

**Department Mission Statement**

The Finance Department provides quality customer service through financial and fiduciary management.

**Division - Budget**

The Budget Division coordinates the preparation of the operating and capital budgets for the city. This division is responsible for publishing the final budget and its distribution to City departments and outside agencies. Budget staff also interface with department budget staff and department heads in budget sessions and in individual meetings as needed. The budget analyst is also responsible for writing all budget amendments, tax levy ordinances and tax abatement ordinances. Budget staff monitors all capital projects.

**Fiscal 2002 Accomplishments**

- Received the Outstanding Budget Presentation Award for the tenth consecutive year.
- Presented 18 budget amendments for Council consideration.

**Desired Program Outcomes for 2003**

- Convert from output to outcome performance measures.
- Qualify for the Outstanding Budget Presentation Award for the 11<sup>th</sup> consecutive year.
- Audit one large and two smaller department's performance measurement data annually.
- Compile the preliminary budget document in a timely manner for decision making.
- Prepare budget amendments in a timely manner to provide a customer friendly environment.
- Perform Marshal/Swift cost analysis for major construction projects.

**Outcome Trends Table**

	FY 2001	FY 2002	FY 2003
Budget Award	Yes	Yes	Yes
Performance measures audited	0	0	\$18.8 million
Projects under Marshall Swift cost projection			100%

**Activities Linked to Council Goals**

Operating Budget	Council Goal #1
Capital Budget	Council Goal #1

**Division Activities****1. Operating Budget – Activity cost \$185,342**

The operating budget is prepared timely and accurately for discussion purposes and the final document is in conformance with the GFOA award requirements.

- The City has received the GFOA Distinguished Budget Presentation Award for 10 consecutive years and expects the 2003 budget to be eligible for the award.
- All budget amendments are completed to ensure that 100% of the departments do not exceed annual budget and contractual commitments can be met.
- Tax levy ordinances are presented for adoption within the parameters of the Truth in Taxation Act and the Illinois Compiled Statutes.
- In the future, budget staff will audit trend information from other departments to assure comparability. Each year budgets equaling approximately \$18.8 million will be audited. This is the equivalent of one large or several small departments.

**2. Capital Budget – Activity Cost \$139,211**

The Capital Budget Administrative Policy compliance is monitored by the capital budget coordinator.

- Financial data is reviewed monthly to identify project overruns and project managers are notified of their occurrence.
- Project status reports are prepared every six months to inform Council of progress toward completion. With this report, capital projects inactive for two years are reviewed with project managers and recommended for reprogramming. This assures that funds are not obligated unnecessarily for projects that will not be completed. This will be done 100% of the time.
- In the future, Marshall-Swift analysis will be utilized to evaluate the accuracy of project costs. Three major projects will be completed each year.

**Service Level Trend Table**

	FY 2001		FY 2002		FY 2003
<b>1. Operating Budget</b>					
Original Operating Budget (in millions)	\$	88.87	\$	92.90	\$ 94.58
Operating Budget per capita per day	\$	2.04	\$	2.29	\$ 2.25
Percent of programs audited (in dollars)		0		0	20%
<b>2. Capital Budget</b>					
Capital Budget (in millions)	\$	21.97	\$	33.08	\$ 18.99
Number of new capital projects/programs		7		20	6
Number of continuing projects/programs		45		73	44
Marshal/Swift analysis of projects		0		0	3

**Financial Services Division**

This division is responsible for processing the City's accounting, accounts payable, accounts receivable and payroll functions. The Financial Services Division provides for the recording of transactions in a timely and accurate manner. This division provides reports of financial activity to City Council and assists other departments with grant reporting. The Financial Services staff also provides revenue estimates for budgeting and monitors all financial data for accuracy and budget analysis.

**Fiscal 2002 Objectives**

- The City received the Certificate of Achievement for Excellence in Financial Reporting for the second consecutive year.
- The City received no finding of material weakness by the independent auditors.
- The City began conversion to the GASB 34 reporting model.
- Staff increased the use of direct deposit through promotional fliers.
- Staff successfully disputed IRS penalty for 1099's saving \$2,700
- Staff recovered approximately \$68,000 in cable franchise fees due to a missed payment.
- All parking tickets were input within 24 hours of issue.
- Maintained the AA bond rating from Standard & Poor and Aa3 rating from Moody Rating Services.
- Refinance Series 1993 Mortgage Revenue bond savings \$121,000.
- Exceeded investment benchmark of Fed Funds rate or 6 month Treasury.
- Participated in health care plan oversight. Committee implemented considerable changes saving in excess of \$1 million

**Desired Program Outcomes for 2003**

- The City will maintain the AA bond rating.
- The City will refinance bonds when adequate savings are generated.
- The City will meet or exceed investment return benchmark.
- The Finance Director will continue participation in the Healthcare Committee.
- The City will receive the Certificate of Achievement for Excellence in Financial Reporting
- The City will have no finding of material weakness resulting from the independent external audit.
- The City will complete conversion to GASB 34 reporting model.
- The City will process all invoices in conformance with the Prompt Payment Act.
- The City will increase use of direct deposit of payroll checks from 67% to 70%.
- The City will establish a mechanism for submitting pension and deferred compensation contributions via electronic funds transfer.
- Accounts receivable program will assure timely billing of all payments due the City.
- All parking tickets will be input within 24 hours.

**Outcome Trends Table**

	FY 2001	FY 2002	FY 2003
Refinancing savings	\$ 317,000	\$ 121,000	TBA
Return on investments	4.08%	1.81%	TBA
Bond Rating	AA/Aa3	AA/Aa3	AA/Aa3
Receive the Certificate of Achievement	Yes	Yes	Yes
Finding of material weakness	No	No	No
Parking tickets input within 24 hours	100%	100%	100%
Parking ticket revenue	\$ 522,648	\$ 683,328	\$ 909,000
Use of direct deposit	60%	67%	70%
W-2's issued with errors	0	0	0

**Activities Linked to Council Goals**

Debt Management	Council Goal #1
Banking Services	Council Goal #1
Labor Management Healthcare Committee	Council Goal #1
Personnel Management	Council Goal #1
General Accounting	Council Goal #1
Accounts Receivable	Council Goal #1
Payroll	Council Goal #1

**Division Activities****1. Debt Management – Activity cost \$34,868**

Issue new debt in a timely manner and refinance existing debt when savings will be realized. Monitor timing so that money is available for projects without incurring arbitrage costs.

- The department has been successful in avoiding arbitrage costs 100% of the time.
- The City has maintained AA and Aa3 bond rating from Standard & Poor and Moody respectively, since 1997.
- All bond principal and interest payments are made in a timely manner 100% of the time.
- Continuing disclosure requirements are made in a timely manner 100% of the time.

**2. Banking Services – Activity cost \$33,415**

Meet quarterly with primary banks to review target balances, interest rates and services to assure they are providing necessary services and operating within the City's investment policy.

- All investments are insured or collateralized 100% of the time.
- The City has met or exceeded the investment return benchmark for 2001 and 2002.
- All weekly wires and bank transfers are done in a timely manner with no overdrafts 100% of the time.

- Instituted positive pay, a fraud detection system, for major bank accounts.

**3. Labor Management Healthcare Committee Participation– Activity cost \$28,629**

The Finance Director is a voting member of this committee and is a resource for managing the provision of health insurance benefits (\$11 million annual expenditure) to employees and retirees.

- The committee reviews statistical data to monitor performance of the benefit managers and ensure quality service is provided.
- The committee instituted over \$1 million of program changes to contain escalating benefit costs.
- The finance staff provides quarterly reports on time 100% of the time.

**4. Personnel Management– Activity cost \$13,237**

Prepare performance evaluations and pay changes, mediate grievances, provide leadership and resource for staff of 21.

- All documents are completed on time 100% of the time.

**5. General Accounting – Activity Cost \$558,574**

General accounting is responsible for all financial reporting and monitoring including the comprehensive annual financial report (CAFR), TIF reports, State Comptroller reports, and grant spending reports. All are issued in a timely and accurate manner.

- The City received the GFOA Certificate of Achievement for Excellence in Financial Reporting for 2000 and 2001. We believe the 2002 CAFR will also merit the Certificate.
- Development agreements are managed to assure incentives are paid when due, including sales tax rebates and property tax rebates, and revenues are allocated to debt as provided in the agreement. These are all processed in a timely manner 100% of the time.
- This program is also responsible for document retention, in particular, accounts payable records, that are copied to CD's for retention within one week of check issuance.

**6. Accounts Receivable – Activity Cost \$409,191**

Bills, tracks and reports various taxes, special assessment, licenses, parking ticket/court cases, permits, fines and fees in an accurate and timely manner. The miscellaneous receivables are billed monthly with past dues billed after 30 days. Non-collected amounts are sent to two collection agencies or the legal department.

- The department has a 96% collection rate on miscellaneous receivables within 90 days of billing. The legal department is taking a more pro-active approach on false alarms, restaurants/taverns, and legal payment plans while they have a summer intern.

- Accounts receivable is also responsible for document retention, in particular, accounts receivable records.
- All parking tickets (41,000 annually) are entered into the computer within 24 hours and past due notices are processed for parking tickets on the 8<sup>th</sup> and 31<sup>st</sup> day after issuance.

## 7. Payroll – Activity Cost \$145,554

All employees expect and receive timely and accurate paychecks. The payroll program is responsible for the processing, editing, recording and distributing of payroll and deductions, preparing and filing payroll reports and returns, and implementing changes in the tax law, personnel policies and labor contracts.

- Payroll distribution, whether by check or direct deposit, is done according to union contract 100% of the time.
- All quarterly tax returns are processed 30 days after the end of the quarter.
- There has been no material penalty in relation to payroll tax returns since 1992.

### Service Level Trend Table

	FY 2001	FY 2002	FY 2003
<b>1. Debt Management</b>			
New debt issues	3	2	2
Refinanced issues	3	1	3
<b>2. Banking Services</b>			
Accounts collateralized/insured	100%	100%	100%
Meet or exceed investment benchmark	Yes	Yes	Yes
<b>3. Healthcare meetings attended</b>	32	26	20
<b>4. Personnel management</b>			
Grievance resolved	0	12 of 13	0
<b>5. Financial Services</b>			
Bond project allocation reports	8	10	10
Budget reporting and monitoring	26	28	28
Grant reports & reconciliation's	63	65	67
Home rule sales tax rebates processed	111	100	95
Property tax annexations rebates processed	44	40	40
<b>6. Accounts Receivable</b>			
Parking tickets processed	41,055	41,400	41,400
Parking ticket court cases	582	550	1,200

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<b>7. Payroll</b>			
W-2's issued annually	1,270	1,396	1,300
Direct deposit confirmations issued annually	15,025	15,931	16,000

<b>Division – Purchasing</b>
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The Purchasing Division is responsible for administering the purchasing ordinance of the City of Peoria Municipal Code, Central Services, disposal of assets, and vehicle registration.

**Fiscal 2002 Accomplishments**

- Received the ECHO Award for Excellence for advancing the interests and development of minority businesses (with Equal Opportunity Office)
- Joined other governmental purchasing organizations providing efficiencies and cost savings.
- Sold excess toner from disposed Xerox machines for \$1,000.
- Eliminated need for postage machine at PAWS saving rental cost of \$1,500 and increasing usage of discount mail program.
- Purchased more efficient color copier saving approximately \$35,000 for work done in-house.
- Conducted two auctions generating \$64,911
- All capital budget expenditures were processed via purchase order rather than voucher.

**Desired Program Outcomes for 2003**

- Increase utilization of outside coop's providing pooled resources on bidding. These coops provide discounts and faster availability. (WSAC, US Commodities, state contracts)
- Track processing time on PO's and determine appropriate benchmark for effective performance measure.
- Continue to promote discount-mailing service through Quick Silver.
- Continue to promote automated transmittal from remote locations of documents for copying.
- Continue to develop minority vendor participation in City purchasing.

**Outcome Trends Table**

	FY 2001	FY 2002	FY 2003
Dollar value of buying consolidation	\$ 974,570	\$ 766,357	\$ 116,187
Discount mail savings	\$ 6,296	\$ 5,840	\$ 6,000
Auction proceeds	\$ 70,531	\$ 64,911	\$ 50,000
Vehicles registered on time	100%	100%	100%



**Activities Linked to Council Goals**

Purchasing Ordinance Administration	Council Goal #1
Central Services	Council Goal #1
Disposal of Surplus Equipment	Council Goal #1
Vehicle Registration	Council Goal #1

**Division Activities****1. Purchasing Ordinance Administration – Activity cost \$181,873**

This program provides centralized purchasing to all City departments.

- Continue to encourage minority vendor participation. In 2001 and 2002 respectively, four firms and six firms were added to the database through participation in ECHO and Central Illinois Trade Fair
- Certain items are jointly bid with the County to create economies of scale.
- Joined several government purchasing organizations to create economies of scale, better competition, and savings through larger volume. Time of bid preparation is saved as well. As an example, we saved 6.6% on annual computer purchase (WSCA price - \$770, low bid \$772).
- During 2002, we began processing all expenditures on purchase orders rather than vouchers. Purchase orders obligate the funds for the entire contractual commitment causing better accountability. Using purchase orders creates efficiency by eliminating dual preparation by the department and then entry to computer by Finance.

**2. Central Services – Activity cost \$82,187**

This program is responsible for completing large copying runs, maintenance of all City copiers, central mail and major supply inventory.

- This program oversees the discount mail service that processes approximately 151,000 pieces of discount mail saving nearly \$6,000 annually.
- The City processed nearly 67,000 color copies internally in 2002 rather than outsourcing, saving approximately \$50,000. Cost of color copying is charged to departments at the rate of \$0.25 per copy. Outside services would cost \$1 per copy.

**3. Disposal of Surplus Equipment – Activity cost \$17,773**

Oversees the auction of surplus equipment, vehicles and equipment confiscated by the Police Department.

- The auctions are coordinated with other local governmental entities to create economies of scale.
- Several auctions are held each year to keep storage space available and return asset value to fund balance (approximately \$75,000 annually).

#### 4. Vehicle Registration – Activity cost \$10,136

License renewal for all City vehicles including marked and unmarked police vehicles, Public Works vehicles, all new vehicles as well as the transfer of plates from old to new vehicles.

- The program maintains compliance with legal regulations regarding the licensing of vehicles 100% of the time.

#### Service Level Trend Table

	FY 2001	FY 2002	FY 2003
<b>1. Purchasing Administration</b>			
Bids processed	77	82	90
Purchase order processed	4,840	6,842	7,000
<b>2. Central Services</b>			
Discount mail processed	\$ 48,367	\$ 43,585	\$ 45,000
Discount mail savings	\$ 6,296	\$ 5,459	\$ 6,000
Color photocopies	33,435	67,000	60,000
Black & white photocopies	2,406,065	2,546,062	2,800,000
<b>3. Disposal of Surplus Property</b>			
Auctions held	3	2	3
<b>4. Vehicle Registration</b>			
License renewals	86	131	100

#### Department by Major Object

	Personnel Services	Employee Benefits	Supplies	Contractual	Total
<b>Budget</b>	212,289	104,661	3,604	4,000	324,554
<b>Financial Services</b>	700,563	345,236	166,618	11,050	1,223,467
<b>Purchasing</b>	\$182,399	89,924	15,646	4,000	291,969
<b>Total</b>	1,095,251	539,821	185,868	19,050	1,839,990