Finance Committee Agenda Report

Meeting Date: 8/26/14

TO: Finance Committee

FROM: Frank Fields, Accounting Manager, 879-7329

RE: Monthly Financial Report as of July 31, 2014

REPORT IN BRIEF:

The Accounting Manager presents to the Finance Committee the Monthly Financial Reports as of July 31, 2014 which include budget monitoring reports and revenue reports in order to provide a more comprehensive look at the City's finances on a monthly basis. Department directors will be on-hand to answer any questions regarding their respective budgets. The purpose of these reports is to enhance transparency, to increase staff's engagement in controlling their budgets, and to provide the City Council more ability to hold staff accountable.

After consulting with the City Manager and Assistant City Manager, the Accounting Manager is recommending that Monthly Monitoring Reports be presented and reviewed at Finance Committee and Council on a bi-monthly basis between the months of July and December (i.e., Reports will be presented for the months of July, September and November), and monthly beginning in January through May. All monthly reports (except Cash Flow statements) will be posted online every month in order to comply with the requirements of Charter Section 908. The change is recommended as activity in the first six months of the fiscal year is less likely to cause budget overages than later in the fiscal year. A formal analysis and review on a bi-monthly basis between July and December should be deemed sufficient to mitigate the risks of expenditures exceeding the budget. Finally, the month of June will not be presented as June books do not close until late September. A formal analysis of June will in essence be provided along with the presentation of the audited financial statements.

Recommendation: No recommendation is required.

FISCAL IMPACT: N/A

BACKGROUND:

Article IX, Section 908 was added to the City's Charter in 1960, stating, "The finance officer shall submit to the Council through the City Manager monthly statements of receipts, disbursements and balances in such form as to show the exact financial condition of the city. At the end of each fiscal year the finance director shall submit a complete and detailed financial statement."

DISCUSSION:

Attachment A is a financial report by fund. This report shows a summary of all activity by fund.

Attachment B includes Monthly Budget Monitoring Reports signed by each department director with the accompanying department operating summaries and expense reports. These reports offer an expense detail for each category and line item. Department directors have reviewed these reports and have completed a narrative response to any trends which indicate a category or line item, where applicable, will exceed the approved budget by the end of

the year and any other trend that may be of interest. The focus of these areas should allow the Finance Committee and City Council members to understand any trends which are likely to result in the department exceeding the budget, provide adequate details of these areas and present an action plan to bring actual expenditures in-line with budget appropriations. Finance will evaluate department directors' responses and notify the Finance Committee and the City Council of significant trends and anomalies and provide recommendations as warranted.

Attachment C includes revenue reports for all funds. Finance will be working with departments to ensure that revenue estimates are valid and up-to-date.

Attachment D is a monthly cash flow report and projections of future cash flows. Staff will provide highlights of significant changes and projections.

Reviewed by:

Frank Fields, Accounting Manager

Approved by:

Mark Orme, City Manager

DISTRIBUTION:
City Clerk (5)

ATTACHMENTS:
Attachment A – Financial Report by Fund
Attachment B – Monthly Budget Monitoring Reports, Operating Summaries and Department Expense Reports
Attachment C – Revenue Report by Fund
Attachment D – Monthly Cash Flow Report