

FINANCE

Program Goal

The Finance Department strives to maintain a fiscally sound governmental organization that conforms to legal requirements and to generally accepted financial management principles; maintains effective procurement procedures for commodities and services; provides for effective treasury management and a citywide risk management program; acquires, manages and disposes of property for public facilities; provides an effective debt management program; and provides financial advisory services for all city departments.

Budget Allowance Explanation

The 2007-08 Finance operating budget allowance of \$27,313,000 is \$2,136,000 or 8.5 percent more than 2006-07 estimated expenditures. This reflects budget additions and normal inflationary increases. Budget additions include a purchasing position to address financial transaction workloads, and converting contracted common carrier services to regular city staff. This position will deliver city fuel to all city facilities, including those specifically governed by Homeland Security access requirements. The budget also includes General funding for an accounting position transferred from the HOPE VI project.

Expenditure and Position Summary

| | 2005-06 | 2006-07 | 2007-08 |
|-------------------|--------------|--------------|--------------|
| Operating Expense | \$23,047,000 | \$25,177,000 | \$27,313,000 |
| Total Positions | 313.5 | 316.5 | 319.5 |
| Source of Funds: | | | |
| General | \$21,566,000 | \$23,515,000 | \$25,497,000 |
| Water | 702,000 | 764,000 | 808,000 |
| Wastewater | 692,000 | 730,000 | 808,000 |
| Sports Facilities | 32,000 | 128,000 | 131,000 |
| Public Housing | 3,000 | (12,000) | 12,000 |
| City Improvement | 52,000 | 52,000 | 57,000 |

Finance Major Performance Measures and Service Levels

The following significant performance measures and service trends will be achieved with the 2007-08 budget allowance:

| | 2005-06 | 2006-07* | 2007-08 |
|---|--------------|--------------|--------------|
| Investments by portfolio: | | | |
| Treasurer's Group Portfolio - | | | |
| Dollars invested | \$1,490 mil. | \$1,742 mil. | \$1,600 mil. |
| Average yield | 3.90% | 4.61% | 4.8% |
| Average life (years) | 1.49 | 1.67 | 1.75 |
| Yield Restricted Portfolio - | | | |
| Dollars invested | \$266 mil. | \$106 mil. | \$93 mil. |
| Average yield | 3.33% | 3.63% | 3.40% |
| Average life (years) | 0.06 | .12 | .14 |
| Other Non-Yield Restricted Portfolio - | | | |
| Dollars invested | \$1,570 mil. | \$1,251 mil. | \$1,300 mil. |
| Average yield | 3.98% | 5.17% | 5.20% |
| Average life (years) | 0.17 | 0.19 | 0.25 |
| Dollar value of accounts payable warrants processed | \$2.8 bil. | \$3.0 bil. | \$3.0 bil. |
| Bond ratings: | | | |
| General obligation - Standard & Poor's | AA+ | AAA | AAA |
| General obligation - Moody's | Aa1 | Aa1 | Aa1 |
| Water revenue - Standard & Poor's | AA | AA | AA |
| Water revenue - Moody's | Aa3 | Aa3 | Aa3 |
| Airport revenue - Standard & Poor's | AA- | AA- | AA- |
| Airport revenue - Moody's | Aa3 | Aa3 | Aa3 |
| Senior lien street revenue - Standard & Poor's | AAA | AAA | AAA |
| Senior lien street revenue - Moody's | Aa3 | Aa3 | Aa3 |
| Senior lien excise tax - Standard & Poor's | AAA | AAA | AAA |
| Senior lien excise tax - Moody's | Aa2 | Aa2 | Aa2 |
| Risk management claims received and closed | 3,504 | 4,000 | 4,000 |
| Receivables: | | | |
| Dollar value of receivables billed | \$498 mil. | \$520 mil. | \$525 mil. |
| Percentage outstanding (as of June 30) | 3.1% | 4.0% | 4.0% |
| City sales (excise) tax collected | \$667 mil. | \$708 mil. | \$708 mil. |

*Based on 10 months actual experience.