



Finance Department

FY2024 Operating Budget

Finance Mission

Serve City departments, citizens, and other stakeholders by creating and maintaining systems that ensure the sound and efficient management of the City's financial activities and protect the City's financial assets.

Functions:

- Budget
- Purchasing
- Billings & Collections
- Cash & Investments
- Banking
- Operations
- Accounts payable
- Payroll
- Debt Management
- Accounting
- Financial Reporting
- Risk Management
- Internal Controls

Finance Department - Additional Programs / Projects

Equipment Loans
Bonds, including ongoing arbitrage analysis, reporting, voluntary disclosure, including Rating Agencies

Special Purchases
Marina
Carrs Beach
Employment/other financial agreements

Hillman & City Dock P3 / AMRP, including complex trust arrangement for waterfall payments
Resilience Authority
Park Place Garage Trust Transactions
Electric Transit/ Ferry Service

Implementation of Open Gov

Historic Preservation Tax Credits
Sprinkler Tax Credits
Sprinkler Loans

AIPPC
Community Grants & Other Program Grants
Audit Committee, FAC, Finance, & Pension Trust Support
Affordable Housing & other community directed programs
HACA Inspections, Capital Improvements

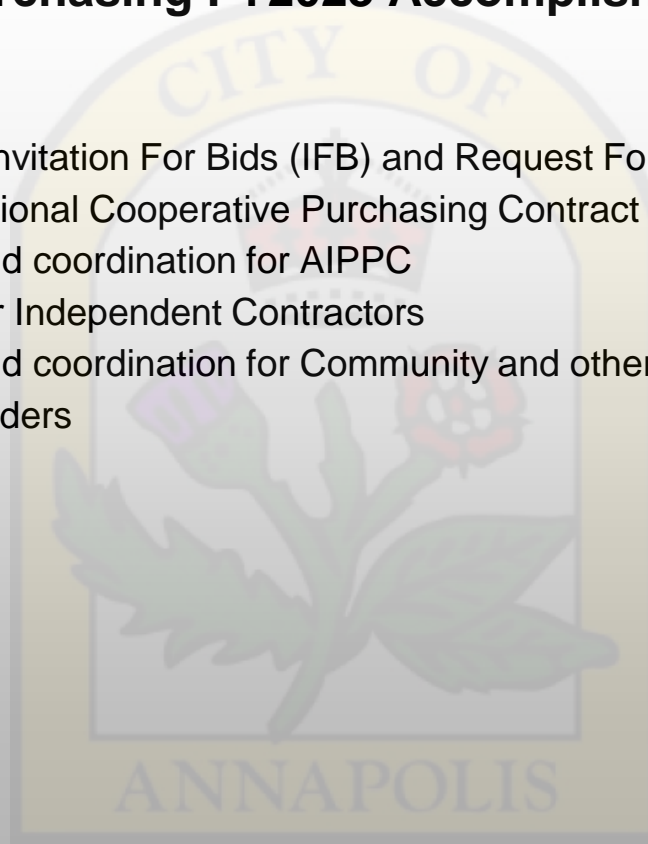
Short term rentals
PILOTS
Leases
Market Space
Parking space leases
Land leases
Proposed FILOs

Finance Operations FY2023 Accomplishments

- **Resources** - Staff in Finance and Purchasing maintained the department's workload in a year of significant turnover and competitive recruiting that left several vacancies open for months.
- **Annual Comprehensive Financial Report** for FY2022, including Single Audit, earlier than previous years. Financial results prove solid financial management.
- **Purchasing** - support the City's competitive solicitation process and other purchasing efforts despite one of three positions remaining vacant.
- **Debt Book** - Implemented Lease accounting module and applied Governmental Accounting Standards Board Statement No. 87 regarding Leases.
- **ACH payments** - Feature to replace physical checks.
- **Electronic Invoices** - Optional email feature for utility invoices with assistance from MIT staff.
- **OpenGov** - Improved the City's budget process by training department staff to use OpenGov for budget entry. Through multiple trainings and guidance, the Budget Manager saved significant time in preparing the budget materials for presentation.
- **AMRP** - Effort required hundreds of Finance staff hours in negotiations, analyses, and banking support. AMRP issued bonds through the Maryland Economic Development Corporation September 2022, including senior bonds and subordinate debt.
- **Bond Issuance** - In December 2022 the City issued \$34.425 million of tax exempt and \$8.26 million of taxable bonds in order to fund numerous capital projects, including City Dock, and to refinance the subordinate debt from the P3 deal with City debt. The refunding saved tens of millions of dollars in debt service costs over the term of the debt.
- **Rating Agencies** - Met with Moody's, Fitch Group, and S&P Global Ratings to demonstrate the City's strong management, financial health, and stability. Maintained all three of the City's rating at just one-step below AAA.
- **Risk Management** – Worked with department personnel to increase safety for employees, minimize losses from workers compensation and other liability claims, and enhance building security. Improved workplace policies and procedures, performed regular site inspections, with follow through.

Finance – Purchasing FY2023 Accomplishments

- 21 Formal Bids - Invitation For Bids (IFB) and Request For Proposals (RFP)
- 15 Awards via National Cooperative Purchasing Contract or Best Interest
- 16 Agreements and coordination for AIPPC
- 26 Agreements for Independent Contractors
- 74 Agreements and coordination for Community and other Grants
- 1016 Purchase Orders



Finance- Risk Management FY2023 Accomplishments

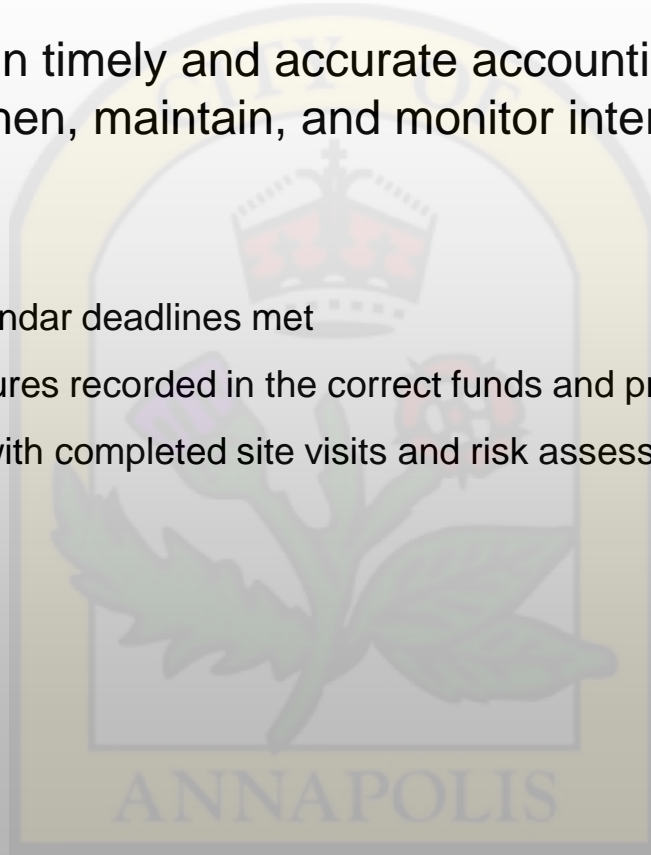
- Total workers compensation claims for the last five years have not exceeded 100 claims.
- Risk Management Administrator utilizing 3rd party Risk Consultant to identify and mitigate risk.
- Active Safety Committee on Public Works and Transportation. Looking to increase to another department in FY2024.
- 30% of workers compensation SIF payments represent final settlement of claims.
- Only one claim exceeded excess retention. Indemnity portion of the claim has been resolved. Claim is only open for medical expenses.

Goal 1

Maintain timely and accurate accounting records;
Strengthen, maintain, and monitor internal controls

Performance Measures:

- Reconciliation calendar deadlines met
- Revenue/expenditures recorded in the correct funds and projects
- City departments with completed site visits and risk assessment audits

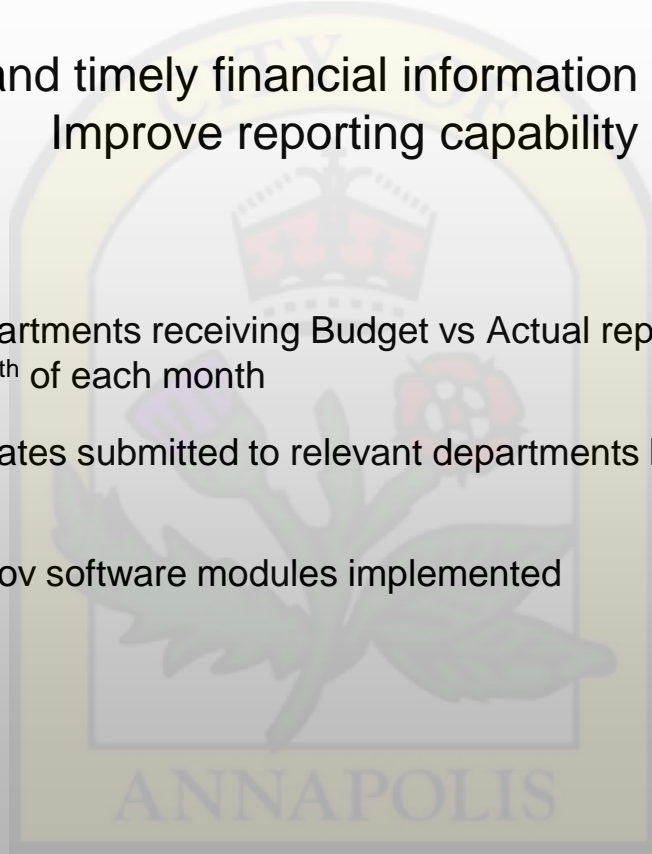


Goal 2

Provide accurate and timely financial information to City departments;
Improve reporting capability

Performance Measures:

- Percentage of departments receiving Budget vs Actual reports (including capital projects) by the 15th of each month
- Percentage of updates submitted to relevant departments by end month following each quarter
- Number of OpenGov software modules implemented

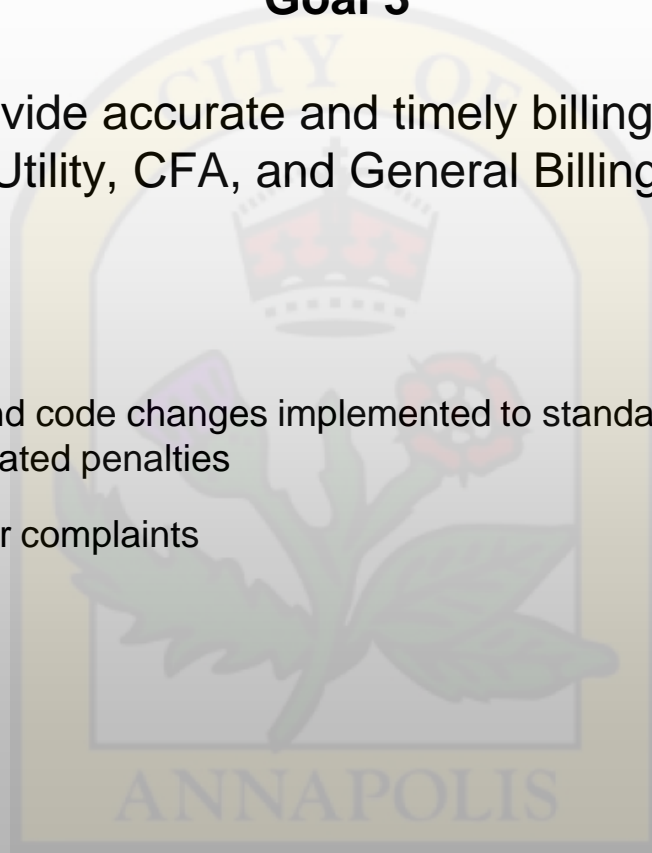


Goal 3

Provide accurate and timely billings for
Utility, CFA, and General Billings

Performance Measures:

- Number of policy and code changes implemented to standardize application of utility adjustments and related penalties
- Number of customer complaints

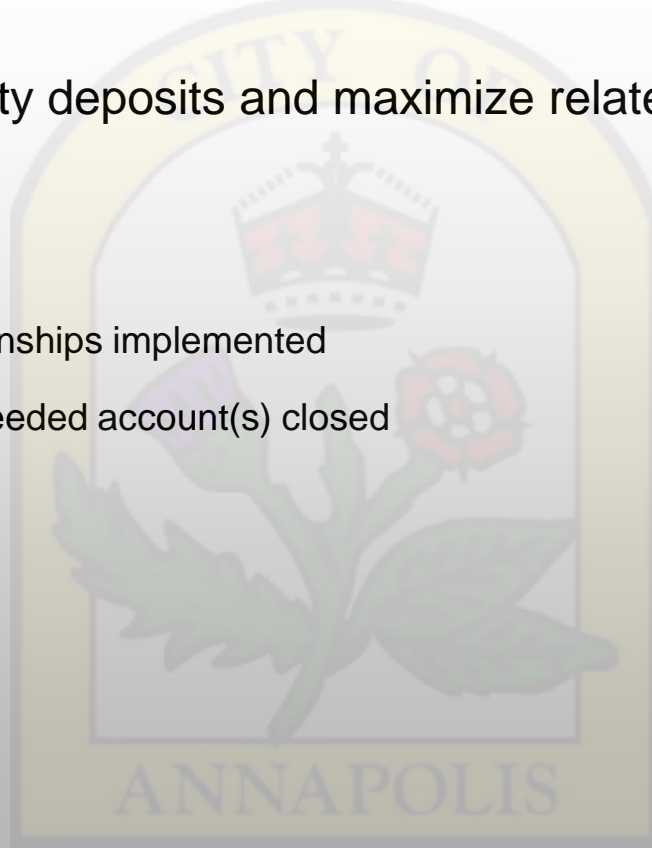


Goal 4

Protect City deposits and maximize related earnings

Performance Measures:

- New banking relationships implemented
- Number of any unneeded account(s) closed

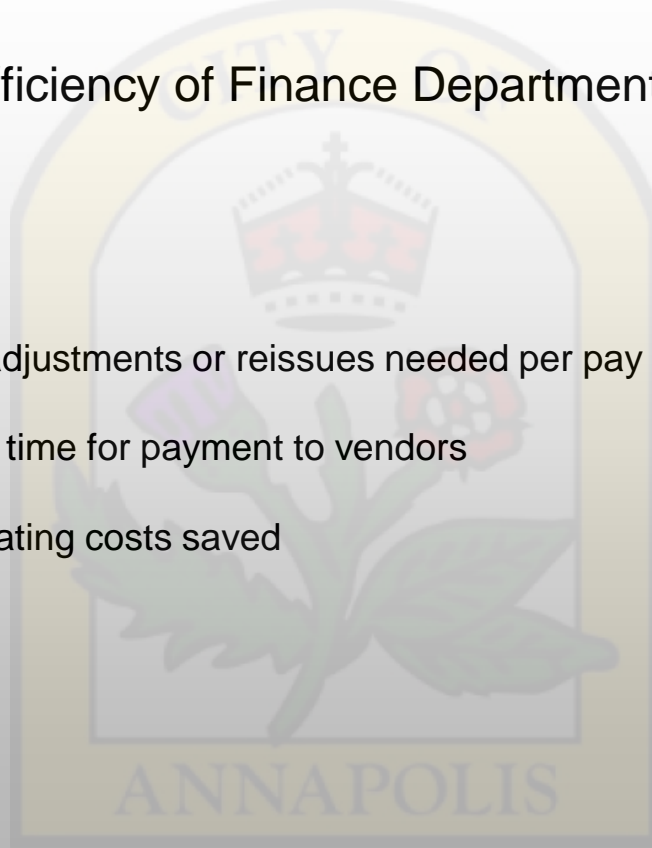


Goal 5

Improve efficiency of Finance Department operations

Performance Measures:

- Number of payroll adjustments or reissues needed per pay period
- Reduce processing time for payment to vendors
- Percentage of operating costs saved

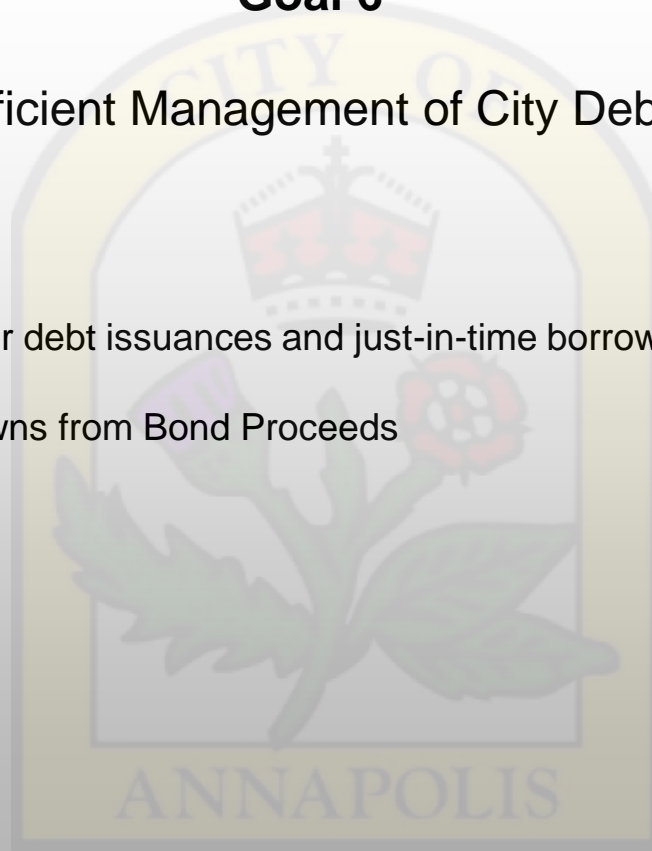


Goal 6

Efficient Management of City Debt

Performance Measures:

- Competitive bidding for debt issuances and just-in-time borrowing implemented
- Frequency of drawdowns from Bond Proceeds

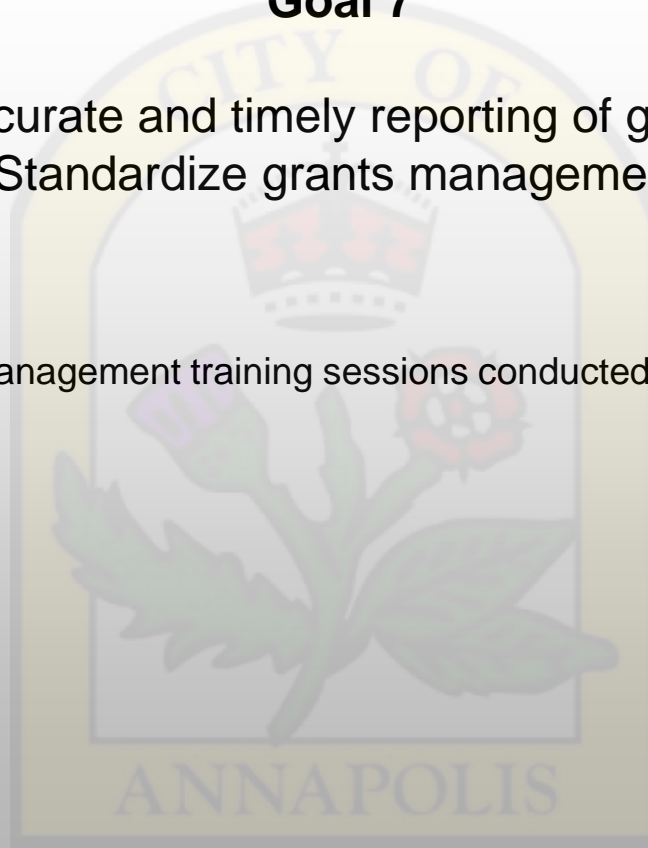


Goal 7

Produce accurate and timely reporting of grants activity;
Standardize grants management

Performance Measures:

- Number of grant management training sessions conducted

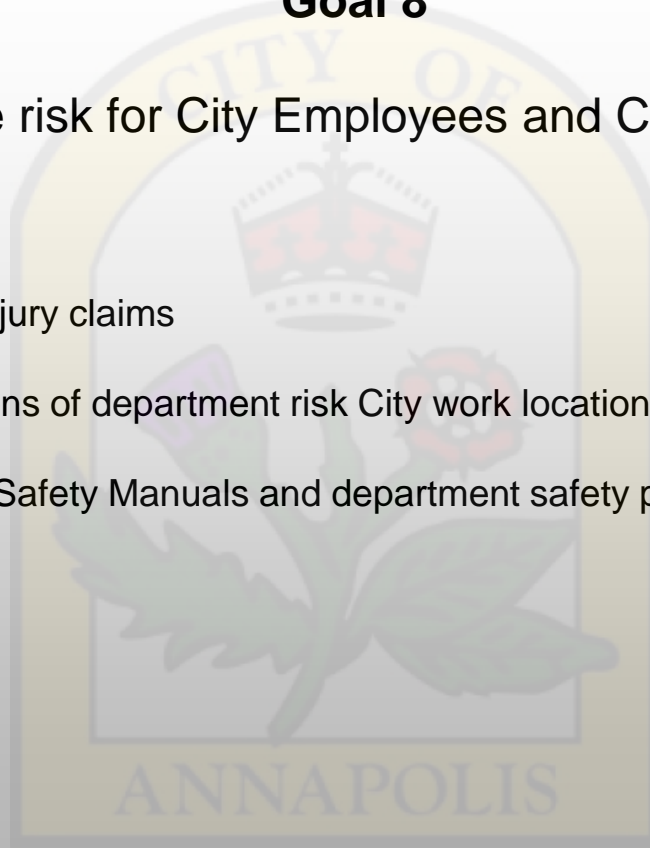


Goal 8

Minimize risk for City Employees and City Property

Performance Measures:

- Lessen employee injury claims
- Number of evaluations of department risk City work locations
- Regular updates of Safety Manuals and department safety policies



Goal 9

Maximize efficiency and Increase Equity of City spending
Maximize use of Women and Minority Business Enterprise vendors

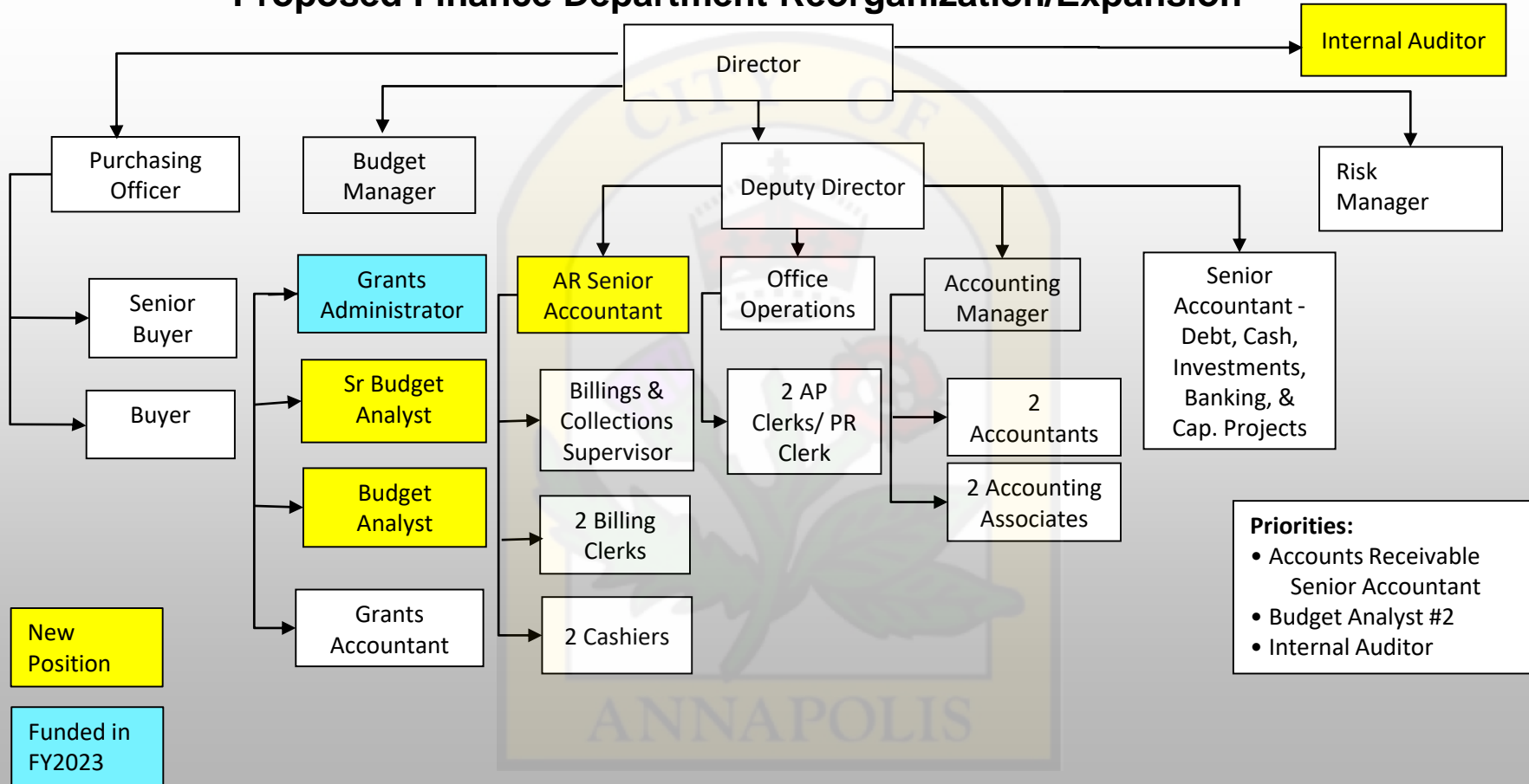
Performance Measures:

- Increase thresholds for competitive and noncompetitive spending
- Restructure P Card program to encourage use of cards
- Number and percent of Women and Minority Business Enterprises goals and procurement outreach plan implemented
- Timeliness of Procurement Card Policy update

FY2024 Goals

- Reorganization - Identified needed resources for Finance
- Office Space – Assist Public Works with evaluating space needs and options / costs.
- Issuance of ACFR by December 31
- Accounts Payable ACH payments
- Utility Invoices through Email
- Implement Convenience Fees / Credit Card Fees
- Implement GASB regarding Software Licenses
- Improvements to OpenGov
- Update / Develop Finance Policies & Procedures
- Grants Administration Improvements
- Improve enforcement and collection of amount due the City

Proposed Finance Department Reorganization/Expansion



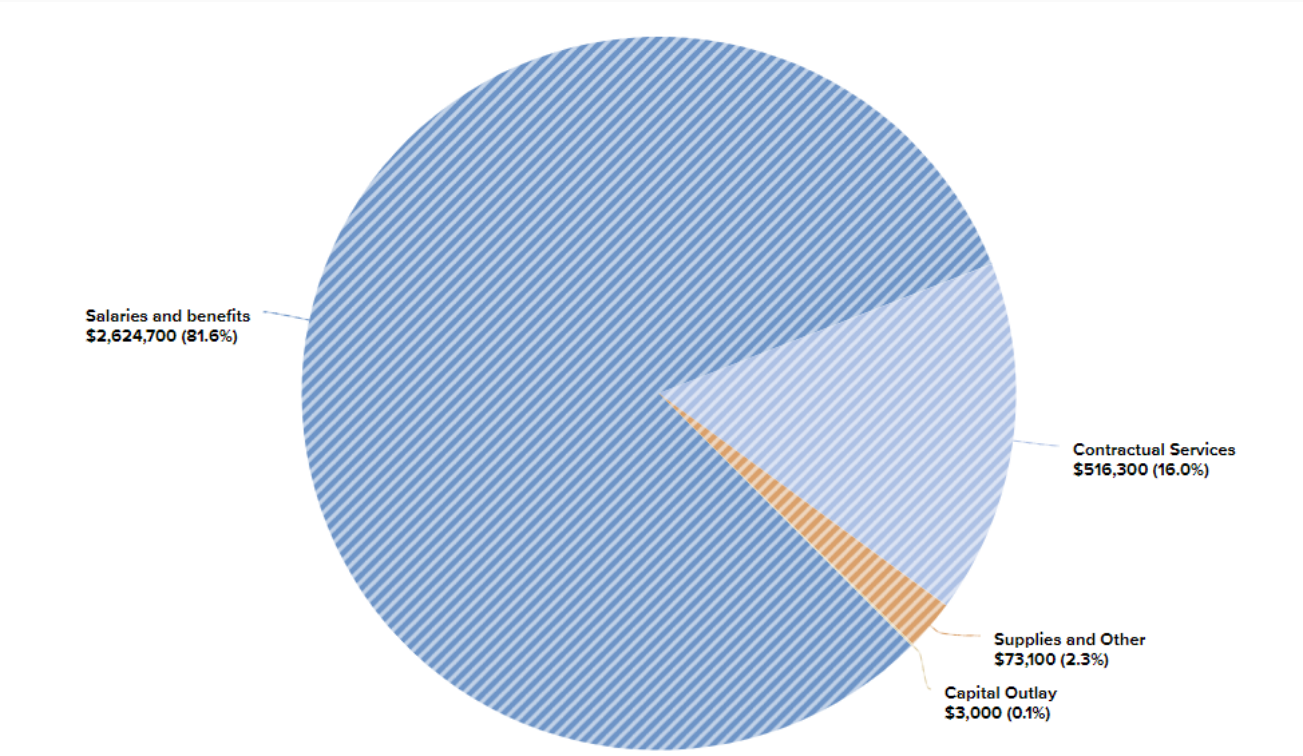
Finance - Operations Budget Summary

Expand All	FY 2022 Actual	FY 2023 Original Budget	FY 2023 Adjusted Budget	FY 2023 Projected	FY2024 Proposed
▶ Salaries and benefits	\$ 1,896,853	\$ 2,405,000	\$ 2,457,400	\$ 2,046,900	\$ 2,624,700
▶ Contractual Services	412,833	567,800	591,100	468,500	516,300
▶ Supplies and Other	63,866	75,500	75,500	61,300	73,100
▶ Capital Outlay	5,363	5,000	5,000	4,000	3,000
Total	\$ 2,378,915	\$ 3,053,300	\$ 3,129,000	\$ 2,580,700	\$ 3,217,100

Finance – Purchasing Budget Summary

Expand All	FY 2022 Actual	FY 2023 Original Budget	FY 2023 Adjusted Budget	FY 2023 Projected	FY2024 Proposed
▶ Salaries and benefits	\$ 444,615	\$ 434,000	\$ 443,000	\$ 297,100	\$ 461,800
▶ Contractual Services	3,223	4,700	14,700	14,200	5,400
▶ Supplies and Other	2,522	4,800	4,800	3,700	4,900
Total	\$ 450,360	\$ 443,500	\$ 462,500	\$ 315,000	\$ 472,100

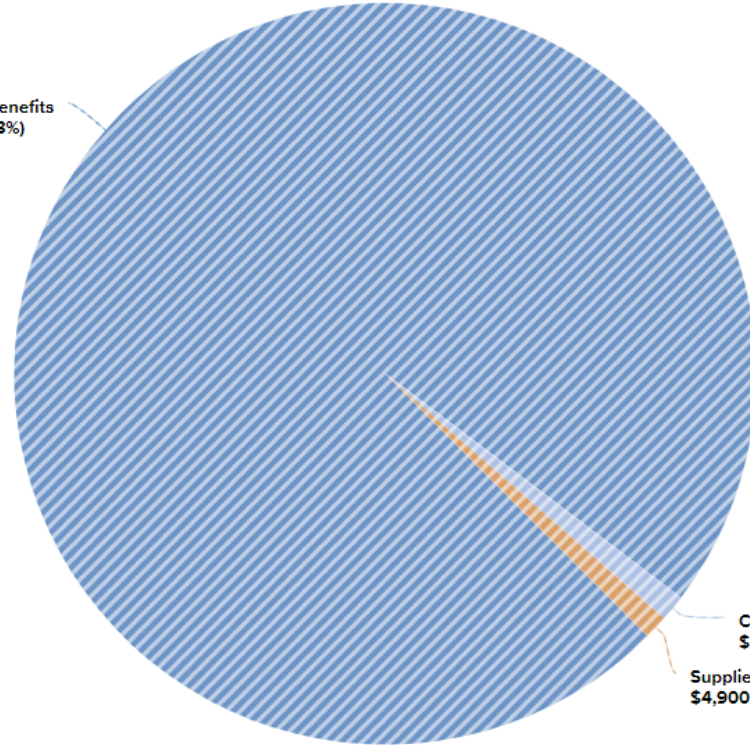
Finance Operations FY2024 Operating Budget





Finance - Purchasing FY2024 Operating Budget

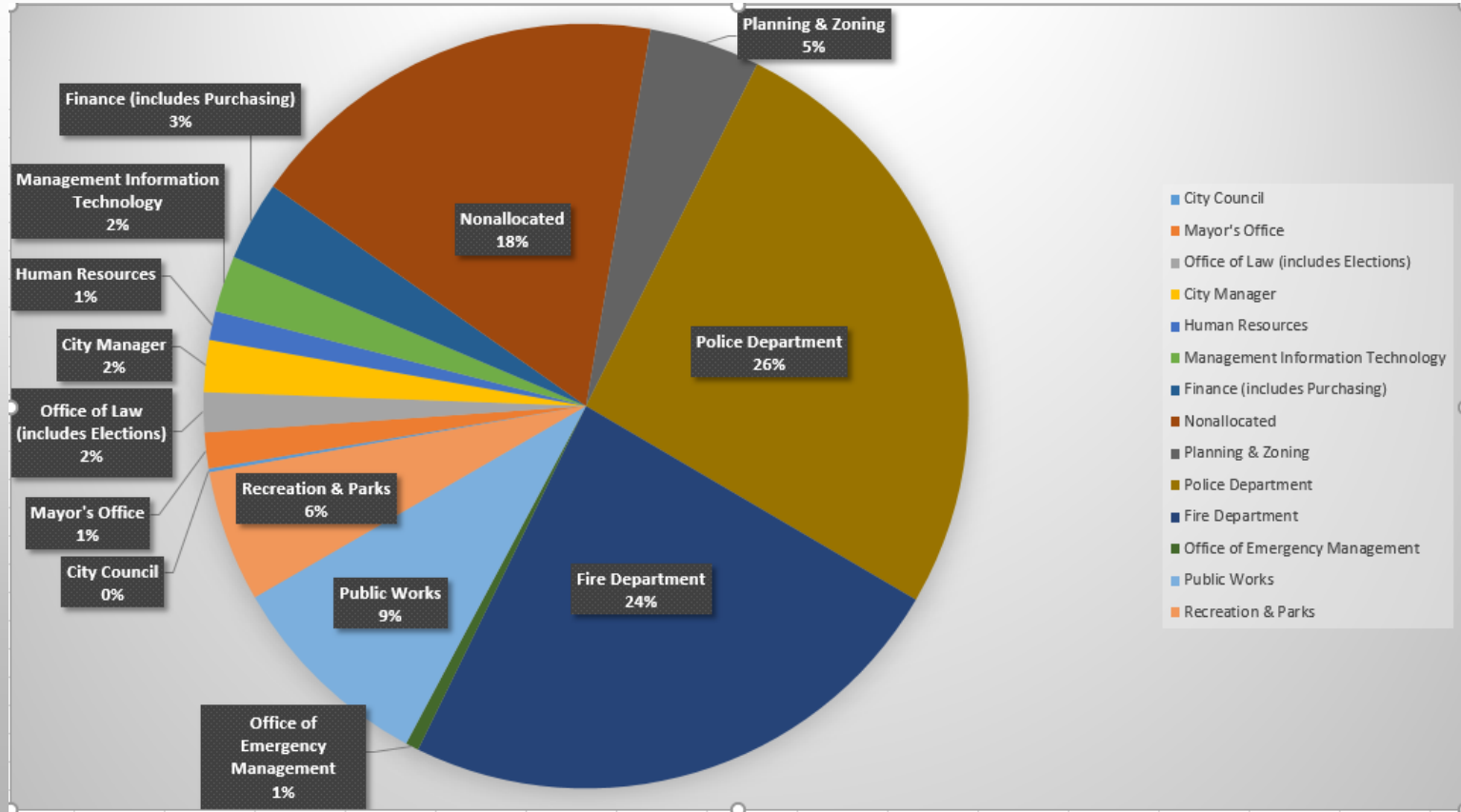
Salaries and benefits
\$461,800 (97.8%)



Contractual Services
\$5,400 (1.1%)

Supplies and Other
\$4,900 (1.0%)

FY24 Proposed Expenditures as a % of Total General Fund



Finance FY2024 Proposed Operating Contract Services Detail

Total \$111,500

- \$ 27,200 - Cash Transport
- \$ 1,300 - Shred-It
- \$ 14,400 - Level One
- \$ 21,000 - ADP
- \$ 45,000 - Consultants
- \$ 2,100 - Gmail
- \$ 500 - System for Award Management (SAM) renewal

Finance FY2024 Proposed Operating Budget Accounting Services Detail

Total - \$285,000

- \$78,000 - Audit Services
- \$5,000 - Davenport
- \$46,800 - Bank Fees
- \$4,000 - Glicksman (SIF Actuary)
- \$68,000 - OpenGov
- \$12,500 - Debtbook
- \$26,000 - Granicus (Host Compliance)
- \$42,000 - Temp Accounting Services
- \$1,500 - Tarver Consulting
- \$1,200 - Lighthouse Hotline

Note: Audit Committee budget moved to City Manager

Increases from FY2023

Vehicle for Risk Manager

- \$2,100



Finance Non-allocated Budget Summary

Finance - Nonallocated	FY 2022 Actual	FY 2023 Original Budget	FY 2023 Adjusted Budget	FY 2023 Projected	FY 2024 Proposed
Debt Service	\$ 7,692,189	\$ 7,973,000	\$ 7,973,000	\$ 8,094,500	\$ 8,223,000
Community Grants	324,313	348,000	348,000	348,000	348,000
Contributions to OPEB	1,651,665	1,476,000	1,476,000	1,476,000	1,406,900
Contributions to Self Ins	2,867,000	2,325,800	2,325,800	2,325,800	2,649,900
Contingency	-	410,000	410,000	-	400,000
Interfund Transfers	3,729,000	4,380,250	6,627,250	6,627,250	5,795,900
Compensation Contingency	-	5,100,000	-	-	-
Other	306,910	410,000	410,000	310,000	855,000
Total Expenditures	\$ 16,571,077	\$ 22,423,050	\$ 19,570,050	\$ 19,181,550	\$ 19,678,700

- **Debt Service:** \$5,724,000 of principal, \$2,449,000 of interest, and \$50,000 of bond issuance fees.
- **Community Grants:** Budget consistent with prior years.
- **Contributions to OPEB:** \$956,900 for current retirees' health and \$450,000 for City's unfunded OPEB obligations.
- **Contributions to the Self Insurance Fund:** \$2,649,900 represents the amount required to match actuarial reserve recommendations.
- **Contingency:** Amount is consistent with prior years.
- **Interfund Transfers:** Capital Projects Fund for pay-go \$2,639,900 and Transfer to Fleet Replacement Fund \$3,156,000.
- **Other:** VEBA chop \$75,000; ambulance transport fees \$300,000; traffic signal fees \$110,000; unemployment insurance \$40,000; grant to HACA for payment of housing inspections \$80,000; and funding for the results of the classification and compensation study \$250,000

Health Insurance Budget Summary

Collapse All	FY 2022 Actual	FY 2023 Original Budget	FY 2023 Adjusted Budget	FY 2023 Projected	FY2024 Proposed
▼ Revenues	\$ 8,124,371	\$ 12,501,000	\$ 12,501,000	\$ 12,342,600	\$ 12,506,300
▶ Revenues	6,799,079	11,001,000	11,001,000	10,678,800	11,345,300
▶ Other Revenues	1,325,292	1,500,000	1,500,000	1,663,800	1,161,000
▼ Expenses	9,893,016	12,501,000	12,501,000	12,373,300	12,506,300
▶ Contractual Services	-9,724	50,000	50,000	50,000	50,000
▶ Supplies and Other	635,573	0	0	0	0
▶ Other	9,267,167	12,451,000	12,451,000	12,323,300	12,456,300
Revenues Less Expenses	\$ -1,768,645	\$ 0	\$ 0	\$ -30,700	\$ 0

No change in premiums needed for FY2024; however, a premium holiday is unlikely in spring 2024. Budgeted amounts include revenues and expenses related to retirees and employees. FY2022 actual results include only employees' activity as retiree related revenue and expense are transferred to the OPEB Fund at year end.

Self Insurance Budget Summary

Collapse All	FY 2022 Actual	FY 2023 Original Budget	FY 2023 Adjusted Budget	FY 2023 Projected	FY2024 Proposed
▼ Revenues	\$ 2,880,594	\$ 2,328,550	\$ 2,328,550	\$ 2,351,400	\$ 2,680,900
▼ Revenues	2,868,722	2,325,800	2,325,800	2,326,700	2,649,900
▶ Revenues	2,868,722	2,325,800	2,325,800	2,326,700	2,649,900
▼ Interest and Other	11,872	2,750	2,750	24,700	31,000
▶ Interest and Other	11,872	2,750	2,750	24,700	31,000
▼ Expenses	3,328,521	2,518,350	2,518,350	2,786,200	3,061,000
▶ Salaries and benefits	68,685	100,000	100,000	70,000	80,000
▶ Contractual Services	191,864	150,000	150,000	130,700	200,000
▶ Supplies and Other	1,094,449	115,000	115,000	253,600	265,000
▶ Other	1,973,523	2,153,350	2,153,350	2,331,900	2,516,000
Revenues Less Expenses	\$ -447,927	\$ -189,800	\$ -189,800	\$ -434,800	\$ -380,100

The amount appropriated in FY2024 is based on the actuary's analysis.

Contract Services: \$200,000 - Consulting services (Administration costs for WC Claims and other special legal services.)



Sprinkler Fund Budget Summary

Collapse All	FY 2022 Actual	FY 2023 Original Budget	FY 2023 Adjusted Budget	FY 2023 Projected	FY2024 Proposed
▼ Revenues	\$ 8,814	\$ 60,000	\$ 60,000	\$ 70,360	\$ 25,000
▶ Revenues	8,814	8,000	60,000	70,360	25,000
▶ Other Revenues	0	52,000	0	0	0
▼ Expenses	45,900	400,000	400,000	30,000	368,701
▼ Supplies and Other	45,900	400,000	400,000	30,000	368,701
Programs And Activities	45,900	400,000	400,000	30,000	368,701
Revenues Less Expenses	\$ -37,086	\$ -340,000	\$ -340,000	\$ 40,360	\$ -343,701

The amount appropriated represents expected FY2024 loan payments plus the estimated fund balance available to appropriate through end of FY2024.

Enhancement Requests Included in FY2024 Budget Request

- **Senior Accountant-Accounts Receivable**: \$150,000 to ensure revenue is recorded timely and to research outstanding issues, including better follow up on occupancy taxes due and fees/fines assessed. Current staffing does not have the bandwidth to perform these tasks. There is currently no additional space in the Finance office for the Sr. Accountant or the Grants Administrator (approved in FY2023). Therefore, Finance will not fill these two positions until the space is available. The FY2024 budget includes funding for both positions and a turnover allowance equal to one of the positions. Offset in revenue generated. Goals 1,2,3,4, and 5.

Long-Term Goals

- Full Staffing Levels, including new positions and Co-location of all Finance Staff
- Complete Policies & Procedures for all Finance Tasks
- Automated AP Payments through ACH
- Complete Electronic Billing System – Close to email option for utility billing
- Standardized 3rd Party Processing Services and receipts processing
- Complete paperless system
- Streamline payroll processing by use of internal/ external service providers and eliminate paper checks
- Streamline purchasing process by maximizing use of Pcards, analyzing purchasing policies to determine most efficient competitive purchasing limits.
- Robust use of Budget software to produce real time reports, maximize citizen involvement, and periodic long term budget projections.



Thank you.

Questions?