



## **STAFF REPORT TO THE CITY COUNCIL**

**DATE:** Regular Meeting of July 8, 2025

**TO:** Mayor and Members of the City Council

**VIA:** Dante Hall, City Manager

**SUBMITTED BY:** Edwin Gato, Director of Finance

**SUBJECT:** Finance Department Update

### **RECOMMENDED ACTION:**

Receive an update on the City of Hercules Finance Department

### **BACKGROUND:**

The Finance Department plays a crucial role in ensuring the financial integrity and sustainability of the City. It provides comprehensive oversight and control to all operating departments, acting as a central support function for the effective administration of the City's budget. Through collaborative partnerships with various departments, the Finance Department develops detailed budgets, implements stringent control measures, and optimizes the value of the City's assets. It is committed to delivering high-quality services that adhere to the highest professional standards, earning recognition through numerous awards for excellence in financial reporting and outstanding budget presentations from respected national and state organizations of municipal finance officers.

The mission of the Finance Department is to provide accurate, timely, clear, and comprehensive financial information to the City Council, City departments, citizens, and the wider community. It serves as the chief financial consultant to the City Manager and City Council, ensuring that all stakeholders are well-informed and equipped to make sound financial decisions. The Department is dedicated to maintaining the City's financial stability and integrity through robust fiscal policies and procedures that effectively safeguard its assets.

The primary functions of the Finance Department encompass a wide range of essential activities, including accounting, budgeting, business licensing, cashier services, investment and debt management, as well as both short-term and long-term financial planning and reporting. Additionally, it oversees payroll services, purchasing, vendor payments, and information technology, providing vital financial support to internal departments to facilitate smooth operations throughout the City.

## **DISCUSSION:**

The Finance Department consists of six professional staff members: the Finance Director, a Senior Accountant, two Accounting Technicians, an Information Systems Administrator, and a Specialist. Currently, the administration of business licenses is contracted to Avenu, Insight & Analytics. The department delivers essential services through several units, including Budget, Accounting Operations, Accounts Payable, Payroll Services, Debt and Treasury, and Information Technology.

The Finance Department is committed to supporting the City Council's strategic goal of fiscal sustainability. To achieve this objective, the department is engaged in a variety of initiatives aimed at enhancing and guiding Citywide fiscal practices and systems.

1. Conduct a comprehensive review of the budget process to improve efficiency.
2. Further develop a more robust Capital Improvement Plan (CIP), with a focus on service delivery methodologies, addressing deferred maintenance, and prioritizing projects effectively.
3. Explore various revenue streams to fulfill both current and future fiscal needs.
4. Present potential revenue-generating options to the City Council for their consideration.
5. Formulate a comprehensive strategic plan for information technology and establish a governance framework.

This proactive approach ensures that the Finance Department remains a crucial contributor to the fiscal health and sustainability of the City.

The Finance Department is dedicated to fulfilling the following key responsibilities:

- **Comprehensive Financial Analysis:** Conducting thorough assessments of the city's financial position while developing both short- and long-range plans that ensure economic stability.
- **High-Quality Financial Reporting:** Producing accurate and insightful financial reports and budget presentations that facilitate informed decision-making.

- **Advisory Services:** Providing expert advice to city management regarding business factors that influence the fiscal environment of the city.
- **Security and Management of Funds:** Ensuring the security and proper disbursement of financial resources through effective management of appropriations, thereby promoting fiscal accountability.
- **Administration of Business Licenses:** Managing the licensing and tax ordinances of the city, including annual renewals, issuance of new licenses, resolution of complaints, and collaboration with state agencies.
- **Staff Training and Development:** Offering training programs to maintain and enhance the technical competencies of the division's staff in alignment with current standards.
- **Policy Development and Compliance:** Formulating and regularly updating administrative policies that uphold internal controls and ensure compliance with relevant regulations.
- **Procurement Oversight for City Departments:** Assisting city departments in acquiring necessary materials and services while adhering to budgetary constraints and procurement policies.
- **Maximization of Investment Earnings:** Striving to optimize investment returns while safeguarding public funds in accordance with the City Investment Policy and applicable state laws.
- **Information Technology (IT):** Leverage technology to improve public services, enhance communication, and increase operational efficiency. It involves deploying, utilizing, and managing IT infrastructure to support various City departments and ultimately benefiting residents and businesses.

These commitments underscore the Finance Department's role in promoting fiscal responsibility, transparency, and the overall economic well-being of the community.

#### Accomplishments:

The Finance Department has made significant strides in advancing fiscal sustainability through a series of impactful initiatives. Key highlights include:

- Strategic collaboration with departments and the City Manager to effectively balance the annual budget and successfully implement the Hercules Strategic Plan.
- Completion of the annual financial statements and audit, resulting in a flawless audit opinion with no findings.
- Proactive management of delinquent accounts, maximizing collections and cash flow through comprehensive audits and collection efforts.
- Rigorous identification and elimination of redundancies in processes, enhancing error detection and significantly saving staff hours each week.

Our achievements in information technology are impressive, encompassing enhancements to public safety, increased government transparency, modernization of enterprise services, and robust cybersecurity improvements. These advancements include strategic system upgrades, the implementation of cutting-edge technologies, and a focus on optimizing user experience.

Moreover, the City's Annual Budget document and Financial Reports have been recognized with multiple awards for excellence in financial reporting and distinguished budget presentation by leading national and state organizations of municipal finance officers.

**FISCAL IMPACT:**

There is no fiscal impact associated with receiving this report.

**ATTACHMENTS:**

1. Presentation