

CITY OF FAIRVIEW HEIGHTS, IL.

FINANCE DEPARTMENT ANNUAL REPORT



FISCAL YEAR

MAY 1ST, 2012 – APRIL 30TH, 2013

SUBMITTED MARCH 8TH, 2013

Mayor Mitchell, City Council, City Clerk, and City Treasurer:

It is my pleasure to present this annual operations report of the Finance Department for Fiscal Year 2012-2013 (FY '13). The following pages include the department's mission statement, overview of operations, and a bullet-point timeline of major events during the past fiscal year with supporting narratives.

The past year has been challenging for the department, yet extremely productive, in many ways. The department pursued an aggressive agenda during the year that included a major software conversion, a banking conversion, and changing the City's accounting framework by altering the chart of accounts. All of these projects were in addition to traditional and time-consuming tasks such as auditing and budgeting. In addition, the department was faced with a second retirement of a long-time employee at the start of the fiscal year, leaving the department short-staffed for over two months. Nevertheless, a majority of the objectives identified at the beginning of the fiscal year will have been accomplished by the end of April.

The accomplishments of the department would not be possible without the support of the elected officials. We appreciate the support of our recommendations, and the interest shown in the work we do. The Finance Department would specifically like to thank City Treasurer Michele Isaacson for her ongoing support. Michele has been an advocate for the department since her election, and has been a contributor on several projects during the past year. We appreciate her support, and look forward to further accomplishments with her in the future.

In closing, I'd like to say that it's my privilege to lead the Finance Department. We have a strong team that is both skilled and dedicated to our work. It has been my pleasure to lead the department during the past year. We are looking forward to the next year and the challenges it will bring, as we continue our efforts to provide "the highest level of service and responsibility as financial stewards of the City of Fairview Heights."

Respectfully Submitted,

A handwritten signature in cursive script that reads "Scott E. Borrer".

Scott E. Borrer
Director of Finance
City of Fairview Heights, IL.

MISSION STATEMENT

The staff of the Finance Department is dedicated to provide the residents of Fairview Heights the highest level of service and responsibility in serving as the financial stewards of the City of Fairview Heights.

Overview of Operations

The Finance Department is responsible for the sound financial management and integrity of the finance system in the administration, development, and monitoring of the operating and capital budgets. Tasks include investments, debt management, monthly reporting, payroll, and accounts payable. The department consults with and advises the City Administrator and elected officials on efficient fiscal management operations as necessary, including the investment and depositing of municipal funds in accordance with City policy and all applicable laws. The Finance Department is also available to assist the public and citizen groups with information requests as needed.

The Finance Department is currently comprised of 3 full-time employees, which includes the Director of Finance. The Director has general management responsibility of the Finance Department, and is designated as an ex-officio member of the Finance Committee but has no voting power. A Staff Accountant is primarily responsible for payroll processing and account reconciliations. An Accounts Payable Clerk is primarily responsible for processing invoices and payments in accordance with the City's purchasing rules and processes.

A number of other tasks also require attention from the Finance Department, including Freedom of Information Act (FOIA) requests and human resources (HR) related tasks.

During the fiscal year, the Finance Department will have:

- Processed over 4,200 payroll related transactions.
- Processed approximately 5,000 purchase orders which reflect nearly 5,500 transactions.
- Responded to over a dozen FOIA requests.

The Director of Finance performs duties of the Budget Director - in conjunction with the City Treasurer - by compiling a budget containing estimates of revenues available prior to the beginning of a fiscal year, which is applied together with recommended expenditures for the municipality and all of its boards, commissions and departments. The Budget must be approved by the City Council prior to May 1st each fiscal year.

Major Events during FY 2012 - 2013

May 2012

- New Chart of Accounts Adopted
 - With the beginning of the fiscal year, the City began utilizing the new chart of accounts system that was adopted with the new fiscal year budget. While the process was rather seamless, time and effort was needed to update software programs and adjust employee practices across the City.
- Software Conversion – “Clarity”
 - The Finance Department worked in conjunction with Civic Systems towards the implementation of a major software conversion from the “classic” version to the newest platform known as “Clarity”. The conversion immediately helped staff in a number of ways, and placed the City in a position to increase efficiencies in the future. Considerable time was spent throughout the fiscal year related to training and conversion issues.
- Mary Allan Retirement
 - An employee with the City for more than 28 years, Mary announced her retirement in June. Coupled with Barb Mackin's retirement five months earlier, the department lost nearly 60 years worth of institutional knowledge within a six month time span. A replacement full-time Accounts Payable Clerk was hired in August.

June 2012

- Bank Deposit Services - Request for Proposals (RFP)
 - The Finance Department issued an (RFP) in April of 2012 for deposit services. After an extensive evaluation period, the Finance Department & City Treasurer Isaacson made a recommendation to the Finance Committee in June. The contract eventually entered into by the City in December increased services, eliminated deposit service fees, and strengthened bank collateralization on City accounts.
- Three Year Budget Report
 - The Finance Department published the “Three Year Budget Report” as required by City Ordinance #1205-04, which serves as an informational supplement to the annual budget passed prior to May 1st.

July 2012

- Audit Fieldwork
 - Auditors were onsite beginning in late July for the FY 2011-2012 review. Considerable staff time was needed to work in conjunction with the auditors to provide reports and explanations of financial events and workflow processes.

- Accounts Payable Clerk Interviews
 - The Director of Finance worked in conjunction with the City Administrator throughout a time-consuming three round process during June and July. A candidate was selected and began employment in late August.

August 2012

- Multiple Tasks
 - The Finance Department was extremely busy during the month of August with multiple special projects, which included the following:
 - Review of Purchasing Card RFP submissions
 - Review of Payroll RFP submissions
 - Audit Fieldwork
 - TIF Lawsuit
 - Health Insurance Rebate
 - FOP Arbitration
 - New Employee Orientation
 - Kimco Project Analysis

September 2012

- Purchase Card Program
 - The Finance Department issued a request for proposals for a purchasing card program in July. After an evaluation process and recommendation to the Finance Committee in September, the City entered into a purchase card services contract agreement in November. The department is currently phasing in the implementation. All departments are expected to be utilizing the program by the end of April.

October 2012

- City Audit – Management Discussion & Analysis (MD&A)
 - J.W. Boyle & Associates presented the annual audit to the Finance Committee, resulting from their work with staff during August and September. The Finance Department expanded on the new sections

added to the audit the previous year, which included the MD&A and a statistical section.

- Clarity – miTime Payroll & Time Collection Solution
 - Due to the City utilizing a manually intensive payroll process, the City began evaluating the possibility of outsourcing payroll during the summer of 2012. Following a review of external proposals, and considering the potential of the new accounting platform, the Finance Department recommended the purchase of an additional Clarity platform called “miTime”. The product will keep payroll processing “in-house”. The software will automate the time entry and certification process. Implementation and training is expected to occur in April / May of 2013.

November 2012

- Six Month Budget Review
 - The Finance Department, in conjunction with the other City departments, prepared and presented the six month budget review for the Finance Committee. The mid-year review included updates on capital projects, pension funding, and recommended budget amendments. Highlights of the amendments included increased personnel costs associated with the passage of three labor contracts, and expenses related to a major hail storm in the spring.

December 2012

- Local Debt Recovery Program (LDRP)
 - Sponsored by the Illinois State Comptroller's Office, the LDRP is a means for local governments to pursue money owed to the City via deductions of any State disbursements (i.e. lottery winnings, income tax refunds, etc). The Finance Department brought forth a recommendation to participate, and City Council passed a resolution of support in December.
- Property Tax Abatements
 - The Finance Department prepared the property tax abatements and presented them to the Finance Committee in November. The City Council passed the abatement ordinances in December.

January 2013

- Budget Preparation
 - The Finance Department worked closely with City departments in the creation of the capital and operating budgets. Significant staff time and planning was spent in the analysis and preparation of the budget.

- Banking Contract Implementation
 - Finalized in December, the Finance Department spent considerable time making the necessary adjustments in January/February. New services implemented included the remote deposit of checks received by the City Clerk's Office, and the setup of "Positive Pay" - a fraud detection service.

February 2013

- Proposed Budget FY 2013-2014
 - The proposed budget was distributed in early February, and represented the work and planning efforts of all departments. The budget expanded on the significant changes incorporated into the previous budget, including additional narratives and financial process explanations. A number of changes were based on feedback provided by the Governmental Finance Officers Association (GFOA), after a review of the City's current budget.
- Clarity – Accounts Receivable Module
 - In response to auditor concerns regarding the City's accounting for accounts receivable transactions, the Finance Department recommended an addition to the accounting software as a solution. The Finance Committee and City Council passed a resolution to authorize the purchase of an Accounts Receivable module for the City's accounting program (Clarity). Implementation and training will be a focal point in April and May.

March – April 2013

- We anticipate the following events:
 - Implementation and training on the miTime payroll module.
 - Implementation and training on the accounts receivable module.
 - City Council adoption of the FY 2013-2014 budget.
 - Publish the "Total Compensation Package Report", in compliance with State of Illinois PA 97-0609.
 - Report on all sales tax rebate agreements to the Illinois Department of Revenue, in accordance with the recently adopted PA 097-0976.

A Look Ahead to FY 2013 – 2014

The Finance Department listed the following goals in the proposed FY 2013-2014 budget currently under consideration by the City Council:

- To establish an updated investment policy and procedures.
- To begin the establishment of a performance management system.
- To enhance communications, accountability, efficiency, and effectiveness both within and outside the organization.

In order to accomplish these goals, the department has several objectives to meeting during FY 2013 – 2014, including:

- Issue an RFP for investment broker services.
- Implement and train city staff on miTime – the automated time certification program for payroll.
- Provide monthly training to city staff on utilizing existing financial tools.
- Work towards further establishing long-term financial goals via policy adoption.
- Begin the construction of analytical tools that will support balance scorecards and a performance based budgeting system that support the strategic goals of the City Council and City of Fairview Heights.

--- End of Report ---