

## **Finance Division Strategic Planning 2007**

### **Our Mission Statement:**

To provide 'best-in-class' financial oversight, planning and services to the citizens and government of the City of Spokane

### **Services Provided:**

- Oversee City Departments: Accounting, Budget, Treasurer, Risk Management
- Facilitate constructive dialogue on all financial matters before City Government:
  - City Departments, City Council, Business Community and Citizens
- Maintain positive and productive dialogue with financial markets:
  - Bond markets
  - Bond insurers
  - Credit rating agencies
  - Bond Underwriters
- Direct interdepartmental communication relating to accounting, budgeting and all fiscal functions
- Recommend and approve all City financial and fiscal policies
- Oversee all internal financial audits including annual audit by State Auditors Office
- Direct all long-range and strategic planning for financial systems and other resources necessary for best-in-class service delivery
- Provide necessary financial analysis, support and communication for all administration initiatives and programs

### **SWOT Analysis:**

#### **Strengths:**

- Very strong and effective department heads (leadership, communication and skills)
- Effective and efficient inter-departmental communication on all financial matters
- Exceptionally high level of understanding of key financial issues by Mayor, senior management (Cabinet) and City Council
- Strong Financial Management System (Mitchell Humphries)
- Excellent budget tools for communication including 6-year projection and annual 2-page departmental budget summaries developed in POG process

#### **Weaknesses:**

- General fund 'Structural Gap' undermining City's long-term financial stability and significant impediments to resolving this issue (including statutory binding arbitration for over half the labor and benefits in the General Fund)
- Slower growing economy than competing jurisdictions on west side of state
- Inability to levy B&O tax which is the 'fourth leg of the stool' for tax revenues on the west-side of the state

**Opportunities:**

- Centralized accounting initiative provides opportunity for best-in-class city Finance Division
- Willingness on part of City Departments and media to work towards cooperation and needed changes through communication of structural financial challenges we are facing
- Restructuring of City Medical Plan

**Threats:**

- Possible weakening of national and local economies affecting revenue growth rates
- Inability to control continued runaway growth of key costs such as benefits, (i.e. well in excess of anticipated revenue growth rates)
- Reliance on excessively high utility tax (now 20%)
- Key under-funded City capital programs e.g. streets maintenance
- Additional statutory limits on City revenue growth (e.g. citizen initiatives such as I-747)

**Key Success Factors:**

- Continued strong communication:
  - Administration, City Council, City Departments, Media, Citizens
- Strong leadership – Department heads and key staff members
- Technology: efficient and effective business systems (FMS, HRS, Fixed Assets and related)
- Build and maintain trust on City's financial condition within City Hall and with media, business and citizens
- Annual budgeted revenues in excess of expenditures

**Goals - 2007:**

- 1) Identify key stakeholder groups and create a framework for dialogue including identification of key strategies to meaningfully address the City's long-term structural gap
  - a. Strategic communication on City's financial condition and challenges:
    - i. Refine 6-year projection spreadsheet as communication tool (May, 2007)
    - ii. Monthly financial updates to Cabinet and City Council Finance Committee (update Finance Committee format and commence May, 2007)
    - iii. Quarterly financial updates:
      1. City Council (currently done; update format 2<sup>nd</sup> quarter, 2007)
      2. Labor group Executive Boards (2<sup>nd</sup> quarter, 2007)
      3. Other – labor, City Departments, etc. (3<sup>rd</sup> quarter, 2007)
- 2) Provide necessary financial and communication support for Administration plans relating to Levy Lid Lift and Utility Tax rate proposals for 2008 and beyond
  - a. Work closely with Citizens Advisory Committee and formally obtain recommendation consistent with Administration goals and objectives (August, 2007)

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- 3) Financial Plan for Unencumbered Cash
  - a. Communicate Administration's goals and plans for unencumbered cash (April, 2007)
    - i. White papers developed on all proposals (April, 2007)
  - b. Gain Council support and execute Administration's goals (May - July, 2007)
- 4) Obtain upgrade in City's Standard & Poor's Credit Rating from AA- to AA
  - a. Complete 10% funding goal for Contingency Reserve (July, 2007)
  - b. Obtain Upgrade of City's S&P Financial Management Assessment from "Good" to "Strong" (Oct, 2007)
- 5) Create capability to provide necessary financial analysis, support and communication for all administration initiatives and programs (Sept, 2007)
  - i. Implement E2 recommendation of centralized accounting (Sept, 2007)
- 6) Work closely with State Auditor's Office to strengthen relationship, establish clearer lines of communication and assure optimum audit outcomes
  - a. Focus of newly centralized accounting to address outstanding and anticipated issues in annual Financial and Accountability audits (Sept, 2007)
  - b. Provide clear communication and support for newly instituted I-900 Performance Audits
    - i. Work with City Auditor and SAO to finalize communication procedures (May, 2007)
    - ii. Provide recommendation for take-home vehicles (June, 2007)
    - iii. Provide recommendation for city-wide cell phone usage (Oct, 2007)
- 7) Efficiency and Effectiveness Study – provide to all stakeholders clear and compelling financial support for all E2 outcomes (Sept, 2007)
- 8) Provide increased monitoring of Citywide Purchasing Controls
  - a. Fill Internal Auditor Position (May, 2007)
    - i. Update annual audit program to include focus on purchasing controls

**Goals – Long term:**

- 1) Adjust budget cycle to institute more detailed Executive and Legislative consideration of policy considerations underlying budget allocation process.
  - b. Institute performance measure program in POG Departmental Budget Summaries (2008)
  - c. Link performance measures to City's Financial Management System through adoption of available technologies (e.g. FMS has partner providing this service) (2009)
  - d. Review and consider taking necessary steps to adopt biennial budgeting in the context of off-year policy deliberation process (2008)
- 2) Design and implement new City medical plan
  - a. Working with HR and Risk, design medical plan that balances employees' needs and financial constraints of organization (City Plan IV) – August, 2007
  - b. Through communication and the bargaining process, gain bargaining group acceptance of re-designed medical plan
- 3) Take all steps necessary to become 'best-in-class' Finance Division