

Finance

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

	'14 Actual	'15 Adopted Budget	'15 Revised Budget as of June	'16 Budget	'16 Budget / '15 Adopted % Change	'15 FTE	'16 FTE
General Fund							
ADMINISTRATION	245,096	288,540	288,540	308,578	6.9%	2.00	2.00
ACCOUNTING	1,011,483	1,040,020	1,040,020	1,069,552	2.8%	9.65	9.20
PURCHASING	167,176	177,440	177,440	204,961	15.5%	1.35	1.80
BUDGET	307,969	275,940	275,940	285,407	3.4%	2.00	2.00
REVENUE	2,998,771	3,106,630	3,133,785	3,277,817	5.5%	28.90	29.78
Total Expense	\$ 4,730,495	\$ 4,888,570	\$ 4,915,725	\$ 5,146,315	5.3%	43.90	44.78
REVENUE							
General Fund							
TAXES	641,291	329,610	329,610	425,000	28.9%		
INTERGOVERNMENTAL	29,160	-	-	-	-		
CHARGES FOR SERVICE	100,544	100,870	100,870	103,794	2.9%		
OTHER	120,263	100,000	100,000	100,000	0.0%		
ADMINISTRATIVE OVERHEAD	2,969,255	3,021,540	3,021,540	3,147,117	4.2%		
GENERAL FUND SUBSIDY	869,982	1,336,550	1,363,705	1,370,404	2.5%		
Total Revenue	\$ 4,730,495	\$ 4,888,570	\$ 4,915,725	\$ 5,146,315	5.3%		
EXPENSES BY CATEGORY							
PERSONNEL SVICES	3,210,402	3,253,160	3,253,160	3,461,341	6.4%		
SUPPLIES	40,749	57,540	57,540	56,410	-2.0%		
PURCHASED SERVICES	567,220	956,130	983,285	1,019,048	6.6%		
ADMINISTRATIVE OVERHEAD	868,536	621,740	621,740	609,516	-2.0%		
CAPITAL	43,588	-	-	-	-		
Total Expense	\$ 4,730,495	\$ 4,888,570	\$ 4,915,725	\$ 5,146,315	5.3%		

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	2014 Actual	2015 Revised	2016 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.	95%	95%	95%
Operational Efficiency (GP 11f & 17)				
Reduce document production costs.	Cost to produce CAFR per book.	\$28	\$27	\$30
	Cost to produce Budget per book.	\$95	\$115	\$115
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

	'14 Actual	'15 Adopted Budget	'15 Revised Budget as of June	'16 Budget
EXPENSE BY Division/Program				
General Fund				
ADMINISTRATION	\$ 245,096	\$ 288,540	\$ 288,540	\$ 308,578
REVENUE				
INTERGOVERNMENTAL	2,066	-	-	-
ADMINISTRATIVE OVERHEAD	902,895	870,850	870,850	940,105
GENERAL FUND SUBSIDY	(659,865)	(582,310)	(582,310)	(631,527)
Total Revenue	\$ 245,096	\$ 288,540	\$ 288,540	\$ 308,578
EXPENSE BY CATEGORY				
PERSONNEL SERVICES	200,536	216,570	216,570	239,249
SUPPLIES	6,982	8,150	8,150	6,650
PURCHASED SERVICES	27,550	33,210	33,210	33,098
ADMINISTRATIVE OVERHEAD	10,028	30,610	30,610	29,581
Total Expense	\$ 245,096	\$ 288,540	\$ 288,540	\$ 308,578
FTE	2.00	2.00	2.00	2.00

CHANGES COMPARED TO PRIOR YEAR ADOPTED

17,473	Increase in personnel services for unemployment due to the allocation of the City's cost based on the Division's experience rating and forecasted liability costs.
(112)	Decrease in purchased services for general liability costs based on the Department's historical experiences and forecasted liability costs.
(1,500)	Decrease in supplies for food per the City Manager's directed reductions.
(3,150)	Decrease in personnel services for elimination of car allowance per the City Manager's directed reductions.
7,327	<u>Core Changes</u>
8,356	Personnel Services
(1,029)	Administrative Overhead

\$ 20,038 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 anticipated for this division.

Accounting

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.

Outcome	Performance Measure	2014 Actual	2015 Revised	2016 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.	30 days	30 days	30 days
Increase department utilization of purchasing cards to increase rebate.	% increase of rebate	8%	25%	25%
Operational Efficiency (11f & 17)				
Reduce internal manual journal entries by automating sub-systems to interface with new accounting software.	Productivity hours saved by Finance entering manual entries	30 hours	10 hours	5 hours
Increase payroll time efficiency by reducing interim checks	Number of interim checks processed	21	20	20
Reduce Accounts Payable processing cost	Number of vendors using EFT/wires	210	322	338

ACTIVITY	DEPARTMENT
Accounting	Finance

EXPENSE BY Division/Program	'14 Actual	'15 Adopted Budget	'15 Revised Budget as of June	'16 Budget
General Fund				
ACCOUNTING	\$ 1,011,483	\$ 1,040,020	\$ 1,040,020	\$ 1,069,552
REVENUE				
INTERGOVERNMENTAL	27,094	-	-	-
CHARGES FOR SERVICE	694	980	980	1,014
GENERAL FUND SUBSIDY	983,695	1,039,040	1,039,040	1,068,538
Total Revenue	\$ 1,011,483	\$ 1,040,020	\$ 1,040,020	\$ 1,069,552
EXPENSE BY CATEGORY				
PERSONNEL SERVICES	765,693	761,640	761,640	784,433
SUPPLIES	12,648	18,800	18,800	13,800
PURCHASED SERVICES	125,650	121,200	121,200	136,455
ADMINISTRATIVE OVERHEAD	107,492	138,380	138,380	134,864
Total Expense	\$ 1,011,483	\$ 1,040,020	\$ 1,040,020	\$ 1,069,552
FTE	9.65	9.65	9.65	9.20

CHANGES COMPARED TO PRIOR YEAR ADOPTED

15,000	Increase in purchased services for the new Open Transparency Program.
14,850	Increase in personnel services for Insurance Benefits due to historical
255	Decrease in purchased services for general liability costs based on the Department's historical experiences and forecasted liability costs.
(3,984)	Decrease in administrative overhead for costs allocated by Facilities Management based on the allocation methodology.
(5,000)	Decrease in supplies for computer supplies and expenses per the City Manager's directed reductions.
(10,000)	Decrease in personnel services for the reorganization of .45 FTE to the Purchasing division.

18,411	<u>Core Changes</u>
--------	---------------------

17,943	Personnel Services
--------	--------------------

468	Administrative Overhead
-----	-------------------------

\$ 29,532 TOTAL CHANGE

OTHER INFORMATION

49,693	<u>Unfunded Supplements</u>
--------	-----------------------------

49,693	.50 FTE Accountant
--------	--------------------

-	<u>Equipment Replacement</u>
---	------------------------------

-	No equipment is scheduled for replacement in this division.
---	---

-	<u>Capital Projects</u>
---	-------------------------

-	There are no capital projects anticipated for this division.
---	--

Purchasing

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.

ACTIVITY			DEPARTMENT		
Purchasing			Finance		
EXPENSE BY Division/Program	'14 Actual	'15 Adopted Budget	'15 Revised Budget as of June	'16 Budget	
General Fund					
PURCHASING	\$ 167,176	\$ 177,440	\$ 177,440	\$ 204,961	
REVENUE					
GENERAL FUND SUBSIDY	167,176	177,440	177,440	204,961	
Total Revenue	\$ 167,176	\$ 177,440	\$ 177,440	\$ 204,961	
EXPENSE BY CATEGORY					
PERSONNEL SERVICES	94,569	93,560	93,560	121,787	
SUPPLIES	1,612	2,200	2,200	2,200	
PURCHASED SERVICES	68,806	7,090	7,090	7,090	
ADMINISTRATIVE OVERHEAD	2,189	74,590	74,590	73,884	
Total Expense	\$ 167,176	\$ 177,440	\$ 177,440	\$ 204,961	
FTE	1.35	1.35	1.35	1.80	

CHANGES COMPARED TO PRIOR YEAR ADOPTED

10,000 Increase in personnel services for the allocation of .45 FTE from the Accounting division.
(706) Decrease in administrative overhead for costs allocated by City Attorney based on the allocation methodology.

18,227 Core Changes
18,227 Personnel Services

\$ 27,521 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 anticipated for 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	2014 Actual	2015 Revised	2016 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.	109.9% / 113.1%	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 15% of fund expenditures.	26.5%	27.6%	39.5%
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.	95%	95%	95%

ACTIVITY	DEPARTMENT
Budget	Finance

	'14 Actual	'15 Adopted Budget	'15 Revised Budget as of June	'16 Budget
EXPENSE BY Division/Program				
General Fund				
BUDGET	\$ 307,969	\$ 275,940	\$ 275,940	\$ 285,407
REVENUE				
GENERAL FUND SUBSIDY	307,969	275,940	275,940	285,407
Total Revenue	\$ 307,969	\$ 275,940	\$ 275,940	\$ 285,407
EXPENSE BY CATEGORY				
PERSONNEL SERVICES	185,734	182,830	182,830	192,873
SUPPLIES	1,461	1,550	1,550	1,550
PURCHASED SERVICES	69,583	18,060	18,060	18,004
ADMINISTRATIVE OVERHEAD	51,191	73,500	73,500	72,980
Total Expense	\$ 307,969	\$ 275,940	\$ 275,940	\$ 285,407
FTE	2.00	2.00	2.00	2.00

CHANGES COMPARED TO PRIOR YEAR ADOPTED

10,043 Increase in personnel services for the current Budget Manager vacancy budgeted at the mid-point of the salary range.

(56) Decrease in purchased services for general liability costs based on the Department's historical experiences and forecasted liability costs.

(520) Core Changes

(520) Administrative Overhead

\$ 9,467 TOTAL CHANGE

OTHER INFORMATION

2,000 Unfunded Supplements

2,000 Budget book printing

- Equipment Replacement

- No equipment is scheduled for replacement in this division.

- Capital Projects

- There are no capital projects anticipated for 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; assigns services and meters to new construction accounts, handles the processing of regular and final utility statements, processes payments for all utilities provided by the City, prepares deposits for all City departments. 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. As of December 31, 2014, we had 3,099 active sales tax accounts. In 2014, 23,526 sales tax and fee returns were processed.

The primary source of funding for daily governmental operations is sales and use tax, amounting to approximately \$39.4 million in 2014.

The Division accounts for the investment of cash reserves held in operating funds, approximately \$211.6 million as of the end of May 2015. 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 37,000 utility billings are processed each month, and in 2014, \$71,845,939 was billed for electric, water and sewer utility services.

Revenue and Fee Collection

Outcome	Performance Measure	2014 Actual	2015 Revised	2016 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.	8	20	20
Fiscal Responsibility (GP 15)				
Maximize the availability of earned revenue.	# of Sales Tax Audits completed.	58	65	80
	# of Construction Use Tax Audits completed.	55	98	125
	Average % of delinquent Sales Tax accounts per month.	5.6%	5.0%	4.9%
	Audit assessments to collection on assessments.	80%	83%	85%
	Annual amount of audit revenue assessed.	\$641,291	\$340,000	404,610
Operational Efficiency (11f & 17)				
Maximize productivity through technology.	Productivity hours saved through technology innovations.	35	25	10
	# of audit hours per auditor.	865	730	780

Encourage development of staff and customers	Training hours for employees.	205	265	250
	# of customers trained.	50	83	100

Customer Service, Billing and Meter Reading

Outcome	Performance Measure	2014 Actual	2015 Revised	2016 Projected
Public Outreach (GP 17 & 18)				
Manage the utility bill assistance program, Help-A-Neighbor-In-Distress (HAND).	Qualified applying families receive assistance.	269	300	300
Fiscal Responsibility (GP 15)				
Maintain timely and accurate revenue flow to utilities.	\$ billed annually. (electric, water & sewer)	71,854,939	73,076,473	74,318,773
	# of bills mailed annually.	443,372	456,840	464,606
	\$ collected annually. (all services billed)	84,534,345	85,971,729	87,432,943
Operational Efficiency (GP 11f & 17)				
Implement cost effective solutions to save man-hour time and money.	Projects/hours.	1/500	2/700	2/300
	% of total payments processed electronically.	75%	81%	87%
Superior Customer Service (GP 16 & 18)				
Provide quality customer service.	Positive customer survey results.	95%	95%	95%

ACTIVITY	DEPARTMENT
Revenue	Finance

	'14 Actual	'15 Adopted Budget	'15 Revised Budget as of June	'16 Budget
EXPENSE BY Division/Program				
General Fund				
REVENUE				
GENERAL OPERATIONS	536,643	623,130	650,285	616,677
FEE COLLECTIONS	84,524	100,730	100,730	106,513
UTILITY BILLING	977,897	906,550	906,550	994,119
UB - CUSTOMER SERVICE	664,242	725,460	725,460	748,219
UB - METER READING	735,465	750,760	750,760	812,289
Total Expense	\$ 2,998,771	\$ 3,106,630	\$ 3,133,785	\$ 3,277,817
REVENUE				
TAXES	641,291	329,610	329,610	425,000
CHARGES FOR SERVICE	99,850	99,890	99,890	102,780
OTHER	120,263	100,000	100,000	100,000
ADMINISTRATIVE OVERHEAD	2,066,360	2,150,690	2,150,690	2,207,012
GENERAL FUND SUBSIDY	71,007	426,440	453,595	443,025
Total Revenue	\$ 2,998,771	\$ 3,106,630	\$ 3,133,785	\$ 3,277,817
EXPENSE BY CATEGORY				
PERSONNEL SERVICES	1,963,870	1,998,560	1,998,560	2,122,999
SUPPLIES	18,046	26,840	26,840	32,210
PURCHASED SERVICES	275,631	776,570	803,725	824,401
ADMINISTRATIVE OVERHEAD	697,636	304,660	304,660	298,207
CAPITAL	43,588	-	-	-
Total Expense	\$ 2,998,771	\$ 3,106,630	\$ 3,133,785	\$ 3,277,817
FTE	29.90	28.90	28.90	29.78

CHANGES COMPARED TO PRIOR YEAR ADOPTED

73,500	Increase in purchased services for credit card fees.
32,008	Increase in personnel services for worker's compensation due to the allocation of the City's cost based on the Division's experience rating and forecasted liability costs.
12,100	Increase in personnel services for Insurance Benefits due to historical enrollment.
(4,093)	Decrease in administrative overhead for costs allocated by Facilities Management based on the allocation methodology.
(12,000)	Decrease in purchased services for travel & training per the City Manager's directed reductions.
(14,280)	One-time decrease in purchased services for vehicle replacement per the City Manager's directed reductions.
30,330	<u>Core Changes</u>
31,709	Personnel Services
370	Supplies
611	Purchased Services
(2,360)	Administrative Overhead
53,622	<u>Funded Supplements</u>
20,070	.375 FTE Meter Reader
33,552	.50 FTE Sales Tax/Fee Collections Technician

\$ 171,187 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 anticipated for this division.