
Cashiering and Payment Processing	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.
Debt Management	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.
Investment Management	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

<i>Strategic Support Core Service</i>	
Finance Management and Administration	Provides administrative oversight for the department, including executive management, financial management, human resources, and analytical support.
Finance Successor Agency to the Redevelopment Agency Administration	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

Expected 2019-2020 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.

2019-2020 Key Budget Actions

- Deletes 1.0 Program Manager I position, adds 2.0 Analyst positions, and adds one-time funding of \$300,000 for consultant services to restructure the Purchasing Division, develop a procurement strategy, and provide immediate capacity to address the current backlog of procurements.
- Adds 2.0 Accountant positions and ongoing funding of \$20,000 for training to provide additional capacity within the General Accounting section, improving the efficiency of the City's financial reporting processes and preparation of annual financial statements.
- Adds 1.0 Program Manager I position to monitor and maintain the City debt portfolio, including debt issuance, regulatory compliance, and reporting, as well as provide debt analysis or more general financial analysis to departments in the development of their capital improvement programs.
- Adds one-time funding of \$230,000 to develop a new sales tax compliance application to update and streamline the data interchange between the State and the City, and to greatly increase the City's ability to ensure that it receives its proper allocation of sales tax revenue.
- Adds one-time funding of \$130,000 for the purchase and implementation of travel reimbursement software to reduce the current labor-intensive processes and facilitate timely approvals.
- Rebudgets \$656,700 for temporary staffing and consulting services to deliver projects extending into 2019-2020, including the Business Tax Amnesty Program, development of city-wide financial training materials, modernization of the City's Disaster Cost Accounting program, evaluation of the City's general liability program, and implementation of Phase II of the Revenue Results System.

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

	2017-2018 Actuals***	2018-2019 Adopted	2019-2020 Forecast	2019-2020 Adopted
Dollars by Core Service				
Disbursements	2,473,940	2,755,365	2,689,429	2,898,429
Financial Reporting	2,632,960	2,476,505	2,303,159	3,111,301
Purchasing and Risk Management	3,174,295	3,653,460	3,785,414	4,631,365
Revenue Management	6,636,391	7,262,504	6,625,446	7,757,721
Strategic Support - Other - Strategic Support	220,930,772	47,096,628	45,402,584	49,688,768
Strategic Support - Strategic Support	1,401,192	2,171,768	2,066,165	2,528,165
Treasury Management	57,763,646	31,497,475	31,018,523	21,004,523
Total	\$295,013,197	\$96,913,705	\$93,890,720	\$91,620,272
Dollars by Category				
Personal Services and Non-Personal/Equipment				
Salaries/Benefits	15,801,025	17,589,022	18,720,823	19,357,924
Overtime	15,187	48,615	48,615	48,615
Subtotal Personal Services	\$15,816,212	\$17,637,637	\$18,769,438	\$19,406,539
Non-Personal/Equipment	2,052,028	2,059,440	1,218,698	2,755,598
Total Personal Services & Non-Personal/Equipment	\$17,868,240	\$19,697,077	\$19,988,136	\$22,162,137
Other Costs*				
City-Wide Expenses	9,446,502	11,647,000	10,562,000	11,723,367
Debt Service/Financing	256,087,512	62,569,000	60,327,000	55,468,000
Other	780,387	2,574,871	2,574,871	1,828,055
Overhead Costs	\$10,830,556	425,757	438,713	438,713
Total Other Costs	\$277,144,957	\$77,216,628	\$73,902,584	\$69,458,135
Total	\$295,013,197	\$96,913,705	\$93,890,720	\$91,620,272

* 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. The amounts in the 2018-2019 Adopted Budget column may vary from the published Adopted Budget due to the realignment of Other Costs (primarily City-Wide Expenses and General Fund Capital) between departments.

** The positions displayed in the 2017-2018 Actuals column reflect those included in the 2017-2018 Adopted Budget.

*** 2017-2018 Actuals may not subtotal due to rounding.

Finance Department

Department Budget Summary

	2017-2018 Actuals***	2018-2019 Adopted	2019-2020 Forecast	2019-2020 Adopted
Dollars by Fund				
General Fund (001)	231,276,470	34,504,510	31,332,578	34,497,946
City Hall Debt Service Fund (210)	25,971,842	28,358,000	28,358,000	28,353,000
Community Facilities Revenue Fund (422)	7,951,834	11,029,371	11,029,371	475,000
Convention And Cultural Affairs Fund (536)	0	0	0	331,000
Convention Center Facilities District Revenue Fund (791)	14,422,324	14,432,000	14,432,000	14,708,000
Emergency Reserve Fund (406)	212,368	125,000	125,000	285,000
Ice Centre Revenue Fund (432)	2,060,076	3,963,500	3,963,500	3,597,055
Integrated Waste Management Fund (423)	895,665	1,214,354	1,272,744	1,442,744
Low And Moderate Income Housing Asset Fund (346)	102,010	83,738	128,138	128,138
Municipal Golf Course Fund (518)	0	2,033,000	2,033,000	6,586,000
Public Works Program Support Fund (150)	54,366	103,574	85,996	85,996
San José Clean Energy Operating Fund (501)	0	117,747	193,608	193,608
San José-Santa Clara Treatment Plant Operating Fund (513)	329,782	130,007	160,264	160,264
Sewer Service And Use Charge Fund (541)	8,042,892	616,626	563,011	563,011
Storm Sewer Operating Fund (446)	3,472,191	31,413	33,889	33,889
Water Utility Fund (515)	195,623	145,227	152,592	152,592
Capital Funds	25,752	25,638	27,029	27,029
Total	\$295,013,197	\$96,913,705	\$93,890,720	\$91,620,272
Positions by Core Service**				
Disbursements	15.50	16.50	16.50	16.50
Financial Reporting	13.43	13.43	13.43	15.43
Purchasing and Risk Management	17.06	17.06	17.06	18.06
Revenue Management	38.38	39.37	39.37	40.37
Strategic Support - Strategic Support	9.61	9.61	9.61	9.61
Treasury Management	24.02	25.02	25.02	26.02
Total	118.00	120.99	120.99	125.99

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** The positions displayed in the 2017-2018 Actuals column reflect those included in the 2017-2018 Adopted Budget.

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Finance Department

Department Budget Summary

	2017-2018 Actuals**	2018-2019 Adopted	2019-2020 Forecast	2019-2020 Adopted	2019-2020 Adopted Positions
Dollars by Program*					
Disbursements					
Accounts Payable	1,106,650	1,067,660	979,921	1,124,921	6.10
Payroll	1,367,290	1,687,705	1,709,508	1,773,508	10.40
Sub-Total	2,473,940	2,755,365	2,689,429	2,898,429	16.50
Financial Reporting					
General Accounting	2,034,206	2,282,883	2,051,015	2,859,157	13.89
Special Accounting	598,754	193,622	252,144	252,144	1.54
Sub-Total	2,632,960	2,476,505	2,303,159	3,111,301	15.43
Purchasing and Risk Management					
Purchasing	2,007,954	2,420,508	2,550,162	2,954,746	16.06
Risk Management	1,166,341	1,232,952	1,235,252	1,676,619	2.00
Sub-Total	3,174,295	3,653,460	3,785,414	4,631,365	18.06
Revenue Management					
Accounts Receivable	2,295,683	1,595,366	1,552,061	1,696,336	11.60
Business Tax	1,795,443	2,149,198	1,443,216	2,031,216	8.60
Revenue Audit and Compliance	1,413,694	2,310,705	2,385,644	2,615,644	12.74
Utility Billing System	1,131,572	1,207,235	1,244,525	1,414,525	7.43
Sub-Total	6,636,391	7,262,504	6,625,446	7,757,721	40.37
Treasury Management					
Banking Management	2,083,102	2,368,615	2,198,670	1,989,670	0.00
Cashiering and Payment Processing	1,137,088	1,206,666	1,308,084	1,308,084	11.10
Debt Management	53,141,269	26,636,479	26,160,768	16,355,768	7.09
Investment Management	1,402,187	1,285,715	1,351,001	1,351,001	7.83
Sub-Total	57,763,646	31,497,475	31,018,523	21,004,523	26.02
Strategic Support - Strategic Support					
Finance Management and Administration	1,401,192	1,899,077	1,701,368	2,163,368	7.11
Finance Successor Agency to the Redevelopment Agency Administration	0	272,691	364,797	364,797	2.50
Sub-Total	1,401,192	2,171,768	2,066,165	2,528,165	9.61
Strategic Support - Other - Strategic Support					
Finance Funds Debt/Financing Costs	198,872,003	37,182,000	35,654,000	40,760,000	0.00
Finance Other Departmental - City-Wide	1,882,852	7,039,000	6,860,000	7,278,000	0.00
Finance Other Operational - Administration	4,353,900	2,449,871	2,449,871	1,212,055	0.00

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** 2017-2018 Actuals may not subtotal due to rounding.

Finance Department

Department Budget Summary

	2017-2018 Actuals**	2018-2019 Adopted	2019-2020 Forecast	2019-2020 Adopted	2019-2020 Adopted Positions
Finance Overhead	10,830,556	425,757	438,713	438,713	0.00
Finance Transfers	4,991,461	0	0	0	0.00
Sub-Total	220,930,772	47,096,628	45,402,584	49,688,768	0.00
Total	\$295,013,197	\$96,913,705	\$93,890,720	\$91,620,272	125.99

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Finance Department

Budget Reconciliation

Personal Services and Non-Personal/Equipment

(2018-2019 Adopted to 2019-2020 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2018-2019):	120.99	19,697,077	17,654,510
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Training Materials		(200,000)	(200,000)
• Rebudget: Disaster Cost Recovery Manual Update		(100,000)	(100,000)
• Rebudget: General Liability Claims - Self Insurance Actuarial Study		(80,000)	(80,000)
• Business Tax Amnesty Program		(305,000)	(305,000)
• E-procurement System		(70,000)	(35,000)
• Unclaimed Checks Outreach and Processing		(61,000)	(61,000)
• Revenue Results Software Phase II Implementation		(18,700)	(18,700)
One-time Prior Year Expenditures Subtotal:	0.00	(834,700)	(799,700)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations: - 1.0 Analyst II to 1.0 Program Manager I - 1.0 Principal Accountant to 1.0 Program Manager I - 1.0 Staff Technician to 1.0 Staff Specialist		1,131,801	960,810
• iNovah Cashiering System Maintenance Cost		1,055	1,055
• Caseware CAFR Software Maintenance Costs		500	500
• Fixed Assets Software Maintenance Cost		260	260
• Print Management		(7,857)	(7,857)
Technical Adjustments Subtotal:	0.00	1,125,759	954,768
2019-2020 Forecast Base Budget:	120.99	19,988,136	17,809,578
Budget Proposals Approved			
1. Purchasing Division Program Delivery Improvements	1.00	404,584	404,584
2. General Ledger and Specialized Accounting Staffing	2.00	282,142	282,142
3. Sales Tax Compliance Application		230,000	230,000
4. Unclaimed Utility Billing Credit Balances		170,000	0
5. Debt Management Financing Support Services	1.00	160,000	160,000
6. Travel Reimbursement Software		130,000	130,000
7. Delinquent Accounts Receivable Collection Pilot Program	1.00	125,575	125,575
8. Unclaimed Checks Outreach and Processing		15,000	15,000
9. Rebudget: Business Tax Amnesty		258,000	258,000
10. Rebudget: Training Consultant		200,000	200,000
11. Rebudget: Disaster Cost Accounting		100,000	100,000
12. Rebudget: General Liability Claims – Self-Insurance		80,000	80,000
13. Rebudget: Revenue Results Software Phase II Implementation		18,700	18,700
Total Budget Proposals Approved	5.00	2,174,001	2,004,001
2019-2020 Adopted Budget Total	125.99	22,162,137	19,813,579

Finance Department

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

2019-2020 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<p>1. Purchasing Division Program Delivery Improvements</p> <p><i>Strategic Support CSA Purchasing & Risk Management Core Service Purchasing Program</i></p> <p>This action adds 2.0 Analyst II positions and deletes 1.0 Program Manager I position, and adds one-time funding of \$300,000 for consultant services in the Purchasing Division. Purchasing has experienced high staff turnover in the last year that has contributed to a procurement backlog. Eliminating the Program Manager in exchange for the addition of 2.0 Analyst positions will flatten the reporting structure and create flexibility for the division to form work teams. Each work team would consist of a Senior Analyst and an Analyst that would approach projects in a modular fashion rather than the current linear one. In this model, a team will administer the purchasing/contracts process instead of one person end-to-end, thereby creating capacity and alleviating bottleneck. This new team approach also allows for backup coverage to ensure that projects continue to move forward when a member of the work team is unavailable. One-time contractual services funding of \$300,000 will provide immediate and temporary relief and will also assist in developing a procurement strategy for the department. The consultant will facilitate implementation of the strategy and provide training services. (Ongoing costs: \$123,548)</p>	1.00	404,584	404,584
<p>2. General Ledger and Special Accounting Staffing</p> <p><i>Strategic Support CSA Financial Reporting Core Service General Accounting Program</i></p> <p>This action adds 2.0 Accountant II positions and increases the non-personal/equipment funding by \$28,000 (\$20,000 ongoing, \$8,000 one-time) for training. This action adds staffing resources to the General Ledger and Special Accounting units within the Accounting Division. The additional positions will improve the process to prepare the annual financial statements and the efficiency of the City's financial reporting process. These positions will also provide capacity for the managers, enabling them to provide more support and training to the accounting staff, both internally and to other departments. (Ongoing costs: \$297,244)</p>	2.00	282,142	282,142
<p>3. Sales Tax Compliance Application</p> <p><i>Strategic Support CSA Revenue Management Core Service Revenue Audit and Compliance Program</i></p> <p>This action provides one-time non-personal/equipment funding of \$230,000 to develop a new sales tax compliance application to update and streamline the data interchange between the State and the City, and to greatly increase the City's ability to ensure that it receives its proper allocation of sales tax revenue. Recent modifications to State information technology systems, coupled with the outdated design of current applications, is requiring significant staff time to upload data and perform analysis on potential compliance leads. Ongoing funding of \$8,000 is also allocated for application support costs. (Ongoing costs: \$8,000)</p>		230,000	230,000

Finance Department

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

2019-2020 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
4. Unclaimed Utility Billing Credit Balances		170,000	0

Strategic Support CSA
Revenue Management Core Service
Utility Billing System Program

This action provides one-time non-personal/equipment funding of \$170,000 in the Integrated Waste Management Fund for outreach and processing costs, including a temporary Accounting Technician, to resolve unclaimed balances on utility billing accounts. Unclaimed credit balances tend to accumulate over time, and per the California Government Code Section 50050, checks greater than \$15 that remain unclaimed for three years or more may be transferred back to City funds. A public noticing is required first, which the Finance Department will do in written form for two consecutive weeks in a local newspaper of general circulation in the San José area. If the funds remain unclaimed 60 days after publication, they may be returned to the originating funding source, which in this instance is the Integrated Waste Management Fund. It is estimated that the \$170,000 cost will be offset by unclaimed funds that will be returned to the Integrated Waste Management Fund. (Ongoing costs: \$0)

5. Debt Management Financing Support Services	1.00	160,000	160,000
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Strategic Support CSA
Treasury Management Core Service
Debt Management Program

This action adds 1.0 Program Manager I position who will monitor and maintain the City debt portfolio, including debt issuance, regulatory compliance, and reporting, as well as provide debt analysis or more general financial analysis to departments in the development of their capital improvement programs. The addition of the Program Manager will create depth in the Debt Management team, which has become important as the number of projects and programs requiring this team's support continues to grow. Examples of upcoming debt-financed projects include the Airport Terminal Expansion (\$75 million) and Sharks Ice Center expansion (\$140 million) projects, long-term financing for the Regional Wastewater Facility (\$1.5 billion), and refunding of General Obligation (\$340 million) and Lease Revenue (\$80 million) bonds. This addition of this position will be offset by additional Debt Program Cost Reimbursements revenues making this action cost-neutral. (Ongoing costs: \$173,000)

Finance Department

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

2019-2020 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
6. Travel Reimbursement Software <i>Strategic Support CSA Disbursements Core Service Accounts Payable Program</i> This action provides non-personal/equipment funding of \$130,000 for the purchase and implementation of travel reimbursement software. This action responds to a City Auditor audit report, the most recent one issued in 2017, which recommended the need for an electronic travel reimbursement process. The current reimbursement process is paper and time-intensive, and requires coordination with many different staff who each have different roles of review. The audit report described a need to implement a travel authorization system to reduce the labor-intensive processes and facilitate timely approvals. Funding will be used to purchase an electronic travel authorization system (\$100,000), to support yearly system maintenance (\$15,000), and to fund a temporary Accountant for four months to facilitate implementation of the system (\$15,000). (Ongoing costs: \$15,000)		130,000	130,000
7. Delinquent Accounts Receivable Collection Pilot Program <i>Strategic Support CSA Revenue Management Core Service Accounts Receivable Program</i> This action adds a limit-dated Investigator Collector II position through June 30, 2020 that will be dedicated to pursuing the City's backlog of delinquent accounts, those between one and four years old, which has grown to \$29.6 million through December 2018. Approximately 80% of this amount belongs to the General Fund. California state law establishes the statute of limitations on debt collections at four years. The addition of this dedicated resource is anticipated to bring in approximately \$200,000 of revenue to the General Fund. (Ongoing costs: \$0)	1.00	125,575	125,575
8. Unclaimed Checks Outreach and Processing <i>Strategic Support CSA Disbursements Core Service Accounts Payable Program</i> This action continues one-time funding of \$15,000 for outreach and processing costs related to unclaimed checks. This is the second year of this program. This program allows the Finance Department to clear out stale dated checks from 2014-2016. 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 \$175,000 will remain unclaimed and will be allocated to the General Fund. (Ongoing costs: \$0)		15,000	15,000

Finance Department

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

2019-2020 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<p>9. Rebudget: Business Tax Amnesty</p> <p><i>Strategic Support CSA Revenue Management Core Service Business Tax Program</i></p> <p>This action rebudgets unexpended 2018-2019 non-personal/equipment funding for temporary staffing, development of a business web portal and phone system add-on services to support the six-month long Business Tax Amnesty Program, which has been delayed to 2019-2020. (Ongoing costs: \$0)</p>		258,000	258,000
<p>10. Rebudget: Training Consultant</p> <p><i>Strategic Support CSA Strategic Support Core Service Finance Management and Administration Program</i></p> <p>This action rebudgets unexpended 2018-2019 non-personal/equipment funding for consulting services to develop financial training materials. Release of the request-for-proposal has been delayed to 2019-2020 due to staffing constraints and the implementation of other priority projects during 2018-2019. (Ongoing costs: \$0)</p>		200,000	200,000
<p>11. Rebudget: Disaster Cost Accounting</p> <p><i>Strategic Support CSA Financial Reporting Core Service General Accounting Program</i></p> <p>This action rebudgets unexpended 2018-2019 non-personal/equipment funding for consulting services to update and modernize the City's disaster cost recovery manual. Due to staffing constraints, this project has been delayed to 2019-2020. (Ongoing costs: \$0)</p>		100,000	100,000
<p>12. Rebudget: General Liability Claims – Self-Insurance</p> <p><i>Strategic Support CSA Purchasing and Risk Management Core Service Risk Management Program</i></p> <p>This action rebudgets unexpended 2018-2019 non-personal/equipment funding for consulting services to evaluate the City's general liability program. This project has been delayed to 2019-2020 due to staffing constraints and the implementation of other priority projects during 2018-2019. (Ongoing costs: \$0)</p>		80,000	80,000

Finance Department

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







2019-2020 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
13. Rebudget: Revenue Results Software Phase II Implementation		18,700	18,700
<i>Strategic Support CSA Revenue Management Core Service Accounts Receivable Program</i>			
This action rebudgets unexpended 2018-2019 non-personal/equipment funding for the implementation of additional modules and functionalities for the Revenue Results system. Implementation of Phase II of this project has been delayed to 2019-2020. (Ongoing costs: \$0)			
2019-2020 Adopted Budget Changes Total	5.00	2,174,001	2,004,001

Finance Department

Performance Summary

Disbursements

Performance Measures

	2017-2018 Actual	2018-2019 Target	2018-2019 Estimated	2019-2020 Target
 % of disbursements paid accurately and timely	85%	93%	86%	89%
 % of reimbursements paid to employees accurately and timely	99%	99%	99%	98%
 % of payroll disbursements paid accurately and timely	97%	99%	99%	95%
 % of disbursements paid to vendors accurately and within 30 days	75%	79%	76%	74%
 Cost per payment	\$9.98	\$9.81	\$11.30	\$11.37
 Average number of days from invoice date to check issuance	27	27	27	27

Activity and Workload Highlights



	2017-2018 Actual	2018-2019 Forecast	2018-2019 Estimated	2019-2020 Forecast
Total number of payments made	250,895	260,423	252,000	263,000
Vendor invoices paid	73,680	77,780	74,000	76,000

Finance Department

Performance Summary

Financial Reporting

Performance Measures

	2017-2018 Actual	2018-2019 Target	2018-2019 Estimated	2019-2020 Target
 % of financial reports that are produced accurately and timely	98%	98%	97%	97%
 Cost per financial report	\$634	\$600	\$521	\$599

Activity and Workload Highlights





	2017-2018 Actual	2018-2019 Forecast	2018-2019 Estimated	2019-2020 Forecast
Total number of financial reports provided	3,512	3,614	3,721	3,900

Finance Department

Performance Summary

Purchasing and Risk Management

Performance Measures

	2017-2018 Actual	2018-2019 Target	2018-2019 Estimated	2019-2020 Target
 % of cost savings achieved through the centralized purchasing process	4.6%	5.8%	4.1%	4.1%
 Cost of purchasing services as a percentage of the total dollars procured	1.04%	1.20%	1.05%	1.05%
 % of purchase orders (POs) processed within established timeframes				
- 8 business days for POs ≤ \$10K	80%	80%	68%	80%
- 26 business days for POs > \$10K and ≤ \$100K	85%	80%	87%	80%
- 38 business days for POs > \$100K and ≤ \$250K	81%	80%	79%	80%
- 83 business days for POs > \$250K and ≤ \$1.0M	85%	95%	92%	95%
- 108 business days for POs > \$1.0M	100%	85%	100%	85%
 Percentage of contracts processed for insurance clearance within five days of receipt	91%	85%	70%	85%

Activity and Workload Highlights


	2017-2018 Actual	2018-2019 Forecast	2018-2019 Estimated	2019-2020 Forecast
Total dollars procured	\$193.4 M	\$165.3M	\$158.6 M	\$166.5 M
Total cost savings achieved through the centralized purchasing process	\$8.9 M	\$9.6M	\$6.5 M	\$6.8 M
# of purchase orders (POs) processed within:				
- 8 business days for POs ≤ \$10K	683	613	588	654
- 26 business days for POs > \$10K and ≤ \$100K	707	726	789	728
- 38 business days for POs > \$100K and ≤ \$250K	131	165	104	135
- 83 business days for POs > \$250K and ≤ \$1.0M	66	142	60	102
- 108 business days for POs > \$1.0M	15	11	4	7
Total insurable value of the City's assets	\$3.4 B	\$4.1B	\$3.8B	\$3.8B
Total number of contracts processed for insurance clearance	558	550	590	590

Finance Department

Performance Summary

Revenue Management


Performance Measures

	2017-2018 Actual	2018-2019 Target ¹	2018-2019 Estimated ²	2019-2020 Target
 Return on Investment - Revenue Management	7.00	5.50	6.60	5.50

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

² 2018-2019 Estimated ROI is calculated as an average of the 2018-2019 YTD (Dec-18) ROI of 7.69 and the 2018-2019 Target ROI of 5.50.




Activity and Workload Highlights

	2017-2018 Actual	2018-2019 Forecast	2018-2019 Estimated	2019-2020 Forecast
Revenue Management Aging Receivable Balance				
 Current Receivables:				
0 - 30 days	\$9,221,177	\$4,209,034	\$8,683,771	\$8,952,474
31 - 60 days	\$4,462,235	\$1,807,566	\$4,298,898	\$4,380,567
61 - 90 days	\$1,173,633	\$1,573,784	\$1,192,895	\$1,183,264
Delinquent Receivables:				
91 - 120 days	\$1,390,663	\$835,904	\$1,995,831	\$1,693,247
121 - 365 days	\$3,415,513	\$2,898,199	\$3,430,083	\$3,422,798
366 - 730 days	\$9,402,108	\$4,948,146	\$8,783,901	\$9,093,004
731 - 999+ days	\$19,313,638	\$18,841,462	\$16,938,823	\$14,760,778

Finance Department
Performance Summary

Treasury Management

Performance Measures

	2017-2018 Actual	2018-2019 Target	2018-2019 Estimated	2019-2020 Target
 City's General Obligation Bond rating				
- Moody's	Aa1	Aa1	Aa1	Aa1
- Standard & Poor's	AA+	AA+	AA+	AA+
- Fitch	AA+	AA+	AA+	AA+
 Average return on investments	1.505%	1.350%	2.000%	2.400%
Comparison Benchmarks				
- Local Agency Investment Fund (LAIF)	1.363%	N/A ¹	2.108%	N/A ¹
- Bank of America Merrill Lynch (BAML)	1.316%	N/A ¹	1.899%	N/A ¹
 Cost of Investment Program as a percentage of the City's total investment portfolio	0.091%	0.074%	0.095%	0.099%

¹ 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

	2017-2018 Actual	2018-2019 Forecast	2018-2019 Estimated	2019-2020 Forecast
Total debt portfolio managed	\$3.905B	\$3.750B	\$3.787B	\$4.490B
Total of the City's investment portfolio	\$1.542B	\$1.500B	\$1.580B	\$1.600B

Finance Department

Departmental Position Detail

Position	2018-2019 Adopted	2019-2020 Adopted	Change
Account Clerk II	2.00	2.00	-
Accountant I/II	14.00	16.00	2.00
Accounting Technician	10.00	10.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	8.00	9.00	1.00
Assistant Director	1.00	1.00	-
Buyer I/II/III	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	5.00	5.00	-
Hearing Officer U PT	0.99	0.99	-
Investigator Collector I/II	12.00	13.00	1.00
Investment Officer	1.00	1.00	-
Office Specialist	5.00	5.00	-
Principal Account Clerk	4.00	4.00	-
Principal Accountant	4.00	3.00	(1.00)
Program Manager I	4.00	6.00	2.00
Risk Manager	1.00	1.00	-
Senior Account Clerk	14.00	14.00	-
Senior Accountant	7.00	7.00	-
Senior Analyst	6.00	6.00	-
Senior Investigator Collector	2.00	2.00	-
Senior Office Specialist	1.00	1.00	-
Staff Specialist	2.00	3.00	1.00
Staff Technician	1.00	0.00	(1.00)
Supervising Accountant	3.00	3.00	-
Total Positions	120.99	125.99	5.00

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