

FINANCE DEPARTMENT

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MISSION STATEMENT

The overall mission of the Finance Department is to provide a comprehensive, timely, and responsive fiscal management system to reflect past, current and future financial conditions. The missions of the programs within Finance are:

Administration: To oversee the various functions within the Finance Department as well as provide a financial system that preserves and enhances the financial condition of the City.

Accounting: To create, implement and maintain adequate and effective accounting and financial reports.

Collections: To collect all funds due to the City in an efficient and courteous manner.

Purchasing: To obtain goods and services required by City departments in an efficient and economic manner.

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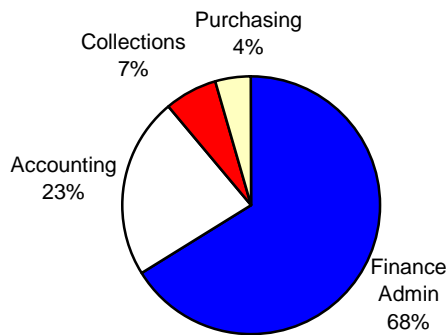
FINANCE DEPARTMENT BUDGET SUMMARY

NOTES

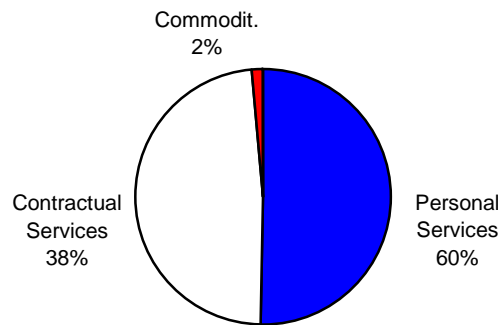
Overview:
The 2010/11 budget for the Finance Department is \$1,533,200. This represents 3% of the total City budget and an 11% decrease from last year's budget.

	08/09	09/10	09/10 Estimated	10/11 Budget	Percent Change From Budget	11/12 Estimate
PROGRAMS						
Finance Administration	1,073,976	1,005,200	1,272,600	1,014,000	1%	1,019,800
Accounting	377,191	415,700	357,100	350,500	-16%	362,700
Collections	149,867	177,300	151,300	102,500	-42%	110,800
Purchasing	114,653	123,300	167,700	66,200	-46%	70,100
Programs Total	1,715,687	1,721,500	1,948,700	1,533,200	-11%	1,563,400
EXPENDITURE CLASSIFICATION						
Personal Services *	896,029	945,900	923,000	770,800	-19%	776,900
Contractual Services	799,579	735,400	1,004,600	740,900	1%	762,900
Commodities	19,779	39,900	20,800	21,200	-47%	23,300
Fixed Assets	-	-	-	-		-
Operating Budget Total	1,715,387	1,721,200	1,948,400	1,532,900	-11%	1,563,100
Debt Service	-	-	-	-		-
Capital Budget	300	300	300	300	0%	300
Expenditure Total	1,715,687	1,721,500	1,948,700	1,533,200	-11%	1,563,400
SOURCE OF FUNDS						
General Fund	1,600,269	1,585,600	1,814,200	1,420,700	-10%	1,446,700
Ill. Mun. Retirement Fund	115,418	135,900	134,500	112,500	-17%	116,700
Source of Funds Total	1,715,687	1,721,500	1,948,700	1,533,200	-11%	1,563,400
* Regular Salaries						
	663,923	685,100	698,100	530,400	-23%	550,900
Other Personal Services						
	232,106	260,800	224,900	240,400	-8%	226,000

**PROGRAMS
10/11 BUDGET**



**EXPENDITURE CLASSIFICATION
10/11 BUDGET**



FINANCE DEPARTMENT
FINANCE DEPARTMENT STAFF

	09/10	10/11	10/11
<i>By Position:</i>	<i>FTE</i>	<i>FTE</i>	<i>FTE</i>
Finance Director	1.00	1.00	1.00
Assistant Finance Director	1.00	1.00	1.00
Accountant	1.00	1.00	1.00
Payroll Technician	1.00	1.00	1.00
Purchasing Agent	1.00		
Fiscal Tech II	3.00	3.00	3.00
Fiscal Tech I	0.75		
Administrative Assistant	1.00	1.00	1.00
Customer Service Representatives	2.00	1.00	1.00
<i>Total Employees</i>	11.75	9.00	9.00
<i>Total Finance Department</i>	11.75	9.00	9.00

Salary Expense:

Regular salaries in the Finance department are expected to decrease to \$530,400 in fiscal year 2010/11.

Staffing Changes:

In 2009/10, the Purchasing Agent retired and was not replaced. A Fiscal Tech II (Customer Service Representative) position was eliminated.

Performance Measurements

Mission: Provide a comprehensive, accurate, and timely fiscal management system.

Objectives: To maximize revenues and minimize costs wherever possible.

	2006/07	2007/08	2008/09	2009/10	2010/11 est.
<u>Output Measures:</u>					
No. of Water Bills Issued	74,570	74,500	74,525	74,575	74,585
No. of Vehicle Licenses Issued	31,800	31,800	31,800	28,250	28,250
No. of Invoices Paid	8,581	8,134	7,849	7,400	7,100
No. Purchase Orders Processed	2,396	2,398	2,265	2,185	2,185
No. of Misc. Invoices Billed	1,500	1,347	1,114	3,300	3,400
<u>Efficiency Measures:</u>					
Total Spent on City GL, Prop, & Auto Insurance	\$630,600	\$502,400	\$648,400	\$742,400	\$723,100
% of Invoices pd where depts. did not initiate proper paperwork	1,392 (16%)	1,260 (15%)	1,671 (21%)	1,603(21%)	1,680 est.
No. Misc. Invoices Sent to Collect.	30	20	36	80	40
Debt	\$48,910,000	\$46,655,000	\$43,970,000	\$41,065,000	\$39,685,000
Equalized Assessed Valuation	\$1,502,128,908	\$1,528,372,764	\$1,852,758,740	\$1,994,642,145	
Percent of Debt to EAV	3.26%	3.05%	2.50%	2.06%	
Employer IMRF Contribution Rate	10%	9.96%	9.49%	10.67%	13.42%
Employer Fire Pension Contrib Rate	4.9%	16% or 19.8%	17.5%	33.25%	40.7%
Employer Police Pension Contrib Rate	19.6%	20.3%	20.3%	31%	
No. of Bid Openings	14	10	22	24	17
<u>Efficiency Measure:</u>					
Departmental budget per capita	\$40.75	\$42.64	\$45.42	\$51.59	\$40.59

* Sales tax includes home rule sales tax. The home rule sales tax rate was increased to 1% from .75% on July 1, 2006.

Commentary

Staff spends a significant amount of time balancing the cash needs of the city. The twelve funds related to the operation of the Uptown TIF often require cash in advance of receipt of property tax increment. All alley special service areas are fully funded by the city five to seven years in advance of receiving all receipts. The E-911 and municipal waste funds continue to operate in a deficit position. Managing cash needs was challenging during the fiscal year because the receipt of fall property tax receipts was delayed until December.

Customers are not reading their water meters; this causes many estimated water bills and frequent lengthy conversations with customers. Staff strongly recommends that future capital budget planning include the purchase and installation of an automatic water meter read system.

The two biggest financial challenges facing the City are (1) how to fund rising pension costs given limited financial resources and (2) how to increase revenues. The single largest general revenue source is the sales tax followed by the property tax and the income tax.

FINANCE DEPARTMENT**OVERALL ACCOMPLISHMENTS AND OBJECTIVES****GENERAL SUMMARY****GOAL – Improve services for external customers.****2009/10 Accomplishments:**

- Processed payments pursuant to agreements for the Uptown Tax Increment Financing District.
- Processed payments pursuant to economic incentive agreement for the Dempster Tax Increment Financing District.
- Served as chair of the HELP Claims Committee and on the HELP Board of Directors.

2010/11 Objectives:

- Process payments pursuant to economic incentive agreement for Dempster Tax Increment Financing District.
- Process payments pursuant to agreements for the Uptown Tax Increment Financing District.
- Implement Illinois Environmental Protection Agency mandated cross-connection and backflow inspection charge on water bills.

GOAL – Improve city and/or departmental operations.**2009/10 Accomplishments:**

- Obtained the best possible audit opinion that you can obtain. Received Certificate of Achievement for prior year's audit.
- Processed approximately 2,000 purchase orders and 6,000 non purchase-order payments.
- Earned a Certificate of Achievement for the budget. This is the 15th year the City has received this recognition. For the past eight years, four of the city's budgets received special recognition.
- Completed the Dempster and Uptown TIF Reports.
- Updated the documentation of internal controls as part of Statement on Auditing Standards (SAS) 104 – 111.
- Tightened internal controls regarding wire transfers by expanding duties among more employees.
- Complied with GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.
- Complied with GASB Statement No. 50, *Pension Disclosures*, which was effective for the year ended April 30, 2009. GASB 50 aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances information disclosed in the notes to the financial statements or presented as required supplementary information in the Comprehensive Annual Financial Report.

2010/11 Objectives:

- Acclimate new Finance Director to departmental operations.
- Learn and prepare for a GASB Statement that will be effective for the year ended April 30, 2011:
GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.
GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*.
GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Investments*.

FINANCE DEPARTMENT**OVERALL ACCOMPLISHMENTS AND OBJECTIVES****GENERAL SUMMARY**

GOAL – Increase revenues and/or reduce expenses.

2009/10 Accomplishments:

- Purchased the City's general liability and property coverage. Saved \$13,700 from last year and \$400 from budget when all coverage is combined.
- Accounted for the Uptown TIF. This required keeping track of expenses over seven fiscal years and twelve different funds.
- Prepared tax levy. Reconciliations and abatements were made for series 2004, series 2005A, and series 2006A and 2006B. Prepared tax levies for 17 alley special service areas.
- Auctioned surplus equipment. Used on-line Internet auctions and achieved greater returns.
- Monitored city investments and cash flow shortages.
- Added MB Financial to list of City depositories.
- Modified the Municipal Code to improve water-billing collections and streamline procedures.
- Used joint procurement contracts wherever possible to obtain office supplies, electronic goods, computer equipment, police cars, etc. This produces not only savings on the cost of the item, but also savings of the time and expense of obtaining bids and quotes.
- Managed city's general liability claims and issued semi-annual reports to City Council.

2010/11 Objectives:

- If the City issues bonds, obtain best possible financing and recommend payment options.
- Negotiate with insurance brokers and insurers after they quote, plus look at structural changes, including higher specific self-insured retentions and foregoing all aggregate coverage, in an effort to control insurance cost for general liability and property coverage. Consider issuing a Request for Proposal for insurance coverage and/or Third Party Administrator (TPA).

GOAL – Improve services for internal customers.

2009/10 Accomplishments:

- Re-allocated duties among departmental staff due to loss of Purchasing Agent.
- Trained staff on some of Finance Director's duties due to resignation.

2010/11 Objectives:

- Learn more about Crystal Reports and utilize it to make custom reports.

FINANCE DEPARTMENT
FINANCE ADMINISTRATION

<u>NOTES</u> City Insurance: All City property, liability, public officials, and other types of insurance policies are charged to this account. Auditing: 2010/11 is the last year of the contract. \$43,000 + \$5,000 for single audit. Bank Service Charges: These fees are for charges related to payment by credit card for all types of transactions. As interest rates decrease, City cannot earn compensating balance. Bank Trustee Fees: Five outstanding bonds @ \$500/yr. Gen. Contractual Services: Membership fees, maintenance of office equipment, UPS costs. Includes \$4,500 actuary fee for GASB 45, \$50,000 for Ceridian and \$57,000 for Munis; these two functions were formerly budgeted in IT.		08/09	09/10	09/10 Estimated	10/11	Percent Change from	11/12
		Actual	Budget	Actual	Budget	Budget	Estimate
Personal Services							
1001031910000	Regular Salaries	236,292	226,000	226,000	200,200	(11%)	206,200
1001031915200	Overtime	666	700	500	700	0%	700
1001031921000	Insurance	23,515	26,800	20,100	28,000	4%	29,000
1001031921099	Workers Comp Unemployment Comp	1,217	1,200	1,100	1,100	(8%)	1,200
2066050949100	FICA & IMRF Pmts.	37,697	44,900	43,600	42,600	(5%)	43,700
Personal Services Total		299,387	299,600	291,300	294,900	(2%)	280,800
Contractual Services							
1001031940100	Telecommunications	6,286	6,500	6,200	6,300	(3%)	6,500
1001031940800	City Insurance	245,879	273,900	242,400	273,500	(0%)	287,200
1001031940801	Insurance Claims	402,529	200,000	500,000	200,000	0%	200,000
1001031941600	Auditing	35,550	38,400	38,400	48,000	25%	48,000
1001031943700	Training	1,651	3,900	3,600	3,900	0%	3,900
1001031947800	Bank Service Charges	35,364	31,000	23,000	40,000	29%	40,000
1001031947900	Bank Trustee Fees	3,400	3,700	2,500	2,500	(32%)	2,500
1001031948500	Gen. Contract. Svcs. Vehicle Maintenance	32,863	134,200	153,000	133,000	(1%)	138,000
Contractual Services Total		765,118	693,100	970,700	708,800	2%	727,700
Commodities							
1001031952000	Materials	9,171	12,200	10,300	10,000	(18%)	11,000
Commodities Total		9,171	12,200	10,300	10,000	(18%)	11,000
Operating Budget Total		1,073,676	1,004,900	1,272,300	1,013,700	1%	1,019,500
Capital							
1001031990400	Motor Equipment	300	300	300	300	0%	300
Capital Budget Total		300	300	300	300	0%	300
Finance Administration Total		1,073,976	1,005,200	1,272,600	1,014,000	1%	1,019,800

Ongoing Programs:

- Prepare the Comprehensive Annual Financial Report (CAFR). Earn the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.
- Compile the annual Budget book. Earn the GFOA Certificate of Achievement for Excellence in Budgeting.
- Coordinate bond issues and maintain the City's Aa2 bond rating.
- Purchase liability, property and other insurance for the City.
- Invest City funds.
- Serve as liaison with HELP (High Level Excess Liability Pool).
- Survey area communities in order to compare costs of providing services and revenue sources.
- Monitor the City's financial health, partially by preparing the Financial Trend Monitoring Study.
- Cost union and management proposals for labor negotiations.
- Prepare annual tax levies and abatements.
- Cede bond volume cap authority when it is feasible and appropriate.
- Account for all special service areas.
- Process payments and reporting requirements for community organizations.
- Speak to various community groups or professional organizations regarding departmental operations.

**FINANCE DEPARTMENT
ACCOUNTING**

<u>NOTES</u>	08/09		09/10		10/11		Percent Change from 11/12	
	Actual	Budget	Actual	Estimated	Budget		Budget	Estimate
<p><u>Extra Help:</u> Pays for part time clerk to assist with filing, etc.</p> <p><u>Overtime:</u> Overtime costs fluctuate depending upon whether employees elect to receive time off in lieu of monetary compensation.</p> <p><u>Microfilming:</u> Accounts payable records are transferred to microfilm to reduce storage space required.</p>	Personal Services							
	1001032910000	Regular Salaries	266,166	294,700	263,000	243,000	(18%)	251,100
	1001032915000	Extra Help		1,000	-	1,000	0%	1,000
	1001032915200	Overtime	274	700	100	500	(29%)	500
	1001032921000	Insurance	54,043	53,500	40,200	50,400	(6%)	52,200
	2066050949100	FICA & IMRF Pmts.	49,611	58,000	50,600	51,400	(11%)	53,100
	Personal Services Total		370,094	407,900	353,900	346,300	(15%)	357,900
	Contractual Services							
	1001032942400	Microfilming	4,274	2,200	2,200	2,200	0%	2,300
	1001032943700	Training	510	2,100	500	1,000	(52%)	1,000
	1006030949501	Contingencies						
	Contractual Services Total		4,784	4,300	2,700	3,200	(26%)	3,300
	Commodities							
	1001032952000	Materials	2,313	3,500	500	1,000	(71%)	1,500
	Commodities Total		2,313	3,500	500	1,000	(71%)	1,500
Operating Budget Total		377,191	415,700	357,100	350,500	(16%)	362,700	
Accounting Total		377,191	415,700	357,100	350,500	(16%)	362,700	

Ongoing Programs:

- Process all utility, vehicle stickers, parking, animal licenses, business licenses, and other miscellaneous billings for the City.
- Publish monthly and annual Treasurer's Reports.
- Reconcile checking and General Ledger Accounts monthly.
- Process payments for vendor invoices and City payroll.
- Prepare monthly cash reports for Library.
- Record and reconcile all escrow accounts.
- Review property transfer applications for any outstanding debts owed to the City.
- Complete monthly sales tax returns.

**FINANCE DEPARTMENT
COLLECTIONS**

<u>NOTES</u>		08/09	09/10	09/10	10/11	Percent	11/12
		Actual	Budget	Estimated Actual	Budget	Change from Budget	Estimate
<p><u>Extra Help:</u> Hire part-time cashier to assist during vehicle sticker season.</p> <p><u>Citation Processing Fee:</u> Fee for use of Citation Processing Service.</p> <p><u>License Supplies:</u> License supplies primarily consists of the costs of purchasing vehicle stickers, vehicle forms, and business registration forms. Part of the cost of license supplies is now charged to Finance Administration General Contractual Services.</p>	Personal Services						
	1001033910000 Regular Salaries	77,569	77,800	81,600	43,900	(44%)	47,400
	1001033915000 Extra Help	3,853	3,000	300	1,000	(67%)	1,000
	1001033915200 Overtime	307	400		400	0%	400
	1001033921000 Insurance	18,771	21,400	16,000	11,200	(48%)	11,600
	2066050949100 FICA & IMRF Pmts.	13,869	16,100	15,800	9,400	(42%)	10,200
	Personal Services Total	114,369	118,700	113,700	65,900	(44%)	70,600
	Contractual Services						
	1001033941701 Citation Process Fee	16,230	16,000	16,000	12,000	(25%)	14,000
	1001033947200 Postal Charges	11,426	19,000	12,200	15,000	(21%)	16,000
	Contractual Services Total	27,656	35,000	28,200	27,000	(23%)	30,000
	Commodities						
	1001033952000 Materials	387	600	400	600	0%	700
	1001033953000 License Supplies	7,455	23,000	9,000	9,000	(61%)	9,500
	Commodities Total	7,842	23,600	9,400	9,600	(59%)	10,200
Operating Budget Total	149,867	177,300	151,300	102,500	(42%)	110,800	
Collections Total	149,867	177,300	151,300	102,500	(42%)	110,800	

Ongoing Programs:

- Accept payment for various transactions, including vehicle, animal and business licenses, parking tickets, real estate transfers, water bills, and other bills.
- Issue permits for resident parking and City parking lots.
- Sell recycling containers and various City souvenirs.
- Collection point for used batteries from residents.

**FINANCE DEPARTMENT
PURCHASING**

<u>NOTES</u>	08/09		09/10		09/10		10/11		Percent Change	
	Actual	Budget	Actual	Estimated	Actual	Budget	Budget	Estimate	from Budget	11/12
<p>Training: Attendance at local, State and national purchasing related conferences and seminars.</p> <p>General Contractual Services: Memberships in National Institute of Governmental Purchasing, Illinois Assoc. of Public Procurement Officials, and Midwest Assoc. of Public Purchasing.</p>	Personal Services									
	1001034910000	Regular Salaries	83,896	86,600	127,500	43,300	(50%)	46,200		
	1001034915200	Overtime	16	100	100	100	0%	100		
	1001034921000	Insurance	14,026	16,100	12,000	11,200	(30%)	11,600		
	2066050949100	FICA & IMRF Pmts.	14,241	16,900	24,500	9,100	(46%)	9,700		
	Personal Services Total		112,179	119,700	164,100	63,700	(47%)	67,600		
	Contractual Services									
	1001034943700	Training	1,276	2,100	2,100	1,000	(52%)	1,000		
	1001034948500	Gen. Contract. Svcs.	745	900	900	900	0%	900		
	Contractual Services Total		2,021	3,000	3,000	1,900	(37%)	1,900		
Commodities										
1001034952000	Materials	453	600	600	600	0%	600			
Commodities Total		453	600	600	600	0%	600			
Operating Budget Total		114,653	123,300	167,700	66,200	(46%)	70,100			
Purchasing Total		114,653	123,300	167,700	66,200	(46%)	70,100			

Ongoing Programs:

- Obtain supplies, materials, equipment and services at a cost, terms and quality consistent with the best interests of the City.
- Establish blanket purchase orders and purchase price agreements.
- Participate in the joint purchasing cooperatives with the Northwest Municipal Conference, Suburban Purchasing Cooperative, the State of Illinois, and Federal Government.
- Prepare and let for bid approximately 20 contract specifications.
- Issue approximately 1,800 purchase orders.
- Auction, including on-line auction, used police vehicles and public works equipment as appropriate.
- Coordinate City telecommunications systems and serve as clearinghouse for telephone repairs, relocations and additions.
- Prepare annual Prevailing Wage Rate Ordinance.
- Provide assistance for departmental purchases.

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