

# FINANCE DEPARTMENT'S PROPOSED FY2022 BUDGET PRESENTATION

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Jodee Dickinson, Finance Director

April 26, 2021

# Functions

- ▶ Accounting and Financial Reporting
- ▶ Budgetary Reporting and Monitoring
- ▶ Billings and Collections
- ▶ Cash and Investment Management
- ▶ Office Operations
- ▶ Debt Issuance and Management
- ▶ Grants Accounting and Reporting
- ▶ Risk Management
- ▶ Purchasing





# Accounting & Financial Reporting

**Goal:** Maintain timely and accurate accounting records; strengthen, maintain, and monitor internal controls

- ▶ **Objective** – Reconciliation calendar
  - ▶ *Benchmark* - 100% reconciliation & analysis meeting deadlines
- ▶ **Objective** – Ensure revenue/expenses recorded in correct accounts, including the capital projects
  - ▶ *Benchmark* – 100% accuracy in recording, continual decrease in # of correcting entries
- ▶ **Objective** - Conduct risk assessments and audits of departments
  - ▶ *Benchmark* – Site visits, risk assessments, audits for all City depts.

**Progress?** Established recon plan – no particular tracking; decrease to number of adjustments each year; and no risk assessments performed due to lack of staff.

# Budgetary Reporting & Monitoring

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**Goal:** Provide accurate and timely financial information to City departments and stakeholders and improve reporting capability of MUNIS

- ▶ **Objective** - Quarterly internal development of budgetary compliance, including status of each capital project
  - ▶ *Benchmark* – Budgetary Reports to Departments by 15th of the following month.
- ▶ **Objective** - Develop, maintain, and evaluate long-term financial projections for management, Finance/Audit Committees, and FAC
  - ▶ *Benchmark* – Update projections quarterly disseminating to relevant stakeholders by 15th of the following month.
- ▶ **Objective** - Implement OpenGov Software
  - ▶ *Benchmark* – Successful implementation of each module.

**Progress?** Reports designed and FY21 2<sup>nd</sup> Qtr Report completed Jan 19; due to lack of staff, no long term projections developed except to project pandemic impacts; completed integration, developed reports, and budget book in OpenGov.

# Billings & Collections

**Goal:** Provide accurate and timely billings for utility, CFA, and general billings

- ▶ **Objective** - Standardize and consistently apply payment and adjustment policies
  - ▶ *Benchmark* – Update policies and City Code provisions needed to standardize application of utility adjustments and related penalties
- ▶ **Objective** - Provide residents with timely, consistent, well-informed, and cordial service
  - ▶ *Benchmark* - Decrease # customer complaints

**Progress?** FY2021 established two minor changes but thorough review not completed; no tracking method currently for monitoring service quality (praise or complaints)

# Cash & Investment Management

**Goal:** Protect City deposits and maximize related earnings

- ▶ **Objective** - Maintain collateral balances
  - ▶ *Benchmark* – Maintain collateral at 100% of deposits.
- ▶ **Objective** - Maintain responsible and efficient banking relationships
  - ▶ *Benchmark* – Lower costs by issuing RFP for Banking services, Merchant Card services, and other services
- ▶ **Objective** - Reduce number of bank accounts
  - ▶ *Benchmark* - Closed accounts

**Progress?** Bank tracks collateral however currently not reviewing bank's process; no RFP issued for banking due to lack of time; continue to monitor and close bank accounts.

# Office Operations, Accounts Payable, & Payroll

**Goal:** Improve efficiency of Finance Office operations

- ▶ **Objective** - Update and implement financial policies and procedures and related manual; introduce any needed legislative changes
  - ▶ *Benchmark* – Update and disseminate manual, request legislative changes
- ▶ **Objective** - Maintain accurate and timely payroll processes and reporting
  - ▶ *Benchmark* – Reduced number of supplemental payrolls, adjustments, and reissues
- ▶ **Objective** - Increase office efficiency
  - ▶ *Benchmark* – Reduce cost of operations by decreasing transactions, using paperless systems, and implementing automation of payments

**Progress?** No progress on the manual; no formal tracking of payroll processing, however, number of supplementals has decreased; some savings on supplies, however, steps for electronic invoices and ACH payments necessary for significant savings.

# Debt Management

**Goal:** Efficient Management of City Debt

- ▶ **Objective** - Minimize amounts borrowed and ensure effective rates
  - ▶ *Benchmark* - Just-in-time borrowing
  - ▶ *Benchmark* - Competitive bidding
- ▶ **Objective** - Timely reimbursement of capital expenditures
  - ▶ *Benchmark* - Quarterly drawdown of debt proceeds within 30 days from end of quarter

**Progress?** All borrowing has been competitive and borrowing conducted based on capital spending projections; currently drawing bond funds approximately quarterly.

# Grants Accounting

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**Goal:** Accurate and timely reporting of grants activity; standardize grants management

- ▶ **Objective** - Conduct quarterly reviews of grant activity and provide feedback to departments as necessary
  - ▶ *Benchmark* - Conduct at least one cross City training with outside grants specialist and an annual internal training on City policies

**Progress?** No progress due to lack of staff and documented policies

# Risk Management

**Goal:** Increase safety of City work environments through inspections and safety training at each department

- ▶ **Objective** - Conduct quarterly evaluations of department progress in reducing risk and occurrences
  - ▶ *Benchmark* – Conduct evaluations, share results, & make corrections
  - ▶ *Benchmark* – Reduce number of Workers Comp and liability claims

**Progress?** Progress in site visits and corrections; however, no formal documentation of progress

# Finance Operations Budget Summary

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Expand All	FY 2020 Actuals	FY 2021 Original Budget	FY 2021 Adjusted Budget	FY 2021 Projected	FY 2022 Proposed
▶ Salaries and benefits	\$ 1,689,406	\$ 1,943,000	\$ 1,943,000	\$ 1,870,400	\$ 2,185,800
▶ Contractual Services	378,390	469,200	469,200	434,200	491,100
▶ Supplies and Other	59,706	86,200	86,200	22,400	63,500
▶ Capital Outlay	7,356	0	0	6,600	7,500
<b>Total</b>	<b>\$ 2,134,858</b>	<b>\$ 2,498,400</b>	<b>\$ 2,498,400</b>	<b>\$ 2,333,600</b>	<b>\$ 2,747,900</b>

Projected savings of \$164,800 in FY2021 due to vacancies and stewardship of our budget.

# Changes from FY2021 to FY2022

- ▶ Increase to Salaries & Benefits - Assistant Finance Director (A18)
  - ▶ Net effect on Salary & Benefits \$80,000.
- ▶ Decrease in Supplies and Other FY2021 \$86,200 to \$63,500 (-\$22,700)
  - ▶ Decrease in supplies (\$18,500) to help with FY2022 budget constraints.
  - ▶ Decrease in training (\$5,500) to help with FY2022 budget constraints.
- ▶ Increase in Capital Outlay FY2021 \$0 to \$7,500 (\$7,500)
  - ▶ To replace remaining broken, worn, and old chairs for office staff. Current chairs are over 10 years old and causing health issues.
- ▶ Increase in Contract Services FY2021 \$469,200 to \$491,100 (\$21,900)
  - ▶ Increase in professional services (\$9,000) primarily due to increases in costs from vendors and premium support with OpenGov (\$7,800) and new copier lease.
  - ▶ Additional increases due to inflation.
- ▶ Increase in Overtime FY2021 \$4,900 to \$10,000 (\$5,100)
  - ▶ Current projection for FY2021 is \$14,000.

# Contract & Accounting Services

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- ▶ Delinquent account collection
- ▶ Bond Counsel
- ▶ Arbitrage compliance
- ▶ Armored transport
- ▶ Auditors
- ▶ Audit Committee Funds
- ▶ Bank fees
- ▶ Actuary
- ▶ Open Gov
- ▶ Fraud Hotline
- ▶ GFOA
- ▶ Shredding
- ▶ Batch mailing services
- ▶ Payroll services
- ▶ Copier lease (new)
- ▶ Postage & Shipping
- ▶ Telephones
- ▶ Postage & inserter machines
- ▶ Copier service

# FY2021 Accomplishments

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- ▶ The economic effects of the pandemic significantly increased the number of phone calls managed by the City Finance Department.
- ▶ Staff successfully altered processes to implement the State moratorium for utility shutoffs, distributed special notifications to past due customers, and established numerous payment plans for those unable to pay once the moratorium was lifted.
- ▶ Staff also assisted in the success of the Water Bill Relief program by informing customers of the program and referring them to Blessed in Tech and other organizations willing to assist in paying utility bills.
- ▶ Staff managed several additional payroll codes and accounts related to cost accumulation for the City's pandemic response. Staff also instituted reporting procedures for management, Council, and Anne Arundel County for the spending of \$4.9 million of CARES Act funding.

# FY2021 Accomplishments (cont.)

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- ▶ Borrowed 3rd and final tranche of the equipment capital lease.
- ▶ Established a line of credit for capital projects through a bond anticipation arrangement. The City and its financial advisors obtained the lender through a competitive bidding process to achieve the lowest borrowing cost and provide flexibility for City construction.
- ▶ Maintained current bond ratings and outlook during rating agency surveillance reviews.
- ▶ Finance staff worked with Planning and Zoning and MIT staff to implement Host Compliance, a new tracking system for short term rental permitting and occupancy tax collection.
- ▶ Finance budget staff and MIT worked on further implementation of OpenGov budget software. The product is currently facilitating the FY2022 budget development.

# FY2021 Accomplishments (cont.)

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- ▶ Staff worked to analyze and revise the City budget to ensure spending was controlled within declining revenues. Budget reports were disseminated and reviewed with management, Council, auditors, and rating agencies.
- ▶ The Risk Management Administrator played a critical role in assessing the safety of City employees by working with teams tasked with keeping employees safe and relaying pertinent safety policies to City staff.
- ▶ Accounting staff successfully issued the FY2020 Comprehensive Annual Financial Report with a clean audit opinion. The report highlights the strong FY2020 financial results despite the pressure on revenues in the 4th quarter.

# Finance Tasks

Accounting for 22 funds and 34 active capital projects

Annual CAFR production & State reporting

Budget creation, monitoring, and adjustments for \$152 million of City spending

Compliance with GASB standards

Police & Fire Pension Accounting, Transactions, & Contracts

MSRS Pension trans. & reporting

401(a) Plan

Three choices for 457 plans

VEBA plan

Workers Comp Payroll and related tax requirements

Personal Property taxes

Utilities

Capital Facility Assessments

Cash receipt batches daily from 5-6 payment sources

Reconciliation of numerous account, including 25-30 bank/trust accounts.

Implementation and maintenance of OpenGov budget modules

Complex debt issues & tracking of proceeds/amort of refunding gains & losses and premiums

PILOT agreements

Sprinkler tax credits

Historical Preservation tax credits

Sprinkler loans

Provisions for four union contracts

Biweekly payroll for 600+ employees

Weekly AP processing

PCard Maint & Monitoring

AMRP PPP - requires complex accounting analysis and reporting

Resiliency Authority

Short term rentals – Monitoring of Occupancy tax quarterly filings

General Billings (dozens of miscellaneous arrangements)

Special events billing

Lease billings/Lease payments

City agreements/contracts

Staffing Council, Fin Comm., Audit Comm., Pension Commission, FAC

Special Requests from Council/Mayor/Depts./citizens/ other jurisdictions

Grants Accounting for dozens of grants

Implementation of additional controls noted during audits or reviews

Training & education on software modules and specialized knowledge

# Finance Challenges

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## Pressures:

- ▶ Tasks listed on previous slide are straining the staff
- ▶ Several staff working significant overtime, only non exempt get paid.
- ▶ Professional staff awarded a portion of overtime as comp time
- ▶ Staff are not able to take comp time or vacation time due to work load
- ▶ Overtime costs increasing due to workload and vacancies
- ▶ Lack of adequate office workspace negatively impacting productivity

## Results:

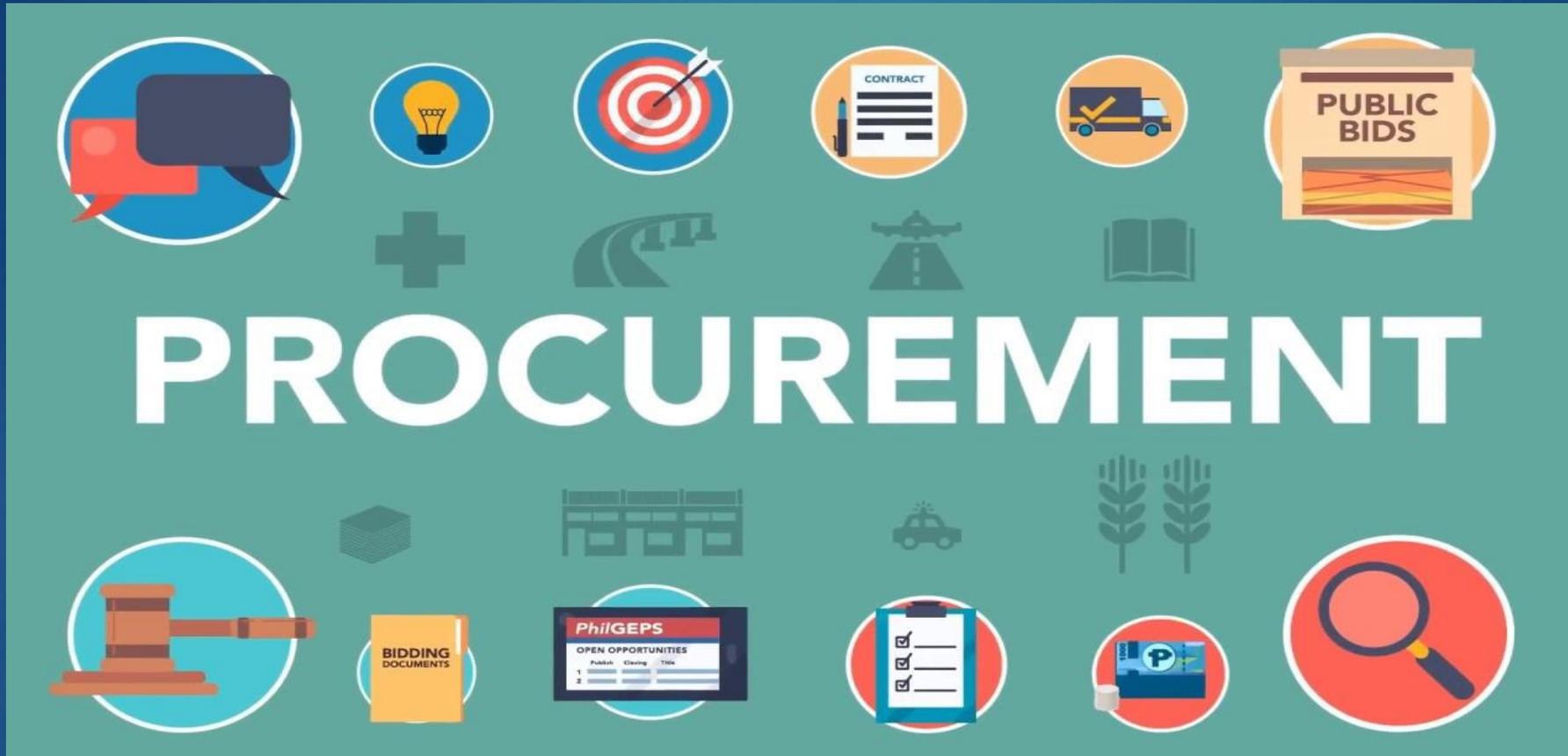
- ▶ These factors and history proven with continual staff burn out and turnover.
- ▶ Many important Finance roles not conducted due to the lack of the properly experienced staff.
- ▶ Lack of appropriate # staff and lack of skills/training is causing issues that require more time to resolve

## Solution:

- 1) Reorganization
- 2) Additional office space
- 3) Additional staff to fill voids
- 4) Coaching/training of existing staff

# PURCHASING DIVISION PROPOSED FY2022 BUDGET PRESENTATION

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Brian Snyder, Procurement Officer

April 26, 2021

# Functions

- ▶ Procurement of goods and services for all City departments
- ▶ Development of Invitation for Bids (IFB) and Request for Proposals (RFP) solicitations and management of bidding process
- ▶ Review contracts and assist Law Office in contract execution
- ▶ Oversee and facilitate surplus property disposal
- ▶ Monitor MBE usage and engage in outreach
- ▶ Participate in cooperative purchasing efforts via Baltimore Region Cooperative Purchasing Committee (BRCPC)
- ▶ Facilitate real estate transactions
- ▶ Administrative support for city-wide electricity, cell phones, and copiers

# Purchasing Goals

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## ***Goal 1 – Increase Efficiency of City Spending - Enhance participation of MBE firms***

- ▶ Objective – Increase W/MBE Participation
  - ▶ Benchmark – Complete and implement MBE policy/outreach plan
  - ▶ Performance measure – Date of implementation for plan  
(Update records and historical data to establish baseline measurements)

## ***Goal 2 – Improve automated procurement process (PCards)***

- ▶ Objective – Update and Implement PCard policy
  - ▶ Benchmark – Date of update of policy implementation
  - ▶ Performance measure – FY 2021 was goal.

# Purchasing Budget Summary

Expand All	FY 2020 Actuals	FY 2021 Original Budget	FY 2021 Adjusted Budget	FY 2021 Projected	FY 2022 Proposed
▶ Salaries and benefits	\$ 310,773	\$ 423,900	\$ 423,900	\$ 395,200	\$ 420,500
▶ Contractual Services	11,898	4,400	4,400	2,400	4,800
▶ Supplies and Other	1,401	4,900	4,900	2,900	4,500
▶ Capital Outlay	2,000	0	0	0	0
<b>Total</b>	<b>\$ 326,072</b>	<b>\$ 433,200</b>	<b>\$ 433,200</b>	<b>\$ 400,500</b>	<b>\$ 429,800</b>

## Highlights:

- ▶ Projected savings of \$32,700 in FY2021.
- ▶ FY2022 lower than FY2021 due to Senior Buyer salary savings

# FY2021 Accomplishments

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- ▶ Purchasing staff successfully managed dozens of new vendor relationships through RFPs and other methods to provide City staff, citizens, and businesses with critical assistance during the pandemic.
- ▶ Full Staffing Level - Senior Buyer – Started August 3
- ▶ Increased efficiency in procurement policy – implementation of check request and p-card payment in MUNIS
- ▶ Improved automated procurement process – implementation of contracts module in MUNIS
- ▶ Successful procurement and maintenance of PPE levels
- ▶ Completion of Hillman Garage/City Dock Redevelopment solicitation