

# Department of Finance

## FY 2011-12 Performance Plan

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### **I. MISSION STATEMENT**

The mission of the Department of Finance (DOF) is to exercise sound financial management and accounting practices, build the County's fiscal strength for all residents of Marin and inspire trust and confidence in our protection of public funds. DOF's vision is an informed citizenry, supporting a well run government that applies sound financial policies with a knowledgeable and empowered County staff.

### **II. DEPARTMENT OVERVIEW**

Effective FY 2011-2012 the Department of Finance includes the Treasurer-Tax Collector and Public Administrator departments in accordance with voter approved Measure B(2008).

Department of Finance (DOF) provides the following services on behalf of the citizenry, to the school districts, special districts, towns and cities: accounting, treasury, property tax administration (e.g., collection, billing, apportionment), collection services, financial reporting, accounts payable, audits, estate administration and other financial services.

DOF includes the following divisions:

- Administration
- Accounting
- Accounts Payable
- Audits
- Central Collections
- Payroll
- Property Tax
- Public Administrator
- Tax-Collector

### **III. ACCOMPLISHMENTS FOR FY 2010-11**

- Completed the consolidation of the Department of Finance and Treasurer Tax-Collector in accordance with Measure B approved by Marin County voters in November 2008
- Implemented the following Accounting Strategic Initiatives to ensure the public is aware of all available resources and receives assurance that taxpayer dollars are used appropriately: a) reclassified fund types to ensure all appropriate resources are displayed in appropriate fund types; and b) reclassified funds to require appropriations for all program expenditures in order to increase transparency
- Completed audits for FY 2007-08, FY 2008-09 and FY 2009-10 in accordance with Generally Accepted Accounting Principles (GAAP)
- Received unqualified opinions and earned the State Controller's "Award for Achieving Excellence in Financial Reporting" for fiscal year ending June 30, 2009

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- Revised the Marin County Investment Policy to reflect Measure B consolidation of the two departments to ensure segregation of duties
- Updated the Treasurer Division's Business Continuity Plan/Disaster Recovery Manual for disaster/emergency operations in the event the department is unable to operate the Treasury from County offices
- Created Financial Audit Advisory Committee to ensure independent financial oversight of the appointed Director of Finance in accordance with Measure B approved by Marin County voters in November 2008
- Consolidated obsolete tax rate areas in a collaborative effort with the Assessor's Office to provide efficiencies in tax rate distribution
- Maintained the highest possible rating (AAA) offered by rating agencies for the Marin County Investment Pool
- Maximized use of available, low-cost technology to increase operational efficiencies by implementing: a) a new remittance processing system for processing County Treasury and Tax Collector check deposits; b) electronic submission capability for check deposits (Check 21); and c) automated payments to taxing agencies and insurance companies

## IV. GOALS AND KEY INITIATIVES FOR FY 2011-12

Countywide Goals				
I. Healthy Communities	II. Safe Communities	III. Sustainable Communities	IV. Environmental Preservation	V. Community Participation
VI. Excellent Customer Service	VII. Employer of Choice	VIII. Effective Communication	IX. Managing for Results	X. Financial Responsibility

### GOAL I

**Increase access and awareness to transparent, useful information with the intent to create a more informed citizenry and County workforce**

#### FY 2011-12 Key Initiatives

Initiatives	Countywide Goals
1. Produce and publicize clear and easily accessible financial reports	VII. Effective Communication
2. Respond effectively to public and customer inquiries and requests	VI. Excellent Customer Service
3. Establish and maintain easy to use and up-to-date website to inform the public about provided services	VII. Effective Communication

### GOAL II

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## Enhance the County's fiduciary accountability to the public

### FY 2011-12 Key Initiatives

Initiatives	Countywide Goals
1. Provide economic and operational analyses to assist Board of Supervisors	X. Financial Responsibility
2. Provide accurate and timely allocations of tax revenues to all taxing agencies within the County and all cash pool Treasury depositors	X. Financial Responsibility
3. Provide auditing services that minimizes internal control risks to the County	X. Financial Responsibility
4. Provide leadership and guidance to technical projects such as Product Assessment of County ERP (PACE) to ensure implementation of appropriate business systems countywide	X. Financial Responsibility

## GOAL III

**Provide high quality financial services by applying sound financial policies that create an understanding of how County resources are used and protect the community's ability to obtain grants and other money**

### FY 2011-12 Key Initiatives

Initiatives	Countywide Goals
1. Provide effective communication and technical consulting to County departments and agencies to ensure that transactions align with accounting needs and requirements	VIII. Effective Communication
2. Develop and maintain effective processes that support Countywide payroll, budgeting, accounting, property tax allocations and reporting functions	X. Financial Responsibility
3. Build a strong accounting foundation that supports efficiencies in technology deployment	X. Financial Responsibility
4. Provide information to support fiscal and budget planning	VI. Excellent Customer Service

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### GOAL IV

**Invest in our employees to optimize the performance of the department**

#### **FY 2011-12 Key Initiatives**

Initiatives	Countywide Goals
1. Recruit, train, and retain highly qualified employees	VII. Employer of Choice
2. Provide high value, low cost training by creating a cooperative educational program that uses departmental technical experts.	VII. Employer of Choice
3. Recognize and reward employee contributions to increase morale	VII. Employer of Choice

## **V. KEY CHALLENGES AND OUTSTANDING ISSUES**

- Achieving ongoing service and business practice improvements given budget reductions
- Converting fund types to comply with need for accounting transparency
- Implementing budgetary accounting practices countywide to be consistent with state law
- Establishing new internal control reports to efficiently demonstrate validity and appropriate posting of transactions
- Needing more efficient technical training given employee turnover
- Developing necessary efficiencies in the current technology environment while planning to replace technologies (i.e., SAP) with a focus on transportable value in three years given limited resources

## **VI. OVERVIEW OF PROGRAMS**

### **1. ADMINISTRATION**

The Administrative Division directs the planning and implementation of programs required to provide quality service to departments and other agencies. The division also provides budget and administrative support for other.

### **2. FINANCIAL SERVICES**

Accounting and Financial Reporting provides financial information to the public, other government agencies, and County departments. It also authorizes and records all receipts and disbursements of monies into and out of the County Treasury (\$2 billion per year) and ensures budgetary control of County funds. This program prepares financial statements for the County as required by agencies. Additionally, this program prepares reports required by California State Controller's Office and other outside agencies, including the County's final budget and Countywide cost plan. Financial Services

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program incorporates the goals of the accounting and financial reporting; accounts payable; property tax and payroll divisions.

The Payroll Division is responsible for the timely and accurate processing of the monthly Retirement Association, bi-weekly County payroll and selected special districts' payroll. At year-end, payroll is responsible for issuing accurate employees' W2s and retirees' 1099Rs in compliance with government reporting requirements.

The Property Tax Division is responsible for preparing the countywide property tax levy. This levy creates the property tax bills that the Treasurer-Tax Collector mails to property owners annually. The Property Tax Division is responsible for distributing the tax proceeds to the county and all government agencies, cities, schools, and special districts.

### **3. INTERNAL AUDIT**

The primary objective of the Internal Audit Division is to assist members of management in the effective discharge of their responsibilities. To this end, the Internal Audit Division will furnish management with analyses, recommendations; guidance and information concerning the activities reviewed and will evaluate management's ability to achieve the standards of control established by the County.

The Audit Division:

- Conducts state mandated audits
- Assesses the effectiveness of internal control structures, and design and implement improvements as necessary
- Reviews the Treasurer's investment program and quarterly cash counts
- Assigns professional staff from other Department of Finance units to assist or perform control work for their respective units
- Provides appropriate periodic reporting to the Audit Advisory Board regarding the audit plan status, control structure activities and control assessment
- Works with department managers to improve financial accountability, fiscal control and safeguard county assets.

### **4. TREASURER**

The Treasury Division serves as the primary depository and oversees all banking operations for the County and its departments. The division is responsible for the safekeeping and investment of funds for the County, school districts and special districts in a pooled investment program. The cash pool receives and disperses approximately \$2 billion per year and maintains an average daily balance in excess of \$800 million.

### **5. TAX COLLECTOR**

The Tax Collector processes tax bills and collects approximately \$750 million per year for taxing jurisdictions within Marin County. The County collects the tax levies for all cities, special districts, and school districts as well as the tax levies for County purposes. There are 69 autonomous entities in Marin County. Taxes include secured real estate taxes, supplemental taxes, unsecured property (taxes not secured by real estate) and prior year secured and unsecured taxes. The Tax Collector also

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administers payment plans provided by code; conducts public auction tax sales, including intergovernmental tax sales; bills and collects transit occupancy taxes; and, processes parcel map requests.

## 6. CENTRAL COLLECTIONS

Central Collections maximizes the County's revenue by collecting delinquent accounts. The program provides billing and collection services for County departments and external agencies. The program also administers the County's business license program program.

## 7. PUBLIC ADMINISTRATOR

The Public Administrator's responsibilities include the investigation, safeguarding and inventorying all assets in probating Public Administrator estates, as well as the administration of court-ordered estates and trusts.

The Public Administrator is mandated by law to safeguard a decedent's assets and to manage the affairs of a decedent's estate when a Marin County resident dies and a relative or other appropriate person is not immediately available to handle the estate.

## VII. PERFORMANCE MEASURES

### INTERNAL AUDIT

**Objective: Ensure that high magnitude or sensitive transactions are authorized, executed, recorded and reported appropriately**

MEASURES	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Target	FY 2011-12 Target
<b>Workload Measures</b>						
Number of non-mandated audits conducted	1	1	8	4	4	5
Number of transactions over \$1,000,000 subject to special review	n/a	n/a	n/a	n/a	30	50
<b>Efficiency Measures</b>						
Number of staff hours per non-mandated audit	20	200	200	927	200	2,000
<b>Effectiveness Measures</b>						
Number of transaction processes strengthened by new control procedure	n/a	n/a	n/a	n/a	3	3
Number of customized control reports developed for manager oversight	n/a	n/a	n/a	n/a	3	4

### Story Behind Performance:

The department is modifying the transactional review processes to improve visibility to additional high value items. Moreover, the department plans to perform more non-mandated audits.

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### FINANCIAL SERVICES

**Objective: Ensure excellence in training professionals in governmental accounting and audit skills Countywide**

MEASURES	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Target	FY 2011-12 Target
<b>Effectiveness Measures</b>						
Number of department employees with professional accounting designations (i.e., Certified Public Account, Certified Public Financial Officer, Certified Internal Auditor)	n/a	4	4	n/a	6	6

**Story Behind Performance:**

Governmental accounting has gone through many changes over the past decade in accounting standards and practices mandated by the Governmental Accounting Standards Board (GASB). The department requires highly trained professionals to continue to produce financial statements that are in accordance with Generally Accepted Accounting Principles (GAAP) and reflect the highest standards on producing accurate and timely financial reporting.

**Objective: Provide excellent customer service by expediently apportioning property tax revenues to taxing entities**

MEASURES	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Target	FY 2011-12 Target
<b>Workload Measures</b>						
Number of entities apportioned	320	320	320	325	328	326
<b>Efficiency Measures</b>						
Number of apportionments per FTE	7.75	10	10	14	15.2	15.2
<b>Effectiveness Measures</b>						
Percentage of Teeter property tax apportioned within five days of secured installment due date	95%	95%	95%	98.5%	95%	95%

**Story Behind Performance:**

Property tax distributions in many cases are the most substantial revenue source for taxing agencies. DOF distributes over \$800 million per year to over 100 taxing entities.

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**Objective: Maximize the number of County employees, retirees and vendors using direct deposit or automated clearing house (ACH) to reduce costs of handling money and improve efficiencies**

MEASURES	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Target	FY 2011-12 Target
<b>Workload Measures</b>						
Total number of payroll payments made	n/a	97,480	96,992	n/a	96,460	69,300
Number of payments made using direct deposit	n/a	86,523	86,965	n/a	89,700	63,750
Total number of vendor payments made	n/a	70,159	65,807	n/a	65,000	60,000
Number of payments made using ACH	n/a	1,791	4,730	n/a	10,000	11,000
<b>Effectiveness Measures</b>						
Percent of payments made using direct deposit	n/a	89%	90%	n/a	93%	92%
Percent of payments made using ACH	n/a	3%	7%	n/a	15%	18%

**Story Behind Performance:**

In general the number of payments for both payroll and accounts payable are expected to be down due to budget issues. The dramatic reduction in payroll payments is due to Marin County Employee Retirement Association (MCERA) transitioning to an independent payroll system.

**Objective: Improve and shorten the year-end closing process**

MEASURES	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Target	FY 2011-12 Target
<b>Workload Measures</b>						
Number of instructional and informational sessions conducted	1	1	1	2	12	7
<b>Efficiency Measures</b>						
Percent of internal charges billed after June 30	n/a	60%	60%	n/a	8%	8%
<b>Effectiveness Measures</b>						
Number of months to issue financial reports	n/a	19	13	n/a	6	4
Number of months to issue state regulatory reports	n/a	22	18	n/a	6	5

**Story Behind Performance:**

The time required to do the independent audit will be greatly decreased by the use of accurate estimates instead of waiting for actuals. The department intends to continue to reduce the amount of time required to produce year-end financial statements.



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### CENTRAL COLLECTIONS

**Objective: Increase the accuracy of information on County departmental collection assignments submitted in order to more efficiently pursue collection accounts**

MEASURES	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Target	FY 2011-12 Target
<b>Effectiveness Measures</b>						
Percentage of requests submitted electronically by departments	n/a	n/a	n/a	64%	75%	80%
Percentage of accounts resolved annually	n/a	n/a	n/a	79%	80%	80%

**Story Behind Performance:**

Department of Finance (DOF) is attempting to avoid redundant data entry, to focus on collections and improve the number of accounts collected and resolved each year. DOF is encouraging departments to electronically submit collection assignments. The number of staff hours would decrease significantly should DOF fully implement collection agreements that provide for electronic submission of the data. The department has begun the process of maintenance for those departments currently submitting electronically while emphasizing the importance of electronic submission to the other departments that use collection services.

**Objective: Allocate shared costs (A-87) efficiently to optimize cost recovery from state and federal programs**

MEASURES	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Target	FY 2011-12 Target
<b>Effectiveness Measures</b>						
➔ Number of days from fiscal year to create County's cost allocation plan	n/a	n/a	n/a	700	700	180
➔ Percent of departments giving a satisfactory score of the inter-departmental charges process	n/a	n/a	n/a	25%	25%	80%

➔ indicates Key Measure

**Story Behind Performance:**

Providing more timely cost allocation reports will greatly improve billing and collection intervals and help departments with more accurate basis for decision making. Billings need to be made on a timely basis and indirect costs must be properly allocated. Complete cost recovery saves time and money.

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## TREASURER

**Objective: Reduce interest on County debt through effective bond ratings**

MEASURES	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Target	FY 2011-12 Target
<b>Effectiveness Measures</b>						
→ Pension Obligation bond - Moody's rating	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
→ Pension Obligation bond - Standard & Poor's rating	AA+	AA+	AA+	AA+	AA+	AA+
→ Certificate of Participation (Moody's rating)	Aa2	Aa2	Aa2	Aa2	Aa2	Aa2
→ Certificates of Participation (Standard & Poor's rating)	AA+	AA+	AA+	AA+	AA+	AA+

→ indicates Key Measure

### Story Behind Performance:

Having high bond ratings reduces interest payments on County debt. The County is achieving the highest ratings available for these types of debt issuances due to County of Marin's stable revenue sources despite the state budget crisis.

## PUBLIC ADMINISTRATOR

**Objective: Increase the community's awareness of the services provided by the Public Administrator's office and the benefits of estate planning**

MEASURES	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Target	FY 2011-12 Target
<b>Effectiveness Measures</b>						
→ Number of informational workshops conducted	n/a	n/a	n/a	4	8	8
→ Number of hits received on the Public Administrator's website	n/a	n/a	n/a	9,929	10,500	11,000

→ indicates Key Measure

### Story Behind Performance:

Department of Finance (DOF) focuses on and emphasizes community outreach within the County of Marin through Public Administrator's office concerning the need for estate planning. DOF promotes this by providing presentations and eliciting feedback both internally and externally. Since July 1, 2010, the department has made a total of eight presentations, three to outside organizations and five to internal departments. Recently, the department focused on internal presentations to provide education and elicit feedback for the newly consolidated Sheriff and Coroner offices. These are offices that the Public Administrator interacts with on a regular basis. Increasing the awareness of the role of the Public Administrator and the importance of planning for one's passing is a top priority of the office.