



Financial Services Department—Budget Overview

Description

The Financial Services Department provides financial reporting and essential support services for all City departments. The Department consists of three divisions: Financial Services, Contracts & Procurement and Fleet Services. The Director of Budget and Finance provides management oversight for the Department.

Budget Summary by Program

	Actual 2004	Actual 2005	Adopted 2006	Estimated 2006	Adopted 2007
<i>Expenditures</i>					
Financial Services	1,276,465	1,210,176	1,380,746	1,364,921	1,339,843
Contracts & Procurement	457,736	450,009	485,736	483,081	500,044
Fleet Services	1,128,740	1,160,409	1,309,343	1,317,022	1,387,711
Total Expenditures	2,862,941	2,820,594	3,175,825	3,165,024	3,227,598
Percent Change		-1.5%	12.6%	12.2%	1.6%
<i>Financing</i>					
General Fund	1,734,201	1,660,185	1,866,482	1,848,002	1,839,887
Fleet Mgmt Fund	1,128,740	1,160,409	1,309,343	1,317,022	1,387,711
Total Financing	2,862,941	2,820,594	3,175,825	3,165,024	3,227,598

Significant Features

- The 2006 budget contains \$100,000 to contract for auditing cable television and telephone franchise agreements, and of the other utility franchises if monies are available.
- For 2007, \$50,000 is included to contract with an actuary to determine the City's probable cost of Other Post-Employment Retirement Benefits (OPEB) liability under GASB 45. This ruling requires governments to account for the future liability cost of benefits, primarily health insurance, provided to employees when they retire from the City.
- The selection, installation and implementation of a new Enterprise Resource Planning (ERP) System will be a major focus of the Department in 2007 and 2008.
- In 2005 the administration of the new Franchise Fee Refund program was absorbed by the Department. The Council is expanding this program, which provides refunds of electric and natural gas franchise fees paid, to include all city residents who receive the Homestead Property Tax Refund. Currently only those 65 and older are eligible for the program. The 2007 budget includes \$7,000 to hire temporary assistance to handle the additional seasonal workload that will be generated by the program expansion.
- In 2006, Fleet Services was moved from the Executive Department to Financial Services. The Division is implementing a new Fleet Management System in 2006 and is looking forward to enhanced management and reporting capabilities from that system.
- The Department continues to work with the City Manager's Office and other Departments to achieve proper application, receipt and reporting of federal grants dollars.
- The remaining increase in 2007 is attributable to the 2.0 percent COLA, step movement, and increase in health insurance contributions.

Personnel Summary by Program (in Full-Time Equivalents)

	Actual 2004	Actual 2005	Adopted 2006	Estimated 2006	Adopted 2007
Financial Services	16.00	16.00	17.00	17.00	17.00
Contracts & Procurement	8.00	8.00	8.00	8.00	8.00
Fleet Services	21.00	21.00	21.00	21.00	21.00
Total FTEs	45.00	45.00	46.00	46.00	46.00

Finance Program Details

Budget Summary by Expenditure Category

	Actual 2004	Actual 2005	Adopted 2006	Estimated 2006	Adopted 2007
Personnel Services	1,011,830	962,435	1,009,130	977,661	1,028,962
Contractual Services	245,256	239,182	362,166	372,310	300,831
Commodities	19,379	8,559	9,450	14,950	10,050
Capital Outlay	-	-	-	-	-
Total Program	1,276,465	1,210,176	1,380,746	1,364,921	1,339,843

Discussion

The Division includes the City Controller and Cash Management sections, with Administrative oversight provided by the Director of Budget and Finance. The Division maintains proper internal control procedures; assuring fiscal compliance with Federal, State, and local laws and City policies. The Division, in cooperation with other City Departments and with the oversight of the City Manager, provides the central budgeting function for the City, including the development of the operating and capital improvement budgets. It also administers the Franchise Fee Refund Program.

The City Controller Section maintains the accounting records for all funds, projects and programs including grants; provides internal and external financial reporting, including the Comprehensive Annual Financial Report (CAFR); provides accounts payable, payroll, and other financial services support to all City departments; monitors and assists in reporting grant expenditures; processes all City financial transactions; manages personnel accounting of payroll and benefits; and manages the City's bonded indebtedness, including structuring debt issues and assuring continuing compliance with bond covenants.

The Cash Management Section is responsible to record, deposit, invest and report all City funds. The section monitors and assists other City Departments in established cash procedures; invests City monies using professional standards of safety and liquidity to achieve maximum investment yields; compiles and publishes the Quarterly Treasurer's Report; assists with the CAFR; reconciles all bank accounts to the City's accounting records; monitors daily bank balances and collateralization; serves as the primary contact with the banking community and investment providers; assists in managing the City's bonded indebtedness; and calculates arbitrage on general obligation and utility revenue bonds.

Personnel Schedule (in Full-Time Equivalents)

Position Title	Actual 2004	Actual 2005	Adopted 2006	Estimated 2006	Adopted 2007
Accounting Manager	1.00	1.00	1.00	1.00	1.00
Accountant I	2.00	2.00	1.00	2.00	2.00
Accountant II	2.00	2.00	3.00	2.00	2.00
Accounting Specialist I	1.00	1.00	1.00	1.00	1.00
Accounting Specialist II	5.00	5.00	5.00	3.00	3.00
Accounting Specialist III	0.00	0.00	0.00	2.00	2.00
City Controller	1.00	1.00	1.00	1.00	1.00
Director of Budget & Finance	0.00	0.00	1.00	1.00	1.00
ERP Manager	0.00	0.00	1.00	1.00	1.00
Office Assistant III	1.00	1.00	1.00	1.00	1.00
Office Assistant II	1.00	1.00	1.00	1.00	1.00
City Treasurer	1.00	1.00	1.00	1.00	1.00
Director of Finance	1.00	1.00	0.00	0.00	0.00
Total Program FTEs	16.00	16.00	17.00	17.00	17.00

Notes on Budget and Personnel

- The ERP project will consume significant time and energy for the Division.
- Direct deposit of all payroll will be another emphasis for 2007.

Finance Division Performance Measures

Objectives and Performance Measures

actual 2004	actual 2005	estimate 2006	estimate 2007
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Objective: To develop and implement operating and capital improvement budgets that are accurate and based on best practices.

<i>Measure:</i> Receive GFOA Distinguished Budget Presentation Award for the Operating Budget	Yes	Yes	Yes	Yes
<i>Measure:</i> Variance of actual versus adopted expenditures for the City General Fund operating budget	1.8%	1.4%	2.0%	1.8%
<i>Measure:</i> Variance of actual versus adopted revenues for the City General Fund	6.1%	3.6%	2.0%	2.0%

Objective: Provide assistance to city departments in budget development and execution.

<i>Measure:</i> Number of budget training sessions	2	3	4	4
<i>Measure:</i> Percent of exit interview comments for training sessions that give a "satisfactory" or "very satisfactory"	96%	n/a	95%	95%

Objective: Protect funds with investments and management that provide for safety, liquidity and yield.

<i>Measure:</i> Ensure that all deposits are collateralized.	100%	100%	100%	100%
<i>Measure:</i> Ensure that all accounts payable, payroll and debt service needs are met.	100%	100%	100%	100%
<i>Measure:</i> Invest idle funds to exceed the return available on 91-day T-Bills.	85%	80%	80%	80%

Objective: Provide timely and accurate financial reports to internal and external customers.

<i>Measure:</i> Achieve an unqualified audit opinion.	100.0%	100.0%	100.0%	100.0%
<i>Measure:</i> Achieve the GFOA's Certificate of Excellence in Financial Reporting for the CAFR.	100.0%	100.0%	100.0%	100.0%
<i>Measure:</i> Issue interim financial reports by 15th of following month 100% of the time.	92.0%	100.0%	100.0%	100.0%
<i>Measure:</i> Complete the Comprehensive Annual Financial Report and distribute within 5 months.	April 15th	July 1st	July 1st	May 1st

Objective: Provide internal customers and staff with tools and resources to access and understand their own department and division financial information.

<i>Measure:</i> Number of training sessions conducted by Financial Services.	n/a	1	3	6
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Activity Indicators

Franchise fee refunds processed	n/a	146	275	550
Amount of franchise fee refunds	n/a	5,984	20,000	40,000
Number of vendor checks	20,932	20,723	21,000	21,000
Number of payroll checks	17,481	17,041	14,000	5,000
Number of payroll via direct deposit	20,977	26,962	26,350	35,350
Returned checks processed	13	1,333	1,350	1,350
Bank reconciliation items processed	98,869	99,128	100,000	100,000

Contracts & Procurement Program Details

Budget Summary by Expenditure Category

	Actual 2004	Actual 2005	Adopted 2006	Estimated 2006	Adopted 2007
Personnel Services	409,574	401,813	415,658	416,628	432,422
Contractual Services	48,365	48,218	65,103	59,703	62,722
Commodities	3,770	4,043	4,975	6,750	4,900
Capital Outlay	-	-	-	-	-
Non-Cash Expenditures	(3,973)	(4,065)	-	-	-
Total Program	457,736	450,009	485,736	483,081	500,044

Discussion

The Contracts and Procurement Division is a centralized purchasing office that provides an efficient, economical and effective method of acquiring goods and services to meet the needs of City departments, while insuring a fair and competitive bidding process with equal opportunity for all interested vendors. This is accomplished with 8.0 full-time employees under the supervision of the Division Director.

Key strategies for 2007:

- Implement procurement module for Enterprise Resource Planning software including all interfaces with existing software, to include training for staff that use procurement module system wide.
- Maintain the City of Topeka Purchasing Manual.
- Continue maintenance of cross-training for all division staff to insure continuity of services in all situations.
- Continuation of process review and improvement to maximize efficiency.
- Continue to improve the processes used to dispose of salvage.
- Continue training protocol for key personnel in the various departments and require departments to have a central point of contact when working with Contracts and Procurement.

Personnel Schedule (in Full-Time Equivalent)

Position Title	Actual 2004	Actual 2005	Adopted 2006	Estimated 2006	Adopted 2007
Purchasing Director	1.00	1.00	1.00	1.00	1.00
Office Assistant II	2.00	2.00	2.00	2.00	2.00
Office Assistant III	1.00	1.00	1.00	1.00	1.00
Procurement Officer I	1.00	2.00	2.00	2.00	2.00
Procurement Officer II	3.00	2.00	2.00	2.00	2.00
Total Program FTEs	8.00	8.00	8.00	8.00	8.00

Notes on Budget and Personnel

- The Division will be heavily involved with the selection and implementation of the Enterprise Resource Planning System in 2007.

Contracts & Procurement Division Performance Measures

actual	actual	estimate	estimate
2004	2005	2006	2007

Objectives and Performance Measures

Objective:

Provide an equal opportunity to any responsible bidder that is desirous of bidding on goods and services.

<i>Measure:</i> Percent of solicitations for goods and services (with the exception of emergency water, sewer and road repair) published on Internet	100.0%	100.0%	100.0%	100.0%
<i>Measure:</i> Provide assistance to any bidder desirous of learning what is necessary to bid on goods and services.	achieved	achieved	achieved	achieved
<i>Measure:</i> Work with the Chamber of Commerce, governmental entities and private businesses to foster growth in DBE usage by all within Shawnee County.	Bi-Monthly	Bi-Monthly	Bi-Monthly	Bi-Monthly
<i>Measure:</i> Verify wage rates as required on certain projects as stipulated with Davis-Bacon requirements.	100%	100%	100%	100%

Objective: Simplify the process of purchasing for internal and external customers.

<i>Measure:</i> Percentage of vendor solicitation notifications posted/advertised on the Internet	100%	100%	100%	100%
<i>Measure:</i> Implement P-Card purchasing system streamlining the reconciliation process to increase city productivity.	Sustain	Sustain	Sustain	Sustain
<i>Measure:</i> Provide vendor solicitations with complete document packages available for downloading from the City's home page. (excludes engineering specifications, at this time)	80%	90%	90%	90%
<i>Measure:</i> Publish award documents and information on internet and intranet.	n/a	10%	50%	100%

Objective: Favorably compare to procurement performance benchmarks for municipal governments

<i>Measure:</i> Division budget dollars as a percentage of total city procurement dollars to fall within the benchmark range (0.16% to 1.75%)	n/a	1.1%	1.2%	1.2%
<i>Measure:</i> Average number of purchase orders issued per year falls within the benchmark range (350 to 17,000)	6,341	5,972	6,100	5,800
<i>Measure:</i> Average cycle time for informal/fax/phone bids fall within the benchmark range (4 work days to 30 work days)	Achieved	Achieved	Achieved	Achieved
<i>Measure:</i> Average cycle time for formal bids fall within the benchmark range (10 work days to 90 work days.)	Achieved	Achieved	Achieved	Achieved

Activity Indicators

Requests for Proposals/Qualifications	36	47	60	60
Competitive bids - formal	57	111	120	120
Competitive bids - informal	327	264	315	325
Purchase Orders	6,341	5,972	6,100	5,800
Change Orders	5,100	5,503	5,350	5,250
Contracts	423	405	425	425

Fleet Services Program Details

Budget Summary by Expenditure Category

	Actual 2004	Actual 2005	Adopted 2006	Estimated 2006	Adopted 2007
Personal Services	896,045	956,503	1,008,028	1,027,698	1,067,281
Contractual Services	145,394	117,369	179,920	170,966	213,220
Commodities	54,095	51,792	65,395	57,286	67,110
Capital Outlay	-	-	15,000	20,072	-
Depreciation	32,257	34,937	40,000	40,000	40,000
Other Financial Uses	949	(192)	1,000	1,000	100
Total Program	1,128,740	1,160,409	1,309,343	1,317,022	1,387,711

Discussion

Fleet Services provides the other city divisions, and several other government agencies, with quality vehicle and equipment maintenance and repair service. It is funded through an internal service fund, with all associated costs being charged back to the departments receiving services. The Fleet Advisory Board oversees the rate structure with representation from city departments.

Fleet Services provides for the safe, efficient, and cost-effective operations of the City's fleet of vehicles and equipment. The division administers and maintains \$20.0 million worth of City owned vehicle and equipment assets for all departments. Items serviced include heavy construction and agricultural equipment, public safety and emergency vehicles, automobiles, light and heavy-duty trucks, and light duty construction and seasonal equipment.

Fleet Services provides a cost effective solution to the City's vehicle and equipment maintenance needs. In house services range from all routine scheduled maintenance to actual diagnostics and repair. The division also provides for in-house modification services from three garage locations. Internal operations are designed to provide services that are comparable to the private sector in an efficient, cost effective manner. Local vendors are used to supply certain services when it is more cost effective. Actual responsible tasks include: property management, license and registrations, inventory receipt and disposal, maintenance records and reports, contract inspection and repair acquisition, material acquisition, fuel acquisition and billing, spare parts inventory management, and fuel management.

Personnel Schedule (in Full-Time Equivalents)

Position Title	Actual 2004	Actual 2005	Adopted 2006	Estimated 2006	Adopted 2007
Maintenance Worker II	1.00	1.00	1.00	1.00	1.00
Maintenance Worker III	6.00	6.00	6.00	7.00	7.00
Manager, Fleet	1.00	1.00	1.00	1.00	1.00
Master Mechanic	6.00	6.00	6.00	5.00	5.00
Office Assistant II	2.00	1.00	2.00	1.00	1.00
Office Assistant III	0.00	1.00	0.00	1.00	1.00
Office Specialist	2.00	2.00	2.00	2.00	2.00
Supervisor III	3.00	3.00	3.00	3.00	3.00
Total Program FTEs	21.00	21.00	21.00	21.00	21.00

Notes on Budget and Personnel

- The budget maintains current services. Anticipated expenses have been reviewed, evaluated, and compared to all available cost estimators and calculators. Fleet employees are budgeted to receive a 2.0 percent cost of living increase plus step movement.

- The existing rate structure is established through dividing yearly-adopted budget by actual percentage of used services, averaged over a three-year period.

Fleet Services Program Performance

actual	actual	estimate	estimate
2004	2005	2006	2007

Objectives and Performance Measures

Objective: To maintain vehicle service/repair turn around time at or above industry standards. 70% of the vehicles will be returned to service in 1 day, 20% in 2 days, 10% in 3 days.

<i>Measure:</i> Percentage of vehicles returned within 1, 2, or 3 days.	83.40%1day 3.5% 2days 10.10%3 days	84.77%1day 2.78%2days 12.45%3days	75.0%1day 10.0%2days10 .0%3days	70.0%1day 15.0%2days 15.0%3days
<i>Measure:</i> Turn around time reports completed and published quarterly	100%	100%	100%	100%
<i>Measure:</i> 95% customer satisfaction rating from yearly customer survey.	89.2%	90.5%	90.0%	90.0%

Objective: To maintain exemplary Vehicle Availability Rates.

<i>Measure:</i> quarterly	100%	100%	100%	100%
<i>Measure:</i> survey.	89.2%	90.5%	90.0%	90.0%
<i>Measure:</i> Percentage of re-work/comebacks will not exceed 3%.	1.0%	1.0%	2.0%	2.0%

Objective: To improve organizational productivity.

<i>Measure:</i> Technician productivity rate	85.5%	88.4%	80%	80%
<i>Measure:</i> Daily monitoring and processing of work orders.	100%	100%	100%	100%
<i>Measure:</i> reports.	100.0%	100.0%	100.0%	100%
<i>Measure:</i> inspections on hoisting and lifting equipment.	100.0%	100.0%	100.0%	100%

Objective: To control physical inventory shrinkage by limiting to less than 2% of total inventory value.

<i>Measure:</i> Actual shrinkage from established quarterly reports	1.34%	1.93%	1.0%	1%
<i>Measure:</i> inventory sign out sheets.	100.0%	100.0%	100.0%	100%
<i>Measure:</i> Spare parts turn-over ratio of 4.0 or greater.	4.14	3.36	4.00	4.00

Activity Indicators

<i>Indicator:</i> support within 2 hours of request	6	10	8	8
<i>Indicator:</i> Number of repair/maintenance functions performed	11,125	11,627	12,000	12,500
<i>Indicator:</i> Number of vehicles/pieces of equipment maintained	1,136	1,133	1,100	1,100
<i>Indicator:</i> Total dollar value of warranty items recovered	\$23,844	\$32,349	\$35,000	\$35,000