

Finance Department



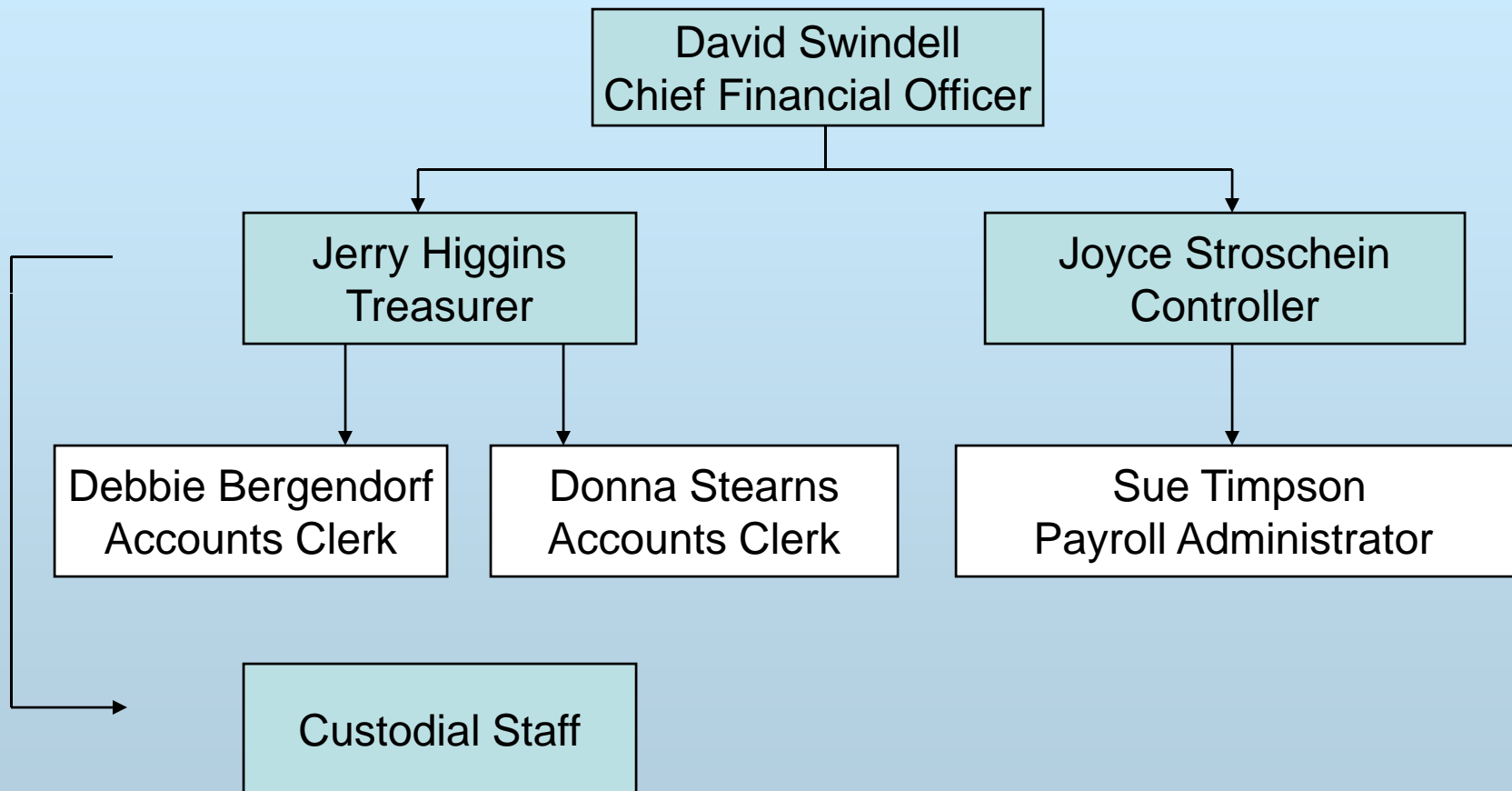
Service Level Report FY08 with
historical data

Finance Dept. Mission



- To accurately process and pay city bills and bi-weekly payroll
- 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.
 - Service Level Report Summary

Organization Chart 2008



Measures of Inputs

People

Finance	FY04	FY05	FY06	FY07	FY08	FY09
Full Time	5	5	5	5	6	6
Half Time						

Money

	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 ACTUAL	FY 2009 BUDGET
FINANCE						
Labor	334,521	349,254	366,905	393,453	446,983	488,906
Operating	53,845	48,220	80,073	126,029	131,665	148,655
Capital		10,731				
Total	388,366	408,205	446,978	519,482	578,648	637,561
CPI	190.9	199.2	201.8	208.9	216.6	
Real FY04 \$	388,366	391,196	422,835	474,639	510,054	
% Change in Real FY04 \$, FY04-FY08					31.33%	

Inherited Capital

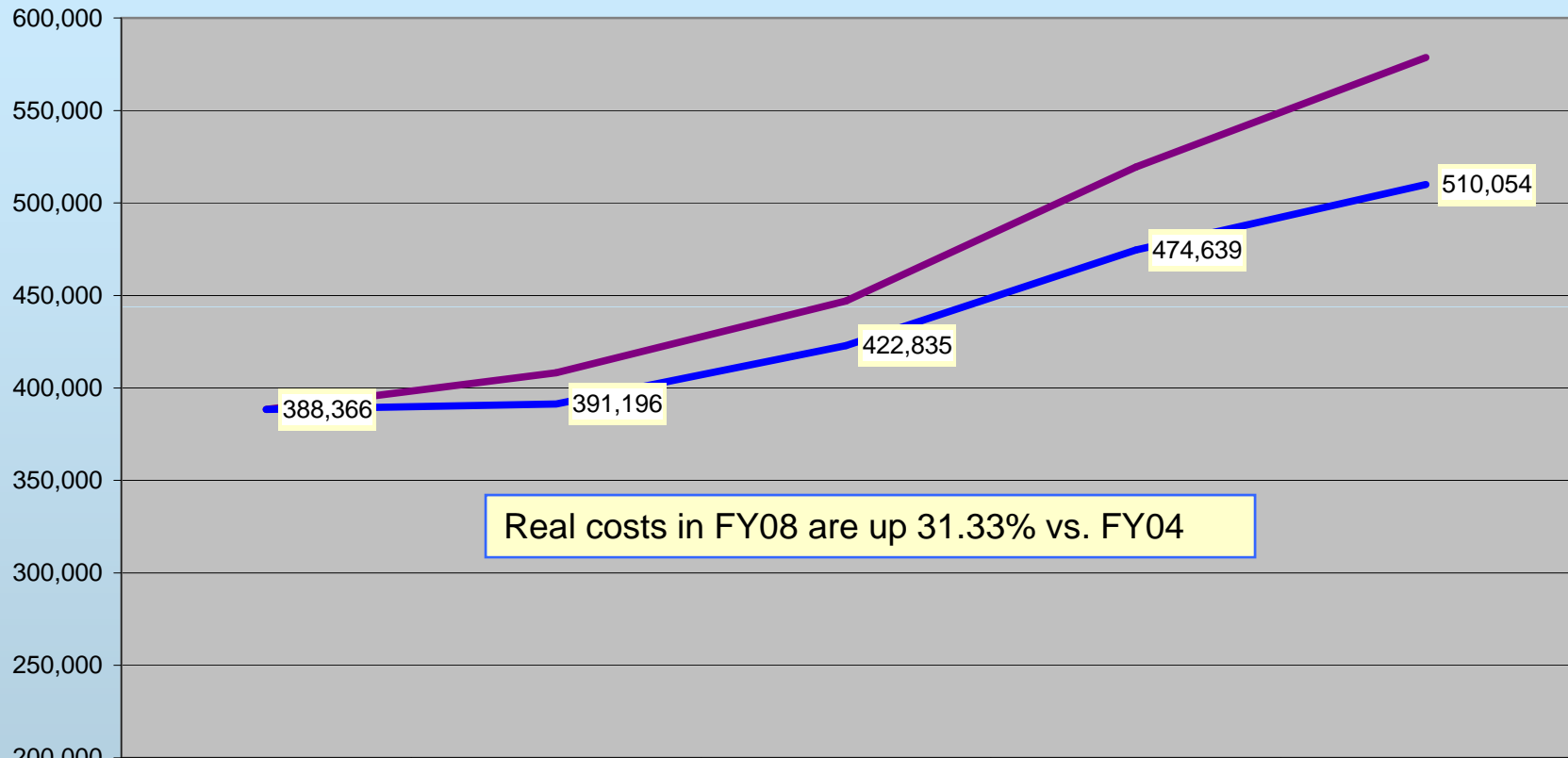
Office space (1,125 sq ft), computer software

FY08 Program Revenue: \$709

FY08 Net Cost: \$577,939 (\$10.59 per capita)

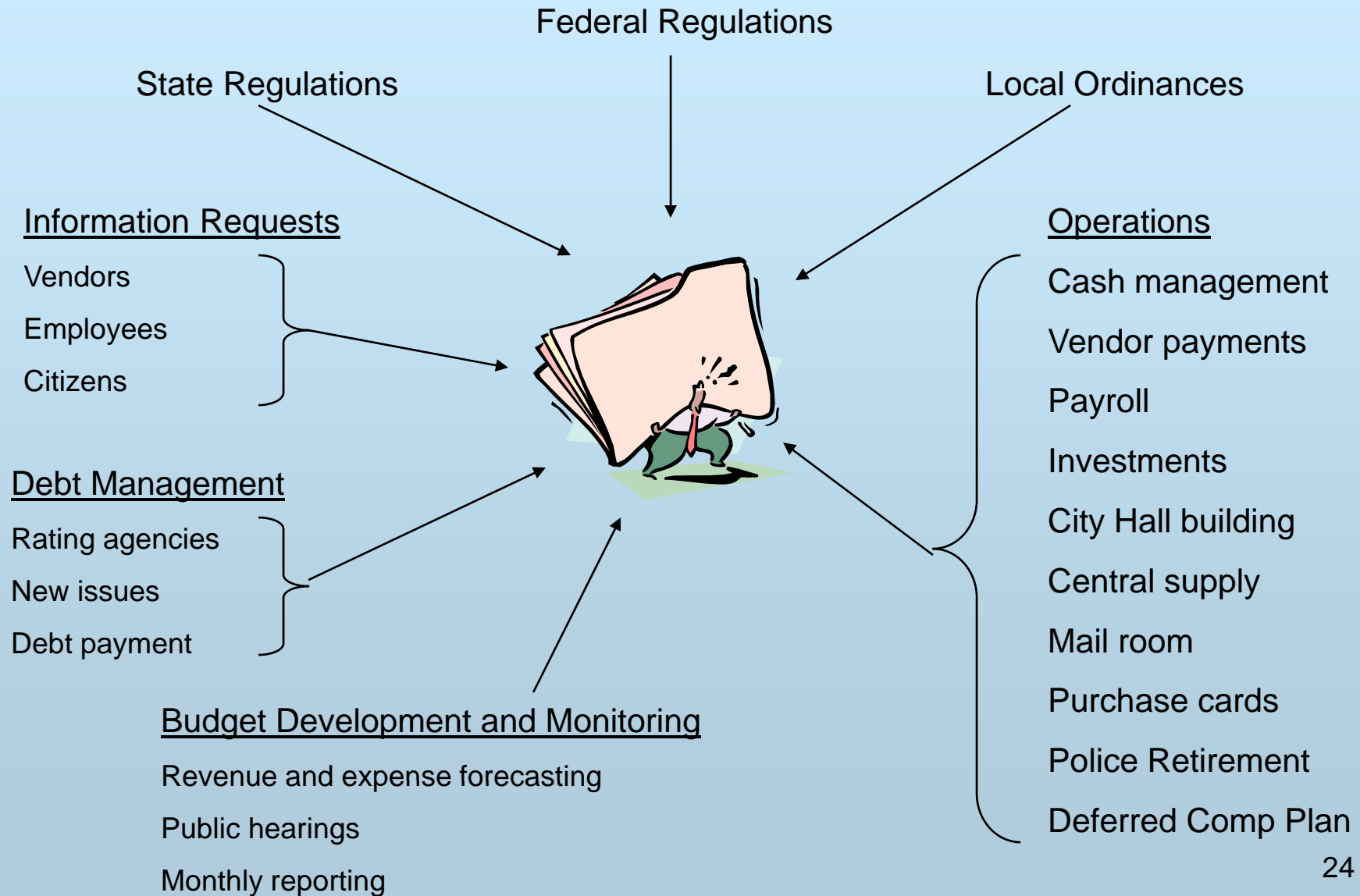
Analysis of Inputs

Finance Nominal & Real FY04-FY08



	ACTUAL FY 2004	ACTUAL FY 2005	ACTUAL FY 2006	ACTUAL FY 2007	ACTUAL FY 2008
Total	388,366	408,205	446,978	519,482	578,648
CPI	190.9	199.2	201.8	208.9	216.6
Real FY04 \$	388,366	391,196	422,835	474,639	510,054

OPERATING ENVIRONMENT



Measures of Outputs



Finance

- 1) 26 payrolls, 6,518 checks written, 11,597 electronic files sent for 929 employees.
- 2) 8,595 batches processed for receipts and journal entries,
- 3) 18,012 receipts made average value \$2,098.99 (up 3,015 from last year)
- 4) 12 vendor cycles, 4,952 checks written (down 1,448 from last year), 206 electronic payments made
- 5) 2,164 billings sent totaling \$4,785,570.76 (up 124 from last year)
- 6) 239,486 transactions 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

Measures of Efficiency - Finance



1) **Cost per financial transaction: \$1.98**

2) **Corporation Employees per Finance Employee: 154.83**

3) **% of purchases on purchase card: 11.28%** (vs 10.20% in FY2007)

Benchmark: 4.2% average for peers (ICMA survey, cities under 100,000)

Measures of Efficiency - Finance

Survey of Corporate America

- Including names like Boeing, Whirlpool, Monsanto, Johnson & Johnson
- Revenues from \$23 Million to \$25 Billion (Pocatello = \$65 million)
- Employee count from 229 to 126,000 (Pocatello = 929)

Finance Cost as a % of Revenue:

<u>High</u>	<u>Median</u>	<u>Low</u>
5.23%	2.04%	0.70%

Pocatello

0.89%

Finance headcount as a % of Total Headcount:

<u>High</u>	<u>Median</u>	<u>Low</u>
25.7%	4.8%	1.9%

Pocatello

.64%



Measures of Effectiveness & Results

Finance

- 1) **Legal and Generally Accepted Accounting Procedures (GAAP) met**
- 2) **Investment earnings exceeded all benchmarks:**

Portfolio	Earnings	Benchmark
City Current	2.789%	2.180%
City Long-term	7.181%	3.020%
Police Retirement	5.320%	4.460%

- 3) **Our Comprehensive Annual Financial Report for FY 2007 received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officer Association.**
- 4) **Our Citizens Financial Report for FY 2007 received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officer Association.**

Optional Comments

Finance

Future Direction:

- **Continue to expand the use of e-services, electronic banking and digitizing systems to contain labor costs and create a paperless environment.**
- **Work to increase employees on direct deposit.**

Optional Comments

Finance: Additional Services Rendered

Supervision of custodial staff

**Operation of mail room – 90,972
pieces mailed annually, 52,000 pieces
received and sorted annually**

Maintenance of central supply room

Debt issuance

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 and explains why Pocatello's finance department staff can be so small.
- Exposes city to various issues in internal control and data fidelity.

Issues & Concerns: Finance Dept.

- Increased regulatory oversight of accounting principals and internal control regulation - Results in higher audit costs and more work
- Will result in higher consulting costs (GASB 45)
- Payroll administration is a new function in FY08
 - define & control roles vs. HR
(payroll administration vs. compensation management)
- Increasing role in grant administration w/ no staff
- Inability to spot check; ineffective internal audit

CITY OF POCA TELLO

GENERAL APPLICABLE FINANCIAL RATIOS

ACID TEST RATIO

- The ratio of current assets less inventory to total current liabilities is a test of ability to pay short-term obligations. The higher the better.

As of Fiscal Year End September 30, 2008

	Governmental Activities	Business-Type Activities	Component Unit	Totals
Current Assets	9,498,225.00	9,050,276.00	6,139,447.00	24,687,948.00
Current Liabilities	4,357,356.00	2,681,929.00	863,700.00	7,902,985.00
Acid test ratio	218.00%	337.00%	711.00%	312.00%

Cash Ratio

- The ratio of cash to current liabilities discloses the City's ability to pay if immediate payment were demanded.

	As of Fiscal Year End September 30, 2008			
	Governmental Activities	Business-Type Activities	Component Unit	Totals
Cash	5,091,390.00	5,819,467.00	3,876,606.00	14,787,463.00
Current Liabilities	4,357,356.00	2,681,929.00	863,700.00	7,902,985.00
Cash Ratio	117.00%	217.00%	449.00%	187.00%

Receivable Turnover

- The City's receivable turnover ratio is an indication of how quickly it collects its accounts receivable

	Business-Type Activities
Annual Sales	25,544,904.00
Accounts Receivable	2,255,337.00
Receivable Turnover	1133.00%

	Business-Type Activities
Accounts Receivable	2,255,337.00
Annual Sales/365	69,986.04
Average collection period	32.23

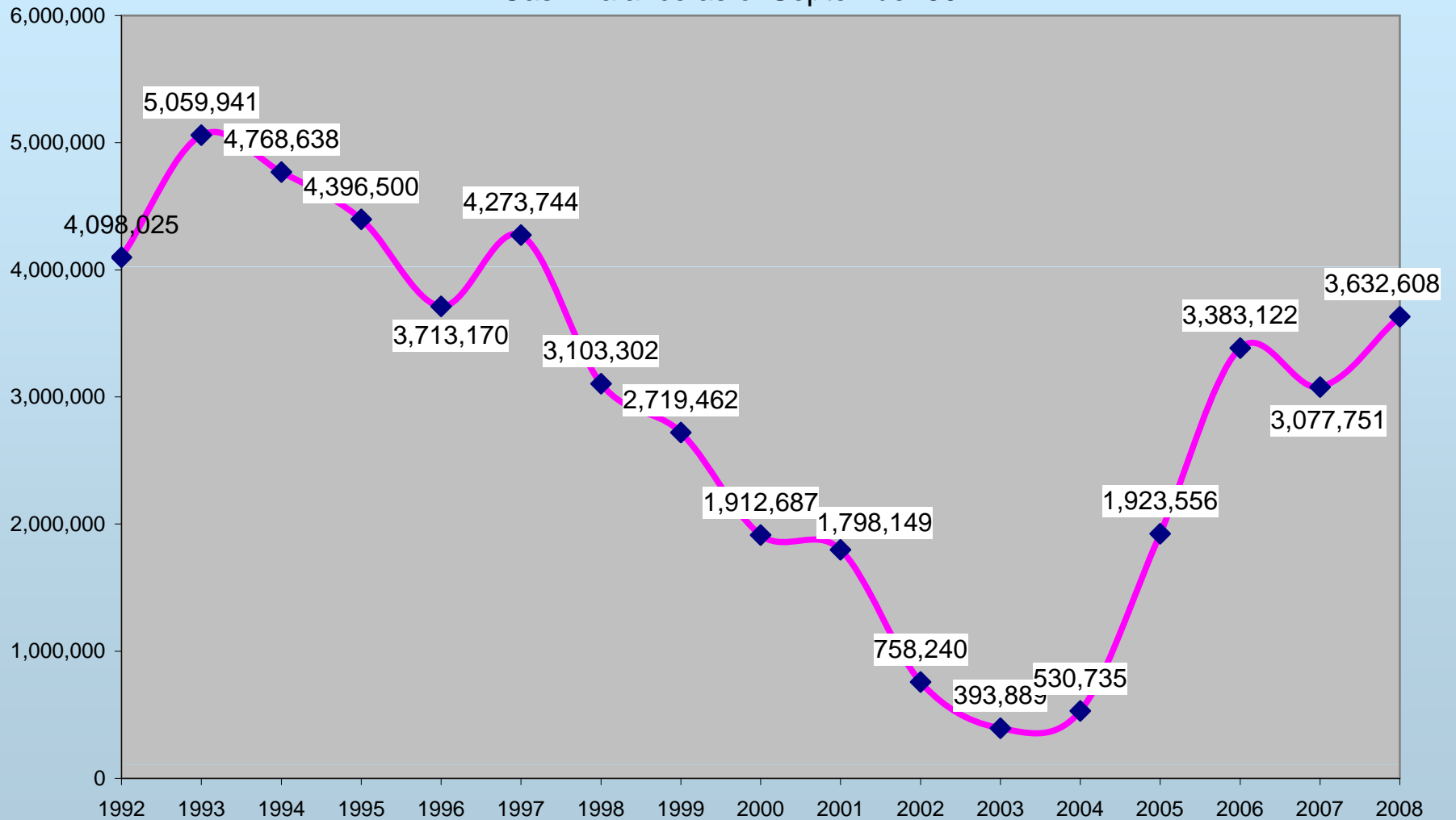
Debt Ratio

This is the ratio of long-term debt to total assets and is an indication how the City is using long-term debt.

	As of Fiscal Year End September 30, 2008			
	Governmental Activities	Business-Type Activities	Component Unit	Totals
Total Debt	4,061,268.00	21,860,551.00	11,125,000.00	37,046,819.00
Total Assets	95,174,774.00	77,682,479.00	6,139,447.00	178,996,700.00
Debt Ratio	4.00%	28.00%	181.00%	21.00%

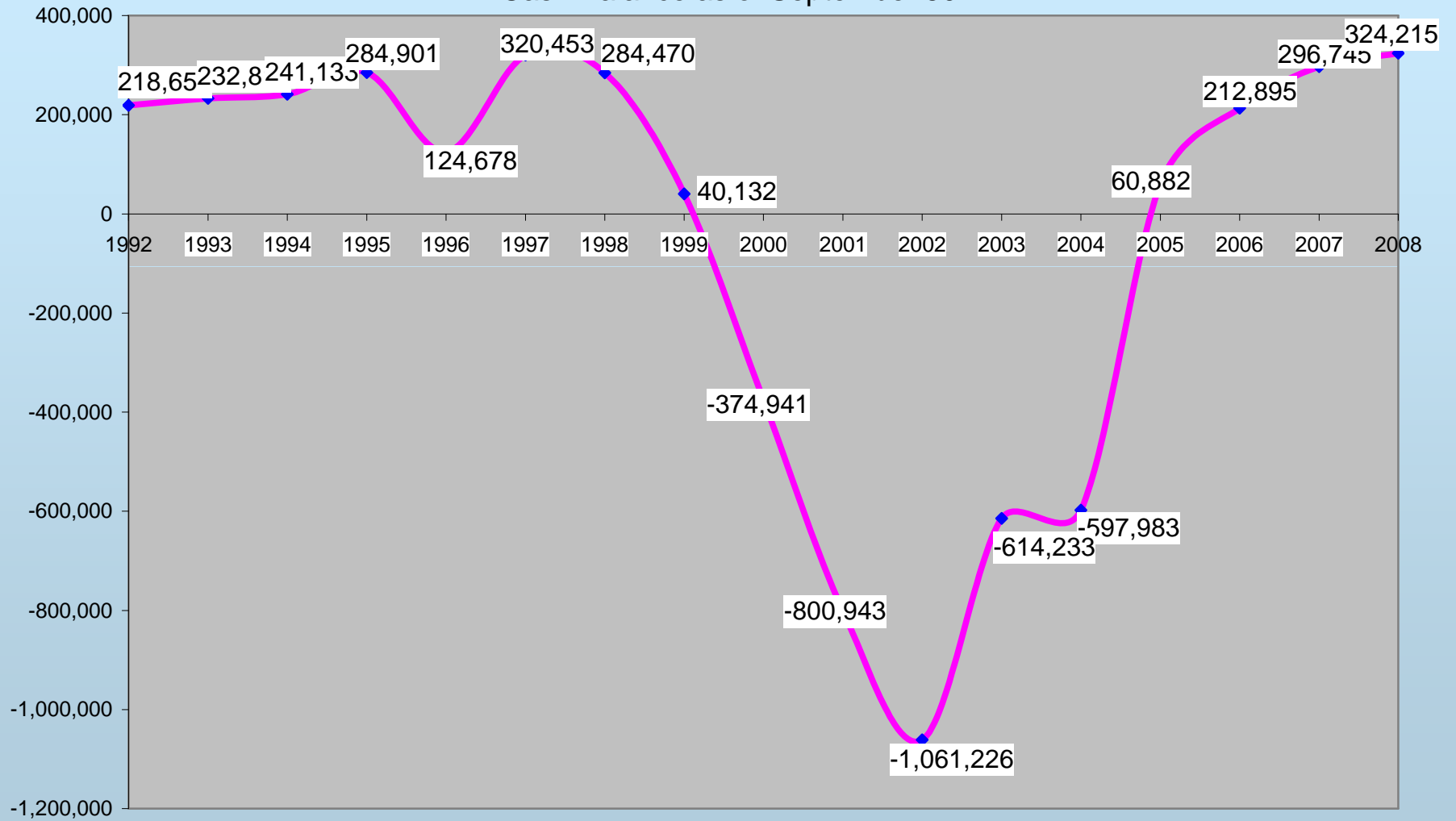
General + Special Revenue Funds

Cash Balance as of September 30



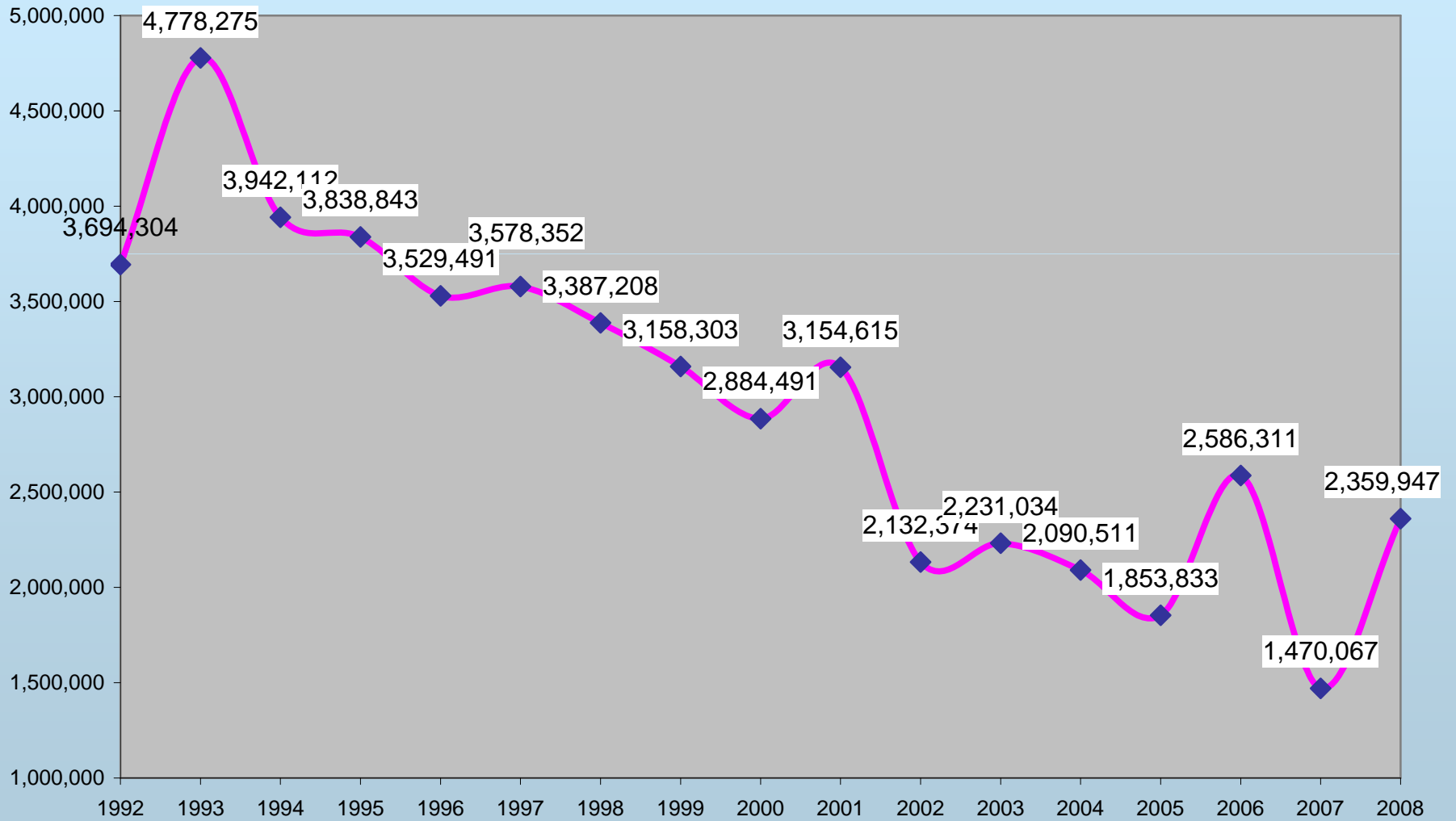
Recreation Fund

Cash Balance as of September 30



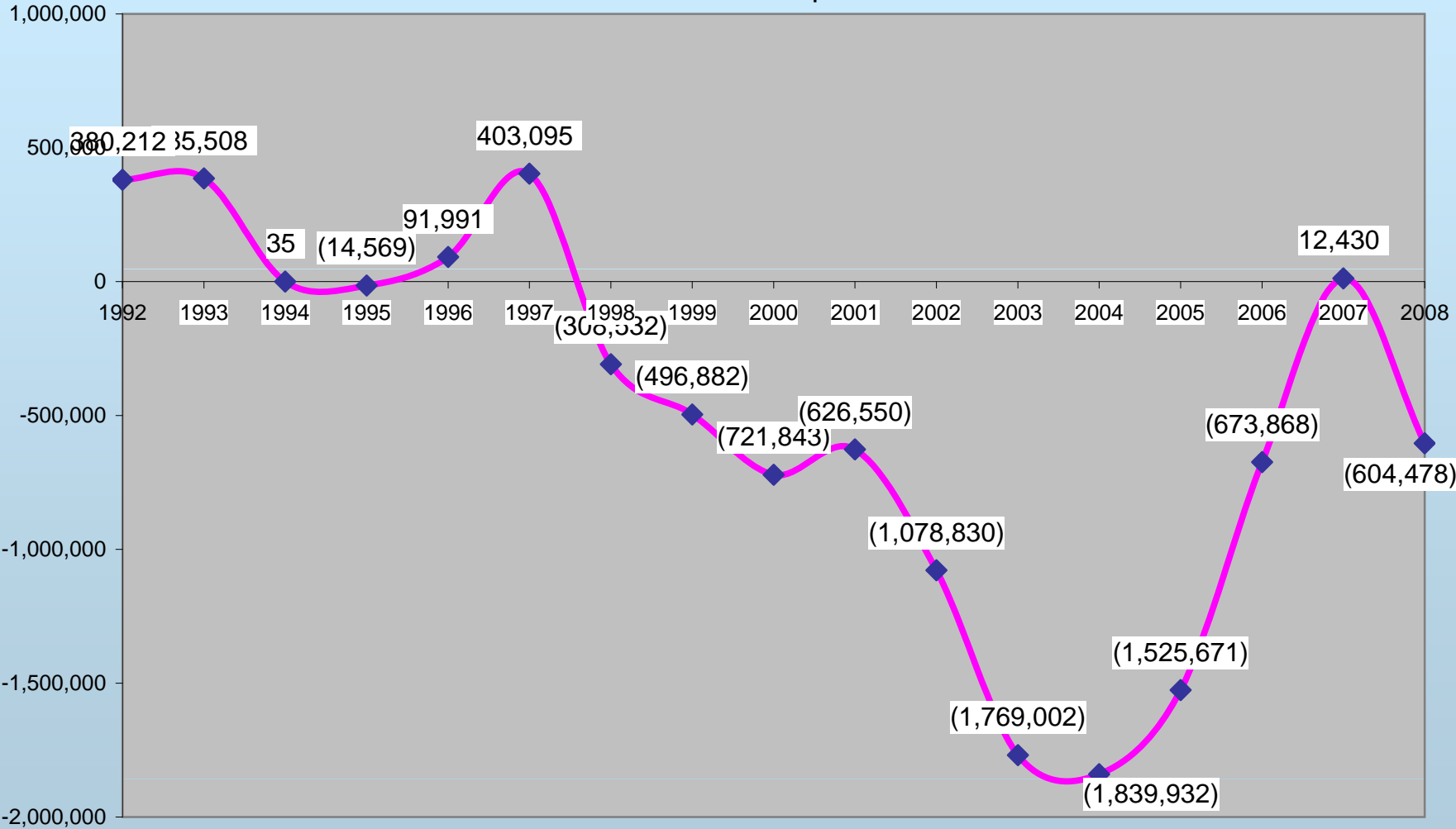
General Fund

Cash Balance as of September 30



Street Fund

Cash Balance as of September 30



Internal Borrowing: Our local ad hoc metric

Combined City and Trust Internal Borrowing Analysis: Dec 31, 2008

All the money we have:	\$ 33,121,505.10
Less the stuff we really shouldn't touch:	
Sanitation Enterprise	3,222,568.29
Water Enterprise	13,822,411.01
WPC Enterprise	3,824,824.91
Medical Reserve	1,074,407.78
Trust Funds	9,219,751.74
Result:	\$ 1,957,541.37

Internal Borrowing

	2002	2003	2004	2005	2006	2007	2008
As of Sept 30	-689,605	-307,117	4,855,182	4,090,178	4,450,206	5,367,646	5,437,147
As of Dec 31	-3,427,699	1,392,488	1,665,297	651,822	3,047,391	895,352	1,957,541

- Better collections (LID, Ambulance, Airport Construction)
- Better budgeting (focus on revenue, not just expenses)
- Better reporting (figures from Sept & Dec 2001 not available – reporting didn't exist)



Moody's Investors Service

Bond Rating A1/A2

Global Credit Research

New Issue

23 JAN 2008

New Issue: **Pocatello (City of) ID Water Enterprise**

The City of Pocatello (GO rated A1)

MOODY'S ASSIGNS A2 RATING TO CITY OF POCATELLO WATER ENTERPRISE, ID, WATER REVENUE BONDS, SERIES 2008

Municipal Long-Term Rating Definitions

- Aaa** Issuers or issues rated Aaa demonstrate the strongest creditworthiness relative to other US municipal or tax-exempt issuers or issues.
- Aa** Issuers or issues rated Aa demonstrate very strong creditworthiness relative to other US municipal or tax-exempt issuers or issues.
- A** Issuers or issues rated A present above-average creditworthiness relative to other US municipal or tax-exempt issuers or issues.
- Baa** Issuers or issues rated Baa represent average creditworthiness relative to other US municipal or tax-exempt issuers or issues.
- Ba** Issuers or issues rated Ba demonstrate below-average creditworthiness relative to other US municipal or tax-exempt issuers or issues.
- B** Issuers or issues rated B demonstrate weak creditworthiness relative to other US municipal or tax-exempt issuers or issues.
- Caa** Issuers or issues rated Caa demonstrate very weak creditworthiness relative to other US municipal or tax-exempt issuers or issues.
- Ca** Issuers or issues rated Ca demonstrate extremely weak creditworthiness relative to other US municipal or tax-exempt issuers or issues.
- C** Issuers or issues rated C demonstrate the weakest creditworthiness relative to other US municipal or tax-exempt issuers or issues.

Modifiers for Municipal Ratings

Moody's applies numerical modifiers 1, 2, and 3 in each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.