



Finance
Department

City of Baton Rouge
Parish of East Baton
Rouge

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2018 Finance Department Annual Report



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Finance Director's Report

April 1, 2019

The following report is a summary of our highlights and accomplishments throughout 2018. The Finance Department had a productive year that included the realization of efficiencies in work processes following the implementation of the new, fully integrated financial, purchasing, and human resource management software system. Our Revenue Auditing and Internal Auditing divisions managed aggressive work plans focused on increasing taxpayer compliance and revenue collections, and improving internal controls and increasing efficiencies in City-Parish departments. Revenue collections and Service Fee billings were processed and recorded accurately and efficiently, optimizing revenues for the City-Parish. Finally, a fiscally responsible budget was adopted and maintained through sound financial monitoring and reporting.

The department served on the implementation team for the new financial system and the new human resources system. The new financial system went live in October, 2017; and the new human resources system went live in October, 2018. The department completed the City-Parish's first Consolidated Annual Financial Report following the implementation of the new financial system in June, 2018. Also, in November, 2018, the department completed the City-Parish's first Annual Operating Budget for the upcoming 2019 fiscal year using the new financial system. We will continue to serve on the implementation team as the City-Parish moves into the final phases of the post-live process and project closure.

Our accomplishments would not have been possible without the hard work, devotion, and enthusiasm of our employees. I also want to thank the Mayor's Office and the Metropolitan Council for their support. We look forward to another excellent year.

Sincerely,

Marsha Hanlon

Mission

The mission of the Finance Department is to foster and preserve public trust and confidence through innovative and responsible financial management systems that ensure delivery of efficient, effective services responsive to the needs of the citizens in accordance with the best-recognized principles of governmental finance.

Finance Department Divisions

The Finance Department is responsible for financial reporting and accounting, revenue and tax collection, internal auditing, sales tax and revenue auditing, financial planning and budgeting, and solid waste and sewer user fee collection. The Finance Department is comprised of the following seven divisions:

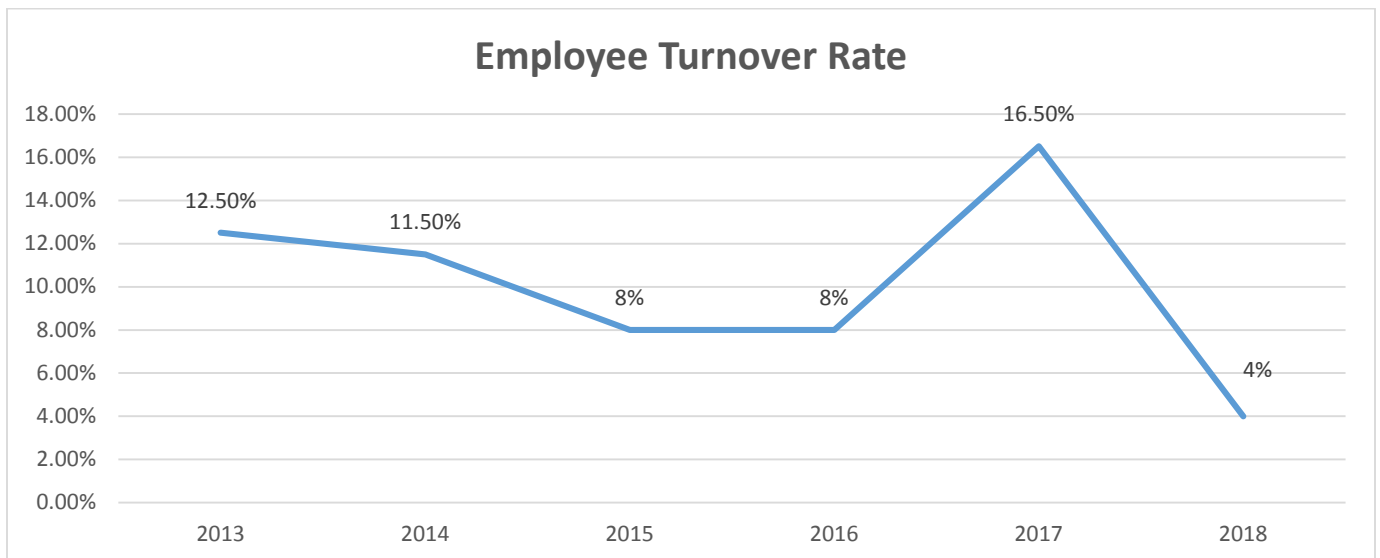
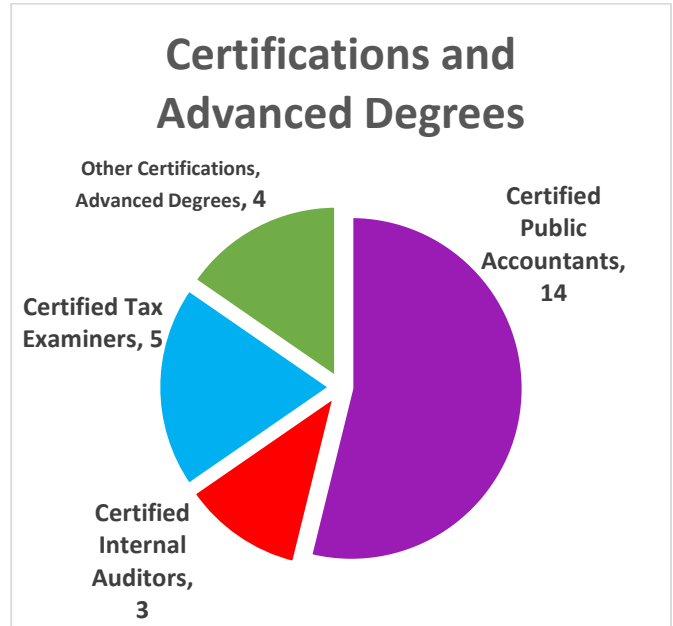
- Administration Division
- Accounting Division
- Internal Auditing Division
- Revenue Collection Division
- Revenue Auditing Division
- Budgeting Division
- Service Fee Business Office

ADMINISTRATION DIVISION

The **Administration Division** provides direction and cohesion for the department by supplying general supervision and direction over the other six divisions of the Finance Department. In addition, the Administration Division protects the financial interests of the City-Parish through monitoring legislative processes.

HIGHLIGHTS

- Held bond ratings of Aa2/AA+/AA+ for City 2% sales tax revenue bonds from rating agencies (Moody's/S&P/Fitch), reflecting an adjustment in the Standard & Poor's rating due to a change in evaluation criteria
- Reduced the employee turnover rate to 4%
- The average years of service for employees in the department increased from 14.1 years to 14.4 years
- The number of employees with professional certifications or advanced degrees increased from 24 to 26
- Analyzed and prepared fiscal notes for 208 legislative bills



ACCOUNTING DIVISION

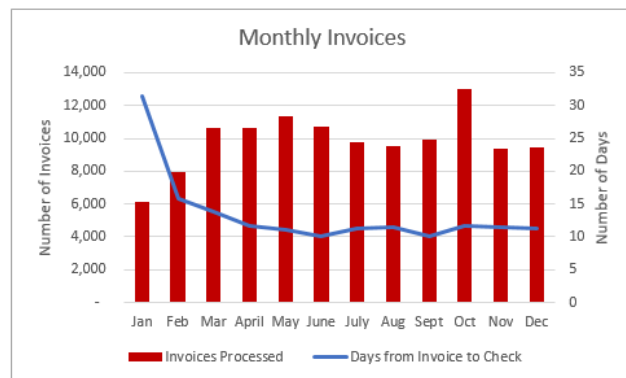
The **Accounting Division** performs all the activities normally associated with a governmental accounting unit. These activities are interrelated and include preparing, analyzing, recording, summarizing, reporting, and interpreting financial transactions of the city, parish, various grants, and special districts. The Accounting Division maintains accounting systems in accordance with the best-recognized practices in governmental accounting.

HIGHLIGHTS

- Received an unmodified opinion on the 2017 Financial Statements
- Received GFOA's Certificate of Achievement for the 2017 CAFR. The City-Parish has received this award each year for the 30-year period ending December 31, 2017.
- Issued \$820,000 in Revenue Bonds for Fire Districts
- Issued \$18 million in City Revenue Bonds for River Center Theatre for Performing Arts
- Remarketed \$268.7 million in Floating Rate Notes
- Recorded approximately 40 new grants for an estimated \$54 million
- Maintained approximately 200 grants with \$91 million in expenditures for the year
- Processed and paid approximately 118,500 invoices
- With the implementation of the new Financial System, we have improved the efficiency of processing and paying invoices. We have reduced the number of days it takes to process a payment from invoice to check. Invoice to check processing time was 31.36 days in January, 2018. A low of 10.07 days from invoice to check occurred in June, 2018.



Month	Year	Invoice - Entry	Entry - Check	Invoice - Check	# of invoices
1	2018	27.62	3.65	31.36	6,118
2	2018	12.05	4.25	15.87	7,986
3	2018	11.13	2.86	13.80	10,653
4	2018	8.71	3.08	11.72	10,612
5	2018	8.02	3.10	11.05	11,369
6	2018	7.29	2.89	10.07	10,689
7	2018	7.73	3.69	11.26	9,759
8	2018	8.03	3.54	11.51	9,514
9	2018	6.39	3.75	10.08	9,948
10	2018	7.16	4.02	11.70	13,015
11	2018	7.10	4.99	11.42	9,363
12	2018	7.69	3.43	11.28	9,484

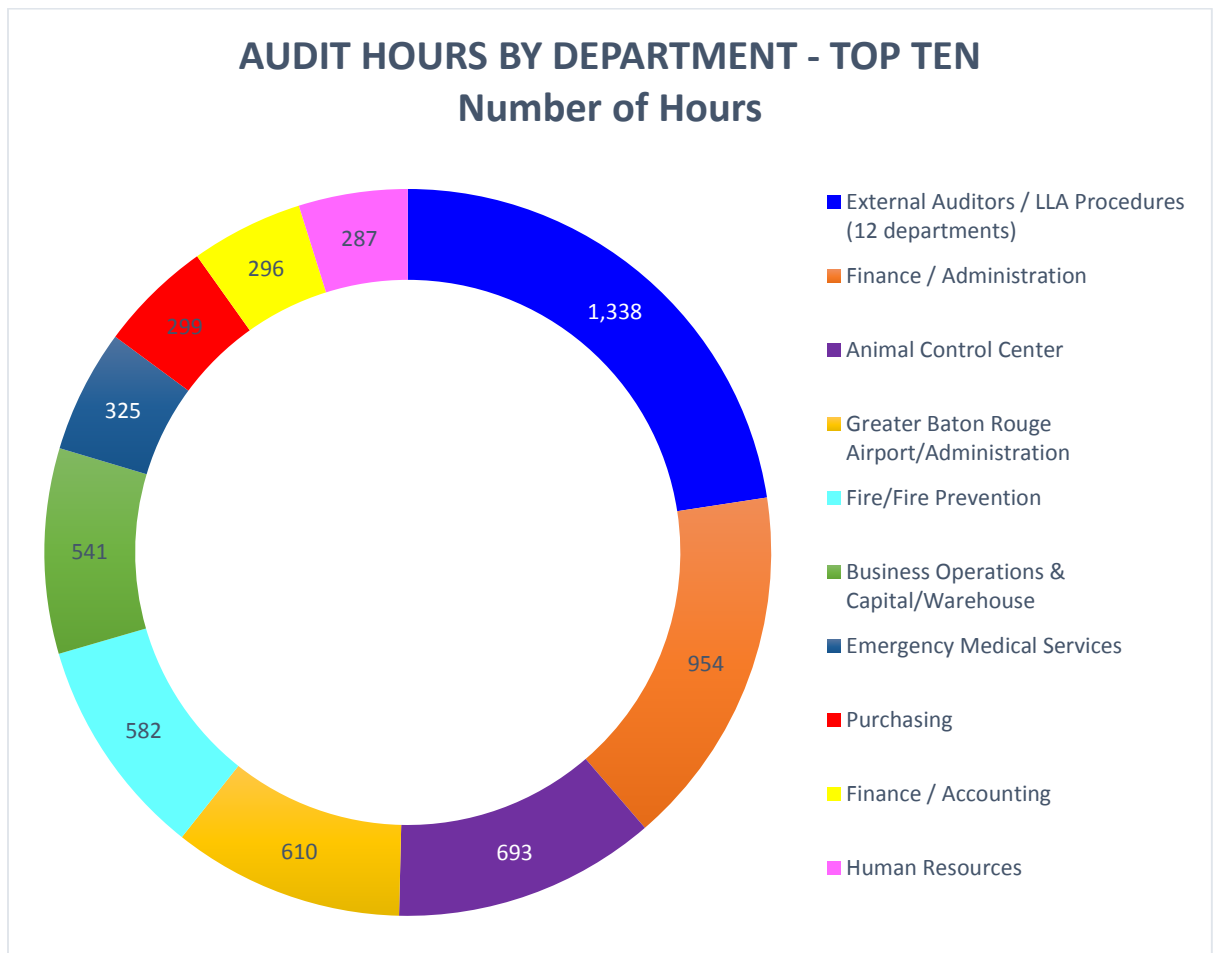


INTERNAL AUDITING DIVISION

The **Internal Auditing Division** performs independent appraisals to evaluate City-Parish programs, activities, and functions. Its purpose is to establish stronger internal controls, improve the efficiency of City-Parish operations, and promote governmental accountability.

HIGHLIGHTS

- For 2018, the Division completed 11 audits, projects, and/or investigations and ended the year with ten in progress.
- The Division identified \$1,278,147 in cost savings and revenue recoveries bringing the ten year total to \$5,766,435.
- Assisted with the implementation of the city-wide timekeeping system by compiling information to assist system designers, testing the application, and reviewing controls, and continued to review aspects of the new financial system implemented in 2017
- Performed cash receipts testing as required by the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures in order to reduce external audit expenses



REVENUE COLLECTION DIVISION

The **Revenue Collection Division** collects, receives, and deposits revenues for the City-Parish. Among the revenues directly collected by the Revenue Collection Division are: sales and use taxes, hotel-motel taxes, public utility taxes, occupational license taxes, insurance premium taxes, taxicab franchises, parking meter collections, gaming admissions taxes, and special assessments. The Revenue Collection Division acts as the central collector for sales and use taxes and hotel-motel taxes for all of East Baton Rouge Parish and collects and distributes these taxes to all municipalities and school districts within the Parish. Other responsibilities of the division include assistance to taxpayers with business registrations, renewals, and other tax inquiries; pursuit of delinquent payments through field visits and legal action; and processing refund requests.

HIGHLIGHTS

The accomplishments of the Revenue Collection Division for the twelve month period of January through December, 2018 are as follows:

- The total City-Parish collections made by the division were \$306,870,002. This includes sales tax periods January through December, 2018.
- The total sales tax collections and distributions collected on behalf of other taxing jurisdictions were \$217,685,077. These jurisdictions were assessed a collection fee of 1.03%
- Delinquent collections totaled \$3,638,680 for the Field Section and \$1,967,364 for the Legal section.
- Approximately 4,000 taxpayers were assisted in the office, over 15,000 phone calls were answered, and over 1,000 new business registrations were processed.
- 241 refund requests totaling \$871,900 were processed by the Revenue Collection Division.

City-Parish Collections

Revenue Type	Amount
Sales Tax	\$260,113,241
Occupational License Tax	\$11,126,683
Insurance Premium Tax	\$4,292,888
Public Utilities Tax	\$22,385,565
Gaming Admissions Tax	\$8,951,625
Total	\$306,870,002

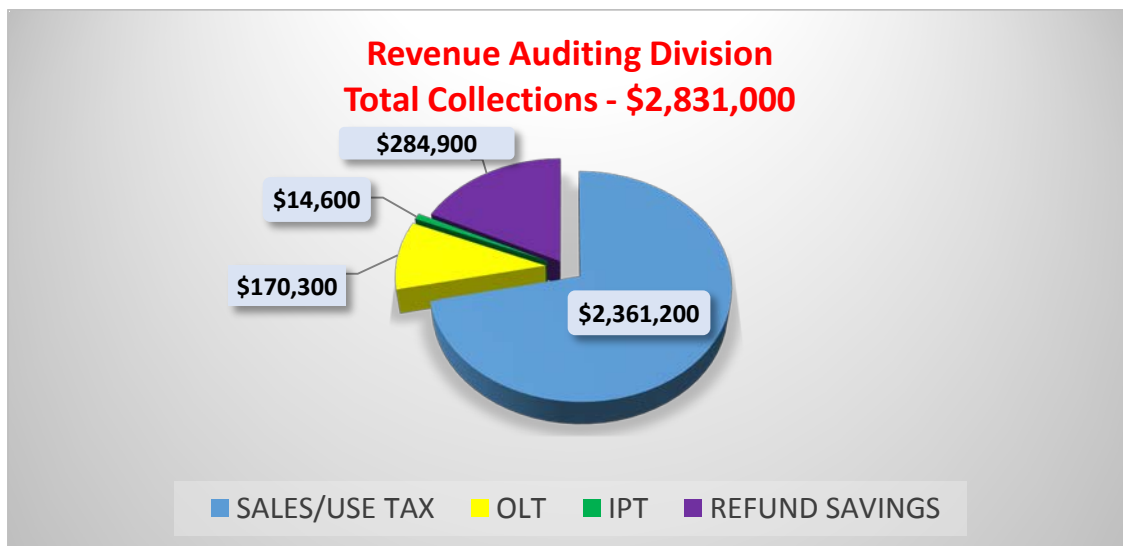
- 111,971 sales tax returns were filed electronically, which represents approximately 66% of total returns processed.
- 3,688 occupational license renewals were filed electronically representing just over 25% of total renewals processed.

REVENUE AUDITING DIVISION

The primary functions of the **Revenue Auditing Division** are to (a) perform sales, use, occupational license, insurance premium, gross receipts, and hotel/motel tax audits; (b) increase the number of businesses registered for and properly paying taxes; and (c) perform audits of Enterprise Zone rebate requests.

HIGHLIGHTS

- For the period January, 2018 through December, 2018: Total combined collections and refund savings was \$2,831,000.
- Completed 63 Field Section audits for sales/use and hotel/motel taxes totaling \$1,116,000 in assessments and \$2,020,700 in collections
- Completed 13 Refund Verification Audits resulting in refund savings of \$284,900
- Completed an additional 20 sales/use tax, 17 insurance premium tax and 125 occupational license tax audits through our Audit Research and Selection (ARS) section resulting in collections of \$525,400
- ARS researched 2,548 businesses, contacted 499 businesses, and registered 190 businesses.
- Commenced 3 state/local audits authorized through a Cooperative Endeavor Agreement with the Louisiana Department of Revenue to conduct state audits in conjunction with our local audits
- Completed the 2016 Vehicle Tax Verification Audit and substantially completed the 2017 Vehicle Tax Verification Audit
- The 2017 Accounts Payable Vendor Verification/ Registration Project, which verifies that all City-Parish vendors are registered for sales/use tax, is in progress and near completion. Commenced the 2018 Accounts Payable Vendor Verification/Registration Project
- Completed the annual Insurance Premium Tax Verification and Contractor Registration Projects



BUDGETING DIVISION

The primary function of the **Budgeting Division** is the effective planning, preparation, control, and execution of the annual operating budgets for the General Fund and the many special funds of the City-Parish. In addition, the Budgeting Division reviews and recommends action on all budgetary amendments, performs cost analyses for proposed projects, and, in general, supplies budgetary information to the Administration, the Council, the judiciary, and the general public, as requested.

HIGHLIGHTS

- Received 29th Distinguished Budget Award from Government Finance Officers Association for the 2018 Budget
- Developed the 2019 Budget through the new on-line budget software
- Reduced overtime in the Budgeting Division during preparation of the 2019 Budget by 16%
- Prepared budget performance reports for 141 departments and agencies to ensure performance is aligned with budget
- Monitored \$918 million budget
- Processed 403 journal entries to establish an original or amended budget

2018 All Funds Budget by Program Area

\$918,853,617



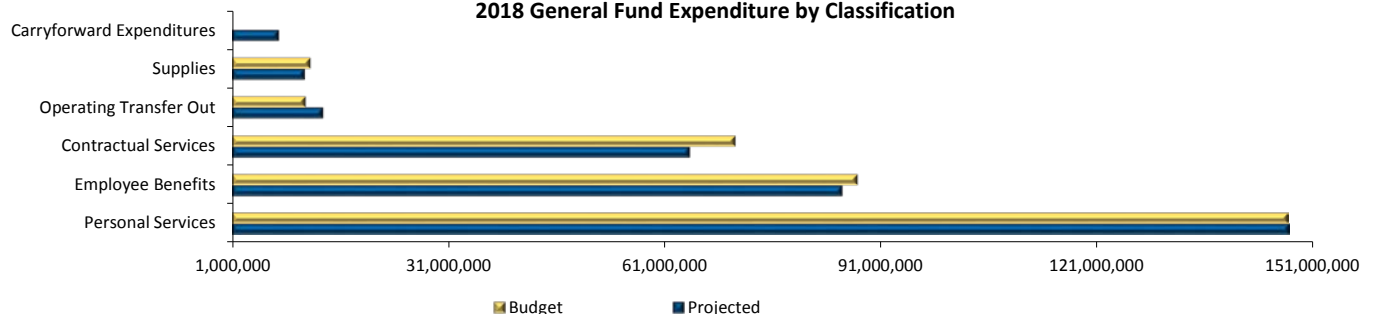
2018 Amended Budget vs. Actual

General Fund Revenues	Amended Budget	Actual	Variance
Sales & Use Tax	188,340,160	188,634,040	293,880
Gross Receipts Business Taxes	23,516,000	22,381,980	(1,134,020)
General Property Taxes	27,243,310	28,208,940	965,630
Other Taxes	28,882,080	27,856,160	(1,025,920)
Charges for Services	22,566,790	22,707,430	140,640
Other Revenues	26,855,350	30,247,910	3,392,560
Total Revenues	317,403,690	320,036,460	2,632,770

*Other Revenues includes returning local match of \$2M from the Hurricane Gustav Fund, \$800,000 from State for 2025 Bowling, and \$900,000 for prior year prisoner reimbursement.

General Fund Expenditures	Amended Budget	Actual	Variance
Public Safety	181,409,650	179,863,700	1,545,950
General Government	90,609,770	85,686,380	4,923,390
Transportation	36,372,340	34,375,680	1,996,660
Operating Transfers Out	11,236,070	13,603,800	(2,367,730)
Conservation & Development	5,159,180	4,634,690	524,490
Culture & Recreation	1,635,640	1,635,590	50
Intergovernmental & Misc.	1,452,750	1,443,550	9,200
Health & Welfare	1,163,550	1,158,320	5,230
Carryforward	-	7,490,590	(7,490,590)
Total Expenditures	329,038,950	329,892,300	(853,350)

2018 General Fund Expenditure by Classification



SERVICE FEE BUSINESS OFFICE

The **Service Fee Business Office** bills, collects, and accounts for sewer user fees and solid waste collection fees. These fees provide funding for sewer maintenance and improvements, and for the collection and disposal of solid waste. Other responsibilities of the division include billing environmental fees for the Department of Environmental Services (DES) and providing assistance to DES for sewer and solid waste service and billing issues. The Service Fee Business Office also assists the 311 Call Center in responding to customer complaints or issues related to sewer and solid waste services and billings.

HIGHLIGHTS

The accomplishments of the Service Fee Business Office for the period January through December, 2018 are as follows:

- Collections for Sewer User Fees and Solid Waste User Fees totaled \$125,269,035.
- An average of 25,977 customers submitted monthly payments electronically through online/telephone service provided by Baton Rouge Water Company. Total payments received electronically were \$19,281,909.
- An average of 1,173 customers participated in the Residential Solid Waste User Fee Assistance Program for those who are economically disadvantaged.
- Disseminated approximately 312,000 informational flyers through bills, mailings, and direct delivery to customers for sewer, solid waste, recycling, and other government services
- Billed 282 accounts totaling \$117,700 for environmental permits and fines
- Provided courteous and efficient service to 54,817 telephone customers
- Provided walk-in payment service and face-to-face assistance to 16,165 customers

Revenue Type	Collection Amount
Sewer User Fees	\$87,950,691
Solid Waste User Fees	\$37,318,344
Total	\$125,269,035