

Function: General Government	Department: Finance
Activity: Finance and Records	

GENERAL INFORMATION

The Finance department is responsible for managing all financial operations of the City of Muscatine. The primary function of the department is to maintain the City's financial records in accordance with generally accepted governmental accounting principles and to prepare the necessary financial data for the City Council, boards and commissions, City Administrator and department heads. The Finance Director oversees all Finance activities as well as the Information Technology and Parking divisions. Separate budgets are prepared for Information Technology and Parking.

CURRENT TRENDS AND ISSUES

The revised estimate for 2012/2013 is \$39,200 less than the original budget primarily due to leaving one of the Senior Account Clerk positions vacant from July 1, 2012 through March 31, 2013. The budget includes replacing the vacant Senior Account Clerk position with an Accountant with this position authorized to be filled as of April 1, 2013. The higher level Accountant position will be assigned some of the responsibilities of the former Senior Account Clerk and will also assume some of the responsibilities of the Accounting Supervisor. This position will also be involved in the transition to the new software system.

The 2013/2014 budget is 7.6% (\$39,200) higher than the original 2012/2013 budget. This is primarily due to an increase of \$32,500 in personal services costs and \$5,800 for the estimated cost of the bi-annual City election. The budget also allows \$4,900 for potential overlap in software maintenance costs during the transition to the new software system. These increases were partially offset by a reduction of \$4,000 in professional services since the bi-annual GASB 45 actuarial update is not needed in 2013/2014. The increase in personal services costs reflects (1) the previously authorized upgrade of the former Accountant position to Accounting Supervisor in May of 2012; (2) the change in the vacant Senior Account Clerk position to an Accountant position; and (3) decreasing the allocation of the Finance Director to the Parking budget from 10% to 5% which better reflects the actual time spent by the Director on Parking. The 2013/2014 budget increase allows funding for the new Accountant position to have family health insurance.

In calendar year 2013 the City will be transitioning to a new financial software system. In December 2012, City Council approved the agreement with Springbrook Software which will replace the current ACS Software the City has used since the early 1990's. The Business Process Study portion of the software change is scheduled to begin in May 2013 and the core systems should be in place by the end of calendar year 2013. The remaining portions of the software will be implemented in the spring of 2014. The cost of this software is included in the City's Capital Projects fund budget in the total amount of \$160,000 which includes software costs, related hardware costs, and travel expenses for Springbrook's on-site training and software implementation.

GOAL STATEMENT

Finance - To provide a financial information system which provides City Council, commissions, boards, and staff with pertinent and necessary information in order to make informed decisions.

Records - To provide the City with an accurate and complete set of records which includes all proceedings and actions of the City Council, and to provide an orderly retrieval process for requested information.

Purchasing - To provide a purchasing program for all departments in the City in order to effectively search the marketplace for quality purchases at the lowest possible costs; and to assure that such materials and equipment will assist in performing the activities of the City in an efficient manner.

PERFORMANCE MEASURES

	Actual 2009/2010	Actual 2010/2011	Actual 2011/2012	Estimated 2012/2013	Estimated 2013/2014
Finance:					
GFOA Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes	Submit Application	Submit Application
GFOA Budget Award	Yes	Yes	Yes	Yes	Submit Application
City Vendors Checks Issued	5,478	5,305	5,161	5,300	5,300
Housing Programs Checks Issued	2,423	2,581	2,552	2,550	2,550
Payroll Checks Issued	3,515	3,801	3,729	3,730	3,730
Payroll Direct Deposit Transactions	5,307	5,444	5,512	5,600	5,600
Accounts Payable Transactions	23,481	24,652	24,479	24,500	24,500
City Receipt Transactions	7,779	8,137	8,032	8,100	8,100
Housing Receipt Transactions	1,892	2,039	2,124	2,125	2,125
Interest Earned	\$197,976	\$78,516	\$78,767	\$40,000	\$40,000
Records:					
Public Documents Recorded	370	379	389	380	380
Council Minutes Prepared	46	47	45	46	46
Notices Published	39	35	50	40	40
Purchasing:					
Purchase Orders Processed	2,164	2,245	2,289	2,300	2,300

RECENT ACCOMPLISHMENTS

The City received GFOA's Distinguished Budget Presentation Award for the 2012/2013 Budget. This was the 28th consecutive year the City received this award. The City was awarded its 21st consecutive Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011.

The Finance Director participated in and prepared financial information for the Chamber Committee appointed to study and evaluate the landfill deficit of over \$2.5 million as of the end of the 2009/2010 fiscal year. Recommendations of the Committee were implemented in October of 2010 which are projected to assist in substantially decreasing this deficit over the upcoming years. In September of 2011, Finance staff prepared and presented reports to the Committee and Council of actual progress in reducing this deficit as of the end of 2010/2011 (\$412,000 deficit reduction). On January 3, 2013, the Finance Director presented another update to the Chamber Committee showing a further reduction in the deficit to \$1,518,292 at the end of 2011/2012 (a \$582,000 deficit reduction). This plan will continue to be monitored as part of both the current and upcoming budgets.

The staff committee consisting of the Finance Director, Accounting Supervisor, IT Manager, and HR Manager completed their evaluation of new financial software in December of 2012. The committee's recommendation was to enter into a contract with Springbrook Software. This was reviewed with City Council at the December In Depth meeting and the contract with Springbrook was approved by City Council at the December 20th meeting. The first step of the software implementation is a Business Process Study which is scheduled to begin in June, 2013 with actual software implementation to begin in September, 2013 and be completed by the end of the 2013/2014 fiscal year.

The Finance Director continued as the City's Point of Contact for the FEMA projects from the 2008 flood and windstorm events and all of the projects have now been closed out. The last project was the riverfront slope and concrete work. The funding approved by FEMA for this project was \$66,706 less than the actual cost of the project and the amount requested by the City. The City submitted an appeal in September, 2012 to this reduced funding level; this appeal, however, was not approved. A total of \$1,969,540 in FEMA and State matching funding was received for numerous flood and windstorm repairs and cleanup from the 2008 disaster.

OBJECTIVES TO BE ACCOMPLISHED IN 2013/2014

- * To continue to submit the City's budget for consideration for the Distinguished Budget Presentation Award from the Governmental Finance Officers Association (GFOA).
- * To continue to submit the City's comprehensive annual financial report for consideration for the Certificate of Achievement for Excellence in Financial Reporting from GFOA.
- * To continue to implement Governmental Accounting Standards Board (GASB) Statements as they become effective. Statements 60-64 will be effective for the year ending June 30, 2013 and GASB Statements 65 and 66 will be effective for fiscal year 2013/2014. Impacts from these Statements have not yet been determined.
- * To continue to monitor the long-term plan to eliminate the accumulated deficit in the landfill fund. **(City Council Top Priority)**

- * To review and propose updates to the various City financial policies. This update will specifically include setting a new targeted General Fund balance in excess of the 10% of General Fund expenditures threshold in the City's current policy. This policy update will also address conditions for use of reserves, authority over reserves, and replenishment of reserves. **(City Council Top Priority)**
- * To assist in prioritizing and determine funding sources for capital projects identified in the Five Year Capital Improvement Plan. Major projects in the Plan include Cedar Street, Colorado Street, and the upcoming phases of the West Hill Sewer Separate project. **(City Council High Priority and Management Agenda High Priority)**
- * To implement the new financial software system. Implementation will begin in May, 2013 with a business process study for all of the current finance department processes including general ledger, accounts payable, accounts receivable, payroll, purchase orders, budgeting, and human resources functions. Actual software implementation will follow starting in September, 2013 and finishing in the spring of 2014. **(Management Agenda High Priority)**
- * As part of the business process study for the financial software conversion, look for “Lean” initiatives in all Finance processes while maintaining necessary accounting internal controls. **(Management Agenda High Priority)**

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	Actual 2010/2011	Actual 2011/2012	Budget 2012/2013	Revised Estimate 2012/2013	Budget 2013/2014	Percent Change
Expenditure Summary						
Personal Services	\$ 372,954	\$ 386,654	\$ 414,200	\$ 369,900	\$ 446,700	7.85%
Commodities	10,799	11,679	12,300	14,000	14,000	13.82%
Contractual Services	80,511	93,329	88,200	91,600	93,200	5.67%
Capital Outlay	-	3,024	-	-	-	-
Debt Service	-	-	-	-	-	-
Total Expenditures	<u>\$ 464,264</u>	<u>\$ 494,686</u>	<u>\$ 514,700</u>	<u>\$ 475,500</u>	<u>\$ 553,900</u>	7.62%
Funding Sources						
Licenses and Permits	\$ 43,535	\$ 40,648	\$ 43,600	\$ 40,600	\$ 40,600	-6.88%
Housing Accounting Fees	49,600	51,100	52,600	52,600	54,200	3.04%
General Revenues	<u>371,129</u>	<u>402,938</u>	<u>418,500</u>	<u>382,300</u>	<u>459,100</u>	9.70%
Total Funding Sources	<u>\$ 464,264</u>	<u>\$ 494,686</u>	<u>\$ 514,700</u>	<u>\$ 475,500</u>	<u>\$ 553,900</u>	7.62%

	Personnel Schedule					
	Actual 2010/2011	Actual 2011/2012	Budget 2012/2013	Revised Estimate 2012/2013	Budget 2013/2014	Budget Amount 2013/2014
Full Time Positions/Position Allocations:						
Finance Director	0.90	0.90	0.90	0.90	0.95	
Accounting Supervisor	-	-	-	1.00	1.00	
Accountant	1.00	1.00	1.00	0.25	1.00	
Senior Account Clerk	2.00	2.00	2.00	1.75	1.00	
Account Clerk	1.00	1.00	1.00	1.00	1.00	
Finance Secretary/						
Parking Coordinator	0.50	0.50	0.50	0.50	0.50	
Office Assistant	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	<u>0.25</u>	
Total Full Time	5.65	5.65	5.65	5.65	5.70	\$ 316,600
Employee Benefits						<u>130,100</u>
Total Personal Services						<u>\$ 446,700</u>