

City of Dearborn
Finance Department
2014 Budget Executive Summary

The Finance Department is a centralized internal service operation and consists of the Accounting, Purchasing, and Treasury Divisions. Pension and employee health and welfare benefits administration are components of the Accounting Division. The operational duties of the divisions are outlined on the second page.

Operating expenses are \$2.8 million offset by just under \$1 million of department income which is primarily the tax administration fee. The three year budget includes \$100,000 of income per year as a potential service fee for performing tax collection administrative services for the City of Melvindale. There is also an inter-fund service fee that has not been allocated to the general support departments that is partially associated with Finance services. The net costs represent organizational overhead and when combined with other overhead departments equates to an estimated 4% overhead factor overall.

Staffing has decreased 38% from 36 full-time and 6.6 part-time full-time equivalents (fte's) in fiscal year 2000 to 24 full-time and 5.03 part-time fte's for the proposed fiscal year 2014 budget. One full-time position was eliminated and replaced with two part-time staff in the Purchasing Division. There is also one part-time position that is temporary and is associated with the imaging project required for the relocation of City Hall. A full-time position was added associated with the supplemental work for the City of Melvindale. Staffing costs are the primary component of the department's budget. Some operating line items have been adjusted for supply replacement related to the address change and for the ongoing imaging activity.

The Finance Department has taken over the Accountant level Housing and E&CD work. Staff is still are on a learning curve and good progress has been made.

There has been a substantial amount of retirements and turnover. Of the 4 Purchasing Division fulltime staff, the vacant manager position is scheduled to be filled in April 2013, 1 of the 2 Buyers is just finishing her third month of employment, and the support person is in her second year of employment. For the Treasury Division, the Deputy Treasurer was hired just 4 months ago. Of the two fulltime operational staff, the primary accounts receivable position is now vacant and active recruitment is in progress. For the Accounting Division, the Payroll Supervisor, Accounts Payable/General Office Supervisor has been working since July 2012, and one Accountant has less than a month of service and two other accountants have less than 2 years of service. For the Department overall, 4 positions are vacant (2 to be filled in April 2013), 5 filled positions have less than 1 year of service, and 3 filled positions have less than 2 years of service. The result is that 12 positions or 50% of the department has less than 2 years of service with most of these people new or with months of service.

The downsizing and turn over impacts our production performance and also our ability to advance progress initiatives. While on the surface we are performing well, there is a fair amount of stress on the team and we lack adequate back up and succession development.

Our focus is on delivering on our core duties, staff development, implementing imaging and records management, relocating to the Dearborn Administrative Center, replacing the financial computer system (multi-year), advancing the city-wide internal control review, and doing our best to progress other department and organization goals.

Finance Department Major/Core Department Duties

Budgeting

- Departments, Mayor, Council, citizens of Dearborn

Capital Improvement Plan

- Departments, Mayor, Council, citizens of Dearborn

Comprehensive Annual Financial Report (CAFR) and Financial Recordkeeping

- Mayor, Council, citizens of Dearborn, rating agencies, State of Michigan

Accounts Payable and Payroll

- Vendors and city employees

Employee and Retiree Benefits Administration

- City employees and retirees

Issuance of Debt

- Investors

Department Financial Support Services

- Internal departments, Mayor, and Council, boards and commissions

Tax and General Billings, Adjustments, and Collections

- 38,000 tax and utility bill payers

Cash Management and Investments (City Working Capital and Pension Systems)

- Mayor, Council, pension boards

Procurement

- Departments, Mayor, Council, vendors

Sale of Obsolete Items

- Departments and public buyers

Finance Departments Primary Deliverables/Services

- 1) Annual Budget in excess of \$200 million and a 5-year Capital Improvement Plan
- 2) Tax billing and collection for 38,000 Summer (+ installments) and 38,000 Winter parcels
- 3) Billing and collection of general Accounts Receivables including SAD's
- 4) Collection of Water/Sewer billings and non-billed payments
- 5) Cash Management and Investments
- 6) Centralized procurement of all goods and services
- 7) Payment of 700+/- full-time employees and large fluctuating part-time workforce and Health, Welfare and Retirement Benefits Administration
- 8) Payment of all vendors
- 9) Debt issuance and administration
- 10) Comprehensive Annual Financial Report and Financial Audit

Other Goals and Initiatives:

- 11) Staff Development
- 12) Capital Project and Debt Issuance Support
 - a. Combined Sewer Overflow
 - b. Dearborn Administrative Center/Art Space
 - c. Various in progress or planned
- 13) Technology
 - a. Imaging System
 - b. Financial System Replacement
 - c. Automated Time and Attendance
- 14) Intergovernmental Activity – Fire, Treasury, more
- 15) Internal Control Review and Procedural Update
- 16) Investigation and Support for Alternative Income Options
- 17) Update the Deferred Compensation and Defined Contribution Plan Documents and Operations
- 18) Support Labor Negotiations and Contract Execution