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SECTION – 14
Finance

Finance

The mission of the Finance Department is to educate, inform, and provide excellent internal and external customer service with integrity, efficiency, and quality.

The **Finance Department** is responsible for overseeing the financial management of the City. The Finance Department currently provides accounting, budgeting, public improvement financing, procurement, billing, collection, parking citation, and revenue collection services. Internal services and programs include strategic planning and policy analysis. The Finance Department includes five divisions:

- The Accounting Division processes payments to vendors, citywide payroll, and reimbursements for work-related expenses to City employees, produces various annual reports including the Comprehensive Annual Financial Report, and provides financial management for the RASA.

- The Budget Division assists departments with managing the operating and CIP budgets, coordinates, and manages the development of the City Manager's annual proposed and approved operating and CIP budgets, provides quarterly financial reports to Council, serves as staff to the Budget and Audit Committee, provides and assists with a variety of citywide special projects and assignments.

- The Procurement Division is responsible for establishing procurement standards, ensuring compliance with procurement policies and best practices, managing citywide contracts, and assisting departments with solicitations and contracts.

- The Public Improvement Finance Division is responsible for the formation and administration of special-purpose districts and finance plans.

- The Revenue Division coordinates citywide billing and collection of major taxes, fees, and citations; audits and enforces a variety of City codes; and processes and issues business operations tax (BOT) certificates and special operating permits.

- The Administration Division provides centralized administrative support to the goals, objectives, policies, and priorities of the department.

INNOVATION, INFRASTRUCTURE, AND INCLUSION

Below are recent accomplishments and current initiatives that meet the requisite characteristics of a 3.0 city: innovation, infrastructure improvement, and/or inclusion.

INNOVATION

- Developing the Automated Bids, Contracts, and Digital Signatures (ABCD) program with a citywide project team to select and implement the PeopleSoft vendor portal, procurement solicitation and contract management solutions.

- Developing regulations and permitting processes for medical marijuana cultivation, manufacturing, and delivery services in response to the Medical Marijuana Regulation and Safety Act.

- Developing a citywide process and form for CIP vendor progress payments to include the City's new digital signature solution.

- Revising Title 18 of the City Code in connection with the Citywide Development Impact Fee Program, allowing for the clarification, revision, and streamlining of policies that had evolved in different sections of code or in finance plans through time. Consistent policies and practices in all finance plans and development impact fees will simplify the interaction between the City and developers.

- Implemented, with the approval of City Council, a citywide "unanimous consent" district for maintenance, streamlining the annexation process. With the consent of property owner(s), all four City Council reports typically required for the annexation process have been eliminated as well as three months in processing time, including approximately 75 percent in costs. The district implements a new provision in state law permitting taxes to be customized to each development situation, greatly increasing flexibility and the developments for which the district can be used.

- Continued development of interfaces in the City's financial reporting system to integrate data with departmental systems.

- Implemented online payment option for BOT, including the annual renewal process.

- Implemented a short-term rental permitting ordinance and application process.

- Increased transparency by continuing to expand the budget data available on the City's Open Data Portal.

- Paperless Accounts Payable (AP): The Citywide AP Invoice Automation System will capture paper, fax, email, and electronic invoices to convert them into data that may be interfaced to the financial system. The City currently utilizes a decentralized, paper-based vendor invoice processing model. This project will automate and streamline the vendor invoice processing procedures.

INFRASTRUCTURE

- Updated the Request for Proposals template to assist departments with standardized procurement solicitations.

- Developing and/or updating the infrastructure finance plans for 65th Street, Delta Shores, Greenbriar, North Natomas, the Panhandle, the Railyards, and the River District.
- Managed Mello-Roos CFD's for bonds for Curtis Park, McKinley Park Village, and the Creamery.
- Created CFDs for maintenance of public infrastructure in the Railyards, Delta Shores, Curtis Park Village, and McKinley Village.
- Implementing email dispatch of purchase orders to vendors.
- Created Procurement procedural documents to explain various procurement processes to department staff.
- Working with the Community Development Department to develop the Citywide Development Impact Fee Program to establish comprehensive, coordinated, and feasible fees on new growth to finance utilities, roadways, and parks.
- Overhauling business permit application submittals to streamline the process and reduce redundant information.
- Developed Council-adopted Advanced Life Support Revenue Recovery, Measure U Financial, OPEB, Pension Funding, and Risk Management Funding and Reserve Policies.
- Developed General Fund EUR Policy and Budget Control Policy.
- Assisted the Parks and Recreation Department with a department-wide staffing analysis.

INCLUSION

- Continuing to hire and train a diverse staff. Training includes accounting, budget, procurement, revenue, and leadership topics.
- Providing a high degree of responsiveness, outreach, negotiation, and coordination with the development and business communities, residents, and other interested parties, relative to forming and administering special-purpose districts and finance plans. With 500,000 tax records placed each year on the county tax roll, customer service to taxpayers is a high priority. Standards include a 24-hour turnaround, a solution-oriented approach, thorough research, and timely resolution.
- Conducted a Revenue Division employee survey and subsequently formed an employee committee to assist with improvements for areas of employee concerns.

BUDGET CHANGES

Program	Description	Fund	Revenue/ Offset Adjustment	Expenditure Change	FTE Change
Public Improvement Finance	Transfer 1.0 GIS Specialist II position to IT for the consolidation of IT positions.	General	121,242	(122,442)	(1.00)
Revenue	Add a Program Analyst to address the increased workload associated with regulation of the marijuana industry.	General	-	132,229	1.00
Revenue	Transfer a Parking Division Customer Service Supervisor and associated offsets from Public Works to Finance for the oversight of parking permits and tickets.	General	(93,333)	93,333	1.00
		Total Change	**$ 27,909**	**$ 103,120**	**1.00**

Although the functional duties of a Customer Service Supervisor had previously transferred from the Parking Division to the Revenue Division, the position is transferred from the Public Works Department as part of FY2016/17 development to reflect the functional location of the position. The cost related to this position will be supported by on-street revenues until it is captured in the annual cost plan allocation.

The Finance Department's revenue budget of $571,000, for delinquent BOT and other citywide revenue, has been transferred to Citywide and Community Support.

Department Budget Summary

Finance Budget Summary	FY2013/14 Actuals	FY2014/15 Actuals	FY2015/16 Approved	FY2015/16 Amended	FY2016/17 Approved	Change More/(Less) Approved/Amended
Employee Services	7,181,806	7,678,133	8,224,767	8,509,500	8,819,617	310,117
Other Services and Supplies	1,620,687	1,913,403	1,855,638	2,612,536	2,940,157	327,621
City Property	37,884	37,492	44,400	44,400	44,400	-
Transfers	(10,060)	(57,255)	-	-	121,242	121,242
Labor and Supply Offset	(730,993)	(959,624)	(924,036)	(924,036)	(924,036)	-
Operating Transfers	401,066	-	-	-	-	-
Total	**8,500,390**	**8,612,150**	**9,200,769**	**10,242,400**	**11,001,380**	**758,980**

Funding Summary by Fund/Special District	FY2013/14 Actuals	FY2014/15 Actuals	FY2015/16 Approved	FY2015/16 Amended	FY2016/17 Approved	Change More/(Less) Approved/Amended
12th Street Maint Benefit Area	2,105	3,187	2,136	2,136	1,934	(202)
Assessment Bond Registration	521,808	-	-	-	-	-
Cty/Cnty Office-Water Planning	39,000	39,000	39,000	39,000	39,000	-
Del Paso Nuevo Landscaping CFD	3,165	2,195	3,165	3,165	2,089	(1,076)
Del Paso PBID	38,558	33,904	-	-	-	-
Del Paso Prop & Business Imprv	5,064	2,805	2,805	1,331	1,331	-
Downtown Impact Fee	-	-	-	-	50,000	50,000
Downtown Management District	3,976	4,180	4,180	1,440	1,440	-
Downtown Plaza PBID	75,935	51,745	-	-	-	-
Franklin Blvd PBID	61,308	55,349	-	-	-	-
Franklin Boulevard PBID	8,621	1,593	1,593	2,912	2,912	-
General Fund	4,094,887	4,518,029	5,326,913	5,611,646	5,927,254	315,608
Greater Broadway PBID	1,343	1,365	1,365	1,372	1,372	-
Handle BID No 2011-04	174,302	247,322	150,000	175,000	175,000	-
Interdepartmental Service	2,522,585	2,670,844	2,792,360	2,792,360	2,827,077	34,717
Jacinto Creek	-	-	-	-	15,000	15,000
Laguna Creek Maint Dist	15,098	11,645	13,255	13,255	9,910	(3,345)
Landscaping and Lighting	218,490	229,672	254,370	254,370	233,049	(21,321)
Mack Road PBID	2,864	3,730	3,730	1,247	1,247	-
Midtown Sacramento PBID	17,484	4,409	4,409	2,912	2,912	-

Department Budget Summary (continued)

Funding Summary by Fund/Special District	FY2013/14 Actuals	FY2014/15 Actuals	FY2015/16 Approved	FY2015/16 Amended	FY2016/17 Approved	Change More/(Less) Approved/Amended
N Nat Lndscp 99-02	19,355	24,637	21,619	21,619	13,596	(8,023)
N Natomas Lands CFD 3	18,912	35,153	28,077	28,077	22,739	(5,338)
N Natomas Transp Mgmt Assoc	19,483	17,040	19,483	19,483	19,698	215
Natomas Central CFD 2006-02	16,397	15,239	11,735	11,735	11,735	-
Natomas Meadows CFD 2007-01	6,000	-	-	-	-	-
Neighborhood Lighting Dist	14,678	20,206	14,462	14,462	12,987	(1,475)
Neighborhood Park Maint CFD	19,700	27,517	18,988	18,988	16,759	(2,229)
Neighborhood Water Quality Dist	11,374	6,866	9,862	9,862	9,588	(274)
NNFP Drainage Fee	-	-	-	738,993	738,993	-
NNFP Public Facilities Fee	-	-	-	-	250,000	250,000
Northside Subdiv Maint Dist	7,730	3,837	5,289	5,289	4,617	(672)
NW Land Park CFD 2013-02	-	-	-	-	4,119	4,119
Oak Park PBID	1,933	1,932	1,932	2,017	2,017	-
Old Sacramento PBID	154,989	163,543	-	-	-	-
Old Sacto Maint Dist	2,463	3,099	2,134	2,134	2,129	(5)
Parking	-	-	-	-	93,333	93,333
Power Inn Area Prop & Business	6,363	3,579	3,579	2,487	2,487	-
Power Inn Rd Md 2003-01	4,809	3,554	5,047	5,047	3,114	(1,933)
Railyards Maint CFD No 2014-04	-	-	3,180	3,180	1,504	(1,676)
River District Impact Fee	-	-	-	-	50,000	50,000
Sac Tourism Marketing District	93,054	104,224	103,600	103,600	103,600	-
Special District Info/Rpt Sys	59,750	63,075	147,993	147,993	147,993	-
Stockton Blvd BIA	52,235	54,969	-	-	-	-
Stockton Blvd PBID	1,028	1,315	1,315	1,315	1,315	-
Subdiv Lndscpng Maint Dist	32,326	35,076	30,527	30,527	23,451	(7,076)
Sutter Business Imprvmt Area	128,819	127,863	150,000	150,000	150,000	-
The River District PBID	2,328	2,479	2,479	3,259	3,259	-
Township 9 CFD No. 2012-06	-	1,179	1,179	1,179	1,208	29
Village Garden N.-Mtce Dist #1	8,611	4,853	8,177	8,177	9,853	1,676
Willowcreek Assmnt Md	7,829	7,991	7,200	7,200	7,432	232
Willowcreek Lndscpng CFD	3,631	1,950	3,631	3,631	2,327	(1,304)
Total	**8,500,390**	**8,612,150**	**9,200,769**	**10,242,400**	**11,001,380**	**758,980**

Division Budget Summary

Finance Division Budgets	FY2013/14 Actuals	FY2014/15 Actuals	FY2015/16 Approved	FY2015/16 Amended	FY2016/17 Approved	Change More/(Less) Approved/Amended
Accounting Division	2,907,557	2,784,038	3,017,649	3,115,149	3,148,346	33,197
Budget Office Division	843,476	868,304	1,079,129	1,138,764	1,173,886	35,122
Finance Administration Division	499,591	539,215	582,938	617,576	641,466	23,890
Procurement Division	569,391	710,824	643,030	672,730	702,630	29,900
Public Improvement Finance Division	1,103,252	991,137	802,316	1,585,852	1,957,595	371,743
Revenue Division	2,577,123	2,718,632	3,075,707	3,112,329	3,377,458	265,129
Total	**8,500,390**	**8,612,150**	**9,200,769**	**10,242,400**	**11,001,380**	**758,980**

Staffing Levels

Finance Division Budgets	FY2013/14 Actuals	FY2014/15 Actuals	FY2015/16 Approved	FY2015/16 Amended	FY2016/17 Approved	Change More/(Less) Approved/Amended
Accounting Division	24.00	25.00	26.00	26.00	26.00	-
Budget Office Division	6.00	6.00	7.00	7.00	7.00	-
Finance Administration Division	3.00	3.00	3.00	3.00	3.00	-
Procurement Division	6.00	6.00	6.00	6.00	6.00	-
Public Improvement Finance Division	6.00	6.00	6.00	6.00	5.00	(1.00)
Revenue Division	38.00	38.00	38.00	38.00	40.00	2.00
Total	**83.00**	**84.00**	**86.00**	**86.00**	**87.00**	**1.00**

PERFORMANCE MEASURES

Accounting Division

Key Measure	FY14 Actuals	FY15 Actuals	FY16 Target	FY17 Goal
Percent of vendors paid within 30 days	67%	71%	75%	85%
Number of days for Accounting to review and approve a vendor invoice and process a payment	5	5	5	4
"Prompt Payment" discounts taken	$111,000	$71,000	$100,000	$147,000
"Prompt Payment" discounts lost	$45,000	$61,000	$50,000	$3,000
Percent of discounts taken	71%	54%	67%	98%

Review and approval of vendor payments is centralized in order to ensure consistency with generally accepted accounting principles and the City's procurement policies. Timely vendor payments fulfill the City's obligations relative to contract compliance and in some circumstances allow the City to take advantage of prompt payment discounts. The Accounts Payable Automation Project is expected to improve the timeliness of vendor payments.

Finance Administration Division

Key Measure	FY14 Actuals	FY15 Actuals	FY16 Target	FY17 Goal
Obtain unmodified audit opinion on CAFR	☑	☑	☑	☑
Obtain GFOA Certificate of Achievement for CAFR	☑	☑	☑	☑
Proposed balanced budget presented to City Council 60 days prior to the beginning of the fiscal year	☑	☑	☑	☑
Obtain CSMFO Capital Budgeting Award	☑	☑	☑	☑

Delivering timely and quality financial planning and reporting documents is important to the City's goals of transparency and prudent financial management.

Procurement Division

Key Measure	FY14 Actuals	FY15 Actuals	FY16 Target	FY17 Goal
Number of days for Procurement Services to review a requisition and issue a purchase order	4	4	4	3

Issuing centralized purchase orders ensures compliance with the City's procurement policies and procedures. Timely review and issue of purchase orders is critical to fulfilling the purchasing needs of the City's departments for program and service delivery. In an effort to drive towards the FY17 target, Procurement is identifying the contributors who delay. In the early stages of analysis, most are due to incomplete information submitted by the requestor. To improve the performance, the following steps are in process: improve communication of requirements to the requestor, document the process and provide documentation, and require consistent location of required information in the requisition.

Revenue Division

Key Measure	FY14 Actuals	FY15 Actuals	FY16 Target	FY17 Goal
Percent of delinquent receivables collected	54%	51%	50%	52%

Collection of revenues associated with the provision of specific programs and services reflects prudent financial management and is necessary to achieve the resources included in the City's annual budget. Invoices unpaid for 30 days or longer are considered delinquent. Collection efforts on delinquent invoices are initiated centrally by the Revenue Division to recover funds owed to the City for services provided.