

Final Report
Financial Management Review
in the
Finance Department -
Purchasing Office
for the
City of University City

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Chapter I Introduction

Background

University City is essentially a built out community, and serves approximately 35,000 people. Westerly of the City of St. Louis, it is part of the inner ring of suburbs immediately adjacent to that City. Essentially a residential community, University City is adjacent to Washington University.

The City's residential areas appear well maintained, the likely result of the City's effective code enforcement program. In fact, the entire City appears well maintained, as is the Delmar Loop, a popular commercial area near the University.

Aside from water, sanitary sewer, and electrical utility services, University City is a full-service City, providing police, fire, public works (including parks), community development (including recreation, aquatics and golf), library, and refuse collection services. While the City faces financial challenges to support these services, it has taken positive steps to reorganize and streamline its organization to reduce costs. As a result of that and other initiatives, it has developed a balanced budget.

There are several troubling issues, however, related to the City's financial operations and its budgeting practices. First, there was an audit by the Missouri State Auditor prepared April 11, 2011, in response to a citizen's petition. This Audit indicated, among other issues, that the City needed "...to improve its accounting controls in order to ensure transactions are accounted for properly." It also identified the need for better budget controls and the need for better, more frequent financial reports to the City Council during the course of the fiscal year.

More disturbing is a subsequent audit by the City's independent auditor. After being audited by the same auditor for the previous 13 years, a new independent auditor identified two deficiencies in internal financial controls which are considered "material weaknesses." This is a deficiency in internal controls that could lead to a reasonable possibility that a material misstatement of the City's financials would not be detected or prevented. These material weaknesses involved bank reconciliation procedures and internal control over financial reporting, specifically the lack of an effective year-end closing process.

This audit also identified deficiencies which were considered "significant." These involved the segregation of duties in Accounts Receivable, allowance for doubtful accounts, documentation of internal controls, and the lack of any formal fraud risk assessment being in place. Other issues were also noted by the external auditor.

Purpose

As a result of these audits, and other concerns regarding the operations of the Finance Department, the consultant was asked to evaluate and offer recommendations regarding a number of

budget and finance issues. This involves not only assessing the issues raised by the audits of the State and City's independent auditor, but an evaluation of the Finance Department procedures, operations, business practices, staffing, and the ability of current staff to perform their assigned tasks. The City's Request for Proposals (RFP) also includes the assessment of the financial management system which impacts all aspects of City operations.

Another purpose of this report is to evaluate the lack of, and provide suggestions for, a financial policy manual. An examination of the banking procedures are also part of this report. The effectiveness and usefulness of the City's budget, including the adequacy and frequency of financial reports to the City Council, is also addressed in this report.

Methodology

A number of steps were taken to accomplish the purpose of this report. These steps, or the report's methodology, first involved a review of a number of pertinent documents, including the aforementioned audit reports, the past two adopted City budgets, the City's latest Comprehensive Annual Financial Report (CAFRs), and past finance reports submitted to the City Council. To supplement this information, the CPA member of the consultant team examined forms and documents used in the Finance Department and developed "work flows" for both the Accounts Payable and Accounts Receivable Sections of Finance to assess certain procedures and processes used by the Department.

Next, a number of interviews were conducted, including interviews with the Mayor, two members of the City Council, the City Manager, every Department Head and some division staff and two citizen members of last year's budget advisory committee. The CPA member of the consultant team also interviewed every full-time employee in the Finance Department. Part of the purpose of these interviews was to gain insight into the Finance Department's issues from the point of view of those doing the work, the using departments which rely on that work as well as the administration, the public, and those responsible for making the ultimate financial decisions for the City.

The information gathered from the document and procedures review, plus the interviews, was assessed in terms of "best practices," generally accepted accounting practices, and the knowledge and experience of the consultant team. The result is the findings and recommendations contained in this report and are presented in the following Chapters.

Chapter II

Findings and Analysis of Finance Operations

There have been concerns expressed by the City Council, public, administration, and staff over the operations, policies, and procedures in the University City Finance Department. Last April, in response to a citizen petition, the Missouri State Auditor released a report which indicated that the City “needed to improve its accounting controls” and that better budget controls and financial reporting to the City’s decision-makers needed to be established.

In December 2011 the City’s Independent Auditor filed their report for Fiscal Year 2010-11. This audit indicated that there were “material weaknesses” in the City’s internal financial controls which could lead to a serious misstatement of the City’s financials. These “material weaknesses” included problems with bank reconciliation procedures and internal control over financial reporting, particularly the lack of a year-end closing process. The audit was critical that the previous independent auditor was assisting staff with the year-end closing.

The audit also identified “significant deficiencies” involving the segregation of duties in Accounts Receivable, allowance for doubtful accounts, documentation of internal controls, and the lack of formal fraud risk assessment.

The consultant team also noticed that there was the lack of a true policy manual to guide Finance Department operations. What is in place is essentially little more than some “boilerplate” language that which, with limited exceptions, only provides general guidance to Finance staff.

The purpose of this Chapter is to build on the findings of the State Audit and the City’s Independent Audit and offer recommendations to address the “weaknesses” and “deficiencies” identified in these audits. This Chapter will also offer other recommendations to improve the City’s financial controls and overall financial processes.

Independent Auditor – June 2011

The latest independent audit indicated that the City’s previous independent auditor assisted staff in the year-end closing. While staff may have required such assistance, it is not appropriate for the independent auditor to provide this service.

RECOMMENDATION #1

IT IS RECOMMENDED THAT, AS A POLICY MANUAL FOR THE CITY’S FINANCE DEPARTMENT IS DEVELOPED, IT SHOULD CONTAIN A PROHIBITION OF THE INDEPENDENT AUDITOR ASSISTING STAFF IN THE YEAR-END CLOSING.

It was also noted that, prior to the City’s last independent audit, the previous independent auditor had performed this work for the previous 13 years. Retaining an independent auditor for this length of time is a poor business practice. If the relationship between the independent auditor and the Finance staff extends for too long of a period there is always the concern that the audits

will become “less independent” over time. The normal business practice or standard for municipalities is that a new independent auditor should be sought through a competitive bid process every five years.

RECOMMENDATION #2

IT IS RECOMMENDED THAT THE CITY SEEK A NEW INDEPENDENT AUDITOR THROUGH A COMPETITIVE BID PROCESS EVERY FIVE YEARS.

Finance Policy Manual

As noted above, the Finance Department version of a policy manual consists of what appears to be general “boilerplate” language, although there are a few useful, specific parameters included in the policy such as setting the dates of the fiscal year and restricting budget transfer approval authority by the City Manager to \$25,000. An unreserved fund balance in the General Fund of 17% of annual expenditures is also specified.

Also, even though the policy is mostly general “boilerplate” language, it still has not been kept current. For example, in the three paragraphs which comprise the “Capital Budget Policy,” it still references “FY 10” while the City is currently preparing its Capital Budget for Fiscal Year 2012-13.

As will be discussed later in this report regarding the City’s budget, there is also an issue with the way City staff has interpreted its Capital Budget Policy, specifically what should be included and excluded in the City’s five-year Capital Improvement Program (CIP). For example, fire apparatus are included in the five-year CIP even though they are not an acquisition of a “fixed nature” per the City’s Capital Budget Policy. Further, the policy manual does not distinguish between what is “capital outlay,” and what is a “capital improvement.”

Other concerns with the current version of a finance policy manual involve the bank reconciliation process and the number of accounts used to deposit funds in the two local banks. There is nothing in the policy to shrink the large number of accounts used to deposit City funds in order to save bank fees, maintain better financial control, and more timely and accurate bank reconciliations. In fact, the long list of accounts is included in the finance policy.

While some of these issues will be discussed in other sections with their own separate recommendations, it is clear that a better, more specific policy manual to guide various finance transactions needs to be developed.

RECOMMENDATION #3

IT IS RECOMMENDED THAT A MORE COMPLETE AND USEFUL FINANCE POLICY MANUAL, INCLUDING AN ACCOUNTING MANUAL SPECIFIC TO THE CITY, BE CREATED TO GUIDE THE OPERATIONS OF THE FINANCE DEPARTMENT.

All External Audits

As previously mentioned, the City has had two financial audits within the last one and one-half years. The first one was conducted by the Missouri State Auditor’s Office in April 2011. The outside, independent auditor, Schowalter & Jabouri, prepared the most recent year-end audit of the City’s financial statements which was for the fiscal year ending June 30, 2011.

As part of the recent audit process, the auditors are required to issue a report entitled "Report on Internal Control, Related Matters and Advisory Comments." This report is required under Chapter 5 of the GAGAS (Generally Accepted Government Auditing Standards) and has a number of compliance requirements. These requirements are listed in the footnote below¹.

The auditor's report was separated into four categories:

1. Deficiencies Considered to be Material Weaknesses
2. Deficiencies Considered to be Significant
3. Other Current Year Matters
4. Status of Prior Year Deficiency Considered to be Significant

Although, all of the categories are important, the first two present the most risk to an organization since they could lead to the loss of the City's assets due to the nature of the weakness.

A Material Weakness is a:

Significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

A Significant Deficiency is a:

Deficiency in internal control, or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with GAAP such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

The City had two (2) material weaknesses cited and four (4) significant deficiencies according to the last independent audit report. This report will address these weaknesses and deficiencies and form a basis of making changes in the City's financial processes and procedures. Due to the nature of the substantial problems in these processes and procedures, it is apparent to the consultant that the City's Finance Department has multiple challenges including the lack of nec-

¹ GAGAS established reporting standards for financial audits in addition to the standards contained in the American Institute of Certified Public Accountants (AICPA) standards. Auditors should comply with these additional standards when citing GAGAS in their audit reports. The additional government auditing standards relate to:

- a) Reporting auditors' compliance with GAGAS;
- b) Reporting on internal control and compliance with laws, regulations, and provisions of contracts or grant agreements;
- c) Reporting deficiencies in internal control, fraud, illegal acts, violations of provisions of contracts or grant agreements;
- d) Communicating significant matters in the auditors' report;
- e) Reporting on the restatement of previously-issued financial statements;
- f) Reporting views of responsible officials;
- g) Reporting confidential or sensitive information; and
- h) Distributing reports.

essary competencies on the part of some of the Finance Department staff and the current inefficient application of the New World software system.

State Audit

Before discussing the independent auditor's report, comments regarding the State Audit are in order. The State Auditor's report listed findings in the following categories:

1. Trash service billing and collection;
2. Cost allocation and administrative transfers;
3. Account controls; and
4. Budget and financial reports.

Trash Billing

Trash service billing and collection is an ongoing problem in the City. There is a substantial amount outstanding (\$1.5 million) and potentially uncollectible. The City has contracted with a collection agency to reduce this amount. While the contract with the agency should be continued, it is the consultant's opinion that the collection potential for these delinquent bills is not promising. Collection agencies are mostly ineffective in providing a solution to long-standing debt.

The City bills garbage service twice a year – March and September of each year. The March billing is further complicated as the annual business license, initially billed in February, is due shortly thereafter in April. A total of approximately 13,000 bills are issued during each billing cycle. A combination of these billings creates a spike in workload which overworks staff and can lead to delays, mistakes, lack of time to pursue immediate "past dues," and poor public service.

In interviewing finance personnel it was learned that there are five (5) existing routes billed twice a year which would lead to separate billings. In other words, the March/April workload spike, and to a lesser extent the Fall workload spike, could be avoided by spreading each semi-annual billing over a five month period. The first billing would begin in January and end in May, with each route billed during a given month. The second billing would begin in August and extend through December. This would spread out the workload and allow staff to more efficiently process these bills, avoid mistakes, and provide better public service.

RECOMMENDATION #4

IT IS RECOMMENDED THAT THE CITY SPREAD ITS SEMI-ANNUAL TRASH BILLINGS OVER A FIVE MONTH PERIOD, WITH EACH ROUTE BILLED DURING A SINGLE MONTH.

During discussions with a member of the former City Manager's Budget Advisory Committee, the possibility was raised of putting the garbage bill on the property tax bill. This may be difficult to accomplish since this will require cooperation with St. Louis County who prepares the tax bills. It was mentioned that State Legislative assistance in accomplishing this objective may be required. This would be worth pursuing. The benefit to the City could be substantial since the

County charges one percent of the billed amount for this service, which would cost the City approximately \$26,000 per year². This would be less expensive than the current staff billing operation and reduce staff workload. Also, the percentage of unpaid bills should significantly decrease going forward. In any case, it would be to the City's financial benefit to pursue this method of collecting for garbage service.

RECOMMENDATION #5

IT IS RECOMMENDED THAT THE CITY CONTINUE EXPLORING WITH ST. LOUIS COUNTY PLACING GARBAGE SERVICE COLLECTION ON THE PROPERTY TAX BILL.

Cost Allocation and Administrative Transfers

The City has a very basic cost allocation program that provides for a percentage of non-solid waste staff to have their costs billed to the enterprise fund. The City apparently has never completed a formal study to determine the true costs of the Solid Waste Fund. The cost allocations are used both by the City to determine General Fund costs that should be billed to the enterprise fund but also is used in collaboration of the Yellow Book that determines costs which should be billed to grants, if appropriate.

RECOMMENDATION #6

IT IS RECOMMENDED THAT THE CITY COMPLETE A FULL-COST ALLOCATION STUDY THAT WILL PROVIDE EXACT CHARGES THAT SHOULD BE MADE. AS PART OF THIS STUDY, THE CITY SHOULD OBTAIN A PROGRAM SO THAT UPDATES CAN BE MADE ANNUALLY.

The State Audit issues regarding account controls and budget and financial reports will be discussed later in this report.

Independent Audit – Material Weaknesses

The independent auditor's report for fiscal year 2010-11 was completed in December 2011. It contained the following Material Weaknesses and discussion of these weaknesses follows:

1. Bank Reconciliation Procedures
2. Internal Control over Financial Reporting

Bank Reconciliation Procedures

During the audit, the auditors found that bank reconciliations where not be done on a regular basis. They also found that:

² This is based on a total of \$1.3M billed twice per year (\$2.6M total) times one-percent (1%). The charge would need to be verified by the City with St. Louis County.

- The Finance Department failed to follow-up on material reconciling items before they were cleared;
- Bank transfers were not made timely and reconciling items remained so for several months; and
- Bank reconciliations did not appear to be reviewed or approved on a timely basis with several of the reconciliations reviewed by the auditors.

During discussions with Finance Department personnel it was indicated that they would develop a plan to address these issues ready for March which is required by the audit report. Additionally, the Department hired a new accountant to start working on reconciliations. Although the consultant received confirmation from the accounting staff that bank reconciliations were being done on a monthly basis, it was also learned that the General Fund reconciliation may be problematic due to staff not being versed in governmental accounting. Based on the interviews, bank reconciliations are being performed on a monthly basis, but some reconciling items remaining open.

RECOMMENDATION #7

IT IS RECOMMENDED THAT WORKSHEETS BE DEVELOPED, AND/OR AN AUDITABLE TRAIL BE PROVIDED, WITHIN THE NEW WORLD SOFTWARE TO SHOW BANK RECONCILIATIONS, AND THAT THE RECONCILIATIONS HAVE BEEN APPROVED BY THE FINANCE OFFICE.

Bank Accounts

During finance staff interviews, it was learned that the City has a number of checking accounts for different purposes. This, in itself, is causing additional work on the part of the finance staff in reconciling bank statements. The City maintains the following checking accounts:

<u>Bank Name</u>	<u>Account Name</u>
1 Commerce Bank	Debt Service Fund
2 Commerce Bank	Escrow Account
3 Commerce Bank	General Fund
4 Commerce Bank	Industrial Development Authority
5 Commerce Bank	Land Clearance for Redevelopment
6 Commerce Bank	Library Fund
7 Commerce Bank	Parking Garage Fund
8 Commerce Bank	Payroll Clearance Account
9 Commerce Bank	Policemens&Firemens Pension Fund
10 Commerce Bank	Revolving Fund
11 Commerce Bank	Sewer Lateral Fund
12 Commerce Bank	Trust Fund-CALOP
13 Royal Banks	Capital Project
14 Royal Banks	Central Garage Fund
15 Royal Banks	Clearing Fund Account
16 Royal Banks	Clearing Fund Account
17 Royal Banks	Clearing Fund Account
18 Royal Banks	Land Acquisition Account (TIF)
19 Royal Banks	Non-uniform Employee Retirement Fund
20 Royal Banks	Olive Blvd. -Central TIF
21 Royal Banks	Olive Blvd. -East TIF
22 Royal Banks	Revolving Fund

Figure 1

Multiple checking accounts are not the norm in local governmental finance. Generally, “best practices” in cities involves maintaining two main checking accounts – an Accounts Payable account and a Payroll Clearing account. Maintaining 22 checking accounts, while causing excessive work for finance staff, is also costing the City additional bank fees.

New World software is sufficiently sophisticated to handle multiple funds within one account. A review of bank reports indicates that the City is paying numerous charges for a variety of activities. The maintenance of 13 accounts with the Commerce Bank is costing the City \$104.00 monthly. Total monthly charges from the Commerce Bank include³:

GENERAL ACCOUNT SERVICES	\$	896.32
DEPOSITORY SERVICES		372.64
FUNDS TRANSFER SERVICES		222.64
RECONCILIATION SERVICES		410.75
CURRENT CONNECTIONS TO BANKING		487.04
	\$	<u>2,389.39</u>

Figure 2

The City also maintains ten (10) checking accounts with Royal Banks. The consultants reviewed bank statements dated December 31, 2011 for the following accounts:

- Capital Projects
- Central Garage (Fleet Maintenance)
- Non-Uniform Employee Retirement Fund
- Olive Blvd – Central TIF
- Olive Blvd – East TIF

The review of these accounts indicates that the City is currently not incurring fees for these accounts and they appear to be interest bearing checking accounts. The current interest rate that is being paid is 0.045%. The balances in each of these accounts are:⁴

Capital Projects	\$	1,870.15
Central Garage (Fleet Maintenance)	\$	1,728,411.84
Non-Uniformed Employees Retirement Fund	\$	1,531,141.53
Olive Blvd. - Central TIF	\$	475,461.77
Olive Blvd. - East TIF	\$	8,021.66

The City should consider, since these accounts have limited activity, investing the funds in an investment instrument that could result in a higher interest rate.

³ These charges are based on the December 2011 bank analysis statement

⁴ Based on the bank statement from Royal Bank dated December 31, 2011

During Finance staff interviews, it was indicated that they seldom, if ever, review the banking analysis statements due to time constraints. Based on the information above (December analysis) the City is paying over \$28,000 in banking service charges annually on the Bank of Commerce accounts and most likely is not getting a maximum return on the money in the interest bearing checking accounts held by Royal Banks.

The City uses these two local University City banks for its banking services. While it is admirable to guarantee that these local banks continue to provide these services, it is not necessarily the best business practices nor in the best interests of protecting taxpayer funds.

RECOMMENDATION #8

IT IS RECOMMENDED THAT THE CITY SHOULD PERIODICALLY BID OUT ITS BANKING SERVICES.

RECOMMENDATION #9

IT IS RECOMMENDED THAT THE CITY REDUCE ITS LARGE NUMBER OF CHECKING ACCOUNTS TO TWO, OR TO AT LEAST TO A REASONABLE, MANAGEABLE NUMBER.

RECOMMENDATION #10

IT IS RECOMMENDED THAT CITY STAFF REGULARLY EVALUATE ALL BANK ANALYSIS REPORTS TO DETERMINE THAT PROPER BANK CHARGES ARE BEING MADE.

RECOMMENDATION #11

IT IS RECOMMENDED THAT THE CITY EXPLORE MOVING FUNDS DEPOSITED IN ROYAL BANKS TO AN INVESTMENT INSTRUMENT IF IT PROVIDES A HIGHER RATE OF RETURN.

The relevant pages of the bank's account analysis for the Commerce Bank are included as Appendix A.

Internal Control Over Financial Reporting

The auditors found the following internal control deficiencies over financial reporting:

1. The City does not appear to have an effective year-end closing process. During the audit they found numerous account balances that were not reconciled. Additionally, the auditors identified several discrepancies in the City's account balances that were not initially detected by finance staff. As a result, significant adjusting journal entries were needed to correct account balances.
2. As in prior years, the City relied on independent external auditors to assist in the preparation of the financial statements.⁵

⁵ Statement on Auditing Standards (SAS) No. 115 indicates that significant auditor assistance with financial statement preparation by the auditor of significant misstatement in the financial statements is an indicator of a control deficiency.

This is a troubling issue due to workload and competencies of accounting staff. As indicated above, the Finance department does not have adequate accounting staff to comply with requirements of governmental accounting. The consultants are not confident that the City can overcome the identified financial reporting obstacles in the short-term. The auditors recommended:

“That the City implements effective internal controls over financial reporting. The year-end financial records should be adequately reviewed prior to the audit to ensure all material adjustments have been made. In addition the City should consider implementing a comprehensive year-end closing schedule that indicates who would perform each procedure who would review each procedure and when completion of each procedure was due and accomplished.”

RECOMMENDATION #12

IT IS RECOMMENDED THAT THE CITY IMPLEMENT EFFECTIVE INTERNAL CONTROLS OVER FINANCIAL REPORTING AS RECOMMENDED BY THE CITY’S LAST INDEPENDENT AUDIT.

Deficiencies Considered to be Significant

Accounts Receivable

The auditors noted that the clerk who prepares the sanitation bills also collects monies and post payments to customers’ accounts. It was also learned that adjustments are made to customer accounts without any approval by senior finance staff. These tasks are usually performed by the Accounts Receivable Supervisor and the Account Clerk. They are also assisted by the Administrative Assistant and the Senior Account Clerk (Payroll). However, even though there may be four (4) staff members touching parts of this revenue stream, no internal control mechanism is in place to provide adequate checks and balances over these revenues.

The flow of revenues for the City is depicted in Figure 3. As recommended by the auditors, each of these tasks should be performed by a person independent of the other in order to provide proper internal controls.

REVENUE FLOW CHART

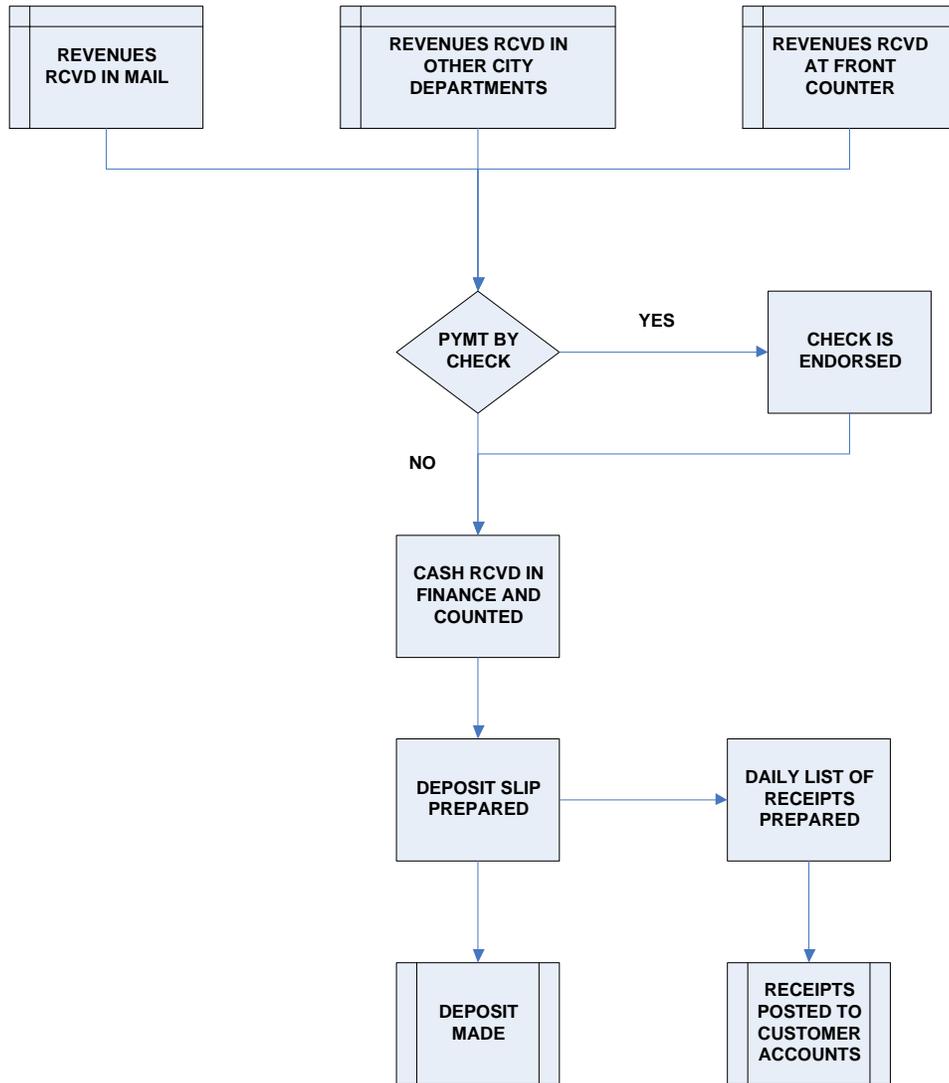


Figure 3

RECOMMENDATION #13

IT IS RECOMMENDED THAT THE INDEPENDENT AUDITORS RECOMMENDATIONS REGARDING ACCOUNTS RECEIVABLE BE IMPLEMENTED.

RECOMMENDATION #14

IT IS RECOMMENDED THAT THE TASKS SHOWN IN FIGURE 3 SHOULD BE SEGREGATED AMONG FINANCE STAFF AS FOLLOWS:

- CASH AND CHECKS RECEIVED AND RECEIPT ISSUED
- CHECKS ENDORSED
- DEPOSIT SLIP PREPARED AND DAILY LIST OF RECEIPTS PREPARED
- DEPOSIT IS MADE
- RECEIPTS POSTED TO CUSTOMER ACCOUNTS

Allowance for Doubtful Accounts

The auditors indicated that allowance for doubtful accounts have not been analyzed on a regular basis. The auditors recommend that this analysis include developing prior charge-off experience, the previous experience with the customer, and an indication of the financial difficulty of securing payment from the customer.

During City staff interviews, it was indicated that the City has approximately \$1.5M of bad debts related to their solid waste collection program. The total allowance for doubtful accounts city-wide was \$2,935,352⁶. This means that the City has a considerable amount of potential bad debt and efforts are needed to reduce this amount, either through collections or by write off. While the City has hired a private collection agency to help recover these receivables, this is not a complete remedy and the City needs to take additional action to reduce these receivables.

The auditors have recommended a series of analysis that should be implemented to ascertain which accounts should be written off. Writing off a receivable doesn't cancel the receivable, but makes the resulting financial statements more reflective of the City's current fiscal position.

RECOMMENDATION #15

IT IS RECOMMENDED THAT THE CITY FOLLOW THE INDEPENDENT AUDITOR'S RECOMMENDATIONS AND THAT THE CITY IMPLEMENT A THREE-STAGE APPROACH IN ANALYZING ITS ACCOUNTS RECEIVABLES AND IN ESTIMATING THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS. THESE STAGES INCLUDE:

- **RISK CLASSIFICATION: ASSIGN A RISK SCORE TO EACH CUSTOMER, AND ASSUME A HIGHER RISK OF DEFAULT FOR THOSE HAVING A HIGHER RISK SCORE.**
- **HISTORICAL PERCENTAGE: IF A CERTAIN PERCENTAGE OF ACCOUNTS RECEIVABLE BECAME BAD DEBTS IN THE PAST, THEN USE THE SAME PERCENTAGE AS GUIDE FOR THE FUTURE. THIS METHOD WORKS BEST FOR LARGE NUMBER OF SMALL ACCOUNTS (SOLID WASTE).**
- **PARETO ANALYSIS: REVIEW THE LARGEST ACCOUNTS RECEIVABLES THAT MAKE UP 80% OF THE TOTAL RECEIVABLE BALANCE, AND ESTIMATE WHICH SPECIFIC CUSTOMERS ARE MORE LIKELY TO DEFAULT. THEN USE THE HISTORICAL PERCENTAGE FOR THE REMAINING**

⁶ City of University City Comprehensive Annual Financial Report (CAFR) dated June 30, 2011, page 32.

SMALLER ACCOUNTS. THIS METHOD WORKS BEST IF THERE ARE A SMALL NUMBER OF LARGE ACCOUNT BALANCES.

Additional methods that can be used to support these steps are:

- Evaluate the reasonableness of an allowance for doubtful accounts by comparing it to the total amount of seriously overdue accounts receivables, which are presumably not going to be collected. If the allowance is more than the amount of these overdue receivables, the allowance is probably sufficient.
- Review the balance in the allowance for doubtful accounts as part of the month-end closing process, to ensure that the balance is reasonable in comparison to the latest bad debt forecast.

By analyzing the allowance with the above tools, it will provide the City with a more accurate amount of uncollectible receivables and will be a basis for auditors to use in the future when determining the amount of the allowance.

Documentation of Internal Controls

The auditors noted that, while the City has daily accounting procedures documented, information related to the five components of internal control (risk assessment, control environment, control activities, information and communication and monitoring) have not been documented in a manner to be used effectively by the City Council, management, and other parties.

The consultant reviewed these documents as well as the financial policies that are contained in the current year's operating budget. The problem is that both are very limited in their scope and are not sufficient to document the internal controls that are or should be in place for the City. Although the consultants also recommend that the City should develop internal controls based on the Committee of Sponsoring Organizations (COSO) internal control guidance,⁷ the practicality of actually developing such a document in-house will be difficult considering the current staffing levels and competencies.

RECOMMENDATION #16

IT IS RECOMMENDED THAT THE CITY IMMEDIATELY MAKE CHANGES IN DAY-TO-DAY OPERATIONS TO PROVIDE APPROPRIATE SEGREGATION OF DUTIES THROUGHOUT THE FINANCE DEPARTMENT.

RECOMMENDATION #17

IT IS RECOMMENDED THAT THE CITY BEGIN THE PROCESS IN DEVELOPING A COMPREHENSIVE INTERNAL CONTROL DOCUMENT, USING A REDEFINITION OF INTERNAL CONTROLS AS SUGGESTED BY COSO.

⁷ After several significant audit failures occurred during the 1980s, the Committee of Sponsoring Organizations (COSO) formed to redefine **internal control** and the criteria for determining the effectiveness of an **internal control** system. The 1992 COSO document, **Internal Control - Integrated Framework**, changed the way **internal control** is viewed. The COSO Framework considers not only the evaluation of hard **controls**, like segregation of duties, but also **soft controls**, such as the competence and professionalism of employees.

Risk Assessment

Risk assessment has always been an important issue for municipal finance and became even more important when Enron, WorldCom, and other big companies went bankrupt due to fraud. Because of these scandals, a variety of accounting changes prompted by both Congress and national accounting organizations, took hold. Among those changes was the practice of determining in advance when the greatest risk of fraud could make financial reporting information unreliable. The goal of risk assessment to provide adequate internal control practices to be able to report the City's financial condition without the risk of any material misstatement.

The auditors recommended that the City address the risk of fraud occurring by performing a fraud risk assessment. The consultant agrees with this recommendation, however, the ability of the City to quickly put this control in place is limited by staff resources. Risk assessment should be part of the overall internal control review and implementation. The first step in this process, as discussed earlier, is to make certain that staff duties are properly segregated.

RECOMMENDATION #18

IT IS RECOMMENDED THAT AS PART OF THE INTERNAL CONTROL REVIEW AND OVERHAUL, AND AS STAFF RESOURCES PERMIT, A FRAUD RISK ASSESSMENT BE PERFORMED.

Other Current Year Matters

The auditors also provided ten (10) other matters that they observed that were not elevated to that of a material weakness or significant deficiency. These are listed as follows:

1. Payroll – Segregation of Duties
2. Computer Controls
3. Accounting System
4. Interfund Balance Accounts
5. Federal Awards Cash Management
6. Deposits
7. Budgetary Procedures
8. General Accounting Considerations
9. Use of a Checklist of Accounting Procedures
10. Fund Balance Policy

Payroll – Segregation of Duties

The City recently corrected this issue by requiring the Human Resource Manager to input all data concerning employees including initial payroll setup and making payroll changes as required. The payroll clerk is now only able to process the payroll, thus satisfying this issue.

Computer Controls

This will be discussed in the New World Software section of this report.

Accounting System

This will be discussed in the New World Software section of this report.

Interfund Balance Accounts

The auditors indicated that Interfund Balance Accounts are difficult to reconcile because the City has one general ledger account for each fund that does not distinguish the respective payable or receivable fund. The Interfund balance accounts are necessary due to the multiple checking accounts maintained by the City. The previous recommendation to shrink the number of checking accounts will lessen the need for Interfund balances.

Federal Awards Cash Management

The auditors indicated that the City has requested draw-downs of grant funds but failed to expense the funds within guidelines. The auditor recommends establishing a process to minimize the time elapsing between receipt of funds and disbursement. The consultant supports this recommendation and should be placed into effect immediately.

RECOMMENDATION #19

IT IS RECOMMENDED THAT THE CITY FOLLOW THE INDEPENDENT AUDITOR'S RECOMMENDATION TO MINIMIZE THE TIME ELAPSED BETWEEN RECEIPT AND DISBURSEMENT OF FEDERAL FUNDS.

Deposits

The auditors noted that Library receipts were not remitted to the finance office in a timely manner. The auditors recommend that the Library remit their receipts daily to Finance. Although, these may be minimal amounts (on a daily basis), it is not impractical for the Library to accomplish this task considering its proximity to the City Hall.

RECOMMENDATION #20

IT IS RECOMMENDED THAT THE LIBRARY DEPARTMENT REMIT THEIR RECEIPTS TO FINANCE DAILY.

Budgetary Procedures

The independent auditors observed that actual expenditures exceeded budgeted appropriations. The auditors recommended that the City refrain from approving expenditures in excess of that authorized in the budget, and instead amend the budget when unforeseen expenditures and revenues occur. The consultants recommend that the Financial Policies that are in the budget document be strengthened to address this issue.

RECOMMENDATION #21

IT IS RECOMMENDED THAT THE CITY AMEND THE BUDGET WHEN EXPENDITURES ARE REQUIRED IN EXCESS OF THE INITIALLY ADOPTED BUDGET.

Use of Checklist of Accounting Procedures

The consultants conclude that if the recommendations of the Internal Control over Financial Reporting are put in place a checklist of accounting procedures would be included in that process. This checklist should be part of the Internal Control policy and procedures recommended above. An accounting checklist needs to be individually designed based on the practices of the City.

RECOMMENDATION #22

IT IS RECOMMENDED THAT, WHEN MORE COMPREHENSIVE INTERNAL CONTROL PROCEDURES ARE DEVELOPED, A CHECKLIST OF ACCOUNTING PROCESSES BE INCLUDED IN THOSE PROCEDURES.

Fund Balance Policy

The Auditor's comments discussed the requirements of the Governmental Accounting and Standards Board (GASB) pronouncement number 54 which changed the way the fund balances should be reported in the various funds. The City did comply with GASB 54 in their financial statements for FY 2011. The auditors recommend that the City amend their fund balance policy to comply with the new requirements. The consultants agree and the fund balance policy as documented in the annual budget should be changed to reflect these changes⁸.

RECOMMENDATION #23

IT IS RECOMMENDED THAT THE CITY AMEND ITS FUND BALANCE POLICY TO COMPLY WITH GASB 54.

Status of Prior Year Deficiency that is Considered to be Significant

A prior year deficiency that dealt with material audit adjustments had to be made to correct the City's year-end financial reports. This deficiency was noted by the auditors in their notation of the Internal Control over Financial Reporting (Material Weakness) which was discussed earlier in this report.

Audit Recommendations Which Require Immediate Attention

The results of the two audits uncovered serious deviations in the City's finance operation. Two material weaknesses and four significant deficiencies should be cause for any City management to question the overall effectiveness of their Finance Department as well as the reliability of the financial statements. The auditors and the consultants have made numerous recommendations to change the operation of the Department. Many require significant time be spent putting into place controls that will go a long way in alleviating the issues. The City should fix the issues in

⁸ This is actually a housekeeping item in that the City will need to revise their accounting structure to accommodate the new designations of Fund Balance as discussed in GASB 54.

Finance, likely on a multi-year basis, and put into effect a comprehensive plan to address these issues. Just as the identified issues took more than one year to become the norm, it will take time to implement fully the internal controls necessary to operate the Finance Department free of material or significant deficiencies.

The consultants identified several of the auditor's recommendations which need immediate attention. It is suggested that the following above listed recommendations should be implemented as soon as possible:

1. Segregation of duties throughout the Finance Department (Recommendation #16). The consultants have provided three flowcharts for the Revenue, Accounts Payable, and Purchase Requisition. One of these flowcharts (Revenue) was provided in the text of the report earlier. The other two flowcharts are included in Appendix B of this report. They should be used to begin the process of ensuring that duties are effectively segregated.
2. The City should develop a Request for Proposal and bid out banking services to minimize bank charges (Recommendation #8).
3. The City should immediately re-exam their use of multiple checking accounts and reduce the number to two, or at least to a number which is manageable (Recommendation #9).
4. The City should hire an Administrative Services Director/Chief Financial Officer, in addition to the current position of Finance Officer (Recommendation #34). The Director should be required to provide overall management of the department to ensure that all policies and procedures are being followed. More importantly, with a strong person in this position, the credibility of the financial reports and statements will improve.
5. City management and finance management should access the competencies of the finance staff and develop a comprehensive training schedule for those employees based on the needs of the City. The training offered should not be voluntary but rather mandatory (Recommendations # 35 and 37).

New World Finance Software and Financial Reporting

The City has invested approximately \$1,000,000 in the financial software package⁹ that has been installed in University City. This package – New World – was installed two years ago but still has not been fully implemented. This is not unusual as the main focus of many initial installations is to set up the general ledger and related finance modules for the Finance Department. The other tools and modules have less priority and their installation sometimes gets stalled competing with other City priorities for limited staff time.

The City purchased the following modules:

1. Financial Management

⁹ This amount was provided by City staff. The consultant did not verify this amount. It is quite possible that the total cost would exceed this amount if the cost of training and staff time was included

2. Human Resources
3. Utility Management
4. Community Development
5. Business Analytics

Except for Business Analytics, the other four modules have been installed and implemented. Unfortunately, adequate city-wide training has not occurred to fully implement what has been installed.

The system purchased by the City has substantial capability. If finance and staff from other City departments are fully trained in this software, it will provide the City a powerful tool to more efficiently accomplish staff work by saving time, provide better service to the public, and provide better information to the City Council, public, City Manager, and staff.

On the New World website, detailed information about the capability of each of the modules is provided. This information demonstrates the power that this software could provide the City, if it were fully implemented, with adequate training and access for user City employees. The information about the modules purchased by the City is described in more detail in Appendix C.

Also in this Appendix is a description of New World's "E-Suite." Finance management has indicated that this module would be helpful to them in providing enhanced services to the City Management, City Council, and the public. Additionally, this module would provide the City with additional analytical capability and would enhance each of the first four operating modules listed above. Before considering the purchase of this module, however, the consultants recommend that the other modules be fully implemented, including adequate employee training and access.

New World Analysis

The information in Appendix C describing the New World software modules demonstrates the 'in depth' computer tools the City has at its disposal in addressing the concerns of seeing, processing, and reporting real-time, useful, and relevant financial information for the City Council, public, and staff. If New World is fully implemented, concerns raised in the various interviews with the Mayor, Council members, and senior management could be significantly addressed. The challenge is fully implementing this software.

During the interviews with staff, a number of problems surfaced regarding the New World software, mostly involving training, access, and implementation. A sample of problems cited during the interviews:

1. **Library.** Often Library staff cannot access their financial data through New World either in real time or on a monthly basis. Staff must rely on the Finance Department to provide a written monthly finance report for Library Board meetings. Also, they cannot go into the software to look at bills stored in the system. Staff was given training, but was given answers which did not work when implemented. More complete training in, and access to, New World is needed in the Library Department.
2. **Police.** Unlike the Library, Police staff has been trained to access New World and can obtain expense information in 'real time.' The problem is that staff feels a need to

maintain a separate excel spreadsheet to track their budget expenditures parallel to the New World system. Monthly, they reconcile their spreadsheet by expenditure account with the New World data. While there were some major differences initially, it is reported that differences between the Police Department spreadsheet and New World are now minimal. Nonetheless, this is an inefficient use of staff time, and over time, confidence in this software by Police staff should improve as bugs are worked out of the system.

3. **Public Works (Parks & Streets)**. The head of Parks & Streets has the training and access to obtain real time budget expenditure information for Parks, but not Streets, except through access through a computer in another building. The problem in this case is not training, but access. Access to both Parks and Streets budgets through one computer at the Corporation Yard needs to be provided to the head of this Division.
4. **Public Works (Administration & Engineering)**. A number of problems with the New World software were cited including:
 - Inability to obtain monthly expenditure reports;
 - Inability to track fuel tax income in real time to determine if it is meeting budgeted projections;
 - Further reflecting a lack of training, it was commented during interviews that it is difficult to know what reports can be generated, and therefore requested, by this software;
 - There is difficulty in understanding the formatting of line items in their operating budget;
 - There is the inability of Public Works staff to obtain documentation related to a FEMA Flood Control Grant that money was paid on a project so the City can use this documentation to obtain reimbursement for these expenditures;
 - While an infrequent occurrence, bills are sent out for miscellaneous expenses such as street light knockdowns and leaf box rentals. However, training is inadequate for Public Works staff to determine through the system if bills have been paid; and
 - Currently, staff performs project management manually using an Excel Spreadsheet. A project management module should be implemented on New World to eliminate this inefficiency.
5. **Public Works (Solid Waste)**. It was noted that in the Solid Waste program, while property ownership may change, this information is not changed on the customer list, resulting in mistaken billing and wasted staff time untangling these mistakes.
6. **Community Development**. This Department finds New World difficult to use, and staff feels that training for the use of this software has been insufficient. Also, the process for achieving access to the system for specific budgets has been described as haphazard. The Department was unable until recently, for example, to access

budget information for Golf and Aquatics, functions recently transferred to this Department.

This is the only Department which uses supplemental software called MyGov. This web based software is well established, is user friendly, and allows staff and applicants to track the status of planning and zoning applications on a real time basis. The consultant does not have an issue with the continued use of this supplemental software for a limited period of time until New World is more fully implemented.

7. **Fire.** Like Police, Fire staff can access expenditures in 'real time' which makes their budget process easier. This is the only Department, however, reporting recent errors in processing payroll deductions. It is assumed that these errors will be corrected between Department staff and Finance staff.
8. **City Clerk.** This Office could not initially obtain printed reports from the system until the Finance Officer demonstrated how to accomplish this task. This further demonstrates the haphazard nature of New World training.

It is concluded that the New World software has a significant amount of beneficial capacity which is not being sufficiently used. Part of the problem is that it appears basic finance systems were implemented but peripheral systems have not been. Another part of this problem is that training has been haphazard and insufficient. While the Finance Officer has worked with New World software in other agencies and is able to troubleshoot, identify, and resolve system problems, training department management staff one-on-one is not an efficient use of this resource. Further, reliance on generic training by New World may have some benefit, but will not effectively satisfy the City's training needs for this software.

Access, or providing 'permissions' for key staff to access the software appears to also be accomplished in a haphazard manner. A more systematic approach to identifying where 'permissions' are needed, developing a plan where 'permissions' should be allowed, and then implementing that plan should be a high priority for the City.

Addressing the problems of training, access, and implementation of the New World software will not be easy given current Finance staff responsibilities and the inefficiencies built into many of the processes that they administer. It will be difficult for the Finance Officer, who appears to be the most knowledgeable staff regarding this software, to accomplish training, access and implementation issues while already working many late nights trying to accomplish other tasks of the Department. Accordingly, the City should consider a short-term increase in its budget to provide needed training, to plan and implement necessary employee access to the system, and to more fully implement the software in which the City has a substantial investment. This short-term investment should eliminate a waste of a significant amount of staff time both in Finance and in the operating departments. Put another way, the City organization can become more efficient and effective if this important tool is fully implemented, providing training and access around this implementation process.

RECOMMENDATION #24

IT IS RECOMMENDED THAT THE CITY DEVELOP A PLAN, INCLUDING COSTS, TO FULLY IMPLEMENT THE NEW WORLD SOFTWARE OVER THE NEXT 24 MONTHS.

RECOMMENDATION #25

IT IS RECOMMENDED THAT IN THE NEAR TERM, A PROJECT MANAGEMENT MODULE BE IMPLEMENTED IN THE NEW WORLD SOFTWARE TO PROVIDE THE CITY WITH THE ABILITY TO TRACK CHARGES FOR PARTICULAR PROJECTS.

RECOMMENDATION #26

IT IS RECOMMENDED THAT IMMEDIATE STEPS BE TAKEN DURING THE NEXT 12 MONTHS, INCLUDING ADEQUATE FUNDING, TO TRAIN, EITHER THROUGH IN-HOUSE EXPERTISE OR AN INDEPENDENT TRAINER, ALL EMPLOYEES WHO USE THE NEW WORLD SOFTWARE SO THEY WILL BE PROFICIENT IN ITS USE.

RECOMMENDATION #27

IT IS RECOMMENDED THAT THE CITY NOT RELY SOLELY ON NEW WORLD USER CONFERENCES TO GAIN ADEQUATE TRAINING IN THE SOFTWARE.

RECOMMENDATION #28

IT IS RECOMMENDED THAT ACCESS TO THE NEW WORLD SOFTWARE IMMEDIATELY BE PROVIDED FOR EMPLOYEES, AS REQUIRED.

RECOMMENDATION #29

IT IS RECOMMENDED AS A TRAINING DETAIL THAT THE ABILITY TO DOCUMENT REIMBURSEMENTS BE PROVIDED TO OPERATING DEPARTMENTS IN ORDER TO PROCESS NEEDED REIMBURSEMENTS FOR THE CITY.

RECOMMENDATION #30

IT IS RECOMMENDED THAT IDENTIFIED ISSUES IN SOLID WASTE BILLING BE RESOLVED.

RECOMMENDATION #31

IT IS RECOMMENDED THAT CONSIDERATION OF ACQUIRING THE “E-SUITE” MODULE BE DELAYED UNTIL AFTER THE CURRENT SOFTWARE IS FULLY IMPLEMENTED.

Financial Reporting

The City Manager’s Office provides to Council a monthly financial report. The report examined was dated October 20, 2011 and contained the results of the first two months of FY 2012 (July and August 2011). The report provided the following:

- FY 2012 Revenue and Expenditure Report – General Fund
- Revenue Budget Performance Report – By Fund
 - General Fund
 - Fleet Maintenance Fund

- ▶ Debt Service Fund
- ▶ Sewer Lateral Repair Fund
- ▶ Library Fund
- ▶ Solid Waste Fund
- ▶ Olive Central TIF Fund
- ▶ Economic Development Sales Tax Fund
- ▶ CALOP Fund
- ▶ Loop Business District
- ▶ Parkview Garden District
- ▶ Grants Fund
- ▶ Parking Garage Fund
- Expense Budget Performance Report – By Fund
 - ▶ General Fund
 - ▶ Fleet Maintenance Fund
 - ▶ Debt Service Fund
 - ▶ Sewer Lateral Repair Fund
 - ▶ Library Fund
 - ▶ Solid Waste Fund
 - ▶ Olive Central TIF Fund
 - ▶ Economic Development Sales Tax Fund
 - ▶ CALOP Fund
 - ▶ Loop Business District
 - ▶ Parkview Garden District
 - ▶ Grants Fund
 - ▶ Parking Garage Fund
- Revenue Budget Performance Report
 - ▶ Non-uniformed Pension Fund

- Police and Fire Pension Fund
- Expense Budget Performance Report
 - Non-uniformed Pension Fund
 - Police and Fire Pension Fund

This report provides detail down to the object level of revenue and expenditure which is rarely seen in a monthly report. It also provides data as to:

- Adopted Budget
- Budget Amendments
- Amended Budget
- Current Month Transactions
- Year-to-Date Encumbrances
- Year-to-Date Transactions
- Budget/Year-to-Date Transactions
- % Used/Received
- Prior Year-to-Date

When questioned regarding what this report represented, staff indicated that it was essentially a 'general ledger' dump. "Best practices" is that financial reports should be concise, relevant, and related to the City's current needs.

The first problem with this report is that it was issued on October 21, 2011 and contained data through August 31, 2011. Hence, this report was almost two months late. This does not meet the tests of relevancy nor is representative of the City's current fiscal situation.

The next problem is that the report, consisting of 76 pages of data, obviously does not meet the 'concise' criteria. It would be very easy for a reader to become confused when presented with this type of report, especially those who do not have a financial background. Additionally, the report has only one 'summary' page, that being the first one. This page provides summary detail on the activities of the General Fund – including both revenues and expenditures on one page. The remainder of the report presents first the revenues for the various funds and then presents the expenditures for those funds. The reader would have to move from one section to the other to see how a fund, other than the General Fund, is performing. This makes the report essentially useless for these other funds.

Financial reports should be tailored to the needs of the City Council, City Manager, the Department Managers, and the general public. Generally, one report does not meet the needs of each of these recipients. While the Manager and Department Managers may need the detail as provided in the current report, the City Council and the public generally do not need this level of detail.

Also, the detail in the current report is not segregated for department use. The report does not place the revenues and expenditures for each department in one place. It also fails to provide sufficient information to the Council in that it does not provide a summary of each fund, except for the General Fund.

RECOMMENDATION #32

IT IS RECOMMENDED THAT WITHIN 20 DAYS OF THE REPORTING PERIOD, THE CITY FINANCE DEPARTMENT PRODUCE A MONTHLY FINANCIAL REPORT TO THE CITY COUNCIL WHICH SHALL CONTAIN THE FOLLOWING INFORMATION:

- 1. A SUMMARY REPORT, BY FUND, INDICATING REVENUES AND EXPENDITURES FOR EACH FUND;**
- 2. A DETAILED REPORT, BY DEPARTMENT, INDICATING REVENUES AND EXPENDITURES APPLICABLE TO THAT DEPARTMENT;**
- 3. A WRITTEN SUMMARY REPORT EXPLAINING THE VARIOUS REVENUES AND EXPENDITURES, INCLUDING WHAT IS NORMAL FOR THE PERIOD BEING REPORTED;**
- 4. OTHER INFORMATION REQUIRED BY THE CITY COUNCIL AND CITY MANAGER; AND**
- 5. THE REPORT SHOULD PRESENT THE DATA USING THE FOLLOWING COLUMNS:**
 - (A) AMENDED BUDGET**
 - (B) REVENUES/EXPENDED TO DATE**
 - (C) PERCENT OF BUDGET RECEIVED/EXPENDED**
 - (D) PROJECTED YEAR END RECEIPTS/EXPENDITURES**

All parties should have access to as much detail as they feel that they need. For example, a councilmember may want to have line item detail which should be made available. Eventually with the full implementation of the New World software, this information should be available in real time.

Chapter III Staffing

This is a brief Chapter, but is set apart from the rest of the report because of the importance of finance staff issues to University City. Initially, the RFP identified the issue of the adequacy of the Finance Department staff. This was later reinforced through the interview process. Questions were raised whether the number of staff was adequate and about the competency of the existing staff.

One way to determine staff competency is to ask the City departments which use the services of the Finance Department. While there is frustration as noted in earlier portions of the report concerning the implementation of the New World software, the response from the interviews was that some Finance staff were competent in the positions to which they were assigned and others are “in over their heads.”

Mirroring the response from the operating departments, the consultants independently found the Finance Officer to be competent in performing the tasks assigned to her, as well as some, but not all, of the other Finance staff. The Print Shop also appears to be competently managed.

More to the point regarding specific finance operations, the former Chief Accountant had substantial institutional knowledge about finance processes. It is reported that whenever an employee needed information, they asked the Chief Accountant. When the Chief Accountant left, not only was that institutional knowledge lost, manuals and policies that could have spelled out needed procedures and processes were not prepared and available. Basically, there was no accounting manual prepared which could be used by staff because they relied on the Chief Accountant. There were no other policies or procedures constructed to lay out the proper procedures to follow when completing a task.

So, based on consultant interviews, while there is some competency among Finance staff, generally staff is limited in its ability. Further, some staff is not well trained and cannot comprehend basic policies and accounting procedures. In addition, there is the lack of “cross training” among staff, with the result that, in some cases, job duties are too narrowly focused. While narrow job focus may be workable in a large finance agency with dozens of employees or more, it is not effective or efficient for a smaller department like the University City Finance Department.

Another way to assess staff competency is the inability to accomplish certain finance services required from the Department. As pointed out throughout this report and the external audits, there are substantial deficiencies in many of the Finance Department services. Examples include delays in the bank reconciliation processes, the inability to comply with the requirements of governmental accounting, and the inability to develop adequate internal controls. Some of these problems stem from poor policies and procedures and the loss of institutional knowledge. However, the problems also stem from the inability of certain staff to perform the required work.

As mentioned in the previous Chapter, the last independent auditor recommended that the City implement effective internal controls over financial reporting, including adequately reviewing year-end finance records and implementing a year-end closing schedule. This likely cannot be accomplished with existing staff. Additionally, the lack of these processes was most likely occurring in previous fiscal years, but was not addressed by the former auditors.

Also, the previous manager of the Finance Department should have been aware of these deficiencies and taken appropriate action. Now, with a vacancy at this level, the City depends upon the Finance Officer to accomplish these tasks. While there is competency in this position, the problem is that the employee does not have the time to perform all of the needed tasks in the Finance Department requiring accounting expertise. As a result, the solution will take a significant amount of time to accomplish with limited capable staff.

Further, the competency issue can be amplified by workload issues, including the current use of inefficient processes. There is evidence of heavy workload, with the Finance Officer often working late into the evening. But there are many inefficient processes which need to be corrected. Spreading out the processing of the semi-annual garbage bills to avoid a significant March/April workload is an example of a way to reduce a workload peak. Placing these bills on the property tax bill would directly reduce that workload. On the other hand, there are recommendations in the reports prepared by the consultant and the external auditor to correct internal processes and provide an appropriate checks and balances in handling the City's finances, which will add to the Department's workload.

In addition, it was noted during finance staff interviews that training is either non-existent or voluntary. A Finance staff member was sent to the New World software conference, for example, but was unable to obtain the specific training needed to help work with this substantial software package. It was also noted that staff is not compelled to attend training. The consultants recommend that the City develop a mandatory training program which will assist improving the skill base of the Finance staff.

As part of this mandatory training to improve staff competencies, customer service training should be included. Some of this training is basic such as staff becoming familiar with the Municipal Code as it relates to performing their assigned duties.

For more efficiency, "crossed staffing" should be pursued so that one staff person can perform another person's duties in case of absence or whether another employee needs assistance. This is absolutely necessary to improve work production and customer service in a small Finance Department.

RECOMMENDATION #33

IT IS RECOMMENDED THAT THE CITY FILL THE VACANT MANAGEMENT POSITION WITH AN ADMINISTRATIVE SERVICES DIRECTOR/CHIEF FINANCE OFFICER.

RECOMMENDATION #34

IT IS RECOMMENDED THAT INDIVIDUAL FINANCE DEPARTMENT STAFF BE FURTHER EVALUATED TO DETERMINE USEFUL COMPETENCIES TO THE CITY.

RECOMMENDATION #35

IT IS RECOMMENDED THAT THIS ASSESSMENT OF FINANCE STAFF COMPETENCIES BE UNDERTAKEN AT THE MANAGEMENT LEVEL THROUGH AN ADMINISTRATIVE SERVICES DIRECTOR/CFO POSITION.

RECOMMENDATION #36

IT IS RECOMMENDED THAT THE CITY SHOULD DEVELOP A MANDATORY TRAINING PROGRAM GEARED TO FINANCE STAFF IN ORDER TO ADVANCE THEIR

SKILLS AND KNOWLEDGE BASE, AND, AS APPROPRIATE, INCLUDE CUSTOMER SERVICE TRAINING, CROSS TRAINING, AND REVIEWING THE MUNICIPAL CODE WHEN PERTINENT TO RELATED JOB DUTIES.

Chapter IV

Presentation of the Annual Budget

The City's Request for Proposals (RFP) requested recommendations for improving the City's budget document, including addressing issues such as format and presentation. Interviews, especially at the City Council and general public level, reported a budget that was not totally clear and had too much detail. While a municipal budget needs to have a certain degree of detail, since it is the controlling document for tracking the City's finances, receiving revenues, and authorizing expenditures, there are ways to present this detail, such as the use of appendices, which will remove much of the detail from the main budget presentation. Detail is still available through the appendices. This approach makes the budget more user friendly for the City's decision-makers and the general public.

In reviewing the 2011-12 budget, however, there are other changes which are needed to improve the budget format besides placing more detail in appendices. In fact, the 2011-12 budget has other flaws which need to be corrected to avoid creating confusion for anyone attempting to seriously study and understand the City's operating and capital budgets.

This is not to say that improvements were not made between the FY 2011 and 2012 budgets. Opening the budget with the City Manager transmittal letter rather than the Table of Contents, moving and expanding the Personnel Summaries toward the front of the budget, and relocating the detailed fund summaries to the back of the budget, are examples of positive changes in the 2012 budget, making it a more user friendly document.

There are two major problems with the structure and presentation of the annual budget, however, which should be corrected to make it more useful to those reviewing it and to eliminate confusion in the manner in which it is formatted. One is the presentation of the All Funds Budget on pp. 29 – 33 of the 2012 budget, with the General Fund Budget (operating budget) buried on p. 335 of the budget. It is this latter budget which is normally the main focus of the City's decision-makers, but it is difficult to find in the current budget format.

Another issue is that the five-year Capital Improvement Program (CIP) could be better presented. It appears that construction of infrastructure improvements, the funding of which is found in the Capital Improvement Budget, has been mixed in with the City's Capital Outlay accounts in the operating budget. In fact, it can be argued that the manner in which funds are budgeted in the Capital Outlay accounts do not conform to the City's Capital Budget Policy.

In this Chapter, basic recommendations will be offered to improve not only the way the budget is presented, but in the way revenues/expenditures are categorized. This latter change should eliminate some confusion from the budget, its accounting, and should enable the City Council to more clearly provide policy direction in shaping and adopting the annual budget.

General Fund Budget

As just mentioned, the City's All Funds Budget is presented on pp. 29 – 33. The All Funds Budget presents all revenues and expenditures by Fund, ranging from the General Fund, which supports general City operations, to the Funds for the Library, Grants, Fleet Maintenance (inter-

nal service fund), Solid Waste (enterprise fund), Public Parking Garage Fund, Debt Service Fund, and so on. The All Funds Budget needs to be presented and adopted by the City Council in order that revenues and expenditures for each fund are authorized and can be collected and spent per that authorization. It is appropriately presented in this part of the 2012 budget.

Included in the All Funds Budget, however, is the General Fund which usually draws the most interest when reviewing the City's annual expenditure plan. This is the Fund which is used to account for all financial resources except those that are restricted or identified for special purposes. This Fund supports general City operations, and is the budget most policy-makers review in determining how resources will be distributed in providing most City services.

While total operating expenditures are summarized in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance on p. 33, it is presented in rounded dollars without the context of actual expenditures from previous fiscal years, the current year budget, the estimated or projected current year budget and the recommended budget for the coming fiscal year. That current and historic information, however, is tucked away on p. 335 of the 2012 budget.

In order to better present the City's revenue and expenditure plans, it is recommended that toward the beginning of the budget, and before the listing of individual office/department budgets, three budget schedules be displayed. First, the All Funds Budget should be presented, followed by the General Fund Budget which shows operating expenditures supported by unrestricted revenues. Then, as an information schedule, the city-wide operating budget should be shown by department, regardless of funding source.

In this third schedule, the "true" budget for each department will be presented. For example, the General Fund authorization for Public Works, including Parks will be shown, along with the Fleet Maintenance and Solid Waste Funds, which are also administered by Public Works, but which are supported by restricted dollars. In this way, the "true" size of the Public Works budget will be known.

In most cases, however, the office/department budget will be the same as the General Fund budget in this third schedule. In any case, this schedule should include the current columns of two actual fiscal year expenditures, the current year budget as adopted, amended, and projected, and the recommended budget for the coming fiscal year.

Fortunately, in presenting the individual department and division budgets, and this is another positive improvement in the 2012 budget, expenditures for solid waste, fleet operations and grants are placed within the Public Works Department heading so the reader can gain a better understanding of the total Public Works budget.

RECOMMENDATION #37

IT IS RECOMMENDED THAT, BEFORE INDIVIDUAL DEPARTMENTAL BUDGETS ARE PRESENTED, THREE BUDGET SCHEDULES SHOULD BE DISPLAYED: (1) THE ALL FUNDS BUDGET; (2) THE GENERAL FUND BUDGET; AND (3) THE CITY-WIDE OPERATING BUDGET BY DEPARTMENT REFLECTING ALL AUTHORIZED FUNDS.

Capital Improvement Program (CIP)

As is pointed out on p. 397 of the 2012 budget, the City Charter tasks the City Manager to submit a five-year capital improvement program along with the annual budget. In other cities, the annual operating budget and the CIP are separate budgets. One budget funds general operations to support City services during the fiscal year, and the other finances what normally are one-time fixed improvements. The City's Capital Budget Policy describes CIP expenditures as "...construction, installations, or acquisitions having a long life expectancy, a fixed nature, and a unit value of \$25,000 or more."

While the operating and CIP are separate budgets, whether or not they are presented in one or two documents varies from city to city. The use of two documents by University City might be worth considering in order to reduce the size of the current budget document, and to provide an easier focus on the operating and CIP budgets.

While the operating and capital budgets are separate, funding sources connect these two budgets. So in the 2012 CIP budget of \$4,390,000, \$918,000 comes from the General Fund, \$2,411,000 from Grant Funds, \$491,000 from the Economic Development Fund, and \$570,000 from the Fleet Maintenance Fund. Of course, most of the Fleet Maintenance Fund is supported by the General Fund, supplemented by the Solid Waste Fund.

One area of confusion is that while the City has a CIP, it also has in its operating budget Capital Outlay accounts for each department. The difference is that a CIP is a long-range plan for the development and/or replacement of long-term assets such as streets, buildings, and park improvements. Capital Outlay accounts are normally reserved for buying assets which are required for operations which have a relatively short-term use, such as vehicles, computers, and other equipment, compared to acquiring land or constructing buildings or other fixed improvements.

The problem with the City's 2012 budget is that CIP projects for Public Works and Parks, such as street resurfacing, playground improvements, and installation of concrete golf cart paths, are included in the Department's respective Capital Outlay Accounts. While there is a need to provide a mechanism for General Fund dollars to flow into and support CIP expenditures, placing these funds for Capital Improvements in the Capital Outlay accounts of Public Works and Parks distorts the amount and size of these operating budgets.

Another point of confusion is that while equipment for the Fire Department, including ambulances and a pumper truck, are properly shown or will be shown in that Department's Capital Outlay account in the year they are scheduled to be purchased, these expenditures are also included in the CIP. For example, the 2012 CIP budgets \$180,000 for an ambulance in 2013 and a pumper truck in the amount of \$575,000 in 2014. While in the private sector, these might be considered "fixed assets," in municipal budgeting they are normally considered an operating expenditure. In fact, it would be difficult to place the purchase of an ambulance or fire truck within the definition in the City's current Capital Budget Policy of a capital expenditure since it is not "construction, installation or acquisition having a long life expectancy" of a "fixed nature."

Another issue is that the purpose of the Fleet Maintenance Fund is to not only charge the operating departments for the cost of maintaining their vehicles and apparatus, but to also accumulate funds through a depreciation account (\$470,000 in 2012) for the purchase of replacement vehicles for the overall City fleet. First, this amount appears inconsistent with the \$570,000 budgeted for 2012 in the CIP for vehicle replacement. The \$470,000 depreciation account appears to support this portion of the CIP budget. Second, while funds are budgeted for vehicle

replacement through the depreciation account and the CIP, these funds are not designed to accumulate sufficient funding for the purchase of vehicular equipment such as major fire apparatus. Therefore, fire apparatus should be included in the Fire Department's Capital Outlay account outside of Fleet's Equipment Replacement, or depreciation, funds. Third, no comprehensive schedule was found displaying the plan for purchasing vehicles, whether through Fleet's depreciation schedule, individual operating department budget, or in the CIP budget.

It should be noted that the City could develop a true Equipment Replacement Fund for all vehicle and related equipment purchases by increasing Fleet's depreciation charges to the operating departments. By increasing the overall depreciation account, the cost of year-to-year vehicle purchases could be evenly spread out over time, and eventually accommodate large purchases such as a Fire Engine, without creating a "spike" in acquiring vehicles in a single fiscal year. Another approach is to maintain some version of the current level of depreciation charges, and spread the cost of an expensive apparatus, like a Fire Engine, over several fiscal years through a 5 – 7 year lease purchase agreement. Assuming that there is no legal bar to this approach at the state level, this would help even the cost of very expensive apparatus over time, especially in the current time frame since interest rates are low.

RECOMMENDATION #38

IT IS RECOMMENDED THAT THE CITY CONSIDER PREPARING TWO BUDGET DOCUMENTS, ONE FOR THE OPERATING BUDGET AND ONE FOR THE CAPITAL IMPROVEMENT PROGRAM.

RECOMMENDATION #39

IT IS RECOMMENDED THAT THE PURCHASE OF FIRE APPARATUS SHOULD BE INCLUDED IN THE OPERATING BUDGET AND REMOVED FROM THE CAPITAL IMPROVEMENT PROGRAM.

RECOMMENDATION #40

IT IS RECOMMENDED THAT CAPITAL IMPROVEMENT PROJECTS SHOULD BE BUDGETED IN THE CAPITAL IMPROVEMENT PROGRAM AND NOT BUDGETED IN BOTH THE BUDGETS OF THE OPERATING DEPARTMENTS AS WELL AS THE CAPITAL BUDGET.

RECOMMENDATION #41

IT IS RECOMMENDED THAT AN INFORMATION SCHEDULE OF PROPOSED VEHICLE FLEET PURCHASES FROM ANY BUDGETED SOURCE SHOULD BE INCLUDED IN THE ANNUAL OPERATING BUDGET.

RECOMMENDATION #42

IT IS RECOMMENDED THAT CONSIDERATION BE GIVEN, WHEN FUNDING ALLOWS, OF INCREASING THE FLEET FUND DEPRECIATION ACCOUNT TO CREATE A MORE ADEQUATE CITY-WIDE EQUIPMENT REPLACEMENT FUND.

RECOMMENDATION #43

IT IS RECOMMENDED THAT, IF A BETTER FUNDED EQUIPMENT REPLACEMENT FUND IS NOT FEASIBLE, THE CITY CONSIDER FIVE – SEVEN YEAR LEASE PURCHASE AGREEMENTS FOR THE ACQUISITION OF MAJOR FIRE APPARATUS AND OTHER EXPENSIVE EQUIPMENT.

As previously mentioned, one of the issues expressed during the interviews was making the budget more user friendly. As already mentioned, some steps were taken this fiscal year to make the budget more readable. However, as just suggested, making the operating and capital budgets separate documents would make each one less formable, instead of one budget document of 434 pages. At the same time, for public access and transparency, the City should be commended for placing the budget on the City's web page so budget details are available for those who are interested in perusing the budget in more depth.

There are some minor suggestions, however, which could make individual departmental budgets more readable. One is to place on the main budget page for each department, not only the data for Personnel Services, Contractual Services, Commodities, Capital Outlay and Other under columns showing two years actual, the original, amended, estimate (projected), and proposed, and the personnel schedule for that department or divisions/functions, but a summary paragraph describing significant changes in the department. An example is a page from the City of Huntington Beach, California, summarizing the budget, personnel, and a paragraph of significant changes on one page. Another possible revision, also shown on this page from Huntington Beach, is graphically highlighting personnel changes as also demonstrated on this page. This report is not suggesting that University City replicate the graphics of the Huntington Beach budget, which as a larger City has more money for this purpose, but only that information could be summarized on one page as suggested by this example.



Finance
 Adopted Budget - FY 2011/12
 Department Budget Summary
 General Fund Division by Object Account

DIVISION

Expenditure Object Account	FY 2007/08 Actual	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Adopted	FY 2010/11 Revised	FY 2011/12 Adopted	Percent Change From Prior Year
Accounting Services							
PERSONAL SERVICES							
Salaries, Permanent	979,064	861,475	686,756	849,286	522,026	567,139	-33.22%
Salaries, Temporary	8,977	9,699	7,863				
Salaries, Overtime	643						
Leave Payouts	369	32,598	24,193				
Benefits	349,251	305,374	252,626	301,891	246,347	242,652	-19.62%
PERSONAL SERVICES	1,338,304	1,209,147	971,437	1,151,177	768,372	809,791	-29.66%
OPERATING EXPENSES							
Equipment and Supplies	68,116	7,806	7,077	280,850	280,834	280,850	0.00%
Repairs and Maintenance				134,677	134,677	134,677	0.00%
Conferences and Training	17,390	4,271	1,424				
Professional Services	246,351	207,306	203,107	239,525	297,280	239,525	0.00%
Other Contract Services	1,207	850	425	130,018	130,018	125,739	-3.29%
Expense Allowances							
Other Expenses	20						
OPERATING EXPENSES	333,084	220,234	212,034	785,070	842,809	780,791	-0.54%
Total	1,671,387	1,429,381	1,183,471	1,936,247	1,611,181	1,590,583	-17.85%

Significant Changes

A Senior Administrative Analyst position has been re-classified into an Accounting Manager position to better reflect the duties associated with that position. Also in personnel, an Accounting Technician I has been eliminated to provide funding for an Accounting Technician Supervisor in the Cashiering & Collections Services division. The Senior Payroll Technician has moved to this division from the Budget Management division. As part of operating budget reductions, Other Contract Services has been reduced by \$4,279. The Administrative Assistant will be split with the City Treasurer's Office.

Permanent Personnel	FY 2007/08 Actual	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Adopted	FY 2010/11 Revised	FY 2011/12 Adopted	Change from Prior Year
Accounting Manager	1.00	1.00	1.00	0.00	0.00	1.00	1.00
Principal Accountant	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Administrative Analyst Senior	0.00	1.00	1.00	2.00	2.00	1.00	(1.00)
Senior Accountant	5.00	1.00	1.00	1.00	1.00	1.00	0.00
Accountant	0.00	3.00	3.00	0.00	0.00	0.00	0.00
Accounting Technician Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Accounting Technician II	3.00	3.00	3.00	2.00	2.00	2.00	0.00
Accounting Technician I	0.00	1.00	1.00	1.00	1.00	0.00	(1.00)
Senior Payroll Analyst	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Senior Payroll Technician	1.00	1.00	0.00	0.00	1.00	1.00	0.00
Payroll Technician	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Administrative Assistant	0.00	0.00	0.00	0.00	0.50	0.50	0.50
Total	14.00	14.00	11.00	7.00	8.50	7.50	(1.00)

Program Indicators

Each departmental budget has a section on “program indicators,” which are work program statistics designed to reflect both work load and work accomplished in the two previous fiscal years, “estimated” for the current fiscal year, and projected for the coming fiscal year. Examples of program indicators, such as in Street Maintenance, are the number of pedestrian crosswalks striped, signs erected, cubic yards of leaves collected, potholes repaired, miles of snow plowed, etc.

Often this type of data is presented in a budget for several years without revisiting the issue of which information is useful to the City Council, public and management. Overtime categories of performance measure data accumulates until it presents an overwhelming amount of numbers. As a result, it is beneficial to revisit this data periodically, perhaps in a workshop setting with the City Council, to determine which information is really useful and which information is not. For example, it may or may not be useful to list the number of mercury vapor lights maintained by the City (1), or the gallons of calcium chloride spread during snow and ice removal.

Also, the breakdown of several categories of street lights by whether they are city or utility maintained would appear to be interesting general information rather than performance data since the number of street lights is the same year after year. Other cities often place this type of information in the last section of budget where statistics about the City are presented.

Finally, if possible, it is sometimes useful to link goals for a department with performance measures. An example is presented from a page, again, from the Huntington Beach budget.

Library Services		Performance Measures		
The City's performance measure program is in its sixth year. Results for the past two fiscal years in addition to goals and objectives for FY 2011/12 are presented below.				
	FY 2009/10 ACTUAL	FY 2010/11 ACTUAL	FY 2011/12 BUDGET	Strategic Plan Goal
Goal:				
1. Foster early literacy skills by providing children's storytime programs and events.				
Internal and External Communication				
Measure:				
# of participants in children's programs and events	71,922	70,000	66,849	
Goal:				
2. Provide homework help resources to students through in-person and remote programs.				
Internal and External Communication				
Measure:				
# of Oakview "Homework Help Club" attendees	5,142	5,000	3,732	
# of Brainfuse online homework help sessions	1,835	2,400	2,400	
Goal:				
3. Provide public access to the online world via Internet computer lab.				
Internal and External Communication				
Measure:				
# of public computer lab sessions	122,295	120,000	120,000	
Goal:				
4. Provide reading materials to enrich the community by circulating books, CDs, videos, audiobooks, downloadable audiobooks, and ebooks.				
Internal and External Communication				
Measure:				
# of items circulated	1,009,634	1,000,000	1,000,000	
Goal:				
5. Promote support of the library by managing a volunteer program that fosters community engagement.				
Maintain Financial Viability and Our Reserves				
Measure:				
# of annual volunteer hours	54,014	50,000	57,643	
Goal:				
6. Promote the use of meeting rooms, video conferences, and theater rentals and generate revenue to the City.				
Maintain Financial Viability and Our Reserves				
Measure:				
Amount of annual room rental revenue	\$363,000	\$230,000	\$300,000	

By keeping the “program indicators” current and pertinent, the budget document should become more focused and useful.

Program Descriptions

At the same time, the Council and staff might want to revisit the length of the program descriptions for each department and each division/function of these departments. While the material presented in the 2011-12 Budget appears informative, the City should consider summarizing this information and making it more concise. This will make the departmental budgets more focused and help reduce the length of the overall budget. Budgets in other cities often only briefly indicate department functions in the department budget presentation, along with goals, accomplishments, and program indicators.

Estimated Budget Projections

Another issue is that the “estimated” budget column for both City-wide and departmental operating budgets have been described as not being very helpful. Of course, the “estimated” budget is the “projected” budget for the current fiscal year, and usually is a guide for decision-makers in judging whether or not the “proposed” budget amounts for the coming fiscal year are adequate, too high, or too low for a particular department or departmental account.

Because of the City’s budget schedule, submitting the proposed budget to the City Council in February, there is at best only six months actual data upon which to present “projected” expenditures for the current fiscal year. And this projection becomes even more problematical if the departmental expenditure patterns are cyclical. If the City decides to maintain its current budget cycle, the only way to improve the usefulness of the “projected” budget data is to provide the City Council an update when eight or nine months of actual data is available. This way the Council will have a clearer, more accurate view of the likely current fiscal year expenditures when evaluating the adoption of the budget for the coming fiscal year.

Expenditures Exceeding Budget Appropriates

In order to present all budget related comments in this Chapter, attention is called to the portion of Chapter II which discusses the external auditor findings and recommendations. In that Chapter it was observed by the auditor that actual expenditures exceeded budgeted appropriations. They recommended that the City refrain from approving expenditures in excess of the authorized budget. In concert with this recommendation, this report recommends that the City amend the budget when expenditures are required in excess of the initially adopted budget.

RECOMMENDATION #44

IT IS RECOMMENDED THAT THE CITY CONSIDER CONSOLIDATING ON A SINGLE PAGE BUDGET EXPENSES, A PERSONNEL SUMMARY BY POSITION AND A SUMMARY PARAGRAPH OF SIGNIFICANT CHANGES.

RECOMMENDATION #45

IT IS RECOMMENDED THAT THE CITY REVIEW AND UPDATE EACH DEPARTMENT’S “PROGRAM INDICATORS” TO ENSURE THAT THEY MEET THE DECISION-MAKERS NEED FOR BUDGET INFORMATION, AND POSSIBLY LINKING THIS WORK MEASUREMENT DATA WITH CITY GOALS.

RECOMMENDATION #46

IT IS RECOMMENDED THAT THE CITY CONSIDER SUMMARIZING THE PROGRAM DESCRIPTIONS FOR EACH DEPARTMENT TO MAKE THE BUDGET MORE CONCISE AND READABLE.

RECOMMENDATION #47

IT IS RECOMMENDED THAT THE CITY MANAGER SUBMIT TO THE CITY COUNCIL AN UPDATE TO THE "ESTIMATED" BUDGET PROJECTION FOR THE CURRENT FISCAL YEAR WHEN EIGHT OR NINE MONTHS OF ACTUAL BUDGET DATA IS AVAILABLE.

Chapter V

Summary of Recommendations

Chapters II, III, and IV of this report have presented findings, analysis, and recommendations related to Finance Operations, Staffing, and Budgeting. In order to aid easy review of all of the report's recommendations from these three chapters, the recommendations are summarized in this chapter.

RECOMMENDATION #1

IT IS RECOMMENDED THAT, AS A POLICY MANUAL FOR THE CITY'S FINANCE DEPARTMENT IS DEVELOPED, IT SHOULD CONTAIN A PROHIBITION OF THE INDEPENDENT AUDITOR ASSISTING STAFF IN THE YEAR-END CLOSING.

RECOMMENDATION #2

IT IS RECOMMENDED THAT THE CITY SEEK A NEW INDEPENDENT AUDITOR THROUGH A COMPETITIVE BID PROCESS EVERY FIVE YEARS.

RECOMMENDATION #3

IT IS RECOMMENDED THAT A MORE COMPLETE AND USEFUL FINANCE POLICY MANUAL, INCLUDING AN ACCOUNTING MANUAL SPECIFIC TO THE CITY, BE CREATED TO GUIDE THE OPERATIONS OF THE FINANCE DEPARTMENT.

RECOMMENDATION #4

IT IS RECOMMENDED THAT THE CITY SPREAD ITS SEMI-ANNUAL TRASH BILLINGS OVER A FIVE MONTH PERIOD, WITH EACH ROUTE BILLED DURING A SINGLE MONTH.

RECOMMENDATION #5

IT IS RECOMMENDED THAT THE CITY CONTINUE EXPLORING WITH ST. LOUIS COUNTY PLACING GARBAGE SERVICE COLLECTION ON THE PROPERTY TAX BILL.

RECOMMENDATION #6

IT IS RECOMMENDED THAT THE CITY COMPLETE A FULL-COST ALLOCATION STUDY THAT WILL PROVIDE EXACT CHARGES THAT SHOULD BE MADE. AS PART OF THIS STUDY, THE CITY SHOULD OBTAIN A PROGRAM SO THAT UPDATES CAN BE MADE ANNUALLY.

RECOMMENDATION #7

IT IS RECOMMENDED THAT WORKSHEETS BE DEVELOPED, AND/OR AN AUDITABLE TRAIL BE PROVIDED, WITHIN THE NEW WORLD SOFTWARE TO SHOW BANK RECONCILIATIONS, AND THAT THE RECONCILIATIONS HAVE BEEN APPROVED BY THE FINANCE OFFICE.

RECOMMENDATION #8

IT IS RECOMMENDED THAT THE CITY SHOULD PERIODICALLY BID OUT ITS BANKING SERVICES.

RECOMMENDATION #9

IT IS RECOMMENDED THAT THE CITY REDUCE ITS LARGE NUMBER OF CHECKING ACCOUNTS TO TWO, OR TO AT LEAST TO A REASONABLE, MANAGEABLE NUMBER.

RECOMMENDATION #10

IT IS RECOMMENDED THAT CITY STAFF REGULARLY EVALUATE ALL BANK ANALYSIS REPORTS TO DETERMINE THAT PROPER BANK CHARGES ARE BEING MADE.

RECOMMENDATION #11

IT IS RECOMMENDED THAT THE CITY EXPLORE MOVING FUNDS DEPOSITED IN ROYAL BANKS TO AN INVESTMENT INSTRUMENT IF IT PROVIDES A HIGHER RATE OF RETURN.

RECOMMENDATION #12

IT IS RECOMMENDED THAT THE CITY IMPLEMENT EFFECTIVE INTERNAL CONTROLS OVER FINANCIAL REPORTING AS RECOMMENDED BY THE CITY'S LAST INDEPENDENT AUDIT.

RECOMMENDATION #13

IT IS RECOMMENDED THAT THE INDEPENDENT AUDITORS RECOMMENDATIONS REGARDING ACCOUNTS RECEIVABLE BE IMPLEMENTED.

RECOMMENDATION #14

IT IS RECOMMENDED THAT THE TASKS SHOWN IN FIGURE 3 SHOULD BE SEGREGATED AMONG FINANCE STAFF AS FOLLOWS:

- CASH AND CHECKS RECEIVED AND RECEIPT ISSUED
- CHECKS ENDORSED
- DEPOSIT SLIP PREPARED AND DAILY LIST OF RECEIPTS PREPARED
- DEPOSIT IS MADE
- RECEIPTS POSTED TO CUSTOMER ACCOUNTS

RECOMMENDATION #15

IT IS RECOMMENDED THAT THE CITY FOLLOW THE INDEPENDENT AUDITOR'S RECOMMENDATIONS AND THAT THE CITY IMPLEMENT A THREE-STAGE APPROACH IN ANALYZING ITS ACCOUNTS RECEIVABLES AND IN ESTIMATING THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS. THESE STAGES INCLUDE:

- **RISK CLASSIFICATION: ASSIGN A RISK SCORE TO EACH CUSTOMER, AND ASSUME A HIGHER RISK OF DEFAULT FOR THOSE HAVING A HIGHER RISK SCORE.**
- **HISTORICAL PERCENTAGE: IF A CERTAIN PERCENTAGE OF ACCOUNTS RECEIVABLE BECAME BAD DEBTS IN THE PAST, THEN USE THE SAME PERCENTAGE AS GUIDE FOR THE FUTURE. THIS METHOD WORKS BEST FOR LARGE NUMBER OF SMALL ACCOUNTS (SOLID WASTE).**
- **PARETO ANALYSIS: REVIEW THE LARGEST ACCOUNTS RECEIVABLES THAT MAKE UP 80% OF THE TOTAL RECEIVABLE BALANCE, AND ESTIMATE WHICH SPECIFIC CUSTOMERS ARE MORE LIKELY TO DEFAULT. THEN USE THE HISTORICAL PERCENTAGE FOR THE REMAINING SMALLER ACCOUNTS. THIS METHOD WORKS BEST IF THERE ARE A SMALL NUMBER OF LARGE ACCOUNT BALANCES.**

RECOMMENDATION #16

IT IS RECOMMENDED THAT THE CITY IMMEDIATELY MAKE CHANGES IN DAY-TO-DAY OPERATIONS TO PROVIDE APPROPRIATE SEGREGATION OF DUTIES THROUGHOUT THE FINANCE DEPARTMENT.

RECOMMENDATION #17

IT IS RECOMMENDED THAT THE CITY BEGIN THE PROCESS IN DEVELOPING A COMPREHENSIVE INTERNAL CONTROL DOCUMENT, USING A REDEFINITION OF INTERNAL CONTROLS AS SUGGESTED BY COSO.

RECOMMENDATION #18

IT IS RECOMMENDED THAT AS PART OF THE INTERNAL CONTROL REVIEW AND OVERHAUL, AND AS STAFF RESOURCES PERMIT, A FRAUD RISK ASSESSMENT BE PERFORMED.

RECOMMENDATION #19

IT IS RECOMMENDED THAT THE CITY FOLLOW THE INDEPENDENT AUDITOR'S RECOMMENDATION TO MINIMIZE THE TIME ELAPSED BETWEEN RECEIPT AND DISBURSEMENT OF FEDERAL FUNDS.

RECOMMENDATION #20

IT IS RECOMMENDED THAT THE LIBRARY DEPARTMENT REMIT THEIR RECEIPTS TO FINANCE DAILY.

RECOMMENDATION #21

IT IS RECOMMENDED THAT THE CITY AMEND THE BUDGET WHEN EXPENDITURES ARE REQUIRED IN EXCESS OF THE INITIALLY ADOPTED BUDGET.

RECOMMENDATION #22

IT IS RECOMMENDED THAT, WHEN MORE COMPREHENSIVE INTERNAL CONTROL PROCEDURES ARE DEVELOPED, A CHECKLIST OF ACCOUNTING PROCESSES BE INCLUDED IN THOSE PROCEDURES.

RECOMMENDATION #23

IT IS RECOMMENDED THAT THE CITY AMEND ITS FUND BALANCE POLICY TO COMPLY WITH GASB 54.

RECOMMENDATION #24

IT IS RECOMMENDED THAT THE CITY DEVELOP A PLAN, INCLUDING COSTS, TO FULLY IMPLEMENT THE NEW WORLD SOFTWARE OVER THE NEXT 24 MONTHS.

RECOMMENDATION #25

IT IS RECOMMENDED THAT IN THE NEAR TERM, A PROJECT MANAGEMENT MODULE BE IMPLEMENTED IN THE NEW WORLD SOFTWARE TO PROVIDE THE CITY WITH THE ABILITY TO TRACK CHARGES FOR PARTICULAR PROJECTS.

RECOMMENDATION #26

IT IS RECOMMENDED THAT IMMEDIATE STEPS BE TAKEN DURING THE NEXT 12 MONTHS, INCLUDING ADEQUATE FUNDING, TO TRAIN, EITHER THROUGH IN-HOUSE EXPERTISE OR AN INDEPENDENT TRAINER, ALL EMPLOYEES WHO USE THE NEW WORLD SOFTWARE SO THEY WILL BE PROFICIENT IN ITS USE.

RECOMMENDATION #27

IT IS RECOMMENDED THAT THE CITY NOT RELY SOLELY ON NEW WORLD USER CONFERENCES TO GAIN ADEQUATE TRAINING IN THE SOFTWARE.

RECOMMENDATION #28

IT IS RECOMMENDED THAT ACCESS TO THE NEW WORLD SOFTWARE IMMEDIATELY BE PROVIDED FOR EMPLOYEES, AS REQUIRED.

RECOMMENDATION #29

IT IS RECOMMENDED AS A TRAINING DETAIL THAT THE ABILITY TO DOCUMENT REIMBURSEMENTS BE PROVIDED TO OPERATING DEPARTMENTS IN ORDER TO PROCESS NEEDED REIMBURSEMENTS FOR THE CITY.

RECOMMENDATION #30

IT IS RECOMMENDED THAT IDENTIFIED ISSUES IN SOLID WASTE BILLING BE RESOLVED.

RECOMMENDATION #31

IT IS RECOMMENDED THAT CONSIDERATION OF ACQUIRING THE "E-SUITE" MODULE BE DELAYED UNTIL AFTER THE CURRENT SOFTWARE IS FULLY IMPLEMENTED.

RECOMMENDATION #32

IT IS RECOMMENDED THAT WITHIN 20 DAYS OF THE REPORTING PERIOD, THE CITY FINANCE DEPARTMENT PRODUCE A MONTHLY FINANCIAL REPORT TO THE CITY COUNCIL WHICH SHALL CONTAIN THE FOLLOWING INFORMATION:

1. A SUMMARY REPORT, BY FUND, INDICATING REVENUES AND EXPENDITURES FOR EACH FUND;
2. A DETAILED REPORT, BY DEPARTMENT, INDICATING REVENUES AND EXPENDITURES APPLICABLE TO THAT DEPARTMENT;
3. A WRITTEN SUMMARY REPORT EXPLAINING THE VARIOUS REVENUES AND EXPENDITURES, INCLUDING WHAT IS NORMAL FOR THE PERIOD BEING REPORTED;
4. OTHER INFORMATION REQUIRED BY THE CITY COUNCIL AND CITY MANAGER; AND
5. THE REPORT SHOULD PRESENT THE DATA USING THE FOLLOWING COLUMNS:
 - (A) AMENDED BUDGET
 - (B) REVENUES/EXPENDED TO DATE
 - (C) PERCENT OF BUDGET RECEIVED/EXPENDED
 - (D) PROJECTED YEAR END RECEIPTS/EXPENDITURES

RECOMMENDATION #33

IT IS RECOMMENDED THAT THE CITY FILL THE VACANT MANAGEMENT POSITION WITH AN ADMINISTRATIVE SERVICES DIRECTOR/CHIEF FINANCE OFFICER.

RECOMMENDATION #34

IT IS RECOMMENDED THAT INDIVIDUAL FINANCE DEPARTMENT STAFF BE FURTHER EVALUATED TO DETERMINE USEFUL COMPETENCIES TO THE CITY.

RECOMMENDATION #35

IT IS RECOMMENDED THAT THIS ASSESSMENT OF FINANCE STAFF COMPETENCIES BE UNDERTAKEN AT THE MANAGEMENT LEVEL THROUGH AN ADMINISTRATIVE SERVICES DIRECTOR/CFO POSITION.

RECOMMENDATION #36

IT IS RECOMMENDED THAT THE CITY SHOULD DEVELOP A MANDATORY TRAINING PROGRAM GEARED TO FINANCE STAFF IN ORDER TO ADVANCE THEIR SKILLS AND KNOWLEDGE BASE, AND, AS APPROPRIATE, INCLUDE CUSTOMER SERVICE TRAINING, CROSS TRAINING, AND REVIEWING THE MUNICIPAL CODE WHEN PERTINENT TO RELATED JOB DUTIES.

RECOMMENDATION #37

IT IS RECOMMENDED THAT, BEFORE INDIVIDUAL DEPARTMENTAL BUDGETS ARE PRESENTED, THREE BUDGET SCHEDULES SHOULD BE DISPLAYED: (1) THE ALL FUNDS BUDGET; (2) THE GENERAL FUND BUDGET; AND (3) THE

CITY-WIDE OPERATING BUDGET BY DEPARTMENT REFLECTING ALL AUTHORIZED FUNDS.

RECOMMENDATION #38

IT IS RECOMMENDED THAT THE CITY CONSIDER PREPARING TWO BUDGET DOCUMENTS, ONE FOR THE OPERATING BUDGET AND ONE FOR THE CAPITAL IMPROVEMENT PROGRAM.

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IT IS RECOMMENDED THAT, IF A BETTER FUNDED EQUIPMENT REPLACEMENT FUND IS NOT FEASIBLE, THE CITY CONSIDER FIVE – SEVEN YEAR LEASE PURCHASE AGREEMENTS FOR THE ACQUISITION OF MAJOR FIRE APPARATUS AND OTHER EXPENSIVE EQUIPMENT.

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Appendix A

Bank Account Analysis



COMMERCE BANK
 1000 WALNUT
 KANSAS CITY, MO 64106-3686
 CONTACT UNIVERSITY CITY

01-06-2012
 314-746-3515

0339

CITY OF UNIVERSITY CITY
 ATTN WILLIE NOFLEET
 6801 DELMAR BLVD
 SAINT LOUIS MO 63130-3104

FROM 12-01-2011
 TO 12-31-2011

PAGE 3

GROUP NO.	0339	1290000507	COMMERCIAL CHECKING		
SERVICE	SERVICES ANALYZED	UNIT PRICE	CHARGE FOR SERVICE	BALANCE REQUIRED	
	NUMBER UNITS				
5044 ACH CREDITS RECEIVED	139	.4000	55.60	261,858.05	
5065 FILES ORIGINATED - CC	20	3.0000	60.00	282,580.63	
5067 ITEMS ORIGINATED - CC	960	.0800	76.80	361,703.22	
5091 ACH ADDN RECORDS ORIG	20	.1000	2.00	9,419.35	
5213 CONNECTIONS WIRE OUT	3	5.0000	15.00	70,645.15	
RECONCILIATION SERVICES					
6015 PARTIAL RECON PER ITEM	130	.0600	7.80	36,735.48	
6016 PARTIAL RECON MAINT	5	10.0000	50.00	235,483.85	
6031 PAPER DEBIT BLOCK	1	15.0000	15.00	70,645.16	
6103 IMAGED ITEMS	159	.0500	7.95	37,441.93	
6104 IMAGE MAINTENANCE	11	30.0000	330.00	1,554,193.52	
INFORMATION REPORTING SERVICES					
7064 CONNECTIONS TX DETAIL	321	.1000	32.10	151,180.64	
7065 CONN CURRENT DAY	11	10.0000	110.00	518,064.47	
7067 CONNECTIONS BASE CHRG	2	29.5000	59.00	277,870.96	
7068 CONN BAL 4TH ACCT	9	30.0000	270.00	1,271,612.88	
7069 CONNECTIONS TX DETAIL	198	.0300	5.94	27,975.46	
7073 CONN WIRE MODULE	1	10.0000	10.00	47,096.77	
TOTAL CHARGE FOR SERVICES			2,389.39	11,342,794.37	



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COMMERCE BANK		01-06-2012	
1000 WALNUT			
KANSAS CITY, MO 64106-3686		314-746-3515	
CONTACT UNIVERSITY CITY			
0339	CITY OF UNIVERSITY CITY	FROM 12-01-2011	
	ATTN WILLIE NORFLEET	TO 12-31-2011	
	6801 DELMAR BLVD		
	SAINT LOUIS MO 63130-3104		
PAGE 2			
GROUP NO.	0339	1290000507	COMMERCIAL CHECKING

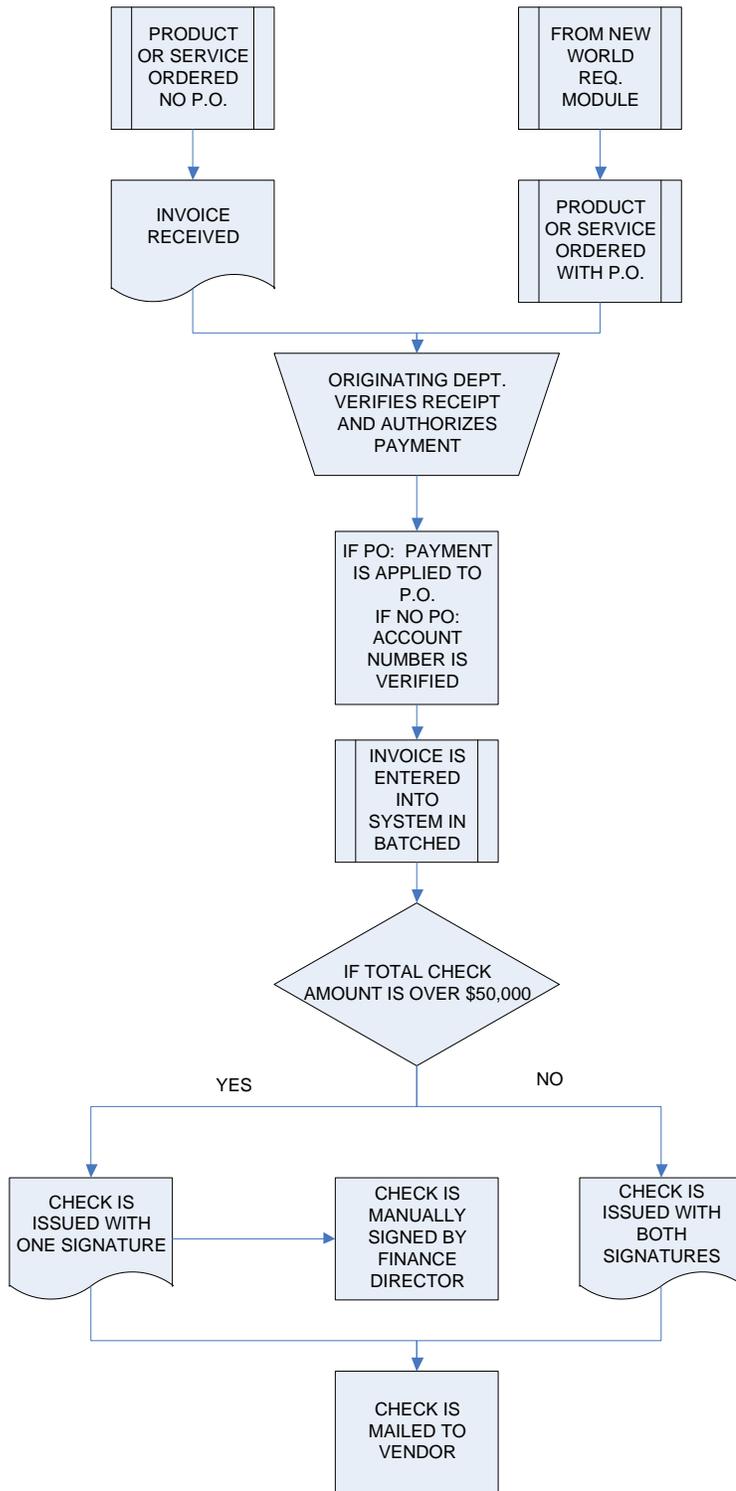
TOTAL CHARGE FOR SERVICES			2,389.39
NET CHARGE FOR SERVICES			256.37-
CHARGES BROUGHT FORWARD			1,085.99-
TOTAL NET SERVICES			1,342.36-
***SERVICE CHARGE AMOUNT	ACCOUNT 0339 01	0290000507	1,342.36

SERVICE	SERVICES ANALYZED	UNIT PRICE	CHARGE FOR SERVICE
	NUMBER UNITS		BALANCE REQUIRED
GENERAL ACCOUNT SERVICES			
0021 ACCOUNT MAINTENANCE	13	8.0000	104.00
0023 ACCOUNT MAINTENANCE	1	21.0000	21.00
0035 FDIC INSURANCE	11,218,972	.0007	676.17
1002 ADDITIONAL STATEMENT	1	10.0000	10.00
1111 CHECKS\DEBITS POSTED	169	.1000	16.90
1113 DEPOSITS\CREDITS POST	153	.2500	38.25
1200 ZBA MAINTENANCE	1	25.0000	25.00
1201 ZBA MASTER MAINTENANCE	1	5.0000	5.00
DEPOSITORY SERVICES			
2121 CHECKS DEPOSITED	1,994	.0500	99.70
2301 RETURN DEPOSITED ITEMS	13	8.5000	110.50
2501 CASH DEPOSITS	51,180	.0015	76.77
2601 INTEREST PAID	1	33.8600	33.86
2601 INTEREST PAID	1	17.5900	17.59
2601 INTEREST PAID	1	12.5800	12.58
2601 INTEREST PAID	1	10.2600	10.26
2601 INTEREST PAID	1	7.8200	7.82
2601 INTEREST PAID	1	1.8400	1.84
2601 INTEREST PAID	1	1.3300	1.33
2601 INTEREST PAID	1	.3900	.39
FUNDS TRANSFER SERVICES			
5009 ACH RETURNS	10	1.0000	10.00
5042 ACH DEBITS RECEIVED	18	.1800	3.24

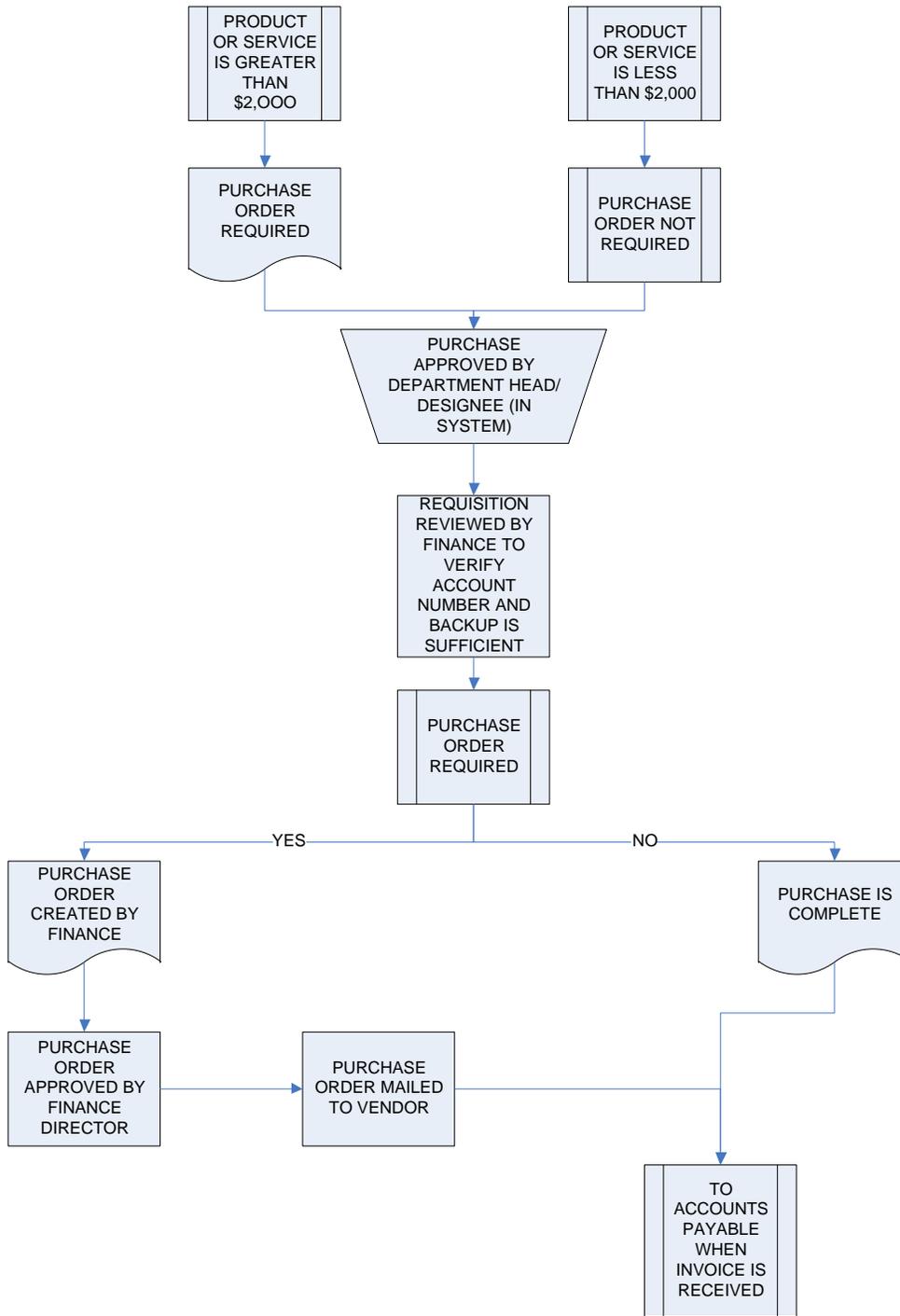


Appendix B Flowcharts

ACCOUNTS PAYABLE FLOW



PURCHASE REQUISITION/ORDER FLOW



Appendix C
New World Software Service Modules
Purchased by University City

Appendix C

New World Software Service Modules Purchased by University City

Financial Management Module provides:

- The General Ledger, as the heart of the suite of applications, and includes the chart of accounts, encumbrance accounting, accounts payable, budget reporting, journal processing, month and year-end processing, and system administration.
- Seamless information sharing with a single integrated database provides finance officers and administrators both summary and detailed information in real time so they can make informed decisions, comply with reporting requirements, and ensure financial integrity and accountability.
- Built-in features such as advanced workflow, electronic approvals, integration to Microsoft Excel and Outlook, and the ability to import journal and lockbox entries reduce data entry and increase efficiency. Information flows freely through the unified solution
- With familiar Windows navigation, more than 100 configurable standard financial reports and easy-to-use drill-down inquiries, users have instant access to real-time information and will save hours of time generating required financial reports.
- Completely integrated and configurable, purchasing with electronic approvals and processing frees up valuable employee time and eliminates paperwork during the purchasing process.
- Other features of the module include:
 - Flexible Chart of Accounts
 - Adherence to Government Accounting, Auditing, and Financial Reporting (GAAFR), Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards Board (GASB) Reporting Standards
 - Highly Flexible Centralized or Decentralized Budgeting Capabilities
 - Billing with Integrated Receivables and Cash Receipting
 - Revenue Collection with Auditable Record of Printed Receipts
 - Full Bank Reconciliation to Bank Statement
 - Robust Project Accounting and Grant Management
 - Integrated Asset Management and Tracking

Human Resource Module provides:

- Provides tools needed to effectively manage payroll, workforce information, benefits, and the full recruit-to-retire process for employees. It automates routine tasks, reduces data entry, and simplifies reporting by ensuring all related information is tied together and easily accessible in a single, secure database.

- Detailed information for each employee is tracked and maintained in a single, accessible location, allowing authorized users to quickly access Personal, Employment, Jobs, and Payroll information. The ability to attach documents and proactive event tracking with alerts further streamlines personnel management with everything at the user's fingertips.
- Integrates with Financial Management and automating all payroll activities, including calculation based on time entry, adjusted hours, and all deductions. It also improves employee services with direct deposit capabilities and "what if" deduction scenarios that help employees make better decisions.
- Additional features include:
 - Security Down to the Field Level
 - Robust Applicant Tracking and Online Application Processing
 - Integrated Position Control and Budgeting
 - Centralized or Decentralized Hours Entry Based on Department
 - Automated Retro-Pay Processing
 - Worker's Compensation Incident Tracking with OSHA Compliance
 - User-defined secure fields for HIPAA data
 - Flexible and Easy Reporting

Utility Management Module

Utility Management provides tools to manage various utilities. The City is currently using this module for its' solid waste services but it could be used for any number of utilities. It integrates all aspects of the solid waste services, including maintaining accounts, billing and collection. It is completely integrated with the Financial Management module.

The City has real-time access to each customer's current billings, past payments, payment collection, delinquencies and late notices, credit report scoring, change of address, and more from a single-screen customer dashboard report. The system tracks a complete history for both the physical service address and the individual or company, and even makes it easy to monitor large and top users as needed.

Enhanced Billing supports multiple rates based on service type and billing definitions and can generate real-time final bills outside the billing cycle. Features including automatic audits, an automated billing calendar, and system-wide alerts verify accuracy and ensure nothing is overlooked.

Other features include:

- Integrated Form Letters (Individual or Mass)
- Customizable Consumption and Billing Audits
- Automated Bank Drafting Options
- Integrated Work Orders
- Support for All Types Of Delinquent Activities Based on Organization-Defined Rules

Community Development Module

Community Development suite helps local government organizations manage resources efficiently by automating difficult tasks, streamlining licensing and permitting processes and much more. Integrated with the Financial Management suite, revenue transactions such as licensing and permit fees are automatically updated in the General Ledger reducing data entry, improving information accuracy and increasing overall productivity.

A complete solution to comprehensive parcel management, allows users to easily track and access all related information including attached and remote documents such as blueprints, maps, permits, code enforcement activities, address information, and historical information from a single screen.

This module supports the entire business licensing process from submitting applications to collecting license fees. An easy-to-use permit process is integrated to the central parcel management database and a configurable application process allows for tighter control with electronic approvals. Advanced workflow streamlines inspection scheduling and meets any organization's unique business rules for permits, licensing, and code enforcement practices.

Additional features include:

- Geographic Information Systems (GIS) Integration
- Detailed Code Enforcement Tracking
- Streamlined Animal Licensing Process
- State Certified Contractor Listing with Expiration Date Tracking
- Comprehensive Project Planning Center

Business Analytics Provides

Business Analytics solutions enable organizations to transform the mountains of data collected daily into useful information that enhances decision making and improves organizational performance. Completely integrated with all modules, it allows organizations to access data to report, trend, analyze, and deliver information in multiple ways including high-level Dashboards.

Configurable, role-based dashboards, or summary reports, provide managers, council members, and other decision makers with a high-level overview of organization performance and activity. With the ability to drill down into more details, dashboard reports offer organizations instant access to financial, human resources, and utility billing information.

This module provides faster and easier trend analysis, forecasting, and performance measurement, so organizations have more information to increase productivity and run more efficiently. Decision Support makes monitoring and reporting on budget, payroll, and more effortless, increasing accountability for departments and helping users quickly identify areas that may need more attention.

Business Analytics provides an easy and efficient way to get the information organizations need out of their business application databases presented in a usable format. Instead of relying on reports run from a database in the form of a two-dimensional table, the solutions utilize multi-dimensional data structures to provide more flexibility and analysis capabilities.

Additional Features include:

- Simplified Ad Hoc Reporting for All Departments

- Information Displayed in Web-Based Grids, Reports, Graphs, and Charts
- Leverages Microsoft Analytics Technology and Everyday Microsoft Applications
- Dynamic Graphs and Charts
- Refresh Saved Reports With A Single Click
- Electronically Distribute Reports Throughout Enterprise

E-Suite

The E Suite module would provide the City with additional analytical abilities and enhances each of the four operating modules.

- **Financial Management:** Supplies vendors and related partners with online tools that automate bid requirement compliance and provide online interaction that can reduce supplier calls, mail, and visits.
- **Human Resources:** Employees would have 24/7 access to Human Resources information is a cost-effective option that improves service to employees and increases productivity for Human Resources staff. E-Suite gives employees the power to view and change personal information, access payroll information, enter their own hours and enroll in benefits via a secure online portal. The solution also streamlines the hiring process with online position listings, applications, and resumes submissions.
- **Community Development:** Citizens would have secure access to review information, apply and pay for licenses and permits, print completed paperwork, schedule inspections, and enter service requests online. This reduces calls and visits from customers, resulting in fewer interruptions for employees and more time to focus on strategic activities, increasing productivity.
- **Utilities:** Gives citizens and businesses in your community, by giving them access to public records, the ability to submit applications for licenses and permits and the ability to view bills and even submit payments online.

E-Suite would provide the interface between the City and the public and provide the public with options to meet the requirements of the City – whether it is to pay a bill or apply for a business license. It also provides the ability of the employees to access their relevant information, make changes to their record, and participate in other City benefits.