

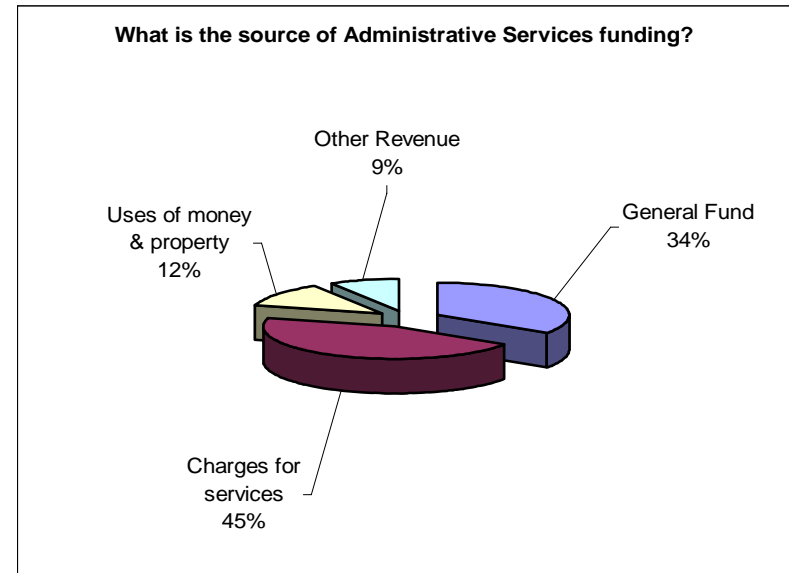
# CHAPTER 2 – ADMINISTRATIVE SERVICES

The mission of Administrative Services is to provide financial, administrative, and technical support to City Departments and decision-makers, and to safeguard and facilitate the optimal use of City resources.

The Department has eight major functional areas as follows:

- Administration – is responsible for coordinating and directing the activities of the Department.
- Accounting – is responsible for general ledger accounting, payroll, and vendor payments for all departments of the City.
- Treasury – ensures the proper recording, receipting, custody and deposit of all monies received by City departments as well as the billing, collection, enforcement, and audit of various taxes, fees and charges owed to the City.
- Purchasing – is responsible for the procurement of all supplies and services necessary for the efficient operation of City departments and assists with procurement projects, from evaluation to final negotiation and purchase.
- Utility Billing – is responsible for customer service, billing and collection for water, sewer, stormwater, and solid waste to the City's utility customers.
- Equipment – provides maintenance, repair and replacement of fund equipment and assists departments with major and minor equipment acquisitions.
- Central Duplicating – provides centralized printing and high volume reprographic services, as well as mail service to all City departments.
- Risk Management – is responsible for managing the preservation of City assets, both human and physical, by identifying, evaluating, and controlling loss exposures faced by the City.

Prior to FY 2007, Information Technology, Radio, and Telecommunications were divisions of Administrative Services. These divisions currently comprise the Information Technology Department. For this report, we have removed expenditures for these divisions from Administrative Services and included them in Chapter 12 under the Information Technology Department.



Source: FY 2007 revenue data

Utility Billing is a functional area of Administrative Services. The division is administratively located under Administrative Services while expenditures for this division are charged to Municipal Utilities Department (MUD). Prior to FY 2007 and for budgetary purposes, staffing and expenditures were reported under Administrative Services. In FY 2007, expenditures were reported and charged directly to MUD. Staffing, however, will remain part of Administrative Services. For this report, we have included Utility Billing expenditures as part of MUD in Chapter 14 while staffing will continue to be reported as part of Administrative Services.

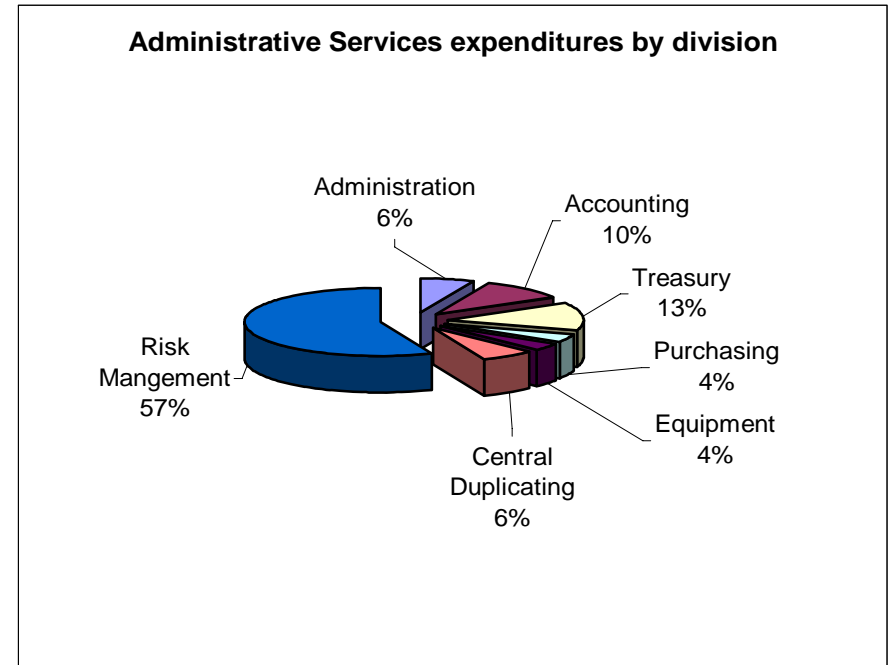
## REVENUE AND SPENDING

Administrative Services is primarily funded through the General Fund and several Internal Service Funds. As with most general fund departments, a portion of personnel costs are allocated to other funds through the budget process. As a result, budget and actual expenditures reported by department represent the unallocated operating cost per department. The City's financial system is not set up to easily determine total operating costs by department.

Revenue generated by Utility Billing has been excluded from Administrative Services and included in Municipal Utilities.

As shown in the chart on the previous page, 34 percent of funding was from the General Fund for FY 2007. Other sources of revenue included 45 percent from charges for services, 12 percent from uses of money and property, and nine percent from other revenue sources.

In examining where an Administrative Services dollar is spent, we noted 57 percent is spent on Risk Management, with 13 percent on Treasury, and ten percent on Accounting. The remaining 20 percent is spent on Administration, Purchasing, Equipment, and Central Duplicating as shown to the right.



Source: FY 2007 expenditure data

## SPENDING, PER CAPITA, & STAFFING

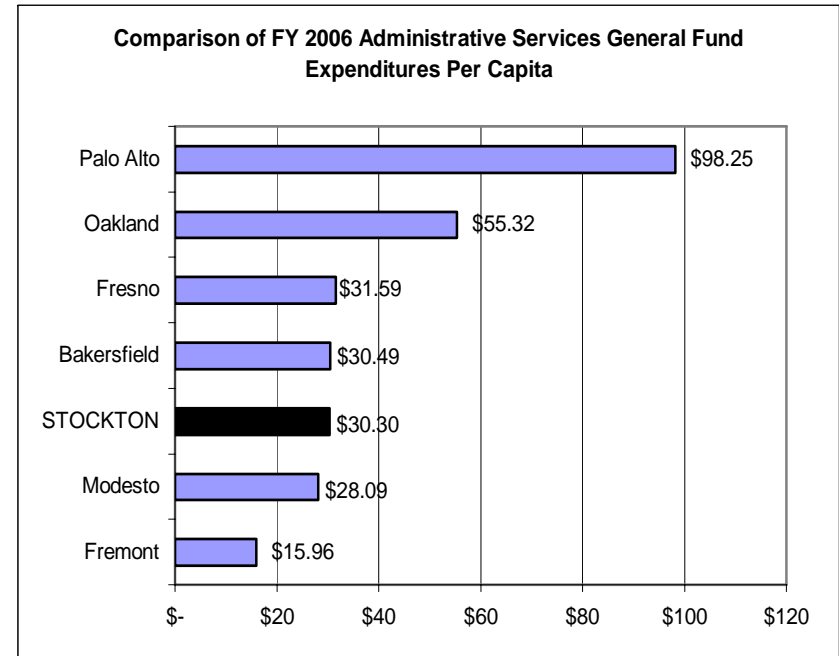
Overall, total operating expenditures for Administrative Services has increased 71 percent as a result of increased risk expenditures as discussed below. As a result, Administrative Services' per capita increased 54 percent from \$20.46 in FY 2003 to \$31.59 in FY 2007.

Per capita comparisons between cities can be difficult as cities vary in population, number of departments, and offer a different mix of services than Stockton.

As shown to the right, Stockton's FY 2006 Administrative Services' General Fund per capita was similar to Fresno, Bakersfield and Modesto, greater than Fremont, but substantially less than Palo Alto and Oakland. Per capita comparisons were based solely on cities expenditures and population. We made no attempt to examine the types of services performed or cost allocation method used by the respective cities' administrative services department.

Expenditures, including claim payments, for Risk Management have increased 164 percent over the last five years. The City realized significant increases with the addition of the Ballpark in FY2005 and the Arena in FY 2006

Administrative Services authorized full time staffing has increased two percent from 59 in FY 2003 to 60 in FY 2007. At the end of FY 2007, actual full time staffing was at 57 positions.



Source: FY 2006 Cities' Comprehensive Annual Financial Reports and Annual Budgets<sup>1</sup>

	Operating Expenditures								Per Capita	Authorized full time staffing <sup>3</sup>
	Administration	Accounting	Treasury	Purchasing	Equipment	Central Duplicating	Risk <sup>2</sup> Management	TOTAL		
FY 2003	\$408,240	\$777,151	\$949,790	\$367,010	\$446,759	\$452,116	\$1,945,909	\$5,346,975	\$20.46	59
FY 2004	\$435,341	\$744,131	\$1,019,343	\$334,823	\$455,244	\$486,109	\$2,552,335	\$6,027,326	\$22.40	60
FY 2005	\$483,666	\$774,806	\$1,062,529	\$438,659	\$394,691	\$520,757	\$2,896,201	\$6,571,309	\$23.51	59
FY 2006	\$525,426	\$908,050	\$1,274,406	\$400,448	\$415,790	\$527,063	\$4,616,843	\$8,668,026	\$30.30	59
FY 2007	\$581,582	\$948,260	\$1,220,372	\$354,774	\$340,184	\$573,113	\$5,135,648	\$9,153,933	\$31.59	60
over last 5 years	42%	22%	28%	-3%	-24%	27%	164%	71%	54%	2%

<sup>1</sup> Department expenditures were obtained from cities' Comprehensive Annual Financial Reports. Where data was unavailable, expenditures were obtained from department's annual budgets.

<sup>2</sup> Risk Management operating expenditures includes claims paid.

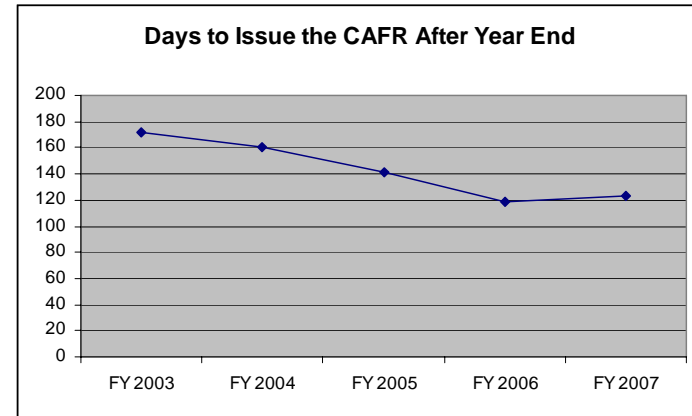
<sup>3</sup> Authorized full time staffing is based on approved annual fiscal year budgets. Staffing for the Utility Billing division is included in Administrative Services.

## ACCOUNTING

Accounting is responsible for financial reporting and disbursements for all City departments; recording financial transactions; reporting financial position in accordance with generally accepted accounting principles; accurate payment of all employee salaries and benefits; and payments to vendors of documented bills for materials and services..

Over the last five years:

- The volume of Accounts Payable checks have decreased 28 percent.
- The volume of payroll transactions has decreased seven percent.
- The volume of payroll transactions by direct deposit has increased 18 percent. Direct deposits are less costly to the City than checks.
- The elapsed time, from fiscal year end, to issuance of the City's financial statements has decreased by 49 days, or 28 percent.



Source: Stockton Comprehensive Annual Financial Reports

	AP checks issued	Payroll checks issued	Payroll direct deposits	Total payroll transactions	Percentage of payroll transaction paid by direct deposit	W-2s issued <sup>1</sup>	Days from year end to CAFR issue date	CAFR issue date
FY 2003	29,623	20,767	33,826	54,593	62%	2,804	172	12/19/2003
FY 2004	23,754	19,028	33,675	52,703	64%	2,723	160	12/7/2004
FY 2005	24,383	17,535	34,658	52,193	66%	2,694	141	11/18/2005
FY 2006	22,655	15,263	36,854	52,117	71%	2,549	119	10/27/2006
FY 2007	21,413	13,599	37,376	50,975	73%		123	10/31/2007

Change over last 5 years <sup>2</sup>	-28%	-35%	10%	-7%	18%	-9%	-28%
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<sup>1</sup> W-2s were processed for the calendar year.

<sup>2</sup> Where five years of data was not available, the change was based on the first available data.

## TREASURY AND UTILITY BILLING

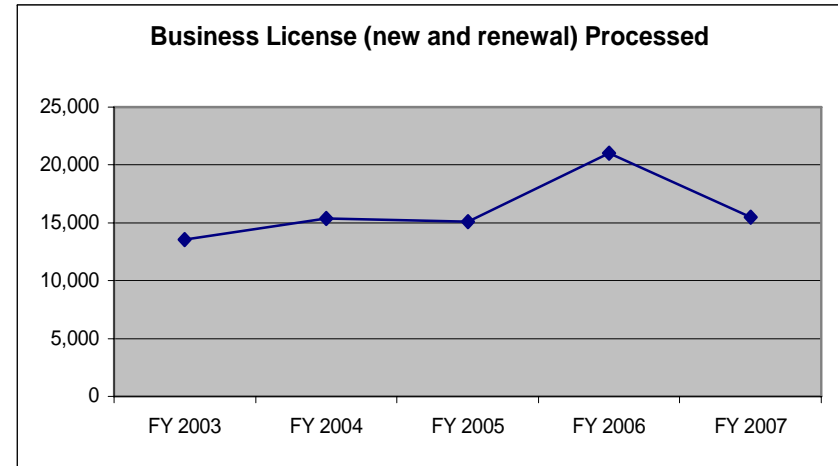
Treasury ensures the proper recording, receipting, custody, and deposit of all monies received by the City. The licensing section provides billing, collections, enforcement and audit /control of business licensing, dog permits, Transient Occupancy Tax, business improvement districts, and fire permit fees. Other debts owed to the City, such as code enforcement citations, cost recovery, revenue contracts, franchise fees and returned checks are billed and tracked by the Miscellaneous Accounts Receivable section.

Compared to five years ago:

- Business license processed has increased 14 percent. The spike in volume in FY 2006 can be attributed to the City's voluntary compliance program.
- Miscellaneous Accounts Receivable invoices issued have increased 48 percent.

The Utility Billing unit provides customer service, billing and collections for water, sewer, stormwater, and solid waste to the City's customers. Unit staff coordinates for the billing of City and solid waste services invoiced by California Water Services.

- The percentage of customer service contacts handled by the City Interactive Voice Response system has increased since implementation in November 2004.



Source: Administrative Services Department

	Treasury					Utility Billing					
	Cash receipts transactions processed	Business license new & renewal processed	Transient Occupant Tax filings processed	Misc. accounts receivable invoices issued	Code enforcement accounts assessed	Utility bills mailed	Utility accounts opened closed	Water service connections added	Utility customer contacts by IVR	Utility customer contacts by staff	Total utility customer contacts
FY 2003		13,575	47	24,400	524	517,896	14,838				
FY 2004		15,352	45	27,450	550	557,868	16,860				
FY 2005	272,343	15,116	77	29,212	552	588,312	21,609	2,463	42,972	100,674	143,646
FY 2006	247,598	21,031	72	28,003	494	622,752	20,224	1,778	64,782	121,668	186,450
FY 2007	279,256	15,485	70	36,222	668	626,160	18,594	807	67,776	75,816	143,592

Change over

last 5 years <sup>1</sup>	3%	14%	49%	48%	27%	6%	-14%	-67%	58%	-25%	-0.04%
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<sup>1</sup> Where five years of data was not available, the change was based on the first available data

## PURCHASING AND DUPLICATING

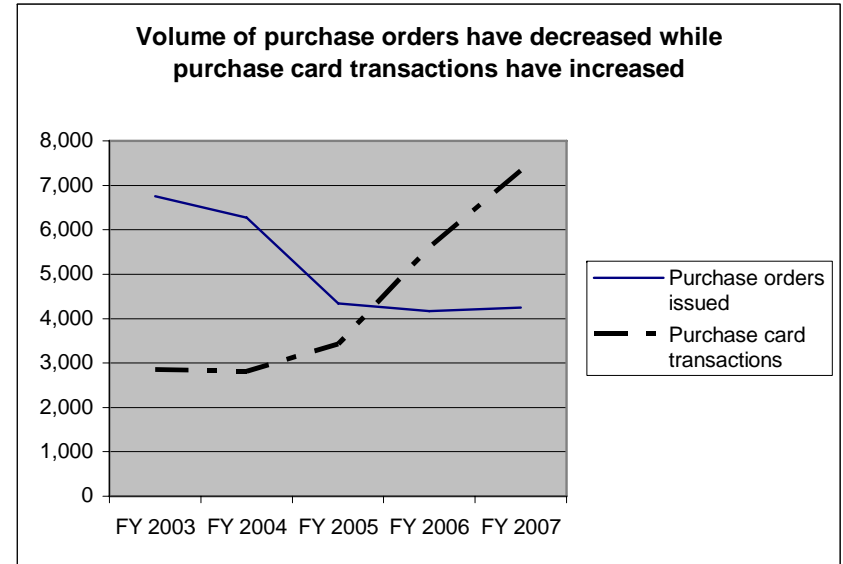
Purchasing is responsible for the procurement of all supplies and services necessary for the operation of City Departments. The Purchasing unit functions within a centralized purchasing model as outlined in the City Charter and municipal Code. Purchasing assists with procurement projects, from evaluation to final negotiation and purchase.

Central Duplicating provides complete, full service in-house print and mailroom service to all City Departments.

Compared to five years ago:

- The volume of purchase orders and store tickets issued have decreased 37 and 40 percent respectively.
- The volume of purchase card transactions have increased 157 percent.
- The volume of reprographic copies have decreased 34 percent.

	Purchasing				Central Duplicating
	Purchase orders issued	Store tickets issued	RFP/Bids issued	Purchase card transactions	Reprographic copies
FY 2003	6,754	14,537	36	2,849	7,094,183
FY 2004	6,267	12,525	54	2,817	6,384,533
FY 2005	4,342	10,361	38	3,428	5,674,705
FY 2006	4,172	9,840	51	5,598	4,964,968
FY 2007	4,245	8,756	47	7,328	4,670,751
Change over last 5 years	-37%	-40%	31%	157%	-34%



Source: Administrative Services Department

## RISK MANAGEMENT

The City is self-insured for general liability, worker's compensation, and health insurance. The City participates in two multi-agency joint powers authorities to provide excess insurance coverage, one for liability coverage and one for worker's compensation. The City also has established three internal service funds to accumulate resources to cover potential uninsured losses.