

**FY 2019-20 ANNUAL WORK PROGRAM  
FINANCE DEPARTMENT**





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## **EXECUTIVE SUMMARY**

### **Introduction and Purpose**

This FY 19-20 Annual Work Program summarizes projects and programs proposed for the Finance Department for the upcoming fiscal year, considering both ongoing, existing commitments and potential new projects. It is intended to provide the City Council with an overview of the current work of the Finance Department and an opportunity to consider and give direction concerning the Department's future work. The Annual Work Program creates a regular mechanism for Council to share ideas for new work efforts and discuss Department's work priorities.

The Finance Department oversees the financial operations of the City and is responsible for the overall financial system, general accounting, payroll, accounts payable/receivable, budget preparation, investments, debt administration, annual audits, business licenses, short-term vacation rental permits, taxation and financial reporting. The Finance Department maintains the financial systems and records of the City in accordance with generally accepted accounting principles, applicable laws, regulations and City policies.

The Finance Department's primary functions include financial administration, accounting services, budget management, accounts payable, payroll, revenue and cash management, treasury, business licenses and permits, and purchasing.

The Annual Work Program considers how the work of the Finance Department proposed for the upcoming year will support the City's Mission Statement and Core Values, as articulated in the City's Strategic Plan. It furthermore is intended to serve as a basis for upcoming budget plan development.

Included in the Annual Work Program are ongoing and upcoming work efforts, projects and programs with deliverables and schedule of tentative completion dates. These estimated completion dates are intended as a conceptual tool for project management. They are subject to change due to any number of factors and should not be taken as a fixed commitment.

### **Finance Department Staffing and Organizational Structure**

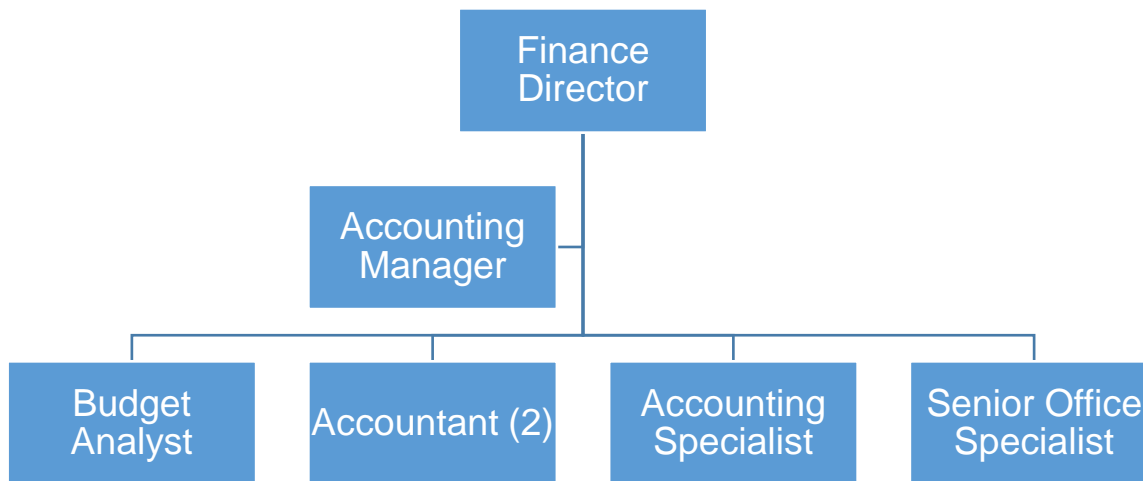
Available staff capacity is a fundamental constraint to the work that the Finance Department can undertake at any given time. Given this constraint, the Annual Work Program evaluates workload, both current project commitments and potential new projects, with available staffing. Some projects are multi-year efforts, which are still in process and require a continued commitment of resources. Given that the Finance Department is primarily a support department to all departments, Finance staff workload adjusts accordingly as a direct result of new projects or programs undertaken by other city departments. Taking on new projects is possible only to the extent that staff capacity becomes available through the completion of existing commitments or new staffing resources are dedicated.

As a basic principle, the Annual Work Program seeks to utilize City staff fully first and to rely on consultants only when City staff capacity is completely committed. The use of outside consultants to assist the Finance Department is constrained by Department budget and also by the finite capacity of managers to manage consultant work in addition to full-time staff.

The Annual Work Program looks ahead to the City's upcoming two-year budget plan. It assumes a total of 7.0 full-time equivalent positions (FTEs) available. In addition to full-time staff, the Department is supported by consultants providing property tax and sales tax audit services.

The Finance Department staff includes one Director, one Accounting Manager, two Accountants, one Budget Analyst, one Accounting Specialist, and one Senior Office Specialist. At this time, the Finance Department has a vacant Accounting Specialist position that is currently under recruitment. The department's organizational structure is provided in Figure 1 below:

**Figure 1: Finance Department Structure**



**Workload Considerations**

Although the Finance Department has made considerable progress on projects and programs over the last year, they continue to work through a backlog of work. In addition, as the ongoing workload as the projects and initiatives of other departments increases, so does the Finance Department's workload as it pertains to increase financial and accounting activity.

On top of its required services and administrative responsibilities, including business licenses, budget preparation, annual audits, ongoing financial reporting, payroll, accounts payable, accounts receivable, treasury and investments, short-term vacation rental permitting, purchasing, support to all City departments, the Finance Department is also regularly providing support with numerous ad hoc projects. In FY 18-19, the City began direct management and operations of the Goleta Library, resulting in a new operating department to provide additional support to, and began implementing the Cannabis business license program and process. Additionally, the City will enhance its Library program, by providing direct management services to the Buellton and Solvang libraries, which will begin July 1, 2019. The initial impacts of this transition were experienced in FY 18-19, with the full effects starting in FY 19-20. Staff has implemented a time tracking cost model to assist with cost recovery and assessing management service fees.

The Finance Department is continuously working on process improvements and establishing updated accounting policies and procedures that effectively operate at a streamlined level given the City's resource levels. To keep abreast of new laws and changes involving public fiscal matters and financial reporting requirements set by Government Accounting Standards Board (GASB), adequate time must be invested in training of new employees. This includes attendance at local and state governmental accounting and finance trainings, webinars, and reviewing materials provided by professional organizations established for local government finance and accounting. The primary entities include the Government Finance Officers Association (GFOA), California Society of Municipal Finance Officers (CSMFO), California Municipal Treasurer's Association (CMTA) and the California Debt and Investment Advisory Commission (CDIAC). Adding new projects and programs to the existing workload without reviewing priorities will continually spread thin the existing resources and compete with current priorities, and result in slowing down and delaying of special projects and programs.

The best options to get through the backlog and address additional impacts is to utilize a combination of extra-help through contracting out services and possibly increase staff resources. The Finance Department will be undergoing a department assessment, similar to those conducted for Public Works, Planning and Environmental Review, and most recently City Manager's Office and Neighborhood Services Department, which is currently underway. This work effort is included in the City Manager's Work Program, and may result in resource realignment or other recommendations which would help inform the FY 20-21 work programs and the next two-year budget cycle.

### **Role of the Department**

The Finance Department is led by the Finance Director who also serves as the City's Treasurer. The department's primary function is to ensure the financial integrity of the City of Goleta by providing superior financial services, maintaining the public trust, and

promoting governmental efficiency, effectiveness, and accountability. The department is responsible for the maintenance of an effective financial accounting system, which accurately reflects the financial operations of the City and offers a framework for financial planning and analysis. The Finance Department also oversees and handles the investment program for the City, cash collections, accounts payable processing, payroll processing and reporting, business licenses and short term vacation rentals, transient occupancy tax collection and compliance, purchasing, special tax administration, budget preparation, and ongoing monthly, quarterly, and annual financial reporting. Additionally, the Finance Department is responsible for the processing of Cannabis business licenses and taxation. The primary goal of the department is providing accurate, reliable, and timely financial information to the City Council, City Manager, City departments, and outside requests using professional standards.

The Finance Department is organized into the following categories:

- Administration
  - Compliance
  - Financial policies and procedures
  - Manage operations of the department
  - Support to City Council and Finance Committee
  - Staff Reports and Memos
- Accounting Services
  - Accounts Payable
  - Payroll
  - Financial planning and reporting
  - General accounting services and policies
  - Audits and compliance reports
  - Capital assets tracking
  - Grant management support
- Budget Management
  - Coordination and preparation of budget document
  - Year-end policy and procedures
  - Calculation of annual appropriations limit
  - Fund balance management
- Treasury (Revenue, Cash, Investment and Debt Management)
  - Revenue and Cash Management
  - User fee and charges
  - Accounts Receivable
  - Investments, banking services and debt service administration
  - Cashiering and collections
  - City billing and customer service
  - Tax Revenues (Property Taxes, Sales Tax, and Transient Occupancy Tax)

- Special Taxes
- Business Licenses and Permits
  - General Business Licenses
  - Specialty Licenses
  - Short-Term Vacation Rentals
  - Cannabis Business Licenses
- Purchasing
  - Designated Purchasing Officer
  - Contract review and conformance to purchasing ordinance
  - Manage procurement process and ensure compliance

**Projects & Programs/Ongoing Work Efforts**

Table 1 below lists projects, programs, and ongoing work efforts within the current scope of the Department. This table does not include unplanned work or ad-hoc projects and does not include all work efforts of the department.

**Table 1: Finance Department Current Projects and Programs and Ongoing Work Efforts, FY 2018-19**

CURRENT ONGOING WORK EFFORTS, PROJECTS AND PROGRAMS
<b>ADMINISTRATIVE</b>
Interdepartmental coordination and support
Supervision and performance evaluations
Department budgeting
Weekly finance team meetings
Final review/audit for all check requests, invoices, and wire transfer requests
Respond to public and other local agency inquiries
Provide staff support to the City Council, Finance and Audit Committee
Provide financial and budgetary support and guidance to all City Departments
Ensure internal controls and compliance with City financial related policies
Maintain Master User Fees and Charges Schedule
Review and approve DIF Fee Schedule
Manage Finance’s website section
Implement and recommend best practice policies related to local government finances, including reconciling all GFOA recommended best practices to current city financial policies and implement those that are applicable.
Participate and receive updates in accounting statements issued from Government Accounting Standards Board (GASB)
Year-end file management per City retention policy
Review financial policies and procedures and make recommendations to strengthen internal controls when necessary
Issue Requests for Proposals as needed
Manage relationship with contracted services

Attend and participate in meetings and manage relationships with other local government agencies
Provide financial updates for the Weekly Update
Oversee and coordinate annual financial audit, street audit, and gas tax audit
Participate in SEIU negotiations and prepare contract cost analysis
Review operations to ensure compliance with federal, state, and local laws, as well as City regulations and financial policies
<b>ACCOUNTING SERVICES</b>
Establish and maintain accounting system of funds and accounts
Prepare and review journal entries and budget adjustment entries
Prepare year-end closing entries, balance and reconcile all funds and accounts in accordance with generally accepted accounting principles and GASB.
Coordinate and communicate with City's independent auditors
Maintain and manage compensate absences schedules
Maintain capital asset schedules and work in conjunction with Public Works department
Prepare and maintain audit schedules
Maintain fund balance schedules and adjust per policy
Prepare Comprehensive Annual Financial Reports (CAFR) submit for GFOA award for Certificate of Achievement of Excellence in Financial Reporting Program
Prepare Schedule of Expenditures of Federal Awards (SEFA) for Single Audit and ensure compliance with Federal guidelines
Review/Prepare State Controller Reports (Financial Transactions, Street and Compensation)
Provide financial analysis and fiscal information to departmental users, management and City Council as needed
Create project tracking account codes as needed
Grant and fund balance reconciliation
Developer deposit account balance monitoring in coordination with project managers
Performance Bond and other liability account reconciliation
Internal audit
Administer and prepare annual City Special Taxes (Library and Street Lighting)
Provide donation, fiduciary trust, and grant fund administration support
<b>ACCOUNTING SERVICES - ACCOUNTS PAYABLE</b>
Receive, time stamp, and route invoices appropriately to departments
Perform audit and data entry of claims submitted for payment
Review all purchases for proper sales and use tax withholding/remit to state
Review invoices for compliance of the Purchasing Ordinance
Petty cash management
Vendor maintenance
Provide customer service to departments and vendors
Weekly positive pay review – check disbursement reports to bank
Monthly Check Register and Investment Transaction Staff Report for City Council
Issue annual 1099's to applicable vendors

Monthly Bank Reconciliation
Manage the escheatment process for unclaimed money per adopted policy
Manage the City's credit card program and recently implemented state Cal-Card program
Ensure compliance with travel policy and manage per diem advances and update forms accordingly to IRS rates
Manage pre-paid expenditures and deposits
Assist with year-end entries and proper expenditure accruals per generally accepted accounting principles (GAAP)
<b>PAYROLL</b>
Perform audit and data entry of timesheets on a bi-weekly basis
Initiate tax payments and issue quarterly and annual compensation reports
Reconcile payroll deductions and benefit accounts payable to general ledger
CalPERS bi-weekly reporting
Reconcile billing statements with receivables and payroll withholdings for employees, retirees, and COBRA
Monitor payroll tax law in conjunction with Human Resources
Maintenance of payroll system in conjunction with Human Resources
Provide customer service to all City employees, departments, and benefit providers
Review time entry and provide time entry training
Monitor tracking only and project accounting codes
Annual W2's and employee assistance
Provide analysis and fiscal impacts of payroll adjustments or changes to Schedule of Authorized Positions
Tax reporting and retirement plan payments
<b>BUDGET MANAGEMENT</b>
Manage and prepare City's annual budget process in conjunction with City Manager, and provide training and support for departments, analysis of budget requests, and public presentation of the recommended budget
Publish City's Two-Year Budget Plan under GFOA guidance for best practices and submit bi-annually for distinguished budget presentation award
Publish Mid-Cycle budget document and provide updated schedules of adjustments
Develop non-departmental tax revenue estimates and provide guidance to departments on sources and uses of funds
Provide updates to City Council and departments on economic and financial conditions and policy issues affecting budget
Provide ongoing budgetary guidance and support to all City departments in implementing Annual Budget
Year-end policies and procedures, including carryovers, liquidating, and review of all outstanding purchase orders
Manage and oversee personnel budget and assist City Manager's office with salary schedules and schedule of authorized positions
Recommend budget adjustment to departments if necessary
Provide Quarterly Financial Reports to City Council

Actively manage fund balance, and annually review fund balance categories and reserve policies
Manage and update Five-Year Forecast accordingly
Develop Budget-in-Brief document to provide simplification and summary of City's budget
Calculate and prepare annual GANN appropriations limit for City Council adoption
<b>TREASURY, REVENUE, CASH, INVESTMENT AND DEBT MANAGEMENT</b>
Manage City's investment portfolio
Prepare monthly investment reports and quarterly treasury reports to Finance Committee and City Council
Manage the City's banking relationships
Manage the City's Broker-Dealer relationships
Ensure timely reconciliation of all cash transactions
Assist and audit departments in establishing appropriate controls and procedures for cash receipting and checks
Provide ongoing analysis of all City revenues
Manage relationships with Property Tax and Sales Tax Consultants
Monitor and track all cash flows with ongoing analysis
Operate day to day cashiering functions, receipting and processing
Daily deposits and bank runs
Generate invoices for cash collections and track accounts receivables
Collection calls if necessary
Annually review, update (if needed) and adopt City's Investment Policy
Annually review City's Debt Management Policy and recommend updates as needed
Assist with Successor Agency RDA and review related financials
Forecast and manage cash to ensure adequate liquidity for expenditure requirements
Review uncollectible accounts and recommend for write-off if necessary
Daily cash flow tracking and analysis
Annually prepare special tax rolls for Library Special Tax and Street Lighting Tax
Provide fiscal analysis and recommend and pursue financing for infrastructure funding
<b>BUSINESS LICENSES AND PERMITS</b>
Manage the Business License program working with Planning, Building and Safety, Risk Management and Neighborhood Services and Public Safety staff
Manage the Short-Term Vacation Rental Permit Program
Administer the collection and audit of Transient Occupancy Tax, Tourism Business Improvement District assessments
Process delinquency notices and initiate collection efforts for past due accounts
Coordination with County Fire, City Code Compliance and review of other outside sources and publications for identifying unlicensed business
Administer the Cannabis Business License Program and tax administration
<b>PURCHASING</b>
Enforce procurement rules and regulations per City Purchasing Ordinance
Assist departments with requisitions and purchase orders

Oversee the City's purchasing and procurement process
Review contract amounts and reconcile to budget and purchase requisition
Maintain purchase order records
Review and approve contracts up to authority amount

**Key Accomplishments and Project Milestones, FY 2018-19**

Over the past year, the Finance Department can point to a number of complete and near-complete initiatives:

- Received 15<sup>th</sup> consecutive GFOA award for Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017.
- Issued RFP for audit services and awarded three-year contract (optional extension for two years) to Moss, Levy & Hartzheim LLP, starting with fiscal year end June 30, 2018.
- Received unmodified audit opinion for the independent audit for fiscal year end June 30, 2018 and submitted to GFOA within deadline for consideration of award.
- Fully integrated the preparation and management of the City's special taxes for Measure L – Library Special Tax and Street Lighting Assessment into the Finance Department from City Manager's Office.
- Contracted for actuarial services for other-post employment benefits liability, and implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions into financial statements
- Issued RFP for banking services and awarded new five-year contract with Community West Bank.
- Implemented Cannabis Business License program and developed application and webpage in order to facilitate compliance, tax collection and general permit program information – currently under revision to reflect updated ordinance
- Updated and adopted City's Investment Policy, including enhancements to its benchmarks and allowable investments under state law. Staff to implement investment strategy before end of FY 18-19, after review with City Council.
- Enhanced financial reporting transparency by including a monthly investment transaction report as part of the monthly check register report to City Council.
- Assisted with settlement agreement amount with Department of Finance, related to the bond proceeds transfer with the former Goleta Redevelopment Agency (RDA).
- Completed comprehensive fee study and analysis on management services for Buellton and Solvang library branches.
- Completed comprehensive fee study and analysis on user fee and charges for Cannabis Business License Program.
- Selected and hired a Budget Analyst (a new position).

- Participated in Learn, Empower, Advocate, Discuss (LEAD) Goleta – Session 2 and provided overview of the Finance Department, the City’s budget, revenue sources, investments, expenditures and accounting.
- Assist with financing options for City Hall acquisition project.
- Developed initial financial procedures and processes for Goleta Library, including enhanced merchant services.
- Implemented Cal-Card program
- Awarded contract to Tyler Technologies for Incode 10 migration. Migration to begin in FY 19-20.

The following are ongoing major projects that began in FY 18-19 and will continue into the FY 19-20. The estimated completion date is a preliminary projection.

**Table 2: Finance Department, Work Efforts, Projects and Programs**

WORK EFFORTS, THAT BEGAN OR WERE ANTICIPATED IN FY 18-19 THAT WILL CARRYOVER INTO FY 19-20	EST. COMPLETION
Update Internal Control and Cash Handling Policy	August 2019
Finalize financing for City Hall Acquisition Project	August 2019
Transient Occupancy Tax (TOT) Audit Policy and Procedures and utilization of contract TOT audit services	September 2019
Citywide full-cost allocation plan (CAP) and Comprehensive User Fee Study	October 2019
Update Business License Management Policy and Procedures	October 2019
Draft Procurement and Contract Administration Manual	November 2019
Draft Grants Management Policy	December 2019
Utilize OpenGov as a financial transparency tool	December 2019
Financial system migration from Incode 8 to Incode 10 with Tyler Technologies, utilizing cloud hosting services. To begin July 2019.	June 2020
Finalize Comprehensive Accounting Policies and Procedures Manual	June 2020
Short-term vacation rental compliance contract services and/or pending voluntary collections agreement	TBD
Section 115 Trusts for Other Post-Employment Benefits and Pension Liabilities and develop a roadmap to address future pension obligations	TBD
Transition Business License Processing to Permit Tracking Software	TBD
Establish online vendor payment system with Incode 10	TBD
Develop vendor accounting guide to ensure “clean invoices”	TBD
Create a Comprehensive Five-Year Financial Plan to further enhance the current Five-Year Forecast	TBD
Establish annual trainings to staff on finance related policies and procedures	TBD

### **Upcoming and Potential New Work Efforts, Projects and Programs**

The Finance department will continue to support the ongoing work efforts, projects, programs, and initiatives throughout FY 19-20 as described above. A number of new work efforts, projects and programs are currently on Finance’s radar and staff will be prioritizing its resources to complete current projects to free up capacity to take on new additional projects and work efforts. Table 4 below summarizes the upcoming and potential new work efforts, projects and programs.

**Table 3: Finance Department, Work Efforts, Projects and Programs**

UPCOMING AND POTENTIAL NEW WORK EFFORTS, PROJECTS AND PROGRAMS STARTING IN FY 19-20	EST. COMPLETION
Prepare and submit the City’s Two-Year Budget Plan for FY 2019/20 and 2020/21 to GFOA’s Distinguished Budget Presentation Award Program before August 30 <sup>th</sup> deadline.	August 2019
Review and recommend an additional defined contribution plan option (Plan 457b) to further diversify retirement options for staff	December 2019
Complete Financial Audit and Single Audit (if applicable) by December and submit to GFOA for Certificate of Achievement for Excellence in Financial Reporting	December 2019
Establish online bill pay with merchant account services compatible with Incode 10	June 2020
Issue RFP for municipal finance advisor services to advise on RDA bond and award contract; Complete bond refunding related to 2011 tax allocation bonds issued for Goleta RDA Successor Agency	TBD
Undergo Finance Department Assessment in FY 19-20	TBD
Evaluate armored car courier services and procure services if needed	TBD
Assist and explore possible tax measure options in conjunction with City Manager’s Office	TBD
Transition from paper-based finance forms to electronic forms with Incode 10	TBD
Provide ongoing support, training, and budget guidance for Buellton and Solvang Library branches	Ongoing
Cannabis Monitoring and Compliance, including cannabis taxation audits – Contract Services	Ongoing
Ongoing evaluation of time tracking model for Library management services	Ongoing
Manage and annually update City’s updated Cost Allocation Plan and fully burdened hourly labor rates associated	Ongoing