

*CITY OF FAIRVIEW HEIGHTS, IL.*

# FINANCE DEPARTMENT ANNUAL REPORT

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*FISCAL YEAR*

*MAY 1ST, 2011 – APRIL 30TH, 2012*

*SUBMITTED MARCH 30TH, 2012*

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

It is my pleasure to present this annual report of operations within the Finance Department for Fiscal Year 2011-2012 (FY '12). The following pages include the department's mission statement, overview of operations, and a bullet-point timeline of major events with supporting narratives.

The Finance Department was officially created at the beginning of the fiscal year, thereby completing the City's transition from the Treasurer's Department. The City's first Director of Finance was hired just prior to FY '12, and is now responsible for the daily operations of the department. I would like to once again thank former Treasurer Mark Kupsky for his support during the transition. Mark has continued to support our department in his new role as City Clerk, and we could not be successful without it. The City's new Treasurer, Michele Isaacson, has been a strong advocate for the Finance Department. We appreciate her support, and we look forward to accomplishing many things with her in the future.

We have made great strides during this past year, often due to the support of the Mayor and the City Council. Our primary focus has been on establishing a sustainable financial and accounting framework. Though it has involved a number of changes, I believe it will put the City in a better position to work in a fiscally strategic manner going forward. This has been done through both policy and operational efforts. The major component of those efforts is the proposed FY 2012-2013 budget currently under consideration by the City Council. As we transition into the new fiscal year, a number of the initiatives from the past year will be implemented.

In closing, I'd like to say that it's my privilege to lead the Finance Department. We have a wonderfully dedicated staff, and it has been my pleasure to work with them during the past year. It takes such people to accomplish so much in a short amount of time. I am looking forward to the many challenges of the next year, and remain confident in our vision for the Finance Department.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "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 Finance Department is here to assist the public and citizen groups with information request, and to make recommendations to the City Administrator, Mayor, City Treasurer, and other elected officials on financial and budgetary policies.

The Finance Department is currently comprised of 3 full-time employees, which includes the Director of Finance. The Director of Finance 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. The Director of Finance consults with and advises the City Administrator, City Council, City Treasurer, and other 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.

During the past fiscal year, the Finance Department:

- Processed over 1,300 Payroll Checks
- Processed just under 5,000 Purchase Orders
- Issued nearly 2,500 Accounts Payable Checks

The Director of Finance performs duties of the Budget Director compiling a budget containing estimates of revenues available prior to the beginning of a fiscal year to 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 2011 - 2012***

### May 2011

- Budget Workshop #1 – International City/County Management Association (ICMA) Financial Indicators Study
  - Presented to the Finance Committee, this was the first of four workshops during the summer of 2011 that began to address the City's \$2.8 structural deficit in the FY '12 budget. The first workshop focused on financial trends and indicators and their impact on the City. Staff presented a four year analysis using tools recommended by the ICMA.

### June 2011

- Fiscal & Budgetary Guidelines Policy
  - Introduced to the Finance Committee and subsequently adopted by the City Council in August. The policy established goals and guidelines for the City in relation to budgeting, policy structure, and in daily operations. Sections of the policy address revenue and expenditure policy, capital improvements planning, debt management, and external financial relationships.
- Budget Workshop #2 – 100% Expenditure Option
  - Analysis was provided to display how the City's expenses are categorized, what the cost drivers are, and the possible effects of significant budget reductions.

### July 2011

- Capitalization Policy
  - Established a formal capitalization policy in accordance with generally accepted accounting standards. The policy relates to the method for accounting of capital assets attained by the City.
- Budget Workshop #3 – Revenue Options
  - A presentation was given to the Finance Committee as to what revenue options are available to the City. Discussion was held on both changes to existing revenues, and what potential new revenues exist to the City.

## August 2011

- Budget Workshop #4 – Budget Deficit Solutions
  - This workshop was the culmination of the previous workshops, where solutions and direction were sought by staff from the Finance Committee. The resulting direction was to maintain current service levels, supported by increases to three current tax rates. The revised rates were adopted by the City Council in September.
  
- Clarity Software
  - Introduced a proposal to upgrade the City's accounting software in order to provide increased efficiency across the City. Approved by the City Council in December, implementation and training will begin in April of 2012.

## September 2011

- Credit Cards / Website Transactions
  - Introduced the E-Pay program offered through the State Treasurer's Illinois Funds program. E-Pay will allow the City to accept credit card payments for various transactions around the City. The City Council agreed to participate in the program in December, and a public hearing on credit card acceptance was held in January. Implementation should occur in late March 2012.

## October 2011

- 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 included new sections to the audit, including the MD&A and a statistical section.

## November 2011

- Six Month Budget Review
  - Per auditor recommendations, the Finance Department brought forth budget amendments that included the establishment of new special revenue funds designed to account for reserved dollars. The changes were implemented into the City's chart of accounts as of January 2012.

## December 2011

- Capital Improvements Plan (CIP)
  - The Finance Department coordinated the creation of the City's first multi-year CIP, and presented it to the Finance Committee in January. A detailed plan covering a five year period, the plan has been incorporated into the proposed 2012-2013 budget.

## January 2012

- Budget Preparation
  - The Finance Department worked closely with City departments in the creation of the operating budget. Significant staff time and planning was spent in the analysis and preparation of a new budgeting framework.
- Barb Mackin Retirement
  - After 30+ years of service to the City of Fairview Heights, Barb announced her retirement effective at the end of January.

## February 2012

- Proposed Budget FY 2012-2013
  - The proposed budget was introduced in early February, and represented the work and planning efforts performed throughout the fiscal year. Significant changes in both the document presentation and operational planning were incorporated. In addition to the aforementioned CIP, the City's chart of accounts was further altered to provide increased organization and create additional funds to account for dedicated revenues.

## March – April 2012

- We anticipate the following events:
  - Implementation of E-Pay.
  - Implementation of Clarity (software upgrade).
  - Introduce and train other City departments on the changes to the chart of accounts and the Clarity software upgrade.
  - Publish the "Total Compensation Package Report" per a newly created requirement of the State of Illinois (PA 97-0609).