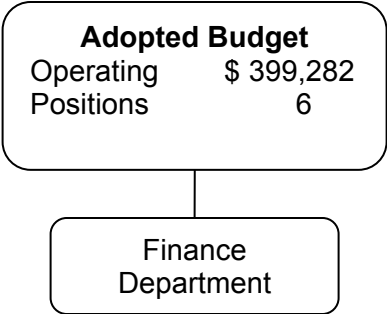
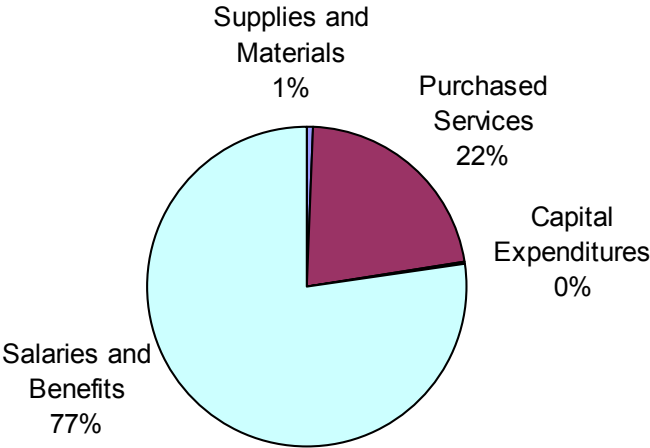


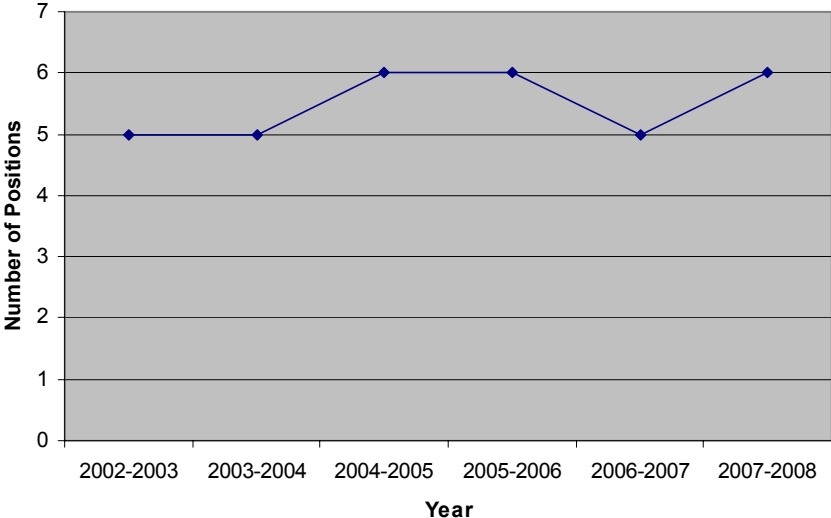
FINANCE DEPARTMENT



CHARACTER OF EXPENDITURES



AUTHORIZED STRENGTH



FINANCE DEPARTMENT

Department Summary

SOURCE

	FY 2004-05 ACTUAL BUDGET	FY 2005-06 ACTUAL BUDGET	FY 2006-07 ADOPTED BUDGET	FY 2006-07 AMENDED BUDGET	FY 2007-08 ADOPTED BUDGET
Special Revenue Funds	7,000	469	500	500	500
Enterprise Funds	5,679	6,068	10,000	10,000	2,100
*Overhead Allocation	257,118	251,865	298,438	290,195	431,283
TOTAL	269,797	258,402	308,938	300,695	433,883

EXPENDITURES BY DEPARTMENT

	FY 2004-05 ACTUAL BUDGET	FY 2005-06 ACTUAL BUDGET	FY 2006-07 ADOPTED BUDGET	FY 2006-07 AMENDED BUDGET	FY 2007-08 ADOPTED BUDGET
Finance Department	518,198	455,615	615,018	554,087	833,165
TOTAL	518,198	455,615	615,018	554,087	833,165

CHARACTER OF EXPENDITURES

	FY 2004-05 ACTUAL BUDGET	FY 2005-06 ACTUAL BUDGET	FY 2006-07 ADOPTED BUDGET	FY 2006-07 AMENDED BUDGET	FY 2007-08 ADOPTED BUDGET
<u>PERSONNEL</u>					
Salaries and Benefits	282,862	366,775	492,368	447,562	642,715
Subtotal	282,862	366,775	492,368	447,562	642,715
<u>SUPPLIES AND SERVICES</u>					
Purchased Services	230,112	82,384	116,800	98,910	183,700
Supplies and Materials	3,798	2,133	4,250	3,215	4,250
Other Expenditures	0	0	0	0	0
Capital Expenditures	1,426	4,323	1,600	4,400	2,500
Subtotal	235,336	88,840	122,650	106,525	190,450
TOTAL	518,198	455,615	615,018	554,087	833,165
NET GENERAL FUND CONTRIBUTION	248,401	197,213	306,080	253,392	399,282

* OVERHEAD ALLOCATION

	FY 2004-05 ACTUAL BUDGET	FY 2005-06 ACTUAL BUDGET	FY 2006-07 ADOPTED BUDGET	FY 2006-07 AMENDED BUDGET	FY 2007-08 ADOPTED BUDGET
Gas Tax Fund	5,000	5,000	5,000	5,392	7,686
Measure A / Sales Tax	5,000	5,000	5,000	5,392	7,686
NPDES	5,000	5,000	5,000	5,392	7,686
Rent Stabilization Program	10,000	10,000	10,000	10,000	10,000
Lighting District	0	0	20,000	16,176	23,057
Water Services	10,000	25,000	25,000	10,784	15,371
Garbage Collection Fund	10,000	10,000	10,000	10,784	15,371
Grant	0	0	0	10,600	37,000
RDA Fund	212,118	191,865	218,438	215,675	307,426
TOTAL OVERHEAD ALLOCATION	257,118	251,865	298,438	290,195	431,283

FINANCE DEPARTMENT

Department Summary

MISSION STATEMENT

Maintain the financial integrity of the City and Redevelopment Agency by providing fiscal management and oversight. Perform financial, compliance and operational audits that provide independent and objective analysis of City departments; provide accurate, complete and timely financial records' operations, maintain and enhance City's financial reporting systems, control, and disbursements.

BUDGET ORGANIZATION AND THE STRATEGIC PRIORITIES

The functions of the Finance Department are: Administration, Accounting, Accounts Payable, Grants Reporting, and Payroll. The Department has a staffing level of 6 positions.

The emphasis of the Fiscal Year 2007-2008 budget is delivery of the City and Redevelopment Agency's basic financial management services, focusing on accurate, timely, and understandable financial reports; and, continuing efforts to assure improvement of the City's overall fiscal condition. The Department will provide support to the City's Capital Program by providing financial consulting services to the Public Works Department, assuring thorough review and successful financing of projects.

Within each of the basic services provided, the Finance Department will undertake projects that specifically address:

- Providing clear, concise and timely financial information;
- Providing funding support for City and Agency projects through debt financing and grant funding;
- Upgrading employee skills through internal classes, seminars and reference materials;
- Recommending alternative revenue and expense strategies;
- Researching investment options, including portfolio management, to improve investment returns within the parameters of the City's Investment Policy;
- Working with operating departments to assure accurate grant reporting.

SIGNIFICANT CHANGES

FY 2006-2007 Adopted to FY 2006-2007 Amended:

The Fiscal Year 2006-2007 Amended Budget Net General Fund Contribution of \$253,392 is a decrease of -\$52,688 from the FY 2006-2007 Adopted Budget Net General Fund Contribution of \$306,080. This -17.2% decrease resulted from reductions in Purchased Services -\$17,890 (-15.3%) and Personnel Costs -\$44,800 (-9.1%) categories. The reduction in personnel cost resulted from salary savings for the Financial Services Manager position not filled during the current year. Revenue sources are down approximately -\$8,200.

FY 2006-2007 Amended to FY 2007-2008 Adopted:

The Fiscal Year 2007-2008 Adopted Budget Net General Fund Contribution of \$399,282 is an increase of \$145,890 from the FY 2006-2007 Amended Budget Net General Fund Contribution of \$253,392. This 57.6% increase reflects the restoration of the Fiscal Analyst position previously eliminated in the FY2006-2007 Adopted Budget. The increase in purchased services reflects additional and various services needed to assist with the implementation of Measure C Parcel Tax. The adopted budget also reflects the elimination of a 12 day mandatory furlough program.

FINANCE DEPARTMENT

FY 2006-2007 ACCOMPLISHMENTS

OBJECTIVE	RESULT
1 To extend additional user access to the City's financial system within the organization to provide for timely financial information by December 2006.	Accomplished: During the current fiscal year, the Finance department has added additional users to the financial system on an as needed basis.
2 To hire a Fiscal Analyst to support the Public Works Department to closely monitor the City's capital projects, as well as timely reporting of grant funded projects.	Not achieved due to elimination of the Fiscal Analyst position during the adoption of the FY 2006-2007 budget.
3 To cooperate with City Manager in an effort to fill vacant Finance Director position.	Achieved. Finance Director hired.
4 To begin the implementation for Comprehensive Annual Financial Reporting (CAFR) format for Fiscal Year 2006-2007 by June 2007. Plan for fixed asset inventory system by June 2007.	Not achieved as a result of staffing levels and the Financial Services Manager position not currently filled.
5 To expand employee skills and job knowledge through internal training, seminars and reference materials by sending employees to various trainings related to payroll functions, accounts payable and financial grants.	Achieved. This will be a continuous objective as training is vital to improve employee knowledge for continued changes in financial reporting from Government agencies such as the Government Accounting Standards Board (GASB). GASB develops financial reporting policies for the government sector.
6 To work with the City Manager's Office to develop a consistent financial reporting system which is compatible with the operating budget organizational structure by June 2007.	Not achieved due to the vacancy of key positions.
7 To work with City's financial system provider to identify ways to improve efficiency in current automated financial functions by June 2007.	Accomplished: A paperless reporting system was put in place during the year, which resulted in less paper filing and storage needs for the Finance Department. In addition, an easier and faster way to process and deposit checks was implemented, thereby reducing the cost for carrier services.
8 To assist the City Manager's Office and the Public Works Department with the transition of both the Lighting and Draining districts from the County to the City, ensuring appropriate accounting and tracking of assets and funds by July 2006 or earlier.	Achieved.
9 To work with the City Manager's Office to identify and update the City's administrative policies to clarify current procedures and practices related to travel and petty cash by December 2006.	Achieved: Petty cash policy was established and awaiting final approval of the City Manager. Travel policy was completed.
10 To work with the City Manager's Office to develop and recommend a four-year financial plan by July 2006.	Achieved. Financial Plan presented to Council.

Additional Accomplishments:

- 1 Received another clean audit report for the last two consecutive years. This is a result of prudent management and oversight of City's finances and adherence to recommended internal control practice.

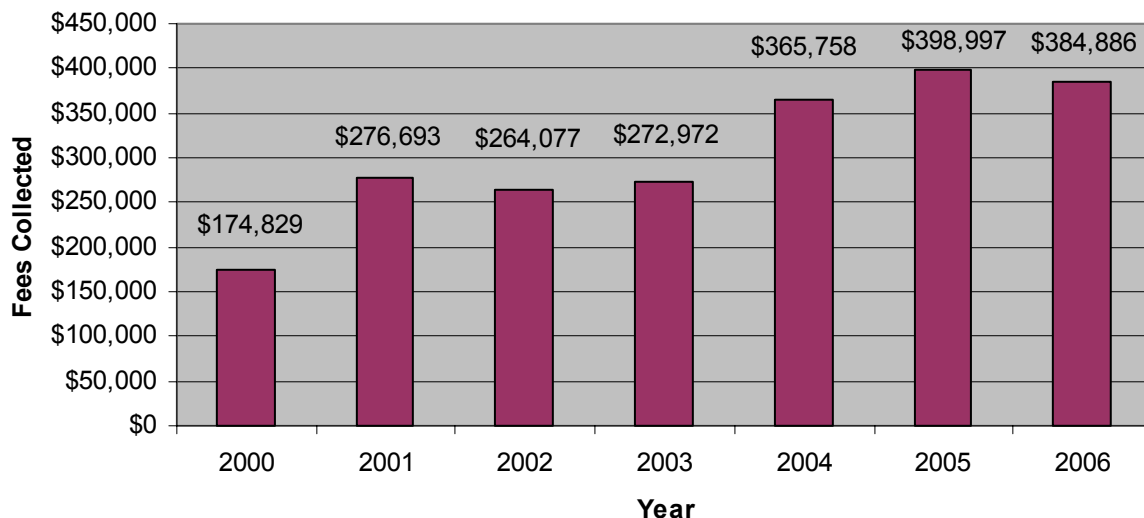
FINANCE DEPARTMENT

FY 2007-2008 OBJECTIVES

1. To hire a Fiscal Analyst to support the Public Works Department to closely monitor the City's capital projects, as well as timely reporting of grant funded projects.
2. To identify recruitment strategies to attract qualified applicants to apply for the vacant Finance Services Manager position.
3. To begin the implementation for Comprehensive Annual Financial Reporting (CAFR) format for Fiscal Year 2007-2008 by June 2008.
4. To expand employee skills and job knowledge through internal training, seminars and reference materials by sending employees to various trainings related to payroll functions, accounts payable and financial grants.
5. To work with the City Manager's Office to develop a consistent financial reporting system which is compatible with the operating budget organizational structure by June 2007.
6. To work with City Attorney and the City Manager's Office to implement and collect East Palo Alto's Measure C (parcel tax) by December 2007.
7. To work with the City Manager's Office to identify and update the City's administrative policies to clarify current procedures and practices related to travel and cell phone policy cash by December 2007.
8. To work with the City Manager's Office to implement the recommended multi-year financial plan by July 2007.

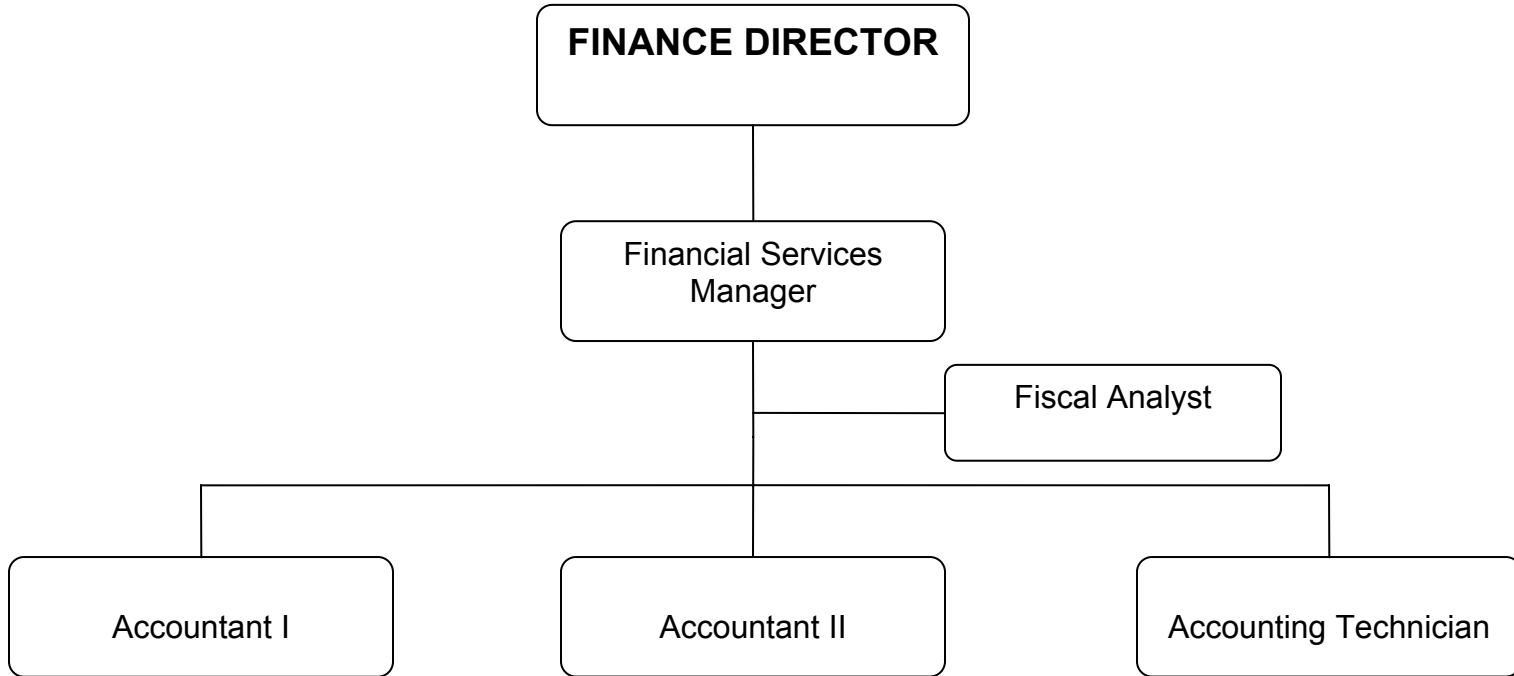
Graph below is a highlight of Business Licenses Collected from year 2001-2006:

Business License Fees Collected by Year



FINANCE DEPARTMENT

(Existing Organization)



DB - 38

Total FTE: 6