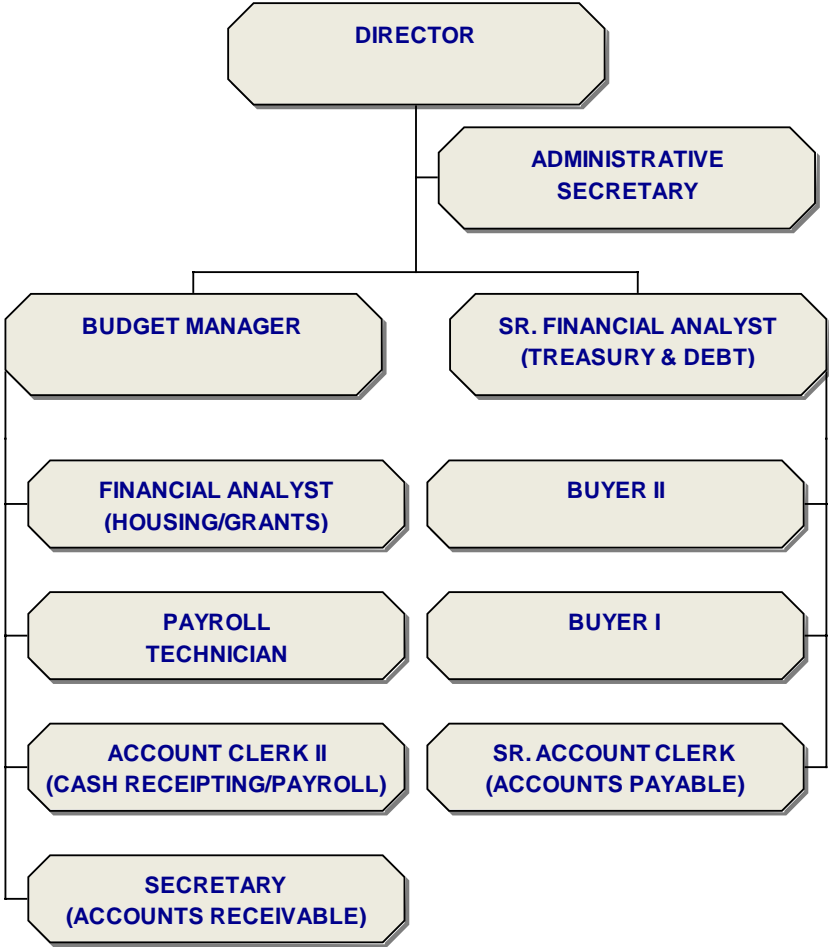


FINANCE DEPARTMENT



DEPARTMENT SUMMARY

Finance

The Finance Department provides financial guidance to the City Council and City Departments and manages the City's financial operations.

About Finance

The Finance Department is responsible for providing financial expertise and guidance to the City Council and City Departments, managing the City's daily financial operations, and maintaining the financial integrity of the City. The Finance Department provides revenue administration, budget control, payroll services, purchasing, administration of the City's outstanding debt obligations, and acts in a fiduciary capacity for four assessment districts and four community facilities districts. The department also assists the City Manager in preparation of the Annual Budget, invests City funds for both short and long-term purposes, and provides cash management for the City.

The Finance Department manages six existing programs. The programs are Accounting and Financial Reporting and Analysis, Procurement and Payables Management, Budget Management, Treasury and Cash Management, Payroll Management, and Debt Management.

The Finance Department also manages the Self Insurance funds for employee health, dental and vision employee benefit coverage.

FISCAL YEAR 2011-12 BUDGET HIGHLIGHTS

- ✓ Finance will continue to monitor Economic conditions that will affect the City Finances to proactively address any further downturns in the City's revenues.
- ✓ Finance will continue to monitor funding processes for health, dental, and vision claims, flexible spending, and Retiree Health Plans for the City's Self-Insured Health Plan
- ✓ Finance will continue to strive to integrate bar scan capabilities with Finance software to better maintain Fixed Asset Inventory.
- ✓ Finance will implement an online vendor payment tracking system to assist vendors with tracking status of payments.
- ✓ Finance will implement an online Employee Self Service system to provide employees online capability to manage benefits and access payroll information such as W-2's and pay stubs.
- ✓ Finance will develop new physical fixed-asset inventory procedures.

DEPARTMENT SUMMARY

Finance (1500)

Department Expenditures and Staffing Summary

	<u>Actual 2009-10</u>	<u>Budget 2010-11</u>	<u>Estimated 2010-11</u>	<u>Adopted 2011-12</u>
Authorized Positions (FTE)	13.40	10.80	10.80	10.27
Expenditures				
Personnel	1,479,012	1,238,550	1,229,650	1,164,900
Training and Meetings	3,925	3,100	3,100	5,200
Operating Expenditures	100,598	181,960	134,860	138,780
Capital	-	-	-	-
Total Department Expenditures	1,583,535	1,423,610	1,367,610	1,308,880

The Finance Department is budgeted in the General Fund and Gas Tax Fund.

Self Insurance Dental/Vision and Health (1810,1820)

Department Expenditures

	<u>Actual 2009-10</u>	<u>Budget 2010-11</u>	<u>Estimated 2010-11</u>	<u>Adopted 2011-12</u>
Expenditures				
Operating Expenditures	3,375,697	2,839,650	3,352,500	3,369,500
Total Department Expenditures	3,375,697	2,839,650	3,352,500	3,369,500

PROGRAMS AND SERVICES

FINANCE PROGRAMS

- **Accounting and Financial Reporting**
 - Procurement/Payables
 - Budget Management
 - Treasury and Cash Management
 - Payroll Management
 - Debt Management

RECENT PROGRAM ACHIEVEMENTS

- ✧ Received the award for Excellence in Financial Reporting for the FY 2009-10 Comprehensive Annual Financial Report.
- ✧ Recommended to City Manager budget changes to maintain a secure financial position for the City.



Accounting, Financial Reporting and Analysis (15001)

Mission Statement

Maintain and ensure integrity of the City's financial records and audits and report financial information to Council, the public, and to State and Federal Regulatory agencies in an accurate and timely manner.

Program Activities

- Provide guidance on proposed City financial actions and strategies.
- Analyze federal and state legislation for financial implications.
- Generate accounting period reports for all City programs and projects and provide financial analysis and special financial reports at request of City staff.
- Establish and maintain an accounting system of funds, accounts, and internal controls in accordance with Governmental Accounting Standards and Generally Accepted Accounting Principles (GAAP).
- Prepare year-end closing entries, balance and reconcile all funds and accounts, coordinate and communicate with the City's independent auditors; prepare the Comprehensive Annual Financial Reports for the City, the Redevelopment Agency, Palmdale Civic Authority, and Housing Authority.
- Manage the City's Self Insurance Plans for Health, Dental and Vision.

Key Goals & Objectives for Fiscal Year 2011-12

- Compile, produce, and issue the Comprehensive Annual Financial Reports (CAFRs) for the City, the Redevelopment Agency, Palmdale Civic Authority, and Housing Authority within 150 days of fiscal year-end.
- Receive an unqualified audit opinion for the annual financial statement audit for the City, the Redevelopment Agency, Palmdale Civic Authority, and Housing Authority.
- Receive Government Finance Officers Association (GFOA) award for achievement in Financial reporting for the City's CAFR.
- Complete 100% of monthly bank reconciliations within 30 days of receiving bank statements.
- Ensure a secure and strong financial position for the City.

OPERATING AND PERFORMANCE MEASURES

	<u>Actual 2009-10</u>	<u>Budget 2010-11</u>	<u>Estimated 2010-11</u>	<u>Adopted 2011-12</u>
Authorized Positions (FTE)	3.10	2.70	2.70	2.46
Expenditures				
Personnel	516,748	369,300	357,940	309,070
Training and Meetings	2,916	1,000	1,200	2,100
Operating Expenditures	82,000	135,740	104,560	112,380
Capital	-	-	-	-
Total Program Expenditures	601,664	506,040	463,700	423,550

	<u>Actual 2009-10</u>	<u>5-Year Target</u>	<u>Estimated 2010-11</u>	<u>Projected 2011-12</u>
Program Performance Measures				
The City's annual financial report receives unqualified audit opinion	Yes	Yes	Yes	Yes
Management Letter comments are resolved by March 31 of following year	Yes	Yes	Yes	Yes
City maintains a Standard & Poor's Issuer Credit Rating of A+	A+	A+	A+	A+

PROGRAMS AND SERVICES

FINANCE PROGRAMS

Accounting and
Financial Reporting

➤ **Procurement/Payables**

Budget Management

Treasury and Cash
Management

Payroll Management

Debt Management

RECENT PROGRAM ACHIEVEMENTS

- ❖ Obtained maximum value for each dollar expended, utilizing open competition and impartial evaluation of products and services offered by the City.
- ❖ Assisted City staff by providing product information, locating sources of supply and explaining procurement options.
- ❖ Promoted good working relationships with all City staff who sought procurement assistance while understanding their purposes and objectives.
- ❖ Fostered fair and ethical procurement practices that developed a strong vendor community and promoted public trust with the City of Palmdale.
- ❖ Implemented a new contract tracking system to ensure that all City Council approved contract limits are not exceeded.

Procurement and Payables Management (15002)

Mission Statement

Provide efficient and timely procurement services for the purchase of equipment, supplies, and services consistent with quality, quantity, and delivery requirements of requesting City Departments.

Program Activities

- Assist City Departments with procurement needs and legal procedures ensuring purchasing practices are in compliance with legal, professional, and City Charter requirements.
- Prepare and/or review specifications for the bid process. Receive, review, and edit bid proposals for compliance with specifications; review language for discrepancies and/or liability issues, incorporate changes as appropriate.
- Collect, review, and verify payment requests by coding vendor invoices and verifying budget and contracts for the Accounts Payable Division resolving City and Vendor purchasing discrepancies.
- Maintain and monitor the status of annual contracts; administer annual contracts; and assist departments with contract renewal.
- Manage the Purchasing Card Program.
- Manage new vehicle Insurance policies for vehicles purchased for the City.

Key Goals & Objectives for Fiscal Year 2011-12.

- Launch web-based vendor registration system for the business community.
- Provide seminars and training sessions regarding the procurement process for City staff and vendors.
- Seek to improve inter-departmental communication.
- Develop and maintain operational procedure manuals that provide the highest level of service, while adhering to City, State, and Federal regulations, laws, rules, policies, and procedures.
- Integrate all City Contracts with the MUNIS Purchasing Contract Management Module.

OPERATING AND PERFORMANCE MEASURES

	<u>Actual 2009-10</u>	<u>Budget 2010-11</u>	<u>Estimated 2010-11</u>	<u>Adopted 2011-12</u>
Authorized Positions (FTE)	4.70	3.70	3.70	3.70
Expenditures				
Personnel	399,062	356,590,	360,280	381,100
Training and Meetings	-	200	500	500
Operating Expenditures	12,073	18,000	14,280	13,300
Capital	-	-	-	-
Total Program Expenditures	411,135	374,790	375,060	394,900

	<u>Actual 2009-10</u>	<u>5-Year Target</u>	<u>Estimated 2010-11</u>	<u>Projected 2011-12</u>
Program Performance Measures				
Formal bid procurement cycle time	1 mo.	1 mo.	1 mo.	1 mo.
Supplier payments are accurate	95%	95%	95%	95%
Purchases and payments are made in compliance with all applicable regulations	95%	95%	95%	95%
Telephone & Data Line Service Calls	115	150	148	150
Purchase Orders Processed	606	570	589	600
Number of Payables Checks Issued	5,224	5,100	5,200	5,150
Accounts Payable Invoices Processed	19,604	19,000	21,150	19,800

PROGRAMS AND SERVICES

FINANCE PROGRAMS

Accounting and
Financial Reporting
Procurement/Payables
➤ **Budget Management**
Treasury and Cash
Management
Payroll Management
Debt Management

RECENT PROGRAM ACHIEVEMENTS

- ✧ Received the Distinguished Budget Presentation Award for the FY 2010-11 from the Government Financial Officers Association



Budget Management (15003)

Mission Statement

Manage the development and implementation of the City's annual financial plan and annual budget to support effective decision-making and public communication.

Program Activities

- Manage the City's annual budget process, including training and support to departments, analysis of department budget requests, and public presentation of the recommended budget.
- Provide expertise to City Council and departments on economic and financial conditions and policy issues affecting the budget.
- Provide ongoing budgetary guidance and support to all City departments in administering the annual budget.
- Prepare and publish the City's Annual Budget.

Key Goals & Objectives for Fiscal Year 2011-12

- Receive the Government Finance Officers Association (GFOA) Distinguished Budget Award for the adopted Budget for Fiscal Year 2012.
- Submit the Fiscal Year 2012 Recommended Budget to Council and City Clerk in accordance with the Council-established budget-filing deadline.
- Publish Adopted Budget on CD and on the City's Web Site.

OPERATING AND PERFORMANCE MEASURES

	<u>Actual 2009-10</u>	<u>Budget 2010-11</u>	<u>Estimated 2010-11</u>	<u>Adopted 2011-12</u>
Authorized Positions (FTE)	1.20	1.20	1.20	1.17
Expenditures				
Personnel	166,939	161,730	151,240	164,770
Training and Meetings	-	500	-	-
Operating Expenditures	1,634	8,280	5,200	4,700
Capital	-	-	-	-
Total Program Expenditures	168,573	170,510	156,440	169,470

	<u>Actual 2009-10</u>	<u>5-Year Target</u>	<u>Estimated 2010-11</u>	<u>Projected 2011-12</u>
Program Performance Measures				
Consecutive GFOA Distinguished Budget Awards	20	26	21	22
Days to Produce the Adopted Budget document After Fiscal Year-End	60	45	90	-

PROGRAMS AND SERVICES

FINANCE PROGRAMS

Accounting and
Financial Reporting
Procurement/Payables
Budget Management
➤ **Treasury and Cash
Management**
Payroll Management
Debt Management

RECENT PROGRAM ACHIEVEMENTS

✧ Maintained a portfolio
investment credit quality
ratings of Aaa/AAA.



Treasury and Cash Management (15004)

Mission Statement

Centrally process monies, ensuring funds are received when due, properly accounted for, and safeguarded. Invest public funds in a manner that will provide maximum security, adequate liquidity, and sufficient yield, while conforming to relevant statutes and regulations.

Program Activities

- Process payments received from the public and City departments and process bank wires and transfers.
- Prepare daily deposits and related accounting documents.
- Record and reconcile major sources of revenue.
- Manage investment portfolio.
- Submit monthly investment reports to City Council.
- Manage the City's banking relationships.
- Assist departments in establishing appropriate controls and procedures for the receipt of cash and for petty cash disbursements.
- Forecast and manage cash to ensure adequate liquidity for expenditure requirements.

Key Goals & Objectives for Fiscal Year 2011-12

- Purchase investments for the City and Redevelopment Agency that are consistent with investment objectives.
- Maintain an average "AAA" credit quality for securities in the portfolio.
- Submit 100% of monthly investment reports to City Council within 30 days of month-end.
- Accurately process 99% of receipts on the day received.
- Accurately prepare deposit summary and daily bank deposits.

OPERATING AND PERFORMANCE MEASURES

	<u>Actual 2009-10</u>	<u>Budget 2010-11</u>	<u>Estimated 2010-11</u>	<u>Adopted 2011-12</u>
Authorized Positions (FTE)	2.60	1.40	1.40	1.14
Expenditures				
Personnel	226,371	191,480	193,670	139,670
Training and Meetings	620	600	1,000	2,100
Operating Expenditures	664	8,980	5,100	2,600
Capital	-	-	-	-
Total Program Expenditures	227,655	201,060	199,770	144,370
	<u>Actual 2009-10</u>	<u>5-Year Target</u>	<u>Estimated 2010-11</u>	<u>Projected 2011-12</u>
Program Performance Measures				
Credit rating of portfolio holdings S&P/Moodys	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA
Months in which investment report is submitted Within 30 days	11	11	11	11
Average portfolio balance	\$101.1M	N/A	\$87.1M	\$87.0M
Average days to maturity of portfolio	212	N/A	430	360
Outstanding Bond Issues	36	37	36	36

PROGRAMS AND SERVICES

FINANCE PROGRAMS

Accounting and
Financial Reporting
Procurement/Payables
Budget Management
Treasury and Cash
Management
➤ **Payroll Management**
Debt Management

RECENT PROGRAM ACHIEVEMENTS

- ✧ Worked with Information Technology to develop new PERS reporting file.
- ✧ Worked with Information Technology to develop on-line Employee Self-Service Module.



Payroll Management (15005)

Mission Statement

Pay City employees and benefit providers accurately and timely and ensure compliance with Federal and State laws and regulations.

Program Activities

- Perform audit and data entry of timesheets.
- Make tax payments and file quarterly tax reports.
- Reconcile payroll deductions and benefits payable to the general ledger.
- Upkeep of the time clock system in order for download of time to run efficiently and without errors.
- Process payments to the Public Employees Retirement System (PERS) and reconcile to reports and payroll withholdings.
- Maintain the payroll system to reflect annual changes in tax tables, employee contracts, dues, or other items for paycheck accuracy.
- Perform electronic fund transfers for direct deposits, PERS, deferred compensation, and taxes.
- Provide customer service to all City employees, departments, and benefit providers.
- Implement technological enhancements to improve payroll-processing efficiency.

Key Goals & Objectives for Fiscal Year 2011-12

- Create a Procedures manual for time clocks. (One for employees and one for payroll backup employee).
- Implement Employee Self Service (Direct deposit advices, check stubs, and W2 for various years).

OPERATING AND PERFORMANCE MEASURES

	<u>Actual 2009-10</u>	<u>Budget 2010-11</u>	<u>Estimated 2010-11</u>	<u>Adopted 2011-12</u>
Authorized Positions (FTE)	1.70	1.70	1.70	1.70
Expenditures				
Personnel	150,345	140,460	147,520	150,330
Training and Meetings	389	800	400	500
Operating Expenditures	4,212	6,080	4,720	5,300
Capital	-	-	-	-
Total Program Expenditures	154,946	147,340	152,640	156,130
	<u>Actual 2009-10</u>	<u>5-Year Target</u>	<u>Estimated 2010-11</u>	<u>Projected 2011-12</u>
Program Performance Measures				
Accuracy rate of timesheet data entry	95%	92%	96%	97%
City employees per payroll staff member	750	700	675	430
W-2's issued annually	825	969	820	696
Payroll Checks Issued	19,000	17,390	16,000	12,185

PROGRAMS AND SERVICES

FINANCE PROGRAMS

Accounting and
Financial Reporting
Procurement/Payables
Budget Management
Treasury and Cash
Management
Payroll Management
➤ Debt Management

RECENT PROGRAM ACHIEVEMENTS

✧ All FY2010-11 debt
service payments were
made timely.



Debt Management (15006)

Mission Statement

To manage and provide for the City's current and future ability to finance major operating capital equipment and capital improvement projects at beneficial interest rates without adversely affecting the City's ability to finance essential City services.

Program Activities

- Establish, track, and adjust as necessary the required appropriated reserve balances.
- Establish the required funding level for debt service based on debt service schedules associated with outstanding indebtedness.
- Review and analyze debt ratios and debt indicators and how they impact future debt financing.

Key Goals & Objectives for Fiscal Year 2011-12

- Ensure that appropriated reserves are established in accordance with Council policy.
- Ensure that the use of funds established for debt is consistent with the approved funding.

OPERATING AND PERFORMANCE MEASURES

	<u>Actual 2009-10</u>	<u>Budget 2010-11</u>	<u>Estimated 2010-11</u>	<u>Adopted 2011-12</u>
Authorized Positions (FTE)	0.10	0.10	0.10	0.10
Expenditures				
Personnel	19,546	18,990	19,000	19,960
Training and Meetings	-	-	-	-
Operating Expenditures	15	4,880	1,000	500
Capital	-	-	-	-
Total Program Expenditures	19,562	23,870	20,000	20,460

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