
Treasury Division Finance Department

Anchorage: Performance. Value. Results.

Purpose

Maximize realization of the Municipality's primary revenue sources.

Direct Services

- Bill and collect all types of taxes (property taxes and program taxes)
- Audit and analyze major City revenues and regularly report on realization status
- Audit, input and process all City cash receipts
- Efficiently and timely process utility and municipal tax payments
- Pursue all types of delinquent collections on behalf of City departments, most particularly the Anchorage Police Department
- Manage all major municipal receivables and administer various collection related contracts with external service providers
- Equitably enforce various Municipal Tax Code chapters and update periodically as needed
- Promote high level of internal controls, print and distribute all municipal checks and safeguard daily deposits and other similar nature assets through implementation and periodic updating of various Policies & Procedures and municipal wide training
- Act as fiduciary in managing MOA Trust Fund

Accomplishment Goals

- Enforce and increase collections of all valid taxes and delinquent fines and fees owed to the Municipality.
- Provide enhanced service to the general public and business community and increase growth in e-commerce (i.e., information sharing and monetary transactions) through increased public use of the Municipal website and other means.
- Promote and improve timely posting and analysis of municipal revenues.

Performance Measures

Progress in achieving goals shall be measured by:

Measure #1: Revenue generated directly by Treasury operations as a multiple of stated function cost

Treasury - Direct Revenues Generated vs. cost

| | millions of dollars | | |
|--|------------------------|--------------------|----------------------------------|
| Treasury Function/Group | 2011 Revenue Generated | 2011 Function Cost | Calc. multiple (revenue-to-cost) |
| Prop. Tax revenues | \$479.12 | \$0.82 | 584X |
| Program tax revenues | \$45.75 | \$0.55 | 83X |
| Delinq. Crim./civil fines & fees | \$5.62 | \$0.52 | 11X |
| MOA trust revenues | \$5.00 | \$0.22 | 23X |
| Total | \$535.49 | \$2.11 | 254X |
| Note: In addition to the above data, Treasury further invests \$0.85m to indirectly support \$675m of Generated revenues by performing high volume cash receipt audit/input and city-wide revenue analysis. | | | |

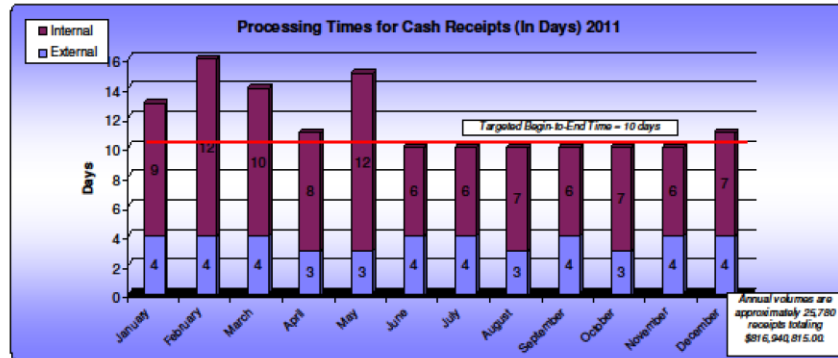
Measure #2: Tax website and e-commerce made available to public, local businesses and third party servicers (e.g., property taxpayers, mortgage/title companies, lodging industry, etc)

Treasury Tax Performance Statistics

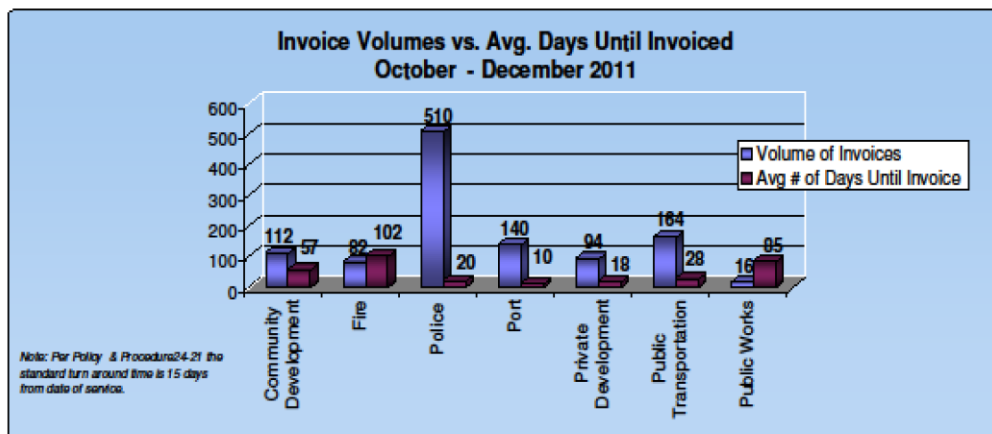
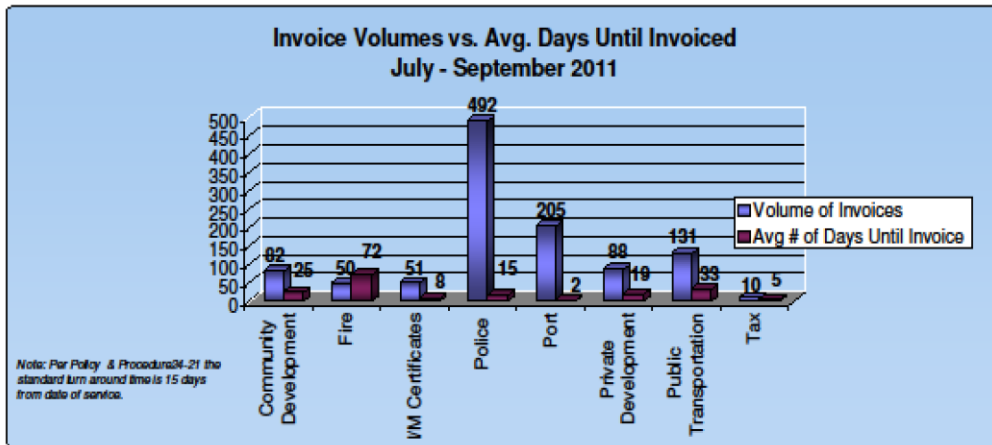
| Measurement | 2009 | 2010 | 2011 | Comments |
|------------------------------------|-----------|-----------|-----------|----------------------------------|
| Tax web site and e-commerce | | | | |
| # of in-coming calls | N/A | 6,335 | 6,219 | Year-to-date, as of 12/31/11 |
| Average wait time | N/A | 35 | 45 | Reported in seconds |
| # of web site hits | 1,258,555 | 1,281,671 | 1,316,840 | Includes Property Taxes and CAMA |
| # of Credit card payment | 2,188 | 2,242 | 2,301 | |
| # of e-check payments | 1,431 | 1,423 | 1,477 | |
| Total # of e-payments | 3,619 | 3,665 | 3,778 | |

The full value of these statistics require presenting a complete annual cycle. Annual data will be compiled and reported by the end of the 1st quarter following each calendar year.

Measure #3: Cash receipt processing time, from initial transaction date to posting date

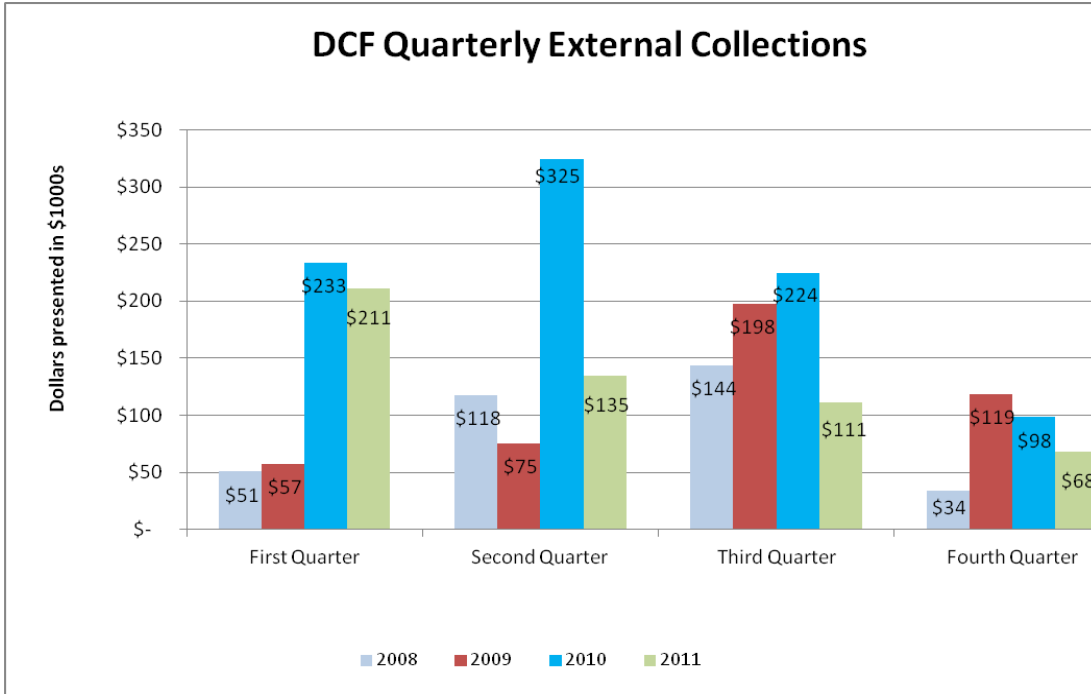


Measure #4: Timeliness of billings through PeopleSoft accounts receivable billing system

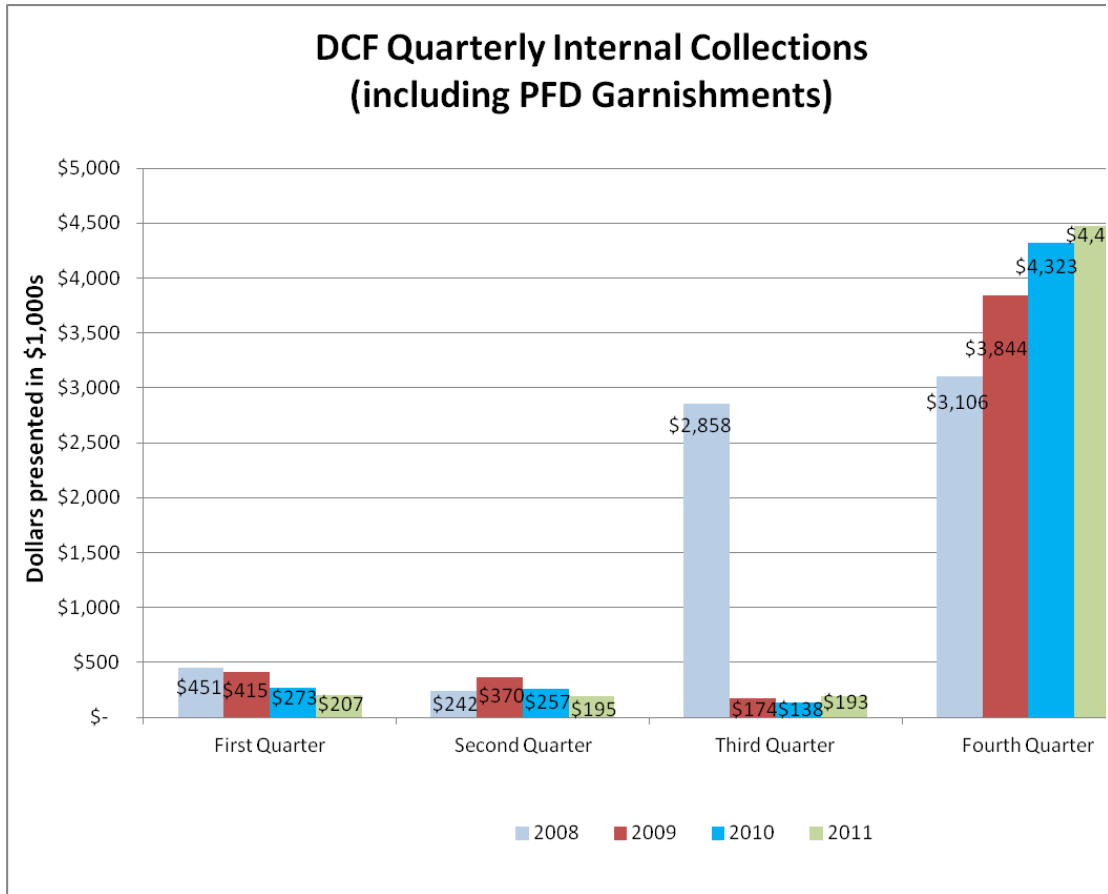


Measure #5: Collections on delinquent criminal/civil fines and fees (DCF), reflecting both internal and external efforts

(5a.)



(5b.)



(5c.)

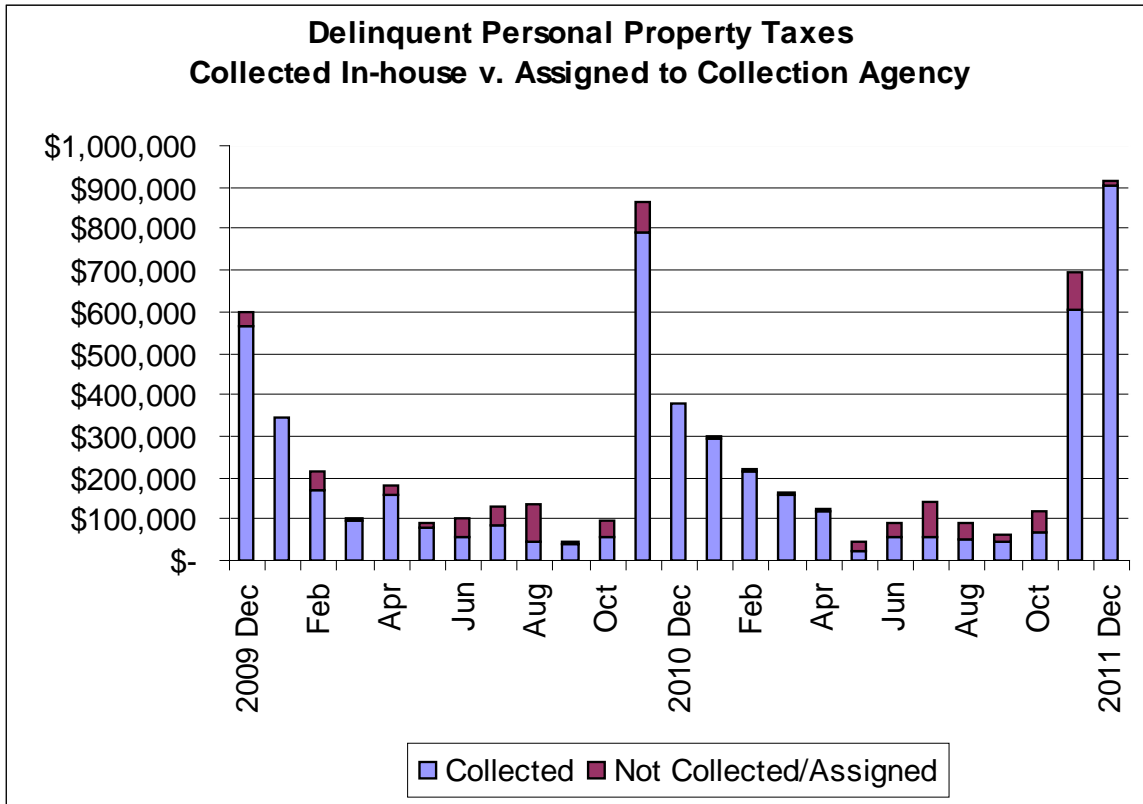
External Collection Agency Statistics

| MOA Debt Type | Avg. Annual Number of Cases Submitted for Collection | Avg. Annual Dollars Submitted for Collection | Cumulative Liquidation Rate Since Inception |
|------------------------|--|--|---|
| Traffic Citations | 17,000 | \$ 1,800,000 | 39% |
| Criminal Cases | 8,700 | \$ 3,500,000 | 26% |
| Code Enforcement Cases | 1,300 | \$ 550,000 | 8% |

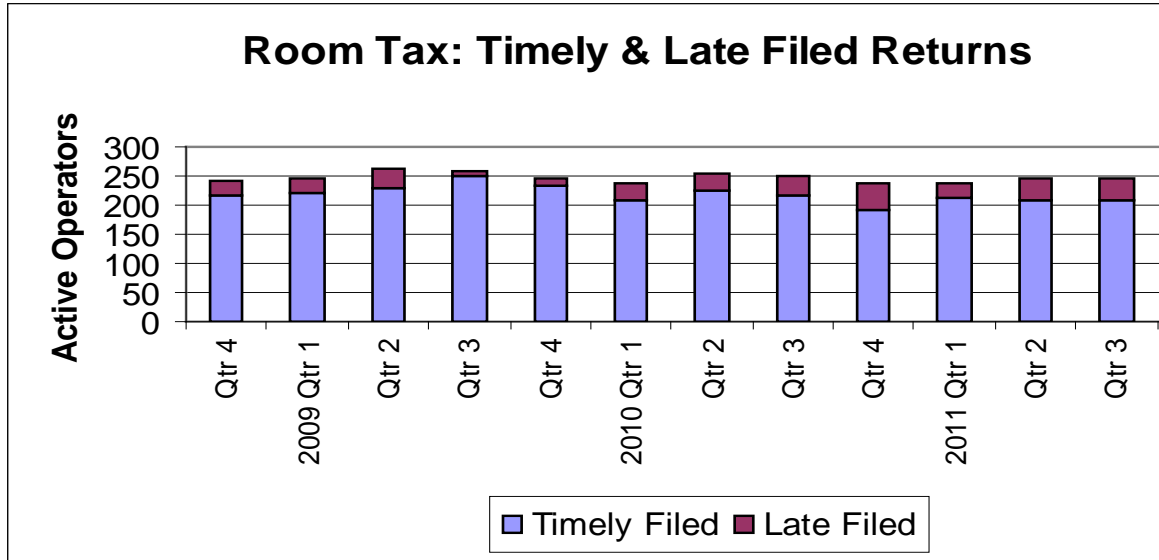
NOTE: Municipal Services Bureau (MSB) is currently the sole external collection agency for MOA DCF collections. This table displays the average amount of MOA debt submitted to MSB for collection on an annual basis, as well as MSB's liquidation rates since contract inception.

- *Traffic Citations* include a fine, surcharge and collection costs.
- *Criminal Cases* include a fine, surcharge, defense fees and cost of imprisonment.
- *Code Enforcement Cases* include a fine and late fee for violations of Anchorage Municipal Code. Examples include Minor Tobacco Fines, Curfew Violations and Zoning Violations.

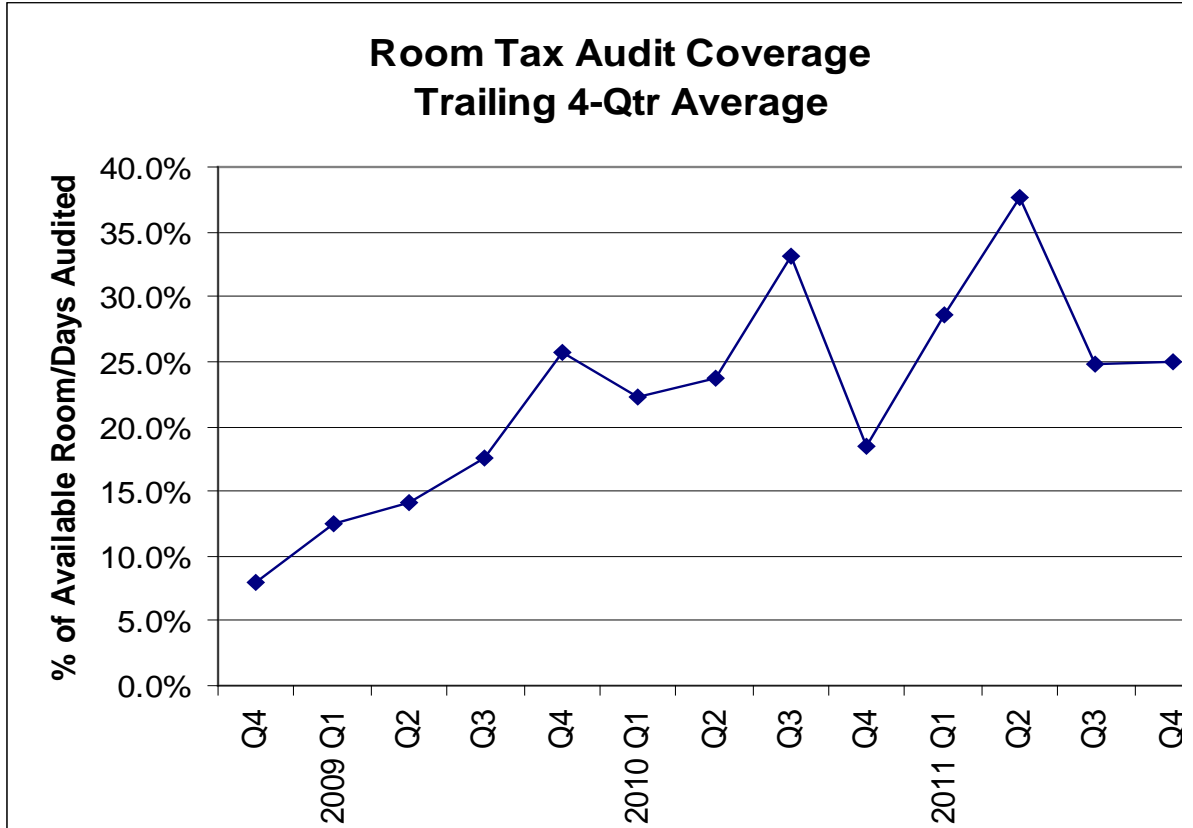
Measure #6: Internal v. External caseload of delinquent personal property taxes



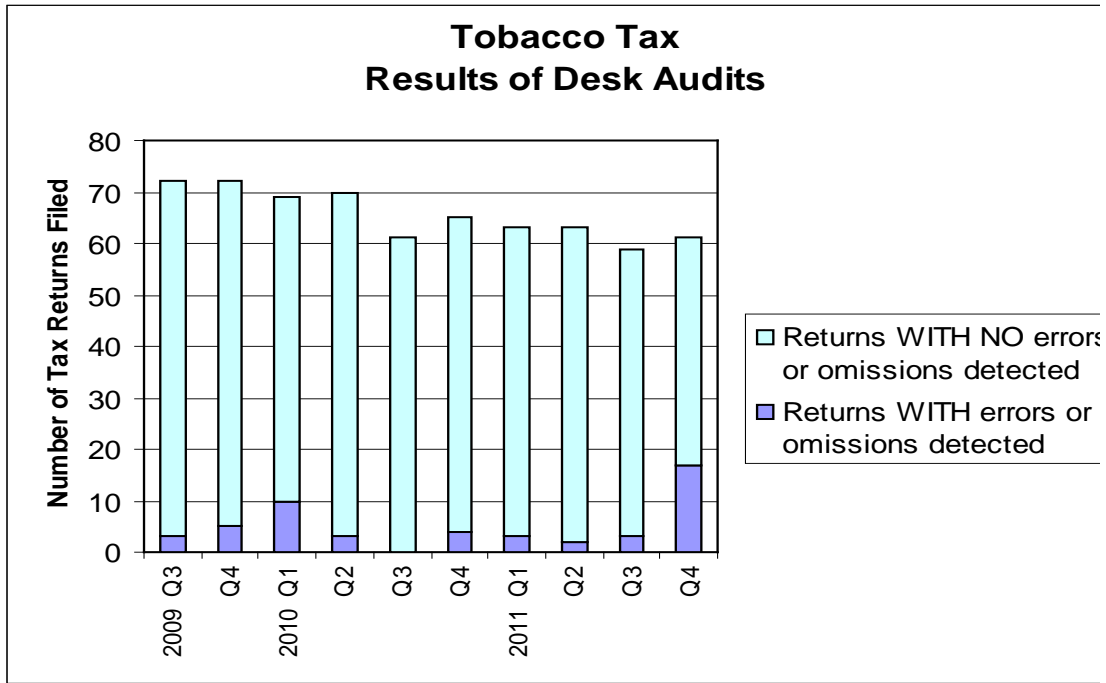
Measure #7: Number of timely v. late room tax filings



Measure #8: Audit coverage related to room tax (i.e., auditor examined rooms versus total annual number of rooms offered for rent by local operators)



Measure #9: Percent of incomplete or incorrect tobacco tax filings discovered through desk audits



Performance Measure Methodology Sheet
Treasury Division
Finance Department

Measure #1: Revenue generated directly by Treasury operations as a multiple of stated function cost

Type

Efficiency

Accomplishment Goal Supported

Enforce and collect all valid taxes and delinquent fines and fees owed to the Municipality.

Definition

Measures the efficiency of Treasury operations in collecting many times more revenue than the stated function cost

Data Collection Method

The calculation is performed by dividing the stated function cost (i.e., total direct cost, both personnel and non-personnel) by the revenues generated by respective sections within Treasury. These revenues which are directly generated by Treasury include timely and delinquent collection of all types of taxes (i.e., real and personal property tax, room tax, tobacco tax, rental vehicle tax) as well as delinquent criminal/civil fines and fees and other miscellaneous collections. The annual dividend revenue from MOA Trust Fund (i.e., \$5.1 million in 2010) is not included for purposes of this measure.

Frequency

The measurement will be calculated annually within 60 days of year end.

Measured By

The Treasury management group will work collectively to generate a stated function cost and associated revenues which are directly generated. The result of dividing the stated function cost into generated revenue will result in a multiple of revenue-to-cost shown for each separate function and in total.

Reporting

The division manager will incorporate data collected into a consolidated set of multiples covering the two trailing year period. This report will be updated annually.

Used By

The Municipal Treasurer will use this information to illustrate the high efficiency of Treasury's efforts in directly collecting nearly 90% of the City's revenues.

Performance Measure Methodology Sheet
Treasury Division
Finance Department

Measure #2: Tax website and e-commerce made available to the public, local businesses and third party servicers.

Type

Efficiency and Effectiveness

Accomplishment Goal Supported

Provide enhanced service to the general public and business community through web site and other means.

Definition

Measure the efficiency and the effectiveness of the web site in providing public with additional information and flexibility re: how and when they pay their property taxes.

Data Collection Method

The statistics are gathered by tracking on a monthly basis the percentage increase or decrease in the number of web site hits per IT Department, number of in-coming phone calls (and average wait time) per CISCO phone system, e-payments per the tax billing system and turn around time processing tax payments using the Mortgage Editor application.

Frequency

The measurement for the number of phone calls and the average wait time will be tracked monthly and reported as a year –to-date figures on a quarterly basis. The measurement for web hits and e-payments will be tracked monthly, reported as a full annual cycle and updated the 1st quarter following each calendar year.

Measured By

The section supervisor will document web hits, calls and e-payments using an excel spreadsheet. These totals will be compared to prior year data, as available.

Reporting

The division manager will incorporate the above data and trending information into an overall report for the division.

Used By

The division manager will use this information to illustrate the increased use of Treasury's property tax web site by the general public, in order to show the level of enhanced service offered to the public (i.e. effectiveness) and the resultant reduction in time spent by internal staff working one-on-one with customers during peak periods (i.e. efficiency).

Performance Measure Methodology Sheet
Treasury Division
Finance Department

Measure #3: Cash receipt processing time, from initial transaction date to posting date.

Type

Effectiveness

Accomplishment Goal Supported

Ensure timely posting and analysis of municipal revenues.

Definition

Measure the effectiveness of departments by focusing on fluctuations in the timely submission of cash receipts and the effectiveness of the Accounts Receivable (A/R) Section in the timely processing of cash receipts.

Data Collection Method

The calculation is performed by comparing the date of receipt (dept.) with the date received (A/R) to the date entered (A/R) to calculate the variance in days. A monthly average number of days will be calculated as well as the longest single instance.

Frequency

The measurement will be performed at the beginning of each month utilizing the previous month's data.

Measured By

The Accounts Receivable Supervisor will run a query in PeopleSoft which includes the fields mentioned above and use Excel to calculate the aforementioned variance statistics in days both internally and externally.

Reporting

The Accounts Receivable Supervisor will create and maintain a monthly and annual report in Excel from the data calculations. The information will be displayed graphically.

Used By

The Accounts Receivable Supervisor will use the report to identify internal and external delays in processing municipal revenues. The data will also be utilized to improve current practices within departments regarding compliance with P & P 24-1. The Treasury Division may also use this data to suggest further investigation by the Internal Auditor.

Performance Measure Methodology Sheet
Treasury Division
Finance Department

Measure #4: Timeliness of billings through PeopleSoft accounts receivable billing system.

Type

Effectiveness

Accomplishment Goal Supported

Ensure timely posting and analysis of municipal revenues.

Definition

Measure the effectiveness of the Billing Specialists within each department by focusing on fluctuations in the percentages of timely invoices. (Timely is 15 days from date of service per P & P 24-21.)

Data Collection Method

The calculation is performed by comparing invoice date to date of service, then calculating percentage of timely and untimely invoices to arrive at a percentage. A count of invoice volumes and average number of days until invoice (by department) will also be performed.

Frequency

The measurement will be performed at the beginning of each quarter, utilizing the previous quarter's data.

Measured By

The Accounts Receivable Supervisor will run a query in PeopleSoft which includes the fields mentioned above and use Excel to calculate the percentages by dividing the number of each category (yes/no) by the total number of invoices per month. A pivot table will be utilized to calculate the volumes and average days.

Reporting

The Accounts Receivable Supervisor will create and maintain a quarterly and annual report in Excel from the data gathered and calculated. The information will be displayed numerically and graphically.

Used By

The Treasury Division will use the report to determine if various Municipal departments are invoicing timely. The data can also be utilized to improve invoicing practices within the departments. The data will provide a clear understanding of how timely Municipal invoices are city-wide as well as trending patterns. It can be used to identify departments who are non-compliant with P & P 24-21.

Performance Measure Methodology Sheet
Treasury Division
Finance Department

Measure #5: Collections on delinquent criminal/civil fines and fees (DCF), reflecting both internal and external efforts

Type

Effectiveness

Accomplishment Goal Supported

Enforce and collect all valid taxes and delinquent fines and fees owed to the Municipality

Definition

Measure the effectiveness of internal v. external collection methods

Data Collection Method

The calculation is performed by dividing the quarterly total of dollars submitted for collection by the total dollars collected, separately for both internal collections and external collections, to determine the respective liquidation ratios. The measurement will begin with January 2010, as that is when tracking began of the total dollars submitted for in-house collection.

Frequency

The measurement will be tracked monthly, but will be presented in quarterly/annually totals.

Measured By

The DCF Supervisor will pull the following information and store it in an Excel spreadsheet:

- Internal measurement: Dollars submitted for collection through monthly demand letter process, as well as the wage garnishment and bank sweep processes (tracked through Courtview and Excel) will be compared to the dollars processed through the DCF Collections Station for the associated month (tracked through Courtview).
- External measurement: Dollars submitted to MSB for collection through monthly case submission process (tracked through Excel) will be compared to the dollars collected on MSB accounts presented to MOA on MSB monthly invoices for the associated month.

Reporting

The DCF Supervisor will create and maintain a monthly report in Excel from the data obtained through the measurement process. The information will be displayed numerically and graphically.

Used By

The Treasury Division will use the information to enhance understanding of the effectiveness of internal and external collection methods. By measuring this data, trends can also be determined, such as fluctuations during various times of the year. The report will be presented to the Municipal Treasurer at staff meetings and the public via the Municipal Website.

Performance Measure Methodology Sheet
Treasury Division
Finance Department

Measure #6: Internal v. External Caseload of Delinquent Personal Property Taxes

Type

Effectiveness measure

Accomplishment Goal Supported

Enforce and collect all valid taxes and delinquent fines and fees owed to the Municipality.

Definition

Measure the effectiveness of internal code (AMC 12.10) enforcement and collections by comparing amounts referred to a contracted collection agency (i.e. this represents amounts that Treasury was unsuccessful in collecting) to the amount of delinquent personal property taxes collected by Treasury collectors.

Data Collection Method

Using a report generated by the Property Tax Billing and Collecting system, TRX-240, track the delinquent personal property tax dollars collected in-house by Treasury collectors. Using monthly write-off reports authorized by the CFO, track the dollar amounts delinquent personal property tax accounts assigned to our contracted collection agency.

Frequency

The measurement will be performed monthly.

Measured By

Trailing twelve month average to mitigate and smooth the routine seasonal effects of more discreet peak (i.e. IRS refund time period, PFD disbursement period, and end-of-year surge to capture federal tax deduction) and trough (summer months) collection periods for delinquent personal property taxes.

Reporting

A stacked bar chart of monthly values – monthly total amount of delinquent personal property taxes referred to the collection agency as compared to monthly total amount of such taxes collected in-house by Treasury collectors.

Used By

Treasury, the public, and the Administration can utilize this report to visualize the success rate of Treasury's in-house collection function for delinquent personal property taxes.

Performance Measure Methodology Sheet
Treasury Division
Finance Department

Measure #7: Number of timely v. late room tax filings

Type

Effectiveness measure

Accomplishment Goal Supported

Enforce and collect all valid taxes and delinquent fines and fees owed to the Municipality.

Definition

Measure the number of Operators (local lodging businesses) timely reporting and timely remitting room taxes.

Data Collection Method

Capture and track the filing and payment dates as compared to code-mandated quarterly due dates for MOA Room Tax returns.

Frequency

The measurement will be performed quarterly.

Measured By

Compile the number of active compliant Operators and active delinquent Operators each quarter; compare both totals.

Reporting

A stacked bar chart, depicting both the Operators who have timely filed and remitted room taxes and the delinquent Operators

Used By

Treasury, the Administration, the local lodging industry, and the public will utilize this reported information to monitor and evaluate the effectiveness of Treasury's Room Tax code enforcement function.

Performance Measure Methodology Sheet
Treasury Division
Finance Department

Measure #8: Audit coverage related to room tax

Type

Efficiency and effectiveness measures

Accomplishment Goal Supported

Enforce and collect all valid taxes and delinquent fines and fees owed to the Municipality.

Definition

Measure the rate of room/days examined (audit coverage) during a twelve-month period as a percentage of rooms available for rent during that period of time. A high rate of audit coverage will denote an efficient usage of Municipal resources. Due to the code enforcement nature of audits, a high rate of audit coverage will also denote the general effectiveness of an audit program.

Data Collection Method

Using information documented in auditor workpapers (e.g. audit period, number of rooms available for rent, name of business operator), capture and track the number of "room days" examined by Treasury auditors after audits have been completed and issued. For example, if Anchorage has 100 rooms available for rent on any given day, there will be 36,500 "room days" available during a twelve-month period.

Frequency

Data is compiled on a quarterly basis.

Measured By

A trailing four-quarter average resulting in a single percentage computed as the total number of "room days" examined v. the number of "room days" available during the trailing four quarters.

Reporting

A single percentage value for a listed trailing twelve month (four quarter) period, representing the percentage of industry-wide transient room rental activity that has been examined by Treasury auditors. This value will be in a chart including a trailing three-year period to identify any changes in audit coverage.

Used By

Treasury, the Administration, the local lodging industry, and the public will utilize this reported information to monitor and evaluate the efficiency of Treasury's Room Tax code enforcement function. A general awareness of the extent of Treasury's audit coverage will be effective in ensuring that the lodging industry will be more dedicated to complete and accurate self-reporting of taxes due to MOA. In addition, an awareness of the extent of Treasury's audit coverage will enhance public service by increasing confidence within the lodging industry that each regulated facility is contributing its equitable share of room taxes.

Performance Measure Methodology Sheet
Treasury Division
Finance Department

Measure #9: Percent of incomplete or incorrect tobacco tax filings discovered through desk audits

Type

Efficiency and effectiveness measure

Accomplishment Goal Supported

Enforce and collect all valid taxes and delinquent fines and fees owed to the Municipality.

Definition

Measure the percentage of cigarettes imported into the Municipality and reported on tobacco tax returns that are verified by Treasury desk audit. Measure the percentage of tobacco tax returns filed that are either incomplete or inaccurate.

Data Collection Method

Log results of Tax Enforcement Assistants' desk audits of monthly tobacco tax returns. Compare results to reported cigarette totals maintained in Treasury dedicated Access database.

Frequency

The measurement will be performed monthly.

Measured By

Compare desk audit results to totals reported on tobacco tax returns, using a trailing twelve-month average to mitigate and smooth the inconsistent fluctuations in the number of imported cigarettes that have historically been reported on tobacco tax returns.

Reporting

Two monthly percentage values – the percentage of imported cigarettes that have been verified by desk audit (efficiency), and the percentage of incomplete or inaccurate tobacco tax returns that were filed (effectiveness). These values will be in a chart of the comparable prior year trailing twelve monthly values to identify any positive changes (e.g. gains in desk audit percentage) or negative changes (e.g. gains in percentage of returns that are incomplete/inaccurate).

Used By

Treasury, the Administration, local businesses paying tobacco taxes, and the public will utilize this reported information to monitor and evaluate the efficiency of Treasury's tobacco tax code enforcement function. A general awareness of the extent of Treasury's desk audit coverage will be effective in ensuring that the tobacco importers will be more dedicated to complete and accurate self-reporting of taxes due to MOA. In addition, an awareness of the extent of Treasury's desk audit coverage will enhance public service by increasing confidence within the tobacco industry that each regulated business is contributing its equitable share of tobacco taxes.