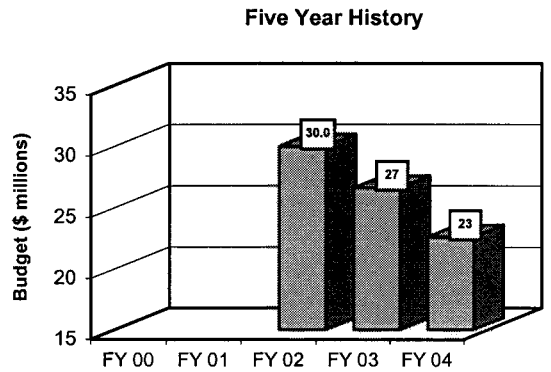


# FINANCE

## 2003 - 2004 Proposed Budget

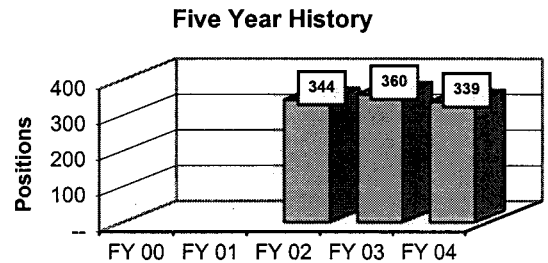
### FUNDING

	2002-03	2002-03	2003-2004 PROPOSED	
	Estimated	Budget	Amount	%Change
Salaries	\$ 20,856,000	\$ 20,377,647	\$ 19,309,921	(5.2)%
Expense	5,529,200	5,332,046	3,209,632	(39.8)%
Equipment	543,000	880,545	75,975	(91.4)%
Special	--	--	--	-- %
<b>TOTAL</b>	<b>\$ 26,928,200</b>	<b>\$ 26,590,238</b>	<b>\$ 22,595,528</b>	<b>(15.0)%</b>



### STAFFING

	June 30, 2003	2002-2003	2003-2004 PROPOSED	
	Projected Staffing	Adopted Budget	Authorized Staffing	%Change
Regular	332	360	339	(5.8)%



### BUDGET HIGHLIGHTS

	Direct Cost	Positions
◆ 2002-03 Employee Compensation Adjustment	\$ 177,825	--
◆ 2003-04 Employee Compensation Adjustment	628,612	--
◆ Deletion of Vacancies	(619,632)	(11)
◆ Transfer of Risk Management to City Administrative Officer	(1,777,983)	(8)
◆ Transfer of Workplace Safety to Personnel	(732,694)	(9)
◆ Transfer of Treasurer function	(2,485,805)	(34)
◆ Transfer of Fiscal and Accounting Support	262,296	4
◆ Transfer of Clerical Support	(93,648)	(2)
◆ Business Tax Data Analysis	88,768	--
◆ Tax Renewal Assistant Conversion	74,142	14
◆ Taxpayer Advocate & Assessment Review Officer	145,334	2
◆ Transfer Collection Function from City Attorney	1,376,672	23
◆ LATAX System	2,756,854	--

## Recapitulation of Changes

	Adopted Budget 2002-03	Total Budget Changes	Budget Appropriation 2003-04
<b>EXPENDITURES AND APPROPRIATIONS</b>			
<b>Salaries</b>			
Salaries General . . . . .	19,849,905	(835,463)	19,014,442
Salaries As-Needed . . . . .	504,254	(272,986)	231,268
Overtime General . . . . .	23,488	40,723	64,211
<b>Total Salaries . . . . .</b>	<b>20,377,647</b>	<b>(1,067,726)</b>	<b>19,309,921</b>
<b>Expense</b>			
Insurance . . . . .	909,100	(909,100)	-
Printing and Binding . . . . .	493,631	(2,763)	490,868
Travel . . . . .	43,850	10,000	53,850
Contractual Services . . . . .	2,647,495	(848,300)	1,799,195
Transportation . . . . .	110,618	(6,350)	104,268
Bank Service Fees . . . . .	32,000	(32,000)	-
Governmental Meetings . . . . .	840	(350)	490
Office and Administrative . . . . .	1,087,198	(326,837)	760,361
Operating Supplies . . . . .	7,314	(6,714)	600
<b>Total Expense . . . . .</b>	<b>5,332,046</b>	<b>(2,122,414)</b>	<b>3,209,632</b>
<b>Equipment</b>			
Furniture, Office and Technical Equipment . . . . .	880,545	(804,570)	75,975
<b>Total Equipment . . . . .</b>	<b>880,545</b>	<b>(804,570)</b>	<b>75,975</b>
<b>Total Finance . . . . .</b>	<b>26,590,238</b>	<b>(3,994,710)</b>	<b>22,595,528</b>

## SOURCES OF FUNDS

General Fund . . . . .	25,900,428	(3,573,088)	22,327,340
Sewer Construction & Maintenance Fund (Sch 14) . . . . .	689,810	(510,390)	179,420
Business Tax Reform Fund (Sch. 49) . . . . .	-	88,768	88,768
<b>Total Funds . . . . .</b>	<b>26,590,238</b>	<b>(3,994,710)</b>	<b>22,595,528</b>
Percentage Change . . . . .			-15.02%
Positions . . . . .	360	(21)	339

### Changes Applicable to Various Programs

The following changes involve two or more budgetary programs. These changes are explained below and apportioned as single entries in the affected programs. Single-program changes are shown only in the programs involved.

Program Changes	Direct Cost	Posi- tions	Total Cost
<b>Changes in Salaries, Expense, Equipment and Special</b>			
<b>Obligatory</b>			
1 . <b>2002-03 Employee Compensation Adjustment</b> Related costs consist of employee benefits. SG \$177,825 Related Costs: \$21,385	177,825	-	199,210
2 . <b>2003-04 Employee Compensation Adjustment</b> Related costs consist of employee benefits. SG \$628,612 Related Costs: \$75,593	628,612	-	704,205
3 . <b>Salary Step Plan and Turnover Effect</b> Related costs consist of employee benefits. SG \$787,226 Related Costs: \$94,666	787,226	-	881,892
4 . <b>Change in Number of Working Days</b> One more working day. Related costs consist of employee benefits. SG \$71,222 Related Costs: \$8,565	71,222	-	79,787
5 . <b>Deletion of One-Time Expense Funding</b> Funding for 2002-03 one-time expenses is deleted. EX \$(2,583,242)	(2,583,242)	-	(2,583,242)
6 . <b>Deletion of 2002-03 Equipment</b> Funding for 2002-03 one-time equipment purchases is deleted. EQ \$(880,545)	(880,545)	-	(880,545)
<b>Targeted Reductions</b>			
7 . <b>Deletion of Vacancies</b> Positions which have been vacant for more than one year are deleted. Existing service levels will not be impacted. Related costs consist of employee benefits.  Five positions for billing and collection Three positions for field enforcement Three positions in the Audit Section  SG \$(619,632) Related Costs: \$(146,256)	(619,632)	(11)	(765,888)

<b>Program Changes</b>		<b>Direct Cost</b>	<b>Posi- tions</b>	<b>Finance Total Cost</b>
<b>Changes in Salaries, Expense, Equipment and Special</b>				
<b>Transfers Between Departments</b>				
8	<b>Transfers of Fiscal and Accounting Support</b> Funding and position authority for an Accountant II, Senior Accountant I, Senior Accountant II and a Fiscal Systems Specialist I are transferred from the Office of the Treasurer to the Office of Finance to reflect the internal reorganization that occurred in 2002-03. These four positions are partially funded from the Sewer Construction and Maintenance Fund. See Office of the Treasurer Item 9. Related costs consist of employee benefits. <i>SG \$259,896; EX \$2,400</i> Related Costs: \$57,552	262,296	4	319,848
9	<b>Transfer of Clerical Support</b> Funding and position authority for two Senior Clerk Typists are transferred from the Office of Finance to the Office of the Treasurer to provide additional support personnel. These positions will be utilized by the Treasurer for personnel, payroll, and other administrative duties. Also, funding to cover the Treasurer's annual vehicle allowance totaling \$6,000 is transferred. See Office of the Treasurer Item 10. Related costs consist of employee benefits. <i>SG \$(86,448); EX \$(7,200)</i> Related Costs: \$(23,280)	(93,648)	(2)	(116,928)
<b>Other Changes or Adjustments</b>				
10	<b>Operational Adjustments</b> Various adjustments are made to reflect the department's current organization. Twenty three positions, along with their salaries and expenses, are transferred from the Revenue Management Program to the General Administration and Support Program. There is no net change to the overall department budget as a result of this adjustment.	-	-	-
11	<b>Managed Attrition</b> Funding is reduced to reflect the continuation of a hard hiring freeze throughout fiscal year 2003-04. Vacant positions with salaries equal to the amount of attrition will be deleted from the fiscal year 2004-05 budget. Related costs consist of employee benefits. <i>SG \$(95,374)</i> Related Costs: \$(22,052)	(95,374)	-	(117,426)
<b>TOTAL CHANGES APPLICABLE TO VARIOUS PROGRAMS</b>		(2,345,260)	(9)	

## Risk Management

This program identifies and analyzes the City's exposure to loss and develops risk control techniques designed to minimize the frequency and severity of losses. Primary emphasis is placed on the development of Citywide risk management policies and procedures and training of City staff on indemnity and insurance requirements in connection with departmental operations, contracts, permits, leases and purchases. Occupational Health and Safety functions are another element consolidated into the overall risk management program.

Program Changes	Direct Cost	Posi- tions	Total Cost
<b>Changes in Salaries, Expense, Equipment and Special</b>			
12. <b>Apportionment of Changes Applicable to Various Programs</b> Related costs consist of employee benefits Related Costs: \$10,891	86,368	-	97,259
<b>Obligatory</b>			
13. <b>Deletion of Funding for Resolution Authorities</b> Due to the City's current financial constraints, only critical positions will be continued. Related costs consist of employee benefits.  Continue: Owner Controlled Insurance Program (two positions) - See City Administrative Officer Item 13 SG \$(154,167); EX \$(3,440) Related Costs: \$(17,244)	(157,607)	-	(174,851)
<b>Transfers Between Departments</b>			
14. <b>Transfer of Risk Management to CAO</b> The Risk Management function is transferred to the City Administrative Officer (CAO) to centralize and improve coordination and management. This functional transfer dovetails more appropriately with the CAO's operations. Other jurisdictions also conduct their risk management program out of the City Manager/Administrative Office. This transfer includes eight positions (one each of Risk Manager III and Senior Clerk Typist, and two each of Risk Manager I, Risk Manager II and Management Analyst II), salaries and expenses (see City Administrative Officer Item 14). Funding for insurance and bonds premiums is transferred to a new Insurance and Bonds Premiums Fund (see Other Special Purpose Fund appropriation to the Insurance and Bonds Premiums Fund). Related costs consist of employee benefits. SG \$(682,903); SAN \$(5,200); EX \$(1,089,880) Related Costs: \$(127,908)	(1,777,983)	(8)	(1,905,891)

<b>Program Changes</b>	<b>Direct Cost</b>	<b>Posi- tions</b>	<b>Total Cost</b>
<b>Changes in Salaries, Expense, Equipment and Special</b>			
<b>Transfers Between Departments</b>			
15. <b>Transfer of Workplace Safety to Personnel</b>	(732,694)	(9)	(873,778)
<p>The Workplace Safety Program is transferred to the Personnel Department to centralize the safety program with the workers' compensation section responsible for treating injured employees and improve coordination and management. This transfer includes nine positions (one each of Safety Administrator, Safety Engineer, Senior Industrial Hygienist, Laboratory Technician I, two Industrial Hygienists, and three Safety Engineering Associate IIs), salaries, and expenses (see Personnel Item 25). Related costs consist of employee benefits.            SG \$(696,220); EX \$(36,474)            Related Costs: \$(141,084)</p>			
<b>TOTAL RISK MANAGEMENT</b>	<u>(2,581,916)</u>	<u>(17)</u>	
2002-03 Program Budget	2,581,916	17	
Changes in Salaries, Expense, Equipment and Special	<u>(2,581,916)</u>	<u>(17)</u>	
<b>2003-04 PROGRAM BUDGET</b>	<u>-</u>	<u>-</u>	

**Treasury Financial Administration**

This program provides for the custody and disbursement of funds and securities belonging to the City and its affiliated entities, and the investment of those funds not immediately required to pay current obligations.

<b>Program Changes</b>	<b>Direct Cost</b>	<b>Posi- tions</b>	<b>Total Cost</b>
<b>Changes in Salaries, Expense, Equipment and Special</b>			
<b>Transfers Between Departments</b>			
16. <b>Restored Office of Treasurer</b>	(2,485,805)	(34)	(2,950,553)
The functions of the Treasurer are transferred out of the Office of Finance and restored as its own department. This item transfers the Treasurer's 2002-03 budget base to the restored Office of the Treasurer (See Office of Treasurer Item 8). Changes to the Treasurer's 2003-04 Proposed Budget are reflected within the Proposed Budget for the Office of Treasurer. Related costs consist of employee benefits. SG \$(2,031,601); SOT \$(5,813); EX \$(448,391) Related Costs: \$(464,748)			
<b>TOTAL TREASURY FINANCIAL ADMINISTRATION</b>	<u>(2,485,805)</u>	<u>(34)</u>	
2002-03 Program Budget	2,485,805	34	
Changes in Salaries, Expense, Equipment and Special	<u>(2,485,805)</u>	<u>(34)</u>	
<b>2003-04 PROGRAM BUDGET</b>	<u>-</u>	<u>-</u>	

## Revenue Collection

This program provides for the collection of City taxes other than property taxes, and collection of revenue from licenses, permits and fees not collected by other departments; provides for the development and implementation of the City's revenue policy including guidelines for the collection of outstanding receivables and makes recommendations to the Mayor and Council concerning the efficient organization of the revenue collection functions of the City.

Program Changes	Direct Cost	Posi- tions	Total Cost
<b>Changes in Salaries, Expense, Equipment and Special</b>			
17. <b>Apportionment of Changes Applicable to Various Programs</b> Related costs consist of employee benefits Related Costs: \$(273,082)	(3,818,258)	(36)	(4,091,340)
<b>Obligatory</b>			
18. <b>Deletion of Funding for Resolution Authorities</b> Due to the City's current financial constraints, only critical positions will be continued. Related costs consist of employee benefits.  Continue: Assessment Review Officer (1 position) and Taxpayer Advocate (1 position) - See Item 21 LATAX System (12 positions) - See Item 23 SG \$(937,131) Related Costs: \$(144,540)	(937,131)	-	(1,081,671)
<b>Workload</b>			
19. <b>Business Tax Data Analysis</b> Funding is provided to continue one Senior Management Analyst II on resolution authority to perform business tax data analyses based upon various scenarios to adjust the current business tax structure as presented by the Business Tax Advisory Committee. This position was approved under C.F. 02-1250-S241 to provide the Office of Finance dedicated staff for this purpose. This position is funded from the Tax Reform Fund. Related costs consist of employee benefits. SG \$88,368; EX \$400 Related Costs: \$17,340	88,768	-	106,108
20. <b>Tax Renewal Assistant Conversion</b> Funding and position authority for seven Tax Renewal Assistant II, five Tax Renewal Assistant III, one Senior Tax Renewal Assistant I, and one Senior Tax Renewal Assistant III are provided to convert 14 as needed positions to full-time status. These positions have been working more than the allowable part-time hours in their field collection duties and will be eligible for benefits. Related costs consist of employee benefits. SG \$341,928; SAN \$(267,786) Related Costs: \$129,792	74,142	14	203,934



<b>Program Changes</b>		<b>Direct Cost</b>	<b>Posi- tions</b>	<b>Total Cost</b>
<b>Changes in Salaries, Expense, Equipment and Special</b>				
<b>Service Level</b>				
21 .	<b>Taxpayer Advocate &amp; Assessment Review Officer</b> Funding and position authority for one Management Analyst II and one Senior Tax Auditor are provided to continue the Taxpayer Advocate and Assessment Review Officer originally approved by the Council in 2000-01 under C.F. 98-2358-S9 derived from recommendations made by the Business Tax Advisory Committee. The Management Analyst II is the Taxpayer Advocate and functions as an ombudsman to provide personal assistance to taxpayers with complex business tax problems. The Senior Tax Auditor functions as the Assessment Review Officer and provides an impartial review of tax audit appeals through a more streamlined audit appeal process. Related costs consist of employee benefits. <i>SG \$144,384; EX \$950</i> Related Costs: \$30,600	145,334	2	175,934
<b>Transfers Between Departments</b>				
22 .	<b>Transfer Collection Function from City Attorney</b> Funding and position authority for 23 non-attorney staff are transferred from the City Attorney's Collection Division to the Office of Finance. The collection function is more consistent with the duties and responsibilities of the Office of Finance. Standard expenses for the positions are also transferred. Computers and other equipment will be transferred with the personnel after an analysis of the need for these items within the Office of Finance (see City Attorney Item 22). Related costs consist of employee benefits. <i>SG \$1,346,772; EX \$29,900</i> Related Costs: \$312,216	1,376,672	23	1,688,888

<b>Program Changes</b>	<b>Direct Cost</b>	<b>Posi- tions</b>	<b>Total Cost</b>
<b>Changes in Salaries, Expense, Equipment and Special Other Changes or Adjustments</b>			
23 . <b>LATAx System</b>	2,756,854	-	2,909,554
<p>Funding to continue the implementation phase of the LATAx project, which is slated to replace the City's current tax collection system, is provided in various places in the budget. Nine months funding and resolution authority for 12 positions are provided in the Office of Finance's operating budget as well as \$48,791 in the Capital Administration Fund for the purchase of several equipment items for this project. Nine months funding for 12 resolution authorities is also provided in the Information Technology Agency's (ITA) budget (see Information Technology Agency Item 27). Three months funding for both the Office of Finance and ITA is placed in the Unappropriated Balance for the continuation of these positions if needed and other project costs. Related costs consist of employee benefits.</p> <p><i>SG \$621,780; SOT \$46,536; EX \$2,012,563; EQ \$75,975</i>            Related Costs: \$152,700</p>			
<b>TOTAL REVENUE COLLECTION</b>	<u>(313,619)</u>	<u>3</u>	
2002-03 Program Budget	20,286,435	294	
Changes in Salaries, Expense, Equipment and Special	(313,619)	3	
<b>2003-04 PROGRAM BUDGET</b>	<u>19,972,816</u>	<u>297</u>	

**General Administration and Support**

This program provides for management and control of the Office of Finance programs and administrative support activities including budget control, personnel administration and accounting.

<b>Program Changes</b>		<b>Direct Cost</b>	<b>Posi- tions</b>	<b>Total Cost</b>
<b>Changes in Salaries, Expense, Equipment and Special</b>				
24 .	<b>Apportionment of Changes Applicable to Various Programs</b>	1,386,630	27	1,714,994
	Related costs consist of employee benefits			
	Related Costs: \$328,364			
<b>TOTAL GENERAL ADMINISTRATION AND SUPPORT</b>		<u>1,386,630</u>	<u>27</u>	
2002-03 Program Budget		1,236,082	15	
	Changes in Salaries, Expense, Equipment and Special	<u>1,386,630</u>	<u>27</u>	
<b>2003-04 PROGRAM BUDGET</b>		<u>2,622,712</u>	<u>42</u>	

## INDICATORS OF WORKLOAD

	ACTUAL 1997-98	ACTUAL 1998-99	ACTUAL 1999-00	ACTUAL 2000-01	ACTUAL 2001-02	EST. 2002-03	EST. 2003-04
<b>RISK MANAGEMENT</b>							
Contracts and leases reviewed	365	233	325	203	250	250	+
Letters of indemnity issued	200	215	180	250	300	300	+
Risk control consultations and assessments completed*	1,650	1,590	1,560	2,000	2,750	2,850	+
Training sessions conducted	6	6	12	15	15	17	+
OCIP safety sessions	*	*	*	*	*	10	+
OCIP management meeting attended	*	*	*	*	*	72	+
OCIP site safety inspections	*	*	*	*	*	24	+
OCIP claim reviews	*	*	*	*	*	50	+
Departmental safety meetings/accident investigations completed	*	*	*	288	216	216	+
Work station evaluations conducted	*	*	*	120	100	100	+
Safety training hours conducted	*	*	*	192	260	192	+
Facility/jobsite inspection hours completed	*	*	*	576	816	1,020	+
Safety consultations completed	*	*	*	1,728	1,680	1,728	+
Workplace hygiene evaluations completed	*	*	*	40	60	80	+
Air quality/substance samples taken	*	*	*	380	420	460	+
Environmental consultations completed	*	*	*	600	750	900	+
<b>TREASURY</b>							
Average percentage of available cash funds invested	98.68%	98.68%	98.79%	96.24%	93.83%	94.00%	+
Number of investment purchases	1,052	903	1,212	1,070	582	550	+
Number of investment sales	*	*	279	216	125	60	+
Proceeds from securities lending	\$ 1,437,540	\$ 1,567,325	\$ 1,502,871	\$ 1,098,274	\$ 749,900	\$ 800,000	+
Annual Turnover of core portfolio	*	*	*	*	*	3X	+
Number of individual portfolios managed	*	*	*	*	*	13	+
Portfolio performance relative to core benchmark (rate of return)	*	*	*	*	*	105.00%	+
Portfolio performance relative to reserve benchmark (rate of return)	*	*	*	*	*	100.00%	+
Market-average value of general pool managed annually (billions)	\$ 2.8	\$ 2.6	\$ 3.0	\$ 3.1	\$ 3.4	\$ 3.0	+
Interest earned - General Fund only (millions)	\$ 29.5	\$ 22.7	\$ 22.3	\$ 30.0	\$ 27.5	\$ 27.0	+
Interest earned - Total of all funds (millions)	\$ 191.1	\$ 185.6	\$ 189.8	\$ 240.0	\$ 212.0	\$ 187.0	+
Annual earned income yield	5.75%	5.57%	5.70%	6.30%	5.31%	4.75%	+
New Street Bonds	-	-	-	18	168	557	+
Number of cash receipts processed	13,344	12,693	12,793	12,720	14,600	16,800	+
Number of registered bonds and coupons audited and paid	2,921,519	2,314,568	2,562,574	2,100,629	2,400,000	2,100,000	+
Number of bearer bonds and coupons audited and paid	113,359	27,929	33,000	21,556	16,000	17,000	+
Number of new bond issues	3	5	5	6	4	5	+
Number of bank deposits processed	*	80,052	64,819	102,606	111,090	122,200	+
Number of fed wires processed	*	2,572	3,177	3,113	3,405	3,700	+
Number of ACH transfers	*	20,300	24,682	31,130	*	*	+
Number of bad checks received	*	12,061	10,482	9,900	9,216	9,000	+
Lockbox deposits processed	*	*	5,938	*	*	*	+

## INDICATORS OF WORKLOAD

	ACTUAL 1997-98	ACTUAL 1998-99	ACTUAL 1999-00	ACTUAL 2000-01	ACTUAL 2001-02	EST. 2002-03	EST. 2003-04
<b>TREASURY (CONTINUED)</b>							
Bank adjustments processed	*	*	3,407	*	*	*	*
Teller checks written	*	*	1,716	*	*	*	*
Total incoming cash flow (billions)					23	24	+
Total outgoing cash flow (billions)					23	23	+
<b>REVENUE FORECASTING AND COLLECTIONS</b>							
Active account masters	374,475	384,295	375,696	233,612	438,416	451,500	465,000
Field audits completed	1,677	1,356	873	1,073	1,861	2,050	2,250
Field investigations	51,344	48,734	78,260	54,468	38,588	43,000	48,000
Refund claims processed	8,328	8,837	12,856	8,296	4,480	8,500	6,500
Public Office interviews	87,515	83,593	78,991	70,255	80,817	84,857	89,100
TAPS data entry items	1,496,380	1,277,803	1,404,669	1,376,133	1,539,785	1,585,900	1,633,500
Annual renewals	326,769	312,859	331,856	322,210	348,313	345,000	345,000
Collection files opened	9,850	9,298	16,046	14,600	15,000	13,000	14,000
Collection files closed	8,356	7,451	9,998	14,200	12,800	13,000	13,000

\* Data is not available.      + These functions transferred to City Administrative Officer, Personnel & Treasurer.

