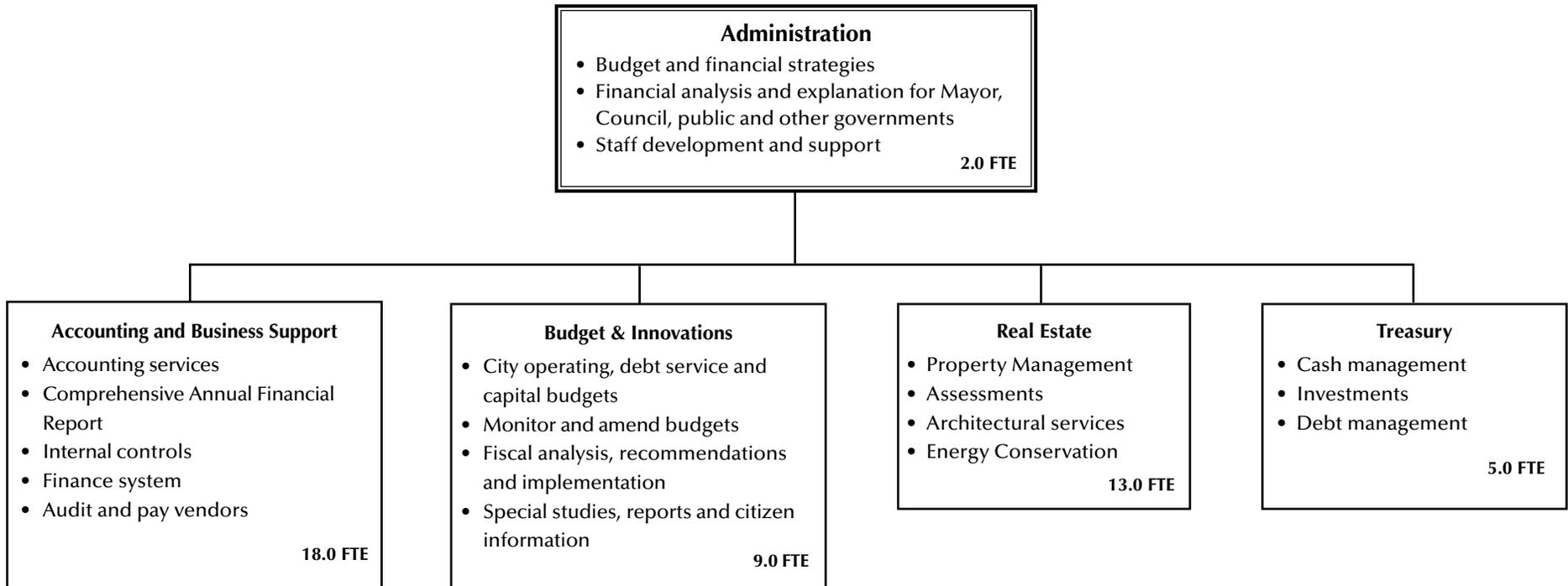


# Financial Services

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



**(Total 47.0 FTE)**

1.9 FTE included in this total are budgeted in the Debt Service Fund

8/05/13

**2014 Adopted Budget  
Office of Financial Services**

**Department Description:**

The Office of Financial Services (OFS) plays a vital role in supporting City operations. OFS provides services in four key areas:

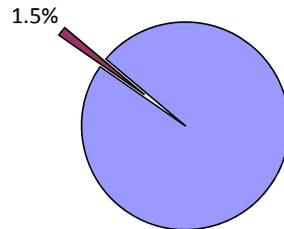
**Budget & Innovation** prepares, implements and monitors annual operating, debt service and capital budgets; provides fiscal analysis and projections for the Mayor and City Council; provides project management and analytical support to city-wide innovation projects.

**Accounting & Business Support** ensures that all financial transactions and accounting practices conform to generally accepted accounting principles, state law, and city administrative code and policies; provides business support to city departments related to the implementation, administration and maintenance of the COMET project.

**Treasury** manages and invests the City's cash resources to earn market rate of return; and manages the City's debt portfolio to ensure competitive rates and timely repayment.

**Real Estate Management Services** provides property management, project management and design; facilitates energy conservation efforts; and processes assessment billings.

**OFS's Portion of General Fund Spending**



**Department Facts**

- Total General Fund Budget: \$3,408,780
- Total Special Fund Budget: \$12,559,802
- Total FTEs: 45.1
- Saint Paul's operating, capital and debt service budgets total over \$550 million.
- Saint Paul is one of only 215 municipalities nationally with a AAA bond rating.
- OFS manages over \$247 million of cash balances and a \$532 million debt portfolio.
- OFS processes over \$250 million of annual payments to vendors.
- OFS annually processes \$40m+ in assessment and service charges against 81,000 parcels of land.

**Department Goals**

Ensure strong management of the City's financial resources and assets through:

- Accurate financial reporting
- Strong bond ratings
- Investment practices that preserve our financial assets
- Attention to the City's debt load and fund balances

**Recent Accomplishments**

- Received the Government Finance Officers Association (GFOA) Certificate of Achievement for excellence in reporting for the 36th consecutive year.
- City maintained its AAA bond rating from Standard and Poor's and Aa1 by Moody's – during a challenging economy when credit downgrades were prevalent.
- Developed and implemented balanced 2013 operating, capital, and debt budgets.
- Final closeout of \$1.3 million dollar installation of Siren System for Emergency Operations Center; working along with Public Works, Finance, Technology and Communications, Fire and FRC-Emergency Management.
- Reduced the City's electric usage by 5,000,000 kilowatt hours through conservation, lighting retrofits, energy management systems and the installations of 10 solar arrays on city facilities.
- Successfully sold Sewer Revenue, Water Revenue, and General Obligation bonds with historically low interest rates (\$44.1 million in FY13 to-date), utilizing various financing tools.
- Accurately paid existing debt on time and in full; complied with ongoing disclosure and arbitrage requirements.

**2014 Adopted Budget**

**Office of Financial Services**

**Fiscal Summary**

	<b>2012 Actual</b>	<b>2013 Adopted</b>	<b>2014 Adopted</b>	<b>Change</b>	<b>% Change</b>	<b>2013 Adopted FTE</b>	<b>2014 Adopted FTE*</b>
<b>Spending</b>							
1000: General Fund	1,862,840	3,346,822	3,408,780	61,958	1.9%	29.30	27.77
2100: Special Revenue	1,666,566	1,467,063	1,614,063	147,000	10.0%	-	-
2200: Assessment	5,292,048	5,526,902	5,667,018	140,116	2.5%	1.80	0.43
2400: City Grants	678,751	-	-	-	0.0%	-	-
7100: Central Services Internal	3,811,201	4,821,997	4,948,171	126,174	2.6%	15.90	15.90
7200: Services and Supplies Internal	75,054	226,744	330,550	103,806	45.8%	1.00	1.00
<b>Total</b>	<b>13,386,460</b>	<b>15,389,528</b>	<b>15,968,582</b>	<b>579,054</b>	<b>3.8%</b>	<b>48.00</b>	<b>45.10</b>
<b>Financing</b>							
Citywide General Revenues**	165,612,117	173,133,044	181,126,640	7,993,596	4.6%		
1000: General Fund	277,522	255,133	255,133	-	0.0%		
2100: Special Revenue	1,515,037	1,467,063	1,614,063	147,000	10.0%		
2200: Assessment	5,501,633	5,526,902	5,667,018	140,116	2.5%		
2400: City Grants	768,465	-	-	-	0.0%		
7100: Central Services Internal	4,307,290	4,821,997	4,948,171	126,174	2.6%		
7200: Services and Supplies Internal	332,174	226,744	330,550	103,806	45.8%		
<b>Total</b>	<b>12,702,121</b>	<b>12,297,839</b>	<b>12,814,935</b>	<b>517,096</b>	<b>4.2%</b>		

\*For the 2014 Adopted Budget, 2.9 FTE in OFS shifted to Human Resources due to the centralizing of the payroll system citywide.

\*\*More information on citywide revenues can be found in the "Major General Fund Revenues" section.

**Budget Changes Summary**

The adopted budget accomplishes several staffing reprioritizations related to the COMET project, all of which are accomplished within existing resources: Expand capacity for streamlined management of cash, accounts payable and accounts receivable throughout the city, support post implementation business processes, evaluate opportunities for further improvement, and implement a City Innovation Team which will support innovations and business process improvement initiatives throughout the City.

		Change from 2013 Adopted		
		Spending	Financing	FTE
<b><u>Current Service Level Adjustments</u></b>		204,051.00	-	-
Subtotal:		204,051.00	-	-

**Mayor's Proposed Changes**

**Citywide Innovation Team**

Despite the increase in LGA for 2014, the city will continue to face fiscal challenges in the years to come. To ensure that citizens will continue to receive excellent services at a reasonable cost, the City Innovation Team will facilitate the development of a cultural mindset of identifying opportunities to improve service delivery, as well as providing project management and analytical support to selected innovation projects. The team will be housed in the new Budget & Innovation section and will utilize existing resources from what are currently the Budget and COMET sections.

Staffing realignments - net neutral

-	-	-
Subtotal:	-	-

**COMET Business Support**

The COMET Business Support team will continue the work of supporting the COMET implementation through ensuring the smooth integration of new business processes, administering system functionality, providing ongoing training to system users, coordinating upgrades and maintenance, and evaluating and managing new opportunities for enhancement. The team will be housed in the new Accounting & Business Support section and will utilize existing resources from what are currently the Accounting and COMET sections.

Staffing realignments - net neutral

-	-	-
Subtotal:	-	-

**Assessment Fund Realignment**

Several employees who's work is related to the Assessment Fund are partially funded out of assessment resources. Due to an adjustment of duties, some of these FTEs are shifted to the General Fund.

Employee shift from assessments

104,640	-	1.37
Subtotal:	-	1.37

Change from 2013 Adopted		
Spending	Financing	FTE

**Payroll Centralization**

The rollout of the Time Tracking and Attendance Scheduling Solution (TASS) component of the COMET project has allowed for a more centralized approach to the City’s payroll function. As a result, the 2014 adopted budget shifts payroll personnel out of operating departments and into the Human Resources budget. This change consolidates payroll staff into one department, redeploys some existing resources, and results in net savings to the City. The impact of payroll centralization on the Office of Financial Services' is reflected here.

Payroll Centralization Adjustment	(243,745)	-	(2.90)
Subtotal:	<u>(243,745)</u>	<u>-</u>	<u>(2.90)</u>

**Sales Tax Exemption**

During the 2013 legislative session, the State of MN Legislature exempted many purchases made by local governments from the state sales tax. This is expected to result in savings to many city departments. Office of Financial Services’ estimated general fund savings are shown here.

Sales Tax Exemption Savings	(2,988)	-	-
Subtotal:	<u>(2,988)</u>	<u>-</u>	<u>-</u>

<b>Fund 1000 Budget Changes Total</b>	<u><u>61,958</u></u>	<u><u>-</u></u>	<u><u>(1.53)</u></u>
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**2100: Special Revenue**

**Office of Financial Services**

OFS budgets revenues from the tax on hotel and motel rooms in this company.

		<u>Change from 2013 Adopted</u>		
		<u>Spending</u>	<u>Financing</u>	<u>FTE</u>
<u>Current Service Level Adjustments</u>		-	-	-
Subtotal:		-	-	-
<u>Adopted Changes</u>				
<u>Technical Adjustments</u>				
Adjust Hotel/Motel tax contribution to Visit St. Paul to reflect historical collections and budgeted increases of Hotel/Motel taxes.				
Increase in Hotel/Motel Tax		147,000	147,000	-
Subtotal:		147,000	147,000	-
<b>Fund 2100 Budget Changes Total</b>		<b>147,000</b>	<b>147,000</b>	<b>-</b>

**2200: Assessment**

Budget for Assessments, which serves as a repository for summary nuisance abatements, sewers, & certificates of occupancy; property owners are assessed for improvements.

			<u>Change from 2013 Adopted</u>		
			<u>Spending</u>	<u>Financing</u>	<u>FTE</u>
<b><u>Current Service Level Adjustments</u></b>			244,756	140,116	-
Subtotal:			<u>244,756</u>	<u>140,116</u>	<u>-</u>
<b><u>Mayor's Proposed Changes</u></b>					
<b>Assessment Fund Realignment</b>					
Several employees who's work is related to the Assessment Fund are partially funded out of assessment resources. Due to an adjustment of duties, some of these FTEs are shifted to the General Fund.					
Employee shift to General Fund					
			(104,640)	-	(1.37)
Subtotal:			<u>(104,640)</u>	<u>-</u>	<u>(1.37)</u>
<b>Fund 2200 Budget Changes Total</b>			<u><u>140,116</u></u>	<u><u>140,116</u></u>	<u><u>(1.37)</u></u>

Budget for OFS-Real Estate and portions of the OFS-Treasury sections.

		<u>Change from 2013 Adopted</u>		
		<u>Spending</u>	<u>Financing</u>	<u>FTE</u>
<b><u>Current Service Level Adjustments</u></b>		(146,988)	(71,351)	-
	Subtotal:	<u>(146,988)</u>	<u>(71,351)</u>	<u>-</u>
<b><u>Mayor's Proposed Changes</u></b>				
<b>TIF Adjustments</b>				
	West Midway TIF Adjustments	297,525	197,525	-
	Subtotal:	<u>297,525</u>	<u>197,525</u>	<u>-</u>
<b>Sales Tax Exemption</b>				
<p>During the 2013 legislative session, the State of MN Legislature exempted many purchases made by local governments from the state sales tax. This is expected to result in savings to many city departments. Office of Financial Services' estimated central services fund savings are shown here.</p>				
	Sales Tax Exemption Savings	(24,363)	-	-
	Subtotal:	<u>(24,363)</u>	<u>-</u>	<u>-</u>
<b><u>Adopted Changes</u></b>				
<b>Technical Adjustments</b>				
<p>Adjust and realign Central Service accounting units to better reflect actual revenues and expenditures</p>				
	Revenue and Expenditure Realignment	(254,664)	(254,664)	-
	Subtotal:	<u>(254,664)</u>	<u>(254,664)</u>	<u>-</u>
<b>Fund 7100 Budget Changes Total</b>		<u><u>126,174</u></u>	<u><u>126,174</u></u>	<u><u>-</u></u>

Budget for Energy Initiatives Coordinator.

		<u>Change from 2013 Adopted</u>		
		<u>Spending</u>	<u>Financing</u>	<u>FTE</u>
<u>Current Service Level Adjustments</u>		1,196	1,196	-
	Subtotal:	<u>1,196</u>	<u>1,196</u>	<u>-</u>
<u>Mayor's Proposed Changes</u>				
<u>Energy Incentives Program</u>				
	Increase in Energy Initiatives Loan program due to increase load repayment	102,610	102,610	-
	Subtotal:	<u>102,610</u>	<u>102,610</u>	<u>-</u>
<b>Fund 7200 Budget Changes Total</b>		<u><u>103,806</u></u>	<u><u>103,806</u></u>	<u><u>-</u></u>

**CITY OF SAINT PAUL**  
**Department Budget Summary**  
**(Spending and Financing)**

Department: FINANCIAL SERVICES

Budget Year: 2014

		2011	2012	2013	2014	Change From
		Actuals	Actuals	Adopted	Adopted	2013
						Adopted
<b><u>Spending by Fund</u></b>						
1000	GENERAL FUND	1,599,124	1,862,840	3,346,822	3,408,780	61,958
2100	SPECIAL REVENUE	1,713,335	1,666,566	1,467,063	1,614,063	147,000
2200	ASSESSMENT	6,195,065	5,292,048	5,526,902	5,667,018	140,116
2400	CITY GRANTS	1,161,087	678,751			
7100	CENTRAL SERVICES INTERNAL	3,345,020	3,811,201	4,821,996	4,948,171	126,174
7200	SERVICES AND SUPPLIES INTERNAL	462,849	75,054	226,744	330,550	103,807
<b>TOTAL SPENDING BY FUND</b>		<b>14,476,481</b>	<b>13,386,461</b>	<b>15,389,526</b>	<b>15,968,582</b>	<b>579,055</b>
<b><u>Spending by Major Account</u></b>						
	EMPLOYEE EXPENSE	3,480,746	3,725,523	4,853,299	4,743,389	(109,910)
	SERVICES	2,338,073	1,803,087	1,911,974	2,104,410	192,436
	MATERIALS AND SUPPLIES	365,438	379,561	493,641	494,682	1,041
	CAPITAL OUTLAY	100,944	778,429	196,283	235,717	39,434
	PROGRAM EXPENSE	810,803	424,053	202,000	210,000	8,000
	DEBT SERVICE	180,979	166,783	1,104,749	783,222	(321,527)
	TRANSFER OUT AND OTHER SPEND	7,199,498	6,109,024	6,627,580	7,397,162	769,582
<b>TOTAL SPENDING BY MAJOR ACCOUNT</b>		<b>14,476,481</b>	<b>13,386,461</b>	<b>15,389,526</b>	<b>15,968,582</b>	<b>579,055</b>
<b><u>Financing by Major Account</u></b>						
	GENERAL FUND REVENUES	157,395,899	165,889,639	173,388,177	181,381,773	7,993,596
	SPECIAL FUND REVENUES					
	BUDGET ADJUSTMENTS			67,123	329,525	262,402
	TAXES	1,617,718	1,515,037	1,467,063	1,614,063	147,000
	LICENSE AND PERMIT	8,350	17,802	10,000	15,000	5,000
	INTERGOVERNMENTAL REVENUE	1,446,562	731,006			
	FEES SALES AND SERVICES	2,515,740	2,778,673	2,953,355	3,064,141	110,786
	ASSESSMENTS	5,841,670	5,439,120	5,526,902	5,526,902	
	INTEREST EARNINGS	801,149	1,012,363	910,776	660,918	(249,858)
	DEBT FINANCING			190,000	438,012	248,012
	TRANSFERS IN OTHER FINANCING	783,106	930,599	917,486	911,240	(6,246)
<b>TOTAL FINANCING BY MAJOR ACCOUNT</b>		<b>170,410,193</b>	<b>178,314,237</b>	<b>185,430,882</b>	<b>193,941,574</b>	<b>8,510,692</b>