

# Finance Department 2017 Business Plan



## *Our Values*

**Champion Employees**

**Honest Communication**

**Accountability**

**Multicultural**

**People First**

**Superior Service**



**CITY OF SUGAR LAND**

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## BUSINESS PLANNING

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### The Business Planning Process

Business planning for Fiscal Year 2017 actually began at the start of Fiscal Year 2016. In November Departments create a draft of their business plan. Working with the Budget Office, Departments update the first draft of the plan for submission to the Executive Team in January. Updates are made according to feedback from the Executive Team and business plans are finalized by the end of February.

### What is a Business Plan?

#### **A SERVICE CONTRACT**

*A business plan...*

- Illustrates in detail *what* services the City provides.
- Illustrates *how* the City provides those services.
- Service Commitments allow the City to hold itself accountable for maintaining high levels of service throughout the City.

#### **A PLANNING DOCUMENT**

*A business plan is a comprehensive planning document developed annually by every Office and Department. A business plan...*

- Illustrates the connection between operational services and activities, and long-term goals and objectives.
- Enables each Department to define their role and responsibilities within the greater context of the organization, ensuring cohesive growth across the organization.
- Reviews departmental strengths, weaknesses, opportunities, and threats using the SWOT analysis technique, allowing Departments to consider both internal factors, like succession planning and funding allocations, and external factors, like demographic changes, when planning for the future.

#### **A COMMUNICATION DOCUMENT**

*A business plan is a vehicle to communicate with the public. A business plan...*

- Affords the City the opportunity to be open and transparent.
- Educate residents and the general public on how the City provides day-to-day services.

#### **A WORK PLAN**

*A business plan is an operational document which can be leveraged by Departments for internal process improvement efforts. A business plan...*

- Creates a road map for how service goals are met.
- Makes the connection between front line objective and organizational objectives.

#### **A BUDGETING TOOL**

*A business plan is a tool to be used in the budgeting process. A business plan...*

- Facilitates the submission of Key Issues.
- Allows Departments to submit for cost estimates ahead of the budget cycle
- Provides a space for strategic thinking before the budget process kicks off in the spring.

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## CITY OF SUGAR LAND MISSION & PRIORITIES

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***To enhance the quality of life in the community by a commitment to excellence in the delivery of public service.***

### Mid-term Priorities

#### ***SAFEST CITY IN AMERICA: FEELING SAFE, RAPID RESPONSE***

- Have a Rapid, Effective and Coordinated Response to an Emergency – Police, Fire, EMS, Public Works
- Maintain People Feeling Safe, Secure and Comfortable throughout the Community
- Maintain a Low Crime Rate in Sugar Land with a High Clearance Rate
- Develop Effective Public Safety Communications with Adequate Staffing and Using Appropriate Technology
- Improved All-Hazards and Disaster Preparedness, Response and Recovery through Better Coordination and Intergovernmental Cooperation
- Utilizing Technology to Contribute to a Safe Community

#### ***STRONG LOCAL ECONOMY: GROWING BUSINESS INVESTMENT***

- Attract Targeted Businesses with Primary Jobs: National and International
- Growing Tax Base: Property Tax and Sales Tax Generators
- Develop Major Business Parks with Class A Office Environment: Tract II and Prison Property / Newland (300 Acres)
- Expand Tourism: Venues, Marketing and Number of Visitors
- Develop Three Destination Activity Centers – Major Community Focal Points and Regional Destinations: Brazos River Park Festival Site, TIRZ #4, Imperial Area
- Protect Strength of Current Economic Generators

#### ***RESPONSIBLE CITY GOVERNMENT: FINANCIALLY SOUND, EXCEPTIONAL SERVICE***

- Maintain a High Level of Citizen Satisfaction and Cost-Effective Delivery of City Services: Value for Tax Dollars
- Continue “Championship” Workforce: Professional, Well-Trained, Appropriately Compensated, Retention / Internal Promotional Opportunities
- Have City Employees Serve as the Primary Contact with Customers
- Maintain Financially Responsible Government Consistent with City’s Mission
- City of Sugar Land – a Leader in Customer Service and Superior Service
- City and Partners Operating Efficiently and as a Service Business

#### ***GREAT PLACE TO LIVE: DEVELOPMENT, REDEVELOPMENT, MOBILITY, ENVIRONMENT***

- Have Predictable, Compatible Development and Land Uses Consistent with Comprehensive Plan
- Maintain Adequate Infrastructure and Services to Support Growth and Sustain the Existing Community
- Revitalize / Redevelop Older Commercial Centers: Appearance and Business Vitality
- Improve Mobility within Sugar Land: Automobiles, Bicycles and Walking
- Strive for Land Uses that Build the Wealth of the City – Balancing Property Tax Value, Sales Tax Revenue & Primary Jobs

#### ***BUILDING COMMUNITY: DIVERSE CULTURES, LEISURE, ARTS***

- Develop City Facilities and Venues that Support Community Arts, Events and Festivals
- Develop Residents’ Understanding of Civic Processes and Community Infrastructure
- Support Community Events and Festivals of Diverse Ages and Cultures
- Adapt to Sugar Land’s Changing Demographics
- Expand Arts throughout the Community

***Want to know more about the long range vision for the City of Sugar Land? Check out [Vision 2025!](#)***

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# FINANCE DEPARTMENT 2017 BUSINESS PLAN

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## Departmental Mission Statement

The mission of the Finance Department is to ensure the integrity of the City's finances through accurate planning and recording of transactions. The department facilitates optimal use of resources to meet the goals of the organization through long range planning and management. The department serves internal and external customers by performing tasks in a timely, consistent, and accurate manner.

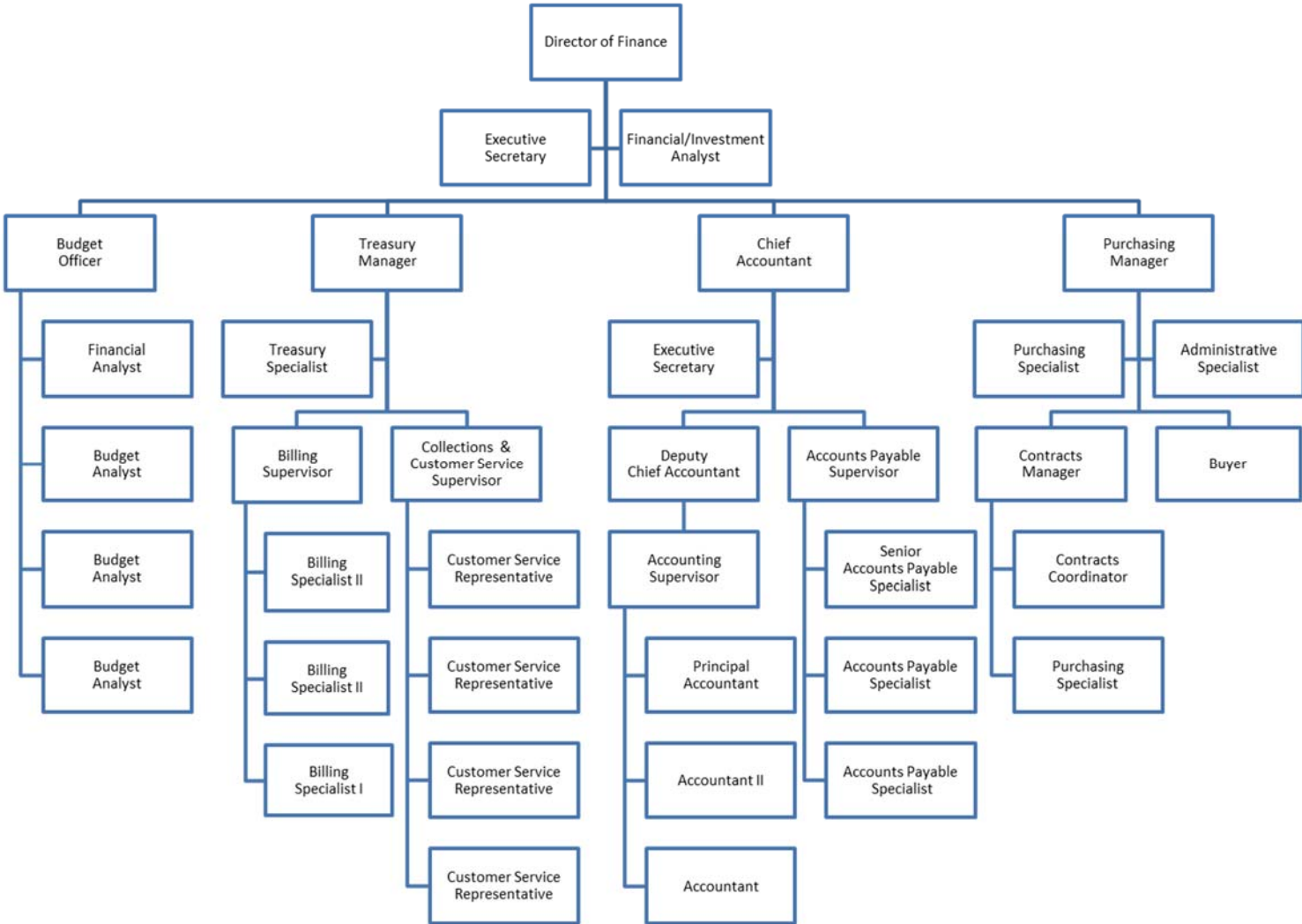
## Executive Summary

Finance Administration provides leadership to the four areas of Finance: Budget, Accounting, Purchasing and Treasury. While the four areas appear different, they all serve a role in the department's objective to accurately record the transactions to reflect the City's financial position within state & federal laws and generally accepted accounting principles.

Under the direction of the City Manager, implement the policies of the City Council through the Financial Management Policy Statements. Develop and recommend policies and actions through the City Manager on items or projects that could have a potential financial impact to the City. Establish procedures to ensure consistent and accurate application of policies in the organization.

Accounting is responsible for providing financial information to management, investors and the public as part of the City's efforts to be transparent. The Budget Office is responsible for preparing the annual operating budget, the five-year Capital Improvement Plan, and the five-year financial forecast. The Budget Office is responsible for producing financial analysis for management and City Council so decision makers have a full understanding of the financial consequences of decisions. The primary function of Purchasing is to assist other departments with their procurement needs while meeting all applicable legal requirements. Treasury is responsible for billing and revenue collection services to both City utility customers and other City departments in order to provide excellent service to our citizens and accurately record and receipt revenues for the City.

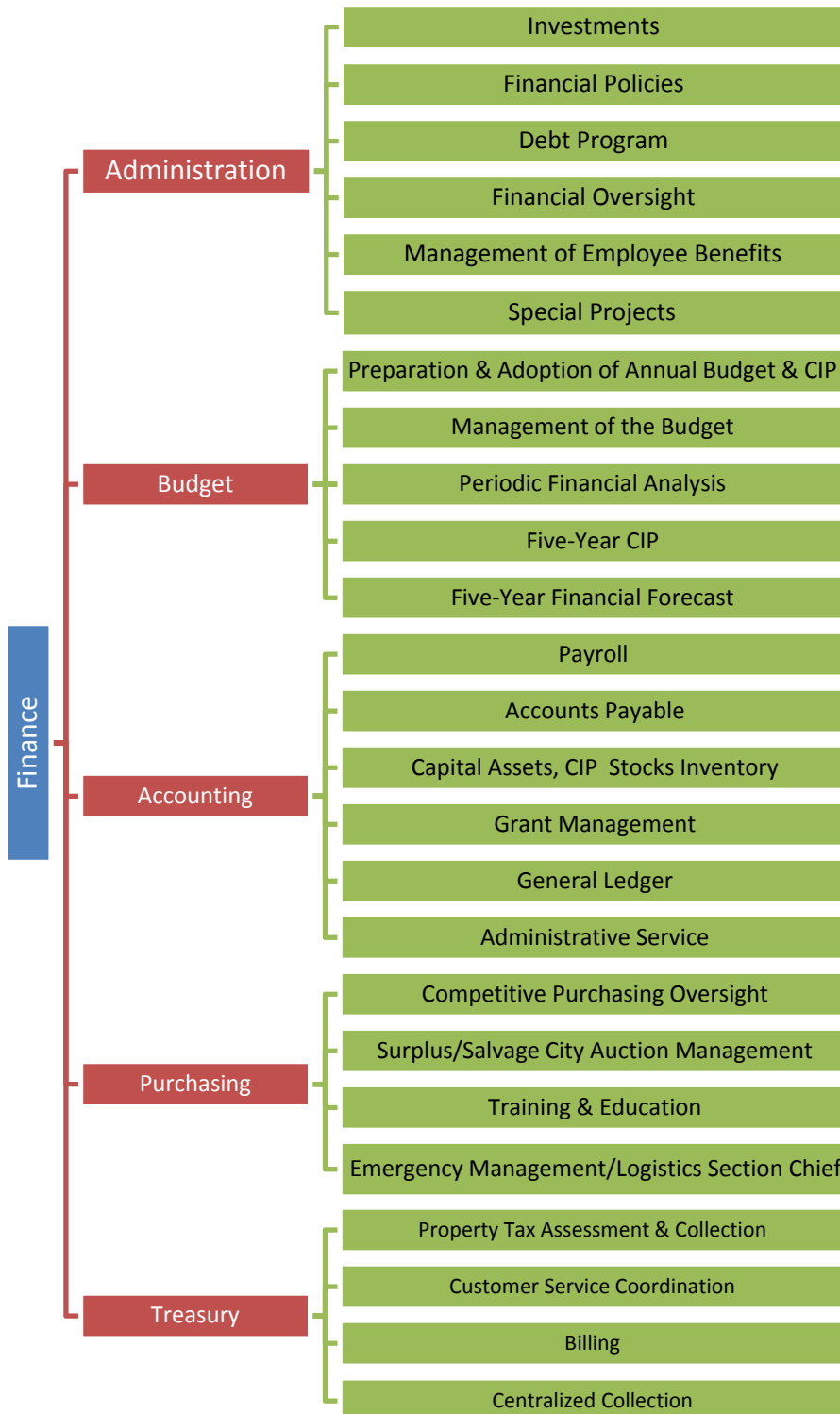
# ORGANIZATION & STRUCTURE



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## FUNCTIONAL STRUCTURE

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## ADMINISTRATION SUMMARY

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*Finance Administration provides leadership to the four areas of Finance: Accounting, Budget, Purchasing and Treasury. Develop policy level guidance to provide direction to managers to oversee the operations of their area. Serve as a liaison to City Management and City Council and make recommendations on financial policies and direction. Establish procedures to ensure consistent and accurate application of policies in the organization. Oversee the City's investment program, debt program and long term financial planning. Assist with administration of economic development corporations, tax increment reinvestment zones, and public-private partnerships to ensure that applicable statutes are followed.*



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## ADMINISTRATION PROGRAM SERVICES AND SERVICE LEVELS

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### Service: Investments

The Director of Finance, Chief Accountant, and Financial Analyst are the investment officers for the City which monitor the City investments. The investment officers are required to take 10 hours of training every two years. The officers are responsible for investing the City's funds in accordance with the investment policy guidelines. (Investment Policy and Investment Strategy)

Each time an investment is made, matures, or interest is received a journal entry is prepared and entered into the general ledger. At the end of each month, the City investment reports are prepared for the financial statements. The financials are reviewed by Management. The Sugar Land 4A Corporation and Sugar Land 4B Corporation investment reports are prepared quarterly. The investment reports are reviewed and signed by the three investment officers. Every two years, the City will send out request for qualifications to obtain new broker/dealers. In accordance with the City Council Investment Policy (Resolution No. 11-33/Policy 5000-18), the city has six broker/dealers that they contract with to invest the City's funds.

Investment purchases are initiated by the Chief Accountant and reviewed by the director of Finance. The monthly investment reports are reviewed for accuracy and approved by the Chief Accountant before they are released for inclusion in the monthly financial packet and forwarded to the City's arbitrage consultant for arbitrage calculation.

### Service: Financial Policies

**Financial Management Policy Statements:** The policy statements are reviewed every two years and adopted by City Council Resolution. FMPS provide the principles that are guidelines in the management of the City's financial functions. The statements are meant to provide guidance in the management of the City's finances and be specific to Sugar Land, and address items such as sales tax dependence, guidelines for debt issuance, financial forecasting, establish fund balance minimums for various funds, relationships between various funds, and define guidelines for budgeting beyond the requirements of the City's Charter and State Law. The policy statements are to be updated as needed and reviewed with City Council, to ensure that the policies reflect the direction given by the City Council. In situations/discussions where the FMPS apply, they are referenced and any exceptions to the direction are to be noted in discussion with City Council.

### Service: Debt Program

**Manage the City's Debt Issuance Process:** Based on the adopted Capital Improvement Program and cash flow needs for projects, coordinate the City's debt issuance with the assistance of the engineering department, outside legal counsel and financial advisors. Work with legal counsel and financial advisors to prepare Resolutions for the City's Intent to Reimburse from Bond Proceeds and Notice of Intent to Issue Certificates of Obligation within timelines required by state law. The issuance of debt is approximately a 12 week process before the debt hits the market, with an additional 30 days before the funds are in the City's account. The schedule can be compressed somewhat if needed but if the debt is Certificates of Obligation there are public notice requirements and timelines that must be adhered to.

**GO Bond Election:** General Obligation Bonds require approval of a bond proposition by voters, which is approximately an 18 month process. During that process, work with project team to develop a project list and total cost to be included on the referendum. Budget also acts as a liaison with the Bond Council and City

Management in the development of the referendum language.

**Bond Ratings:** Manage the City's finances to ensure that bond ratings are maintained or upgraded from their current levels. Provide information for rating agencies to evaluate the City's bond ratings. Approximately every 3 years the rating agencies come to Sugar Land for a site visit and in-person presentations. Coordinate ratings visits and presentations to ensure an optimal experience by analysts.

## Service: Financial Oversight

**Independent Review of Department/Office Needs:** As departments identify issues or needs for future funding consideration, analysts work with the departments to ensure that various aspects of the issue are evaluated including input from other departments such as internal service departments, early discussion with Executive Team and City Manager. Ideally, requests are identified in the annual update of the department's business plan, worked through during the year and meetings held with city management in time for an item to be evaluated for potential submission during the budget process.

The depth of the assessment will vary according to the scope of the request. Assessments will incorporate any and all resources available to the Budget Office including department business plans and performance measurements, impact on the city's budget, benchmarks and comparisons, and cost benefit analysis. The goal of this review is to provide work that is accurate, reliable, valid, and professional quality from which decisions can be made.

## Service: Special Projects

Coordinates special projects as assigned by management. Analysts conduct research, provide data, make recommendations, and create solutions in accordance with special project goals. Finance receives a variety of special projects under the direction of the City Manager and Executive Team. Special projects include:

- TIRZ creation
- Public-Private Partnerships
- Development Agreements
- Incentive Agreements
- Annexation of unincorporated areas
- Dissolution of in-City MUDs
- Entertainment District creation
- Projects with restricted expenditures (i.e. 4A/4B, Hot funds, etc.)

## Service: Management of Employees Benefits

The City maintains a partially self-funded employee benefits fund which helps reduce the cost of providing benefits coverage to its employees. Finance Administration is responsible for the overall management of the employee benefits fund to ensure the fund is operating as expected, as well as notifying executive team management of any unexpected variances. The management of this fund also includes monitoring of the funds' performance, as well as evaluating the fund based on the work performed by the Budget Office, the Human Resources Department, and the benefits consultant, which put together the annual budget and assumption.

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## ACCOUNTING SUMMARY

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*Accounting is staffed with 11 full time equivalent positions. The normal working hours are Monday through Thursday 7:30 a.m. – 5:30 p.m. and Friday 8:00 a.m. – 5:00 p.m.*

*Accounting is responsible for providing financial information to management, investors and the public as part of the City's efforts to be transparent. Accounting serves both external and internal customers. The services provided include Accounts Payable, Payroll, Capital Assets, Grant Management, General Ledger and Administrative Service.*

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## ACCOUNTING SERVICES AND SERVICE LEVELS

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### **Service: Payroll**

The City operates on a bi-weekly payroll schedule. Paychecks are issued twenty (26) times a calendar year.

The Payroll staff works closely with the Human Resources Department to accurately process internal payroll status change forms for new hires, merit increases, terminations and reclassifications. They also handle requests for benefit & deduction changes for the health insurance, employees' banking information for direct deposit and 457 plans. All external garnishment orders for child support, IRS levies, bankruptcy orders & student loans are processed accurately. Deducted funds are forwarded to the respective agencies in a timely manner.

Payroll processes bi-weekly payrolls and other compensations to City employees and officials and transmits the direct deposit file to the City's depository bank on Wednesday, the week of payroll. Payments are in compliance with Fair Labor Standards Act, Federal and State laws and City policy. In order to calculate accurate pay, Payroll staff must work closely with Payroll Liaisons in each department. Training is offered to new employees and all Liaisons on an as-needed basis. Training includes the use of various pay codes, completion of time sheets and data entry of hours, including understanding of split pay cycles for 9/80 schedules.

The Payroll staff is responsible to submit the Wage report to the Texas Municipal Retirement System by the 10<sup>th</sup> of every month for the previous month. The report includes gross wages, employee contributions and employer contributions for all full-time employees. They also file Unemployment Wage reports with the Texas Workforce Commission and Form 941 with the Internal Revenue Service by the end of the month after the close of every quarter. They prepare and distribute W-2 forms in compliance with IRS regulations to all employees by January 31.

### **Service: Accounts Payable**

Accounts Payable (AP) generates payments to vendors, other governments, employees and City customers. Financial obligations are accurately and timely paid and recorded in the City's official accounting system. Payments are in compliance with the City's policies and in accordance with the "prompt payment law" (Tex. Government Code, Chapter 2251) which establishes when payments are due. This law stipulates a payment is due for goods or services 30 days from the date goods/services are completed, or a correct invoice is received, whichever is the later of the two. Early payments are made to take advantage of discounts offered by vendors.

In order to process all valid obligations for the City, the AP staff is responsible for a variety of functions associated with the process of making non-payroll payments to vendors and employees. Accounts Payable functions include verifying, entering, and processing data from all vendor invoices and disbursement requests, which results in the issuance and distribution of payments. The staff is also responsible for maintaining a filing system associated with these functions in accordance with record retention guidelines.

To maintain an effective process, the check run is scheduled on Wednesday, with the exception of special requests. Additionally, the AP staff is encouraging vendors to enroll in the Electronic Fund Transfer (EFT) program to increase efficiency. Checks are reviewed by the Accounts Payable Supervisor and mailed on or before Friday. EFT payments are reviewed and approved prior to the creation of the electronic file. The file is transmitted to the City's depository bank on Wednesday and funds are made available to the vendors on Friday.

It is the responsibility of the AP supervisor to review and approve all payments to ensure accuracy and compliance with City policies and laws. The outstanding check register is monitored by the AP Supervisor to minimize the unclaimed checks. The supervisor also oversees the reconciliation of retainage and payable

accounts and prepares the schedules needed for the annual audit.

To meet IRS reporting requirements, form 1099 are prepared and mailed on or before January 31.

## **Service: Capital Assets, CIP & Stock Inventory**

Tangible items are capitalized only if they have an estimated useful life of at least one year following the date of acquisition or significantly extend the useful life of the existing asset and cannot be consumed, unduly altered, or materially reduced in value immediately by use and has a cost of not less than \$5,000 for any individual item.

To maintain adequate control over non-capitalized tangible items, items costing \$1,000 to \$4,999 are monitored and tracked through the City's financial software system.

Capital Assets service objective is to safeguard the City's assets by maintaining a current and accurate City asset database. This is achieved by monitoring transactions and working with the operating departments to identify assets that need to be added or removed from the fixed asset database. This also requires performing an annual physical count of selected asset categories.

This service also monitors the City's CIP projects to ensure that all infrastructure is properly accounted for and the appropriate funding source is utilized. The staff meets with the City Engineer on a quarterly basis to review assets contributed by Developers and to discuss the projects that are substantially completed.

For stock inventory, the staff works with Fleet, Purchasing and Accounts Payable to ensure all receipts and issues are accounted for. Furthermore, the staff reconciles the actual quantity on hand with the inventory system and the general ledger of all inventory items annually, except for fuel inventory, which is completed on a quarterly basis.

## **Service: Grant Management**

Grant Management meets with the department that requests and receives a specific grant to clarify the role and responsibilities of each staff member. The staff assists operating departments with financial reporting and reimbursement requests. It also prepares required schedules for the Single Audit and serves as facilitator in Federal/State audit to answer finance-related questions.

## **Service: General Ledger (GL)**

The General Ledger is the accounting service that ensures all financial transactions are identified, properly valued and accurately and timely recorded in conformity with generally accepted accounting principles. Monthly financial reports are prepared on the modified accrual basis and the annual financial reports (CAFR) on the full accrual basis. The service level objective is to produce monthly financial reports for management's review in compliance with the City's Financial Management Policy Statements and to annually receive an unmodified independent audit opinion.

## **Service: Administrative Service**

The primary responsibility of this service is to ensure the accounting function performs effectively and efficiently.

Administrative service contracts with outside consultants for audit, banking, and bond arbitrage services. The Chief Accountant sends out the requests for proposals, forms a committee to review the proposals and awards the contract to the selected firm, per recommendation of the Committee.

This service updates the inter-departmental policies for the office of Accounting.

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The Chief Accountant leads the City's financial audit. The audit has two phases. Interim audit is performed around mid-July or beginning of August, and the final audit is performed in the beginning of December. All the audit schedules are reviewed by the Chief Accountant for accuracy prior to submission to the auditors. The CAFR (Comprehensive Annual Financial Report) is also reviewed for accuracy. The findings of the audit are discussed with the City Manager and the City Council Finance/Audit Committee. This service is responsible to ensure that the CAFR is filed with the Council by the first City Council meeting in February.

The Chief Accountant serves as a resource to all departments on all financial-related matters.

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## BUDGET SUMMARY

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*The objective of the Budget Office is to ensure the stability of the City's financial health in both the short and long term. The services and activities that take place fall under the mid-term goal or priority of Responsible City Government.*

*The Budget Office is responsible for preparing the annual operating budget, the five-year Capital Improvement Plan, and the five-year financial forecast. The office is responsible for producing financial analysis for management and City Council so decision makers have a full understanding of the financial consequences of decisions. Issuance of long-term debt obligations is also carried out by Budget. The Budget Office provides support to City offices and departments in the management of the budget by verifying appropriations for contracts and bid documents, processing budget transfers and carryover requests, and assisting with end of year projections.*



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## BUDGET SERVICES AND SERVICE LEVELS

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### **Service: Preparation & Adoption of Annual Budget & CIP**

**Preparation & Adoption of Budget and CIP:** Per requirements of the City Charter and Financial Management Policy Statements, prepare and submit an annual operating budget for the City not later than the third Council meeting in July. Adoption of the budget occurs by one reading of an ordinance not later than September 25.

**Manage & Lead the Budget Process:** Establish and submit a plan & calendar for budget preparation to the City Manager in January, ensuring the budget process is aligned with the business plan process, accomplishes the objectives identified by the City Manager and complies with charter requirements and FMPS guidelines for budget submission. Communicate the calendar to Directors as early as possible in the process. Engage with Directors to understand current issues and identify their needs during the year.

Review and critique budget requests for consistency between departments and recommend funding levels for department requests as an extension of the City Manager's office. Ensure departments and offices have an appropriate level of detail in their requests to meet city management expectations; provide a recommendation to city management if information provided is not consistent with requested changes.

Coordinate with other Directors managing processes involved in budget preparation: Engineering for the CIP, HR on staffing, IT on technology, Fleet on vehicles and Facilities on space needs.

**Manage Year End Projections:** Complete year-end revenue projections and review with the City Manager by the end of February to mid-March. Provide a clear picture of where the City anticipates ending the fiscal year as compared to budget so that directions can be given to Directors in preparing their year-end projections. Preliminary expenditure projections are prepared in early March and completed by departments no later than the end of April. Budget prepares salary and benefit projections for all departments and reviews O&M projections. Any savings identified can be utilized per the FMPS to fund items in the following budget year.

**Manage the Preparation of the Cost Allocation Plan:** As part of the annual budget preparation, work with the selected financial consultant to complete and receive a draft of the Cost Allocation Plan (CAP), including a full cost plan and an OMB A-87 compliant plan (which is used only for the Airport), in February of each year. The Final CAP is completed and accepted by City Management in March. Coordinate departmental interviews, gather requested information, review the draft plan and ensure Directors have had an opportunity to review the draft plan prior to submission to city management. The CAP evaluates the services provided by internal service and other administrative departments to operating departments based on workload and services provided. The CAP allocates overhead costs to the various departments and offices and is the basis for the inter-fund transfers in the following year's budget.

**Prepare Salary & Benefits Cost Estimates:** Prepare the next year's salary & benefit cost estimates for all authorized positions by March 1 of each year, ensuring accuracy of incumbent data and account coding. Work with Human Resources to estimate benefit costs and minimize budgetary impact while providing appropriate health and dental coverage options to employees.

**Prepare Revenue Assumptions and Estimates:** Maintain a Revenue Manual that identifies the various revenue sources of the City, by what authority they are derived, and how they are estimated. Develop revenue assumptions for all funds with assistance from operating departments on trend analysis and review with the City Manager by March. Prepare revenue estimates based on accepted assumptions, recommend adjustments to user fees consistent with policy direction, and build into revenue estimates. Evaluate property tax roll growth and options for recommending a tax rate in the proposed budget in compliance with truth in taxation laws. Distribute revenue assumptions to Directors in early April to guide preparation of their budget requests for the following

year. Prepare changes to the rate and fee ordinance upon passage of the annual operating budget by City Council.

**Maintain the Utility Rate Model:** Gather information from Utility and Treasury staff by February of each year in order to prepare the Utility rate model and analyze the impact that the proposed CIP and budget requests will have on the Utility rate structure. Evaluate rate structure and make a recommendation on rate adjustments as part of the budget process. Monitor the impact to residential bills and how the City's utility bill compares with peer cities.

## Service: Management of the Budget

**Provide Budgetary Support to Offices & Departments:** Provide support to city offices and departments in the management of the budget. Support includes approval of contracts and bid documents, budget transfers, carryovers, and end of year projections.

**Capital Projects Management:** Work with Engineering throughout the year to manage Capital Projects to identify available funding and close out projects as they are completed. Evaluate mid-year funding needs and determine if funds are available to recommend mid-year CIP projects from savings.

**Review Requests for Budgetary Compliance:** Agenda Requests from other departments that involve an expenditure or future obligation of City funds require clearance from Budget. Review and provide clearance for all agenda requests that involve expenditure or obligation of City funds (current or future). City Council and 4A/4B Corporation agenda requests are checked for availability of budgeted funds and accuracy of funding sources. If a budget amendment is requested, verify the need and make a recommendation to the City Manager regarding the amendment or alternative funding sources.

Contracts for services utilizing capital projects funding require clearance by Budget to verify funding availability and consistency with bond specifications.

**Budget Adjustments, Amendments & Line Item Transfers:** Facilitate the management of the budget for the current fiscal year by performing mid-year adjustments through budget transfers. Operational authority is delegated to departments through inter-departmental policy AD113, which delegates Operational Authority Limits for various personnel, purchasing and budgetary actions to positions under the City Manager. Transactions reviewed by Budget are subject to the Operational Authority Limits including contracts, budget transfers and council agenda requests. Throughout the year, City offices and departments can transfer funds from one line item to another, with proper approvals. **BUDGET ADJUSTMENTS** are requests to move funds between departments or programs, and must be approved by the City Manager. **BUDGET AMENDMENTS** are requests to change the total appropriation by fund and must be approved by the City Council. Salary savings are calculated based on vacant budgeted positions as reported by Human Resources and the savings are transferred out of office and departmental accounts.

**Carryovers/ Budget Amendment:** Solicit requests for carryovers from offices and departments, review and recommend items that meet the carryover criteria to the City Manager by November 30<sup>th</sup> of each year. Prepare a budget ordinance amending the budget for City Council approval in December. Upon approval by City Council, the funds are placed in each department or office line items within 48 hours.

**Analysis of Departmental Needs:** In preparation of any requests, whether related to Personnel, Operations, or Capital, the department will perform a review taking into account business plans, cost benefit analysis, and the goals of the city. The department will offer an objective recommendation to the City Manager and the department or office.

## Service: Periodic Financial Analysis

**Monthly Financial Reports:** Prepare an analysis of each major operating fund in the City and explain key economic and fiscal developments and note significant deviations from the budget and previous year's actuals. The monthly financial report is reviewed with the City Manager and delivered to City Council no later than the last day of the following month.

Each month, sales tax revenues are analyzed from the state Comptroller's report with a summary of significant trends. Income statements are received from Accounting by the 15th of the month and a narrative is prepared for major operating funds highlighting significant activity.

A more detailed report is prepared on a quarterly basis, with income statements for all funds, economic indicators are analyzed (unemployment, CPI, foreclosures, etc.), and detailed year to date sales tax analysis by sector. In addition, financial analysis is provided to Economic Development for inclusion in the Corporation Quarterly Reports.

## Service: Five-Year Capital Improvement Program

**Prepare a Fiscally Constrained Five Year CIP:** Coordinate with the Engineering Department, to manage the CIP process and prepare a fiscally constrained five year CIP. Assess the financial impact of all recommended projects and identify available funding sources. Work with Engineering to adjust project timing within available resources and prepare the Five-Year CIP Document. Submit the proposed Five Year CIP with the proposed annual budget to City Council no later than 60 days prior to fiscal year end.

**Manage & Lead CIP Process:** Work with Engineering to prepare a CIP calendar for the City Manager in January that coordinates with the annual budget process and business plans, and provides information needed to conduct the mid-year retreat with City Council in March.

**MUD Bonds:** Review proposed bond issues and prepare agenda requests for approval by City Council for any MUDs in the City or ETJ that intend to sell bonds to develop water utilities, drainage, etc. The sale of bonds must satisfy certain criteria in accordance with the Code of Ordinances. The agenda request timing is dependent on when the MUDs decide to issue bonds. Agenda request submission must meet deadlines set by the City Secretary's office.

## Service: Five-Year Financial Forecast

**Prepare a Five Year Forecast for Major Funds:** Prepare a five year financial forecast for all major funds and include in the proposed budget document. Use the FMPS as guidelines in developing assumptions for revenue and expenditure estimates. Utilize information from the forecast to communicate the long term impact of budgetary decisions to the City Council. The forecast provides a foundation to determine debt capacity, project funding, and assess fiscal health. The forecast is utilized to identify concerns before they become actual budgetary issues.

**Forecast Assumptions:** Develop market based assumptions to create a Five-Year Financial Forecast for Enterprise Funds (Utilities, Airport, Surface Water), the General Fund, the Debt Service Fund, Special Revenue funds (SLDC, SL4B, Tourism), and the Capital Improvement Program. Utilize data from sources including the central appraisal district, the state comptroller, and city departments (Utilities, Economic Development, Airport, and Treasury) to build revenue estimates. Expenditure growth includes salary & benefits growth, O&M impact of completed capital projects, annexation service needs, full-year impact of personnel additions, estimated property tax rebates, debt service requirements and sales tax incentive agreements.

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## PURCHASING SUMMARY

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*Purchasing is staffed by 5.00 full-time positions. Normal working hours are Monday through Friday from 7:30 a.m. to 5:30 p.m. to assist internal and external customers by phone. The program has no special vehicles, equipment or special resources.*

*Purchasing is an internal service program, and its primary function is to assist other departments with their procurement needs while meeting all applicable legal requirements.*

*The program operates to meet the City's mid-term priorities of Responsible City Government through Consistent Financial Policies; A Leader in Customer Service-Superior Service and Easy Access to City Government: Information and Services.*

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## PURCHASING SERVICES AND SERVICE LEVELS

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### **Service: Competitive Purchasing Oversight**

Purchasing maintains the City's Purchasing Policies. Purchasing oversees the required competitive purchasing process used by departments. Purchasing ensures that departments procure within the limits imposed by law and in accordance with adopted policies and procedures. Approximately 95% of the City's purchases are performed in a de-centralized fashion with the balance of purchases being performed by Purchasing staff.

Contract Management/Administration is centralized for the City and performs the functions of reviewing bid specifications, preparing bid documents, coordinating required advertising with the City Secretary's office, distributing bid documents to vendors, conducting any pre-bid conferences, and overseeing the selection process, including the bid tabulation preparation and scoring.

Purchasing also responds to vendors' inquiries about the City's purchasing and bidding policies and procedures.

Purchasing reviews and signs off on all agenda items that have an expenditure of funds. Additionally, the Purchasing Office is responsible for the centralized procurement of vehicles.

**Compliance Review:** In an effort to ensure compliance with all procurement related policies procedures; Purchasing reviews and approves agendas, contracts, p-card purchases and requisitions. The review is designed to ensure compliance, identify potential non-compliance and assist users with processing and purchasing improvements.

The compliance review assesses a department's ability to adhere to statutory and regulatory requirements. This includes adequate documentation that clearly demonstrates sound business judgment was used in the purchasing process and that all of the applicable rules designed to protect the interest of the city are applied.

#### ***Activity: Contract/Bid Oversight***

The Purchasing Manager, Contracts Manager and Contracts Coordinator review contracts to ensure a precise and clear scope of work, proper signature authority, proper terms and conditions, a justifiable purchase, funding availability, applicable insurance requirements and contract compliance with City purchasing policies and procedures. Once submitted to the Purchasing Office, contracts should be reviewed by Contracts Manager or Contracts Coordinator for completeness within 8 hours and approved by the Purchasing Manager within two working days of receiving a complete submittal. All standard contracts are processed and approved within 24 hours of receipt of all required documentation. All standard Certificates of Insurance will be obtained and reviewed within 4 weeks of receipt.

Additionally, for contracts approved by City Council, the PO should be entered and approved promptly after City Council approval and receiving all required documentation and attachments from the department.

Purchasing manages contracts to ensure that services are performed under a valid contract. Purchasing has developed in conjunction with the City's Laserfiche contract routing processes, contract management database, which stores all term contracts for the City. Notifications for term bids are generated by Laserfiche, reviewed by Purchasing and then sent to user departments 120 days in advance of any renewal or re-bid being required.

**Bid Process:** Purchasing provides management and oversight of the entire bidding process. This includes the coordination and preparation of advertising documents, review and posting of applicable bid documents to the on-line bidding portal or coordinating with the required consultant/engineer for posting, management of all questions and answers on every bid to ensure that all Q&A is addressed appropriately, opening of bidding

documents, posting of all bid tabs to the Purchasing site for public viewing, coordination of any required evaluations and scheduling of such, review of certificates of insurance for compliance and review, management of any and all required bonds and logging of all necessary Form 1295s to the Texas Ethics Commission portal. In addition, Purchasing maintains the CIP ITB bidding documents on SLIC and updates as needed for CIP staff.

Purchasing led RFP's, RFQ's and ITB's have increased from 42 per year in 2013 to 52 in 2015.

Purchasing also works closely with the City Attorney's Office in maintaining standard contracts used by staff and manages the routing process for all City contracts. This includes contract review for required documentation, the routing of contracts for appropriate signatures, entering the requisition, processing the purchase order and monitoring the status and performance of contracts.

**Contract Routing Process:** Purchasing reviews City contracts for compliance with federal, state, and local laws and the City's Purchasing Policies and Procedures.

Purchasing (Purchasing Manager and Contracts Manager) is responsible for final review of all Surety Bonds and bond related issues. This includes, but is not limited to, bid bonds, payment bonds and performance bonds. Purchasing Manager reviews all claims against bonds and notifies proper personnel as necessary.

Contracts are routed through Laserfiche for approval by the initiating department and reviewed for compliance by the Contracts Management Team. After the Contract has been approved in Laserfiche, the Contracts Management Team loads the document into DocuSign for vendor signature. Once the document has been signed by the vendor, it will return to Purchasing. The Buyer will prepare the contract requisition in the system, and will obtain signature from the Purchasing Manager through DocuSign. The Buyer enters contract requisitions once the contract has been signed by the vendor, and after Purchasing Manager approval, issues purchase orders, and electronically distributes POs to the departments. The Purchase Order is attached with the contract before the Purchasing Manager signs, and it is submitted electronically to the vendor and initiating department.

Change Orders are routed through Laserfiche. Purchasing ensures that change orders are processed when required and that all necessary back-up documents are received. The Purchasing Manager reviews and signs-off on all change orders in order to ensure compliance with federal, state and local laws and the City's Purchasing Policies and Procedures.

Description	FY 2013		FY 2014		FY 2015	
Up to \$2,999.99	149	24.19%	171	26.89%	131	22.02%
\$3,000 - \$5,000	74	12.01%	57	8.96%	55	9.24%
\$5,000.01-\$10,000	114	18.51%	88	13.84%	78	13.11%
\$10,000.01 - \$15,000	42	6.82%	51	8.02%	46	7.73%
\$15,000.01 - \$20,000	36	5.84%	47	7.39%	37	6.22%
\$20,000.01 - \$25,000	34	5.52%	37	5.82%	48	8.07%
\$25,000.01 - \$30,000	18	2.92%	19	2.99%	21	3.53%
\$30,000.01 - \$35,000	7	1.14%	11	1.73%	14	2.35%
\$35,000.01 - \$40,000	19	3.08%	13	2.04%	22	3.70%
\$40,000.01 - \$45,000	12	1.95%	6	0.94%	8	1.34%
\$45,000.01 - \$50,000	18	2.92%	26	4.09%	30	5.04%
Over \$50,000	93	15.10%	110	17.30%	105	17.65%
	616	100.00%	636	100.01%	595	100.00%
Under \$25,000	448	72.73%	444	69.81%	386	64.87%
\$25,000 - \$50,000	75	12.18%	82	12.89%	104	17.48%
Over \$50,000	93	15.10%	110	17.30%	105	17.65%
	616	100.01%	636	100.00%	595	100.00%

**Risk Management:** Purchasing performs the Risk Management function in regards to Certificates of Insurance (COI) for all City contracts. Each COI is reviewed for proper levels of coverage pursuant to the City's policies and State Code. COI's are also checked for proper endorsements and dates. Purchasing also handles all Bid Bonds, Performance Bonds and Payment Bonds which includes complete review on said bond, verification from surety of valid bond and ensures that performance and payment bonds are in accordance with contract requirements. Purchasing Manager serves as mediator when issues arise regarding performance and/or claims against a bond.

**Activity: Requisition and Purchase Order Processing**

Purchasing (Purchasing Manager and Buyer) reviews purchase requisitions for compliance with state law and City policy prior to approval and checks for proper use of account numbers and available funding. This includes emergency purchases, single/sole source purchases and blanket PO's.

Purchasing staff verifies that required backup documentation such as three quotes, HUB forms, contracts, and insurance certificates are attached prior to approving the purchase order. The objective is to send signed purchase orders to departments within one business day from the date the purchase requisition was approved by the originating department.

Requisitions Processed Annually	
FY 2013	1,760
FY 2014	1,729
FY 2015	1809

**Activity: P-Card Program Management**

Purchasing (Purchasing Specialist and Purchasing Manager) is responsible for administering the P-Card Program.

Purchasing issues P-Cards to approved employees and sets expenditure limits based on the P-Card policy. Purchasing is responsible for maintaining the p-card score sheet which records monthly accuracy rates for all p-card users. Purchasing also reviews usage patterns and makes recommendations to departments for new cards or changes to limits based on policy.



Purchasing audits all P-Card statements on a monthly basis to ensure that all purchases are in compliance with the City's Purchasing Policies and Procedures prior to approving the statements for payment.

All requests for changes in limits or MCC codes are processed within 8 hours assuming proper approvals have been received by user. All statements will be reviewed within 60 days of due date. Users will receive email notification of additional information required within 30 days of statement submittal. New user training will be scheduled to occur within 2 weeks from receipt of a new card. New card requests will be processed within 8 business hours of receipt of approval document.

	<b>TOTAL STATEMENTS</b>	<b>TOTAL TRANSACTIONS</b>	<b>TOTAL EXPENSE</b>
<b>FY 2013</b>	1,277	8,374	\$1,614,716.66
<b>FY 2014</b>	1,374	9,104	\$1,829,406.06
<b>FY 2015</b>	1451	10,126	\$2,145,385.89

### **Service: Surplus/Salvage City Auction Management**

The Buyer coordinates with other departments to dispose of obsolete, surplus, salvage, abandoned, and confiscated property through an on-line public auction. Buyer works directly with Purchasing Manager and Public Surplus to resolve any issues and maintain consistency. Auctions will be posted for bidding within 48 hours from receipt from user department once all proper information has been received.

There are approximately 150-250 items auctioned annually. The items are posted for 14 days. If the items have not received any bids within the first 14 days, it will be re-posted once more. Once the items have been posted twice and not sold, the department is responsible for disposing of the items. If the unsold item is IT equipment, the equipment will need to be recycled rather than disposed of.

Once a bidder wins, the payment is processed through public surplus. The individual will then need to coordinate with the department to pick the item up and show proof of purchase by printing the receipt of payment.

<b>Auctions Analysis</b>			
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Auctions Posted</b>	230	220	170
<b>Total Funds Received</b>	\$187,400	\$121,500	\$161,800

### **Service: Training & Education**

Purchasing provides training on all aspects of purchasing – General Purchasing, PO Process, Contracting and P-Cards – to all levels of staff. Training is held for p-cards when new City Staff receives a p-card or as monthly audits determine the need. Training is done on other purchasing as needed due to change in legislation or policy. Information is also available through the City's SLIC page for employees and through the City's website for residents and vendors.

A vendor fair is also conducted as needed to educate vendors on "how to do business with the City" or Purchasing staff participates with other entities for their Vendor Fair.

Staff holds customer service and accountability as top priorities. Purchasing is committed to working collaboratively with all departments and vendors and providing training and education on an on-going basis. Training is an intricate part of using and understanding the City's policies and procedures.

## **Service: Emergency Management/Logistics Section Chief**

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Pursuant to the authority as provided in the Basic Plan of the Emergency Management Plan of the City of Sugar Land, Resource Management is assigned to the Purchasing Manager. The purpose of this annex is to provide guidance and outline procedures for efficiently obtaining, managing, allocating, and monitoring the use of resources during emergency situations or when such situations appear imminent. The Logistics Section Chief will be responsible for planning, organizing, and carrying out resource management activities during emergencies.

The Purchasing Manager is responsible for developing and maintaining Annex M. The line of succession for the Purchasing Manager is: (1) Purchasing Manager, (2) Contracts Manager, and Contracts Coordinator.

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## TREASURY SUMMARY

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*Treasury is the office through which City monetary collections flow for all City departments and divisions with the exception of Municipal Court. Treasury is responsible for billing and revenue collection services to both City utility customers and other City departments in order to provide excellent service to our citizens and accurately record and receipt revenues for the City.*

*Treasury is staffed with 11 full time positions, serving the public Monday through Friday, 8:00 a.m. to 5:00 p.m. The Treasury program issues over 345,000 invoices and records approximately 360,000 payments annually.*

*The program operates to meet the City's mid-term priorities of Responsible City Government through Consistent Financial Policies; A Leader in Customer Service-Superior Service and Easy Access to City Government: Information and Services.*

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## TREASURY SERVICES AND SERVICE LEVELS

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### **Service: Property Tax Assessment & Collection**

#### ***Activity: Property Tax Collection***

Treasury coordinates property tax billing and collection activities with the Fort Bend County (FBC) Tax Office, who contractually provides billing and collection services to the City. During the tax billing and collection season, November to February, FBC provides on a daily basis: receipt amounts, associated reports, and a corresponding electronic fund transfer credit to the City's bank account. Treasury staff analyzes reports, reconciles receipt reports to the bank deposit, and prepares associated entries via the online cash receipts system, which in turn prepares and delivers automated general ledger journal entries to the GMBA system for posting by the Accounting department. Cash receipt entries are double-checked and initialed by a supervisor prior to system-entry. From February to October, this function is performed on a weekly basis rather than daily.

Monthly collections and the collection percentage rate for the current tax year are monitored by the Treasury Manager, bringing forth any areas of concern to the Finance Director. The Treasury Manager processes and coordinates all applicable refunds to FBC that result from tax payment refunds made by FBC to taxpayers.

#### ***Activity: Property Tax Assessment***

The Treasury Manager maintains Texas Department of Licensing and Regulation licensure as Tax Assessor/Collector, and continues education in the five-year program to attain Class IV level Tax Assessor/Collector status. Once attained, the Treasury Manager will assume property tax assessment duties from the existing Class IV level Tax Assessor/Collector: (manage the property tax rate adoption process including the truth in taxation process, work with the Budget Office to ensure the tax information is accurate in the proposed and adopted budgets, serve as the Tax Assessor for the City, and prepare the effective tax rate calculations and the required news articles to be published in the newspaper).

### **Service: EMS Billing & Collection**

In order to bill and collect for the City's Emergency Medical Service (EMS), Treasury coordinates with both (1) a third party Billing/Collections Contractor who receives and processes daily treatment/transportation information from the City Fire/EMS Department, and provides billing, collection and customer service; and (2) a third party Delinquent Collections Agency who provides delinquent collection services for past-due EMS debt.

#### ***Activity: Billing & Collections – Accounts Zero to 90 Days***

The Billing/Collections Contractor receives treatment/transport detail from the City's Fire/EMS Department daily and bills accordingly, receipting incoming funds daily to patient accounts. Each business day, both the Billing/Collections Contractor and Treasury staff monitor a specialized City bank account designated to the purpose of EMS collections. Treasury staff prepares associated entries for multiple daily EMS bank deposits via the online cash receipts system, which generates journal entries crediting the EMS Revenue general ledger account, and delivers the journal entries to the general ledger system for posting by the Accounting department. Bank deposit types include the following:

1. Daily counter deposits for cash received directly to the Billing/Collections contractor made by patients and insurance firms. (Contractor physically hand-delivers deposit to bank.)
2. EFT (Electronic Fund Transfer) payments from insurance firms. (Billing/Collections Contractor accounts for these receipts upon separate communication from payer which includes associated individual patient account information.)
3. EFT payments from the Delinquent Collection Agency. (Billing/Collections Contractor accounts for these receipts upon separate communication from payer which includes associated individual patient account information.)

4. EFT payment from Billing/Collections Contractor for aggregated amount of credit card payments accepted by Billing/Collections Contractor in prior month. (Patient credit card payments are received via Billing/Collections Contractor's self-system, and credited to patient account and Contractor bank account throughout the month. At month end, aggregate reimbursement is made to City via EFT.)
5. Over-the-counter payments presented at City Hall to Treasury. (These payments are entered through cash receipt system to the EMS Revenue general ledger account, deposited to the City disbursement account in the aggregated Treasury daily deposit, and associated patient account information is provided by Treasury to Billing/Collections Contractor via FTP.)

***Activity: Collections – Accounts 90+ Days Past Due***

At the individual treatment/transport level -- Once any/all insurance claims are completed, any remaining patient balance begins aging. Billing/Collections Contractor issues up to three monthly patient billing statements as needed. Once per month, the Billing/Collections Contractor writes off patient debt that has reached an age of 90 days past due. These patient balances/accounts are no longer actively collected by the Billing/Collections Contractor (account is coded "written off"; monthly statements cease), but they are maintained by the Contractor in every other sense. (Balance is maintained, Contractor will still process applications for financial aid, receipt any payments made, file insurance claims if coverage evidence is subsequently presented, etc.)

Once written off, balances are reported once per month by the Billing/Collections Contractor to the Delinquent Collection Agency for further intensive collection attempts. Subsequently, patient payment can be made either directly to the Billing/Collections Contractor, to the Delinquent Collection Agency, or a combination thereof. Bi-weekly when applicable, the Billing/Collections Contractor notifies the Delinquent Collection Agency of any payments directly received. Weekly when applicable, the Delinquent Collection Agency reports delinquent payments made to both the Billing/Collections Contractor and to the Delinquent Collections Agency, and processes an associated EFT credit to the City EMS bank account. Upon payment of a previously-written-off amount, the Billing/Collections Contractor processes a negative write-off and processes the payment to the patient account.

Following the end of each month, the Billing/Collections Contractor provides monthly reporting which includes detailed write off transaction information for the month, and both monthly and year to date summary information. Additionally, the Delinquent Collection Agency provides a monthly summary and detail of all new-debt files, delinquent payments during the month, beginning of month Dollars in Collection, and end of month Dollars in Collection. The Billing/Collections Contractor reviews and confirms the Delinquent Collection Agency's monthly report back to the City. Treasury staff reconciles direct payments to the Delinquent Collection Agency (as reported by the Agency) to the associated bank credits processed throughout the month.

***Activity: Payment Reconciliation***

The Billing/Collections Contractor prepares and delivers a daily worksheet to Treasury and Accounting which includes cumulative month-to-date summarized payment information by day, categorizing payments by source and type. Because of the numerous sources and the potential lag time between bank deposit date and patient account credit date, reconciliation is performed monthly, allowing all transactions to be accounted for on both the bank side and the patient account side.

Following the end of each month, the Billing/Collections Contractor provides statistical reports to Treasury, Accounting, Budget, Finance, and Fire/EMS. The monthly reports include an accounts receivable reconciliation report reflecting beginning receivable balance, billings, adjustments, collections, refunds and write offs for the month, tying to the ending receivable balance. Year to date monthly totals are also included. Detailed transaction information is provided for the applicable month.

The Treasury staff reviews the reconciliation report, and reconciles EMS general ledger entries (made throughout the month) to the collected amount for the month as reported by the Billing/Collections Contractor. Treasury works with the Contractor to resolve any variances. The Treasury Manager approves the final reconciliation.

**Activity: Processing of Refunds**

Treasury staff receives and reviews credit-balance refund requests throughout the month from Billing/Collections Contractor. Each request is reviewed to confirm the credit balance and the associated patient account balance reduction for the proposed refund. Once confirmed, a disbursement request document is prepared and held. Following month end and once the monthly report is received, Treasury reconciles the aggregated total of all refund requests to the aggregated total reflected for the month. At this time, the Treasury Manager approves the disbursement requests for the month, and submits to the Accounting Department for check issuance.

**Service: Customer Service Coordination**

Treasury staff responds to all walk in customers and telephone calls related to utility billing and payment inquiries, payment plan requests for delinquent utility bills prior to service being disconnected for non-payment, requests for new service terminations, disputes, solid waste inquiries and miscellaneous calls. Our website facilitates online requests for utility service initiation and cancellation, and online bill payments.

Customer correspondence is handled via face-to-face, telephone, mail, and email communication. Utility billing customer phone communications are tracked via online system account notation and work orders.

To allow customers easy telephone access to account information and phone-in credit card payments 24 hours a day, Treasury Customer Service operates using a Voice Response Unit (VRU). This phone system directs customers to a menu of options including account information, payment history, billing amounts and history, customer service representative, and after-hour emergencies.

A wide variety of utility payment options include the following:

- In person at City Hall
- By mail
- Payment Drop Box – boxes are located conveniently outdoors at City facilities
- By phone (VRU)
- Online, one-time credit card payments (Click2Gov)
- Online, automatic monthly credit card payments (Click2Gov)
- Automatic bank drafting

The Click2Gov online payment system also allows utility customers 24/7 access to utility account information. The system directs customers to a menu of options including account information, payment history, billing history, consumption history as well as the option to pay by MasterCard, American Express or Visa credit cards. Customers have the option of making an individual payment, or enrolling in Auto-pay, through which a credit card is automatically charged monthly. Customers can opt to receive an emailed bill, a mailed bill, or both.

Our constant goal is to provide exceptional service to our citizens. Current practices include:

Customer Service Reps (CSRs) are organized to sequentially assist customers (first to greet/assist walk-in customers, second to greet/assist walk-in customers, first to answer ringing phone, second to answer ringing phone, etc.).

CSRs standardly reverse late charge if customer cites financial difficulty or cites reason for not meeting due date, (*but*, no more than one late charge reversal in a rolling 2-year period).

CSRs standardly offer one-month payment deferral if utility customer cites difficulty meeting due date *AND* customer payment was not deferred in the prior month. CSRs discuss the availability of financial assistance to qualifying applicants through Fort Bend County, and provide contact information.

When customers call regarding a high utility bill, CSRs check online to see if the meter reading was confirmed by a second reading prior to bill-issuance, provide this information to customer, discuss how to check for a private leak, and notify customer of how-to instructions for private leak check on our website. If reading was not confirmed prior to billing, CSRs offer to have the meter reread, and follow up with customer following the reread.

Installment payment plans are offered to customers phoning or visiting regarding unusually high bill (supervisor approval required).

Treasury's billing area identifies high water consumption, and rereads/confirming prior to billing. In the case of continuing very high usage, staff attempts to contact customer by phone prior to bill issuance.

In cases of wintertime leaks or pool-fills, wastewater cap is adjusted down to the prior-year wintertime average upon request (and receipt of documentation) by customer.

Treasury requires three years customer service experience of all new-hire CSRs (as opposed to the previous one year requirement).

Customer Service training for all Treasury staff is required at least once per year, as well as continual skill practice. Training instills/refreshes skills and principles that are all essentially within our Treasury guiding principle - the Golden Rule. Training includes topics such as listening, caring, communicating effectively, being respectful, effectively handling conflict, and continually keeping a Customers First attitude.

## **Service: Billing**

Treasury prepares and issues bills for utility and non-utility receivables for all city departments in an efficient and timely manner. All original invoices are mailed from Treasury.

### **Utility Billing**

Treasury oversees meter reading of 29,100 meters and related work orders performed by a third party contractor, reviews readings for accuracy, and prepares bills for eighteen utility billing cycles each month, issuing 340,000+ utility bills per year for water, wastewater, surface water, and solid waste services.

#### ***Activity: Meter Reading***

Meter, location, and customer account data is downloaded to handheld meter reading devices one day prior to the scheduled meter reading for applicable cycle/routes. On the scheduled reading day, the contractor picks up devices, field-reads and enters meter readings, and return devices the same day. Each handheld is then unloaded, and the customer information is uploaded to the AS400 system.

#### ***Activity: Exception List Review***

Billing Specialists create an exception list for cycle/routes which have been read. This list contains accounts that meet pre-set system exception criteria such as zero consumption at active location, negative usage, high consumption, consumption at inactive location, etc. In order to minimize billing inaccuracies, account history is monitored for consecutive reread work orders. In the case that there is a need for a second consecutive reread, the Billing Specialist is to report the matter to a supervisor. Additionally, exception meter readings are analyzed for certain patterns which may indicate potential decimal placement issues.

Once the exception list has been reviewed, work orders for various field checks are issued (reread, check for stuck meter, etc.). The following morning the contractor picks up reread work orders (for questionable readings), and the in-house Water Utilities field staff picks up all other types of work orders. Work orders are field-processed and returned on the same business day. The Billing Specialist reviews completed work orders and makes any necessary updates so that all accounts are prepared for billing.



***Activity: Pre-Billing Register Review***

Once all exception conditions have been addressed (confirmed or resolved), the Billing Specialists create a pre-billing register on the day that billing is due to process. The billing register lists all customers for a cycle, charges for all applicable services, the total amount of the bill that will be issued for each account within the cycle, and cycle totals. Initial billings are reviewed for all new customers, including name, address, applicable services, electronic bill setup if applicable, deposit charge, and same-day-turn-on charge if applicable. Existing accounts are spot checked to ensure that rates and calculations are correct. The total amount to be billed for the cycle is compared to the same month in the previous year totals to ensure similarity in count & total dollar, allowing for normal variances.

In the case of a water, wastewater, surface water, and/or solid waste rate change, the first pre-billing register following the system rate update is reviewed meticulously prior to billing with several samples manually calculated to ensure that all class/jurisdiction/service/meter-size combinations have been updated accurately. This rate change examination step is performed by two Treasury staff members.

Following exception review, handling and pre-billing register examination and approval, the cycle billing is processed, and individual bills are generated, printed, and mailed.

***Activity: Delinquent Notices and Cutoff Processing***

Utility bills are due 20 days from the mail date, this period reflecting an industry average. If payment is not received by the due date, a 10% late fee is assessed (up to a maximum monthly fee of \$100).

A delinquent notice is mailed approximately on the 23<sup>rd</sup> day, alerting the customer that payment has not yet been received and informing of the date payment must be received to avoid water cut off. When requested, and within departmental policy guidelines, staff members establish and monitor customer payment plans, and provide the customers with information regarding available external assistance programs. If payment is not received by the defined date (approximately 40 days after bill issuance), the water service is cut off on the Wednesday following the defined date.

By 10:00 a.m. on cut-off day, accounts to be cut off are identified, and work orders & door tags prepared for pick up by public works field crews. A list of the terminated locations is provided to both the Public Works Department and Treasury Collections staff. Once payment of the delinquent amount is received, the water service is restored the same day. After hours customer calls are routed to Public Works; water is reconnected after hours on the condition that payment will be made the following day. Public Works provides after hours reconnection information to Treasury the following business day; Treasury monitors to ensure timely payment is received. Each account that is processed for disconnection is assessed a \$25 delinquency fee and an additional deposit dependent upon the account cut off history, up to a maximum deposit of \$150. Approximately 230 cut offs are processed each month.

***Activity: Bill Adjustments***

Treasury staff processes adjustments as needed to utility accounts and miscellaneous accounts weekly. Routine adjustments include late penalty reversals, balance transfers, miscellaneous fees, and utility account credits for over reads. All adjustments are reviewed by a supervisor to ensure appropriate documentation is provided. The Treasury Manager reviews and signs off on all appropriate adjustments. Treasury staff processes and prepares a listing of the adjustments. Each listing total is verified to a manually calculated total to ensure accuracy.

***Activity: Service Initiations and Cancellations***

Sugar Land customers are able to conveniently request new utility service or termination of service online via our website, or at City Hall. Water can be turned on as soon as the next business day at no charge, or the same day with a \$25 fee. Treasury processes approximately 270 new accounts and 270 account terminations per month.

Treasury staff processes new service applications on a daily basis. Once a new service request is received, billing

staff confirms that Sugar Land is the water provider for the location, and, if leasing, that there is a current rental license. If there is no current license, Treasury informs the customer, holds the service application, and works closely with both the rental department and the applicant until it is obtained. Once all necessary information and licensing is in place, a customer account is established in the system and a work order is issued to turn on water and read the meter. For quality control purposes, a field photo of the meter dial and serial number is obtained for new service initiation at any location with 2" or larger meter; the system decimal position for the meter is examined and confirmed.

For customer convenience, the \$50 new account deposit appears on the customer's first bill rather than having to be paid upon application. In lieu of deposit, customers may provide a letter of credit indicating at least one year of good payment history from another utility. Deposits are retained until there has been two consecutive years with no late payment, or until service is terminated, whichever occurs first.

Requests for service cancellation are reviewed and processed each day. Treasury staff codes accounts for termination and issues work orders for water to be turned off and meter to be read. Work orders are transmitted to our in-house Water Utilities staff 8:00 a.m. and 1:00 p.m. daily, and field-completed orders are turned back in to Treasury within one business day for further processing. The customer is subsequently issued a final bill, through which any existing deposit amount is applied toward the balance, and any remaining deposit amount, if applicable, is returned to the customer via mailed check.

***Activity: Month-End Utility Reporting***

In addition to processing numerous on-demand report requests, Treasury compiles and prepares month end statistical reports which are distributed to Budget, Accounting, and Public Works Water Utilities staff. These reports provide information on rainfall, water consumption by water block and by class, number of connections, new meter connections, water, wastewater, and surface water revenue, receivables, deposit activity, and GRP participant revenue for the prior month. Month end reports are generally provided by the 15th of the following month.

## **Non-Utility Billing**

Treasury prepares and issues approximately 200 non-utility bills per month, totaling approximately \$7.5 million in revenue annually.

***Activity: Alarm Response Billing***

Treasury staff bills an average of 100 alarm response fees each month through the Miscellaneous Receivables system. Residences and commercial establishments exceeding five (5) alarm responses in a calendar year are billed \$50 for each alarm response thereafter. Upon receiving a report from the police department by the 5th of each month, Treasury staff bills each customer for the applicable amount of alarm response fees. Billings are processed for prior-month responses by the 10th of the month, and are due 30 days after billing.

For quality control purposes, two Treasury staff members verify that the total amount billed matches the total amount of fees that should be billed based on the report provided by the police department. Once the billing has been processed, the invoice register which lists all customers and the amounts that have been billed for the month is emailed to the Police Department for review and as confirmation of billing.

***Activity: Health Permit Renewal Billing***

Treasury staff bills for health permit annual renewals, issuing invoices to approximately 35-50 establishments each month. The Planning Department provides Treasury with a spreadsheet by the 5th of each month that lists all establishments with permits expiring in the following month. These billings for following-month renewal are processed by the 10th of the month, and are due 30 days after billing.

Treasury staff calculates billing amounts based on the number of employees at each establishment. For quality

control purposes, two Treasury staff members verify that the system amount to be billed matches a spreadsheet calculated total. Once the billing has been processed, the invoice register which lists all customers and the amounts that have been billed for the month is emailed to the Planning Department for review and as confirmation of billing.

***Activity: Airport Lease Billing***

Treasury staff bills each month for hangar rentals, office space, and other related airport service per lease contracts for approximately 115 accounts. Airport staff administers the lease agreements, and notifies Treasury via email of any new, amended, or terminated leases. The billings are processed by the 15th of the month for following-month rent, and are due 17 days after billing.

For quality control purposes and prior to completing the billing process, the total system amount to be billed is verified to a manually calculated total of last month's total billed plus/minus additions, deletions and changes. Two Treasury staff members verify this final amount to the system calculated billing total after all updates have been made. Once the billing has been processed, the invoice register which lists all customers and amounts that have been billed for the month is emailed to the Airport Department for review and as confirmation of billing.

***Activity: COBRA/Retiree Health Insurance Premium Billing***

Treasury staff bills former employees as well as retirees for health, vision, and dental insurance premiums monthly. The Human Resource Department provides a spreadsheet by the 10th of each month that lists the customers, premium type(s), and amounts to be billed. The billings are processed by the 15th of the month for following-month premiums, and are due 15 days after billing.

For quality control purposes, prior to bill issuance, two Treasury staff members verify that the system calculated amount to be billed matches the spreadsheet total that was provided by HR. Once the billing has been processed, the invoice register which lists all customers and amounts that have been billed for the month is emailed to the Human Resource Department for review and as confirmation of billing.

***Activity: Fire Protection Fee Billing***

Treasury staff prepares and issues bills to several districts to which the City of Sugar Land provides fire protection services at a contractual rate. These bills are issued around the 10th of each month for the prior month service. Fort Bend County has a variable connection count, therefore a single annual payment is remitted rather than the District being billed monthly.

For quality control purposes, two Treasury staff members confirm that the system calculated total amount to be billed matches to a manually calculated total by multiplying the number of connections for each district by the current rate. When a rate change occurs, the changes to the billed amount are made by the Billing Supervisor and the Treasury Manager verifies accuracy of the new amount to be billed to each district is correct.

***Activity: Groundwater Reduction Plan Participation Billing***

Based on information provided by the Public Works Utilities Water Conservation Manager, Treasury issues approximately 60 bills to GRP participants monthly. By the 5th of each month, the water well readings are provided to Treasury, some from our third party meter reading contractor, and the remainder from the Public Works Water Utilities division. The billings are processed by the 10th of each month based on water volume in the previous month. Once the readings have been entered into the system, an exception list is printed that shows the volume that each entity will be billed for. This list is provided to the Water Conservation Manager prior to billing for accuracy confirmation.

In order to further ensure accuracy, billings are individually calculated via spreadsheet based on meter readings. A preliminary billing register is created, which displays the billing amount for each customer. The preliminary billing register and spreadsheet are compared by both the Billing Supervisor and Treasury Manager to ensure the billing amount is accurate. The preliminary billing register is also emailed to the Water Conservation Manager for review and approval. In the case of rate change, the Billing Supervisor will update the rates in the

system. The Billing Supervisor, the Treasury Manager, and the Water Conservation Manager check the bill calculations based on the new rates for accuracy prior to bill issuance.

***Activity: Non-Monthly Miscellaneous Receivable Billing***

Treasury receives and processes requests from other departments to bill for non-routine miscellaneous receivable billings. If a department requests a non-routine billing, they are required to complete the RD104F Miscellaneous Billing Request form. This form outlines all information needed for billing and requests that all supporting documentation be attached. The form requires Program Manager or Director approval from the charge-originating department. The billing is processed within one week of form submittal with all appropriate documentation, and the bill is due 30 days from issuance. For quality control purposes, two Treasury staff members review and sign the billing once it has been verified to match the requested form. Once the billing has been processed, a copy of the invoice is emailed to the charge-originating department for review and as confirmation of the billing.

***Activity: MUD 128 Wholesale Potable and Reclaimed Water Billing***

Treasury bills MUD 128 for both wholesale potable water and for re-used non-potable water monthly as stipulated in the 2009 Wholesale Potable Water Agreement and the 2014 Reclaimed Water Agreement. Each month, SI Environmental on the behalf of MUD 128 provides Treasury with monthly reports that provide the total potable water volume. Treasury receives a separate report from Brazos River Authority with the amount of non-potable (re-used) volume provided by City of Sugar Land to MUD128. Treasury uses this information to calculate the volume to bill for potable water, wastewater, potable surface water, out of city fee, and reclaimed water.

The Billing Supervisor prepares a draft bill and emails it to the Water Conservation Manager for review and approval. Additionally, the Treasury Manager reviews and approves the draft bill. Once the billing has been reviewed and approved, the process is completed and the actual bill is issued.

## **Service: Centralized Collections**

Treasury provides centralized collection of all City revenue with the exception of municipal court fines and fees. Treasury operates during the business hours of Monday through Friday, 8:00 a.m. to 5:00 p.m., receiving payments directly from the public at the City Hall payment window as well as via many other payment methods for utility bills, all other types of bills, and non-billed revenue. Approximately 360,000 payment transactions are reconciled and posted annually from a wide variety of revenue sources.

## **Utility Collections**

***Activity: Utility Payments***

The City offers numerous payment methods to assist customers in making payments conveniently and on a timely basis. Staff members process cash, check and credit card (VISA, MasterCard, and American Express) payments made in person at City Hall during business hours, mail in payments, Dropbox payments at any of the six payment depositories located throughout the city, online banking payments (via two online platforms and mailed direct from banks), phone payments (via IVR), and direct online payments via Click2Gov, with the option of one-time or recurring payment(s). These payments are processed, balanced, and posted to utility accounts daily, and associated general ledger journal entries are generated daily. Utility customers may also enroll in automatic monthly bank drafting via payment stub or our website form. Bank drafts are processed, balanced, posted to accounts weekly in batch, and journal entries are generated.

***Activity: Utility Delinquent Collection***

Delinquent notices are part of an effective billing system designed to minimize bad debt while meeting all legal requirements. When Treasury is contacted by a delinquent customer prior to service interruption, we offer a standard one-month payment deferral, and monitor the account accordingly. If a customer receives an

unusually large bill and the bill is confirmed to be accurate, an installment payment plan over a period of months is offered and monitored, with supervisor approval.

When a utility account due date passes with no payment received and/or no payment deferral or installment plan is approved/initiated, a 10% late charge is assessed, and a delinquent notice is generated in conformance with the Texas Utilities Code and Public Utilities Commission rules. If an account holder fails to respond to a delinquent cut off notice by the cutoff date, water service is interrupted (approximately 45 days following bill issuance), and a cut-off notification tag is placed on the front door. Once payment of the delinquent amount is made, staff initiates a reconnect work order, emailing the work order detail to appropriate Public Works staff for immediate attention. Service is restored on the same day payment is made, typically within a three hour window.

A very high percentage of utility receivables is collected due to deposit administration and a robust and consistent service interruption procedure. Utility debt that is deemed uncollectible after a three-year period is written off following approval by the Director of Finance.

## **Non-Utility Collections**

### ***Activity: Non-Utility Payment Collection***

Treasury provides centralized collection for all types of non-utility revenue except court fines/fees. Cash, checks and credit card payments are accepted directly from the public, agencies, and governmental entities at the City Hall Treasury payment counter, and via mail. For billed non-utility revenue, clients may make payment online using Click2Gov (one-time or recurring) or use our automatic bank drafting feature. Certain agencies make payment via electronic fund transfer directly to the city bank account. Treasury also collects funds received by other cash handling departments throughout the City.

The Parks department and, as requested by Accounting in FY16 - the Permits division, both enter and post payments, prepare and seal bank deposits, and deliver the sealed deposit to Treasury by 1:00 p.m. daily. Treasury logs receipt of these deposits and safeguards until Brinks subsequently picks up and delivers to the bank. Treasury ensures that the Brinks pick up is logged and signed for.

All other cash-accepting departments/divisions (except Court) deliver batched payments to Treasury on a business day basis by 1:00 p.m. These departments include the Regional Airport, Animal Services, Community Development, Police Department, and, as needed, City Secretary's Office, Fire Department, and Public Works. Treasury staff logs and verifies the incoming cash from these departments, ensures entry to H.T.E. Cash Receipts module, prepares associated bank deposit, posts associated transactions, and generates associated general ledger journal entries. As a receipt to the outlying departments/divisions, evidence of posting is delivered back via email the following business day.

The City bank account is monitored by Treasury each day for individual EFT revenue activity. Treasury identifies electronic fund transfer credits incoming from a variety of sources, credits appropriately into the Cash Receipts system, balances and posts daily, and generating associated general ledger journal entries.

For all city payments except Court, Parks, and Permits, Treasury ensures entry of information into the AS400 to post to the general ledger on a daily basis through the daily closeout process which begins at 4:00 p.m. Receipts are posted into HTE's Cash Receipting system which interfaces with HTE's financial reporting system. The daily reports are reviewed for proper recording and reconciliation to the general ledger. Treasury prepares the bank deposit and submits daily to the bank via armor car service. Parks and Building Permits and seal their own deposits, and deliver to Treasury for logging and Brinks daily pickup. Court deposit is not routed through Treasury.

Each business day, Brinks picks up prepared, sealed deposits from Treasury for Parks department, Permits

program, and the consolidated Treasury deposit which includes all department/division revenue except Court, Parks, and Permits. These deposits are logged when prepared or received, and initialed by Brinks staff upon pick up. Each day, Treasury confirms that the consolidated Treasury-sealed deposit arrives and is credited to the City bank account.

***Activity: Delinquent Monitoring & Collection of Aged Non-Utility Receivables***

Statements are prepared and issued each month for all non-utility accounts that have a past-due balance. A brightly colored insert is enclosed with bold font, indicating that the account is past due, advising that all debt not paid within 90 days is referred to our collection agency, and recommending payment be made immediately to avoid further action.

Each month, aged trial balance reports are prepared on all non-utility debt by billing type, reflecting all balances due. These reports indicate the customer account number, customer name, charge type code, and amount(s) owed in the following age categories of : Current, 1-30 Days Late, 31-60 Days Late, 61-120 Days Late, 121-150+ Days Late, 151-330 Days Late, 331-360 Days Late, and 3+ Years Late. These aged trial balance reports are distributed each month to charge-originating departments for review and for any applicable action aside from (1) aforementioned past-due statement notifications, (2) actual receipt of payment, and (3) referral to collection agency; all of which are performed by Treasury. For example, action by Human Resources may include specific notice of health insurance termination due to insurance premium non-payment, and actual termination of coverage; action by food establishment inspection staff may include revocation of health permit for non-payment of renewal, etc.

Aged Trial balances are delivered to charge-originating departments as follows:

- Alarm Response Receivables – To Police Department
- Health Permit Receivables – To Community Development
- Mowing Liens Receivables – To Community Development
- Airport Lease Receivables – To Airport Department
- COBRA/Retiree Health Premium Receivables – To Human Resources
- Other Health Insurance Premium Receivables – To Human Resources
- Tuition Reimbursement Receivables – To Human Resources
- Fire Protection Fee Receivables – To Treasury
- Other Miscellaneous Receivables (including governmental) – handled on a case- by-case basis by Treasury.

Treasury administers a City contract with a third party collection agency to collect aged delinquent miscellaneous (non-utility) receivables. Each month, Treasury examines the complete non-utility trial balance, and reports all delinquent balances for amounts reaching 121+ days past due to the third party collection agency for rigorous collection attempt, with the exception of COBRA/Retiree health premiums (as instructed by the Assistant Director of Human Resources) and mowing liens (as instructed by the Assistant Director of Environmental and Neighborhood Services). These receivables continue to be maintained in the city sub ledger after referral to the collection agency in order to accurately reflect any/all subsequent payments at an individual account level. If all collection attempts by city staff and the collection agency do not result in payment within three years, the debt is deemed uncollectible and is written off following approval by the Director of Finance.

***Activity: Calculation of Allowance for Bad Debt***

In accordance with generally accepted accounting principles, the Treasury Manager calculates and recommends an allowance for bad debt for each city fund as part of the annual fiscal year close process. This allowance is an estimated anticipation of fiscal year revenue that the city will be unable to collect over time. The recommendation is made to the Director of Finance for final approval.

***Activity: Credit Card Industry Updates***

The Treasury Manager works closely with the City's merchant bank and the IT department to maintain

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compliance with industry standards in regard to credit card security. Compliance minimizes fees, avoids fines, and mitigates the potential for fraud and associated liability.

As part of this overall effort in a rapidly evolving industry, Treasury maintains an inventory of card reading devices city wide, provides periodic device security training to cash handling staff city wide, and performs quarterly device inspections.



Performance Measures

Service Area	Commitments
<b>Administration</b>	Strategically lead the department while managing investments and long term planning.
<b>Accounting</b>	Accurately report financial information to internal and external customers in a timely manner.
<b>Budget</b>	Ensure the stability of the City's financial health in the short and long term.
<b>Purchasing</b>	Effectively assist other departments with procurement needs while meeting legal requirements.
<b>Treasury</b>	Accurately provide central billing and revenue collection services while demonstrating excellent customer service.