

# **FISCAL MANAGEMENT**

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Financial Management Services.....	173
Budget and Evaluation .....	176
Internal Audit .....	178
Claims for Damages .....	179
Fiscal Management Non-Departmental .....	180



**Winston-Salem**

# FINANCIAL MANAGEMENT SERVICES

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## MISSION STATEMENT

The mission of Financial Management Services is to provide high quality, responsive, “personalized” financial services, using innovative solutions to ensure customer and employee satisfaction. It facilitates understanding of financial information and impacts of decisions upon short-term objectives, as well as long-term goals, and the city’s financial accountability and integrity.

## PROGRAM DESCRIPTIONS

### Accounting Services

- Provides financial reporting and analysis for all city funds
- Reviews financial transactions of North Carolina Municipal Leasing Corporation (NCMLC) and Risk Acceptance Management Corporation (RAMCO)
- Provides financial reporting and internal control of the city’s fixed assets
- Coordinates payroll and income tax functions
- Provides financial administration of employee benefits funds
- Provides administrative support for all city employees under the North Carolina Local Government Employees Retirement System and Winston-Salem Police Officers’ Retirement Plan and Separation Allowance program

### Financial Systems

- Coordinates information technology services with I.S. Department and outside vendors and consultants
- Designs, programs, and implements client-server applications for specialized needs
- Administers security, performs system configuration, and report creation for vended FMS department systems
- Program and troubleshoot system interfaces between vended and custom-built client-server system

### Revenue Collections

- Provides customer services for utility services and performs accounts receivable activities
- Provides centralized payment processing and revenue collection services for city income sources including water and sewer, stormwater, solid waste, mortgage loans, special assessments, business privilege licenses, parking enforcement, other city invoices, and general collections

### Treasury

- Administers state and city financial policies and procedures for cash management, daily deposits of city funds, cash receipt control and accounting, cash disbursements, debt management and investment of city funds

### Risk Management

- Assists other city units and agencies with developing and monitoring insurance and self-insurance programs
- Obtains indemnification and insurance on contracts with the city, monitors significant contracts, and advises city departments concerning liability issues relating to risk
- Provides complete claims investigation, evaluation, and settlement of claims against the city
- Provides safety inspections, safety training, and ensures compliance and record keeping for OSHA mandated programs and general safety programs to all City departments
- Provides driver improvement training and issues the City Driver License

### Administration

- Directs and coordinates the department’s activities and provides city elected officials and management with financial advice regarding city operations and activities

### Property Tax Collection

- Provides payment to the county for administration of property tax collection services

### Purchasing

- Maintains centralized procurement services for the City of Winston-Salem, Forsyth County, the City-County Utility Commission, and the Winston-Salem Transit Authority
- Disposes of city surplus personal property, and assists in the administration of the city’s Minority and Women’s Business Enterprise (M/WBE) program

# FINANCIAL MANAGEMENT SERVICES

<b>EXPENDITURES BY PROGRAM</b>	<b>Actual FY 05-06</b>	<b>Amended FY 06-07</b>	<b>Requested FY 07-08</b>	<b>Adopted FY 07-08</b>	<b>Percent Change</b>
Accounting/Financial Reporting	\$497,146	\$541,460	\$586,080	\$586,080	8.2%
Financial Systems and Employee Accounting	2,006,062	2,704,380	2,737,480	2,737,480	1.2%
Revenue Collections	2,449,157	2,691,990	2,706,950	2,698,810	0.3%
Treasury	501,496	552,570	648,060	648,060	17.3%
Risk Management	517,961	609,060	538,480	536,900	-11.9%
Finance Administration	445,235	378,330	360,560	356,060	-5.9%
Property Tax Collection	490,774	736,420	564,200	564,200	-23.4%
City-County Purchasing	522,076	571,190	556,740	556,740	-2.5%
<b>Total Expenditures by Program</b>	<b>\$7,429,907</b>	<b>\$8,785,400</b>	<b>\$8,698,550</b>	<b>\$8,684,330</b>	<b>-1.2%</b>

## OBJECTIVES AND ACHIEVEMENTS

- Establish and monitor effective internal controls, which seek to assure accuracy and compliance with requirements of city policies, North Carolina General Statutes, laws and regulations, governmental accounting and reporting standards, contracts and grant requirements and to reduce the possibility of theft or fraud. *The independent auditors did not find material weaknesses or make recommendations on the city's system of administrative and accounting internal controls during their audit for fiscal year 2006.*
- Plan and coordinate tax-exempt financing as needed for authorized capital improvements and purchase of real and personal property, and to maintain the highest credit ratings from Standard and Poor's Corporation, Moody's Investors Services, and Fitch IBCA for the city's general obligation debt. *The city has maintained its AAA credit rating from the national rating agencies.*
- Prepare and produce a Comprehensive Annual Financial Report (CAFR) before October 31, of each fiscal year that will be recognized as meeting the highest standards of governmental accounting and financial reporting by the award of the Certificate of Achievement in Financial Reporting by the Government Finance Officers Association of the United States and Canada. *The city continues to receive the highest recognition for financial reporting for the twenty-fourth consecutive fiscal year.*
- Conduct bids that provide for equal and competitive bidding. *In FY 05-06, the department conducted 56 formal bids. The department projects the number of bids to be 70 in FY 06-07, and 70 in FY 07-08.*
- Conduct pre-bid conferences prior to construction for the M/WBE program, ensuring bidders are notified of opportunities and are familiar with requirements. *In FY 05-06, the department held 21 pre-bid conferences. In FY 06-07, the department estimates that it will hold 30 pre-bid conferences and 30 in FY 07-08.*
- Reduce job-related injuries and illness. *During FY 05-06, there were 215 OSHA recordable injuries compared to 215 OSHA recordable injuries in FY 04-05, a 24% decrease. To date in FY 06-07 there have been 139 recordable injuries. We project an estimated 10% reduction. There were no "serious" OSHA citations issued to the City by NCOSHA.*

<b>EXPENDITURES BY TYPE</b>	<b>Actual FY 05-06</b>	<b>Amended FY 06-07</b>	<b>Requested FY 07-08</b>	<b>Adopted FY 07-08</b>	<b>Percent Change</b>
Personnel Services	\$3,924,337	\$4,131,660	\$4,297,810	\$4,264,670	3.2%
Supplies and Services	3,459,805	4,541,140	4,317,910	4,336,830	-4.5%
Equipment Leasing Expense	45,765	112,600	82,830	82,830	-26.4%
<b>Total Expenditures by Type</b>	<b>\$7,429,907</b>	<b>\$8,785,400</b>	<b>\$8,698,550</b>	<b>\$8,684,330</b>	<b>-1.2%</b>

# FINANCIAL MANAGEMENT SERVICES

<b>RESOURCES BY TYPE</b>	<b>Actual FY 05-06</b>	<b>Amended FY 06-07</b>	<b>Requested FY 07-08</b>	<b>Adopted FY 07-08</b>	<b>Percent Change</b>
Service Charges	\$2,938,263	\$2,744,210	\$2,792,350	\$2,792,350	1.8%
Purchase Card Rebates	\$39,240	\$35,000	\$130,000	\$130,000	271.4%
Reimbursements from RAMCO	238,450	326,990	282,410	396,550	21.3%
Miscellaneous Revenues	5,975	25,500	25,500	25,500	0%
Forsyth County (Purchasing Services)	114,788	141,930	138,320	138,320	-2.5%
Sale of Property/Equipment	289,859	240,000	240,000	240,000	0%
Other General Fund Revenues	3,803,332	5,271,770	5,089,970	4,961,610	-5.9%
<b>Total Resources by Type</b>	<b>\$7,429,907</b>	<b>\$8,785,400</b>	<b>\$8,698,550</b>	<b>\$8,684,330</b>	<b>-1.2%</b>

## Positions

Full-Time	66	67	67	67	0
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## BUDGET HIGHLIGHTS

### Treasury

- Treasury expenditures increase 17.3% in part because of the transfer of a clerk position from Revenue Collections, which was reclassified to a senior financial analyst based on the required training and qualifications needed to monitor the purchasing card program and other treasury programs (+\$61,780).

### Risk Management

- The Risk Management budget decreases by 11.9% primarily as a result of a one-time purchase of a new claims tracking system in FY 06-07, for \$85,800. This program is 100% reimbursed by the Risk Acceptance Management Corporation, RAMCO, which contracts with the city to administer and settle auto and general liability claims subject to a limit of \$1 million per occurrence or per cumulative annual amount.
- Vehicle operating expenses decrease due to the elimination of a city leased vehicle (-\$5,450).

### Property Tax Collection

- The city's payment to the county for property collection services decreases substantially, -23.4%, due to a one-time expense (\$211,140) associated with the purchase in FY 06-07 of a "mobile video project" whereby images of tax parcels are made to assist in identifying errors and improve property tax data management.
- According to the city-county inter-local financing agreement, the city reimburses Forsyth County for property tax assessment and collection services based on the city's proportion of total tax records. For FY 07-08, the city's share is 31.0%, compared to 30.05% in FY 06-07. Of the city's total payment to the county, approximately 86.4% (\$564,200) is budgeted in the General Fund (Financial Management Services), 10.3% (\$67,260) in the Debt Service Fund and 3.3% (\$21,550) in the Mass Transit Tax Fund.

### Purchasing

- Forsyth County will reimburse the city approximately 27.87% of purchasing expenses, based on the prior year percentage of purchase order line-item activity, the percentage of total dollar volume of purchase orders, and the percentage of administrative time dedicated to each jurisdiction. The county share was 28.22% in FY 06-07, 24.68% in FY 05-06, 27.85% in FY 04-05 and 31.0% in FY 03-04.

### Department-wide

- There is a net decrease in departmental revenues as a result of adjustments associated with licenses and permits (-\$201,120), and additional revenue from the new purchasing card program (+\$95,000).
- Equipment leasing expenditures decreased (-\$29,770) as a result of the completion of payments for previously approved equipment.

# BUDGET AND EVALUATION

## MISSION STATEMENT

The mission of the Budget and Evaluation Office is to assist the city manager in the allocation of public resources to meet the service, program and facilities needs and expectations of the community, as determined by the Mayor and City Council, in accordance with federal, state and local laws and regulations.

## PROGRAM DESCRIPTIONS

- Prepares the city manager’s operating budget and five-year capital plan based on an annual budget forecast and operations review
- Coordinates the annual zero-based budget review process
- Undertakes special projects as identified by the city manager
- Participates in the North Carolina Local Government Performance Measurement Project
- Provides staff support to the Citizen Budget Advisory Council

## OBJECTIVES AND ACHEIVEMENTS

- Prepare the city’s annual operating budget and six-year capital plan in accordance with the legal requirements set forth in the North Carolina Local Government Budget and Fiscal Control Act. *During FY 06-07, an expenditure and revenue forecast was prepared to determine the gap between expenditures and resources in order to establish budget preparation guidelines for all general fund departments and divisions for FY 07-08.*
- Continue to participate in the North Carolina Local Government Performance Measurement Project in order to compare cost and performance data among major North Carolina cities. *Budget staff worked with city departments to update cost and performance benchmark data for FY 05-06, related to police, fire, sanitation, building inspections, fleet maintenance, human resources and streets services. This information was compiled by the project staff at the School of Government at Chapel Hill for all participating cities (Winston-Salem, Charlotte, Greensboro, Durham, Cary, Wilmington, Asheville, Salisbury, High Point, Gastonia, Hickory, Raleigh, Concord, Matthews, and Wilson).*
- Continue to provide staff support to the Citizen Budget Advisory Council (CBAC). *During FY 06-07 CBAC participated in a zero-based budget (ZBB) review in which several previous recommendations and programs were revisited in detail (Free handicap placard parking at on-street parking spaces, voluntary curbside collection program, brush collection program, and bulk container collection). Recommendations from the CBAC, the Budget and Evaluation Office, and participating departments are included in the annual budget proposal.*

	<b>Actual</b>	<b>Amended</b>	<b>Requested</b>	<b>Adopted</b>	<b>Percent</b>
<b>EXPENDITURES BY TYPE</b>	<b><u>FY 05-06</u></b>	<b><u>FY 06-07</u></b>	<b><u>FY 07-08</u></b>	<b><u>FY 07-08</u></b>	<b><u>Change</u></b>
Personnel	\$444,287	\$448,310	\$521,490	\$450,790	0.6%
Supplies and Services	84,408	101,030	117,080	113,610	12.5%
Equipment Leasing Expense	109	110	110	110	0%
<b>Total Expenditures by Type</b>	<b>\$528,804</b>	<b>\$549,450</b>	<b>\$638,680</b>	<b>\$564,510</b>	<b>2.7%</b>

## **BUDGET AND EVALUATION**

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<b>RESOURCES BY TYPE</b>	<b>Actual <u>FY 05-06</u></b>	<b>Amended <u>FY 06-07</u></b>	<b>Requested <u>FY 07-08</u></b>	<b>Adopted <u>FY 07-08</u></b>	<b>Percent <u>Change</u></b>
General Fund	\$528,804	\$549,450	\$638,680	\$564,510	2.7%
<b>Total Resources by Type</b>	<b>\$528,804</b>	<b>\$549,450</b>	<b>\$638,680</b>	<b>\$564,510</b>	<b>2.7%</b>
<b>Positions</b>					
Full-Time	5	5	6	5	0

### **BUDGET HIGHLIGHTS**

- Supplies and services expenses are increased as a result of information systems charges (+\$10,650) for scheduled computer replacements and development of a capital project management system, which began during FY 06-07.

# INTERNAL AUDIT

## MISSION STATEMENT

The mission of Internal Audit is to review financial and operational processes to determine if processes produce reliable, relevant information and comply with the city’s mission and relevant regulations and policies, statutes, grant or contract requirements .

## OBJECTIVES AND ACHIEVEMENTS

- Establish and monitor effective internal controls, which seek to assure accuracy and compliance with requirements of city policies, North Carolina General Statutes, laws and regulations, governmental accounting and reporting standards, contracts and grant requirements and to reduce the possibility of theft or fraud. *The independent auditors did not find material weaknesses or make recommendations on the city’s system of administrative and accounting internal controls during their audit for fiscal year 2006.*
- Train and educate city personnel in proper handling of cash and cash equivalents. *Several large departments were trained in the proper handling of cash. All departments received a copy of the cash handling manual. A PowerPoint presentation is available to departments if additional training is needed.*
- Identify and develop processes where field audits will be of value to the city. *By fiscal year end (2007) field audits will be in progress.*

	<b>Actual</b>	<b>Amended</b>	<b>Requested</b>	<b>Adopted</b>	<b>Percent</b>
<b>EXPENDITURES BY TYPE</b>	<b><u>FY 05-06</u></b>	<b><u>FY 06-07</u></b>	<b><u>FY 07-08</u></b>	<b><u>FY 07-08</u></b>	<b><u>Change</u></b>
Personnel	\$334,939	\$289,780	\$293,330	\$293,330	1.2%
Supplies and Services	17,823	17,120	31,310	22,050	28.8%
Equipment Leasing Expense	153	160	160	160	0%
<b>Total Expenditures by Type</b>	<b>\$352,915</b>	<b>\$307,060</b>	<b>\$324,800</b>	<b>\$315,540</b>	<b>2.8%</b>
<b>RESOURCES BY TYPE</b>					
General Fund	\$352,915	\$307,060	\$324,800	\$315,540	2.8%
<b>Total Resources by Type</b>	<b>\$352,915</b>	<b>\$307,060</b>	<b>\$324,800</b>	<b>\$315,540</b>	<b>2.8%</b>
<b>Positions</b>					
Full-Time	5	4	4	4	0

## BUDGET HIGHLIGHTS

- Personnel expenditures are increased \$3,550, which includes a 3.5% merit pay adjustment for all employees.
- Supplies and services reflect a net increase of \$4,930, primarily due to an increase in Information Systems charges (+\$7,160), and a decrease in City Hall rental (-\$3,890).

# CLAIMS FOR DAMAGES

## PROGRAM DESCRIPTIONS

- Includes payments to the Risk Acceptance Management Corporation (RAMCO), a non-profit risk management corporation, to cover current claims expense for general and auto liability and to meet reserve requirements on outstanding major claims
- Includes premium payments for general property claims

	<b>Actual</b>	<b>Amended</b>	<b>Requested</b>	<b>Adopted</b>	<b>Percent</b>
<b>EXPENDITURES</b>	<b><u>FY 05-06</u></b>	<b><u>FY 06-07</u></b>	<b><u>FY 07-08</u></b>	<b><u>FY 07-08</u></b>	<b><u>Change</u></b>
General Property Insurance	\$63,072	\$82,480	\$84,130	\$84,130	2.0%
RAMCO Auto Liability	289,300	295,090	300,990	300,990	2.0%
RAMCO General Liability	163,565	167,430	170,780	170,780	2.0%
Miscellaneous General Claims	16,435	15,780	16,320	16,320	3.4%
<b>Total Expenditures</b>	<b>\$532,372</b>	<b>\$560,780</b>	<b>\$572,220</b>	<b>\$572,220</b>	<b>2.0%</b>

## RESOURCES

General Fund	\$532,372	\$560,780	\$572,220	\$572,220	2.0%
<b>Total Resources</b>	<b>\$532,372</b>	<b>\$560,780</b>	<b>\$572,220</b>	<b>\$572,220</b>	<b>2.0%</b>

## BUDGET HIGHLIGHTS

- Payments to the Risk Acceptance Management Corporation (RAMCO) for auto and general liability are required to be increased 2% per year, per the terms of an operating agreement between the city and RAMCO.
- There are additional claims expenditures, which are budgeted in city-county departments so that the costs can be more easily shared with the county, according to the city-county interlocal agreement. (Hazmat, +\$1,000 for auto liability; Emergency Management, +\$3,480 for auto liability; and, Historic Bethabara, +\$1,210 for auto liability and +\$1,040 for general liability.
- The payments listed above are for the general fund only. A summary of payments budgeted in all funds is provided below:

### PAYMENTS TO RAMCO BY FUND

<b>Fund</b>	<b>Actual</b>	<b>Amended</b>	<b>Requested</b>	<b>Adopted</b>	<b>Percent</b>
	<b><u>FY 05-06</u></b>	<b><u>FY 06-07</u></b>	<b><u>FY 07-08</u></b>	<b><u>FY 07-08</u></b>	<b><u>Change</u></b>
General Fund	\$459,325	\$469,120	\$478,500	478,500	2.0%
Fleet Services	82,610	84,270	85,950	85,950	2.0%
Solid Waste Disposal Fund	6,780	6,930	7,060	7,070	2.0%
Water and Sewer Fund	94,780	96,680	98,610	98,610	2.0%
Parking Fund	5,020	5,120	5,220	5,220	2.0%
Transit Fund	177,520	181,090	184,610	184,710	2.0%
Coliseum/Fair	14,110	14,410	14,700	14,700	2.0%
<b>Total Payments</b>	<b>\$840,145</b>	<b>\$857,620</b>	<b>\$874,650</b>	<b>\$874,760</b>	<b>2.0%</b>

# **FISCAL MANAGEMENT NON-DEPARTMENTAL**

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Listed below are the appropriations related to fiscal management that are not included in any of the departmental budgets in this section of the document.

<b>Expenditures</b>	<b>Actual</b>	<b>Amended</b>	<b>Requested</b>	<b>Adopted</b>	<b>Percent</b>
<b>General Fund</b>	<b><u>FY 05-06</u></b>	<b><u>FY 06-07</u></b>	<b><u>FY 07-08</u></b>	<b><u>FY 07-08</u></b>	<b><u>Change</u></b>
Reimbursement to Annexed Property Owners for Fire District Tax*	\$0	\$635,590	\$0	\$0	-100.0%
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$635,590</b>	<b>\$0</b>	<b>\$0</b>	<b>-100.0%</b>
 <b>Resources</b>					
Reimbursement from Forsyth County	\$0	\$635,590	\$0	\$0	-100.0%
<b>Total Resources</b>	<b>\$0</b>	<b>\$635,590</b>	<b>\$0</b>	<b>\$0</b>	<b>-100.0%</b>

\* This appropriation of \$635,590 was a one-time expense related to the September 30, 2006 annexation. The city was required by North Carolina law to reimburse annexed property owners for their volunteer fire district tax levy, prorated for the portion of the year that they were annexed by the city. A revenue of \$635,590 was also appropriated, as reimbursement from the county.