



Proposed FY 2020 Budget Finance Department

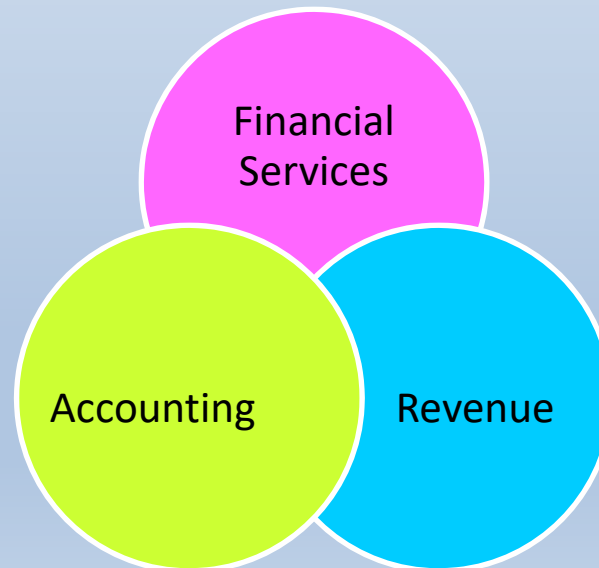
Budget Work Session
April 25, 2019

Department Overview

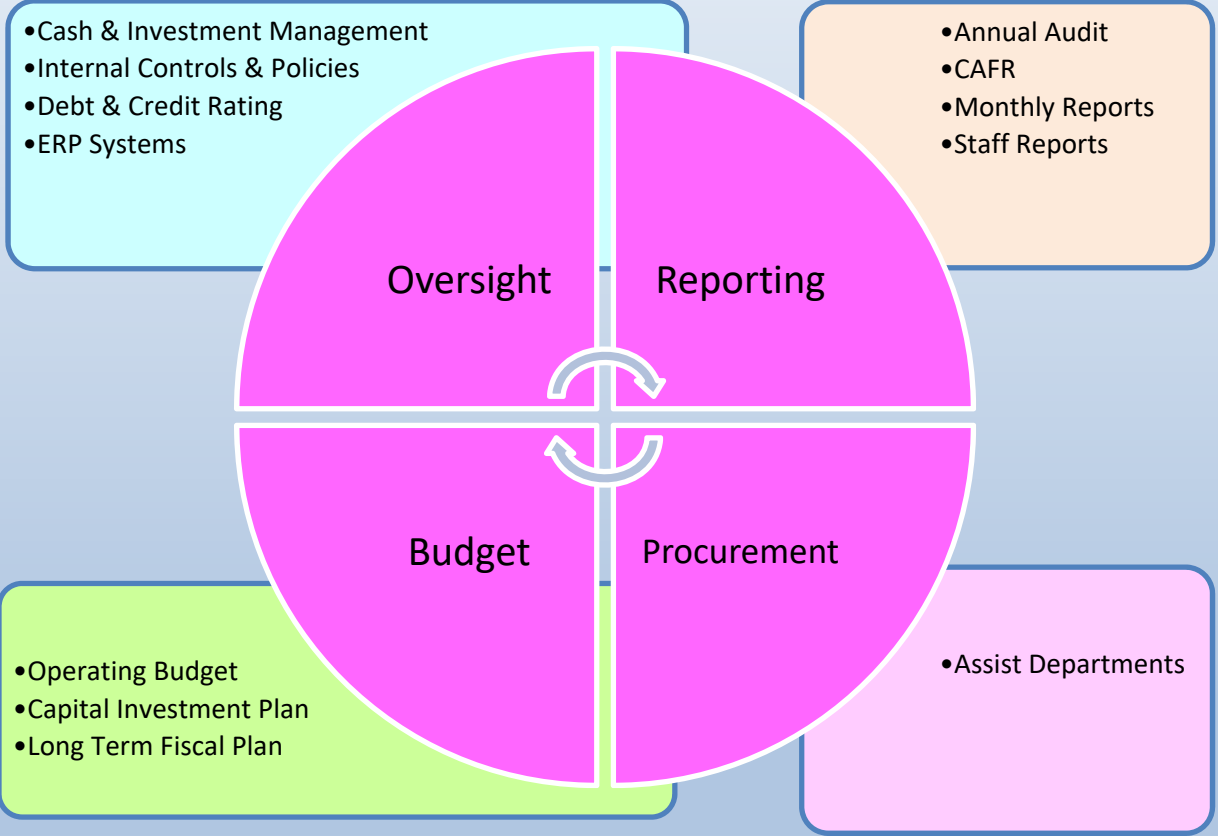
Mission

To responsibly manage the Town's financial resources and communicate timely, accurate and complete financial information with a commitment to those we serve

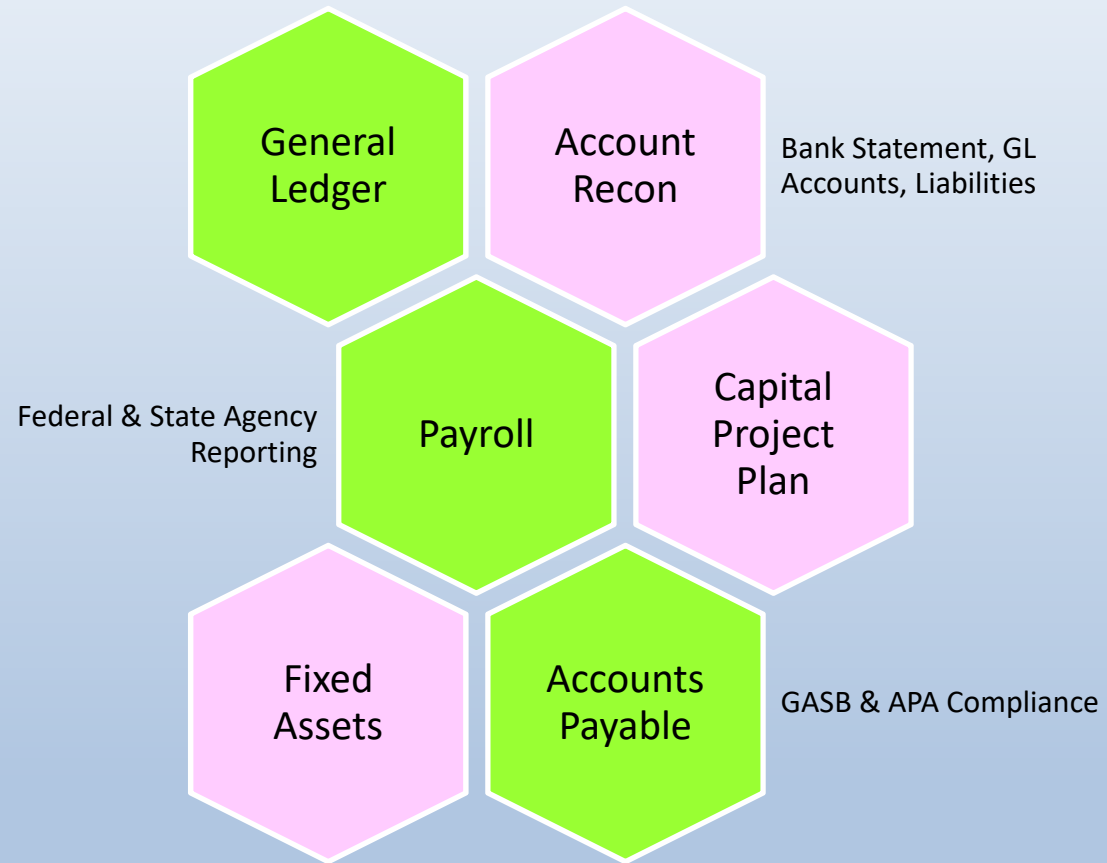
Divisions & Programs



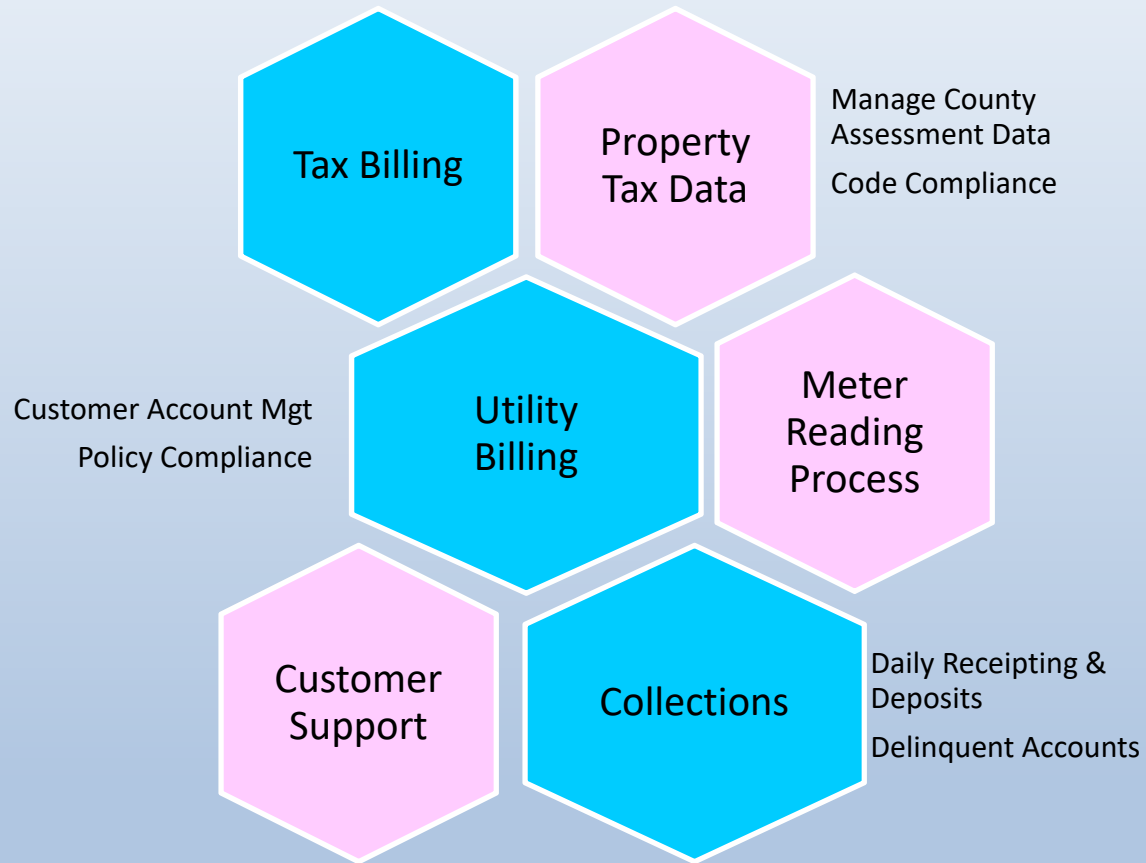
Financial Services Division



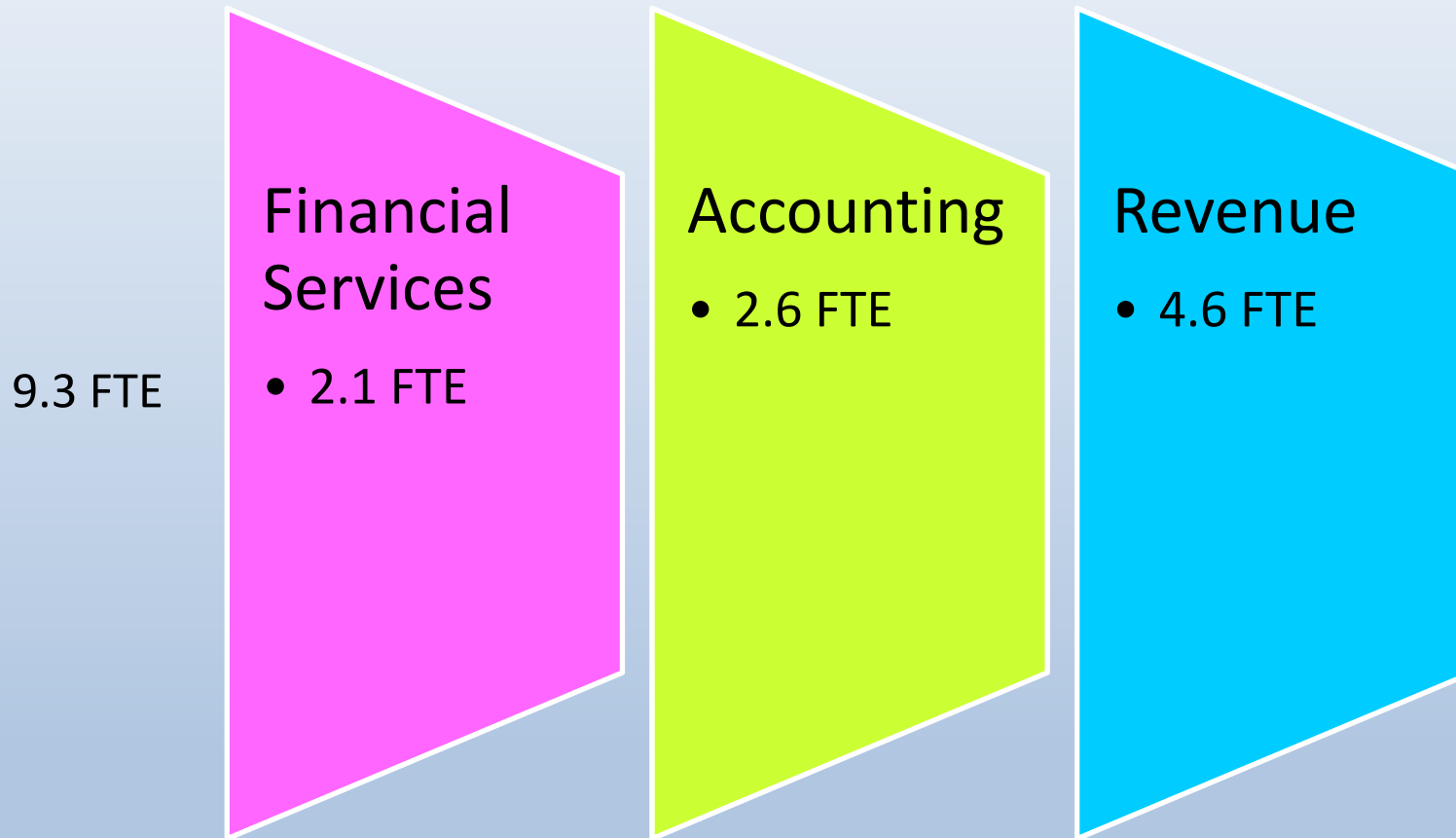
Accounting Division



Revenue Division



Current Staff



Key Accomplishments

- Maintained AAA **Credit Rating** from Standard & Poors, AA from Fitch and Aa2 from Moody's
- Received **Unqualified Audit Opinion**
- GFOA **Distinguished Budget Presentation Award** for FY19 Budget (10th consecutive award)
- GFOA **Certificate of Achievement for Excellence in Financial Reporting** for FY17 CAFR (10th consecutive award)
- Managed **2017 Plan of Finance**; update credit rating, achieve cash flow savings, use of reserves in excess of policy limits to pay down Parks and Rec and Water Fund debt
- Managed \$14.5m **Investment portfolio**; in 2018, an increase of \$5.4 million and \$191,602 in income
- Implemented Munis **Automated DMV Stop** process (save @3 weeks of staff time each year)
- Created financial **trend data and graphic displays** to facilitate Town Council strategic planning discussion and enhance public information
- Hosted **Finance 101 training program** for managers and key staff (budget, procurement, account coding)
- Facilitated **Enterprise leasing program** for town vehicles to stabilize annual maintenance and replacement costs
- Implemented **Munis Business License** module
- Issued **Utility Rate Study** RFP; team effort with PW to coordinate Stantec's work
- Deployed **ACH controls and Positive Pay** program to protect the town's bank accounts
- Maintained **strong staff continuity** and **met all statutory deadlines** during a period of organizational change
- Organized a "**Utility Summit**" to brief the new Town Manager on utility operational and fiscal challenges; this enhanced cross departmental communication
- Worked with IT to automate a process to upload Munis **software updates** weekly
- Maintained **excellent collection rates** in FY18

FY 2020 Goals and Objectives

- Develop practices to enhance **delivery of exceptional service** to internal and external customers

- Prepare **accurate and timely financial transactions and reports**
 - In accordance with Generally Accepted Accounting Practices (GAAP)
 - Attain a clean audit

- Prepare a **balanced budget** integrated with **long-term fiscal planning** activities
 - Coordinate information and 2030 modeling tools developed with the Water Resource Study, Stantec utility rate study and Davenport general fund fiscal analysis to assist Council in developing a long-term plan to attain structural balance and long-term health in all funds
 - Standardize budget instructions and departmental budget request process via Munis workflow (Novak #20)
 - Financial monitoring for compliance with budget, fiscal policies and Council strategic initiatives

FY 2020 Goals and Objectives

➤ Demonstrate excellence in budget and financial reporting

- GFOA Distinguished Budget Award
- GFOA Certificate of Achievement for Excellence in Financial Reporting
- Work with the Town Manager, IT and PW to develop Capital and IT Budget Review Committees (Novak #21)
- Standardize budget instruction and integrate Munis in departmental budget request process (Novak #20)

➤ Provide opportunities for staff training and professional development

- Recruit and train new Financial Analyst (Novak #27)
- Continue to train all staff on Munis processes
- Expand and continue Finance staff training and certifications

➤ Identify opportunities to improve process efficiencies and effectiveness

- Complete implementation of Munis Utility Billing and HR/Payroll modules (Novak #22)
- Update Procurement Policy and implement new P-Card program (Novak #26)
- Transition to Munis version 11.3; evergreen software platform evolves with latest technology and improved functionality
- Monitor County consolidated tax billing program as it is rolled out in 2019 and 2020

Core Services

Essential Services (80% of resources)

- Financial Accounting (Code of VA §15.1-2500; § 58.1; GASB)
 - General Ledger, Accounts Payable, Payroll
 - Manage and Pay Town's Obligations
 - Financial Reporting
 - Annual Independent Audit
- Budget Plan (Code of VA §15.1-2500)
 - Summary of revenues and expenditures for prior year actual, current year budget and next year proposed budget
 - Compliance
- Revenue Management (Code of VA §58.1; 15.2-2119)
 - Revenue Receipt & Deposit
 - Billing (property tax, business license, meals tax, utility user fees)
 - Collections
 - Customer support
- Cash Management & Investment (Code of VA §2.2-4400-4500)
 - Monthly reconciliation of bank and investment accounts
- Procurement of goods & services in accordance with VPPA (Code of §VA 2.2-4300)

Core Services

Enhanced, Value Added Services (15% of resources)

- Prepare GFOA award level CAFR & Budget documents
- Document Capital Improvement Plan and manage funding sources
- Coordinate annual Budget process, public hearings, work sessions
- Debt Management and Credit Rating
- Customer Service windows and phone support 9 hours per day
- Customer questions and appeals
- Collection programs such as DMV stops, property liens, payment plans, letters
- Respond to questions from Council, management and staff
- Coordination of Long Term fiscal planning activities, modeling, financial graphs and trend information
- Policy recommendations, compliance and controls (Fiscal Policy, Utility Billing Policy, Utility Payment Plan Policy, Utility Adjustment Policy, Procurement Policy, Budget Process, Finance Office Policy, Investment Policy, Travel & Training Policy)
- Process documentation and internal control review following implementation of new financial software
- Department manages or uses 76 electronic systems; Administrator role on 31 of these systems

Core Services

New Projects & Programs (5% of resources)

- ERP Software Implementation
- New Auditor
- Utility Rate Study
- Novak Recommendations
- TC Initiatives- Fund the Future
 - Plan to achieve structural balance in all funds
 - Capital Maintenance Program as a component of the CIP

Management of critical duties while implementing new software is stretching staff resources well beyond capacity, leaving no time for new projects unless other duties are removed or deferred. In CY 2018, 870 hours of OT was incurred, a 50 hour increase over CY 2017. We expect this trend to continue in CY 2019 given the scope of new projects listed above.

Service Level Challenges

- Over the past few years, staff has been working at a pace that is unsustainable.
 - The stress of this pace impacts employee productivity, efficiency and ultimately the health and happiness of the Town's most important resource
- Munis software implementation
 - 11.3 version upgrade
 - Utility Billing
 - HR/Payroll
 - General Billing (miscellaneous AR/legacy tax)
- Manage GASB and Legislative mandates
- Oversee Utility Rate Study & modeling
- Onboard new Financial Analyst (Budget specialist retirement)
- Onboard new Auditor
- Implement Novak recommendations
- Council initiatives & special requests
- Customer appeals and service hours
- Approximately 2 years to fully train new employees

FY 2020 Budget Request

Department (\$ in thousands)	FY18 Actual	FY19 Budget	FY20 TM Proposed	% Change from Prior Budget
Financial Administration	59,123	61,000	79,000	30%
Pay & Benefits	863,109	912,167	1,038,264	14%
Operating	42,971	92,000	99,172	8%
Total Expenditures	965,203	1,065,167	1,216,436	14%

- FY20 budget increased by \$151k or 14% over FY19.
- Significant changes include:
 - Audit service RFP +\$5k
 - OPEB actuarial study +\$8k
 - Financial advisor +\$5k
 - Personnel +\$126k (includes \$106k for Financial Analyst)
 - Operating- increased training budget and inflationary cost increases

FY 2020 Enhancements

- Independent Financial Audit (\$5,000) – Statutory **mandate** every year; competitive procurement of professional services now underway for FY19 audit
- OPEB Actuarial Study (\$8,000)– GASB **mandate** every 2 years
- Financial Advisor (\$5,000)– Long-term fiscal plan and interactive General Fund model.
- Financial Analyst Position (\$106,000) – New FT position to replace retiring PT Budget Specialist
- Operating Cost Increase- (\$7,000)– Expansion of training budget for all departments; market estimates for postage and software maintenance and support.

Beyond FY 2020

- Work with financial consultants to assist Town Manager and Council in developing long-term tax and fee rate projections required to fund the Town's current and future financial models and service levels
 - Plan to manage annual increases in utility debt FY 20 - FY 23 (\$1.4m)
 - Plan to stage and fund new Capital Projects identified by departments
 - Plan to fund Capital Maintenance identified by departments
 - Assist with public engagement
- New GASB pronouncements
- Munis Employee and Customer portals
- Continue to implement Novak recommendations
- Monitor the County's new consolidated tax billing program
- Other departments have requested expanded procurement resources