

FINANCIAL SERVICES: SERVICE PERFORMANCE MANAGEMENT

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ROADMAP

1. Strategic Objective
2. Goal
3. Measure
4. Target
5. Actions *(to improve performance toward target)*

OFS STRATEGIC OBJECTIVES

1. Provide effective and efficient city-wide business support
2. City budgets are well managed and forward-looking
3. City's debt is well managed

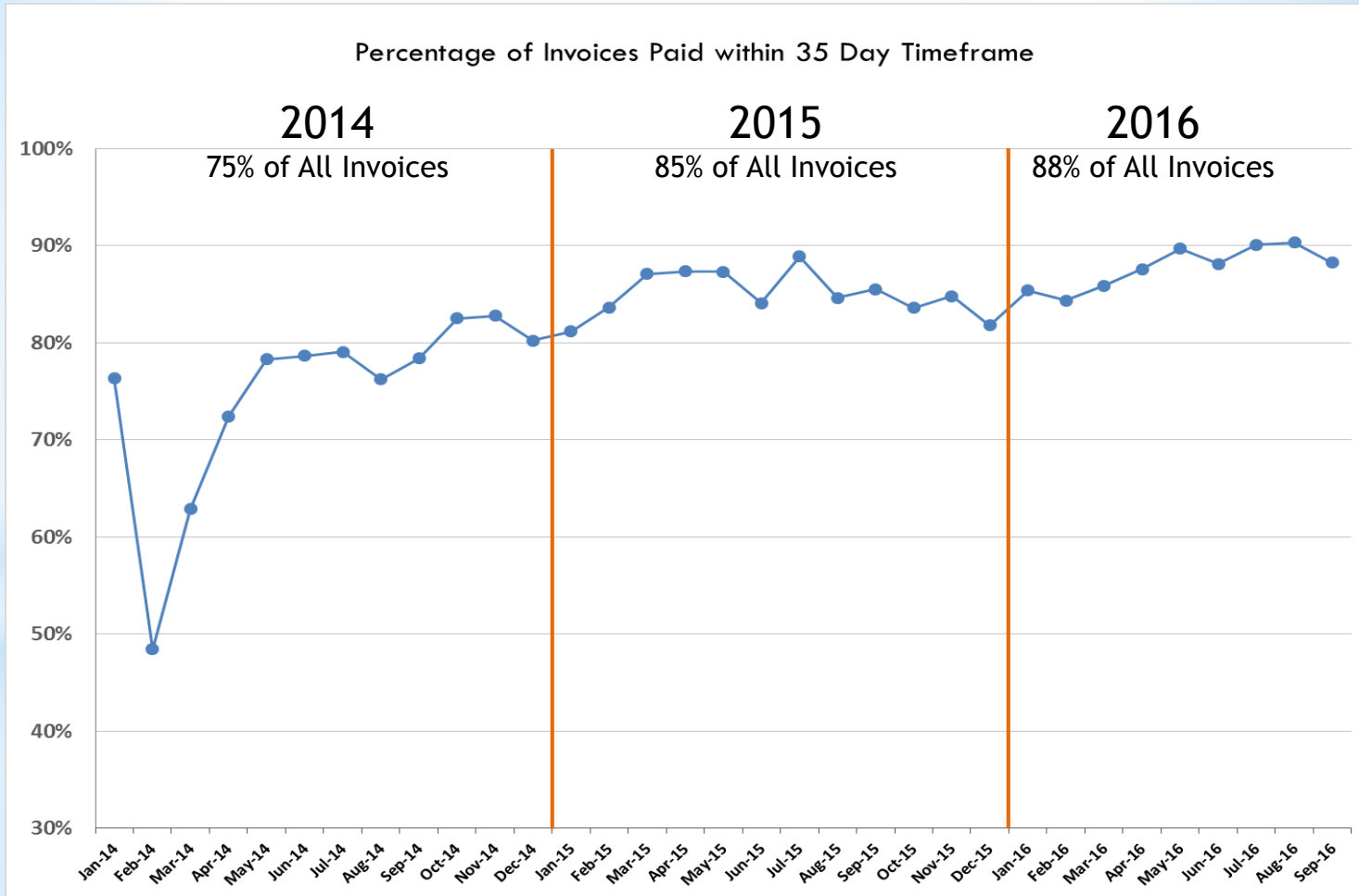
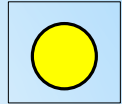
Strategic Objective	OFS Goal	OFS Sub-Goal
Provide efficient and effective city-wide business support	Process AP invoices quickly and accurately	Pay all invoices within 35 days
		Achieve payment to vendors within terms on 50% of invoices
		Pay 7% of invoices electronically
	Successful month close	Month close completed by 20 th business day
		Month close 100% accurate
	Complete cash receipts quickly and accurately	Cash receipts completed by next business day
		Reduce # of cash receipt corrections

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Accounts Payable Performance - by Year

Goal: 100% of Invoices Paid Within 35 Days

OVERALL STATUS:



- Improved from 75% of invoices paid within 35 days in 2014 to 88% of invoices paid within 35 days YTD 2016.
- Struggled early days of Infor implementation, improving steadily since

KEY LEARNINGS / NEXT STEPS

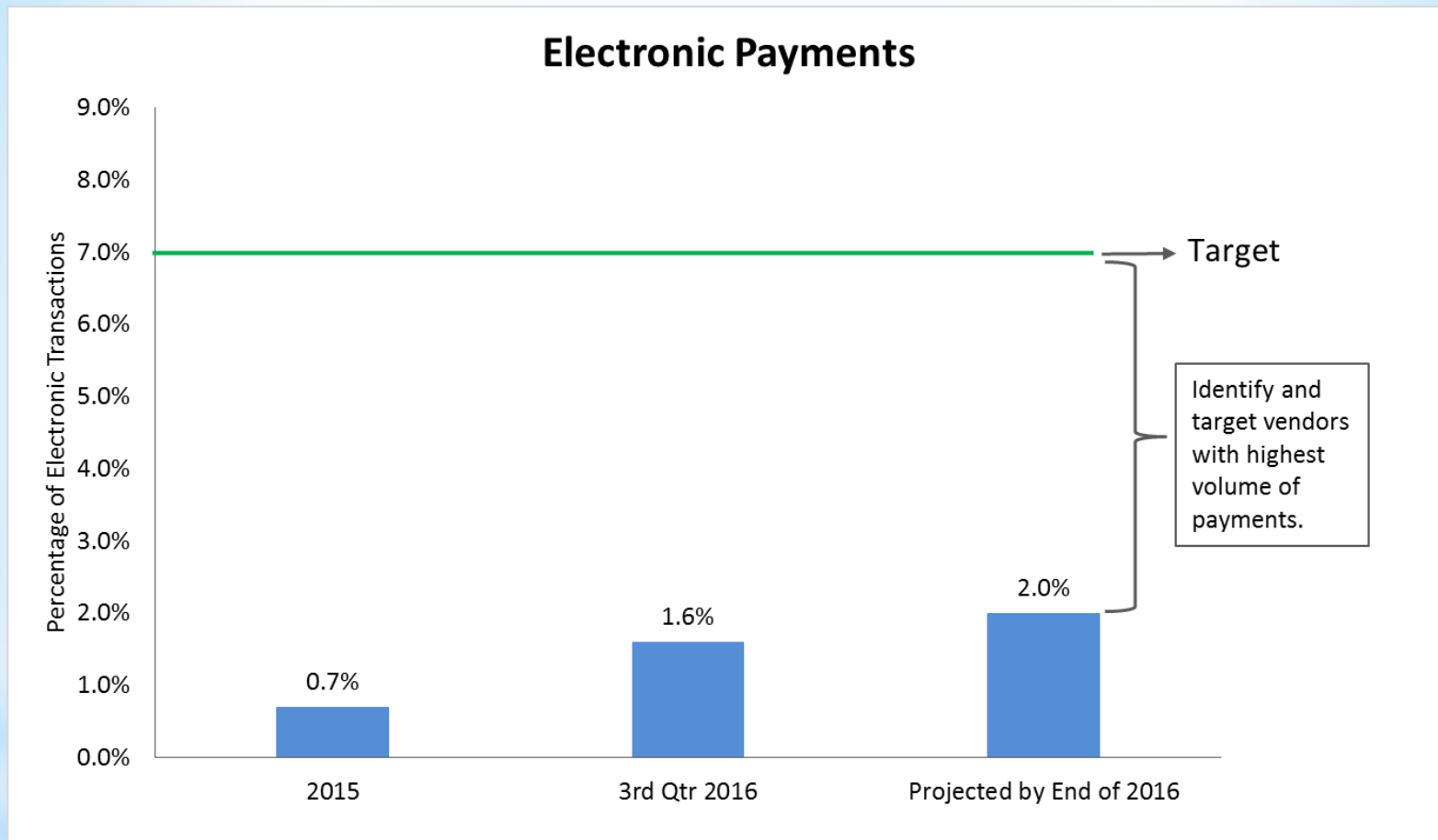
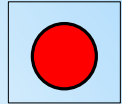
- Performance has steadily improved since Infor implementation
- Continued improvement requires coordination with vendors and departments
- Next steps: improve data collection & root cause analysis

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Electronic Payments

Goal: Pay 7% of invoices electronically by July, 2017

OVERALL STATUS:



- Paper checks are expensive to process - \$38K in 2015, including \$16K on postage alone.
- Could save \$20K by getting to 60% electronic payments.

KEY LEARNINGS / NEXT STEPS

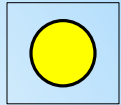
- Mapped out a plan to sign up all payroll vendors for ACH payments
- Started 2016 with 3 vendors, now have 53 signed up
- Next steps: phase 2 of vendor sign up – complete payroll vendors; target other high volume vendors

Strategic Objective	OFS Goal	OFS Sub-Goal
City budgets are well managed and forward-looking	Budgets exceed City fund balance policy to meet rating agency best practices	General Fund fund balance is at least 20% of the following year's adopted budget
	Adopt structurally balanced budgets every year	Ongoing revenues equal or exceed ongoing spending
	Successful current year budget performance	GF spending is 99% of budget or less
		GF revenues are 101% of budget or more

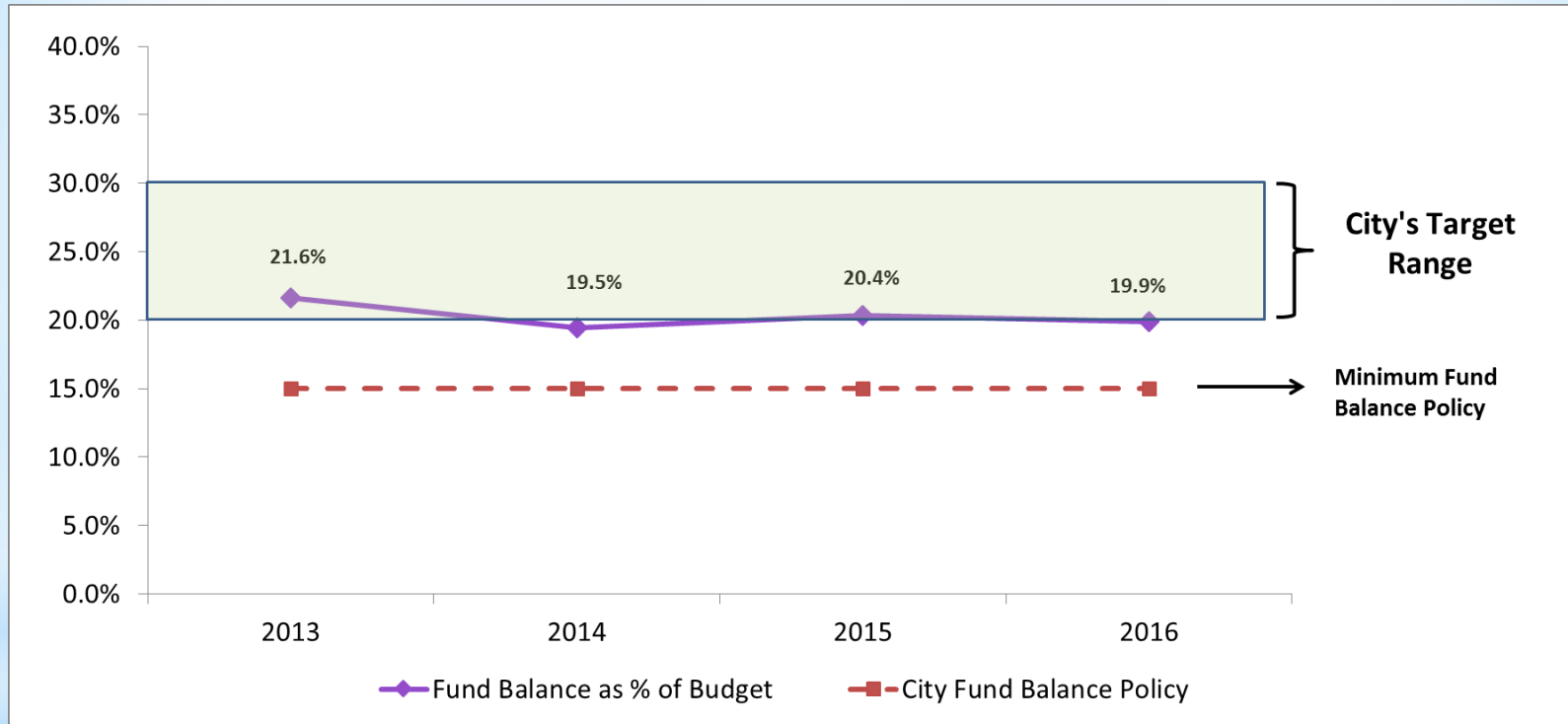
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Our “Rainy Day” Fund

OVERALL STATUS:



Goal: Unassigned fund balance in the City’s General Fund is between 20-30% of budgeted expenditures



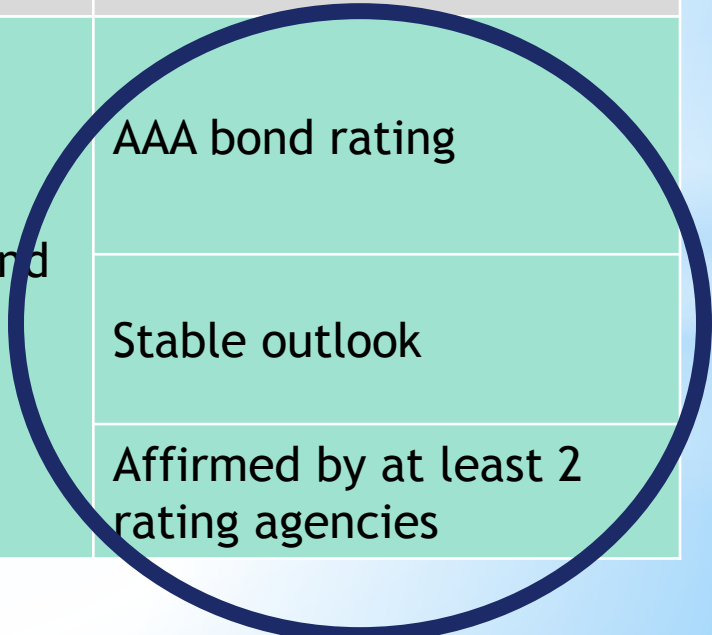
- St. Paul is exceeding the minimum fund balance policy of 15% but is on the lower end of our target range (20-30%)
- The median general fund balance for similar size AAA cities is 27%

KEY LEARNINGS / NEXT STEPS

- Adopted policy is 15%, but we manage to 20-30% range
- As the general fund budget grows, we need to contribute to fund balance every year
- Next steps: monitor year end performance to stay within our target range






Strategic Objective	OFS Goal	OFS Sub-Goal
City's debt is well managed	Direct debt burden meets rating agency benchmark	Ratio of outstanding debt to economic market value of real estate does not exceed 3%
	General Obligation bond rating maintained	AAA bond rating
		Stable outlook
		Affirmed by at least 2 rating agencies

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City Bond Ratings

Goal: Maintain “AAA” Ratings and Stable Outlook from 2 Major Rating Agencies

Rating Agency	2012	2013	2014	2015	2016
Moody's	Aa1	Aa1	-	-	-
S&P	AAA	AAA	AAA	AAA	AAA
Fitch	-	-	AAA	AAA	AAA
Outlook	Stable	Stable	Stable	Stable	Stable
Status					

- Saint Paul is one of only 215 “AAA” rated cities in the U.S.
- A “AAA” rating with stable outlook is the highest possible rating and translates to the lowest borrowing cost.
- Bond Ratings represent a comprehensive evaluation of the city’s overall financial and economic health encompassing other measures

KEY LEARNINGS / NEXT STEPS

- St. Paul just had AAA ratings affirmed by Fitch and S & P
- As rating criteria have gotten stricter, this goal has become more difficult to achieve
- Next steps: monitor rating agency methodology changes to understand potential impact to St. Paul

THANKS TO THE TEAM

- Accounting Measures:
 - Daley Lehmann
 - Lou Biagi
 - Dede Demko
- Budget Measures:
 - Marissa Peterson
- Debt Measures:
 - Mike Solomon