

# FINANCIAL SERVICES

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# INTRODUCTION TO FINANCIAL SERVICES

- ▶ The Financial Services Area has 62 employees in the following areas:
  - ▶ Accounting and Payroll
  - ▶ Assessing
  - ▶ Budget and Forecasting
  - ▶ Information Technology
  - ▶ Purchasing
  - ▶ Risk Management
  - ▶ Treasury/Customer Service

# INTRODUCTION TO FINANCIAL SERVICES

- ▶ Most of what we do is determined by Federal and State law governing various areas such as:
  - ▶ Budget
  - ▶ Accounting and Audit
  - ▶ Assessing
  - ▶ Payroll
  - ▶ Treasurer-Tax Bills and Collection
  - ▶ Purchasing

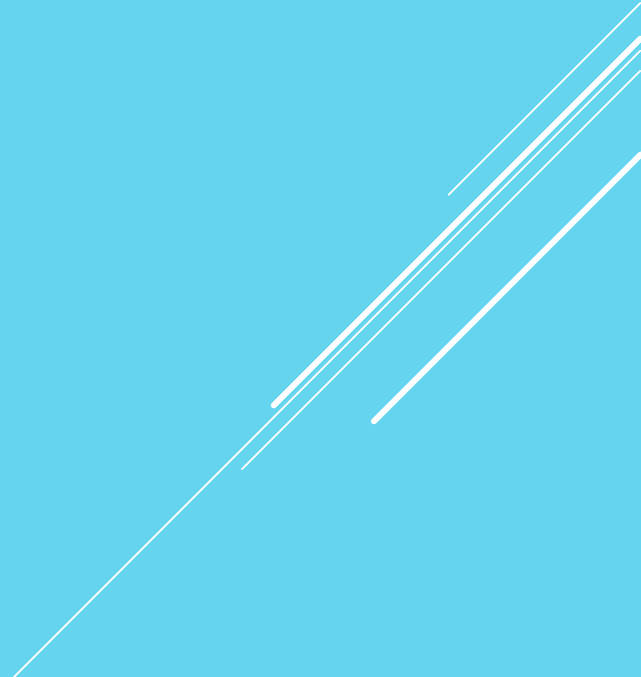
# ASSESSING

- ▶ Responsibilities Include:
    - ▶ Establishing assessed and taxable values for all taxable property
    - ▶ Board of Review
    - ▶ Administer the rescission and granting of principal residence exemptions
    - ▶ Process divisions of land
    - ▶ Maintain digital mapping of property lines and legal property descriptions
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# ASSESSING – PROPERTY TAX CALCULATION

- ▶ Mill – property taxes are determined by the number of mills levied
  - ▶ For every \$1,000 in taxable value, \$1 is paid in property tax
  - ▶ The City levied 16.139 mills in 2017
- ▶ Proposal A – shifted the tax burden off of property taxes and onto sales tax
- ▶ Property taxes cannot increase more than the lesser of 5% or the consumer price index
- ▶ Taxable value cannot exceed assessed value of the property
  - ▶ In most cases the taxable value is less than a property's assessed value
  - ▶ When a property is sold its taxes become “uncapped” and for the tax year following the sale the taxes are equal to the assessed value

# INFORMATION TECHNOLOGY

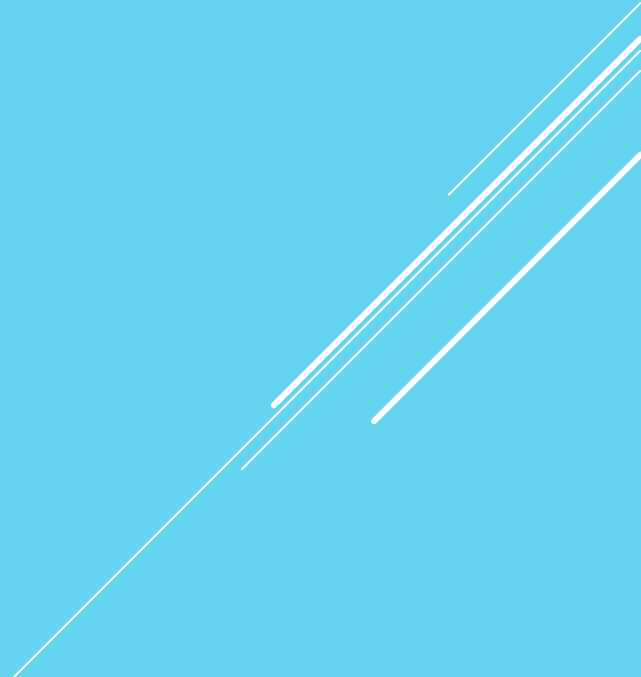
- ▶ An internal service unit that provides City-wide support and maintenance for computers, phones, software, servers and more.
    - ▶ 827 employees
    - ▶ 169 servers
    - ▶ 179 software applications
    - ▶ 40 departments
    - ▶ 35 locations
- 

# INFORMATION TECHNOLOGY – WHAT DO THEY DO?

- ▶ Network Engineers
  - ▶ Keep the network functioning
- ▶ Infrastructure Engineers
  - ▶ Maintain and secure data centers, servers, and email
- ▶ Application Developers
  - ▶ Implement and support software programs
- ▶ Enterprise Application Specialists
  - ▶ Design, implement and maintain City websites and online forms
- ▶ Help Desk Specialists
  - ▶ Provide direct support to internal customers for technology related problems



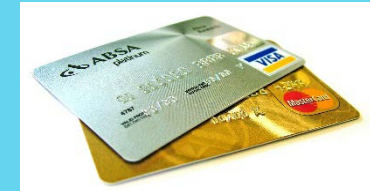
# PURCHASING

- ▶ Assists in securing goods and services for the City
  - ▶ Ensures that all purchases comply with Federal laws, State laws, City ordinances and internal policies and procedures
  - ▶ Reviews and issues all purchase orders for the City
  - ▶ Coordinates all ITBs and RFPs for the City
- 



# PURCHASING – CITY GUIDELINES

- ▶ Three Options
  - ▶ P-card
    - ▶ Can be used for transactions ranging from \$0.01 to \$2,999.
  - ▶ Obtain 3 Quotes
    - ▶ Must be used for transactions ranging from \$3,000 - \$24,999.
  - ▶ Formal Solicitation
    - ▶ Invitations to Bid (ITB) for goods or Requests for Proposal (RFP) for services are issued for all purchases that exceed \$25,000.
    - ▶ Once a vendor has been selected the purchase must receive Council approval.

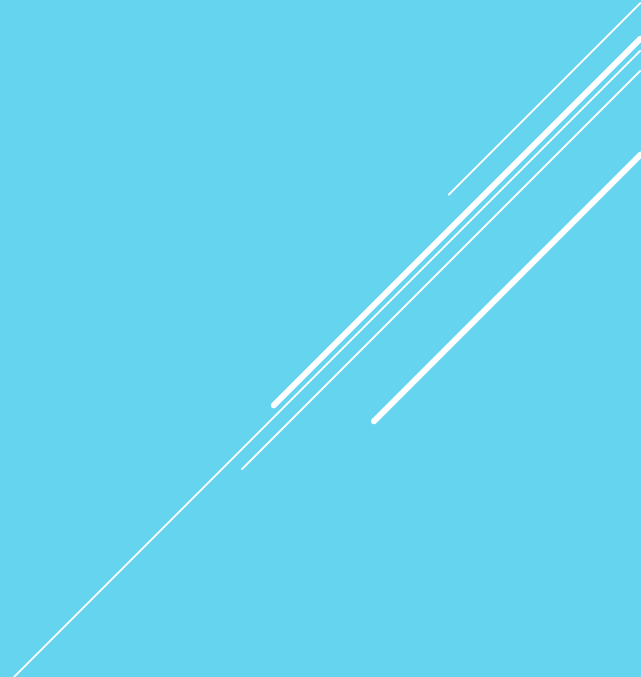


# RISK MANAGEMENT

- ▶ Risk Management is the process of identifying risk, assessing and reducing the potential of an adverse event, and putting steps in place to deal with any event that does occur.
- ▶ The City is self-insured and pays for its own claims.
- ▶ Claims are generated by incidents such as sewer back-ups, auto accidents, property damage and personal injury.
- ▶ Claims can be made by the general public or by City service units.



# RISK MANAGEMENT – FILING A CLAIM

- ▶ Claims can be made online by filling out the online claim form or printing out the form and mailing or faxing it.
  - ▶ Claim forms should be completed entirely and have the appropriate documentation such as receipts, photos, and estimates of repairs.
  - ▶ A third-party administrator investigates claims and makes recommendations to approve or deny.
  - ▶ The City's Board of Insurance meets on the fourth Thursday of each month to consider claims and render decisions regarding the City's liability for claims.
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# RISK MANAGEMENT – FILING A CLAIM

- ▶ Two types of claims:
  - ▶ Sewer – any claim related to sewer overflow or backup
  - ▶ Standard – any claim not related to sewer overflow or backup
- ▶ Three Levels of Approval:
  - ▶ <\$500 – may be approved by the CFO
  - ▶ <\$5,000 – may be approved by the City's Insurance Board
  - ▶ >\$5,000 – considered and recommended by the City's Insurance Board and then must be approved by City Council

# TREASURY/CUSTOMER SERVICE

The Treasury Service Unit manages the City's cash flow, investment and debt portfolios, internal controls, parking citation payments and appeals, property tax billing, utility billing, and customer service.

Our Customer Service Center is the face of the City for citizens.

On an annual basis, they handle:

- 320,000 transactions
- 60,000 telephone calls
- 2,200 permits
- 45,000 walk-in customers



# TREASURY/CUSTOMER SERVICE

## ▶ Parking Citations

- ▶ Parking enforcement hours are currently Monday – Saturday 8am - 6pm

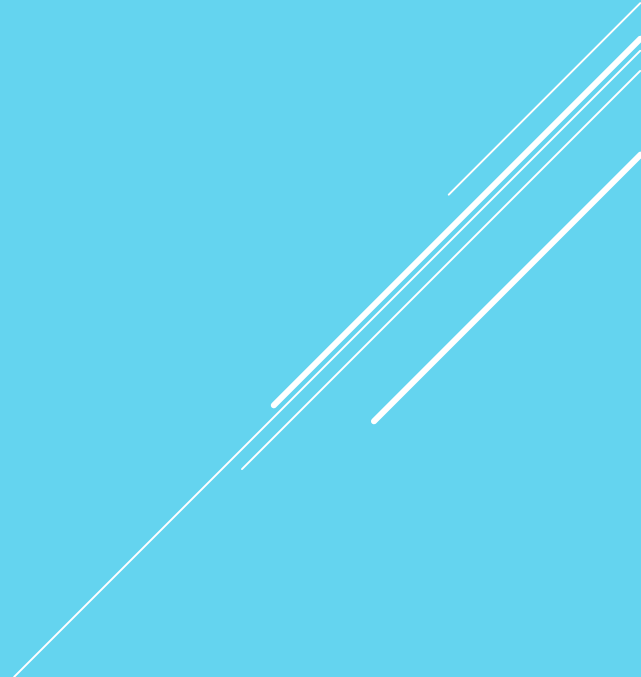
## ▶ Options to Pay

- ▶ Online
- ▶ By Phone
- ▶ By Mail
- ▶ 24-Hour Drop Box
- ▶ In Person at Customer Service

## ▶ Appealing a Parking Citation

- ▶ Online
- ▶ By Mail
- ▶ In Person

# ACCOUNTING & PAYROLL

- ▶ Accounts payable
  - ▶ Accounts receivable
  - ▶ Bank reconciliations
  - ▶ Annual audit
  - ▶ Payroll for over 700+ employees
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# REVENUE – HOW IS IT GENERATED?

- ▶ The largest sources of revenue for the City are:
  - ▶ Charges for Services (utility bills, parks and recreation, parking fees)-based on usage
  - ▶ State Shared Revenue-the State determines the formula for the money each local unit receives
  - ▶ Property Taxes-millage rate multiplied by taxable value of property





# YOUR ANN ARBOR PROPERTY TAX DOLLARS AT WORK

CITY OF ANN ARBOR

WASHTENAW COUNTY

EDUCATION

25.0%

11.0%

52.0%

State Education Tax 11.0%

City of Ann Arbor 25.0%

Washtenaw County 11.0%

WISD 10.0%

Washtenaw Community College 6.0%

Ann Arbor Public Schools 25.0%

5.0%

AAATA

3.0%

A2 Public Library

2.0%

DDA

1.0%

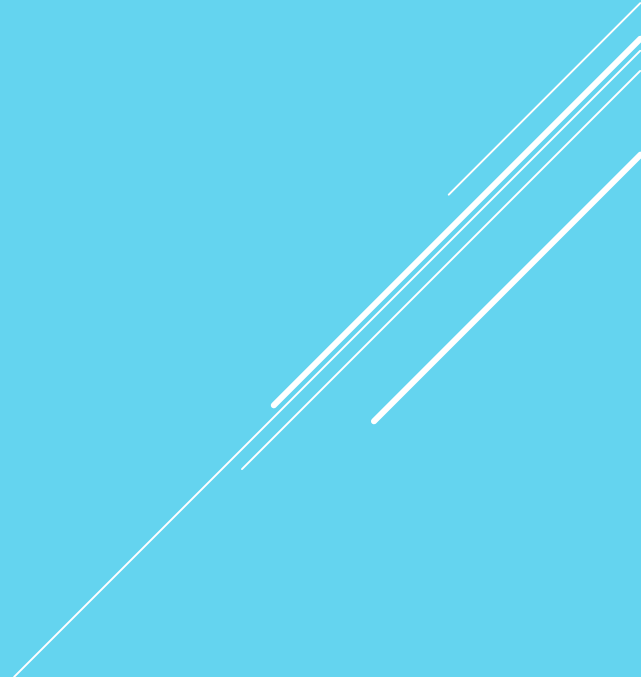
Smart Zone

1.0%

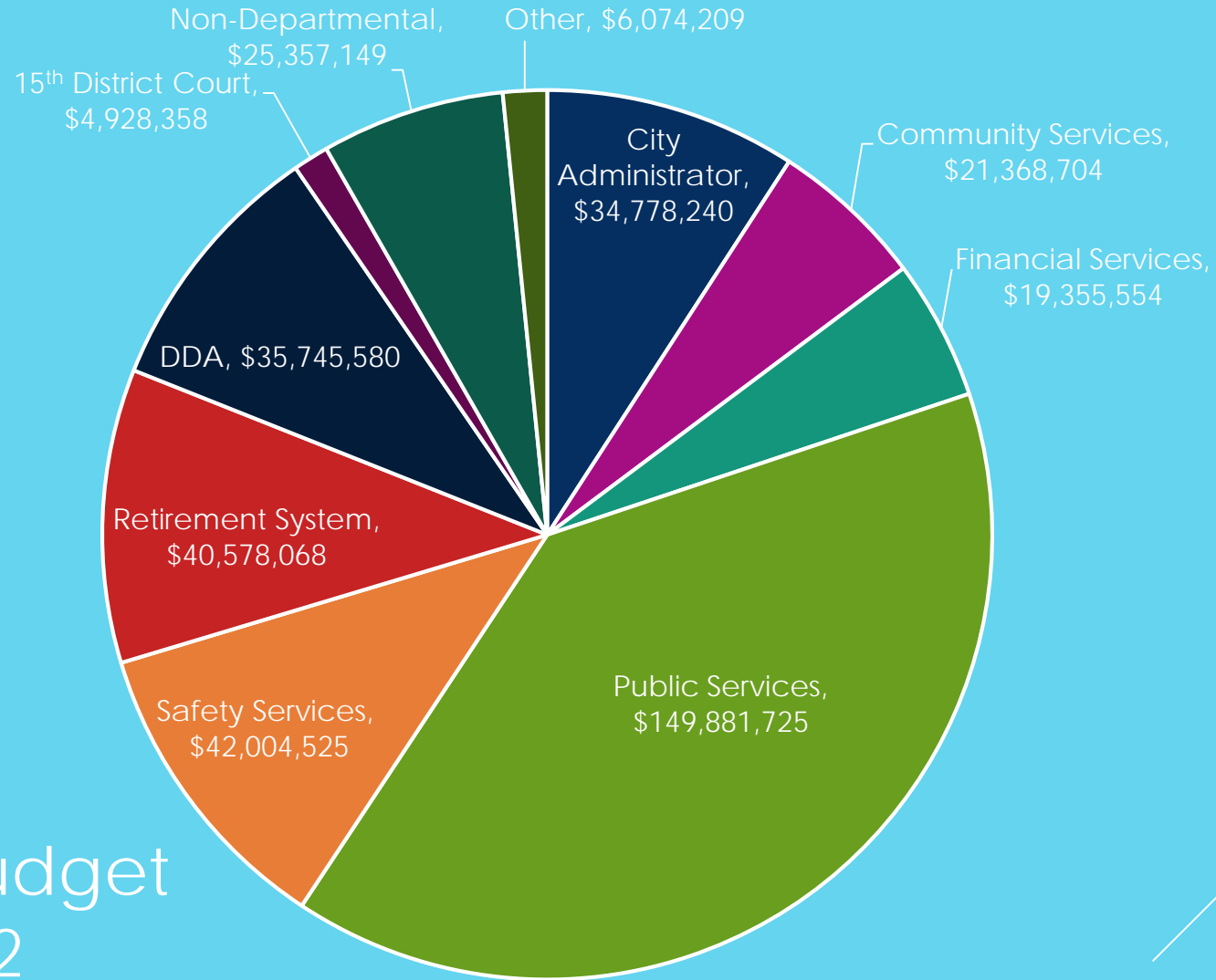
Brownfield



# EXPENSES – WHERE IS THE MONEY SPENT?


- ▶ Wages and benefits
  - ▶ Utility costs
  - ▶ Vehicle Costs for City fleet
  - ▶ Building Maintenance and Repair
  - ▶ Materials and Supplies
  - ▶ Debt payments
  - ▶ Capital items
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# EXPENSES BY SERVICE AREA

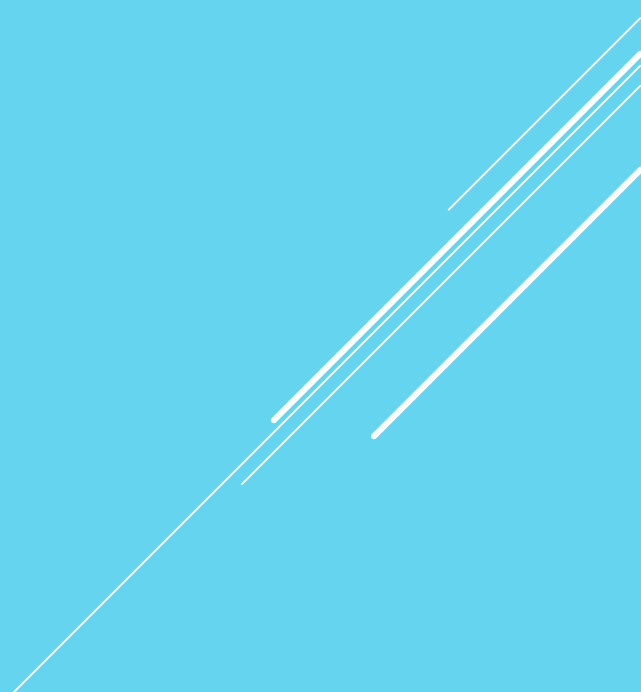


Total Expense Budget  
\$380,072,112

# FUNDS

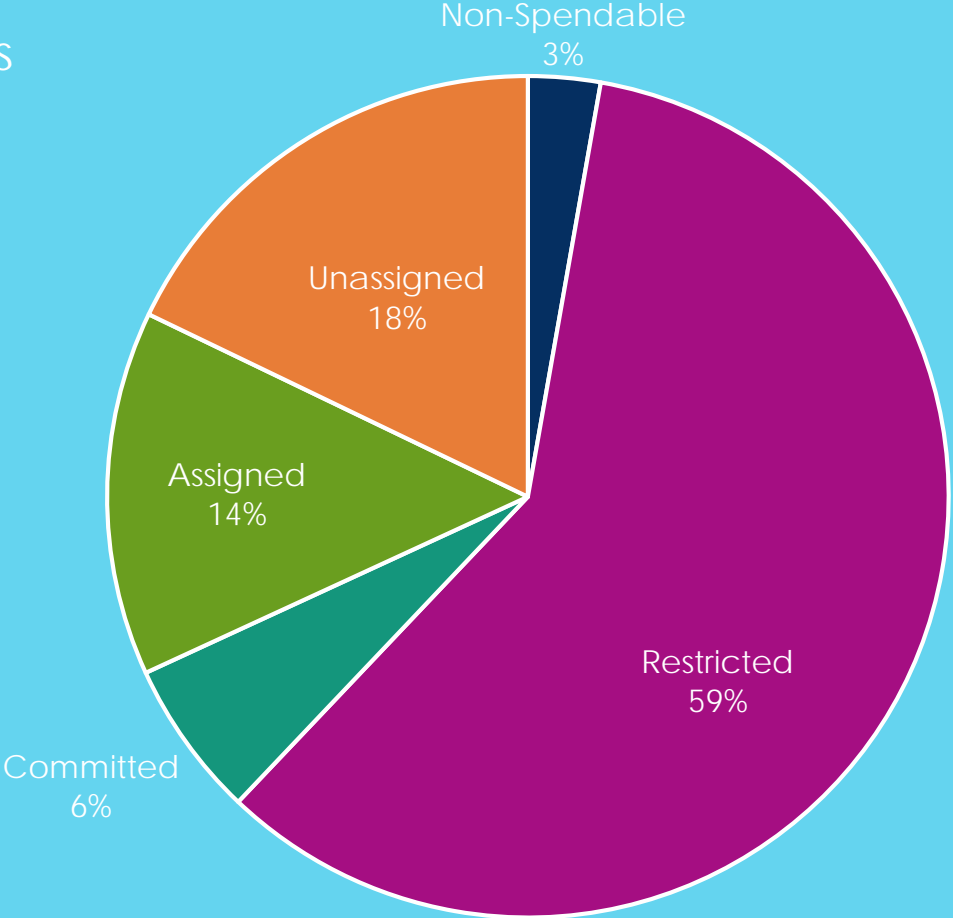
- ▶ General Fund
    - ▶ Main operating fund for the City
  - ▶ Debt Service
    - ▶ Used to pay the annual payments on outstanding debt
  - ▶ Enterprise Funds
    - ▶ Water, Sewer, Stormwater, Solid Waste
  - ▶ Special Revenue Funds
    - ▶ Used to legally separate activities such as millages and state funding
  - ▶ Capital Projects
    - ▶ Used to account for the money set aside for the construction of an asset
  - ▶ Trusts and Agency Funds
    - ▶ Pension trust funds
- 

# FUND BALANCE

- ▶ Accumulation of revenues minus expenditures
  - ▶ Fund balance = savings for the future
  - ▶ Types of Fund Balance
    - ▶ Non-Spendable
    - ▶ Restricted
    - ▶ Committed
    - ▶ Assigned
    - ▶ Unassigned
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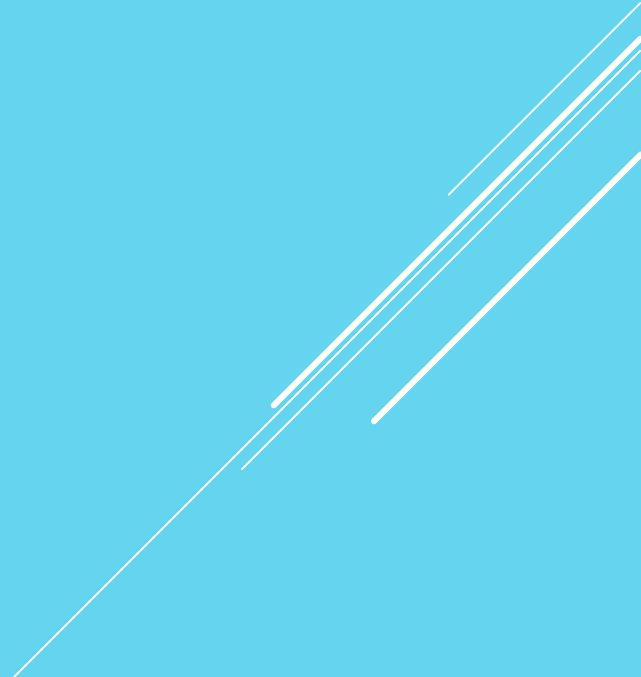
# FUND BALANCE

City Fund Balances

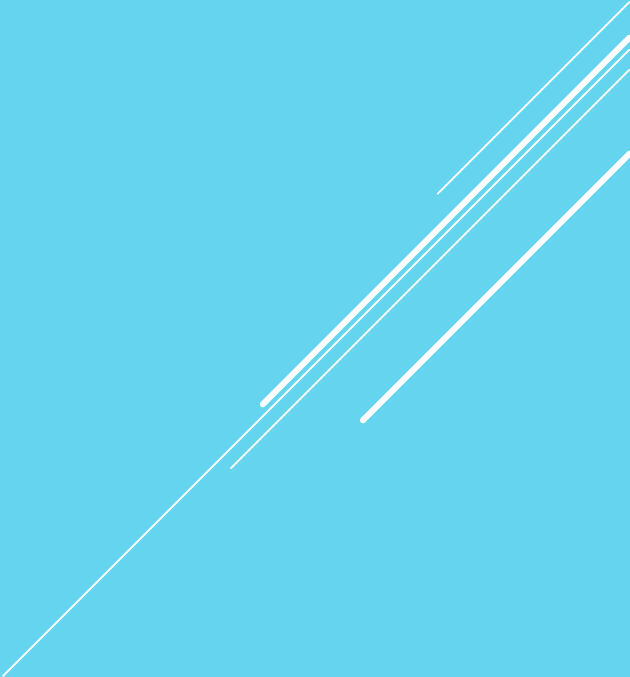
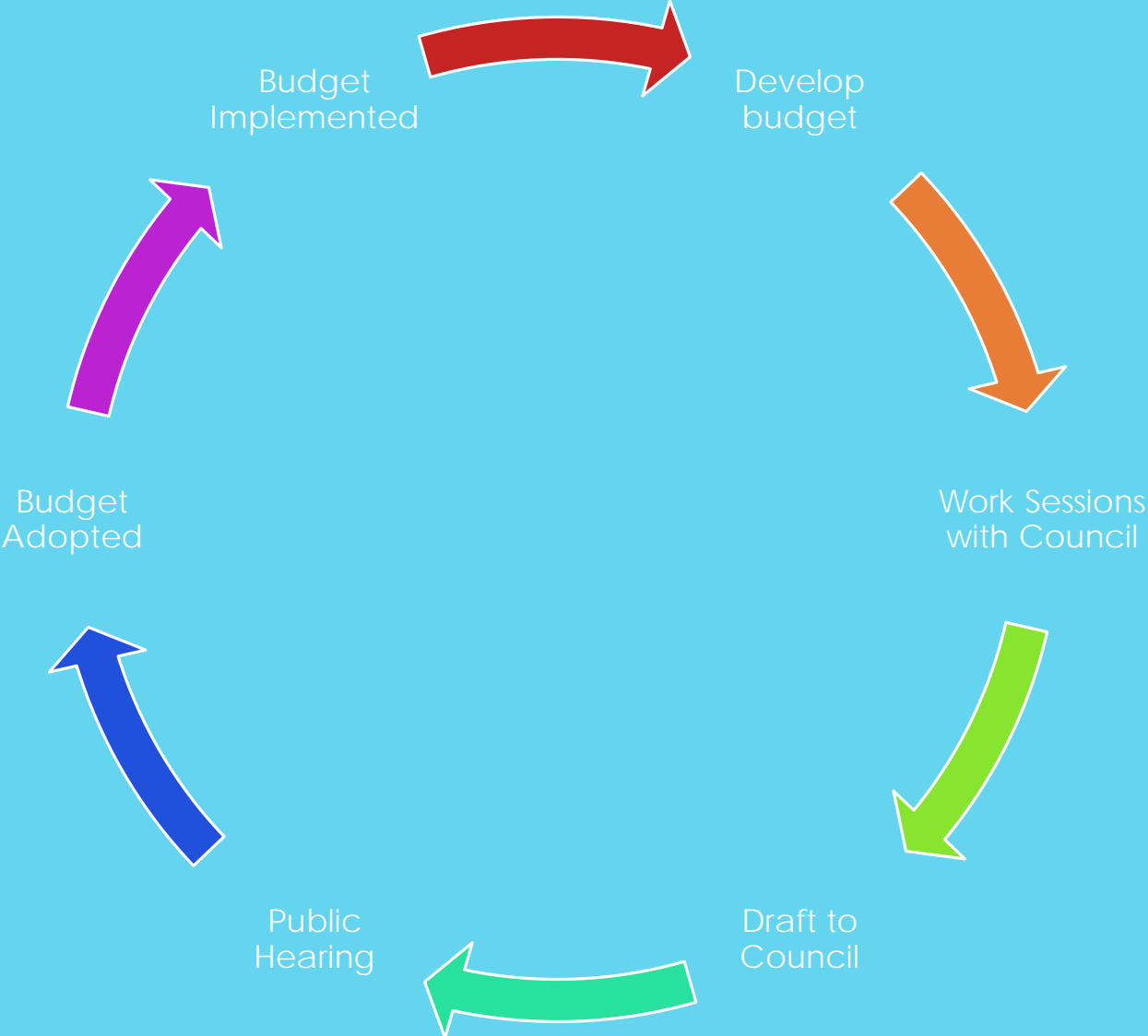


As of June 30, 2017

# BUDGET DEVELOPMENT

- ▶ Revenues and Expenditures must be balanced by State law
  - ▶ A budget can only be adopted for 1 year
  - ▶ Fiscal year runs July 1 to June 30
  - ▶ City Council adopts the budget for new FY at the second meeting in May
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# BUDGET LIFE CYCLE





# QUESTIONS?

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