

Finance Department

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To 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

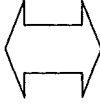
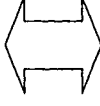
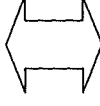
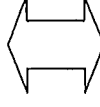
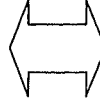
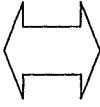
Treasury Management

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
Disbursements: <i>Facilitate timely and accurate payment of the City's financial obligations</i>		<ul style="list-style-type: none"> • Accounts Payable • Payroll
Financial Reporting: <i>Provide accurate and meaningful reporting on the City's financial condition</i>		<ul style="list-style-type: none"> • General Accounting and Analysis • Special Accounting
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>		<ul style="list-style-type: none"> • Procurement • Risk Management (insurance)
Revenue Management: <i>Bill and collect the City's resources to enhance the City's financial condition</i>		<ul style="list-style-type: none"> • Accounts Receivable Collections • Business Tax Compliance • Integrated Billing System • Revenue Compliance and Monitoring
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>		<ul style="list-style-type: none"> • Debt Management • Investment Management • Cash Management/Payment Processing
Strategic Support: <i>Analytical Support, Budget/Fiscal Management, Human Resources Management, Contract Administration, and Administrative Support</i>		<ul style="list-style-type: none"> • Analytical Support • Budget/Fiscal Management • Contract Administration • Website Services • Administrative Support

Finance Department

Department Budget Summary

Expected 2014-2015 Service Delivery

- Ensure that the City's financial resources are protected and available to address the short 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 utilization 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 Integrated Billing System (IBS), and the Oracle PeopleSoft Human Resources (HR)/Payroll System. The Finance Department is responsible for the current procurement process to replace some of these major systems, including the IBS and the HR/Payroll System.
- 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.

2014-2015 Budget Actions

- The addition of 1.0 limit-dated Program Manager position through June 2015 will assist with city-wide technology procurements to help address the significant backlog of large, complex, and high-profile technology procurements, such as the Traffic Incident Management Center Event Tracking System, Human Resources/Payroll System, and Operating/Capital Budget System.
- One-time funding for two years of necessary tax table updates for the City's Human Resources/Payroll System will ensure the viability of the current system until a replacement system is implemented.
- The addition of 1.0 Accountant will serve as a dedicated resource for the City-Wide Cost Allocation Plan, working to improve the transparency of the City's cost allocation plans and enable the Finance Department to document more robust processes and procedures.
- The addition of 1.0 Senior Account Clerk will serve as a Development Services cashier, funded by the Development Fee Programs. This position will address the steady increase in cashiering activity levels of the Development Fee Programs.
- The transition of loan collections of the outstanding accounts of the Small Business Loan Program from the Housing Department to the Finance Department will ensure consistency in collection practices and procedures for the outstanding loan portfolio.

Operating Funds Managed

- | | |
|---|---|
| <input type="checkbox"/> Cash Reserve Fund | <input type="checkbox"/> Convention Centre 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

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Forecast 3	2014-2015 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Disbursements	\$ 1,634,632	\$ 1,685,997	\$ 1,868,863	\$ 1,968,863	16.8%
Financial Reporting	1,623,859	1,859,211	2,005,170	2,090,811	12.5%
Purchasing and Risk Management*	1,793,456	2,252,693	2,408,074	2,524,401	12.1%
Revenue Management	4,738,081	4,746,783	4,852,283	4,852,283	2.2%
Treasury Management	3,431,979	3,882,312	3,710,446	3,781,993	(2.6%)
Strategic Support	1,164,093	1,227,088	1,318,287	1,318,287	7.4%
Total	\$ 14,386,100	\$ 15,654,084	\$ 16,163,123	\$ 16,536,638	5.6%
Dollars by Category					
Personal Services					
Salaries/Benefits	\$ 12,576,032	\$ 14,472,964	\$ 15,015,919	\$ 15,289,434	5.6%
Overtime	38,043	48,615	48,615	48,615	0.0%
Subtotal	\$ 12,614,075	\$ 14,521,579	\$ 15,064,534	\$ 15,338,049	5.6%
Non-Personal/Equipment					
Total	\$ 1,772,025	1,132,505	1,098,589	1,198,589	5.8%
Total	\$ 14,386,100	\$ 15,654,084	\$ 16,163,123	\$ 16,536,638	5.6%
Dollars by Fund					
General Fund	\$ 11,985,358	\$ 12,771,696	\$ 13,268,462	\$ 13,614,846	6.6%
Integrated Waste Mgmt	1,352,214	1,354,874	1,413,673	1,413,673	4.3%
Low/Mod Income Hsg Asset**	134,569	89,576	76,613	103,744	15.8%
PW Program Support	64,612	66,145	57,134	57,134	(13.6%)
Sewer Svc & Use Charge	454,671	515,633	518,102	518,102	0.5%
SJ/SC Treatment Plant Oper	193,536	528,159	487,936	487,936	(7.6%)
Stores Fund	(12,107)	0	0	0	N/A
Storm Sewer Operating	26,787	50,402	51,217	51,217	1.6%
Water Utility	186,460	277,599	289,986	289,986	4.5%
Total	\$ 14,386,100	\$ 15,654,084	\$ 16,163,123	\$ 16,536,638	5.6%
Authorized Positions by Core Service					
Disbursements	13.50	13.50	14.50	14.50	7.4%
Financial Reporting	12.08	13.25	14.02	15.02	13.4%
Purchasing and Risk Management*	16.19	17.41	17.41	18.41	5.7%
Revenue Management	38.81	35.59	35.59	35.59	0.0%
Treasury Management	27.57	28.40	26.63	27.63	(2.7%)
Strategic Support	6.35	6.85	6.85	6.85	0.0%
Total	114.50	115.00	115.00	118.00	2.6%

* This core service was previously named Purchasing and Materials Management.

** This fund was previously named Affordable Housing Investment Fund.

Finance Department

Budget Reconciliation

(2013-2014 Adopted to 2014-2015 Proposed)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2013-2014):	115.00	15,654,084	12,771,696
Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• Rebudget: Business Tax Amnesty Program		(60,000)	(60,000)
One-time Prior Year Expenditures Subtotal:	0.00	(60,000)	(60,000)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations:		544,315	532,042
- 1.0 Accountant II to 1.0 Senior Accountant			
- 2.0 Division Manager to 2.0 Deputy Director			
- 1.0 Financial Analyst to 1.0 Program Manager I			
- 1.0 Financial Analyst to 1.0 Senior Analyst			
- 1.0 Senior Accountant to 1.0 Supervising Accountant			
• Vacancy factor adjustment		640	640
• Purchasing peak staff levels contractual support		19,000	19,000
• Comprehensive Annual Financial Report software licenses		7,500	7,500
• Investment service software contractual services		5,000	5,000
• Revenue management software contractual services		5,000	5,000
• General Fund non-personal/equipment funding realignment		(17,211)	(17,211)
• Changes in vehicle maintenance and operations costs		6,795	6,795
• Changes in professional development program funding		(2,000)	(2,000)
Technical Adjustments Subtotal:	0.00	569,039	556,766
2014-2015 Forecast Base Budget:	115.00	16,163,123	13,268,462
Budget Proposals Recommended			
1. City-Wide Purchasing Support: Information Technology Procurements	1.00	116,327	116,327
2. Human Resources/Payroll System Annual Tax Updates		100,000	100,000
3. City-Wide Cost Allocation Plan Staffing	1.00	85,641	85,641
4. Development Services Cashiering Staffing	1.00	71,547	71,547
5. Small Business Loan Program Collections Funding Reallocation	0.00	0	(27,131)
Total Budget Proposals Recommended	3.00	373,515	346,384
2014-2015 Proposed Budget Total	118.00	16,536,638	13,614,846

Finance Department

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. City-Wide Purchasing Support: Information Technology Procurements	1.00	116,327	116,327

Strategic Support CSA
Purchasing and Risk Management

This action adds 1.0 limit-dated Program Manager through June 30, 2015 to assist in the city-wide procurement of information technology systems. There continues to be a significant backlog of large, complex, and high-profile technology procurements in the Purchasing Division and new projects are expected to go through the Request for Proposal (RFP) process during 2014-2015. Existing purchasing staff does not have the capacity to support these initiatives. The typical timeline for a technical RFP process ranges from 6-12 months and the typical implementation can range from 6-18 months. This position will ensure the continuation of dedicated support necessary to address this backlog, which includes major projects such as the Traffic Incident Management Center Event Tracking System, Human Resources/Payroll System, and Operating/Capital Budget System. The ongoing workload will continue to be analyzed in 2014-2015 to determine if a budget proposal will be brought forward to continue support past June 2015. (Ongoing costs: \$0)

Performance Results:

Customer Satisfaction, Cycle Time This action continues resources that were included on a temporary basis in 2013-2014 to maintain the current performance levels for the City's technology procurement activities. This will continue to ensure timely and proper procurement of information technology systems.

2. Human Resources/Payroll System Annual Tax Updates		100,000	100,000
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Strategic Support CSA
Disbursements

This action provides \$100,000 in one-time non-personal/equipment funding to purchase the necessary tax table updates for the City's Human Resources/Payroll System for the next two years. As a result of discontinuation of support for the current Human Resources/Payroll System software in December 2012, annual payroll tax updates are necessary to ensure the viability of the current system. The Administration issued a Phase II RFP to replace the Human Resources/Payroll System in April 2014; however, due to the estimated acquisition and implementation timeline, an additional two years of tax table updates are anticipated. (Ongoing costs: \$0)

Performance Results:

Customer Satisfaction This action will guarantee continued timely tax data updates for the City's current Human Resources/Payroll System, ensuring the data being recorded is accurate.

Finance Department

Budget Changes By Department

Proposed Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. City-Wide Cost Allocation Plan Staffing	1.00	85,641	85,641

Strategic Support CSA
Financial Reporting

This action adds 1.0 Accountant to assist with the cost allocation plan preparation as well as address the audit recommendations in the “*Indirect Cost Allocation: Improved Procedures and Better Communication Needed*” audit (“Cost Allocation Audit”) prepared by the City Auditor and approved by the City Council on December 10, 2013. The addition of this position will eliminate the reliance on a single position for Cost Allocation Plan preparation, create capacity to address the audit recommendations, and add the ability to document and implement more robust processes and procedures. Additionally, this resource will assist in the timely production of all four cost allocation plans to the stakeholders such as the City Manager’s Budget Office and city-wide departments. (Ongoing costs: \$86,589)

Performance Results:

Quality This action will improve the transparency of the City’s cost allocation plans as well as create capacity to address the City Auditor’s audit recommendations noted in the “*Indirect Cost Allocation: Improved Procedures and Better Communication Needed*” audit.

4. Development Services Cashiering Staffing	1.00	71,547	71,547
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Strategic Support CSA
Treasury Management

This action adds 1.0 Senior Account Clerk to administer cashiering for the Development Services Partners. Since 2011, there has been a steady increase in the number of transactions for Development Services cashiering activities. The 2013-2014 Adopted Operating Budget included additional positions to meet the increase in Development Fee Program activity, which has further increased the cashiering activity level. This addition will provide the necessary resources to address the increase in cashiering workload. The costs associated with the Senior Account Clerk Position will be fee funded by the Building (64%), Fire (24%), Public Works (8%), and Planning (4%) Development Fee Programs. (Ongoing costs: \$72,552)

Performance Results:

Customer Satisfaction, Cycle Time This action will improve service to the customers of the Development Fee Programs by ensuring timely and accurate cashiering services.

Finance Department







Budget Changes By Department

Proposed Budget Changes	Positions	All Funds (\$)	General Fund (\$)
5. Small Business Loan Program Collections Funding Reallocation	0.00	0	(27,131)
Strategic Support CSA <i>Revenue Management</i>			
<p>This action transfers duties and funding for 30% of an Investigator Collector I/II from the General Fund to the Low and Moderate Income Housing Asset Fund in order to administer the collections associated with the Small Business Loan Program, which was previously administered by the Housing Department. This position will oversee the loan collections of the outstanding accounts of the Small Business Loan Program, which is no longer administering new loans. The Finance Department will work closely with the Housing Department to monitor the workload associated with the administration of the loan collection and will revisit the funding and staffing allocations as necessary to ensure there is no impact to the collection of General Fund revenues. (Ongoing costs: \$0)</p>			
Performance Results:			
Quality This action will more appropriately align collection activities with the commensurate classification and will increase the efficiency of loan collection activities associated with the Small Business Loan Program.			
2014-2015 Proposed Budget Changes Total	3.00	373,515	346,384

Finance Department
Performance Summary

Disbursements

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of disbursements paid accurately and timely	87%	97%	86%	87%
 % of reimbursements paid to employees accurately and timely	99%	97%	99%	99%
 % of payroll disbursements paid accurately and timely	99%	96%	99%	99%
 Cost per payment	\$7.30	\$6.70	\$7.50	\$8.01
 Average number of days from invoice date to check issuance	33	32	32	32
 % of disbursements paid to vendors accurately and within 30 days	59%	65%	57%	60%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total number of payments made	223,873	251,694	232,465	239,900
Vendor invoices paid	65,290	73,732	71,690	74,000

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity & Workload Highlight from the 2013-2014 Adopted Budget:



× "Total cost for Disbursement services" was deleted as the total cost of these services is displayed on the Budget Summary page of this section as the Disbursements core service.

Finance Department

Performance Summary

Financial Reporting

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
 % of financial reports that are produced accurately and timely	97%	98%	95%	97%
 Cost per report	\$683	\$610	\$588	\$698

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total number of financial reports provided	3,047	3,050	2,738	2,720

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity & Workload Highlight from the 2013-2014 Adopted Budget:

- × "Total cost for Financial Reporting services" was deleted as the total cost of these services is displayed on the Budget Summary page of this section as the Financial Reporting core service.

Finance Department

Performance Summary

Purchasing and Risk Management

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
🎯 % of cost savings achieved through the centralized purchasing process	6%	4%	3%	3%
💰 Cost of purchasing services as a percentage of the total dollars procured	1.25%	1.62%	1.45%	1.58%
🕒 % of purchase orders (POs) processed within established timeframes				
- 8 business days for POs ≤\$10K	62%	83%	81%	81%
- 26 business days for POs > \$10K and ≤\$100K	72%	77%	95%	95%
- 38 business days for POs > \$100K and ≤\$250K	78%	80%	94%	95%
- 83 business days for POs > \$250K and ≤\$1.0M	85%	80%	92%	92%
- 108 business days for POs > \$1.0M	100%	100%	100%	100%
🕒 Percentage of contracts processed for insurance clearance within five days of receipt	96%	80%	80%	80%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total dollars procured	\$110.3M	\$112.4M	\$116.3M	\$122.2M
Total cost savings achieved through the centralized purchasing process	\$6.30M	\$3.90M	\$3.93M	\$4.13M
# of purchase orders (POs) processed within:				
- 8 business days for POs ≤\$10K	286	384	442	460
- 26 business days for POs > \$10K and ≤\$100K	412	436	535	560
- 38 business days for POs > \$100K and ≤\$250K	71	160	91	97
- 83 business days for POs > \$250K and ≤\$1.0M	39	4	33	35
- 108 business days for POs > \$1.0M	4	8	5	6
Total insurable value of the City's assets	\$3.2B	\$2.9B	\$2.9B	\$2.9B
Total number of contracts processed for insurance clearance	514	1,100	1,100	1,100

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity & Workload Highlight from the 2013-2014 Adopted Budget:

× “Total cost for services – Purchasing Services” and “Total cost for services – Risk Insurance Services” were deleted as the total cost for these services is displayed on the Budget Summary page of this section as the Purchasing and Risk Management core service.

⊆ “Total cost savings” was changed to “Total cost savings achieved through the centralized purchasing process” to more accurately reflect the methodology of this measure.

Finance Department
Performance Summary

Revenue Management

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 Target
S Cost of revenue collection services as a percentage of the City's total accounts receivable	19.86%	22.93%	17.69%	22.11%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
C City's Aging Accounts Receivable Balance				
Current Receivables:				
0 - 30 days	\$2,068,855	\$2,904,099	\$2,229,088	\$2,148,972
31 - 60 days	\$2,178,321	\$1,229,277	\$1,117,389	\$1,647,855
61 - 90 days	\$312,218	\$925,371	\$457,009	\$384,614
Delinquent Receivables:				
91 - 120 days	\$824,016	\$2,259,733	\$1,063,143	\$943,580
121 - 365 days	\$3,320,440	\$2,844,784	\$2,585,681	\$2,953,061
366 - 730 days	\$3,414,118	\$2,455,152	\$5,293,367	\$4,353,742
731 - 999+ days	\$11,745,413	\$9,631,163	\$12,570,365	\$12,157,889

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget:




X "Total cost for revenue management services" was deleted as the total cost for these services is displayed on the Budget Summary page of this section as the Revenue Management core service.

Finance Department

Performance Summary

Treasury Management

Performance Measures

	2012-2013 Actual	2013-2014 Target	2013-2014 Estimated	2014-2015 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	0.559%	0.500%	0.600%	0.650%
 Cost of Investment Program as a percentage of the City's total investment portfolio	0.043%	0.062%	0.041%	0.059%

Changes to Performance Measures from 2013-2014 Adopted Budget: No

Activity and Workload Highlights

	2012-2013 Actual	2013-2014 Forecast	2013-2014 Estimated	2014-2015 Forecast
Total debt portfolio managed	\$5.470B	\$5.420B	\$5.422B	\$5.286B
Total of the City's investment portfolio	\$1.365B	\$1.100B	\$1.300B	\$1.300B

Changes to Activity & Workload Highlights from 2013-2014 Adopted Budget: Yes¹

¹ Changes to Activity & Workload Highlight from the 2013-2014 Adopted Budget:

- × "Total cost for Treasury Management services – Debt Management services" and "Total cost for Treasury Management services – Investment Services" were deleted as the total cost for these services is displayed on the Budget Summary page of this section as the Treasury Management core service.

Finance Department

Departmental Position Detail

Position	2013-2014 Adopted	2014-2015 Proposed	Change
Account Clerk II	4.00	4.00	-
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	6.00	6.00	-
Assistant Director	1.00	1.00	-
Buyer II	5.00	5.00	-
Debt Administrator	1.00	1.00	-
Deputy Director	0.00	2.00	2.00
Director of Finance	1.00	1.00	-
Division Manager	4.00	2.00	(2.00)
Financial Analyst	7.00	5.00	(2.00)
Investigator Collector I/II	13.00	13.00	-
Investment Officer	1.00	1.00	-
Office Specialist	4.00	4.00	-
Principal Account Clerk	4.00	4.00	-
Principal Accountant	3.00	3.00	-
Program Manager I	2.00	4.00	2.00
Program Manager II	1.00	1.00	-
Risk Manager	1.00	1.00	-
Senior Account Clerk	16.00	17.00	1.00
Senior Accountant	8.00	8.00	-
Senior Analyst	3.00	4.00	1.00
Senior Investigator Collector	2.00	2.00	-
Senior Office Specialist	2.00	2.00	-
Staff Specialist	1.00	1.00	-
Supervising Accountant	0.00	1.00	1.00
Total Positions	115.00	118.00	3.00