



FINANCE

The mission of the Finance Department is to provide financial management leadership, oversight, reporting and various internal services for the City organization.

DEPARTMENT GOALS AND OBJECTIVES

1. Improve collection rate of accounts receivable. (Strategic Priority IV)
 - a. Ensure timely invoicing.
 - b. Establishing a collection policy of 60 days.
 - c. Increase use of the state income tax setoff program.
 - d. Establish a uniform bad debt policy for all types of receivables.
2. Reduce banking fees. (Strategic Priority IV)
 - a. Encourage direct deposits of employee payroll checks.
 - b. Encourage automated funds transfer for vendor payments.
3. Reduce cost of receipting revenues. (Strategic Priority IV)
 - a. Integrate accounts receivable collection systems to consolidate all accounts for more efficient, coordinated collection.
4. Encourage informed citizen participation. (Strategic Priority IV)
5. Operate a fully funded pension system at the lowest cost possible. (Strategic Priority III and IV)
 - a. Maintain funding ratios above 100% for both retirement funds.
 - b. Minimize administrative costs of the pension system.
6. Provide effective training to reduce employee injuries and property damage. (Strategic Priority II and III)
7. Maintain the long-term stability of the City's financial portfolio. (Strategic Priority I, II, III and IV)
 - a. Error of not more than +/-3%
 - b. Maintain or improve the City's bond rating

PERFORMANCE MEASURES



Dept. Objective	Program Measure Description	Benchmark	2004 Actual	2005 Projected	2006 Target	2007 Target
1a	Accounts receivable invoices processed	2,300	2,466	2,300	2,300	2,300
2a, 2b	Increase payroll ACH direct deposits	4.0%	4.2%	3.5%	3.5%	3.5%
2a	Decrease in payroll checks	-8.0%	-11.9%	-8.5%	-8.5%	-8.5%
2b	Increase in vendor ACH payments	20%	22.9%	21%	20%	20%
4	Number of DAB and civic presentations	30	25	30	35	40
5b	Pension Management cost as a ratio of fund assets	.070%	.068%	.071%	.070%	.070%
6	Number of preventable incidents	60	81	70	60	60
7a	Difference in Adopted budget revenues and actual revenues	2%	-1.21%	2%	2%	2%



RECENT ACCOMPLISHMENTS

- The Finance Department has been consistently recognized by GFOA and other professional organizations as achieving excellence. Awards include:
 - Certificate of Achievement in Financial Reporting for the CAFR (**30 consecutive years**)
 - Distinguished Budget Presentation Award (**16 consecutive years**)
 - Certificate of Achievement in Financial Reporting for the Pension System CAFR (**4 consecutive years**)
 - National Purchasing Institute – Excellence in Procurement (**3 consecutive years**)
 - Public Treasurers Certification of Excellence Investment Policy (**2 years**)
- The budget process improvements allow for more Council input, with increased departmental presentations and a number of budget workshops.
- Refunded \$70 million in General Obligation bonds, saving approximately \$3.4 million that may be used to increase CIP capacity.
- Developed and provided performance measure training to City staff.
- Provided increased civic presentations to DAB's, schools, community groups, etc.



OVERVIEW

The Department of Finance provides a variety of support functions to City departments and officials. The Director's Office coordinates all accounting, external auditing, bookkeeping, billing, revenue collection and purchasing activities for the City. In addition, the Director is tasked with supervising the preparation of the annual City budget, investment policies, debt management program, retirement systems, special assessments, and risk management.

DIVISION DESCRIPTION

The Finance Department is composed of five General Fund financed divisions, and three divisions financed from other

funds. The Director's Office advises the City Manager on the budget and related financial matters. Budget staff provides research and administers the operating and capital budgets. The Controller's Office directs the general accounting, auditing and payable activities of the City. The Purchasing Office acts as the centralized purchasing agent for the City. The City's debt issuance is coordinated through the Debt Management section and Treasury is responsible for all revenue management and investment activities.

The Finance Department also provides centralized micrographics and stationery services through the Stationery Stores Fund. Life, health and worker compensation coverage, risk management functions and the Safety Office are funded from the Self-Insurance Fund. Pension Management oversees the pension funds.

DIRECTOR'S OFFICE: This office is responsible for the overall management of the department, as well as the development, preparation and administration of the City's annual budget. The Budget Office also coordinates preparation of the ten-year Capital Improvement Program, in

The City budget has been recognized by GFOA's Distinguished Budget Presentation Award for the last 16 consecutive years.

addition to the five year Financial Plan, which is prepared for long-term forecasts. Staff advise the City Manager and the Director of Finance regarding financial and management issues, and provide research for City management staff. Assistance is provided to City departments regarding appropriate and necessary budget procedures. Budget Office staff receive assistance on revenue and expenditure planning and statistical research from the Center for Economic Development and Business Research (CEDBR) at Wichita State University. The CEDBR also assists with preparation of the City's Economic Profile.



Finance staff present the City Budget and other financial information to a school group.



CONTROLLER'S OFFICE: Staff in this division provide general accounting services for City departments. Support includes processing vouchers and issuing checks. The coordination of the annual external audit is performed by the Controller's Office, as well as the cost-allocation plan, which allocates overhead and administrative costs among City departments. A significant responsibility is the preparation of quarterly reports outlining the City's financial condition and the Comprehensive Annual Financial Report. Controller staff continually work to ensure that internal controls are in place to guard against waste, inefficiency and financial infidelity.

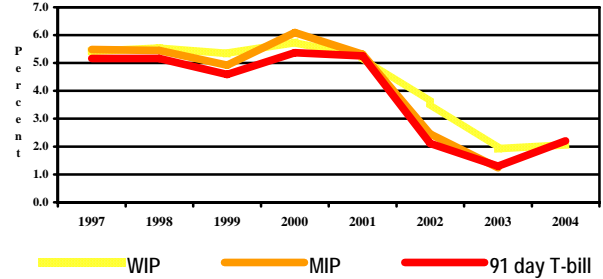
PURCHASING: The centralized purchasing of City goods and services is performed by Purchasing staff, seeking to procure the highest quality products and services for City departments at the lowest possible cost. In 2001, Purchasing implemented an electronic procurement system known as e-procurement (via the Internet) at <http://www.wichita.gov>, which allows vendors to register on-line and to electronically receive and submit bids, receive purchase orders, provide invoices and obtain payments. The e-procurement system has improved staff efficiency, and reduced bid costs to the City by improving information flow.

A 'Wichita Supplier Diversity Task Team' has been appointed by the City Council to focus on the City of Wichita's procurement practices as it relates to emerging (small) and disadvantaged vendors. As a result of this effort, a new Emerging and Disadvantaged Business Enterprise Policy has been approved and a new contract compliance officer position has been added.

DEBT MANAGEMENT: This section coordinates the sale of general obligation bonds and administers special assessments. Staff spread special assessments to benefit districts, certify assessment rolls to the County, and reapportion special assessments to parcels that have been split, re-platted or newly platted. Special assessment tax records are also retained in this section.

TREASURY: The investment of the City's pooled investment portfolio, which typically is approximately \$200 million, is performed by Treasury staff. Using the 90-day U.S. Treasury bill as a benchmark, the investment activity of the City has been very successful. Projecting cash balances and maintaining adequate cash flow for the City are functions performed by this office. City Hall Express, an office of the Treasury Division, coordinates the collection of City revenues,

ranging from water bills to license fees. City Hall Express operates from 7:45 a.m. to 5:15 p.m. daily to facilitate customer payments. In addition, selected payments to the City may be made at cooperating local grocery stores for customer convenience.



PENSION: Pension management staff administers the activities of the City's two distinct pension funds. The Wichita Police and Fire (WPF) fund provides for the retirement of police officers and firefighters, which includes three separate plans: Plan A, Plan B, and Plan C-79. Plans A and B are closed. Under C-79, an employee can retire with 30 years of service regardless of age, or with 20 years of service and 50 years of age.

For civilian government workers, the Wichita Employees Retirement (WER) Fund has been established which includes Plan 1, Plan 2 and Plan 3. Plan 1 is closed. Under Plan 2, an employee can retire at age 62, receiving 2.25 percent of their final average salary per year of service. Plan 3 is a defined contribution plan.

Sixteen-member boards administer both pension funds. The WER Board includes the City Manager or designee, the City Manager's appointee, seven members appointed by the City Council, and seven members elected by the plan participants.



Pension Funds Overview		
	WER	P&F
Fund Assets (millions)	\$440.1	\$383.1
Number of pensioners	1,182	836
Annual pension payments (millions)	\$19.7	\$17.4
Plan participants	2,228	1,922

The Police & Fire Board includes the City Manager or designee, the Fire Chief, the Police Chief, seven members appointed by the City Council, three members appointed by Fire plan participants, and three members appointed by Police plan participants. The investment activities of the Board are consolidated, with oversight from an eleven member Investment Committee composed of WER and WPF Board members. Pension Management provides staff support for the Boards.

Pension funds are invested based on the asset allocation plan adopted by the boards. In the past, the allocation has been 66 percent equities and 34 percent fixed income instruments. An annual return of 7.75 percent is assumed for actuarial purposes.

Pension Fund Statistics				
	2001	2002	2003	2004
WER Funding Ratio	121.2	117.0	115.4	112.1
WP&F Funding Ratio	111.4	106.2	106.8	99.8

SELF INSURANCE: The Department's Risk Manager and support staff are responsible for sound risk control and safety procedures and the financing of these risks consistent with the City's financial resources. Specifically, staff administer the City's Life Insurance, Worker's Compensation, Health Insurance and General Liability Risk Management. In addition, Safety Office staff are included in the Self Insurance Fund.

The City contracted with Coventry for health insurance for City employees in 2005 and 2006, reducing premium costs by 3% in 2005. This is estimated to save \$2.2 million in 2005.

Life Insurance coverage is available for all full-time City employees. Premiums are financed one-third each by the employee, the City and fund interest earnings. High quality health insurance at affordable rates is also available to employees and retirees. The City currently finances 80 percent of premium costs for active employees, with the remaining 20 percent funded by the employee.

Annually Risk Management personnel investigate and process over 500 worker's compensation claims. The staff also review property and liability loss exposure issues. When appropriate,

the defense and settlement of tort claims is funded by the Self Insurance Fund.

Safety Office staff strive to encourage City employees to develop safe work habits. Numerous training sessions are held, covering topics such as defensive driving, blood borne pathogens, electrical safety and ergonomics. More than 650 City employees attend training monthly.



The Safety Office provides a variety of training to City employees, in an effort to improve employee skills and reduce injuries.

STATIONERY STORES: To insure the most cost efficient delivery of services, the City has centralized micro-graphics and office supply procurement. The services are financed through internal service fund charges. Staff in the Department of Finance-Purchasing Office coordinate the services.

Stationery Stores facilitates the procurement and delivery of office supplies through coordination with a private supplier. The process was privatized to eliminate inventory costs for the City and provide faster, more efficient delivery of products at the lowest possible cost. Departments order from an assigned catalog, which contains a diverse range of products from paper clips to printer cartridges, most often with next day delivery. Micrographic services are provided by a private vendor, coordinated through Stationery Stores. Outgoing mail from City departments is processed in the mailroom to ensure the lowest possible cost for first and fourth-class mail. A centralized Paragon mail machine is used for bar coding and stamping.

FINANCE AND OPERATIONS

The Finance Department includes a variety of organizational support functions, many of which are financed from various sources. Stationery Stores and Self Insurance are internal service funds with receipts derived from departmental users. Pension assets for City employees are held in trust funds and managed by the Pension Boards, supported by the Department of Finance. The 2005 budget includes \$3.8 million from the



General Fund, to support 58 full time positions. An additional \$92 million is budgeted for 14 non-General Fund positions, Health Insurance for City employees, and Pension payments to retirees.

FUTURE CHALLENGES

- Assist the City Manager in crafting a balanced operating budget. State budget reductions and the recent economic downturn have created significant challenges to staff in developing a balanced budget.
- Pursue alternatives to minimize health insurance rate increases without compromising employee health coverage. The current contract will expire at year-end 2006.
- Improve first floor logistics for City Hall Express Office. With security remodeling and the desire for improved customer service, improvements to the City Hall Express Office need to be developed.



Purchasing Manager Melinda Walker receives the 2005 Kansas Association of Public Purchasing Professionals Manager of the Year Award.

Finance Department Budget Summary					
	2004 Actual	2005 Adopted	2005 Revised	2006 Adopted	2007 Approved
Personal Services	41,695,583	45,517,910	48,529,750	46,624,030	50,683,180
Contractual Services	33,937,856	44,235,980	38,438,270	41,281,320	45,319,910
Commodities	112,182	119,390	161,080	137,230	137,230
Capital Outlay	20,100	10,000	850,610	562,590	10,000
Other	5,372,143	7,432,580	7,305,560	6,529,140	6,470,420
Total Local Expenditures	81,137,864	97,315,860	95,285,270	95,134,310	102,620,740
General Fund	3,202,641	3,789,390	3,758,040	3,839,720	3,930,510
Stationery Stores	794,568	1,190,750	1,069,490	1,130,550	981,960
Self Insurance	33,056,437	39,012,060	33,277,420	34,912,380	38,679,140
Pension	44,084,218	53,323,660	57,180,320	55,251,660	59,029,130
Total Local Expenditures	81,137,864	97,315,860	95,285,270	95,134,310	102,620,740
Total full-time positions	69	72	72	72	72
Total part-time positions	2	2	2	2	2
Total FTE positions	71	*74	74	74	74

**The 2005 Budget included one additional position for pension, a new contract compliance officer, and a new legal assistant position.*

For additional information on the Finance Department visit www.wichita.gov!



The Department of Finance coordinates the financial affairs of the City and provides various internal services and supplies for all City departments. The Finance Director's Office coordinates all accounting, external auditing, bookkeeping, billing, revenue collection and purchasing activities for the City. In addition, the Director is tasked with supervising the preparation of the annual City budget and Capital Improvement Plan, investment policies, debt management program, retirement systems, special assessments, risk management and data processing systems.