

**CY 2021 Budget Presentation
Finance Department
November 16, 2020**

Staffing Changes:

For CY 2021, the employees of the Finance Department are assigned by department as follows:

<u>Department</u>		<u>Body Count</u>	<u>FTEs</u>
Administration	(211)	1	1.00
Customer Service	(212)	5	5.25
Accounting	(213)	<u>5</u>	<u>4.75</u>
Totals		11	11.00

The body count and total full time equivalent (FTE) is the same as CY 2020.

Over the course of the last four years, Finance has taken the opportunity to create a staffing structure that promotes internal controls and cross-training /coverage of duties within the department. These changes were made through attrition and not only save the City personnel costs but also create opportunities for advancement.

Budgeted Projects:

- No new major budgeted projects are planned for CY 2021.
- Ongoing projects include:
 - Annual Audit
 - Annual Budget
 - Annual CIP Budget
 - Monthly Close
 - Monthly budget analysis
 - Other audits as they arise

Budgeted Contracts

- Audit – A 5 year contract with the firm of Lauterbach & Amen, LLP was selected for the completion of the annual audit. The first audit completed was CY 2017.
- Banking – Staff are working with American Bank & Trust to renew the banking contract and other related services.

- Actuary - A three year contract with a two year extension was awarded in 2014 to Nyhart. The department reviewed the agreement and recommend continuing on a year to year basis until consolidation completed.
- OPEB services – A three year contract with a two year extension was awarded in 2014 to Menard Consulting, Inc. With the new GASB standard, this agreement was extended for five years for the CY 2018 audit.
- Pension Investment Consulting:
 - Police Pension awarded a five year contract to Investment Consulting Group in 2019.
 - Fire Pension awarded a five year contract to Marquette Associates in 2019.
 - Both Pension Boards also retain Lauterbach & Amen LLP for Pension Administrative Services.
- Azavar Sales Tax Audit - The work by this company was completed in 2016 with three entities identified whose tax payments were not being credited to Rock Island. Payments for their services finished in CY 2019. A report on Hotel/Motel was provided to management.
- Bad Debt Collection Contracts - Quad Corp & Tek-Collect.
- Parking Enforcement Contract - Per Mar.
- Parking Software - Duncan Solutions.

Finance Department Contracts			
Actuarial Assumption Rvw	Nyhart	101-213061-53106-0000000	900
Actuarial Rpt - Police & Fire	Nyhart	101-213061-53106-0000000	17,400
Audit Services	Lauterbach & Amen	101-213061-53106-5159000	64,000
Banking Services	American Bank	101-213064-53107-6138000	26,500
Banking Services	American Bank	405-616316-53107-6138000	12,000
Banking Services	American Bank	506-618041-53107-6138000	4,000
Collection Agency	Quad Corp/Tek Collect	101-212056-53106-0000000	14,000
Courier	American Bank	101-212056-53112-6138000	19,000
Financial Advisor	Speer	101-213061-53106-0000000	900
Mailing Service	American Bank /PSS	101-212051-53501-6138000	14,000
Mailing Service	American Bank /PSS	101-212051-53203-6138000	11,500

Mailing Service	American Bank /PSS	101-212384-53203-6138000	700
Mailing Service	American Bank /PSS	101-212056-53203-0000000	1,400
Mailing Service	American Bank /PSS	101-213062-53203-6138000	4,250
Mailing Service	American Bank /PSS	101-213063-53203-6138000	2,100
Mailing Service	American Bank /PSS	101-212384-53203-6138000	700
Mailing Service	American Bank /USPS	101-212056-53902-0000000	150
OPEB Valuation	Menard	101-213061-53106-0000000	3,500
Parking	Duncan	101-212384-53822-0000000	18,000
Parking	Per Mar	101-212384-53822-0000000	34,060
Pension Admin	Lauterbach & Amen	701-920041-53106-0000000	39,000
Pension Admin	Lauterbach & Amen	706-930041-53106-0000000	39,000
Pension Investment Mgmt	Marquette/PNC	701-920041-53106-0000000	45,000
Pension Investment Mgmt	ICG/CS McKee/Tortoise	706-930041-53106-0000000	65,000
Postage	American Bank/USPS	101-212051-53201-6138000	46,000
<i>Banking Services includes Lockbox Services, Positive Pay, ACH and Wire charges, Account Reconciliation, Reporting, Account Maintenance, Remote Deposit Capture, BeB Fees, Debit and ACH Blocker, Check Scanner Equipment, Loan Servicing</i>			
<i>Mailing Service includes Printing and Mailing of Utility Bills, Past Due Notices, Extra Inserts, Lock box Rental, Printing and Mailing of Payroll Checks, W2s, 1099s, Printing and Mailing of Accounts Payable Checks, Parking Tickets and Inserts</i>			

Revenue Changes:

This is not applicable to the Finance Department.

Changes in Level of Services to Customers/Citizens

No changes are expected.

Operational Changes

- Continue increased efforts for collection of past due accounts continues

- Refinement of centralized billing/ receivable monitoring continues
- Continue to strengthen Internal Controls
- Restructuring of staffing is complete for the time being. Crosstraining, review of processes and documentation will be the focus.

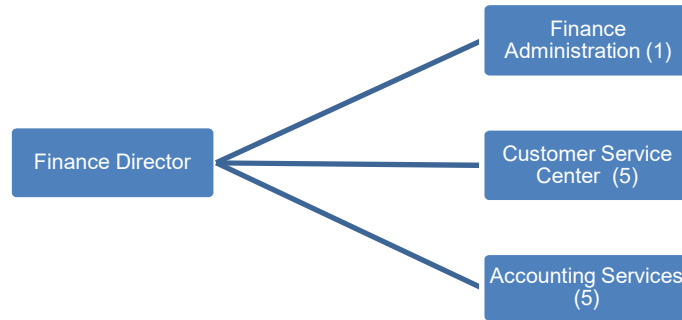
Grants - New Grants or Changes to Existing Grants

The Finance Department will not utilize any grants in CY 2021.

CIP - Budgeted Projects Funded by Gaming/GF Carryover

The Finance Department budget for CY 2021 will likely not include any Gaming Fund support.

FINANCE DEPARTMENT



DEPARTMENT OVERVIEW

The Finance Department provides centralized financial services for all City departments. These services include financial reporting, cash management, budgeting, accounts payable, billing, accounts receivable, payroll, parking enforcement and revenue collection. The City's financial systems provide data to ensure accountability to the public for the use of tax dollars and other revenue.

ORGANIZATIONAL STRUCTURE

Finance Department activities are organized into three divisions: Administration, Customer Service and Accounting Services.

STAFFING CHANGES

For CY 2021, the employees of the Finance Department are assigned by division as follows:

Division:	Body Count:	FTEs:
Finance Administration	1	1.00
Customer Service Center	5	5.25
Accounting Services	5	4.75

There are no changes planned for CY 2021. Much reorganization has taken place from 2016 to present including transitioning to one manager over each division. The most recent change occurred in CY 2019 when the Billing Manager was replaced after a delay with a Fiscal Technician. One CSR position is vacant currently.

PROGRAM CHANGES

No major changes are planned for CY 2021. Staff plan to continue enhancements to services it provides to the City's various departments and the public. Focuses are:

- Continue to document intra and inter department processes and policies.
- Continue to look for ways to strengthen internal controls.
- Continue to focus on efficient processes for billing / collections and reporting.

MISSION STATEMENT

It continues to be the mission of the Finance Department to professionally and ethically serve the public and other City departments by providing accurate and timely financial services.

ACCOMPLISHMENTS

The following is a sample of the accomplishments and projects being handled by the Finance Department.

- Monthly Close – All major balance sheet accounts are reconciled regularly. There are a few accounts that are reconciled and adjusted annually as part of the year-end audit due to the nature of the account. This month end close process provides City staff with confidence they can rely upon accurate information being generated from the general ledger.
- Reporting – Enhancements continue to be made to reports and transparency efforts. Staff present annually to both the Parks and Library Boards.
- Internal Controls – Staff throughout the City continue to make changes to address internal control deficiencies identified by the auditors. The CY 2019 audit had no findings.
- Training – During CY 2020, the Finance Department staff continue to offer training to City staff on utilizing the various financial software packages and improving understanding of accounting principles.
- Special Projects – The completion of the 2019 audit marked the 3rd engagement under the current audit contract. The department assisted the Pension Boards with implementing a new Pension Administration services contract. Both Pension Boards issued RFPs for Investment Services and the Finance Director, who serves as a Trustee and Treasurer of both funds managed the project. The City issued bonds in CY 2020 and the sale successfully completed in early October.

GOALS AND OBJECTIVES

The goals and objectives of the Finance Department for CY 2021 are as follows;

- Address auditor's feedback and implement recommendations.
- Continue to improve information available to the public.
- Continue to seek higher investment yields to increase investment revenue, yet remain in compliance with the City's investment policy.

PERFORMANCE MEASURES

Performance Measures - Finance				
Indicator	Actual CY 2018	Actual CY 2019	Estimated CY 2020	Proposed CY 2021
Number of expenditure accounts monitored	4,582	4,611	4,500	4,625
Number of investment accounts managed	8	10	10	10
1099 Misc	150	138	140	140
1099 R	196	184	185	185
W-2s	704	680	680	680
System Payments via Check	5,157	4,961	4,800	4,800
System Payments via ACH	3,056	2,940	2,950	2,950
Liens Filed	185	136	150	150
Liens Released	92	115	120	120
Prepared Journal Entries	5,532	5,895	5,800	5,800
Parking Tickets Issued	4,008	4,021	4,000	4,000
Parking Tickets Paid	2,498	2,329	2,500	2,500
GFOA CAFR Award received	yes	yes	yes	yes
GFOA Budget Award received	yes	no	no	yes

DIVISION OVERVIEW

FINANCE ADMINISTRATION

Finance Administration develops, implements and reviews the financial policies of the City and monitors city-wide revenues and expenses. This division also provides financial information to management and elected officials and direction to all departments to assure compliance with applicable local, state and federal regulations. This division is staffed by the Finance Director, who also oversees the completion of the Budget and Comprehensive Annual Financial Report (CAFR).

CUSTOMER SERVICE

Customer Service provides a centralized point of accountability for all revenues collected by the City and billings for all services provided. Receipts include water, sewer and stormwater bills, special assessments, licenses, permits, taxes, court fines, fees, marina fees, state and federal grants, parking tickets, etc. This division also provides reception and information services for all City departments. Added in CY 2015 was responsibility for parking enforcement and an increased emphasis on debt collection. The goals of the Customer Service Cost Center continue to emphasize improved customer service through courteous, fair, accurate and timely collection and financial services. It is staffed by one (1) Accounts Receivable and Customer Service Supervisor, one (1) Fiscal Technician and three (3) Customer Service Representatives.

ACCOUNTING SERVICES

Accounting Services provides financial services to other departments. These services include payroll, accounts payable, budgeting, auditing, and financial management information. Emphasis is placed on accurate and timely service to departments and monitoring agencies while maximizing the use of the financial and human resources software. This division is staffed by one (1) Accounting Supervisor, two (2) Accountants, two (2) Junior Accountants.

DEPARTMENT STAFFING

Department Staffing / Finance							
Staffing:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	Diff. (fte)
Finance Director (1)	1.00	1.00	1.00	1.00	1.00	1.00	0.00
AR/Customer Svc Sup (1)	0.00	0.00	0.00	1.00	1.00	1.00	0.00
Billing Manager	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Fiscal Technician (1)	0.00	0.00	1.00	1.00	1.00	1.00	0.00
Collection Manager	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Customer Svc Rep (3)	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Finance Intern	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounting Sup (1)	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Accountant (2)	2.00	2.00	2.00	2.00	2.00	2.00	0.00
Junior Accountant (2)	1.00	1.00	1.00	2.00	2.00	2.00	0.00
Auditor / Project Mgr	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Budget Coordinator	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Total Staffing (11)	11.00	11.00	11.00	11.00	11.00	11.00	0.00

TOTAL DEPARTMENT EXPENDITURES

Total Department Expenditures by Object / Finance							
Expense by Object:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
Personnel	855,265	876,239	839,864	878,662		925,567	5%
Supplies	2,367	1,884	1,601	4,625		3,300	-29%
Services	353,691	361,692	358,910	449,935		425,316	-5%
Other	58,574	12,204	9,706	11,562		12,975	12%
Programs	-	-	-	92,000		92,000	0%
Transfers	615,039	435,772	429,723	926,655		704,314	-24%
Contingency	(5)	31	(1)	150,100		150,050	0%
Total Department	1,884,931	1,687,822	1,639,803	2,513,539		2,313,522	-8%

Total Department Expenditures by Fund / Finance							
Expense by Fund:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
General Fund	1,564,332	1,526,033	1,520,211	2,359,539		2,283,522	-3%
Riverboat Gaming	439	161,789	118,560	112,000		-	-100%
Adopt-A-School	891	-	-	-		-	0%
Cap. Improvement	319,269	-	-	-		-	0%
Debt Service	-	-	1,032	42,000		30,000	-29%
Total Department	1,884,931	1,687,822	1,639,803	2,513,539		2,313,522	-8%

FINANCE DEPARTMENT

The vast majority of the Finance Department budget is contained within the General Fund. This also includes expenditures related to the Adopt a School fund (278). The Adopt a School fund prior to CY 2015 had been included under the General Administration Department and will no longer be utilized after CY 2017.

FINANCE ADMINISTRATION EXPENDITURES

General Funds Expenditure / Finance - Administration							
Expenditure by Object:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
Personnel	139,198	179,113	148,685	152,527		159,392	5%
Supplies	1,705	1,884	1,433	2,625		2,100	-20%
Services	21,771	22,642	16,891	20,550		23,145	13%
Other	35,618	9,656	8,876	8,887		10,400	17%
Programs	-	-	-	92,000		92,000	0%
Transfers	295,331	265,590	304,430	814,655		704,314	-14%
Contingency	(5)	31	(1)	150,100		150,050	0%
Total Department	493,618	478,916	480,314	1,241,344		1,141,401	-8%

EXPENDITURE ANALYSIS

Programs was new for CY 2020 and continues into CY 2021 as some Economic Development agreements now provide for a rebate of Prepared Food and Liquor Sales Tax and/or a portion of the City's General Fund Property Taxes. Transfers have increased over CY 2019 due to a transfer of the General Fund Revenue source, Local Gas Tax, to the Capital Projects Fund – Streets, Fund 302. Less Local Gas Tax is anticipated in CY 2021.

CUSTOMER SERVICE EXPENDITURES

General Funds Expenditure / Finance - Customer Service Center							
Expenditure by Object:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
Personnel	299,804	337,816	300,521	311,688		340,555	9%
Supplies	332	-	168	1,000		200	-80%
Services	214,962	228,376	230,396	259,480		243,221	-6%
Other	-	8,393	5,123	-		-	0%
Transfers	-	-	-	-		-	0%
Total Department	515,098	574,585	536,208	572,168		583,976	2%

EXPENDITURE ANALYSIS

Overall, expenditures in this department only increased 2% over the CY 2020 revised budget. CY 2021 shows full staffing while the CY 2020 budget was reduced as a cost cutting measure related to the pandemic.

ACCOUNTING SERVICES EXPENDITURES

General Funds Expenditure / Finance - Accounting Services							
Expenditure by Object:	Actual CY 2017	Actual CY 2018	Actual CY 2019	Budget CY 2020	Estimated CY 2020	Proposed CY 2021	% Var
Personnel	416,263	359,310	390,658	414,447		425,620	3%
Supplies	330	-	-	1,000		1,000	0%
Services	116,958	110,674	110,591	127,905		128,950	1%
Other	22,956	2,548	830	2,675		2,575	-4%
Transfers	-	-	1,610	-		-	---
Total Department	556,507	472,532	503,689	546,027	-	558,145	2%

EXPENDITURE ANALYSIS

Overall costs in this cost center are anticipated to increase 3% as a result of cost of living adjustments and pension increases.