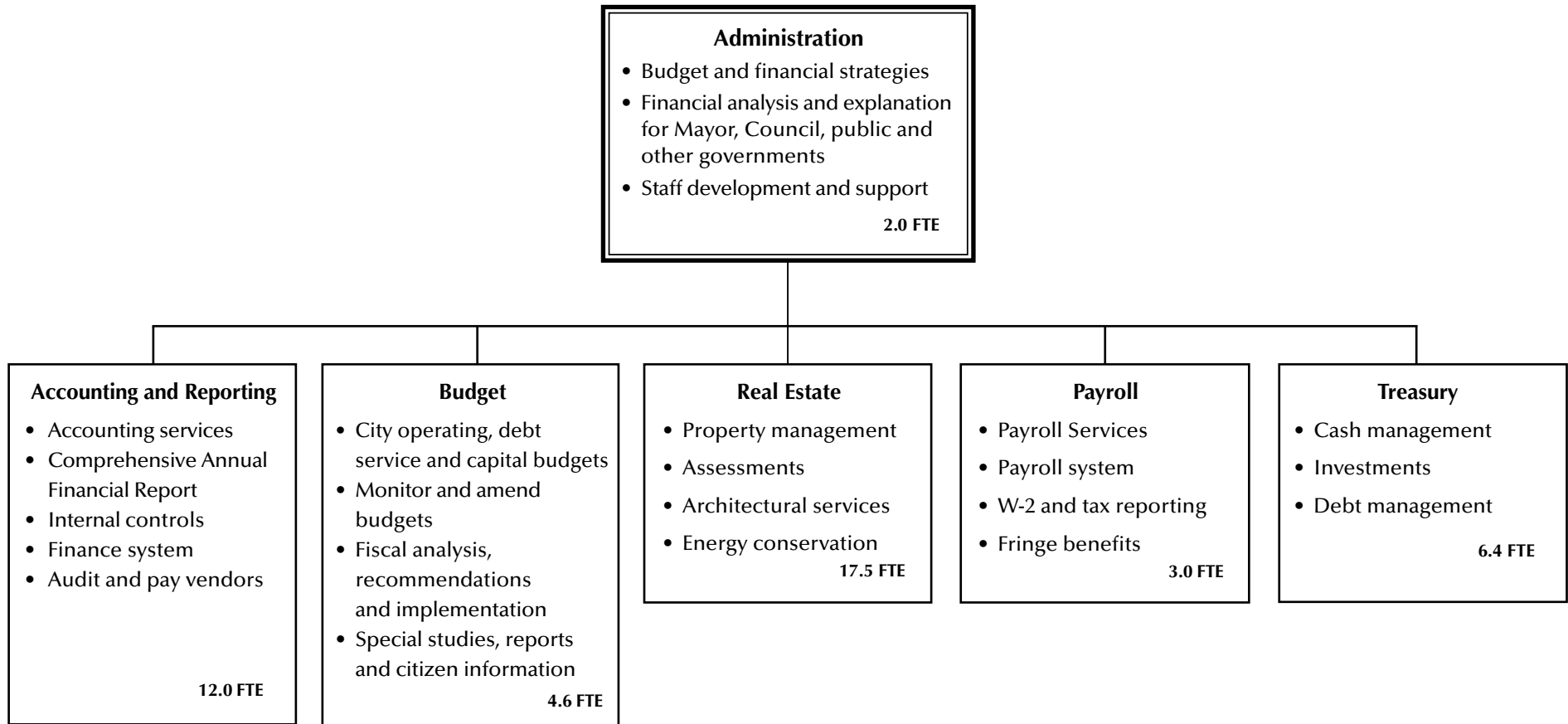


# Financial Services

*Manage the City's financial resources and assets to ensure taxpayers' confidence, the organization's effectiveness and the City's fiscal integrity.*



(Total 45.5 FTEs)

7/31/08

## About the Office of Financial Services

### What We Do (Description of Services)

The Office of Financial Services (OFS) plays a vital role in supporting the city's operations. During the year, OFS staff:

- Manages more than \$220 million in cash balances, investing them to earn a competitive rate of return while guaranteeing that the city can meet its cash needs.
- Ensures that all financial transactions and accounting practices conform to generally accepted accounting principles, state law, and city administrative code and policies.
- Ensures that 3,508 city employees (average number) receive their pay and benefits accurately and on time.
- Pays \$201 million annually to vendors who provide the city with goods and services, within 35 days of notice.
- Sells city debt instruments at the lowest borrowing cost.
- Develops and implement balanced, financially-sound annual budgets.

### Statistical Profile

- City bond ratings: AAA and As2
- City tax rate has fallen by 27.1% from 2002-2007
- Percent of payroll checks issued on time without errors: 99.9%
- 2007 General Fund actual spending as a percentage of budget: 98.7%
- 2007 General Fund actual revenues as a percentage of budget: 102.1%

### 2007-2008 Accomplishments

- Received the Government Finance Officer's Association (GFOA) Certificate of Achievement for excellence in reporting for the 31st consecutive year.
- Maintained the city's AAA (Standard and Poor's) and Aa2 (Moody's) bond ratings.
- Developed and implemented balanced 2007 and 2008 operating, capital, and debt budgets.
- Implemented Government Accounting Standards Board (GASB) Statement 45 - Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions (OPEB).
- Led Republican National Convention (RNC) Finance Subcommittee, created budget, and submitted grant application to the Department of Justice for a \$50 million RNC security grant.
- Completed preplanning phase of the Enterprise Resource Planning (ERP) project with the Office of Technology and Human Resources departments.
- Worked with Labor Relations to negotiate consistent holiday eligibility rules for all bargaining units. This enables the payroll personnel to efficiently determine the number of earned holiday hours.
- Implemented process of OutSource One to access funds daily in order to provide next day flexible spending account reimbursements to City employees.
- Coordinated Financing for Western District Police Station and the Jimmy Lee/Oxford Pool project.

# Financial Services Office

Department/Office Director: **MARGARET M KELLY**

		2006	2007	2008	2009	2009	Change from	
		2nd Prior	Last Year	Adopted	Mayor's	Council	Mayor's	2008
		Exp. & Enc.	Exp. & Enc.		Proposed	Adopted	Proposed	Adopted
<b>Spending By Unit</b>								
001	GENERAL FUND	2,607,222	1,842,122	2,002,716	1,931,503	1,931,503		-71,213
050	SPECIAL PROJECTS:GEN GOV ACCTS FUND	7,162,933	7,492,540	8,059,708	8,348,026	8,701,004	352,978	641,296
070	INTERNAL BORROWING FUND	2,847,297	450,443	476,000	476,000	476,000		
080	CITYWIDE MAJOR EVENTS			50,000,000	0	0		-50,000,000
124	CONTRACT AND ANALYSIS SERVICES			1,048,121				-1,048,121
127	ST PAUL/RAMSEY COUNTY PRINT CENTRAL			1,771,757				-1,771,757
160	OFS-REAL ESTATE MGMNT FUND				5,599,484	5,599,484		5,599,484
233	ENERGY CONSERVATION INVESTMENT		2,730		402,158	402,158		402,158
802	CPL OPERATING FUND	3,703,552	3,101,630	3,749,679	3,710,204	3,710,204		-39,475
Total Spending by Unit		<b>16,321,004</b>	<b>12,889,465</b>	<b>67,107,981</b>	<b>20,467,375</b>	<b>20,820,353</b>	<b>352,978</b>	<b>-46,287,628</b>
<b>Spending By Major Object</b>								
	SALARIES	1,396,622	1,411,908	2,651,537	2,843,978	2,653,417	-190,561	1,880
	SERVICES	909,590	753,600	51,401,979	1,379,832	1,379,832		-50,022,147
	MATERIALS AND SUPPLIES	16,182	13,817	706,957	554,442	554,442		-152,515
	EMPLOYER FRINGE BENEFITS	433,822	450,092	833,223	882,339	822,192	-60,147	-11,031
	MISC TRANSFER CONTINGENCY ETC	11,977,289	9,122,350	9,663,285	12,561,891	13,165,577	603,686	3,502,292
	DEBT	422,297	425,443	451,000	713,664	713,664		262,664
	STREET SEWER BRIDGE ETC IMPROVEMENT	1,157,746	712,254	1,400,000	1,400,000	1,400,000		
	EQUIPMENT LAND AND BUILDINGS	7,455		0	131,229	131,229		131,229
Total Spending by Object		<b>16,321,004</b>	<b>12,889,465</b>	<b>67,107,981</b>	<b>20,467,375</b>	<b>20,820,353</b>	<b>352,978</b>	<b>-46,287,628</b>
Percent Change from Previous Year			<b>-21.0%</b>	<b>420.6%</b>	<b>-69.5%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>-69.0%</b>
<b>Financing By Major Object</b>								
	GENERAL FUND	2,607,222	1,842,122	2,002,716	1,931,503	1,931,503		-71,213
	SPECIAL FUND							
	TAXES	1,912,529	2,032,612	1,791,505	1,807,000	1,807,000		15,495
	LICENSES AND PERMITS				15,000	15,000		15,000
	INTERGOVERNMENTAL REVENUE			50,015,000	15,000	15,000		-50,000,000
	FEES, SALES AND SERVICES	4,820,539	4,989,338	8,201,644	6,771,666	6,715,863		-1,485,781
	ENTERPRISE AND UTILITY REVENUES							
	MISCELLANEOUS REVENUE	4,539,787	4,311,307	4,520,679	9,265,605	9,265,605		4,744,926
	TRANSFERS	788,975	17,735	18,577	676,453	676,453		657,876
	FUND BALANCES			557,860	-14,852	393,929		-163,931
Total Financing by Object		<b>14,669,052</b>	<b>13,193,114</b>	<b>67,107,981</b>	<b>20,467,375</b>	<b>20,820,353</b>	<b>352,978</b>	<b>-46,287,628</b>
Percent Change from Previous Year			<b>-10.1%</b>	<b>408.7%</b>	<b>-69.5%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>-69.0%</b>

## 2009 Budget Plan

### 2009 Goals

- Provide financial management expertise to all City departments.
- Educate policymakers, employees, and citizens about financial management issues, choices, and consequences facing the city.
- Design and implement City-wide financial management strategies that reflect the Mayor's priorities, Council's and other stakeholders' interests, as well as economic and political realities.
- Plan, coordinate, and manage the annual budget preparation process to create next year's operating budget, debt budget, and capital improvement budget with a multi-year perspective.
- Produce the Comprehensive Annual Financial Report (CAFR), including coordination of the City's annual audit by the State Auditor.
- Provide accurate and timely financial information to elected officials, managers, citizens, the financial community, and other governmental entities.
- Work with City departments to develop and implement energy conservation plans.
- Work with the Office of Technology and Communications and Human Resources to select and implement a new Enterprise Resource Planning (ERP) solution to provide better financial management for the city.
- Ensure that the City's physical infrastructure remains strong by coordinating and managing the City's capital improvement budget.
- Manage City debt to provide financing for projects, insure best financial options, and establish debt payment plans.
- Coordinate the City's response to the audit of 2008 Republican National Convention expenses.

### 2009 Budget Explanation

#### Base Adjustments

The 2008 adopted budget was adjusted to set the budget base for 2009. The base includes the anticipated growth in salaries and fringes related to the employee contract bargaining process. It also includes inflation on services and materials.

#### Mayor's Recommendation

The proposed 2009 General Fund budget for the Office of Financial Services (OFS) is \$1,931,503, which is \$71,213 (3.6%) less than the 2008 adopted budget. The Mayor's proposed budget includes the addition of two new positions: a citywide Grants Manager and a Financial Service Manager. As part of the 2009 proposed budget, the budget for Contracts and Analysis Services (CAS) was transferred from OFS into a newly created department, Human Rights and Equal Economic Opportunity (HREEO). The transfer of CAS resulted in a net decrease in OFS's General Fund budget from 2008 Adopted levels. The department met its General Fund reduction allocation of \$25,564 by cutting spending on promotions and postage.

OFS's 2009 proposed special fund budget is \$18,496,007, which is \$44,176,369 less than the 2008 adopted budget. The special fund budget includes the general government accounts fund, the internal borrowing fund, the citywide major events fund, the real estate management fund, the energy conservation fund and the capital operating fund. Significant changes to OFS's special fund budgets include: the removal of the \$50 million federal security grant for the Republican National Convention, the transfer of CAS out of OFS and into the new HREEO department, and the transfer of the Real Estate division out of Public Works and into OFS.

## 2009 Budget Explanation (continued)

### Council Actions

The City Council adopted the Office of Financial Services budget and recommendations as proposed by the Mayor and approved the following changes:

- Placed \$250,708 in new funding for salaries and fringes in Mayor's contingency in order to further review the impact of future revenue reductions on the budget in relationship to the hiring decision.
- Added \$408,781 in transfer of fund balance to Council contingency.
- Reduced the transfer of central service revenues to the General Fund by \$55,803, based on revised revenue estimates.

The 2009 adopted budget is \$1,931,503 in the General Fund and \$18,888,850 in special funds. The FTE count is 18.0 in the General Fund and 24.7 in special and debt service funds.