

To: Sonoma County Special District Fire Chief's

From: Trisha Laugle, Windsor Fire District/Central Fire Authority and Jennifer Ober, Rancho Adobe Fire District

Date: December 11, 2013

## **BACKGROUND**

The County of Sonoma will be retiring the financial system, FAMIS, on 7/1/14. The FAMIS system is too old and is no longer a supported accounting product. The replacement system will be the Enterprise Financial System through PeopleSoft. The system will be replaced in a two-phase process, with the first phase costing \$10.6 million, which is set to be amortized over a 10-year period. All county departments as well as special districts will absorb the costs of this system, based on the number of claims your organization processed during FY 12/13. The PeopleSoft program will replace all chart of accounts that currently exist in FAMIS. There are no plans to change the way the fire districts process their accounting needs and it will continue to all be manual. We will have no access to this new system other than possibility of printing reports created by the County.

The following are some key points to consider when discussing the option of withdrawing our accounting services from the County:

- The County is selling the system as cost savings and time efficiency improvements.
- All prior year data will remain in FAMIS and research will be through the old system.
- The new system will still require fire districts to prepare and key data for the County to process; therefore there is no time or costs savings to the fire districts.
- There will be a new Chart of Accounts, account codes and identification codes that are replacing the way we do business today. Index codes (district identification number) and sub-objects for income/expenses will be eliminated and replaced by a new account structure.
- There will be future training required on the new system with revised processes for handling financial transactions.
- Utilizing county resources as they are set up today is not a cost effective way of for districts to pay bills, make deposits or issue checks.
- Access to online bill pay and using individual business accounting software to run district operations at the fraction of the cost of what it takes the county to run a full blown 10 million dollar system.
- The districts will have the ability to utilize a very small percentage of overall EFS system. This powerful, expensive system is designed for large entities.

## **BUDGET IMPACT**

Within the County there are 18 fire districts that jointly paid Sonoma County \$230,000 in FY 12/13 for accounting charges. This includes processing of warrants, JV's, deposits, bank wires, etc. This coming

year, there will continue to be an accounting charge based on processing criteria established by the County, plus a new accounting systems charge that help the County recoup the costs of the new PeopleSoft system. It is estimated that the fire districts cost for Phase 1 of the new system will cost \$93,735 per year beginning FY 14/15 and lasting for 10 years at \$937,350. Additionally, in FY 15/16, there will be a similar increase as Phase 2 is implemented, which again, will be amortized over a 10-year period.

## **FUTURE BUDGET IMPACT**

Fire Districts are at a cross roads; does the cost justify the benefit and is this an efficient way of doing business? What alternatives or options are there? We can go one of two routes. The first is to carry forward and learn the new PeopleSoft system, knowing there is a greater cost and no time savings for the district bookkeepers. The other option to the districts is to pull out from the County and pursue banking through a local bank either as a group of fire districts or individually. In doing so, the following points need to be considered:

- A financial committee will need to be established.
- Districts will need to be individually bonded or bonded through the group committee.
- A JPA could be formed for all the districts to gain benefits of banking with the same institution.
- Ability to establish /utilizing lines of credit during dry period funding.
- Individual districts would use QuickBooks to manage and report all financials.
- There will no longer be accounting/system charges through the County. Charges and financial investments would be at the bank level.
- It is anticipated that over time that the districts would save time and that costs would be significantly reduced by withdrawing from the County.
- There would be a reduction in data entry and duplicated processes, improving time and efficiency.
- Training and implementation costs for QuickBooks.
- Learning a new way of handling and running district financial operations. District having greater control / ownership.

## **RECOMMENDATIONS**

It is anticipated at this time that the costs to the districts would be significantly reduced by withdrawing from the County. We feel it's our fiduciary responsibility to our citizens to seek out alternatives to the County of Sonoma continuing to provide accounting services to the fire districts. If money can be saved and the processes streamlined and made more efficient, then it may be a wise decision to withdraw from the County as of 7/1/14. We will continue to research local banks that would be interested in taking on the fire districts at reduced costs and also inquire into the costs of setting up QuickBooks using our current accounting codes and structures.

**Fire District - Accounting/ New system - County Charges**

12/5/2013

INDEX	DESCRIPTION	2012-13	2013-14	2014-15	Total Acctg
		<u>County Acctg</u> Last Year	<u>County Acctg</u> Current Year	<u>EFS system</u> add Next Year	<u>County</u> Total Charges
711010	BENNETT VALLEY	13,216	8,777	2,502	11,279
712018	RANCHO ADOBE	18,103	17,669	7,750	25,419
713016	FORESTVILLE	11,370	8,178	2,990	11,168
714014	GLEN ELLEN	15,670	11,334	5,784	17,118
715011	GRATON	11,957	12,831	7,994	20,825
716019	RUSSIAN RIVER	19,865	18,959	7,019	25,978
718015	KENWOOD	13,866	15,296	9,473	24,769
719013	MONTE RIO	6,713	7,118	3,445	10,563
721019	RINCON VALLEY	16,005	14,513	6,808	21,321
722017	ROSELAND	1,594	1,728	1,072	2,800
723015	SCHELL-VISTA	10,593	12,094	7,312	19,406
724013	GOLD RIDGE	17,998	10,551	2,372	12,923
726018	BODEGA BAY	16,173	17,392	7,035	24,427
727016	WINDSOR	18,418	17,369	7,019	24,388
728014	VALLEY OF THE MOON **	0	0	0	0
729012	GEYSERVILLE	15,963	17,369	6,987	24,356
732016	TIMBER COVE	4,489	3,824	2,340	6,164
739011	CLOVERDALE	18,900	15,434	5,833	21,267
18	TOTAL FIRE	230,893	210,436	93,735	304,171
	Withdrew from County *** <u>Valley of the Moon</u>				