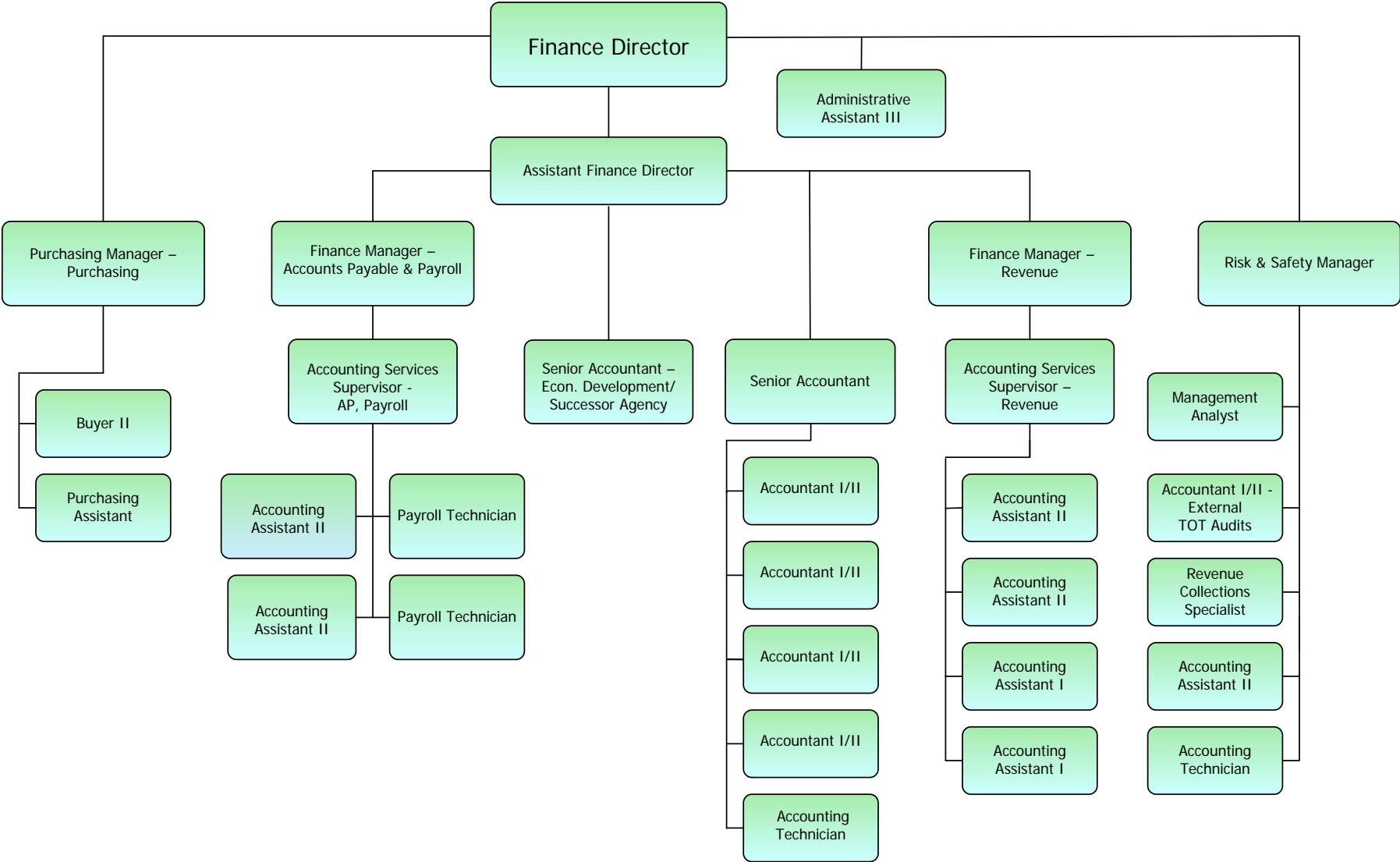


Finance



Santa Cruz Finance Department



DEPARTMENT DESCRIPTION

The Finance Department provides chief financial support for the entire City, including its Public Safety, Water, Refuse, Wastewater, Public Works, Parks & Recreation and other key programs. It also provides contract support services for the Santa Cruz Public Libraries Joint Powers Authority, the University of California Santa Cruz's fire services and supports the Successor Agency of the City of Santa Cruz (former Redevelopment Agency).

The Department's primary objective is to ensure that sufficient fiscal resources are available to meet the goals and objectives identified by the Community through its elected officials and staff. It does this primarily through timely and accurate financial reporting and by ensuring compliance with the City's financial rules and regulations.

The department is organized in four functional sections; (1) Accounting, Budgeting, Reporting and Revenue; (2) Accounts Payable and Payroll; (3) Purchasing and Applications management; and (4) Risk Management, Advanced Debt Collections, Safety and Revenue Audits. Within these core functions, it also manages major duties within internal and external audits, debt management, treasury management, and local, state and federal compliance reporting.

FY 2016 ACCOMPLISHMENTS

- Adopted on time the award-winning FY 2016 Budget
- Continued a prepayment program to lower the City's and Library JPA's annual CalPERS employee pension payments saving an estimated \$240,000 and \$22,000 respectively
- Developed an in-house Transient Occupancy Tax online vacation rental compliance program
- Provided financial modeling for and support to reach long term agreements for all employee bargaining units
- Provided extensive support for the County Library Systems new Governance and operational financing structure and adoption of balanced operating budget.
- Provided leadership as the Interim Executive Director of the County Library's new Financing Facility JPA
- Provided comprehensive financial modeling for the County Library's \$50+ million June 2016 ballot measure
- Completed recruitment of 13 vacant positions including the creation of a new Accountant apprenticeship position, Accounting Technician. Recruitments included 2-Accountants, 2-Accounting Technicians, Administrative Assistant III, 7-Accounting Assistants (4-revenue; 2-accounts payable & revenue; 1-risk), and Payroll Technician
- Supported the Water Department's \$25 Million California IBank loan approval
- Lead a Water Bond review, resulting in a Water Bond Rating upgrade
- Supported the development of an innovative Broadband model that can deliver high-speed, lower cost, ubiquitous internet to all of Santa Cruz
- Implemented a city-wide, comprehensive employee time-keeping software upgrade
- Completed the annual software update of the City's Eden financial system
- Re-launched a City-wide Safety program
- Provided historical financial analytics for Delaveaga Golf Course Council Study Session
- Continued further expansion of "paperless" process in Accounting, Payroll, Risk, Purchasing, Revenue & Accounts Payable

CITY COUNCIL DRAFT STRATEGIC PLAN 3-YEAR GOALS:

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Environmental Sustainability and Well-Managed Resource 2. Community Safety and Well-Being 3. Economic Vitality | <ol style="list-style-type: none"> 4. Financial Stability 5. Organizational Health 6. Reliable and Forward-Looking Infrastructure and Facilities 7. Engaged & Informed Community |
|---|--|

FY 2016 ACCOMPLISHMENTS (continued)

- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States for our Comprehensive Annual Financial Report
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States for the FY2016 Budget

FY 2017 GOALS

Three Year Strategic Plan Goal: Environmental Sustainability and Well-Managed Resources

- Implement additional Eden Financial System modules to reduce the need for paper
- Expand training opportunities to reduce the quantity of reports generated by maximizing the functionality of current Eden applications and other supporting financial applications (internal staff training and develop regional user groups for shared systems)
- Evaluate options to incorporate measures within the Purchasing Ordinance to improve environmental sustainability & resources
- Evaluate options to create new, online customer service interfaces for the public, reducing the need to print forms or for customers to drive to City Hall

Three Year Strategic Plan Goal: Community Safety and Well-Being

- Assist with public safety grant reporting and submissions
- Ensure resources are available to adequately staff police and fire operations

Three Year Strategic Plan Goal: Economic Vitality

- Evaluate opportunities to simplify and enhance licensing processes
- Support economic development initiatives including projects like Broadband

Three Year Strategic Plan Goal: Financial Stability

- Adopt a balanced, on-time FY 2017 Budget that accurately forecasts total required operating and maintenance costs to minimize the risk of future equipment, facility and infrastructure failures and the risk of sudden and unexpected cash outflows
- Implement results of the comprehensive cost recovery and fee study to quantify value of subsidized programs and initiatives and establish baselines for appropriate cost recovery
- Develop a strategic resources team to enhance revenue receipts in the areas of portfolio management, sustainable fees, and revenue modeling
- Adopt City policies to help improve the City's bond rating and mitigate the impact of sudden and unexpected severe cash outflows (equipment and facility funding, internal loans and/or risk mitigation)
- Evaluate opportunities to refinance existing debt at lower interest rates
- Evaluate opportunity to lower the City's annual employee pension payments through (1) prepayment of unfunded obligations and (2) early, one-year, prepayment plan with CalPERS
- Develop proactive programs and training to reduce the frequency of liability claims
- Complete a review of the City's fiscal internal controls
- Expand training into a fiscal training academy for City staff
- Enhance periodic financial reporting

CITY COUNCIL *DRAFT* STRATEGIC PLAN 3-YEAR GOALS:

- | | |
|---|---|
| 1. Environmental Sustainability and Well-Managed Resource | 4. Financial Stability |
| 2. Community Safety and Well-Being | 5. Organizational Health |
| 3. Economic Vitality | 6. Reliable and Forward-Looking Infrastructure and Facilities |
| | 7. Engaged & Informed Community |

Three Year Strategic Plan Goal: Organizational Health

- Develop proactive programs and training to reduce the frequency and severity of safety claims
- Create additional internal training and support for future promotional opportunities

Three Year Strategic Plan Goal: Reliable and Forward-Looking Infrastructure and Facilities

- Evaluate the need for Capital debt to fund significant infrastructure improvements in the Water fund to enhance water supply and mitigate impacts of the drought on our community
- Evaluate alternative funding models to provide for future infrastructure and facilities replacement

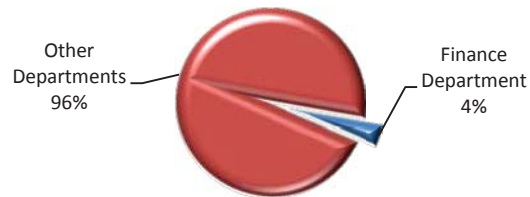
Three Year Strategic Plan Goal: Engaged & Informed Community

- Expand opportunities for enhanced public financial reporting transparency
- Receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States.
- Receive the Distinguished Budget Presentation Awards Program from the Government Finance Officers Association of the United States.

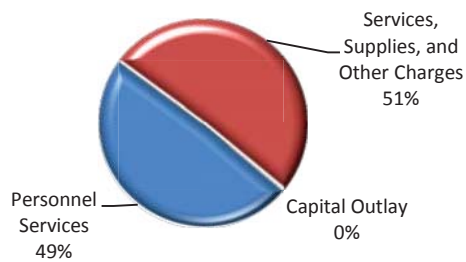
CITY COUNCIL DRAFT STRATEGIC PLAN 3-YEAR GOALS:

- | | |
|---|---|
| 1. Environmental Sustainability and Well-Managed Resource | 4. Financial Stability |
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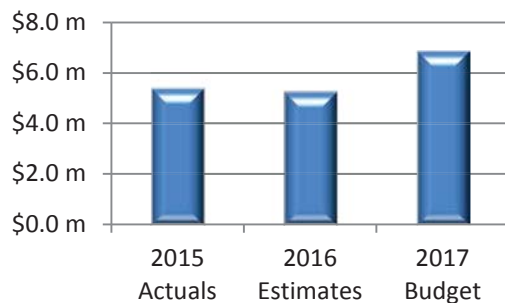
PERCENTAGE OF PRIMARY GENERAL FUND BUDGET



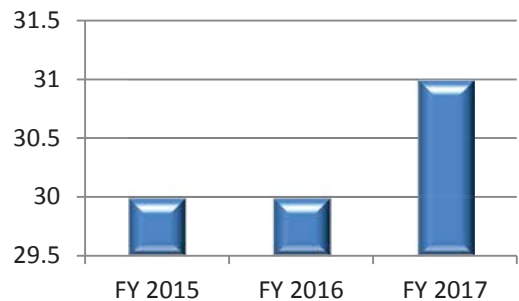
EXPENDITURES BY CHARACTER Fiscal Years 2016-2017



EXPENDITURE HISTORY



AUTHORIZED PERSONNEL



Finance

DEPARTMENT SUMMARY

	Fiscal Year*	Fiscal Year 2016			Fiscal Year 2017 Adopted	
		2015 Actuals	Adopted Budget	Amended* Budget		Estimated Actual
EXPENDITURES BY CHARACTER:						
Personnel Services		2,812,492	3,293,762	3,293,762	2,751,047	3,380,397
Services, Supplies, and Other Charges		2,594,831	3,041,394	2,912,710	2,529,594	3,502,021
Capital Outlay		20,711	53,000	53,000	263	10,000
Total Expenditures		<u>5,428,034</u>	<u>6,388,156</u>	<u>6,259,472</u>	<u>5,280,904</u>	<u>6,892,418</u>
EXPENDITURES BY ACTIVITY:						
Finance	1241	<u>2,972,599</u>	<u>3,314,870</u>	<u>3,339,796</u>	<u>2,861,412</u>	<u>3,500,097</u>
Subtotal General Fund		2,972,599	3,314,870	3,339,796	2,861,412	3,500,097
Liability Insurance	7821	<u>2,455,435</u>	<u>3,073,286</u>	<u>2,919,676</u>	<u>2,419,492</u>	<u>3,392,321</u>
Subtotal Other Funds		2,455,435	3,073,286	2,919,676	2,419,492	3,392,321
Total Expenditures		<u>5,428,034</u>	<u>6,388,156</u>	<u>6,259,472</u>	<u>5,280,904</u>	<u>6,892,418</u>
RESOURCES BY FUND						
General Fund	101	1,296,754	1,297,300	1,297,300	1,286,300	1,092,925
Liability Insurance	842	2,865,637	2,863,066	2,863,066	2,863,066	2,863,066
Total Resources		<u>4,162,390</u>	<u>4,160,366</u>	<u>4,160,366</u>	<u>4,149,366</u>	<u>3,955,991</u>
Net General Fund Cost		<u>(1,675,845)</u>	<u>(2,017,570)</u>	<u>(2,042,496)</u>	<u>(1,575,112)</u>	<u>(2,407,172)</u>
		FY 2015			FY 2016	FY 2017
TOTAL AUTHORIZED PERSONNEL:		29.00			30.00	31.00

*Sums may have discrepancies due to rounding

Activity Number: 1241
 Fund(s): General Fund (101)
 Department: Finance

ACTIVITY SUMMARY

Activity Description:

Performs short-range and long-range financial planning; monitors financial condition of City; develops and implements financial policies, plans, and reporting systems. Maintains the accounting records, including capital projects, capital assets, payroll, accounts payable, and accounts receivable. Responsible for collecting revenue, including billing, receipting, recording, and banking cash transactions. Administers business license tax, admission tax, transient occupancy tax, and special assessment programs. Invests funds in accordance with the City’s investment policy. Administers the City’s purchasing ordinance and all municipal codes pertaining to procurement.

	Fiscal Year 2015 Actuals	Fiscal Year 2016			Fiscal Year 2017 Adopted
		Adopted Budget	Amended Budget	Estimated Actual	
EXPENDITURES BY ACTIVITY:					
Personnel Services	2,497,179	2,907,569	2,907,569	2,371,056	2,966,658
Services, Supplies, and Other Charges	454,709	354,301	379,227	490,093	523,439
Capital Outlay	20,711	53,000	53,000	263	10,000
Total Expenditures	<u>2,972,599</u>	<u>3,314,870</u>	<u>3,339,796</u>	<u>2,861,412</u>	<u>3,500,097</u>
ACTIVITY RESOURCES:					
Charges for Services	1,271,900	1,271,900	1,271,900	1,271,900	1,078,925
Fines and Forfeitures	315	400	400	400	-
Rents, & Misc Revenues	24,538	25,000	25,000	14,000	14,000
Total Resources	<u>1,296,754</u>	<u>1,297,300</u>	<u>1,297,300</u>	<u>1,286,300</u>	<u>1,092,925</u>

*Sums may have discrepancies due to rounding

Liability Insurance

Activity Number: 7821
 Fund(s): Liability Insurance (842)
 Department: Finance

ACTIVITY SUMMARY

Activity Description:

The City has general liability and property insurance coverage. The City retains loss exposure for the first \$1,000,000 of each liability claim. This activity provides funds to cover premiums, claims payable, administration, and legal services. Funding for program requirements comes from apportioned charges to departments based on gross wages, special assessments based on claims experience, and from accumulated liability insurance reserves. During FY 2013, this function was transitioned from the Administrative Services Department over to the Finance Department.

	Fiscal Year 2015 Actuals	Fiscal Year 2016			Fiscal Year 2017 Adopted
		Adopted Budget	Amended Budget	Estimated Actual	
EXPENDITURES BY ACTIVITY:					
Personnel Services	315,313	386,193	386,193	379,991	413,739
Services, Supplies, and Other Charges	2,140,122	2,687,093	2,533,483	2,039,501	2,978,582
Total Expenditures	<u>2,455,435</u>	<u>3,073,286</u>	<u>2,919,676</u>	<u>2,419,492</u>	<u>3,392,321</u>
ACTIVITY RESOURCES:					
Charges for Services	2,863,066	2,863,066	2,863,066	2,863,066	2,863,066
Rents, & Misc Revenues	2,571	-	-	-	-
Total Resources	<u>2,865,637</u>	<u>2,863,066</u>	<u>2,863,066</u>	<u>2,863,066</u>	<u>2,863,066</u>

*Sums may have discrepancies due to rounding