

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

Core Service		Key Operational Services
<p>Disbursements: <i>Facilitate timely and accurate payment of the City's financial obligations</i></p>		<ul style="list-style-type: none"> • Accounts Payable • Payroll
<p>Financial Reporting: <i>Provide accurate and meaningful reporting on the City's financial condition</i></p>		<ul style="list-style-type: none"> • General Accounting and Analysis • Special Accounting
<p>Purchasing and Risk Management: <i>Purchase and provide quality products and services in a cost-effective manner and ensure insurance coverage for the City's assets</i></p>		<ul style="list-style-type: none"> • Procurement • Risk Management (insurance)
<p>Revenue Management: <i>Bill and collect the City's resources to enhance the City's financial condition</i></p>		<ul style="list-style-type: none"> • Accounts Receivable Collections • Business Tax Compliance • Utility Billing • Revenue Compliance and Monitoring
<p>Treasury Management: <i>Provide cost-effective financing, investment, and cash collection of the City's resources to maintain and enhance the City's financial condition</i></p>		<ul style="list-style-type: none"> • Debt Management • Investment Management • Cash Management • Payment Processing
<p>Strategic Support: <i>Analytical Support, Budget/Fiscal Management, Human Resources Management, Contract Administration, and Administrative Support</i></p>		<ul style="list-style-type: none"> • Analytical Support • Budget/Fiscal Management • Contract Administration • Website Services • Administrative Support

Finance Department

Department Budget Summary

Expected 2016-2017 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.
- Manage enterprise systems, including the Financial Management System (FMS), the Customer Information System (CIS), and the Oracle PeopleSoft Human Resources (HR)/Payroll System. The Finance Department is a key player in the HR/Payroll System Upgrade project expected to go-live in 2016-2017.
- 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.

2016-2017 Key Budget Actions

- Provides one-time consultant services funding of \$80,000 for an actuarial study to evaluate whether the City should continue its self-insurance program for general liability claims by appropriating funds to cover losses or obtain insurance through a third-party insurer.

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

	2014-2015 Actual 1	2015-2016 Adopted 2	2016-2017 Forecast 3	2016-2017 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Disbursements	\$ 2,221,341	\$ 2,153,943	\$ 2,772,207	\$ 2,772,207	28.7%
Financial Reporting	1,935,656	2,033,403	2,023,770	2,023,770	(0.5%)
Purchasing and Risk Management	1,993,949	2,810,947	2,714,503	2,794,503	(0.6%)
Revenue Management	4,669,155	5,244,906	5,857,685	5,857,685	11.7%
Treasury Management	3,238,604	3,707,877	3,458,242	3,458,242	(6.7%)
Strategic Support	1,734,399	1,501,242	1,367,487	1,367,487	(8.9%)
Total	\$ 15,793,104	\$ 17,452,318	\$ 18,193,894	\$ 18,273,894	4.7%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 14,357,437	\$ 15,803,715	\$ 16,337,086	\$ 16,337,086	3.4%
Overtime	31,194	48,615	48,615	48,615	0.0%
Subtotal	\$ 14,388,631	\$ 15,852,330	\$ 16,385,701	\$ 16,385,701	3.4%
Non-Personal/Equipment					
Total	1,404,473	1,599,988	1,808,193	1,888,193	18.0%
Total	\$ 15,793,104	\$ 17,452,318	\$ 18,193,894	\$ 18,273,894	4.7%
Dollars by Fund					
General Fund	\$ 13,316,476	\$ 14,547,789	\$ 15,539,565	\$ 15,619,565	7.4%
Integrated Waste Mgmt	1,211,124	1,261,538	1,225,026	1,225,026	(2.9%)
Low/Mod Income Hsg Asset	48,191	102,241	107,913	107,913	5.5%
PW Program Support	54,206	55,764	59,176	59,176	6.1%
Sewer Svc & Use Charge	514,473	588,172	593,616	593,616	0.9%
SJ/SC Treatment Plant Oper	374,664	499,709	329,468	329,468	(34.1%)
Storm Sewer Operating	40,749	57,143	41,658	41,658	(27.1%)
Water Utility	233,221	316,451	269,538	269,538	(14.8%)
Capital Funds	0	23,511	27,934	27,934	18.8%
Total	\$ 15,793,104	\$ 17,452,318	\$ 18,193,894	\$ 18,273,894	4.7%
Authorized Positions by Core Service					
Disbursements	13.50	14.50	14.50	14.50	0.0%
Financial Reporting	13.82	13.82	13.47	13.47	(2.5%)
Purchasing and Risk Management	22.41	20.41	18.90	18.90	(7.4%)
Revenue Management	37.07	37.07	39.28	39.28	6.0%
Treasury Management	24.45	24.45	22.90	22.90	(6.3%)
Strategic Support	6.75	6.75	7.95	7.95	17.8%
Total	118.00	117.00	117.00	117.00	0.0%

Finance Department

Budget Reconciliation

(2015-2016 Adopted to 2016-2017 Proposed)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2015-2016):	117.00	17,452,318	14,547,789
<hr/> Base Adjustments <hr/>			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Technology Enhancements		(119,000)	(119,000)
• Internal Financial Controls Evaluation		(200,000)	(200,000)
• Cash and Debt Management Technology Enhancements		(125,000)	(125,000)
• Delinquent Accounts Collection (Non-Personal/Equipment)		(1,500)	(1,500)
One-time Prior Year Expenditures Subtotal:	0.00	(445,500)	(445,500)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocation: - 1.0 Investigator Collector I/II to 1.0 Analyst I/II		602,032	850,072
• Human Resources/Payroll/Budget Systems maintenance		600,000	600,000
• Lien Program		50,000	50,000
• Cashiering and payment processing system maintenance		11,562	11,562
• Counting machine maintenance		3,600	3,600
• Temporary staffing (buyers) contract		1,878	1,878
• Comprehensive Annual Financial Report system maintenance		1,825	1,825
• Reallocation of non-personal/equipment funding for banking		(13,000)	(13,000)
• Metal recycling contractual services		(2,160)	0
• Vacancy factor		(71,661)	(71,661)
• Professional development program		3,000	3,000
Technical Adjustments Subtotal:	0.00	1,187,076	1,437,276
2016-2017 Forecast Base Budget:	117.00	18,193,894	15,539,565
<hr/> Budget Proposals Recommended <hr/>			
1. General Liability Claims - Self-Insurance Actuarial Study		80,000	80,000
Total Budget Proposals Recommended	0.00	80,000	80,000
2016-2017 Proposed Budget Total	117.00	18,273,894	15,619,565

Finance Department

Budget Changes By Department







Proposed Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. General Liability Claims – Self-Insurance Actuarial Study		80,000	80,000
<i>Strategic Support CSA Purchasing and Risk Management</i>			
<p>This action provides one-time consultant services funding of \$80,000 for an actuarial study to evaluate whether the City should continue its self-insurance program for general liability claims by appropriating funds to cover losses, or obtain insurance through a third party insurer. General liability claims can fluctuate significantly from year to year. This study will also help determine the best mechanism to cover future risks and liabilities and assess the most effective long-term financing for general liability claims. The City has not previously engaged in an actuarial study to determine the probability of future losses. (Ongoing Costs: \$0)</p>			
2016-2017 Proposed Budget Changes Total		80,000	80,000

Finance Department

Performance Summary

Disbursements

Performance Measures

	2014-2015 Actual	2015-2016 Target	2015-2016 Estimated	2016-2017 Target
 % of disbursements paid accurately and timely	93%	93%	93%	93%
 % of reimbursements paid to employees accurately and timely	99%	100%	100%	100%
 % of payroll disbursements paid accurately and timely	100%	100%	100%	100%
 Cost per payment	\$9.65	\$7.65	\$9.65	\$9.90
 Average number of days from invoice date to check issuance	27	27	27	27
 % of disbursements paid to vendors accurately and within 30 days	77%	79%	79%	79%

Activity and Workload Highlights



	2014-2015 Actual	2015-2016 Forecast	2015-2016 Estimated	2016-2017 Forecast
Total number of payments made	238,953	247,000	244,491	250,162
Vendor invoices paid	75,850	78,000	78,126	80,000

Finance Department

Performance Summary

Financial Reporting

Performance Measures

	2014-2015 Actual	2015-2016 Target	2015-2016 Estimated	2016-2017 Target
 % of financial reports that are produced accurately and timely	97%	97%	98%	98%
 Cost per report	\$605	\$713	\$577	\$577

Activity and Workload Highlights





	2014-2015 Actual	2015-2016 Forecast	2015-2016 Estimated	2016-2017 Forecast
Total number of financial reports provided	3,204	3,130	3,250	3,413

Finance Department

Performance Summary

Purchasing and Risk Management

Performance Measures

	2014-2015 Actual	2015-2016 Target	2015-2016 Estimated	2016-2017 Target
 % of cost savings achieved through the centralized purchasing process	5%	8%	6%	6%
 Cost of purchasing services as a percentage of the total dollars procured	1.35%	1.60%	1.73%	1.71%
 % of purchase orders (POs) processed within established timeframes				
- 8 business days for POs ≤ \$10K	74%	85%	80%	100%
- 26 business days for POs > \$10K and ≤ \$100K	77%	95%	80%	100%
- 38 business days for POs > \$100K and ≤ \$250K	79%	95%	80%	100%
- 83 business days for POs > \$250K and ≤ \$1.0M	92%	92%	95%	100%
- 108 business days for POs > \$1.0M	83%	100%	85%	100%
 Percentage of contracts processed for insurance clearance within five days of receipt	89%	76%	92%	92%

Activity and Workload Highlights


	2014-2015 Actual	2015-2016 Forecast	2015-2016 Estimated	2016-2017 Forecast
Total dollars procured	\$118.5M	\$135.0M	\$120.0M	\$127.6M
Total cost savings achieved through the centralized purchasing process	\$5.5M	\$10.8M	\$7.1M	\$8.0M
# of purchase orders (POs) processed within:				
- 8 business days for POs ≤ \$10K	358	500	394	458
- 26 business days for POs > \$10K and ≤ \$100K	397	560	437	486
- 38 business days for POs > \$100K and ≤ \$250K	81	97	89	71
- 83 business days for POs > \$250K and ≤ \$1.0M	36	35	40	43
- 108 business days for POs > \$1.0M	5	8	6	5
Total insurable value of the City's assets	\$3.7B	\$3.9B	\$3.9B	\$3.9B
Total number of contracts processed for insurance clearance	454	475	450	450

Finance Department

Performance Summary


Revenue Management

Performance Measures

	2014-2015 Actual	2015-2016 Target	2015-2016 Estimated	2016-2017 Target
 Return on Investment: - Business Tax and Accounts Receivable	9.4	N/A	4.6*	8.4

* Lower Business Tax and Accounts Receivable collection balances due to use of staff for Business Tax and Accounts Receivable System Implementation

Activity and Workload Highlights




	2014-2015 Actual	2015-2016 Forecast	2015-2016 Estimated	2016-2017 Forecast
 City's Aging Accounts Receivable Balance				
Current Receivables:				
0 - 30 days	\$2,962,672	\$1,566,300	\$7,076,000	\$5,019,000
31 - 60 days	\$3,111,357	\$2,214,200	\$1,360,000	\$2,236,000
61 - 90 days	\$433,462	\$734,300	\$570,000	\$502,000
Delinquent Receivables:				
91 - 120 days	\$461,387	\$553,500	\$682,000	\$572,000
121 - 365 days	\$3,112,916	\$3,486,900	\$2,788,000	\$2,788,000
366 - 730 days	\$3,524,194	\$5,225,500	\$4,806,000	\$4,174,000
731 - 999+ days	\$10,539,868	\$13,680,700	\$10,913,000	\$10,727,000

Finance Department

Performance Summary

Treasury Management

Performance Measures

	2014-2015 Actual	2015-2016 Target	2015-2016 Estimated	2016-2017 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)	0.646% 0.268% 0.510%	0.890% N/A* N/A*	0.832% 0.393% 0.667%	0.940% N/A* N/A*
 Cost of Investment Program as a percentage of the City's total investment portfolio	0.042%	0.065%	0.054%	0.055%

* 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

	2014-2015 Actual	2015-2016 Forecast	2015-2016 Estimated	2016-2017 Forecast
Total debt portfolio managed	\$4.622B	\$5.286B	\$4.450B	\$4.278B
Total of the City's investment portfolio	\$1.384B	\$1.350B	\$1.300B	\$1.350B

Finance Department

Departmental Position Detail

Position	2015-2016 Adopted	2016-2017 Proposed	Change
Account Clerk II	2.00	2.00	-
Accountant I/II	14.00	14.00	-
Accounting Technician	9.00	9.00	-
Administrative Assistant	1.00	1.00	-
Administrative Officer	1.00	1.00	-
Analyst I/II	7.00	8.00	1.00
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	-
Division Manager	1.00	1.00	-
Financial Analyst	5.00	5.00	-
Investigator Collector I/II	13.00	12.00	(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	4.00	-
Program Manager I	3.00	3.00	-
Program Manager II	1.00	1.00	-
Risk Manager	1.00	1.00	-
Senior Account Clerk	15.00	15.00	-
Senior Accountant	7.00	7.00	-
Senior Analyst	4.00	4.00	-
Senior Investigator Collector	2.00	2.00	-
Senior Office Specialist	1.00	1.00	-
Staff Specialist	2.00	2.00	-
Supervising Accountant	1.00	1.00	-
Total Positions	117.00	117.00	0.00