Information Memo 96-34

November 21, 1996

From: Erling P. Nelson, Finance Director

Subject: Financial Topics

Timelines of Financial Reports

We have settled into a routine of providing prior month financial reports to the council, public and department heads by the second council meeting of the following month. Sometimes we are able to close as early as the fifteenth of the month if everything falls into place. The key date is the arrival of the bank statements which starts the process and then we have to reconcile the bank statements and post through any remaining journal entries. I do believe our normal processing time meets government and private sector standards for timeliness, for a monthly report. During audit time (July-September) we get behind on our reporting because of workload. With the printing of the October reports we should be back on schedule. We have explored the idea of an earlier bank statement cutoff date as part of our Banking Services contract, but Rene has convinced me that this would increase substantially the amount of outstanding checks she would have to process.

Line Item Oversight

The Senior Accountant is assigned line item oversight as part of his controller duties. The large negative balance in one particular account on the September report mentioned at the last City Council meeting occurred because the purchase order was wrongly coded to a valid account number with no budget. We do not have the option of editing the reports before final printing so we have to do corrections by journal entry. Case in point was corrected by journal entry before October was closed. July and August reports routinely show negative balances in Capital Funds where project expenditures are continuing and the budgets revenues have not been rolled over yet. There is no software enhancement in the works that would help cure this type of problem. We will explore purchasing a custom modification and see if it would be a cost effective solution.

Accounting Software

Since 1987 we have been using IBM36 then AS400 computer hardware. We initially had only SCT/Mentor Budgeting/Accounting & Payroll/Personnel software modules. In ensuing years we have added Fixed Assets, Inventory, Cash Receipts & Business License software modules. AS400 system software is very expensive & we have no intention of asking for new software until probably the year 2000. If, in the meantime,

SCT gave us an opportunity to convert to Banner (Another software system made by the same Co.) for a reasonable price, we would certainly look at it. In talking with other Finance people in other cities and boroughs, the only people who seem to be 99% happy are where they can afford programmers to build their own custom software. All canned hardware is like putting on Cinderella's slipper.

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