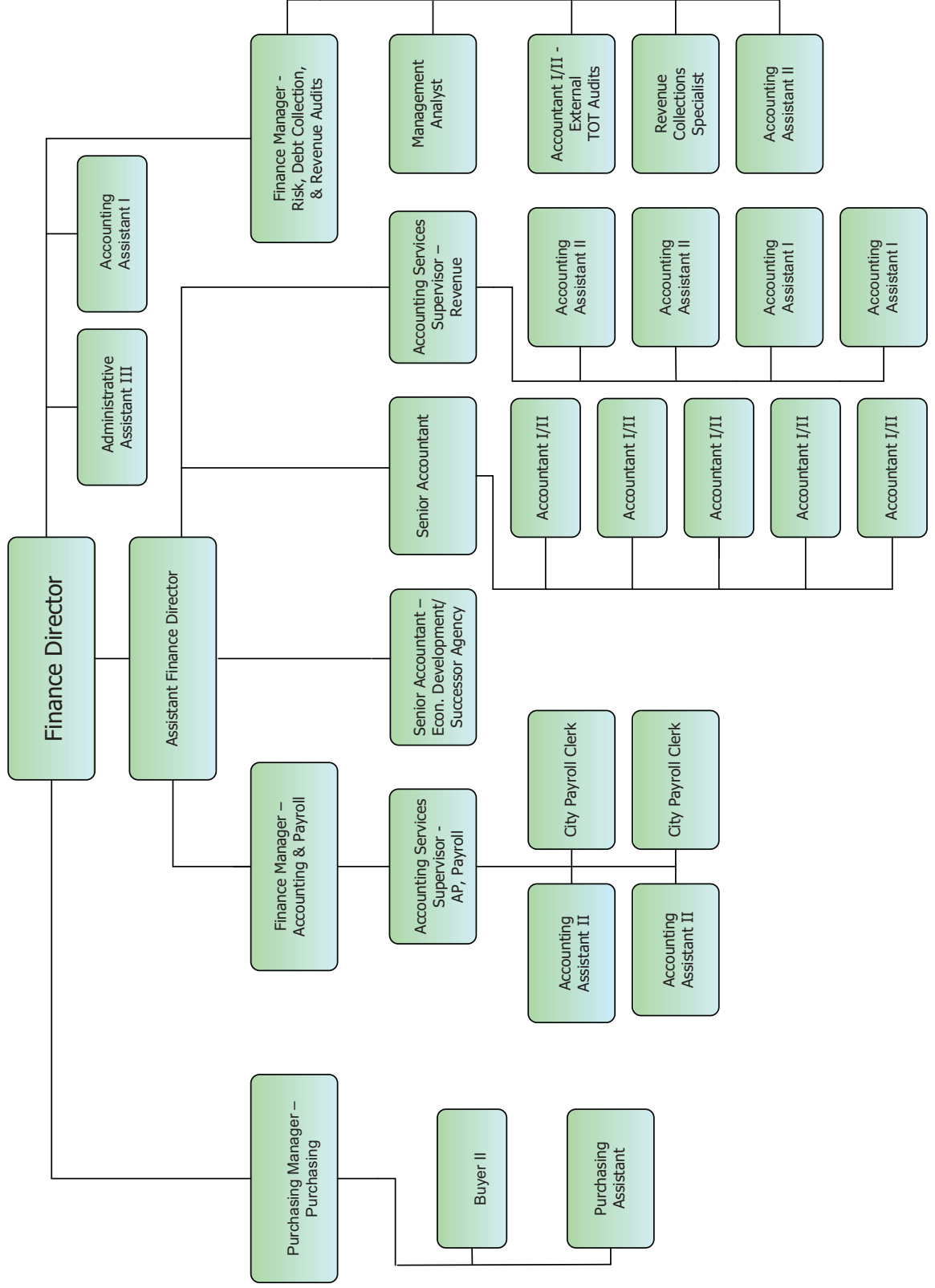


Finance



Santa Cruz Finance Department



 DEPARTMENT SUMMARY
DEPARTMENT DESCRIPTION

The Finance Department provides chief financial support for the entire City, including its Public Safety, Water, Refuse, Wastewater, Public Works, Parks and Recreation, and other key programs. It also provides contract support services for the Santa Cruz Public Libraries Joint Powers Authority 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 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 2015 ACCOMPLISHMENTS

- Adopted on time the award-winning FY 2014-15 Budget.
- Provided a Budget 101 public study session on local government finance.
- Adopted the City's General Fund surplus policy to provide a tool for funding long-term, capital, and debt obligations.
- Adopted the Economic Development Trust Fund Policy to support economic projects and initiatives in the City.
- Closed a \$14.13 Million, 1.97% debt issue for infrastructure projects to leverage Measure H sales tax proceeds.
- Saved the City \$1.3 Million over the 10-year life of the Measure H debt issue, and \$235,000 in lower initial debt issuance costs and higher net bond proceeds by bringing in-house debt financial analysis and support.
- 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.
- Implemented the new Cannabis Business Tax on January 1, 2015.
- Supported new water rate increases to offset interim drought financial impacts, and better support long-term capital project demands.
- Supported adoption of new refuse rate increases to support long-term capital project demands.
- Supported the Library JPA's development of a balanced operating budget and multi-year forecast to support decisions regarding expansion of branch hours, increased investments in materials, and implementation of facility master plan recommendations.

CITY COUNCIL DRAFT STRATEGIC PLAN THREE-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 and Informed Community |

 DEPARTMENT SUMMARY
FY 2015 ACCOMPLISHMENTS (continued)

- Completed recruitment of 8 vacant positions and 1 new position: Accountant I and Accountant II (Accounting), Accountant II (Revenue audits), Accounting Assistants I (Revenue) and II (Accounts Payable and Revenue), Buyer II, Management Analyst (new), Payroll Technician.
- Completed a City-wide cost allocation plan update.
- Provided continued support and analysis towards the Library JPA's consideration of a bond issuance to fund system-wide facility improvements.
- Initiated a new Hotel Tax audit program to identify online vacation and guest rentals.
- Transitioned City-wide Safety coordination from the Fire Department to Finance to provide enhanced capacity for Fire Prevention services.
- Completed the annual software update of the City's Eden financial system.
- Completed a temporary relocation of the department to support the City's space efficiency and utilization project to provide consolidated customer support, reduce long-term facility costs, and environmental impact of City Hall.
- Continued further expansion of "paperless" process in Accounting, Payroll, Risk, Purchasing, Revenue, and Accounts Payable.
- Conducted City-wide prevailing wage updates and training.
- Increased annual sales and use tax receipts through a joint UCSC Use Tax agreement.
- 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 for the first time the Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States for our FY2015 Budget.

FY 2016 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 (train internal staff and develop regional user groups for shared systems).
- Evaluate options to incorporate measures within the Purchasing Ordinance to improve environmental sustainability and 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.
- Develop a predictive preventative risk management program.

CITY COUNCIL DRAFT STRATEGIC PLAN THREE-YEAR GOALS:

- | | |
|-----------------------------------------------------------|---------------------------------------------------------------|
| 1. Environmental Sustainability and Well-Managed Resource | 4. Financial Stability |
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FY 2016 GOALS (continued)**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 2016 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.
- Complete renewal of employee bargaining unit contracts for all unions and bargaining units during FY 2016.
- Implement results of the comprehensive cost recovery and fee study to quantify value of subsidized programs and initiatives.
- Finalize recovery of resources used to reopen Depot Field through closure of the City's lawsuit and/or insurance proceeds.
- 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.
- Complete online vacation rental audit program development.
- Conduct revenue audits to verify incoming tax revenues.
- 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 general liability claims.
- Enhance the monthly financial reports.

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.
- For the Library JPA, if approved by the voters, complete the issuance of bonds to fund Board Approved system-wide facility improvements and expansions.
- Evaluate alternative funding models to provide for future infrastructure and facilities replacement.

CITY COUNCIL DRAFT STRATEGIC PLAN THREE-YEAR GOALS:

- | | |
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FY 2016 GOALS (continued)

Three-Year Strategic Plan Goal: Engaged and Informed Community

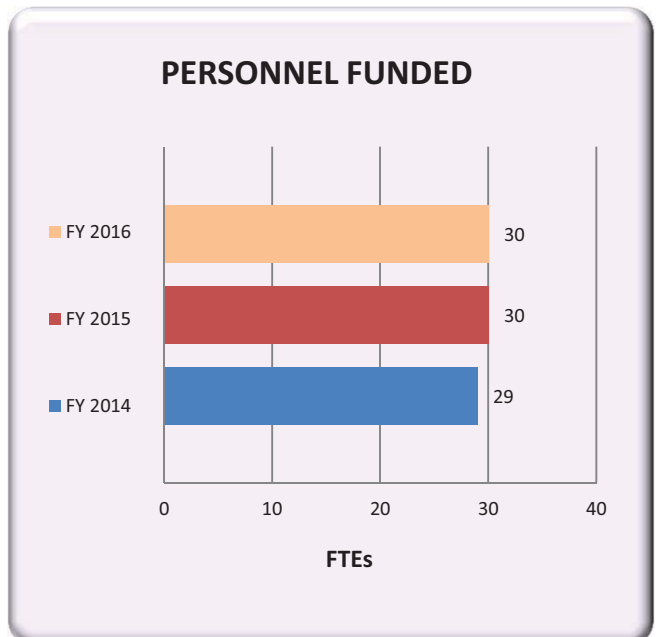
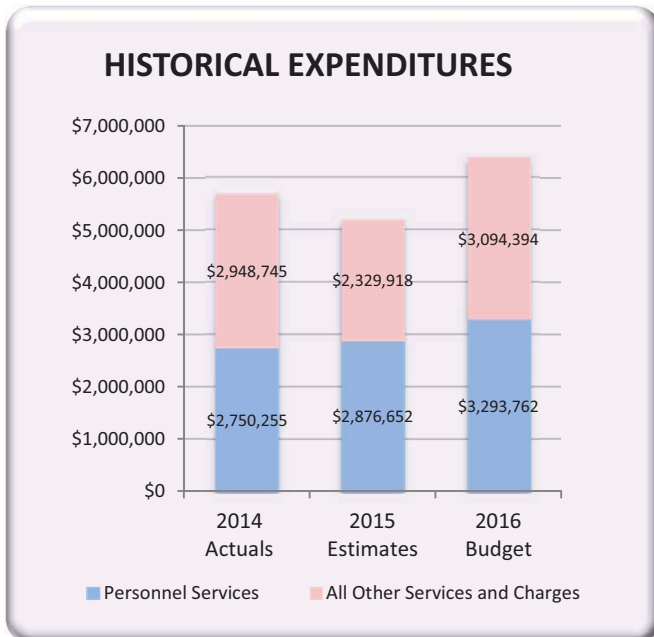
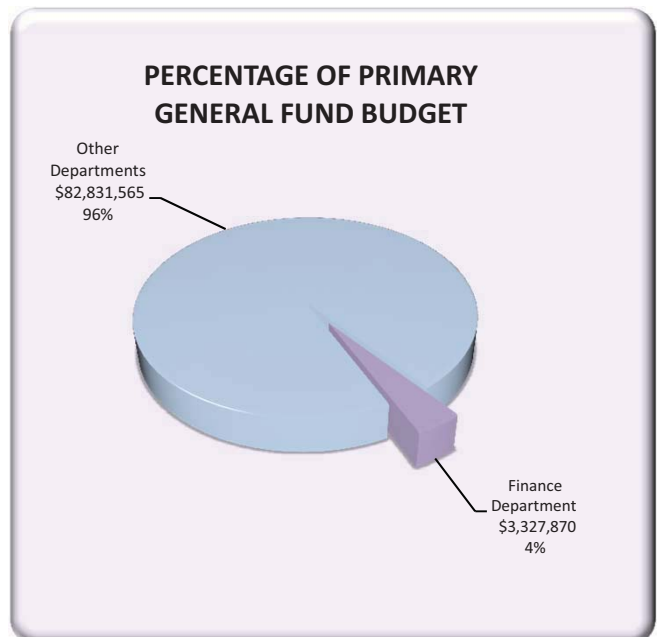
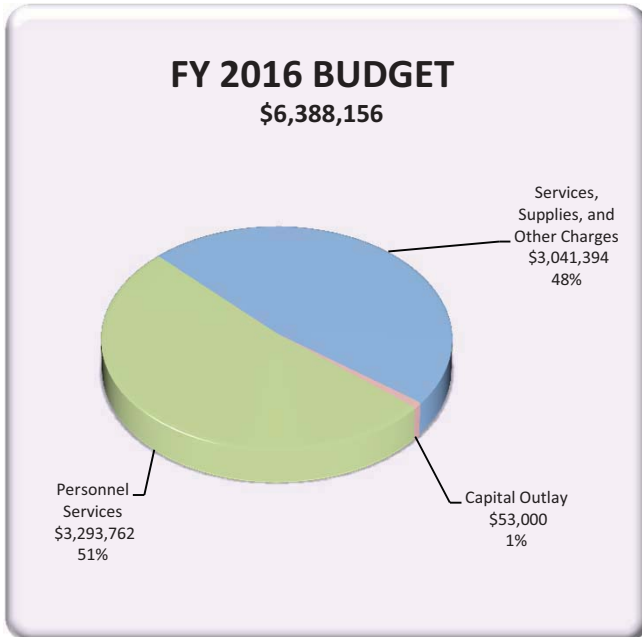
- Evaluate opportunities for enhanced public financial reporting transparency.
- Receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States.
- Receive the Distinguished Budget Presentation Awards Program from the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

CITY COUNCIL DRAFT STRATEGIC PLAN THREE-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 and Informed Community |
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Finance Department Spotlight



DEPARTMENT SUMMARY

	Fiscal Year* 2014 Actuals	Fiscal Year 2015			Fiscal Year 2016 Adopted
		Adopted Budget	Amended* Budget	Estimated Actual	
EXPENDITURES BY CHARACTER:					
Personnel Services	2,750,255	3,042,040	2,998,204	2,876,652	3,293,762
Services, Supplies, and Other Charges	2,948,746	2,877,492	2,999,413	2,309,207	3,041,394
Capital Outlay	-	60,000	60,000	20,711	53,000
Total Expenditures	<u>5,699,000</u>	<u>5,979,532</u>	<u>6,057,617</u>	<u>5,206,570</u>	<u>6,388,156</u>
EXPENDITURES BY ACTIVITY:					
Finance	1241 2,784,137	3,115,314	3,143,062	2,870,433	3,314,870
Subtotal General Fund	2,784,137	3,115,314	3,143,062	2,870,433	3,314,870
Liability Insurance	7821 2,914,864	2,864,218	2,914,555	2,336,137	3,073,286
Subtotal Other Funds	2,914,864	2,864,218	2,914,555	2,336,137	3,073,286
Total Expenditures	<u>5,699,000</u>	<u>5,979,532</u>	<u>6,057,617</u>	<u>5,206,570</u>	<u>6,388,156</u>
RESOURCES BY FUND					
General Fund	101 1,283,460	1,282,700	1,282,700	1,297,300	1,297,300
Liability Insurance	842 2,905,842	2,863,066	2,863,066	3,085,886	2,863,066
Total Resources	4,189,302	4,145,766	4,145,766	4,383,186	4,160,366
Net General Fund Cost	<u>(1,500,677)</u>	<u>(1,832,614)</u>	<u>(1,860,362)</u>	<u>(1,573,133)</u>	<u>(2,017,570)</u>
	FY 2014			FY 2015	FY 2016
TOTAL AUTHORIZED PERSONNEL:	29.00			30.00	30.00

*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 2014 Actuals	Fiscal Year 2015			Fiscal Year 2016 Adopted
		Adopted Budget	Amended Budget	Estimated Actual	
EXPENDITURES BY ACTIVITY:					
Personnel Services	2,476,870	2,696,735	2,652,899	2,501,223	2,907,569
Services, Supplies, and Other Charges	307,267	358,579	430,163	348,499	354,301
Capital Outlay	-	60,000	60,000	20,711	53,000
Total Expenditures	<u>2,784,137</u>	<u>3,115,314</u>	<u>3,143,062</u>	<u>2,870,433</u>	<u>3,314,870</u>
ACTIVITY RESOURCES:					
Charges for Services	1,271,900	1,271,900	1,271,900	1,271,900	1,271,900
Fines and Forfeitures	985	800	800	400	400
Rents, & Misc Revenues	10,575	10,000	10,000	25,000	25,000
Total Resources	<u>1,283,460</u>	<u>1,282,700</u>	<u>1,282,700</u>	<u>1,297,300</u>	<u>1,297,300</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 2014 Actuals	Fiscal Year 2015			Fiscal Year 2016 Adopted
		Adopted Budget	Amended Budget	Estimated Actual	
EXPENDITURES BY ACTIVITY:					
Personnel Services	273,385	345,305	345,305	375,429	386,193
Services, Supplies, and Other Charges	2,641,479	2,518,913	2,569,250	1,960,708	2,687,093
Total Expenditures	<u>2,914,864</u>	<u>2,864,218</u>	<u>2,914,555</u>	<u>2,336,137</u>	<u>3,073,286</u>
ACTIVITY RESOURCES:					
Charges for Services	2,903,435	2,863,066	2,863,066	2,863,066	2,863,066
Rents, & Misc Revenues	2,407	-	-	222,820	-
Total Resources	<u>2,905,842</u>	<u>2,863,066</u>	<u>2,863,066</u>	<u>3,085,886</u>	<u>2,863,066</u>

*Sums may have discrepancies due to rounding

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