

CITY OF SAGINAW, TEXAS FINANCIAL MANAGEMENT POLICIES

Latest staff & Mayor
comments

I. Purpose

The City of Saginaw has a responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan for the adequate funding of services desired by the public. These policies are designed to establish guidelines for the fiscal management of the City.

II. Policy

These policies shall be reviewed periodically and will be presented to the City Council for approval of any significant changes.

Such periodic review shall occur not less than every 5 years. The review shall be conducted by a committee made up of not more than 3 city council members, 2 staff members and a minimum of 1 qualified citizen. A qualified citizen is a person over the age of 21 who has experience in the area of either accounting or finance. The citizen must either reside or operate a business within the city limits of Saginaw.

Staff agrees with this change and will attempt to find a citizen volunteer to be part of the review.

III. Basis of Accounting

A. Governmental Funds – The City's accounting records for general governmental operations are maintained on a modified accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). Revenues are recorded when measurable and available and expenditures are recorded when goods and services are received or when a commitment to purchase is made.

B. Proprietary Funds – The City's accounting records for enterprise operations (water and wastewater service) are maintained on a full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). Revenues are recorded when they are earned by and due to the City and expenditures are recorded when goods and services are received or when a commitment to purchase is made.

C. Basis of Accounting compared to Basis of Budgeting – Revenues and expenditures are budgeted on a cash basis which differs in some instances from

CITY OF SAGINAW, TEXAS
FINANCIAL MANAGEMENT POLICIES

the basis of accounting: Compensated absences are not budgeted but are reported as an expenditure in the accounting system. Depreciation and gains or losses on assets are not budgeted but are recorded as revenues or expenditures in the accounting system. For Proprietary Funds capital expenses are budgeted but at year end are booked as additions to capitalized assets and bond payments are budgeted as expenses but booked as a reduction to liability at year end.

CITY OF SAGINAW, TEXAS
FINANCIAL MANAGEMENT POLICIES

IV. External Audit

The City shall have its records and accounts audited annually by an outside, independent auditor and shall have an annual financial statement prepared based on the audit.

A. The auditors are accountable to the City Council and will have access to direct communication with the City Council if the City staff is unresponsive to auditor recommendations or if the auditors consider such communication necessary to fulfill their legal and professional responsibilities.

B. At least every five years, the City shall request qualifications from qualified accounting firms, including the current auditors if their past performance has been satisfactory.

C. Proposals for the annual audit will be evaluated based on the following criteria:

1. The auditor will be a certified public accountant licensed to practice within the State of Texas.
2. The auditor shall have an understanding of the City's needs and its plans for the future.
3. The auditor's approach shall be thorough, comprehensive, and tailored to the City's needs.
4. The auditor shall have specialized government audit training and should have experience in auditing municipal governments of a similar size.
5. The audit firm shall have a demonstrated commitment to local government audit practice.
6. The audit firm shall have the appropriate resources available to apply to the audit engagement.
7. The fees proposed by the audit firm shall be reasonable in view of the type and quality of the services provided. Auditing is a professional service and will not be purchased solely on the basis of the lowest fee.
8. Recognizing the importance of Continuing Disclosure to the Market Place, the timeliness of the completed audit shall weigh on the evaluation of the Auditor. Under current requirements, a Continuing Disclosure filing must be made within 180 days of the end of the fiscal year.

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

V. Financial Reporting

A. Reporting Entity

The financial statements of the City shall include all activities for which the City exercises oversight responsibility. The criteria considered in determining oversight responsibility includes the ability to significantly influence operations, selection of management, accountability for fiscal matters, and financial interdependency.

B. Reporting Frequency

1. The Comprehensive Annual Financial Report (CAFR) will be submitted annually to present the results, financial position, and operations of the City for the prior fiscal year.
2. Monthly Financial Reports will be presented after the close of each month.

VI. Comprehensive and Strategic Planning

The Saginaw Comprehensive Plan is the City's comprehensive plan to preserve, promote and protect public health and general welfare, prevent overcrowding, ensure adequate transportation, availability of necessary utilities and services, and

conserve and protect the City's natural resources. The City's budget is the Annual Operating Plan element of the Comprehensive Plan.

The Comprehensive Plan is founded on strategic objectives or "policy areas" that are reviewed at least every five years. Funding of City programs should be based upon the objectives set forth in the Master Plan.

VII. Operating Budget

Definitions:

Current Budget Year – The budget year in which the next budget year documents are being prepared.

Next Budget Year – The budget year following the Current Budget Year.
These definitions do not make the policy more clear.

A. Budget Preparation

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

The City Manager will file annually a balanced budget (estimated expenditures will not exceed estimated resources) with the City Council in compliance with the City Charter and state law. The budget process shall span sufficient time to address policy and fiscal issues by the City Council.

The budget process shall consist of not less than 4 workshop events during the Current Budget Year with in an open meeting with a council quorum present. The workshop events must address the following budget related topics.

1. Budget process schedule (no earlier than Q3)

- a. Key staff meeting dates
- b. Workshop schedule
- c. TAD information release dates
- d. Required council action dates

2. Disclosure of key Current Budget Year budget elements (no earlier than Q3)

- a. Current Budget Year revenue by source
- b. Current Budget Year collection forecast by source
- c. Current Budget Year ongoing capacity (savings or overrun) forecast by use
- d. Current Budget Year onetime capacity (savings or overrun) forecast by use
- e. Summary of Current Budget Year unbudgeted / unplanned expenditures

3. Disclosure of anticipated New Budget Year adjustments (no earlier than Q4)

- a. Department Requests / Needs
- b. Compensation adjustments
- c. Programs and Initiatives
- d. CIP Expenditures
- e. Enterprise Needs

4. Budget Draft Presentation (no later than the first council meeting in August)

- a. City Manager's recommendation
- b. Summary of new onetime expenses
- c. Summary of new ongoing expenses
- d. Summary of revenue sources with increase / decrease boldly disclosed
- e. Presentation of tax rate
 - i. Total Rate and Corresponding revenue
 - ii. Maintenance And Operations Rate and corresponding revenue
 - iii. Interest And Sinking Rate and corresponding revenue

The additions of items 1 - 4 describe the budget calendar which is distributed to the City Council each year. Each City Council⁵ should have input into the budget process and not be determined by the Financial Management Policies.

CITY OF SAGINAW, TEXAS
FINANCIAL MANAGEMENT POLICIES

B. Balanced Budget

The annual operating budget will be structurally balanced, recurring revenues will fund recurring expenditures/expenses. Fund balance or non-recurring revenues will only be used for non-recurring expenditures/expenses.

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

C. Legislative Role

The budget process will be coordinated to identify major policy issues for City Council consideration prior to the budget approval date so that sufficient analysis can contribute to informed decision making.

D. Adoption process

The budget adoption process will comply with both City Charter and state law requirements. The budget shall be adopted by note less than four the favorable votes of a majority of the City Council.

E. Forecasting

Annual estimates of revenues and expenditures shall be based on historical trends and reasonable expectations and assumptions regarding growth, the state of the economy, and other relevant factors. A conservative approach shall be observed in estimating revenues. Property Tax collections that exceed the revenue amount ratified at the beginning of the Current Budget Year shall not be used as the basis for establishing the effective rate for the Next Budget Year. The budgeted Property Tax revenue amount adopted at the beginning of the Current Budget Year shall be the basis for establishing the effective rate for the Next Budget Year. Maintenance And Operations (General Fund) Property Tax Revenue forecasts for a Next Budget Year shall not exceed 8% of the amount adopted at the beginning of the Current Budget Year. In the event that proposed Maintenance And Operations (General Fund) ongoing expenses exceed the Property Tax Revenue limit of 8%, the City Manager shall either provide options from other revenue sources, or cut funding in non-essential areas to be disclosed. The Financial Management Policies should comply with state law. City Council will determine the appropriate tax rate in any given year.

F. Reporting

Monthly financial reports will be prepared showing actual revenues and expenditures/expenses compared to budgeted amounts. These reports will be submitted to the City Council

G. Budget Management and Amendment

1. The level of budgetary control is the department level in all funds. The City Manager or designee may approve budget transfers between line items within a department.
2. Budget adjustments between departments or increasing the total appropriation of a fund require City Council approval.

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

H. Operating Deficits

If at any time during the fiscal year it is estimated that the current year resources will not be sufficient to fund current year expenditures/expenses, the City Manager shall notify the City Council and present a plan to correct the anticipated deficit. Plans to correct an operating deficit shall include consideration of the following strategies in order of precedence:

1. Reduce transfers for cash funded capital projects/delay cash funded capital projects.
2. Manage the vacant position hiring process
3. Reduce travel and training expenses for only required certifications
4. Defer capital outlay purchases
5. Expenditure reductions
6. Hiring freezes
7. Use of undesignated fund balance in excess of required reserves
8. Salary increase freezes
9. Increase user fees
10. Employee lay-offs

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

VIII. Capital Improvements Plan (CIP)

- A. The Capital Improvements Plan includes City facilities and infrastructure
1. Facilities include any structures or properties owned by the City, the land upon which the facility is situated for the provision of City services, and the initial furniture, fixtures, equipment and apparatus necessary to put the facility in service.
 2. Infrastructure includes permanently installed facilities, generally placed underground or at ground level, which form the basis for the provision of City services.
 3. Preparation
 - a) The Capital improvements Plan describes facilities and infrastructure projects including related professional services necessary to acquire, design, and construct them.
 - b) Each year City Engineers and other City Staff update the CIP as part of the annual budget process. Updates are based on current cost estimates, changing priorities, timing of construction in progress, and funding availability. Estimates prepared shall include a cost escalation factor of not less than 8% per year for projects that are not scheduled to start in the current budget year.
 - c) The CIP is prepared for a five year period with the first year of the plan being adopted as part of the annual budget.
 4. Impact on Operating Budget – The operating impact of capital improvements will be considered when developing the CIP and determining which projects will be funded in the coming year. The operating budget impact could include debt service payments or the operating expenses related to additional or enhanced facilities. Use of operating funds and / or fund balance for debt service payments shall require a favorable 5/7ths majority vote of the council.

It is agreed that a cost escalation factor should be included but a specific % should not be in the policy. As the CIP is reviewed each year the % used should be discussed.

The use of any fund balance is part of the budget discussion and must be approved by the majority of the City Council. It is recommended that the policy not preclude future Councils from making decisions appropriate in a given year.

5. Gross Cost Overrun – In the event that a project funded with voter approved bond funds is competitively bid and the lowest qualified bid amount exceeds the project budget by 50% or greater, the Project shall be placed on hold and shall not resume until after a public hearing, and a favorable 5/7ths majority vote of the council.

If a project exceeds the budget, the City Council will determine the course of action and funding source. It is recommended that the policy not preclude future Councils from making decisions appropriate for a particular situation.

IX. Fixed Assets and Capitalization

- A. A fixed asset of the city shall be defined as a purchased or otherwise acquired piece of equipment, vehicle, furniture, fixture, improvement, addition to an existing capital asset, land, or building that meets all of the following requirements:

1. It is owned by the City

CITY OF SAGINAW, TEXAS
FINANCIAL MANAGEMENT POLICIES

2. It has a value of \$5,000 or more
 3. It has an economic useful life of one or more years
 4. It is intended to provide productive benefit to the City during its useful life
- B. The City's assets shall be reasonably safeguarded, properly accounted for, and sufficiently insured.

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

C. Additions to existing assets may be capitalized if the asset's productive capacity is significantly improved or the assets economic useful life is extended by three or more years.

D. For various reasons, assets may have a reduction in productive benefit not accounted for by normal depreciation. Such assets, if not fully depreciated, will be removed from City asset accounts or reduced in value, and written off to expense, to the extent that future benefit to the City has been reduced.

X. Debt Management

A. Uses of Debt

Long term debt shall not be used for operating purposes. The life of issued bonds shall not exceed the useful life of the projects funded by the bonds.

B. Financing Alternatives

The City shall explore funding alternatives in addition to long term debt including leasing, grants and other aid, developer contributions, and unrestricted fund balances.

C. Types of Debt

1. General Obligation Bonds (G O's) – Original issue General Obligation bonds must be authorized by a vote of the citizens of Saginaw. They are used only to fund capital assets of the general government and are not to be used to fund operating needs of the City. The full faith and credit of the City as well as the City's ad valorem taxing authority back general obligation bonds within the limits of state law for taxing authority.

As needed, the city will prepare Bond Propositions and the City Council will approve any election items and will set election dates in accordance with state law. The Finance Department will track all authorized propositions, the related debt issues and projects for those authorizations, and all remaining amounts approved but unissued.

2. Revenue Bonds – Revenue bonds may be issued to provide for the capital needs of any activities where the capital requirements are necessary for the continuation or expansion of a service. The improved activity shall produce a revenue stream to fund the debt service requirements for the necessary improvement to provide service expansion. The final maturity of the obligation should not exceed the useful life of the asset(s) to be funded by the bond issue

CITY OF SAGINAW, TEXAS
FINANCIAL MANAGEMENT POLICIES

- C. Additions to existing assets may be capitalized if the asset's productive capacity is significantly improved or the assets economic useful life is extended by and will generally be limited to no more than twenty (20) years.

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

3. Certificates of Obligation – (C O's) C ertific ates of O bligation may be used to fund capital requirements that are not otherwise covered either by general obligation or revenue bonds. Debt service for C O's may be paid either from general revenues (tax-supported) or supported by a specific revenue stream(s) or a combination of both provided, however, that the I&S tax provides alternate security for the repayment of C O's as required by State Law.

Certificates of obligation will be used with prudent care and judgement by the City Council. Notice of Intent to Issue C O's will conform to state law requirements.

Certificates of Obligation may only be issued after Public Hearing and a favorable 5/7ths majority vote of the council

State law requires 45 day public notification and approval by the majority of City Council.

4. Self-supporting General Obligation Debt – Refers to general obligation debt issued for a specific purpose and repaid through dedicated revenues other than ad valorem taxes; however, the I&S tax is still pledged by law. The annual debt requirements are not included in the property tax calculation.

Self-supporting General Obligation Debt may only be issued after a public hearing and a favorable 5/7ths majority vote of the council This is more restrictive than state law.

5. Internal borrowing between City funds – The City can authorize use of existing long-term reserves as "loans" between funds. The borrowing fund will repay the loan within a period not to exceed 5 years at a rate consistent with current market conditions. Internal borrowing will be analyzed on a case by case basis and requires a public hearing and City Council approval.

The City Council would approve internal borrowing as appropriate at a City Council meeting. Public comment could be heard without a formal public hearing with required publications.

D. Credit Ratings and Disclosures

1. The City will prudently manage the General and Enterprise Funds and attempt to issue and structure debt to maintain or increase the current bond ratings.

2. Full disclosure of operations and open lines of communications shall be maintained with the rating agencies. City staff, with the assistance of financial advisors, shall prepare the necessary materials and presentation to the rating agencies.

CITY OF SAGINAW, TEXAS
FINANCIAL MANAGEMENT POLICIES

3. The City will comply with required disclosure guidelines

E. Subject Matter experts and advisors – The City will select a financial bond advisor to assist with the issuance and monitoring of debt activities. The financial advisor will recommend other parties to use as bond counsel, rating agencies, paying agents, escrow agents and others involved in a transaction. The City will designate the financial advisor in such a manner to allow investors and underwriting firms to participate in a bond transaction, in accordance with the federal municipal advisor rule.

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

F. Debt Capacity

1. The City will adhere to tax debt limitations as set forth in the Texas Constitution and the Texas Administrative Code and the City's Charter as noted.

The applicable citations read as follows: ~~Home Rule Cities and General Law Cities of over 5,000 population are limited to a maximum total rate authorization of \$2.50 per \$100 valuation (Article XI, Section 5), and a bond allowable maximum of \$1.50 (Article XI, Section 4).~~ The section that is eliminated is state law and will be adhered to regardless of inclusion in the policy.

2. The City's total general obligation debt, excluding interest, will not exceed 5% of the taxable value. This comment is the same as the one crossed out below.

~~2. The City's total general obligation principal debt will not exceed 5% of the taxable value.~~

~~3. The City will strive to limit general obligation annual debt requirements (Debt Service Fund expenditures) to 35% of general government expenditures (General Fund and Debt Service Fund expenditures combined).~~

3. In the event that general obligation annual debt requirements exceed 35% of the property tax supported Maintenance & Operations (General Fund) and the Debt service fund combined, the City Manager shall present a debt reduction plan for to the City Council to ensure annual debt is returned to 35% or less within a period not to exceed 5 years. recommendation is to present a debt schedule instead of a debt reduction plan

~~4. Revenue bond coverage (Enterprise Fund) shall be maintained at a minimum of 1.25 (net revenue available for debt service excluding depreciation and transfers divided by debt service requirements).~~ It is recommended that the coverage ratio remain in the policy. It is a ratio that is reported each year in the CAFR.

G. Debt Management Analysis

In addition to considering impact on utility service rates, total debt limit and general obligation annual debt service sustainable limit, t

The City will analyze the following factors when considering additional issuance of debt:

The additional phrase is acceptable. The point of this section is to consider the overall financial well being of the City.

1. Capital improvement planning to determine funding levels needed
2. Cost of debt in relation to resources
3. Multi-year planning impact
4. Debt service forecasts
5. Length of debt maturities
6. Debt payment structure

CITY OF SAGINAW, TEXAS
FINANCIAL MANAGEMENT POLICIES

7. Overlapping debt impact
8. Future debt issuance impact
9. Other capital funding sources
10. Pay-as-you-go financing
11. Structure of issuance – variable or fixed rate, term
12. Influence on credit rating

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

XI. Revenue Management Policies

A. The City shall strive to maintain a revenue system which is simple and reliable.

B. The City shall strive to maintain a balanced and diversified revenue system to protect the City from fluctuations in any one source due to changes in economic conditions. In no event shall overcollections in the Next Budget Year be used for Next Budget Year rate calculations. Overcollection is any amount collected that exceeds the revenue amount ratified at the time of adoption (not midyear or yearend adjustment).

This section is not meant to define that tax rate calculation. State law must be followed. Each year the Council determines the appropriate tax rate and corresponding tax revenue during the budget process.

C. The City will review, as part of the annual budget process, its fee structure to ensure that revenue collections are adequate to meet corresponding expenditures, cost of services shared with other departments, and are market comparable.

D. A conservative approach will be adopted when estimating revenues. In no event shall overcollections in the Current Budget Year be used for Next Budget Year rate calculations. Overcollection is any amount collected that exceeds the revenue amount ratified at the time of adoption (not midyear or yearend adjustment).

This section is not meant to define that tax rate calculation. State law must be followed. Each year the Council determines the appropriate tax rate and corresponding tax revenue during the budget process.

-E. Utility Rates

1. The City will review and adopt utility rates that will generate revenue required to fully cover operating expenses, meet legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital and fund balance.

2. A component of the utility rate will include a transfer to any fund that provides service to the utility. This transfer will be for the recovery of the cost of services provided to the utility for overhead and administration.

F. Uncollectible Receivables for Utility Accounts

1. The City shall contract for the collections of delinquent utility accounts.

2. Once each year the City will write-off inactive accounts with a delinquent balance of more than one year as of the end of the previous fiscal year. The write-off of uncollected accounts is a bookkeeping entry only and does not release the debtor from any debt owed to the City.

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

XII. Fund Balance Policies

A. Fund Balances

Sufficient fund balances will be maintained to protect the City's financial position during emergencies or economic fluctuations, avoid cash flow interruptions, generate interest income, reduce the need for short-term borrowing, and assist in maintaining an investment grade bond rating.

1. Minimum Fund Balance General Fund

The City will maintain a fund balance of 25% of the operating expenditure budget (excludes capital expenditures).

2. Minimum Fund Balance Enterprise Fund

The City will maintain a fund balance of 25% (90 days) of the operating expenditure budget (excludes capital expenses).

B. Use of Fund Balance

Fund balance will only be used for emergencies, non-recurring expenditures/expenses, or major capital purchases. If such use reduces the fund balance below the level that is established as the minimum, the request to use fund balance will include a plan to replenish the fund balance to the minimum required level.

C. Fund Balance Components

In accordance with GASB Statement 54 the following components of fund balance are defined.

1. Non-spendable

Resources that are not in spendable form, such as inventories, pre-pays, long term receivables, non-financial assets held for sale, or resources required to be maintained intact such as an endowment.

2. Restricted

Resources that are subject to externally enforceable legal restrictions. The restriction could be externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or the restriction could be imposed by law through constitutional provisions or enabling legislation.

3. Committed

Resources that are constrained to specific purposes by a formal action of the City Council such as an ordinance or resolution. The constraints remain binding unless removed in the same formal manner by the City Council.

4. Assigned

Resources that are constrained by the City's intent to be used for specific purposes, but are not restricted or committed.

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

5. Unassigned

Resources that are not considered non-spendable, restricted, committed, or assigned.

XIII. Expenditure Policies

- A. The level of budgetary control is the department level in all funds.
- B. All invoices approved for payment by the proper City authorities will be paid according to state law.
- C. The City will maximize any discounts offered by creditors, when considered cost effective.

XIV. Utility Billing Policies

- A. New utility accounts require the following
 - 1. New account application
 - 2. Valid government issued identification
 - 3. Lease agreement or settlement/closing disclosure
 - 4. Payment of \$110 which is due on or before start date, \$100 of which is a payment in advance and will be applied to the customer's final utility bill
 - 5. Payment of any balance due on previous utility accounts with the City
- B. Transfer of service within the City of Saginaw requires the following:
 - 1. Lease agreement or settlement statement/closing disclosure
 - 2. Transfer of service application
 - 3. Payment of \$10 service charge which will be billed to the new account
- C. Termination of service request requires a final water account (terminate service) form or written request that includes the following information:
 - 1. Address or account number where service will be terminated
 - 2. Date of requested service termination
 - 3. Complete forwarding address (will be used for final bill or refund of payment in advance)
- D. Disconnect/Reconnect water service
 - 1. Accounts not paid in full 15 days past the due date will be scheduled for disconnection
 - 2. A fee of \$25 will be charged for reconnection of water service
 - 3. Customers who turn on the water themselves will be charged a tampering fee of \$100 plus any damages that may be done to city owned property

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

E. Customers are encouraged to contact customer service to make payment arrangements to avoid disconnection of service

1. Customers may request an extended due date or payment plan options
2. Customer accounts may not be more than 90 days in arrears
3. Customers who do not comply with their agreed upon arrangements will not be eligible for future payment arrangements until the beginning of the following calendar year

F. If payment is not received by the due date, a late charge will be added to the account

1. Residential account late charge is \$5
2. Commercial account late charge is 10% of the account balance

G. Returned check fees and credit card chargeback fees

1. There will be a fee of \$25 for each check returned unpaid by the bank
2. There will be a fee of \$25 for each credit card transaction charged back by the credit card processor
3. After an account has had three returned checks, the City will no longer accept payment by check
4. After an account has had three credit card chargebacks, the City will no longer accept credit card payments

H. Water Use Adjustment – Water usage varies by person, family, and industry. Usage can be affected by climate conditions, personal habits, and faulty plumbing. The City may not be able to explain consumption at an individual service account but will offer advice on how to conserve water and detect leaks. The following policies will be used for fair and consistent consideration of a water bill adjustment request.

I. High usage due to a water leak – A customer may apply for an adjustment because of a significant increase in water consumption that can be proven to be the result of a leak in the service line past the water meter. The request must be made on the “Customer Request for Leak Adjustment” form provided by Utility Billing Customer Service and must be signed.

1. The following conditions must be met to qualify for a leak adjustment:
 - a) *The account is a residential single-family or multi-family account with a separate meter*
 - b) *The account must have had an increase in consumption or usage for the billing period or periods for which the adjustment is sought that exceeds the average usage of the three previous billing periods by at least 33%*

CITY OF SAGINAW, TEXAS
FINANCIAL MANAGEMENT POLICIES

- c) *The customer must present a receipt for repair work by a professional plumber or for supplies necessary to repair the leak at the service address within 30 days from the time the adjustment is sought*
 2. If the account qualifies for an adjustment, an adjustment will be made for the two highest qualifying billing periods as follows:
 - a) *The average consumption for the three months prior to the adjustment period will be calculated and this average (rounded to nearest 1,000 gallons) will be subtracted from the consumption for each of the two qualifying billing periods*
 - b) *The result (the difference from the calculate average expressed in number of gallons) will be deducted from the billed consumption amount to calculate the revised consumption for the two qualifying billing periods*
 - c) *If the leak occurs during the sewer winter month averaging period (November, December, or January), then the consumption for the sewer calculation (for the month(s) in question) will be the adjusted consumption amount or 8,000 whichever is less*
 - d) *An adjustment to water and sewer charges due to leaks will be made only once in a 12 month period and will not be made for more than two consecutive billing periods where the 33% or more increase in consumption occurs*
- A customer may request a rereading of their water meter to investigate consumption. The reread will occur within one business day. The result will be reported to the customer by Utility Billing.
1. If the reread is consistent with the original reading, the customer may request a field test of the meter. There is no charge for this test, however the customer must be present to verify that all water is turned off before testing.
 2. If the field test confirms the accuracy of the reading, the customer may request, at their expense, a meter test by an accredited third party approved by the City. While the meter is being tested an interim meter will be installed.
 3. The meter will be tested at three different flow rates per American Water Works Association (AWWA) standards. If the meter tests over 100% at any flow rate, the consumption for the month in question shall be reduced by the resulting % over 100%, a new meter will be installed (the new meter may be the interim meter), and the customer's test fee will be refunded. If the meter tests less than 100% accurate, the meter may be replaced at the City's discretion. If the meter test is accurate (at 100%), the meter will be reinstalled if it is the City's current meter model.
 4. A copy of the meter test will be delivered to the customer
 5. The City acknowledges that water meters are mechanical devices and subject to malfunction, however once tested in accordance with the above policy, no other adjustments will be made.