

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.



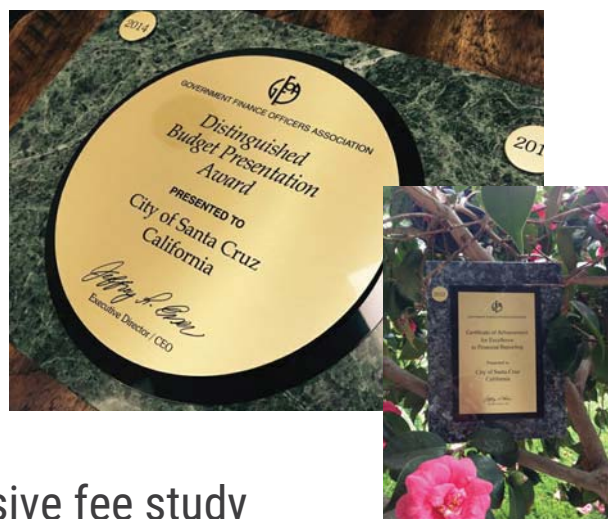
Goals & Accomplishments

On-time Adoption of Award-Winning FY 2017 Budget

On-time budgets provide trust and transparency to the public, as well as provides assurances to stakeholders about the quality, stability, and reliability of the City Council and the City's management team.

Received awards for Fiscal Year 2016 Comprehensive Annual Financial Report and Fiscal Year 2017 Budget

The above mentioned awards confirm the City's dedication to producing reports that go beyond the minimum requirements of accounting and budgetary principles. These comprehensive reports are evidence of our full disclosure and transparency, to allow the public, City Council, and management to make informed decisions on investments within the community.



Completed Phase One of the comprehensive fee study

As one of the City's Financial Stability goals, the department completed the development of a Master Fee Schedule, which includes all Phase One fees; and with Council Approval, implemented the fee recovery policy. The Phase One fees should provide over \$500k in General Fund savings for the first year, and over the next 4+ years, it will reduce the current \$2.4 million fee subsidy.

Refinanced and consolidated three debt issues

As one of the City's Financial Stability goals, the City consolidated and lowered interest payments on General Fund debt, which will provide \$129k in savings for the first year and \$2.6 million over the life of the new debt.

Supported Water's \$25 million IBank loan to fund critical system projects

In support of the City's Goals for Financial Stability and Reliable and Forward-Looking Infrastructure and Facilities, the department provided assistance to support the approval and issuance of \$25 million to fund critical water system replacement and improvement projects.

Developed new fleet replacement model and new policies for Enterprise reserves and future pension costs

In support of the City's Goal for Financial Stability, the department, in coordination with Public Works, the City Council, and City Management, developed new policies to ensure funding for critical, planned replacement of vehicles in alignment with the fleet management plan to provide resources to offset steep increases in CalPERS pension rates.

Supported the RFQ issuance for the Library's Building Program within the City of Santa Cruz

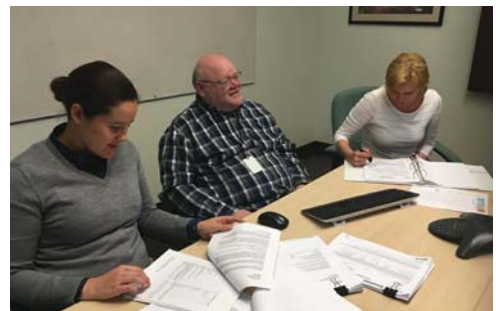
In order to execute City's Goals for Reliable and Forward-Looking Infrastructure and Facilities, the department provided assistance in the issuance of an RFQ and eventual selection of a firm to develop a building program and provide cost estimates for the Downtown Library and administrative units to support Downtown Library Stakeholders.

Developed a unique Transient Occupancy/Hotel Tax subpoena program

Transient Occupancy Tax and vacation rental activity has been the City's largest growth revenue source over the past five years. To keep pace with the expansion and ensure tax compliance, the department has prioritized revenue audits as a top priority; this will provide another tool for use in extreme cases to ensure the City receives the taxes collected by operators (hotels and vacations rentals alike).

Collected on several major settlements

In addition to an in-house audit program, the City is a regional leader with its collection program. This past year, the program achieved a milestone in closing out a \$1 million, 10-year recovery from a past bankruptcy.



Successfully completed a State \$15.3 million Gas Tax Audit dating back to 2003

In recognition of the department's sound financial accounting practices and Public Works' and City Management's transparent decision making, the City has passed without any financial loss, a sudden and unprecedented (at to the length of time) State of California transportation audit that stretched back to original records from 2003.

Created new internal training series

To support employee skill development and succession planning, the department introduced several new training programs that included Purchasing best practices, internal financial reporting, and budgetary development training.

Completed the Library Admin services contract negotiations

The department was a lead in the renewal of the Santa Cruz Libraries JPA contract for administrative services. The department, along with Human Resources, has historically provided

Completed recruitment of nine full-time positions

Like most operations, the department continues to implement components of its long-range staffing model to provide more comprehensive and proactive support services to the City. In addition, we have experienced a high level of turnover in positions, as staff continue to benefit from investment in training and skill development.

FY 2018 GOALS

- ① Issue a banking services RFP.
- ① Further development of fiscal sustainability plan.
- ① Adopt an on-time, balanced FY 2019 Budget.
- ① Expand to a 5-year Capital Improvement Plan.
- ① Implement changes from completion of Fee Study's Phase Two and Phase Three.
- ① Implement new Transient Occupancy Tax (TOT) application to allow for efficient, online registration and remittance of TOT.
- ① Implement new city-wide cashier system.
- ① Evaluate options to incorporate criteria when awarding City contracts, which includes a company's environmental, social, and governance practices.
- ① Evaluate options to incorporate measures within the Purchasing Ordinance to improve environmental sustainability & resources.
- ① Enhance periodic financial reporting.
- ① Receive the Government Finance Officers Association awards for Excellence in Financial Reporting and for Distinguished Budget Presentation.



DEPARTMENT SUMMARY

	Fiscal Year* 2016 Actuals	Fiscal Year 2017			Fiscal Year 2018 Adopted
		Adopted Budget	Amended* Budget	Estimated Actual	
EXPENDITURES BY CHARACTER:					
Personnel Services	2,821,331	3,380,397	3,380,397	3,002,415	3,831,528
Services, Supplies, and Other Charges	1,820,107	3,502,021	3,759,643	3,822,643	4,362,691
Capital Outlay	2,148	10,000	10,000	27,414	10,000
Total Expenditures	<u>4,643,586</u>	<u>6,892,418</u>	<u>7,150,040</u>	<u>6,852,472</u>	<u>8,204,219</u>
EXPENDITURES BY ACTIVITY:					
Finance	1241 <u>2,947,641</u>	<u>3,500,097</u>	<u>3,549,719</u>	<u>3,405,918</u>	<u>4,181,060</u>
Subtotal General Fund	2,947,641	3,500,097	3,549,719	3,405,918	4,181,060
Liability Insurance	7821 <u>1,695,945</u>	<u>3,392,321</u>	<u>3,600,321</u>	<u>3,446,554</u>	<u>4,023,159</u>
Subtotal Other Funds	1,695,945	3,392,321	3,600,321	3,446,554	4,023,159
Total Expenditures	<u>4,643,586</u>	<u>6,892,418</u>	<u>7,150,040</u>	<u>6,852,472</u>	<u>8,204,219</u>
RESOURCES BY FUND					
General Fund	101 1,287,838	1,092,925	1,106,925	1,108,925	1,163,571
Liability Insurance	842 2,863,510	2,863,066	2,863,066	2,889,956	3,977,000
Total Resources	<u>4,151,347</u>	<u>3,955,991</u>	<u>3,969,991</u>	<u>3,998,881</u>	<u>5,140,571</u>
Net General Fund Cost	<u>(1,659,804)</u>	<u>(2,407,172)</u>	<u>(2,442,794)</u>	<u>(2,296,993)</u>	<u>(3,017,489)</u>
	FY 2016			FY 2017	FY 2018
TOTAL AUTHORIZED PERSONNEL:	30.00			30.00	30.00

*Sums may have discrepancies due to rounding

Activity Number: 1241
Fund(s): General Fund (101)
Department: 14

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 2016 Actuals	Fiscal Year 2017			Fiscal Year 2018 Adopted
		Adopted Budget	Amended Budget	Estimated Actual	
EXPENDITURES BY ACTIVITY:					
Personnel Services	2,455,621	2,966,658	2,966,658	2,657,861	3,391,843
Services, Supplies, and Other Charges	489,872	523,439	573,061	720,643	779,217
Capital Outlay	2,148	10,000	10,000	27,414	10,000
Total Expenditures	2,947,641	3,500,097	3,549,719	3,405,918	4,181,060
ACTIVITY RESOURCES:					
Charges for Services	1,271,900	1,078,925	1,092,925	1,092,925	1,147,571
Fines and Forfeitures	425	-	-	-	-
Rents, & Misc Revenues	15,513	14,000	14,000	16,000	16,000
Total Resources	1,287,838	1,092,925	1,106,925	1,108,925	1,163,571

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Liability Insurance

Activity Number: 7821
 Fund(s): Liability Insurance (842)
 Department: 14

ACTIVITY SUMMARY

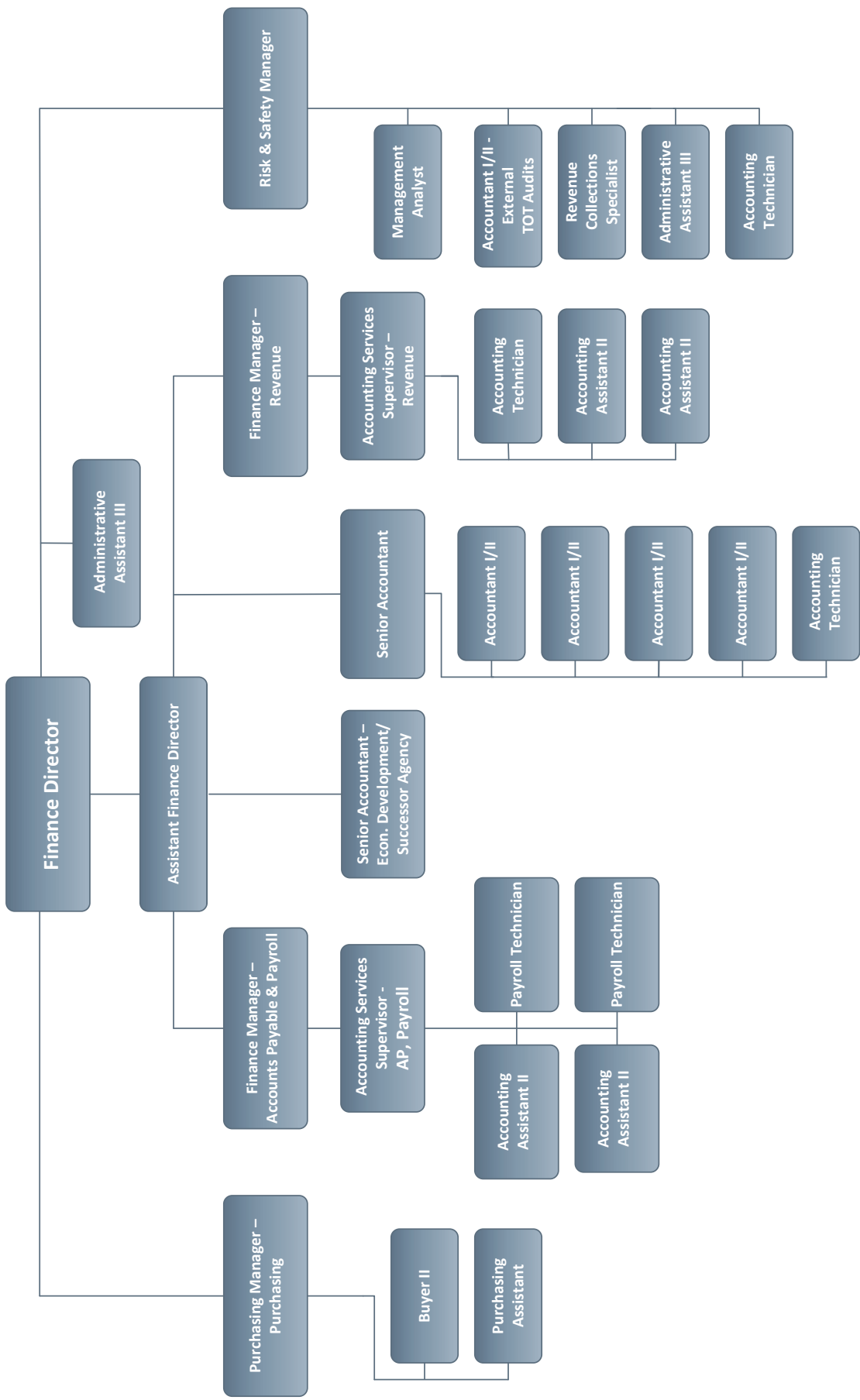
Activity Description:

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 2016 Actuals	Fiscal Year 2017			Fiscal Year 2018 Adopted
		Adopted Budget	Amended Budget	Estimated Actual	
EXPENDITURES BY ACTIVITY:					
Personnel Services	365,710	413,739	413,739	344,554	439,685
Services, Supplies, and Other Charges	1,330,235	2,978,582	3,186,582	3,102,000	3,583,474
Total Expenditures	1,695,945	3,392,321	3,600,321	3,446,554	4,023,159
ACTIVITY RESOURCES:					
Charges for Services	2,863,066	2,863,066	2,863,066	2,863,006	3,950,000
Rents, & Misc Revenues	444	-	-	26,950	27,000
Total Resources	2,863,510	2,863,066	2,863,066	2,889,956	3,977,000

*Sums may have discrepancies due to rounding

Santa Cruz Finance Department



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