

Finance



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The Finance Department is comprised of the following divisions: Administration, Accounting & Purchasing, Budget, and Revenue. The former Utility Billing & Meter Reading Division has been moved from the Water and Power Enterprise into the Finance Department Revenue Division to align the division's budget with its current reporting structure.

The Department's primary functions include financial operations and reporting, purchasing, sales tax licensing, sales, use, and retail fee collection, meter reading and customer service and billing operations, accounts payable, financial policy and procedure development, internal and performance auditing, lease and debt financing, long-range financial planning, capital improvements planning, budgeting, government and enterprise accounting, rate and fee setting.

The Department produces the Comprehensive Annual Financial Report (CAFR), the Annual Budget, long-range financial plans, monthly financial reports, and quarterly summary reports. The CAFR is the official statement of the City's financial position containing detailed accounting of revenues, expenditures, and financial condition. The Department coordinates the development of the Capital Program, 10-Year Financial Master Plan and an annual budget.

Finance Department Summary

	'11 Actual	'12 Adopted Budget	'12 Revised Budget as of June	'13 Budget	'13 Budget / '12 Adopted % Change	'12 FTE	'13 FTE
General Fund							
ADMINISTRATION	307,730	282,210	276,710	290,810	3.0%	1.90	2.15
ACCTG & PURCHASING	799,727	817,170	842,170	996,620	22.0%	9.85	10.85
BUDGET	134,768	222,980	222,980	246,200	10.4%	2.00	2.00
REVENUE	2,364,919	2,606,710	2,606,710	2,769,820	6.3%	29.90	29.88
Total Expense	\$3,607,144	\$3,929,070	\$3,948,570	\$4,303,450	9.5%	43.65	44.88
REVENUE							
General Fund							
CHARGES FOR SERVICE	169,241	194,000	194,000	196,000	1.0%		
TAXES	550,184	309,800	309,800	310,000	0.1%		
OTHER	22,812	-	-	-	-		
ADMIN. ALLOCATIONS	2,440,187	2,509,030	2,509,030	2,915,790	16.2%		
GENERAL FUND SUBSIDY	424,720	916,240	935,740	881,660	(3.8%)		
Total Revenue	\$3,437,903	3,929,070	\$3,754,570	\$4,303,450	9.5%		
EXPENSE BY CATEGORY							
PERSONNEL SERVICES	2,991,449	3,100,140	3,102,340	3,273,850	5.6%		
SUPPLIES	38,233	74,250	72,050	44,460	(40.1%)		
PURCHASED SERVICES	577,462	749,680	769,180	970,640	29.5%		
CAPITAL	-	5,000	5,000	14,500	190.0%		
Total Expense	\$3,607,144	\$3,929,070	\$3,948,570	\$4,303,450	9.5%		

Administration

The Finance Administration Division coordinates the financial support services provided by the Finance Department, and develops financial planning tools to guide resource allocation decisions.

Outcome	Performance Measure	2011 Actual	2012 Revised	2013 Projected
Public Outreach (GP 17 & 18)				
Information transparency.	% of reports posted on the website the same day they are released.	99%	99%	99%
	% policies and procedures posted within one day of approval.	100%	100%	100%
Fiscal Responsibility (GP 15)				
Ensure integrity of financial processes and systems to protect City assets, including City employees.	% of positive compliance audit results / findings.	90%	95%	95%
Operational Efficiency (GP 11f & 17)				
Reduce document production costs.	Cost to produce CAFR per book.	\$28	\$30	\$30
	Cost to produce Budget per book.	\$60	\$70	\$70
Sustainable Results (GP 15)				
Accurate, current, accessible employee policies and regulations.	% of employee respondents that indicate information easy to find.	100%	100%	100%
Superior Customer Service (GP 16 & 18)				
Compliance Audit findings deemed accurate and fair, recommendations deemed reasonable.	% of respondents rate findings and recommendations as reasonable.	100%	100%	100%

ACTIVITY	DEPARTMENT
Administration	Finance

EXPENSE BY DIVISION/Program	'11 Actual	'12 Adopted Budget	'12 Revised Budget as of June	'13 Budget
General Fund				
ADMINISTRATION	\$307,730	\$282,210	\$276,710	\$290,810
REVENUE				
OPERATING TRANSFERS	135,915	126,730	126,730	-
ADMIN. ALLOCATION	-	-	-	921,900
GENERAL FUND SUBSIDY	171,815	155,480	149,980	(631,090)
Total Revenue	\$307,730	\$282,210	\$276,710	\$290,810
EXPENSE BY CATEGORY				
PERSONNEL SERVICES	277,542	229,050	229,050	240,480
SUPPLIES	23,864	8,150	8,150	8,150
PURCHASED SERVICES	6,324	45,010	39,510	42,180
Total Expense	\$307,730	\$282,210	\$276,710	\$290,810
FTE	2.75	1.90	2.15	2.15

CHANGES COMPARED TO PRIOR YEAR ADOPTED

8,670	Increase in personnel services due to reallocation of .25 of an FTE into the Administration Division.
1,050	Increase in personnel services for allocated unemployment costs.
(2,170)	Decrease in personnel services for workers' compensation due to the allocation of the City's cost based on the Division's experience rating and forecasted liability costs.
10,630	Increase in purchased services for allocated administrative costs.
(13,460)	Decrease in purchased services for general liability costs based on the Division's historical experience and forecasted liability costs.

3,880 Core Changes

3,880 Personnel Services

- Funded Supplements

- There are no funded supplements in this division.

8,600 Total Change

OTHER INFORMATION

- Unfunded Supplements

- There are no unfunded supplements in this division.

- Equipment Replacement

- No equipment is scheduled for replacement in this division.

- Capital Projects

- There are no capital projects associated with this division.

Accounting & Purchasing

Accounting is responsible for the disbursement of City funds and for providing accurate, timely and informative financial information to a variety of users. This Division prepares the Comprehensive Annual Financial Report (CAFR) and has been awarded the "Certificate of Achievement for Excellence in Financial Reporting" by the Government Finance Officers Association every year since 1980.

Purchasing uses professional, effective, efficient, and flexible practices to manage the City's procurement of goods and services and ensure compliance with City and state laws.

Outcome	Performance Measure	2011 Actual	2012 Revised	2013 Projected
Public Outreach (GP 17 & 18)				
Winning GFOA award for Outstanding CAFR Report.	Received GFOA Award.	Yes	Yes	Yes
Fiscal Responsibility (GP 15)				
Ensure that financial transactions are accurately recorded and reported.	Average length of time reconciling item remain on the cash reconciliations.	1 month	1 month	1 month
	Reduce adjustment entries (AJE) by 10%.	8.54%	5%	5%
Increase department utilization of bidding process to maximize savings.	Total % of savings.	n/a	100%	100%
Operational Efficiency (11f & 17)				
Reduce internal manual reporting by implementing new accounting software.	Productivity hours saved for Finance and customer departments.	5%	19%	n/a
Electronic media for more efficient accessibility and retrieval.	% of total accounts payable records scanned.	100%	100%	100%
	% of total timesheets scanned.	100%	100%	100%
	% of physical checks reduced to EFT/wires.	35%	1%	1%

ACTIVITY			DEPARTMENT	
Accounting & Purchasing			Finance	
EXPENSE BY DIVISION/Program	'11 Actual	'12 Adopted Budget	'12 Revised Budget as of June	'13 Budget
General Fund				
ACCOUNTING & PURCHASING				
Accounting	714,282	746,655	771,655	917,500
Purchasing	85,445	70,515	70,515	79,120
Total Expense	\$799,727	\$817,170	\$842,170	\$996,620
REVENUE				
OPERATING TRANSFERS	326,770	306,430	306,430	-
GENERAL FUND SUBSIDY	472,957	510,740	535,740	996,620
Total Revenue	\$799,727	\$817,170	\$842,170	\$996,620
EXPENSE BY CATEGORY				
PERSONNEL SERVICES	673,702	702,290	702,290	820,830
SUPPLIES	11,529	8,900	8,900	8,900
PURCHASED SERVICES	114,496	105,980	130,980	152,390
CAPITAL	-	-	-	14,500
Total Expense	\$799,727	\$817,170	\$842,170	\$996,620
FTE	10.00	9.85	9.85	10.85

CHANGES COMPARED TO PRIOR YEAR ADOPTED

7,550	Increase in personnel services due to return of .88 of an FTE to full-time status.
69,330	Increase in personnel services for 1 FTE added mid-2012.
11,650	Increase in personnel services for insurance benefits based on employee plan selection.
5,310	Increase in personnel services for workers' compensation due to the allocation of the City's cost based on the Division's experience rating and forecasted liability costs.
37,090	Increase in purchased services for allocated administrative costs.
4,720	Increase in purchased services for general liability costs based on the Division's historical experience and forecasted liability costs.
2,100	Increase in purchased services for professional services necessary for the 2012 audit.
24,700	<u>Core Changes</u>
24,700	Personnel Services
17,000	<u>Funded Supplements</u>
17,000	Increase in capital and purchased services for CAFR preparation software.
179,450	Total Change

OTHER INFORMATION

- Unfunded Supplements
 - There are no unfunded supplements in this division.
- Equipment Replacement
 - No equipment is scheduled for replacement in this division.
- Capital Projects
 - There are no capital projects associated with this division.

Budget

The Budget Division prepares and administers the City's annual operating budget and capital plan; forecasts and monitors the City's expenditures and revenues; forecasts the 5-year operating and capital plans; and provides financial data, support and analysis to other City departments. In addition, this Division participates in policy analysis and formation and ensures City compliance with federal and state legislation that affect the budget. The Division has received the "Distinguished Budget Presentation Award" from the Government Finance Officers Association every year since 1985.

Outcome	Performance Measure	2011 Actual	2012 Revised	2013 Projected
Public Outreach (GP 17 & 18)				
City priorities communicated to the public.	Received the GFOA Distinguished Budget Presentation Award.	Yes	Yes	Yes
Fiscal Responsibility (GP 15)				
Council and public have confidence in budget projections.	Adopted budget revenue and expense within 5% of actual revenue and expense.	94.8%	95.0% / 95.0%	95.0% / 95.0%
Capital budget within available resources.	Impact fee reserves remain positive in near term.	Yes	Yes	Yes
Program and service growth within available resources.	Unrestricted reserves at least 6% of fund reserves.	31.6%	29.2%	29.2%
Sustainable Results (GP 15)				
Current year budget problems identified early and corrective action implemented proactively.	Expenditure forecasts for current year expenses on 4-month data within 5% of actual expenses.	97.3%	95%	95%

ACTIVITY	DEPARTMENT
Budget	Finance

EXPENSE BY DIVISION/Program	'11 Actual	'12 Adopted Budget	'12 Revised Budget as of June	'13 Budget
General Fund				
BUDGET	\$134,768	\$222,980	\$222,980	\$246,200
REVENUE				
OPERATING TRANSFERS	57,367	53,490	53,490	-
GENERAL FUND SUBSIDY	77,401	169,490	169,490	246,200
Total Revenue	\$134,768	\$222,980	\$222,980	\$246,200
EXPENSE BY CATEGORY				
PERSONNEL SERVICES	129,510	212,100	212,100	197,070
SUPPLIES	4,768	600	600	650
PURCHASED SERVICES	490	10,280	10,280	48,480
Total Expense	\$134,768	\$222,980	\$222,980	\$246,200
FTE	1.00	2.00	2.00	2.00

CHANGES COMPARED TO PRIOR YEAR ADOPTED

- (14,910) Decrease in personnel services for non-benefitted salaries.
- 50 Increase in personnel services for workers' compensation due to the allocation of the City's cost based on the Division's experience rating and forecasted liability costs.
- 50 Increase in supplies for tools and equipment.
- 35,800 Increase in purchased services for allocated administrative costs.
- 2,000 Increase in purchased services for printing for annual budget books and other materials.
- 400 Increase in purchased services for copier repairs and maintenance.

(170) Core Changes

(170) Personnel Services

- Funded Supplements

- There are no funded supplements in this division.

23,220 Total Change

OTHER INFORMATION

- Unfunded Supplements

- There are no unfunded supplements in this division.

- Equipment Replacement

- No equipment is scheduled for replacement in this division.

- Capital Projects

- There are no capital projects associated with this division.

Revenue

The Revenue Division is comprised of five programs: 1) Revenue; handles Sales & Use Tax, Petty Cash and Deposits, and Treasury, which entails banking and investments of the city's operating fund reserve balances, and coordination of borrowing money for capital projects and equipment when necessary. 2) Fee Collections; handles the Centerra Fee Collection program based on the Collection Agreement with the Public Improvement and Retail Sales Fee boards. 3) Utility Billing – Billing; handles the processing of statements and payments of all utilities provided by the City. 4) Utility Billing – Customer Service; handles set-up and termination of all electric, water, wastewater, stormwater, solid waste, and street maintenance customers. Changes to active accounts, telephone payments and collections of past due accounts are performed by the Customer Service staff. 5) Meter Reading; handles the reading of all electric and water meters monthly, connecting and disconnecting services daily, maintaining the City's Free Porch Light system, as well as monitoring for the meter divisions of the City's Water and Power Department.

The Revenue Division's primary functions include sales tax licensing, collection and enforcing the City's sales tax ordinance for each retail business located inside the city of Loveland, as well as numerous businesses located outside of the city and the state that do business in the City. In the use tax area, the Division is responsible for enforcing building and auto use tax collections. Beginning January 1, 2010, the collection of the lodging tax was added. Currently, we have over 3,050 active sales tax accounts. In 2011, 22,790 sales tax and fee returns were processed.

The primary source of funding for daily governmental operations is sales and use tax, amounting to approximately \$32 million in 2011.

The Division accounts for the investment of cash reserves held in operating funds, approximately \$202.2 million as of the middle of 2012. An external manager provides investment advice. Two banks, one for day-to-day operations and the other for safekeeping and trustee services for the investment portfolio provide banking services.

The Division provides meter reading services, customer service and billing services for the Water and Power Department. Over 36,000 utility billings are processed each month, and in 2011, \$81,633,801 was billed for all utility services.

Revenue and Fee Collection

Outcome	Performance Measure	2011 Actual	2012 Revised	2013 Projected
Public Outreach (GP 17 & 18)				
Citizens feel informed and that they understand City's cash and investments.	# of attendees at quarterly Sales Tax and Construction Use Tax seminars.	15	25	20
Fiscal Responsibility (GP 15)				
Maximize the availability of earned revenue.	# of Sales Tax Audits completed.	95	99	100
	# of Construction Use Tax Audits completed.	111	45	75
	Average % of delinquent Sales Tax accounts per month.	4.10%	4.25%	4.00%
	Audit assessments to collection on assessments.	64.71%	68.00%	70.00%
	Annual amount of audit revenue assessed.	\$550,184	\$600,000	600,000
Operational Efficiency (11f & 17)				
Maximize productivity through technology.	Productivity hours saved through technology innovations.	160	120	60
	# of audit hours per auditor.	1230	1122	1200
Encourage development of staff and customers	Training hours for employees.	255	160	175
	# of customers trained.	209	200	200

Customer Service, Billing and Meter Reading

Outcome	Performance Measure	2011 Actual	2012 Revised	2013 Projected
Public Outreach (GP 17 & 18)				
Manage the utility bill assistance program, Help-A-Neighbor-In-Distress (HAND).	Qualified applying families receive assistance.	388	355	400
Fiscal Responsibility (GP 15)				
Maintain timely and accurate revenue flow to utilities.	\$ billed annually. (electric, water & sewer)	\$60,958,431	\$61,371,384	\$62,291,955
	# of bills mailed annually.	427,459	433,870	440,378
	\$ collected annually. (all services billed)	\$72,593,153	\$73,628,049	\$74,732,469
Operational Efficiency (GP 11f & 17)				
Implement cost effective solutions to save man-hour time and money.	Projects/hours.	1/25	1/30	NA
	% of total payments processed electronically.	27%	34%	41%
Superior Customer Service (GP 16 & 18)				
Provide quality customer service.	Positive customer survey results.	94%	92%	92%

ACTIVITY	DEPARTMENT
Revenue	Finance

EXPENSE BY DIVISION/Program	'11 Actual	'12 Adopted Budget	'12 Revised Budget as of June	'13 Budget
General Fund				
REVENUE				
General Operations	238,023	499,400	499,400	510,970
Fee Collection	206,764	84,930	84,930	199,150
UB - Billing	724,433	645,340	779,200	784,750
UB - Customer Service	629,147	597,840	645,340	661,690
UB - Meter Reading	566,552	779,200	597,840	613,260
Total Expense	\$2,364,919	\$2,606,710	\$2,606,710	\$2,769,820
REVENUE				
CHARGES FOR SERVICE	169,241	194,000	194,000	196,000
TAXES	550,184	309,800	309,800	310,000
OTHER	22,812	-	-	-
ADMIN. ALLOCATIONS	1,920,135	2,022,380	2,022,380	1,998,260
GENERAL FUND SUBSIDY	(297,453)	80,530	80,530	265,560
Total Revenue	\$2,364,919	\$2,606,710	\$2,606,710	\$2,769,820
EXPENSE BY CATEGORY				
PERSONNEL SERVICES	1,910,695	1,956,700	1,958,900	2,015,470
SUPPLIES	52,642	56,600	54,400	26,760
PURCHASED SERVICES	401,582	588,410	588,410	727,590
CAPITAL	-	5,000	5,000	-
Total Expense	\$2,364,919	\$2,606,710	\$2,606,710	\$2,769,820
FTE	29.90	29.90	29.88	29.88

CHANGES COMPARED TO PRIOR YEAR ADOPTED

7,000	Increase in personnel services for after-hours duty pay.
22,620	Increase in personnel services for workers' compensation due to the allocation of the City's cost based on the Division's experience rating and forecasted liability costs.
(30,250)	Decrease in supplies costs for planned withdrawals of stored supplies from the warehouse.
2,610	Increase in supplies for office supplies.
77,360	Increase in purchased services for allocated administrative costs.
13,620	Increase in purchased services for credit card charges with the removal of payer fees.
26,140	Increase in purchased services for printing bills and notices.
12,350	Increase in purchased services for postage.
9,050	Increase in purchased services for general liability costs based on the Division's historical experience and forecasted liability costs.
660	Increase in purchased services for telephone costs.
(5,000)	Reduction in capital for equipment replacement.

26,950 Core Changes

26,950 Personnel Services

- Funded Supplements

- There are no funded supplements in this division.

163,110 Total Change

OTHER INFORMATION

7,290 Unfunded Supplements

7,290 Increase in personnel services for .13 of an FTE in Utility Billing Customer Service.

- Equipment Replacement

- No equipment is scheduled for replacement in this division.

- Capital Projects

- There are no capital projects associated with this division.