



Staff Report

City Council

Item No. {{section.number}}.{{item.number}}

Meeting Date: April 30, 2025

From: Kevin Biersack, Financial Services Director

Title: Financial Services Department Staff Review

RECOMMENDATION:

This item is presented for information, discussion, and direction only.

BACKGROUND:

As a service organization, expenditures on staffing, including salaries and benefits, is one of the largest components of the budget. Therefore, a key component of the budget development process is to provide a comprehensive presentation on staffing throughout the City including the use of contracts and overtime, support services, etc. To meet this need, a series of special workshops have been scheduled over the upcoming weeks to conduct a department by department staffing review and to provide the Council with information on proposed changes and additions throughout the departmental budgets.

DISCUSSION:

The Financial Services Department includes the following divisions:

- Financial Services Administration
- Risk Management
- Finance
- Facilities Services

The following table compares authorized staffing in the Financial Services Department in FY 13-14 to the present. The table shows the staffing reductions made in June 2020 due to the COVID revenue reductions, the adopted FY 22-23 budget and the current authorization for FY 24-25. The FY 13-14 numbers are from the printed budget, revised only to reflect organizational structure changes that have occurred in the interim:

	FY13-14	FY20-21 COVID	FY22-23 Adopted	FY24-25 Authorized	FY 25-26 Budgeted	Change from 13-14
Financial Services Admin	1.00	1.00	2.00	3.00	2.00	2.00
Finance Division	10.00	10.50	11.50	11.50	11.00	.50
Facilities Division	2.00	3.00	3.00	3.00/4.00	4.00	2.00
Financial Services Total	13.00	14.50	16.50	17.50/18.50	17.00	31%

Financial Services Administration and Risk Management

The Financial Services Administration division is responsible for managing the City's financial services, risk management services, and facilities services. These administrative functions are primarily assumed by the Director of Financial Services, who also oversees communications with City Council, City Management, and other department directors and managers.

Risk Management oversees insurance matters as well as risk reduction programming such as training and equipment. Risk Management responsibilities are managed by the Director of Financial Services, a risk management analyst, and a fiscal officer performing accounting functions.

The following is an overview of the City's risk management strategy. In 1992, the City of Cathedral City joined Public Entity Risk Management Authority (PERMA), a Joint Powers Authority (JPA) organization with 32 members. As a result of pooling resources, public agencies have access to commercial liability insurance not available to public entities on their own. General Liability provides defense and indemnity coverage against claims and suits arising from covered occurrences with \$50 million in broad form general liability coverage, which includes: auto liability, bodily injury and property damage, personal injury, and errors and omissions. As a member, the City has a Self-Insured Retention (SIR) of \$250,000/ incident.

Workers' Compensation provides statutory benefits for employee injuries arising out of and in the course of employment. It provides statutory limits in workers' compensation coverage and \$5,000,000 in employers' liability coverage. As a member, the City SIR is \$250,000/incident. Daily activities are managed by Financial Services Risk Management Analyst. Litigation-related issues are managed with HR coordination.

Property provided directly through Alliant Insurance Service is a fully insured program providing all-risk replacement cost coverage. Automobile physical damage coverage is provided on a replacement cost basis. The City has \$118M+ in assets (vehicles, equipment and art) insured with a variety of deductibles depending on the asset and/or incident.

Employment Practices Liability (EPL) provides members coverage for employment related lawsuits, such as wrongful termination and discrimination, through participation in the Employment Risk Management Authority (ERMA) with \$1 million in employment practices liability coverage. Additional limits in EPL coverage are provided by Public Risk Innovation, Solutions and Management (PRISM). The City has a SIR of \$25,000/incident.

Cyber Liability is provided directly by Alliant Insurance Services with coverage for information

security and privacy liability, privacy notification costs, regulatory defense and penalties, website media content liability, cyber extortion, first party data protection and business interruption losses.

Crime Coverage provides public employee dishonesty, forgery or alteration, and computer fraud coverage, with a limit of \$5.0 million and a \$2,500 deductible.

Finance

As the City's financial organization, the overall mission of the Finance division is to ensure we budget for, responsibly account for, and fiscally manage the City's financial portfolio of 50+ funds. We recommend and assist in the implementation of goals, objectives, policies and procedures, strategies, and measures for our primary budget activities (based on the Council-approved budget policy document). We establish schedules and methods for finance and accounting processes and services. We coordinate/lead finance and accounting related activities with other City departments and divisions. In summary, we pay our vendors, we pay our people, and we report the City's financials.

Financial Services also functions as the process owner of the City-wide Enterprise Resource Planning (ERP) system for the financial backbone related to accounting, payroll, licensing, cashing, and assets. We provide training to staff members in other departments and can assist with resolving user or system issues.

As part of the Financial Services department's succession planning, the functions and procedures of the Finance division are categorized into three primary areas, each having a fiscal officer as its managing staff member:

- Payroll, Grants, and Capital Projects
- Bonds, Treasury, and Asset Management
- Daily Operations, Licensing, and Special Initiatives

With a matrix management approach to assigning tasks, the eleven finance staff members are divided into the primary areas above but cross over into the other two areas to achieve division-wide functional duties of Finance:

- Budget
- Annual Comprehensive Financial Report (ACFR)
- State Controller's Report and other required reporting (97 in total)
- Procurement and Purchasing
- Accounts Payable
- Accounts Receivable
- Audits
- Tax Administration

Standard practice for municipal financial services is the segregation of tasks, which involves distributing accounting tasks among different individuals to prevent any single person from having complete control over critical financial processes. This separation of responsibilities helps to reduce errors, prevent fraud, and enhance the accuracy of financial records. The Finance division achieves segregation of tasks through the matrix management approach

for performing its broad functional duties.

The Finance division has two analysts focusing on particular areas while also contributing to the overall functions listed above. One analyst focuses on purchasing and procurement (part of Accounts Payable as a whole) and is able to centralize purchasing efforts to provide cost-savings and consistency. This purchasing analyst utilizes Bid, Contract, and Purchase Order modules in Tyler ERP to encumber funds and track procurement processes. This analyst also ensures the City's processes are compliant with local, State, and Federal regulations.

Another analyst focuses on grants (part of Accounts Receivable as a whole) and assists City departments with grant applications, as well as providing research for grant opportunities on the federal, state, and local levels. The grants analyst utilizes the Grant Manager, Grants Master, Project Master, and General Billing modules to track grant activity from application to grant closure.

Additionally, Finance manages general government accounts, for those expenditures not allocated to any one department. These accounts reflect jointly coordinated programs or projects across multiple departments. Expenditures in these accounts may be applicable to various departments and divisions, such as:

- Tropical Storm Hilary related expenditures
- Miscellaneous dues and subscriptions
- Supplies used by all departments
- Common use office equipment and associated maintenance
- Tax sharing agreements
- Unassigned fleet and utilities
- Debt service (city) obligations
- Contingencies.

Considering the staff members for Financial Services Administration, Risk Management, and Finance as a whole, the amount of time spent among major areas and duties is the following:

Purchasing & Accounts Payable	25%
Payroll & Benefits	15%
Revenue, Grants & Accounts Receivable	15%
ACFR, Budget & Audit	15%
Risk Management & Insurance	10%
Banking, Assets & Debt	10%
Other Functions (Housing, RDA, Special Initiatives, Policies)	10%

Facilities Services

Facilities Services provides maintenance and repair for the city's fourteen facilities with skilled trades staff who have a varied range of skillsets for maintaining the City's buildings, facilities, and adjacent grounds for the community. Personnel include a Facilities Manager, a Senior Maintenance Worker, and two Maintenance Workers.

Facilities is responsible for the detailed daily preventative maintenance and repair to keep the City's buildings, facilities, and adjacent grounds in a well-maintained operational condition. They facilitate repairs that address immediate City facility issues while projecting for longer term solutions. The division provides swift and comprehensive response to a multitude of possible issues and provides 24/7/365 emergency service when a Facilities presence is required.

Facilities Services provides landscaping which conserves water, requires less maintenance, and retains a pleasant appearance. They investigate products, methods, and procedures to enhance the City's facilities and grounds, yet provide for conservation, less maintenance, and longer life. Facilities will also analyze energy consumption to minimize consumption and maximize savings and provide information to our end-users to achieve long-lasting use of our facilities.

The functions of the Facilities Services division can be categorized as:

Civic Center Maintenance, Repair, and Replacements	30%
Fire Department Facilities Maintenance, Repair, and Replacements	25%
City Library, Parks, and Public Works Maintenance, Repair, and Replacements	25%
Other Downtown Facilities (Parking Structure, Amphitheater, Town Square) Maintenance, Repair, and Replacement	10%
Special Events Preparation and Cleanup	10%

FISCAL IMPACT:

The original published budget for the Financial Services Department (all divisions) for FY 24-25 was \$9,723,954. The total amended budget for the Financial Services Department (all divisions) for FY 24-25 reflecting amendments through 12-31-2024 is \$9,702,010.

The original published budget for the Risk Management division for FY 24-25 was \$4,700,000. The total amended budget for the Risk Management division for FY 24-25 reflecting amendments through 12-31-2024 is \$4,700,000.

The original published budget for the General Government division for FY 24-25 was \$6,982,917. The total amended budget for the General Government division for FY 24-25 reflecting amendments through 12-31-2024 is \$9,442,179.

FIVE-YEAR STRATEGIC PLAN:

N/A

ATTACHMENTS:

1. Presentation Staffing and Budget Analysis Financial Services Department