

Finance Department



Service Level Report FY10 with
historical data

Finance Dept. Mission



- To accurately process and pay city bills, bi-weekly payroll & monthly retiree benefits
- To provide for the investment of the City's financial assets
- To facilitate identification and protection of city assets
- To produce accurate information for internal reporting:
 - Budget
 - Budget to actual
 - Cash on hand and revenue flows
 - Service level reports and performance measurement
 - Monthly payroll and claims
- To produce accurate information for external reporting:
 - Comprehensive Annual Financial Report (bondholders)
 - Citizen's Financial Report
 - IRS reporting, PERSI, Worker's Comp, Census, etc.
 - Grant Management and Reporting
 - Service Level Reporting

Finance Dept. Mission

Other Implied Tasks & Responsibilities

- **Missions Internal to City Operations**
 - **Respond to ad hoc data inquiries as required**
 - **Staff coordination on personnel matters, bid operations, purchase duties – anything that requires money.**
 - **Provide staff training to dispersed A/P, A/R and Payroll clerks**
 - **Manage integrity of “the database” – everything in the general ledger and all subsidiary programs and processes. Avoid “GIGO”.**
 - **Manage non-departmental budget**
 - **Manage police retirement pension operations**



Finance Dept. Mission

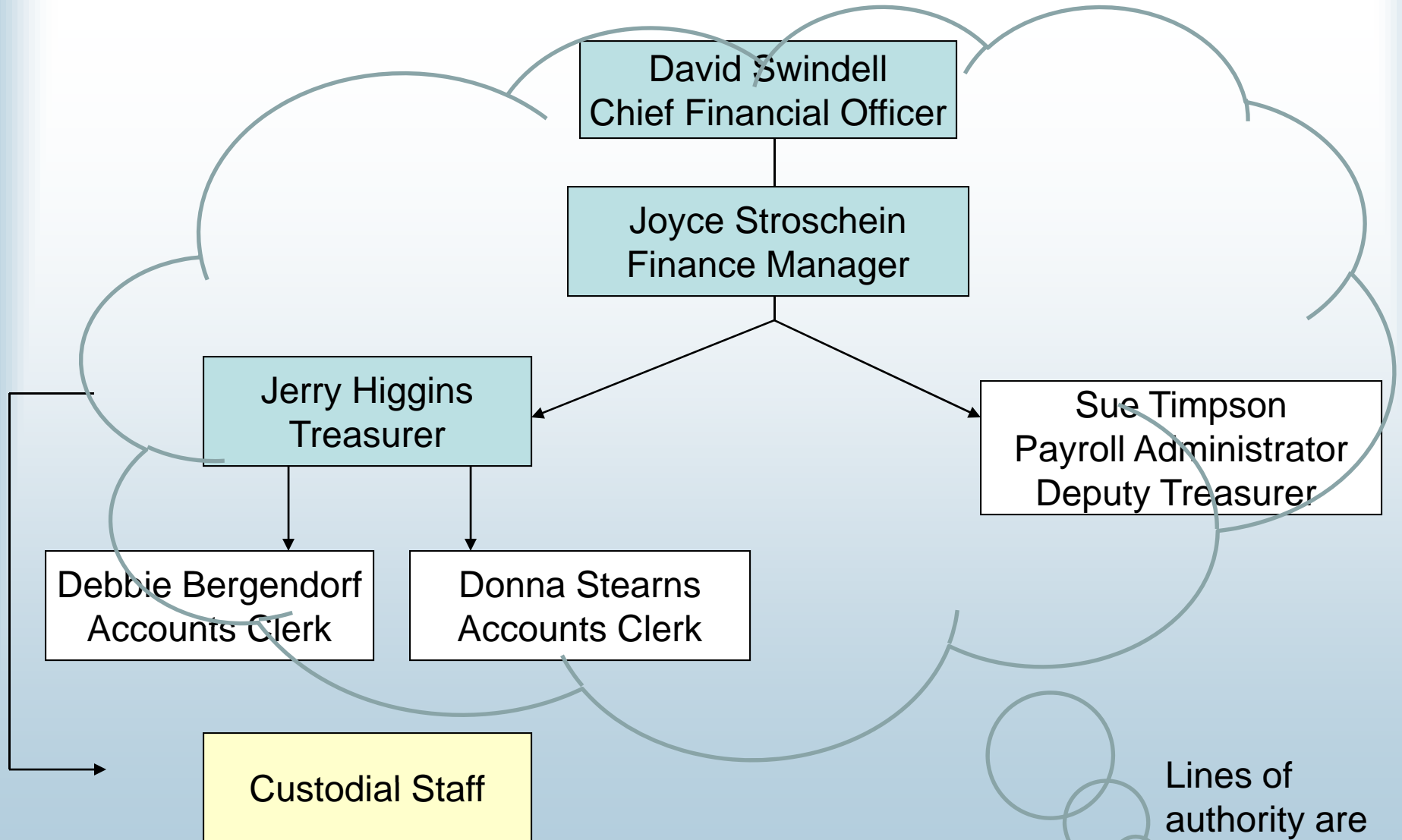
Other Implied Tasks & Responsibilities



- **Missions External to City Operations**
 - **Conduct legislative liaison and help advocate city interests to the Legislature and other state-wide stakeholders.**
 - **Custodian of Pocatello Development Authority funds**
 - **Investments**
 - **Debt issuance**
 - **CAFR reporting & monthly reporting**
 - **Project analysis**
 - **Accounts Payable and Accounts Receivable**

- **Non-Finance Related Missions**
 - **Manage City Hall Department & personnel**
 - **Oversee building maintenance and remodels**
 - **Operate the mailroom, central copier and central supply**

Organization Chart 2010



Lines of authority are diffused - it's the "team"

The Team?

“Better than sports analogies for work, are analogies in keeping with work as theater. In an orchestra or jazz group or with actors in a play, they work every bit as hard as any sports team to achieve excellence, but there is no competition, no winners and losers and no prize other than the praise of the audience.



*When the audience applauds, they have their reward. And likewise, when our ~~patients~~ **citizens** applaud, we have ours.”*

- Fred Lee “If Disney Ran Your Hospital”

Measures of Inputs

People

Finance	FY06	FY07	FY08	FY09	FY10	FY11	FY06-FY10
							Change
Full Time	5	5	6	6	6	6	1
Half Time	0	0	0	0	0	0	0

Money

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
FINANCE						
Labor	366,905	393,453	446,983	492,404	500,061	512,503
Operating	80,073	126,029	131,665	141,981	140,178	150,424
Capital						
Total	446,978	519,482	578,648	634,385	640,239	662,927
CPI	201.800	208.936	216.573	216.177	218.711	
Real FY06 \$	446,978	501,740	539,177	592,195	590,735	
% Change in Real FY06 \$, FY06-FY10					32.16%	

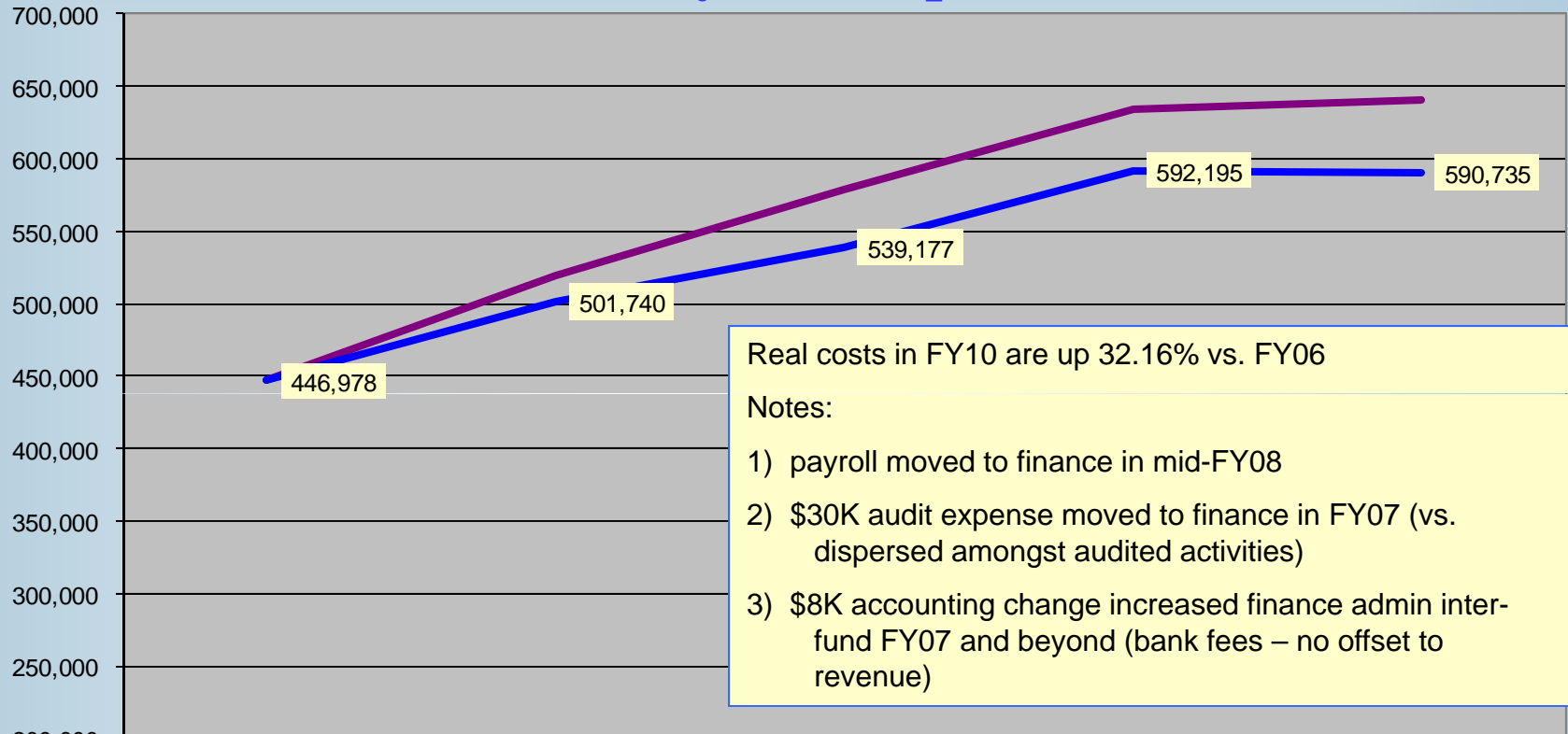
Inherited Capital

Office space (1,125 sq ft), computer software

FY10 Program Revenue: \$703

FY10 Net Cost: \$639,536 (\$11.61 per capita)

Finance Department Nominal & Real FY06-FY10 Analysis of Inputs



	ACTUAL FY 2006	ACTUAL FY 2007	ACTUAL FY 2008	ACTUAL FY 2009	ACTUAL FY 2010
— Total	446,978	519,482	578,648	634,385	640,239
— CPI	201.800	208.936	216.573	216.177	218.711
— Real FY06 \$	446,978	501,740	539,177	592,195	590,735

Measures of Outputs



Finance

- 1) 26 payrolls, 4,365 checks written, 13,498 electronic files sent.
- 2) 9,880 batches processed for receipts and journal entries,
- 3) 16,383 receipt transactions made, average value \$2,487.82 (increase of 1,550 (9.5%) from last year)
- 4) 12 vendor cycles, 6,516 checks written (down 430 from last year), 276 electronic payments made
- 5) 2,949 billings sent totaling \$6,445,762.46 (down 599 from last year)
- 6) Total entries – 196,684 composed of Cash receipts – 16,383, Accounts payable – 42,382, Budget amendment – 331, and Transfers – 3,721, and 133,867 Adjusting journal entries transaction posted to the general ledger
- 7) 24 Council reports, 4 published quarterly reports, 2 annual financial reports, 12 budget to actual reports, 4 US Census Bureau reports

CITY OF POCA TELLO

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For The Fiscal Year Ended September 30, 2010

CFDA No.	Grant No.	Amount Awarded	Expenditures This Period
DEPARTMENT OF TRANSPORTATION:			
<i>URBAN MASS TRANSIT ADMINISTRATION:</i>			
20.507	ID-90-X062	889,602	
20.507	ID-90-X079-01	756,770	24,119
20.507	ID-90-X088-00	821,995	3,734
20.507	ID-90-XO96	1,362,412	370,059
20.507	ID-90-X103	871,093	312,975
20.507	ID-90-XO-40003	2,219,915	824,000
20.507	ID-96-XO-0003	* 1,159,957	1,159,957
20.507	ID-03-0025-00	105,000	
20.509	ID-18-X025	576,000	2,289
20.509	ID-18-X027	688,594	0
20.509	ID-18-X030	553,982	341,215
20.509	ID-18-X032	547,126	294,528
20.509	ID-16-X035	57,000	56,836
	Subtotal	10,609,446	3,389,712
<i>STATE AND COMMUNITY HIGHWAY SAFETY - FLOW THROUGH:</i>			
20.205	KEY 09935	8,740	8,740
20.205	KEY 09767	1,295	1,295
20.600	PT-2010-01-00-00	3,223	3,223
20.600	OP-2010-01-00-00	480	480
20.600	AL-2010-01-00-00	310	310
20.601	K8-2010-01-00-00	7,194	7,194
	Subtotal	21,242	21,242
<i>PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMIN:</i>			
20.703	Interagency Hazardous Materials Training	8,280	8,280
<i>FEDERAL AVIATION ADMINISTRATION - DIRECT:</i>			
20.106	AIP-3-16-0028-31	804,576	488,421
20.106	AIP-3-16-0028-30	* 1,850,000	1,523,498
	AIP-3-16-0028-29	553,818	553,817
20.106	AIP-3-16-0028-28	946,647	483,071
20.106	AIP-3-16-0028-27	741,606	71,951
20.106	AIP-3-16-0028-26	1,500,000	104,572
	Subtotal	6,396,647	3,225,330
	Department of Transportation total	17,035,615	6,644,564

DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY:			
<i>DEPARTMENT OF ENVIRONMENTAL QUALITY</i>			
66.716	XP-96019201-0 modified	1,106,300	686,542
	Department of Environmental Quality total	1,106,300	686,542
DEPARTMENT OF ENERGY:			
<i>OFFICE OF ENERGY EFFICIENCY AND RENEWABLE RESOURCES:</i>			
81.128	DE-SC00026174	* 533,000	433,326
	Department of Energy	533,000	433,326
DEPARTMENT OF THE INTERIOR :			
<i>NATIONAL PARK SERVICE:</i>			
15.904	16-07-21616 Historical Society	6,412	6,412
	Department of the Interior total	\$ 6,412	\$ 6,412
DEPARTMENT OF COMMERCE :			
<i>HOUSING AND URBAN DEVELOPMENT ADMINISTRATION :</i>			
14.228	B-08-SP-ID-0552	137,200	35,252
14.228	B-08-DN-16-0001	* 1,059,153	706,760
14.228	B10MC-160003	543,159	69,724
14.228	B09MC-160003	502,404	299,083
14.228	B07MC-160003	514,384	63,906
14.228	B08MC-160003	496,109	159,010
	Department of Commerce total	3,252,409	1,333,735
DEPARTMENT OF HEALTH AND HUMAN SERVICES :			
<i>OFFICE OF THE SECRETARY</i>			
93.889	National Bioterrorism Hospital Preparedness	13,549	13,549
	Department of Homeland Security total	13,549	13,549
DEPARTMENT OF HOMELAND SECURITY :			
<i>FEDERAL EMERGENCY MANAGEMENT AGENCY:</i>			
97.056	HSTS0208HSLR234	175,432	175,419
97.067	Homeland Security Grant Program	13,180	13,180
	Department of Homeland Security total	188,612	188,599
Institute of Museum and Library Services			
<i>Commission for Libraries</i>			
45.310	State Library Program	1,000	1,000
	Institute of Museum and Library Services	1,000	1,000
DEPARTMENT OF JUSTICE - FLOW THROUGH:			
16.710	2005INWX008	1,900,610	25,207
16.588	09RSTPET	* 113,130	38,624
16.607	Bulletproof Vest Program 2009	3,573	1,770
	Department of Justice totals	2,017,313	65,601
	Totals	\$ 24,154,210	\$ 9,373,328

Total: 41 separate grants from 12 departments/agencies

Total: \$9,378,328

Purchase Card Program

FY10 Purchases: \$3,022,788.78 (9.3% of all vendor claims)

Transactions: 13,328

Cost to the city for administration & card issuance: \$0

	Survey*	Pocatello
Entity Statistics		
Number of Employees	476	700
Pcard Program Performance Measures		
Number of cards issued	149	206
Card to employee ratio	31.30%	29.40%
Average monthly pcard spending	\$151,383	\$251,899
Monthly pcard spending per employee	\$318	\$359
Cardholder Activity Measures		
Monthly transactions per card	4.21	5.39
Spending per transaction	\$242	\$227
Monthly spending per card	\$1,016	\$1,223
Active cards in a typical month	80%	69%
* Small city & county purchasing card survey 2010 exhibit 152		

Fairly typical; a little more spending, a few more inactive cards vs. survey

Survey asserts \$71 savings per transaction for pcard systems vs. traditional A/P:
 $13,228 \times \$71 = \$946,288$

Measures of Efficiency - Finance



1) **Cost per financial transaction: \$3.26**

2) **Corporation Employees per Finance Employee: 122.17**

3) **% of purchases on purchase card: 9.30%**

Benchmark: 6.44% average for peers (ICMA survey, cities 25,000 to 100,000)

Measures of Efficiency - Finance

Portland Metro Audit and Hackett Group Consulting

- Analyzed Metro finance & accounting; compared to average and first quartile results from consultant database of 1,300 organizations
- Split evenly between goods producers and service providers
- Revenues from \$21 Million to \$57 Billion (Pocatello = \$86 million)
- Finance staffs from 7 to 6,000 (Pocatello = 6)

Finance Cost as a % of Revenue:

Metro	Average	1 st Quartile	<u>Pocatello</u>
2.01%	2.36%	1.49%	0.74%

Finance FTEs per \$10 Million Revenue:

Metro	Average	1 st Quartile	<u>Pocatello</u>
2.42	2.14	1.38	0.69



Measures of Efficiency

Idaho Falls Finance, Accounting & Treasury

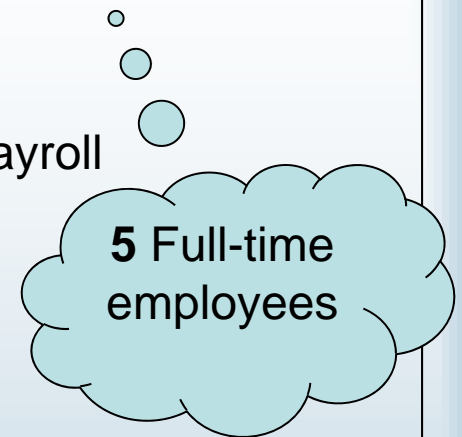
Controller
Secretary
Asst. Controller
Sr. Accountant
Accountant
Payroll
Accounts Payable
Accounts Payable
Treasurer
Deputy Treasurer



10 Full-time employees

Pocatello Finance, Accounting & Treasury

Finance Manager
Treasurer
Deputy Treasurer/payroll
Accounts Clerk
Accounts Clerk



5 Full-time employees

Measures of Efficiency - Finance

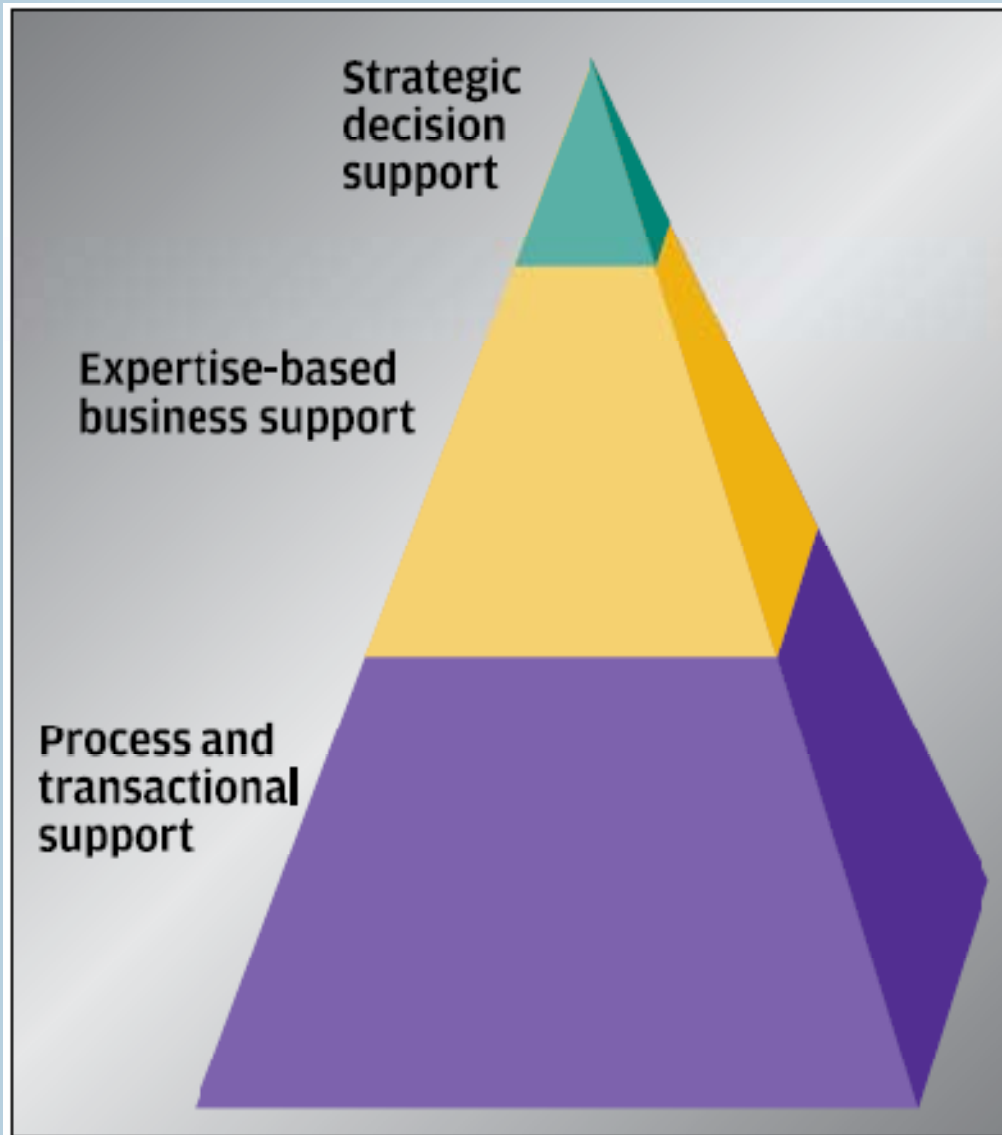
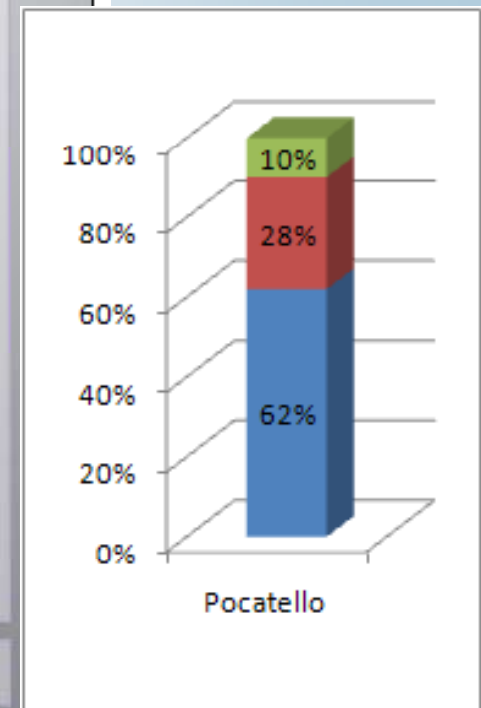
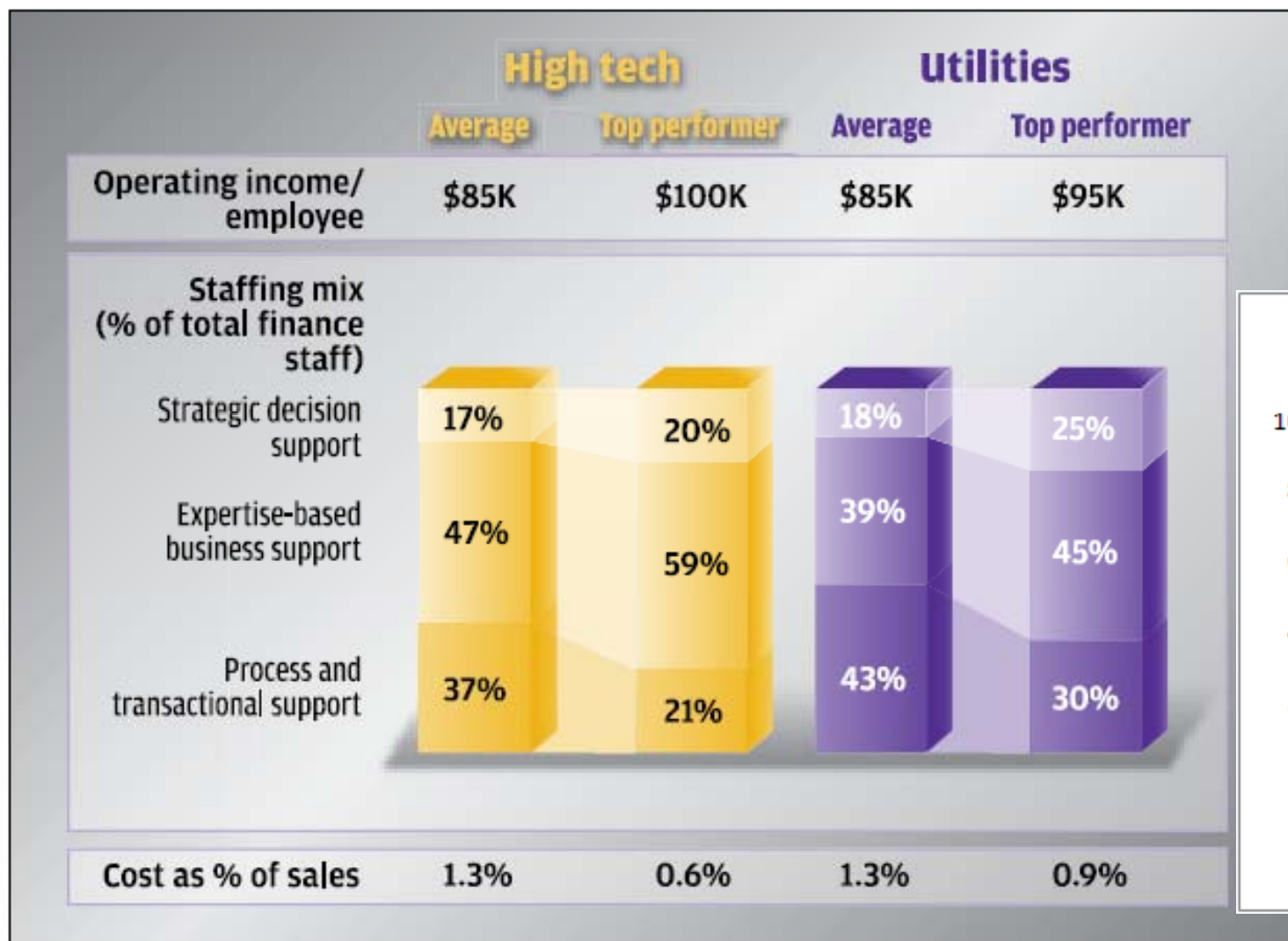


FIGURE 1 ◀ The three layers of financial activities; the challenge for finance lies in optimizing the bottom layer to enable increased focus on the top layers

Within any finance organization, there are three types of activities: process and transactional support, expertise-based business support, and strategic decision support (see Figure 1). Process and transactional support includes accounts payable, payroll, fixed assets, and the cash cycle; expertise-based business support would be budgeting, reporting and analysis, and the general ledger; and at the strategic level, you would find activities such as risk management, strategic planning support, and regulatory and compliance management.

Finance organizations tend to get bogged down in the lower layers of the pyramid, but want to devote more time and resources to the top – the part that drives finance effectiveness and business value.

Measures of Efficiency - Finance



Just estimates – but no matter how you cut it, we don't have the "high performer" %

Measures of Effectiveness & Results

Finance

- 1) Legal and Generally Accepted Accounting Procedures (GAAP) met
- 2) Current investment earnings exceeded benchmark, while long-term and police retirement portfolios lagged:

Portfolio	Earnings	Benchmark
City Current	0.696%	0.020%
City Long-term	5.658%	7.250%
Police Retirement	7.006%	10.830%

- 3) Our Comprehensive Annual Financial Report for FY 2009 received the **Certificate of Achievement for Excellence in Financial Reporting** from the Government Finance Officer Association.
- 4) Our Citizens Financial Report for FY 2009 received the **Award for Outstanding Achievement in Popular Annual Financial Reporting** from the Government Finance Officer Association.

Optional Comments

Current Projects:

- **Continue to expand the use of e-services to contain labor costs and create a paperless environment (pcard, employee self-serve, ACH, lockbox, etc.)**
- **Work to increase employees on direct deposit**
- **Continue to improve Grant Management and Reporting**
- **Review procedures and processes for appropriate internal controls**
- **Assume self-insurance for Worker Comp (ETA: April 9, 2011)**
- **Refine organizational financial policies and improve long-range planning**
- **Prepare for the implementation of GASB 54 “New Fund Balance Reporting”**

Explanatory Factors

Finance Department

- We perform building maintenance and administrative services (unusual).
- Substantial clerical entry into the accounting system is de-centralized, using administrative assistants in each department (vs. some other cities, with those clerks located in the finance department).
- Allows efficient dual-use of labor.
- Exposes city to various issues in internal control and data fidelity. Increases finance burden for training and oversight.

Issues & Concerns

Finance Department

- Increased governmental regulatory oversight of accounting principals and internal control regulation
- Results in higher audit costs and more work
- More grants, more regulations, more work
- Fiscal stress = more work
- More reorganizing = more work

Work load becoming unmanageable; not addressed in FY11 budget

Issues & Concerns

Internal:

- Accounting workload (esp. grants)
- Non-core missions (custodial, maintenance)
- Structural issues (PT vs FT, hours type codes, payroll polices that are administratively “clumsy”)

City-wide:

- Long-range financial planning (capital for tax funds)
- Cash balances (better, still too low)

External:

- Preserving city revenue sharing
- Preserving urban renewal tools