

# ***MANAGEMENT SERVICES DIVISION MISSION***

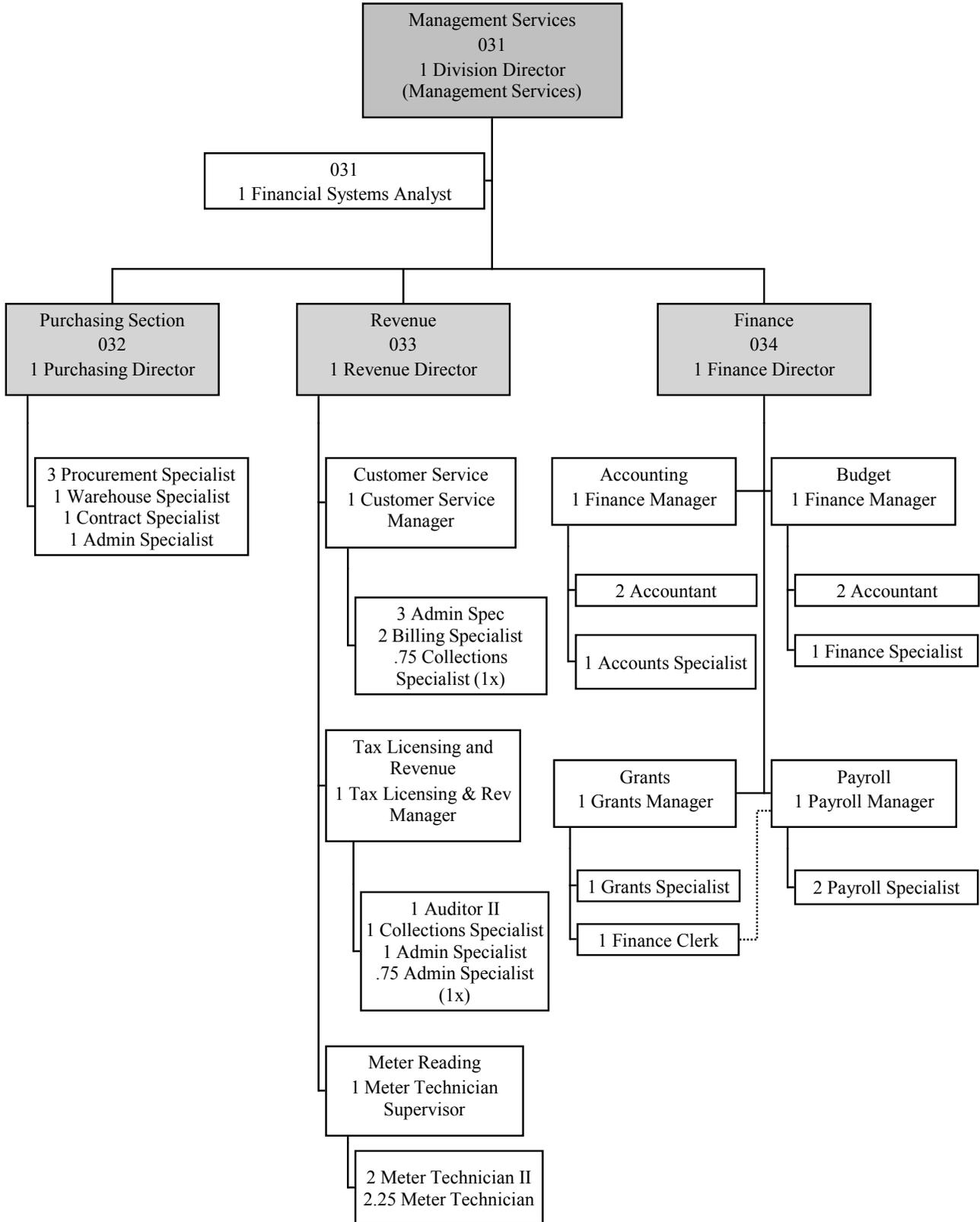
The mission of the **Purchasing Section** is to support the goals and objectives of the City by delivering consistent and professional procurement support to all employees in accordance with all applicable local, state and federal procurement rules and regulations, and assist in making best value procurement decisions while maintaining the highest ethical standards.

The mission of the **Revenue Section** is to ensure the City is accurately billing and collecting City revenues and to ensure that customers and the City are complying with all applicable local, state, and federal rules and regulations.

The mission of the **Finance Section** is to ensure that the City's financial resources are protected through sound financial management, including allocation of resources consistent with community goals and providing timely, accurate, and reliable information that will assist in making informed decisions



# MANAGEMENT SERVICES



**MANAGEMENT SERVICES**

**SECTION 031**

**ADMINISTRATION**

<b>SECTION: 031 - MANAGEMENT SERVICES</b>					
<b>EXPENDITURES BY CATEGORY:</b>					
	Actual Expenditures 2014-2015	Adopted Budget 2015-2016	Estimated Expenditures 2015-2016	Proposed Budget 2016-2017	Budget-Budget Variance
Personnel Services	\$ -	\$ 251,303	\$ 231,303	\$ 257,145	\$ 5,842
Contractuals	-	11,665	11,665	13,624	1,959
Commodities	97	1,100	1,100	1,600	500
<b>TOTAL</b>	<b>\$ 97</b>	<b>\$ 264,068</b>	<b>\$ 244,068</b>	<b>\$ 272,369</b>	<b>\$ 8,301</b>
<b>EXPENDITURES BY PROGRAM:</b>					
General Administration	\$ 97	\$ 264,068	\$ 244,068	\$ 272,369	\$ 8,301
<b>TOTAL</b>	<b>\$ 97</b>	<b>\$ 264,068</b>	<b>\$ 244,068</b>	<b>\$ 272,369</b>	<b>\$ 8,301</b>
<b>SOURCE OF FUNDING:</b>					
	GENERAL FUND			\$ 266,397	
	LIBRARY FUND			669	
	HIGHWAY USER REVENUE FUND			623	
	TRANSPORTATION FUND			874	
	WATER AND WASTEWATER FUND			1,975	
	STORMWATER FUND			83	
	AIRPORT FUND			207	
	SOLID WASTE FUND			1,400	
	SEMS FUND			141	
				<b>\$ 272,369</b>	
<b>COMMENTARY:</b>					
The Management Services operating budget has increased by 3% and there are no capital expenditures. The Personnel Services increase of 2% is due to a market pay increase as well as an increase in medical and dental insurance. Contractuals increases of 17% are due to increased travel costs for employee trainings. Commodities increases of 45% are due to increased costs for food for meetings. There is no major capital (>\$10,000) for this section.					



San Francisco Peaks (Flagstaff Convention and Visitors Bureau)

**MISSION**

The mission of the Purchasing Section is to support the goals and objectives of the City by delivering consistent and professional procurement support to all employees in accordance with all applicable local, state and federal procurement rules and regulations, and to assist in making best-value procurement decisions while maintaining the highest ethical standards.

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**PROGRAM DESCRIPTION**

The objective of the Purchasing Section is to provide program support in maximizing value for purchase dollars spent through either a competitive informal or competitive formal solicitation process and contract management, to satisfy purchasing requirements at the lowest overall cost consistent with quality and service levels required, to maintain continuity of supplies in support of Citywide programs and the disposition of surplus property.

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**FY 16 ACCOMPLISHMENTS**

- ✓ The Purchasing Section was awarded the Achievement of Excellence in Procurement (AEP) Award by the National Purchasing Institute for the 5th consecutive year. In 1995, the National Purchasing Institute established a program designed to recognize organizational excellence in public procurement. The Achievement of Excellence in Procurement® (AEP) is awarded annually. This prestigious award is earned by those organizations that demonstrate excellence by obtaining a high score, based on standardized criteria. The criteria are designed to measure innovation, professionalism, productivity, e-procurement, and leadership attributes of the procurement organization. Moreover, the City of Flagstaff is one of only fourteen government agencies in Arizona and one of only sixty-five Cities in the United States to receive the award.
- ✓ Completed and implemented a Job Order Contracting program as one of the Alternative Project Delivery Methods (APDM) for construction projects that will significantly compress the time line to complete construction related projects that are at or below the \$1 million dollar threshold. This is the first program of its kind for the City of Flagstaff. This program is the result of a formal competitive Request for Statements of Qualifications (RSOQ) process broken out into five (5) discipline areas as follows: Vertical construction, horizontal construction, landfill, water and waste water treatment and signage, striping and traffic control. Each of these discipline areas required their own respective scope of work. We received a total of 48 responses that were evaluated and scored by an evaluation committee comprised of six (6) evaluators. For the first four (4) discipline areas referenced above, there were three (3) contracts awarded in each of these discipline areas and two (2) contracts awarded for signage, striping and traffic control.
- ✓ Continued work on identifying “Contractual Partners” involving City funding to various nonprofit organizations approved by Council and creating contracts with these organizations to hold them responsible for the services they promised to provide. This is an effort to better monitor, manage and keep apprised of expiration dates for renewals/extensions or the need for a new competitive solicitation process.
- ✓ Continued improvement of our Vendor Performance Database to track both satisfactory and unsatisfactory performance from vendors, especially contractors and sub-contractors performing work utilizing an alternative project delivery method who have been under contract for construction related projects.
- ✓ Implemented a bid management and vendor management software system to allow for electronic bidding from vendors. Arizona Revised Statutes allow for electronic bidding, which is a more efficient and effective way to handle both formal and informal competitive bid solicitations.

- ✓ Purchasing Section staff negotiated with various vendors selected for contract awards through a Request for Proposals and Request for Statements of Qualifications that resulted in cost savings/cost avoidance of \$119,746.
- ✓ Outsourced the Central Warehouse and inventory distribution operation to a local “sole source” vendor, which resulted in the elimination of inventory carrying costs associated with inventory and the ability to repurpose the Central Warehouse to the Police Department who were in need of additional space for police evidence.

**FY 17 NEW INITIATIVES AND GOALS**

- Continue to meet or exceed all of the evaluation criteria to be awarded the Achievement of Excellence in Procurement (AEP) award by the National Purchasing Institute (NPI)
- Expand the Purchasing Section’s E-bidding software to accommodate electronic submissions of proposal responses from vendors responding to a Request for proposals
- Successful completion of professional development and passing scores on a written exam for two (2) Purchasing Section staff to earn a professional purchasing certification
- Conduct an external customer satisfaction survey with our local community vendor base to determine additional vendor training needs on the City’s procurement process
- Develop customized vendor reports that provide more comprehensive data regarding vendor activity, contract awards, and expenditures
- Provide professional development opportunities for Purchasing Section staff to maintain professional Purchasing certifications, expand purchasing knowledge and to keep up with the latest public purchasing trends and best practices

**PERFORMANCE MEASURES**

**Priority:** Management - Effective Governance

**Goal:** Provide exemplary customer service for the procurement of goods, services, and construction

**Objective:** To provide timely formal and informal solicitations, contract management and vendor management

**Type of Measure:** Program effectiveness

**Tool:** Internal customer survey/feedback

**Frequency:** Annually

**Scoring:** 75%+ progressing (Average)

**Trend:** ↑ The Purchasing Section will be meeting with our end-users to identify areas of dissatisfaction and formulate a plan to address these areas to better meet expectations

<b>Measures:</b>	<b>CY 14 Actual</b>	<b>CY 15 Actual</b>	<b>CY 16 Estimated</b>	<b>CY 17 Proposed</b>
Overall rating of meets or exceeds expectations	72%	85%	90%	90%

<b>MANAGEMENT SERVICES</b>	<b>SECTION 032</b>	<b>PURCHASING</b>
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**Priority: Management - Effective Governance**

**Goal:** Provide local vendor educational forums on the City's procurement process

**Objective:** To provide educational opportunities for our vendor community regarding the City's procurement process

**Type of Measure:** Program effectiveness

**Tool:** External vendor survey/feedback

**Frequency:** Bi-annually

**Scoring:** Meets or exceeds expectations

**Trend:** ←→

<b>Measures:</b>	<b>CY 14 Actual</b>	<b>CY 15 Actual</b>	<b>CY 16 Estimated</b>	<b>CY 17 Proposed</b>
Overall rating of meets or exceeds expectations	Exceeds	Exceeds	Exceeds	Exceeds

**Priority: Management - Effective Governance**

**Goal:** Provide cost effective procurement of goods, services, and construction

**Objective:** Identify and implement cost saving and cost avoidance opportunities in the procurement of goods, services and construction

**Type of Measure:** Program efficiency

**Tool:** Documented comparison of budgeted dollars to actual dollars expended

**Frequency:** Annually

**Scoring:** \$50,000 - Progressing (Average), \$35,000-Caution (Warning), \$35,000 and less-Need to Review

**Trend:** ↑

<b>Measures:</b>	<b>CY 14 Actual</b>	<b>CY 15 Actual</b>	<b>CY 16 Estimated</b>	<b>CY 17 Proposed</b>
Total cost savings and/or cost avoidance	\$110,000	\$120,000	\$125,000	\$130,000

**Priority: Management - Effective Governance**

**Goal:** To be efficient and effective with small dollar purchases

**Objective:** Continue to utilize procurement card program for more efficient and effective purchases of small dollar maintenance, repair and operating supplies

**Type of Measure:** Program efficiency

**Tool:** Annual report that reflects the actual percentage of any increases or decreases in procurement card transactions (the Purchasing Section's procurement card administrator runs monthly reports, however increases or decreases in procurement card transactions are measured annually)

**Frequency:** Annually

**Scoring:** 12%- Progressing (Average), 10% -- 12%-Caution (Warning), 10% and less- Need to Review

**Trend:** ←→

<b>Measures:</b>	<b>CY 14 Actual</b>	<b>CY 15 Actual</b>	<b>CY 16 Estimated</b>	<b>CY 17 Proposed</b>
Percentage of total purchase transactions utilizing procurement card vs. requisition/purchase order process	18%	18%	20%	20%

**MANAGEMENT SERVICES**

**SECTION 032**

**PURCHASING**

**Priority:** Management - Effective Governance

**Goal:** To process requisitions into purchase orders within a 24-hour time period after requisitions have been approved

**Objective:** To make purchases for requested material goods, services and construction in a timely manner

**Type of Measure:** Program efficiency

**Tool:** Reports that reflect the total or length of time it takes purchasing staff to process a requisition into a purchase order

**Frequency:** Annually

**Scoring:** Within 24 hrs. - Progressing (Average), 24hrs. – 36 hrs. - Caution (Warning), More than 36 hrs. - Need to Review

**Trend:** ←→

<b>Measures:</b>	<b>CY 14 Actual</b>	<b>CY 15 Actual</b>	<b>CY 16 Estimated</b>	<b>CY 17 Proposed</b>
Length of time it takes to process a purchase order once a requisition has been approved.	Within 24 hrs.	Within 24 hrs.	Within 24 hrs.	Within 24 hrs.

<b>SECTION: 032 - PURCHASING</b>					
<b>EXPENDITURES BY CATEGORY:</b>					
	Actual Expenditures 2014-2015	Adopted Budget 2015-2016	Estimated Expenditures 2015-2016	Proposed Budget 2016-2017	Budget-Budget Variance
Personnel Services	\$ 751,237	\$ 497,623	\$ 496,623	\$ 578,932	\$ 81,309
Contractuals	29,075	25,362	25,362	12,127	(13,235)
Commodities	11,986	9,352	9,352	(16,125)	(25,477)
<b>TOTAL</b>	<b>\$ 792,298</b>	<b>\$ 532,337</b>	<b>\$ 531,337</b>	<b>\$ 574,934</b>	<b>\$ 42,597</b>
<b>EXPENDITURES BY PROGRAM:</b>					
General Administration	\$ 278,806	\$ 1,000	\$ -	\$ 1,000	\$ -
Purchasing	398,980	442,775	442,775	573,934	131,159
Warehouse	114,512	88,562	88,562	-	(88,562)
<b>TOTAL</b>	<b>\$ 792,298</b>	<b>\$ 532,337</b>	<b>\$ 531,337</b>	<b>\$ 574,934</b>	<b>\$ 42,597</b>
<b>SOURCE OF FUNDING:</b>					
GENERAL FUND				\$ 195,623	
LIBRARY FUND				22,381	
HIGHWAY USER REVENUE FUND				33,310	
TRANSPORTATION FUND				28,467	
WATER AND WASTEWATER FUND				192,838	
STORMWATER FUND				16,195	
AIRPORT FUND				19,116	
SOLID WASTE FUND				62,987	
SEMS FUND				4,017	
				<b>\$ 574,934</b>	
<b>COMMENTARY:</b>					
The Purchasing operating budget has increased by 8% and there are no capital expenditures. The Personnel Services increase of 16% is due to a market pay increase as well as an increase in medical and dental insurance, net of the addition of a 1.0 FTE Contract Specialist. Contractuals decreases of 52% are due to decreased utilities costs. Commodities decreases of 272% are due to decreases in office supplies and computer software, as well as work order charge outs of \$30,000. There is no major capital (>\$10,000) for this section.					

**MISSION**

The mission of the Revenue Section is to ensure the City is accurately billing and collecting City revenues and to ensure that customers and the City are complying with all applicable local, state and federal rules and regulations.

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**PROGRAM DESCRIPTION**

The Revenue Section performs a wide variety of functions for the City through its various areas which include Customer Service, Meter Services, Sales Tax and Licensing and Copy Center. Customer Service is responsible for billing, collections, copy center, cashiering and phones. Meter services is responsible for meter reading, utility account service orders, meter change-outs and repairs. Sales Tax and Licensing is responsible for license issuance and renewal, tax return processing and sales tax collections. The Copy Center is responsible for copying, printing, scanning and mail processing.

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**FY 16 ACCOMPLISHMENTS**

- ✓ The Customer Service Staff was awarded the 2015 City Manager Agassiz Award for Teamwork, recognizing the impact team members have on every single household in Flagstaff, executing challenging tasks, building relationships with residents, and working with various City entities for billing, payment, and collections. The Agassiz Award is in recognition when there is an outstanding example of at least one of the values of the City.
  - ✓ Sales Tax has continued to process tax returns, while keeping abreast of the changes in the transition to Arizona Department of Revenue. During calendar year 2015, more than 56,000 sales tax returns were processed, 1,200 new business licenses issues, 220 reported history requests provided to the State and 12 audits completed. These duties were completed with a reduction of a Collection Specialist, who assisted with various duties, as well as the Sales Tax Manager who also was responsible for audits.
  - ✓ Customer Service completed Phase 2A of the Harris Innoprise implementation, which included Miscellaneous Accounts Receivables (MAR), Centralized Cash Receipting, as well as the initials phase of Paymentus, which allows MAR and Water Haulers to make payments to their accounts on-line and over the phone. To handle the increase in customers and allow for higher quality personal interaction, the initial phase of payment processing by CDS Global was implemented with great success.
  - ✓ Customer Service Representatives in the lobby of City Hall, are not only the face greeting the wandering resident looking for directions, they handle a high volume of transactions. In calendar year 2015, they were able to assist more than 35,000 phone callers, over 200,000 cash handling transactions, equating to more than \$100,000,000 in cash, check and credit card payments.
  - ✓ Our Collection Specialist averages almost \$190,000 per month, collecting over \$2,241,350 for MAR, Utility, and Library Collections, not including parking tickets.
  - ✓ Meter Services completed 55 new meter installs and over 900 repairs to the existing system. The focus for the Fixed Network Pilot project was extended from a six month to a twelve month process, starting with one collector and one repeater, collecting 700 meter reads in one cycle to three collectors and five repeaters to a potential of 3,080 meter reads, allowing for a complete cycle of all eight books. Currently, the project is at 45% accuracy. The lower than expected score is due to metal lids, which distribution is replacing with composite lids, allowing for a greater number of reads with higher accuracy. With implementation of full staffing, estimated reads have been reduced to .07% and is no longer a concern within the Section.
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**FY 17 NEW INITIATIVES AND GOALS**

- Continue to provide strong Customer Service in all areas of the Revenue Section
- Implement the new Cisco Finesse phone tree system to enable more responsive call answering, while promptly and accurately directing customer inquiries
- Complete Phase 2B of the Harris Innoprise Customer Information System implementation

- Fully implement CDS Global for the processing of Utility and Collection Payments
- Integrate Paymentus with Harris Innoprise to improve the customer application and payment process
- Re-implement Delinquency Notices for Utility Bills to allow customers the opportunity to make a payment prior to services being terminated
- Provide Confined Space Training for Meter Technician Supervisor and new Meter Technician II's
- Begin the installation of 2,500 radio read meters, replacing older models, upgrading 40w and 50w, to 100w, which are more accurate, require less maintenance and are compatible with new technology
- Transition Sales Tax to Arizona Department of Revenue

**PERFORMANCE MEASURES**

**Priority: Management – Customer Service**

**Goal:** Provide sales tax education and outreach to business owners

**Objective:** Assist at least 250 business owners, through education and/or outreach

**Type of Measure:** Output and outcome

**Tool: Output:** Number of business owners that have been assisted (the goal is 250 business owners per year)

**Tool:** Count of individuals or business provided information and instructions that were easy to follow and that the material presented was basic, but provided sufficient detail

**Frequency:** Annually

**Scoring:** Number of business owners reached per year >250, Very Good, 250-200, Adequate, <200, underperforming

**Trend:** ←→ Meets expectations

<b>Measures:</b>	<b>CY 14 Actual</b>	<b>CY 15 Actual</b>	<b>CY 16 Estimated</b>	<b>CY 17 Proposed</b>
Number of business owners reached through education and/or outreach	NA	NA	>250	>250

Note: With the takeover of sales tax collections by the Arizona Department of Revenue (ADOR) on January 1, 2017, the City will not conduct sales tax education seminars.

**Priority: Management - Effective Governance**

**Goal:** Maintain a high collection rate of sales tax accounts

**Objective:** Keep write-offs below the designated percentage of total revenue

**Type of Measure:** Program outcome

**Tool:** Evaluate the amount of write-offs taken to council each year

**Frequency:** Annually

**Scoring:** Sales Tax: <.30% Very Good, .30% to .50%, Adequate, >.50%, Underperforming

**Trend:** ↑

<b>Measures:</b>	<b>CY 14 Actual</b>	<b>CY 15 Actual</b>	<b>CY 16 Estimated</b>	<b>CY 17 Proposed</b>
Annual write off of sales tax accounts	\$140,570	\$125,000	*\$250,000 See note	*\$250,000 See note
Sales tax write offs as a percentage of total revenue	0.40%	0.30%	*N/A See note	*N/A See note

Note: With the takeover of sales tax collections by the Arizona Department of Revenue (ADOR) on January 1, 2017, the City will no longer collect on outstanding amounts owed. Therefore, to clean the City's accounts, the CY16 write-off is expected to be quite large as some accounts may not be collected on as long as in the past.

**Priority: Management - Effective Governance**

**Goal:** Invest City funds with the goal of maximum return but keeping in mind that safety of the principal is more important than the return on that principal

**Objective:** Achieve a rate of return on managed investments that exceeds the designated benchmark rate

**Type of Measure:** Program outcome

**Tool:** Compare rate of return on managed investments outside to the rate of return of the designated benchmark

**Frequency:** Annually

**Scoring:** Spread between City rate of return and designated benchmark >.25% Very Good, .1% to .25%, Adequate, <.1% Underperforming

**Trend:** ←→ Although returns are projected to decline due to historically low rates, investment returns are expected to remain above the designated benchmark.

<b>Measures:</b>	<b>CY 14 Actual</b>	<b>CY 15 Actual</b>	<b>CY 16 Estimated</b>	<b>CY 17 Proposed</b>
Rate of return on investments outside LGIP	1.24%	.96%	1.00%	1.00%
Benchmark rate of return	1.24%	.97%	1.00%	1.00%
Spread between City and benchmark returns	0.00%	-.10%	0.00%	0.00%

**Priority: Management - Effective Governance**

**Goal:** Have a sales tax audit program that is financially productive and performing enough audits and reviews to keep a high profile within the business community

**Objective:** Sales tax audit assessments will monitor business owner compliance and perform approximately 25 audits and reviews per year

**Type of Measure:** Program outcome

**Tool:** Count of sales tax audit assessments completed within a calendar year

**Frequency:** Annually

**Scoring:** Number of completed audits per year >25, Very Good, 15-25, Adequate, <15, Underperforming

**Trend:** ←→ Audit assessments are expected to remain stable over the next few years.

<b>Measures:</b>	<b>FY 14 Actual</b>	<b>FY 15 Actual</b>	<b>FY 16 Estimated</b>	<b>FY 17 Proposed</b>
Number of audits and reviews performed	57	50	20	25

Note: With the loss of the Sales Tax Manager and Collection Specialist in CY 2015, audits were reduced



Downtown, Olive Oil Traders (Flagstaff Convention and Visitors Bureau)

**Priority: Management - Effective Governance**

**Goal:** Limit the amount of accounts written off

**Objective:** Timely collections of past due accounts and adequate deposits billed to reduce the amount of receivables written off

**Type of Measure:** Outcome

**Tool:** Annual accounts presented to Council and written off

**Frequency:** Annual

**Scoring:** Utility Billing <.20% Very Good, .20 to .30% Adequate, >.30% Underperforming  
 Miscellaneous Account Receivables: <.20%, Very Good, .20% to .30%, Adequate, >.30% Underperforming

**Trend:** ↑ Utility write off amounts are expected to normalize around \$100,000 due to an increase in the account deposit amount and to an increase in the number of account disconnections for nonpayment performed by staff.

↔ Miscellaneous account receivables write off amounts have stabilized at very good levels.

<b>Measures:</b>	<b>CY 14 Actual</b>	<b>CY 15 Actual</b>	<b>CY 16 Estimated</b>	<b>CY 17 Proposed</b>
Annual write off of customer utility accounts	\$191,098	\$100,000	\$100,000	\$100,000
Utility write offs as a percentage of total billed	0.58%	0.20%	0.15%	0.15%
Annual write off of miscellaneous account receivable accounts	\$2,126	\$10,000	\$10,000	\$10,000
Miscellaneous account receivables write offs as a percentage of total billed	0.03%	0.15%	0.15%	0.15%

**Priority: Management – Customer Service**

**Goal:** Provide accurate billings

**Objective:** Limit the number of estimated read billings

**Type of Measure:** Outcome

**Tool:** Spreadsheet data for meter reading

**Frequency:** Monthly

**Scoring:** Reading Estimate: <2% Exceeding, 2-5% Meeting, >5% Not Meeting

**Trend:** ↔ Meeting expectations

<b>Measures:</b>	<b>CY 14 Actual</b>	<b>CY 15 Actual</b>	<b>CY 16 Estimated</b>	<b>CY 17 Proposed</b>
Percent of estimated meter reads	1.27%	1.00%	.07%	1.00%

**MANAGEMENT SERVICES**

**SECTION 033**

**REVENUE**

<b>SECTION: 033 - REVENUE</b>					
<b>EXPENDITURES BY CATEGORY:</b>					
	Actual Expenditures 2014-2015	Adopted Budget 2015-2016	Estimated Expenditures 2015-2016	Proposed Budget 2016-2017	Budget-Budget Variance
Personnel Services	\$ 1,149,021	\$ 1,144,809	\$ 1,119,809	\$ 1,151,770	\$ 6,961
Contractuals	328,533	392,189	377,189	388,339	(3,850)
Commodities	46,419	40,800	40,800	43,800	3,000
Capital	5,477	35,000	35,000	32,000	(3,000)
<b>TOTAL</b>	<b>\$ 1,529,451</b>	<b>\$ 1,612,798</b>	<b>\$ 1,572,798</b>	<b>\$ 1,615,909</b>	<b>\$ 3,111</b>
<b>EXPENDITURES BY PROGRAM:</b>					
General Administration	\$ 161,107	\$ 166,271	\$ 151,271	\$ 247,658	\$ 81,387
Licensing and Support	106,664	92,678	92,678	97,418	4,740
Auditing	173,704	175,263	175,263	179,164	3,901
Sales Tax Collections	78,440	81,318	81,318	70,377	(10,941)
Customer Service	648,309	718,551	718,551	658,429	(60,122)
Billing and Collections	47,824	48,489	23,489	-	(48,489)
Print and Mail Services	9,736	-	-	-	-
Meter Services	303,667	330,228	330,228	362,863	32,635
<b>TOTAL</b>	<b>\$ 1,529,451</b>	<b>\$ 1,612,798</b>	<b>\$ 1,572,798</b>	<b>\$ 1,615,909</b>	<b>\$ 3,111</b>
<b>SOURCE OF FUNDING:</b>					
	GENERAL FUND			\$ 124,100	
	LIBRARY FUND			6,672	
	HIGHWAY USER REVENUE FUND			11,576	
	TRANSPORTATION FUND			279,250	
	WATER AND WASTEWATER FUND			922,697	
	STORMWATER FUND			16,865	
	AIRPORT FUND			35,023	
	SOLID WASTE FUND			203,412	
	SEMS			16,314	
				<b>\$ 1,615,909</b>	
<b>COMMENTARY:</b>					
<p>The Revenue Section operating budget has increased by less than 1%. There are capital expenditures (total \$32,000), resulting in an overall net decrease of 9%. The Personnel Services increase of 1% is due to a market pay increase as well as an increase in medical and dental insurance. Contractuals decreases of 1% are due to decreased costs for computer equipment and other miscellaneous services. Commodities increases of 7% are due to one-time increases in copying and printing costs. Major capital (&gt;\$10,000) includes a meter services vehicle.</p>					

**MISSION**

The mission of the Finance division is to ensure that City's financial resources are protected through sound financial management, including allocation of resources consistent with community goals and providing timely, accurate and reliable information that will assist in making informed decisions.

**PROGRAM DESCRIPTION**

The Finance Division provides a variety of financial services to the Council and City staff. Services include accounts payable, payroll, financial analysis, budget reporting, grant management and performance reporting.

**FY 16 ACCOMPLISHMENTS**

- ✓ Received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for FY 2016 for the 22<sup>nd</sup> consecutive year
- ✓ Received the GFOA Certificate of Achievement for Excellence in Financial Reporting for FY 2015 for the 22<sup>nd</sup> consecutive year
- ✓ Completed FY 2015 financial and single audit reports
- ✓ Implemented GASB 67 and 68 for financial reporting for pensions and pension plans
- ✓ Submitted the Airport Capital Improvement 5-Year Plan for 2017-2021 for \$26.5M to FAA and ADOT
- ✓ Completed the Flagstaff Business Accelerator Facility
- ✓ Worked with Wildland Fire Management section to apply and receive numerous Forest Protection grants along with implementing the Forest Watershed Protection Project
- ✓ Continued implementation of the Brownfield Assessment grant for Petroleum and Hazardous substances
- ✓ Grants Management worked extensively with Utilities, Water Resources and Salt River Project to enter into an Independent Contractor Agreement for Flowtopography for the Upper Lake Mary Watershed
- ✓ Grants and Finance worked with Utilities, Water Resources and Public Works Sustainability to plan and implement Conserve2Enhance that connects water conservation projects throughout the community
- ✓ Grants Manager presented at the National Association of Housing and Redevelopment and at the AZ Regional Grant Professional Conference
- ✓ Held quarterly lunch training sessions with the Northern AZ Grant Connection members
- ✓ Received final payment and closed the 2010 Schultz Flooding Disaster Recovery Grant
- ✓ Evaluated and selected Consultant for the Airport Master Plan Update Grant
- ✓ Attended two-day retreat on the Emergency Operations Planning development document
- ✓ Manage payroll changes to bring employees to market based pay plan
- ✓ Grants Management reviewed and submitted approximately 136 grant performance and financial reports
- ✓ Finance Accountants prepared approximately 136 grant financial reports
- ✓ Completed successfully various agency audits
- ✓ Evaluated and selected new audit firm

**FY 17 NEW INITIATIVES AND GOALS**

- Through the Small Air Service Community Grant, continue to work with staff to secure second airline
- Implement OpenGov transparency software
- Continue to work with staff to purchase airport land from the Coconino National Forest Service
- Continue to submit required reports such as EEOP, FFATA and DBE to meet grant compliance
- Submit the Airport Capital Improvement 5-Year Plan for 2018-2022 to FAA and ADOT
- Apply for the FAA grant and begin Construction of the Airport Rehabilitation of Runway 3/21 project
- Implement a new grant award from the Department of Emergency and Military Affairs, Military Installation Fund for Outdoor Lighting for the Core Maintenance Facility

- Implement new Innoprise software for Work Management, Capital Assets, Payroll and HR
- Implement a new time entry software
- Work with Leadership, Extended Leadership and Staff to prepare a Strategic Plan
- Work with Leadership, Extended Leadership and Staff to prepare a Strategic Plan

**PERFORMANCE MEASURES**

**Priority: Management – Effective Governance**

**Goal:** To maintain external validation of appropriate budget and year-end financial reporting

**Objective:** Maintain the Government Finance Officer’s Association (GFOA) Certificate of Achievement of Excellence in Financial Reporting and the GFOA Distinguished Budget Presentation Award

**Type of Measure:** Outcome

**Tool:** Produce documents and submit for review

**Frequency:** Annual

**Scoring:** 100%

**Trend:** ↑

<b>Measures:</b>	<b>CY 14 Actual</b>	<b>CY 15 Actual</b>	<b>CY 16 Estimated</b>	<b>CY 17 Proposed</b>
GFOA Certificate of Achievement	100%	100%	100%	100%
GFOA Distinguished Budget Presentation Award	100%	100%	100%	100%

**Priority: Management – Effective Governance**

**Goal:** Continue to maintain budgeted grant revenue levels

**Objective:** To budget and apply for projected grant revenue in the amount of approximately \$10 million per fiscal year

**Type of Measure:** Outcome

**Tool:** Budget Document, Schedule of Grant Revenues, FY Grant Revenue Reconciliation, Grants Management Database

**Frequency:** Annually

**Scoring:** \$10 million or more

**Trend:** ↑

<b>Measures:</b>	<b>FY 14 Actual</b>	<b>FY 15 Actual</b>	<b>FY 16 Estimated</b>	<b>FY 17 Proposed</b>
Projected grant budgeted revenue	\$31,993,929	\$24,641,975	\$11,751,055	\$15,000,000
Actual grant revenue received	\$12,407,527	\$13,328,465	\$15,043,464	\$10,000,000
Grant amounts awarded during the fiscal year	\$15,798,329	\$2,521,362	\$7,382,041	\$8,000,000

**Priority: Management – Effective Governance**

**Goal:** To apply and succeed in grant applications submitted

**Objective:** Of the grants applied for expect successful awards on more that 50%

**Type of Measure:** Outcome

**Tool:** Grants Management Database

**Scoring:** > 60%=Exceeding, 50%-60%=Meeting, <50%=Needs Attention

**Trend:** ↑

<b>Measures:</b>	<b>FY 14 Actual</b>	<b>FY 15 Actual</b>	<b>FY 16 Estimated</b>	<b>FY 17 Proposed</b>
Grants applications submitted	39	53	37 to date	50
Grants awarded	27	35	26 to date	40
Active grants worked during fiscal year	136	136	135	200

**Priority: Management – Customer Service and Effective Governance**

**Goal:** Increase the number of vendors paid through Electronic Funds Transfers (EFT)

**Objective:** Continue to increase the percentage of EFT versus paper check payments

**Type of Measure:** Output

**Tool:** Check registers

**Frequency:** Every check-run

**Scoring:** >25% Very Good, 15-25% Good, <15% Needs Attention

**Trend:** ↑

Measures:	CY 14 Actual	CY 15 Actual	CY 16 Estimated	CY 17 Proposed
Vendors paid by EFT	200	183	195	200
Number of payments made by EFT	1,946	1,711	2,000	2,100
Percent of total payments	23%	21%	25%	27%
Percent of total dollars paid	54%	48%	55%	58%

**Priority: Management – Effective Governance**

**Goal:** Limit the number of single audit auditor findings

**Objective:** To have no audit findings on either the City general or single audit

**Type of Measure:** Outcome

**Tool:** Single audit

**Frequency:** Annually

**Scoring:** 100%

**Trend:** ↑

Measures:	CY 14 Actual	CY 15 Actual	CY 16 Estimated	CY 17 Proposed
City of Flagstaff control deficiencies	0	0	0	0
City of Flagstaff significant deficiencies	0	2	0	0
Single audit findings	0	0	0	0

**Priority: Management – Effective Governance**

**Goal:** Provide excellent payroll customer service to employees

**Objective:** To continue to improve the quality of customer service to employees

**Type of Measure:** Outcome

**Tool:** Payroll Customer Service Survey

**Frequency:** Annually

**Scoring:** >80% Very good, 80-70% Good, <70% Needs Attention

**Trend:** ↑

Measures:	CY 14 Actual	CY 15 Actual	CY 16 Estimated	CY 17 Proposed
Meets or exceeds expectations in overall satisfaction	N/A	N/A	89%	92%

<b>SECTION:</b>		<b>034 - FINANCE</b>			
<b>EXPENDITURES BY CATEGORY:</b>					
	Actual Expenditures 2014-2015	Adopted Budget 2015-2016	Estimated Expenditures 2015-2016	Proposed Budget 2016-2017	Budget-Budget Variance
Personnel Services	\$ 935,434	\$ 1,153,132	\$ 1,050,132	\$ 1,255,706	\$ 102,574
Contractuals	51,573	55,402	54,252	84,552	29,150
Commodities	21,483	15,784	15,784	19,034	3,250
<b>TOTAL</b>	<b>\$ 1,008,490</b>	<b>\$ 1,224,318</b>	<b>\$ 1,120,168</b>	<b>\$ 1,359,292</b>	<b>\$ 134,974</b>
<b>EXPENDITURES BY PROGRAM:</b>					
General Administration	\$ 124,709	\$ 235,083	\$ 190,083	\$ 144,808	\$ (90,275)
Accounting	395,357	499,670	440,520	651,473	151,803
Payroll	161,470	161,222	161,222	252,407	91,185
Accounts Payable	129,881	128,204	128,204	80,385	(47,819)
Grants Management	197,073	200,139	200,139	230,219	30,080
<b>TOTAL</b>	<b>\$ 1,008,490</b>	<b>\$ 1,224,318</b>	<b>\$ 1,120,168</b>	<b>\$ 1,359,292</b>	<b>\$ 134,974</b>
<b>SOURCE OF FUNDING:</b>					
GENERAL FUND				\$ 1,001,271	
LIBRARY FUND				64,173	
HIGHWAY USER REVENUE FUND				40,614	
TRANSPORTATION FUND				30,511	
WATER AND WASTEWATER FUND				104,302	
STORMWATER FUND				7,637	
AIRPORT FUND				33,182	
SOLID WASTE FUND				64,402	
SEMS FUND				13,200	
				<b>\$ 1,359,292</b>	
<b>COMMENTARY:</b>					
<p>The Finance operating budget has increased by 11% and there are no capital expenditures. The Personnel Services increase of 9% is due to a market pay increase as well as an increase in medical and dental insurance, net of the addition of a 1.0 FTE for a Payroll Specialist. Contractuals increases of 53% are due to increased costs for employee education and training and one-time software maintenance. Commodities increases of 21% are due to one-time increases in copying and printing costs. There is no major capital (&gt; \$10,000) for this section.</p>					



West of the Moon Gallery (Flagstaff Convention and Visitors Bureau)