

# 2016 ANNUAL REPORT

## DEPARTMENT OF FINANCE

### PURPOSE AND FUNCTION

*The Finance Department is responsible for managing the Town's accounting, budgeting and financial reporting systems as well as supporting the City Manager's office with special financial analysis. Additionally, the Department oversees the Town's debt obligations, cash and investments and multiple financial transaction processes such as payroll, cash receipting, accounts payable and accounts receivable.*

### MESSAGE FROM THE DIRECTOR

*It is my hope that this report provides the reader with a meaningful overview of the Town's financial information and the operations and activities of the Finance Department.*

Sincerely,

Andrew Huhn, Finance Director

### DEPARTMENT STAFFING

**FINANCE DIRECTOR:** Andrew Huhn, CPA

**FINANCE MANAGERS:** Karen Killingsworth, CPA  
Mike Steele, CPA

**FISCAL SUPERVISOR:** Linda Fischer

**ACCOUNTANTS:** Nan Jia  
Deanna Mocchi, CPA  
Felicia Rice  
Sue Wang, CPA

**OFFICE ASSOCIATES:** Kate Capodice  
Becky Strack

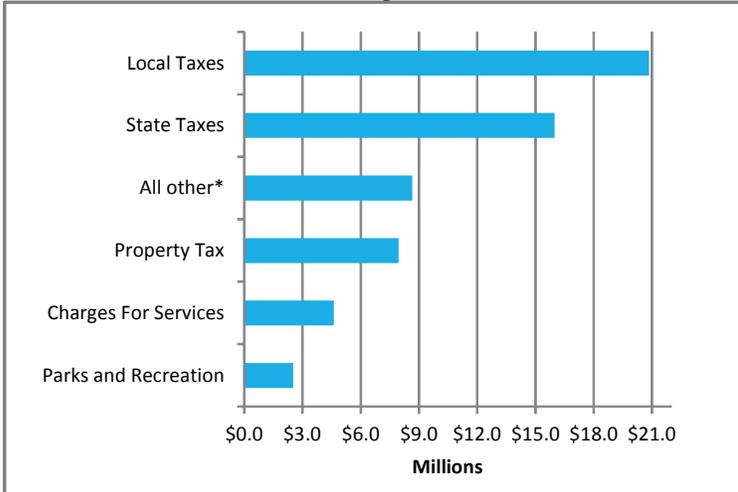
**FISCAL CLERKS:** Laura Gibbons  
Palmira Villasanta

# TOWN FINANCIAL OVERVIEW

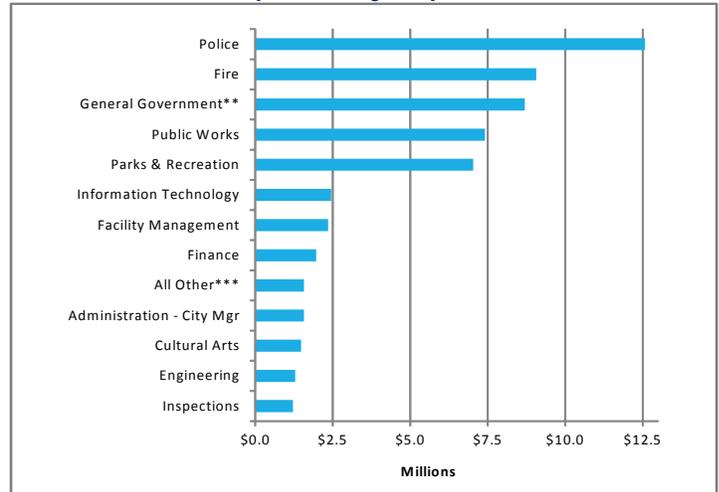
(FY2015-16 Audit)

Total Assets: \$290 million  
Total Liabilities: \$206 million

General Fund Revenues by Line Item: \$60.6 million



General Fund Expenses by Department: \$58.6 million



\*All other refers to reimbursements, fines, transfer/sale of assets, and other miscellaneous.

\*\*The "General Government Department" is where the Town accounts for its spending on contract agreements, major capital programs, liability insurance and debt service payments. These expenses are more Town wide and not directly related to a specific department's operation.

\*\*\*All other refers to Corporation Counsel, Human Resources, Town Clerk, Mayor & Council, and Concessions.

## Major Activities

### Preparation of the Annual Budget

The Town of Normal's annual budget document for the year ending March 31, 2017 received the Government Finance Officers Association's "Distinguished Budget Presentation Award", and fully expects to receive the award for its most recent budget (FY 2017-18). The Government Finance Officers Association (GFOA) is a non-profit professional association serving over 18,000 government finance professionals throughout North America. The annual budget serves as the Town's fiscal planning document for all departments and operations. It projects the Town's operating and capital spending plans for a rolling five year period, as well as all Town revenue sources.

### Preparation of the Annual Financial Statements

The Town of Normal received the "Certificate of Achievement for Excellence in Financial Reporting" from GFOA for the year ending 3/31/15 and fully expects to receive the award for its most recent financial statements (FY 2015-16).

### Preparation of the Financial Trends Report

This report (presented to Council in September 2016) focused on six categories of indicators that provide a glimpse into the financial stability of Normal, with a particular emphasis on the General Fund. Overall, there are 34 indicators analyzed in this report. Each indicator was described according to its impact on the financial health of the Town. In order for trends to be illustrated, a historical perspective on each indicator is provided. Finally, each indicator is given a rating of (P)ositive, (N)egative or (U)nclassified.

### Preparation of the Monthly Financial Report

The report illustrates the Town's revenue, expense and fund balances by account for each month-end period.

**General Accounting Activity**

DESCRIPTION	2013	2014	2015	2016
Revenue transactions processed	150,104	144,485	147,936	149,804
Expenditure transactions processed	30,514	31,342	32,235	33,278

**Local Tax Collection**

The Finance Department collects the following local taxes:

- 1) Local Vehicle Use Tax on all titled items for the Town of Normal and City of Bloomington;
- 2) Local Liquor Tax (packaged liquor sales);
- 3) Local Hotel/Motel Tax; and
- 4) Local Motor Fuel Tax

**Debt Management**

The Town has a credit rating of "Aa1" from Moody's, "AA" from S&P and "AAA" from Fitch. Below is a schedule of bonds issued:

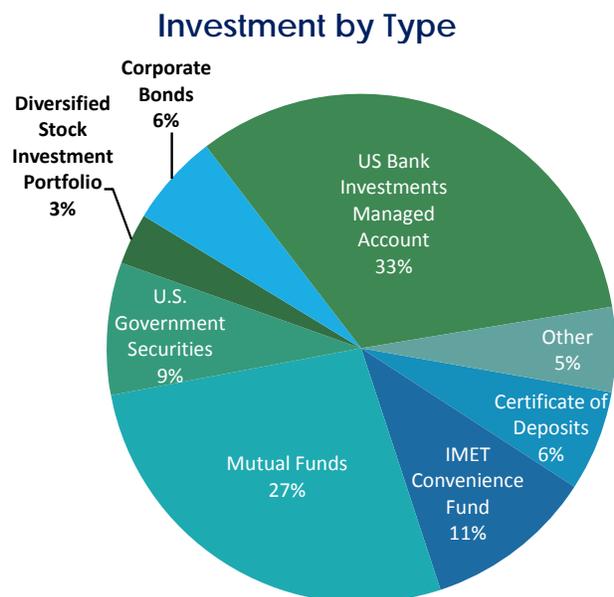
ISSUE	TERMS	RATE	AMOUNT ISSUED
2007 GO Bonds - Fixed Rate	30 Years	4.43%	\$24,700,000
2008 GO Bonds - Fixed Rate	30 Years	4.62%	\$10,000,000
2009A GO Bonds - Fixed Rate - Build America Bonds*	30 Years	3.90%	\$5,900,000
2009 GO Bonds - Fixed Rate Refunding of 2003 Issue	20 Years	3.45%	\$9,490,000
2010 GO Bonds - Fixed Rate - Recovery Zone*	30 Years	3.47%	\$1,855,000
2012 GO Bonds - Fixed Rate Refunding of 2004	15 Years	2.16%	\$9,610,000
2013 GO Bonds - Fixed Rate Refunding of 2005	16 Years	2.99%	\$9,105,000
2014 GO Bonds - Fixed Rate	20 Years	2.76%	\$9,155,000
2016A GO Bonds - Fixed Rate Refunding of 2006	19 Years	2.62%	\$8,740,000
2016B GO Bonds - Fixed Rate	25 Years	2.95%	\$8,835,000
<b>TOTAL</b>			<b>\$97,390,000</b>

\*Bond issues that had significantly lower interest costs due to a Federal subsidy program.

**Cash and Investment Management**

The Finance department maintains the Town's eight bank accounts. These accounts are constantly reviewed and reconciled to ensure all activity is monitored and controlled.

The Investment by Type pie chart illustrates how the Town Funds, Police Pension Fund, and Fire Pension Fund are invested.



### **Cash Receipt Processing**

*The Finance Department manages the majority of incoming cash, checks, and electronic payments to the Town. This includes wire transfers and ACH payments from the State or banks and other financial institutions to the Town's automated electronic utility bill payment system. We also accept Internet payments for water bills, Ordinance Violations and Parking Tickets. In addition to payments received over the counter, online and through the mail, payments are also accepted by the use of a drive-up drop box in front of the City Hall Annex. The Town also has "lockbox" processing for utility bill payments. This process allows for a more secure and faster cash deposit of payments.*

### **Payroll Reporting**

*Finance is responsible for the bi-weekly processing of payroll for all Town employees, as well as, reporting quarterly and yearly payroll information to the Social Security Administration and Internal Revenue Service. Finance is also responsible for calculating the pension benefits for Police and Fire retirees and processing their monthly retirement checks. Approximately 600 payroll checks are processed every two weeks. This increases to around 900 checks during the summer months. Over 75% of all Town employees receive their pay check using electronic direct deposit. Just over 1,200 W-2 federal tax forms were processed this year.*

### **Accounts Payable**

*Finance manages the Town's weekly accounts payable process. The process begins with the purchase of goods or services within each Town department. All invoices are approved by the department head, with additional approvals obtained depending on the dollar value and/or type of purchase. Once the department approval is complete, the payable process becomes centralized within the Department of Finance. In Finance all approvals are verified and expenditure codes and budget authority is confirmed. All supporting documentation is reviewed for appropriateness and scanned/maintained by Finance. Checks are processed, printed and delivered weekly, with an average amount every week of \$900,000. For a single calendar year, the Department may process about 10,000 checks to over 2,000 vendors.*

### **Other Activities of the Department Include the Following:**

- o Provide support to the Town Council and Administration for their policy decisions
- o Assist departments with budget planning and fiscal matters
- o Conduct and support various financial analysis
- o Send past due and legal notices and process violation complaints
- o Process accounts receivable invoices on a weekly basis, with follow up monthly statements
- o Monitor fixed assets on a monthly basis and compile all information at fiscal year-end for reporting purposes
- o Maintain financial systems and source documents
- o Manage all CDBG reporting and grant administration
- o Provide accounting services for MICA, Police and Fire pension funds, Children's Discovery Museum Foundation and Uptown Partners.

## **Finance Involvement with Professional Organizations**

*The Finance Director and Finance Managers are members of the National GFOA. These three along with all Town Accountants are members of the Illinois Chapter of the GFOA (IGFOA).*