

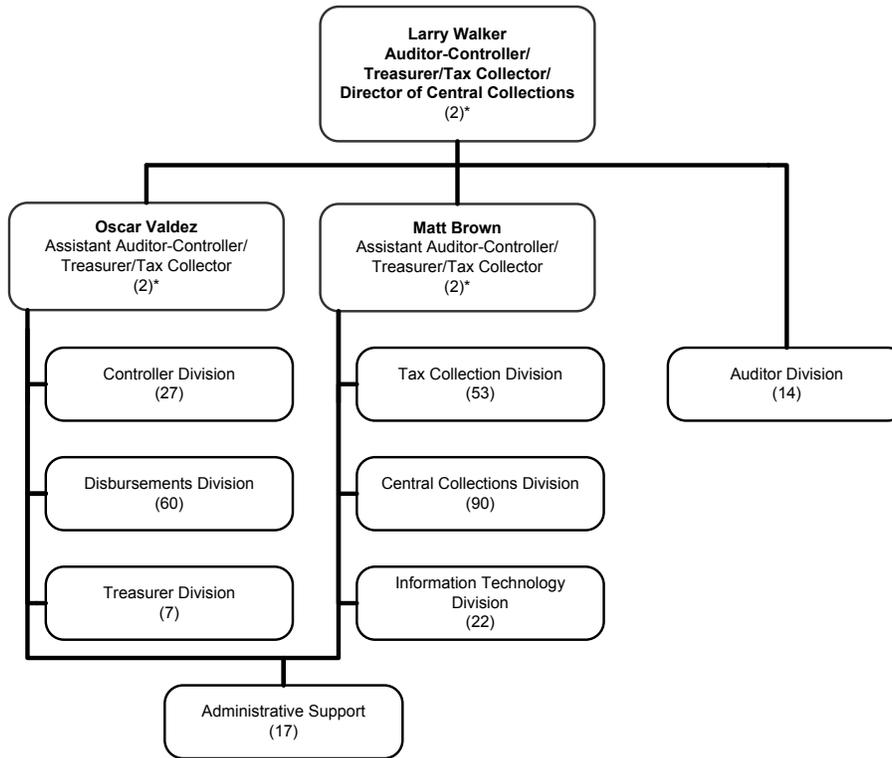
## AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR Larry Walker

### DEPARTMENT MISSION STATEMENT

*The Office of the Auditor-Controller/Treasurer/Tax Collector processes, safeguards, and provides information regarding County financial activities, manages the County treasury pool, collects and distributes property taxes and other obligations owed to County agencies and courts with integrity, independent judgment, and courteous, outstanding service that is accessible to citizens, businesses, and other public agencies. We are accurate, fair, timely and innovative in the use of technology to enhance services throughout the County.*



### ORGANIZATIONAL CHART



\*Includes one secretary position

### 2013-14 ACCOMPLISHMENTS

- Internal Audits has issued 28 compliance and operational audit reports from July 1, 2013 thru March 31, 2014, making recommendations for improvement of internal controls over cash, trust funds, fixed assets, cost claims, and the management of federal grants.
- Worked diligently to evaluate and analyze a total of eleven (11) new Governmental Accounting Standards Board (GASB) Statements, including the new pension accounting standards, for their effects on the County's financial statements to either implement or develop the plans for future implementations, as required by GASB.



- Worked closely with the Information Services Department to prepare for the implementation of the Financial Accounting System (FAS) 2.2 upgrade, which required ATC to develop and test the largest numbers of testing scripts in recent years.
- Tax Collector partnered with the Land Use Services Department to develop a procedure to increase the Transient Occupancy Tax (bed tax) collections within the County. Since this collaboration, the Tax Collector has received information on 77 rentals not previously registered in the Transient Occupancy Tax (TOT) program. Total TOT collected in 2012-13 was \$1.5 million, and an additional \$26,512 has been collected in one quarter this fiscal year, with 29 facilities reporting for the first time.

**COUNTY GOALS AND OBJECTIVES AND DEPARTMENT PERFORMANCE MEASURES**

**COUNTY GOAL: OPERATE IN A FISCALLY-RESPONSIBLE AND BUSINESS-LIKE MANNER**

**Objective(s):** • *Live within our means, fully funding the maintenance of infrastructure and facilities, the provision of state-of-the-art basic operating systems, liabilities, and reserves; while forming capital to strategically invest in the future.*

*Department Strategy:* • *Maintain the financial accounting system in accordance with Generally Accepted Accounting Standards and the Government Finance Officers Association (GFOA) to achieve the highest standards in government accounting and financial reporting.*

| Measurement  | 2012-13<br>Actual | 2013-14<br>Target | 2013-14<br>Estimate | 2014-15<br>Target |
|--|-------------------|-------------------|---------------------|-------------------|
| Receive the GFOA Certificate of Achievement for Excellence in Financial Reporting. | Yes               | Yes               | Yes                 | Yes               |

**COUNTY GOAL: PURSUE COUNTY GOALS AND OBJECTIVES BY WORKING WITH OTHER GOVERNMENTAL AGENCIES**

**Objective(s):** • *Develop a closer working relationship with cities, tribes and other governmental agencies.*

*Department Strategy:* • *Complete the final property tax apportionment by the third week following the end of the fiscal year.*

| Measurement  | 2012-13<br>Actual | 2013-14<br>Target | 2013-14<br>Estimate | 2014-15<br>Target |
|--|-------------------|-------------------|---------------------|-------------------|
| Percentage of apportionments completed by the third week of the following fiscal year. | 100%              | 100%              | 100%                | 100%              |

FISCAL



**COUNTY GOAL: OPERATE IN A FISCALLY-RESPONSIBLE AND BUSINESS-LIKE MANNER**

**Objective(s):** • Invest County resources in ways which create more ongoing revenue to reinvest in maintaining and improving services.

**Department Strategy:**

- Maintain the highest possible credit rating for the County investment pool.
- Maintain collection of property taxes at 96% or higher, which are used to fund key public services including education, police and fire protection, social and health services.
- Increase marketing, advertising and outreach to improve awareness of the annual Tax Sale and collect defaulted secured property taxes.

| Measurement                               | 2012-13<br>Actual | 2013-14<br>Target | 2013-14<br>Estimate | 2014-15<br>Target |
|---|-------------------|-------------------|---------------------|-------------------|
| County investment pool rating             | Fitch - AAA       | Fitch - AAA       | Fitch - AAA         | Fitch - AAA       |
| Percentage of annual tax charge collected | 97.2%             | 96%               | 96%                 | 96%               |

**SUMMARY OF BUDGET UNITS**

|  | 2014-15           |                   |                    |                  |               |            |
|--|-------------------|-------------------|--------------------|------------------|---------------|------------|
|  | Requirements      | Sources           | Net<br>County Cost | Fund<br>Balance  | Net<br>Budget | Staffing   |
| <b>General Fund</b>                        |                   |                   |                    |                  |               |            |
| Auditor-Controller/Treasurer/Tax Collector | 36,880,704        | 26,188,884        | 10,691,820         |                  |               | 296        |
| Total General Fund                         | 36,880,704        | 26,188,884        | 10,691,820         |                  |               | 296        |
| <b>Special Revenue Fund</b>                |                   |                   |                    |                  |               |            |
| Redemption Restitution Maintenance         | 1,679,166         | 288,500           |                    | 1,390,666        |               | 0          |
| Total Special Revenue Fund                 | 1,679,166         | 288,500           |                    | 1,390,666        |               | 0          |
| <b>Total - All Funds</b>                   | <b>38,559,870</b> | <b>26,477,384</b> | <b>10,691,820</b>  | <b>1,390,666</b> |               | <b>296</b> |



| <b>5-YEAR REQUIREMENTS TREND</b>           |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | <b>2010-11</b>    | <b>2011-12</b>    | <b>2012-13</b>    | <b>2013-14</b>    | <b>2014-15</b>    |
| Auditor-Controller/Treasurer/Tax Collector | 34,607,550        | 32,441,654        | 36,599,126        | 37,110,409        | 36,880,704        |
| Redemption Restitution Maintenance         | 182,140           | 973,709           | 1,059,419         | 1,434,306         | 1,679,166         |
| <b>Total</b>                               | <b>34,789,690</b> | <b>33,415,363</b> | <b>37,658,545</b> | <b>38,544,715</b> | <b>38,559,870</b> |

| <b>5-YEAR SOURCES TREND</b>                |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | <b>2010-11</b>    | <b>2011-12</b>    | <b>2012-13</b>    | <b>2013-14</b>    | <b>2014-15</b>    |
| Auditor-Controller/Treasurer/Tax Collector | 24,126,528        | 23,124,508        | 27,026,066        | 26,084,063        | 26,188,884        |
| Redemption Restitution Maintenance         | 1,790             | 791,562           | 85,800            | 223,800           | 288,500           |
| <b>Total</b>                               | <b>24,128,318</b> | <b>23,916,070</b> | <b>27,111,866</b> | <b>26,307,863</b> | <b>26,477,384</b> |

| <b>5-YEAR NET COUNTY COST TREND</b>        |                   |                  |                  |                   |                   |
|--|-------------------|------------------|------------------|-------------------|-------------------|
|  | <b>2010-11</b>    | <b>2011-12</b>   | <b>2012-13</b>   | <b>2013-14</b>    | <b>2014-15</b>    |
| Auditor-Controller/Treasurer/Tax Collector | 10,481,022        | 9,317,146        | 9,573,060        | 11,026,346        | 10,691,820        |
| <b>Total</b>                               | <b>10,481,022</b> | <b>9,317,146</b> | <b>9,573,060</b> | <b>11,026,346</b> | <b>10,691,820</b> |

| <b>5-YEAR FUND BALANCE TREND</b>   |                |                |                |                  |                  |
|------------------------------------|----------------|----------------|----------------|------------------|------------------|
|                                    | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b>   | <b>2014-15</b>   |
| Redemption Restitution Maintenance | 180,350        | 182,147        | 973,619        | 1,210,506        | 1,390,666        |
| <b>Total</b>                       | <b>180,350</b> | <b>182,147</b> | <b>973,619</b> | <b>1,210,506</b> | <b>1,390,666</b> |



## Auditor-Controller/Treasurer/Tax Collector

### DESCRIPTION OF MAJOR SERVICES

The Office of the Auditor-Controller/Treasurer/Tax Collector (ATC) is responsible for providing the County and its constituents with a variety of accounting, collections, and investment services.

The Controller Division records the collections and performs the accounting, reporting, and claims of all County financial activities to ensure sound financial management. It is also responsible for developing and implementing accounting systems and standards and administering the Countywide Cost Allocation Plan. The Disbursements Division is responsible for vendor payments, payroll services, the compilation of property tax rates, revenue disbursements to taxing agencies and managing and calculating pass-through agreement payments on behalf of Countywide successor agencies relating to the dissolution of Redevelopment Agencies.

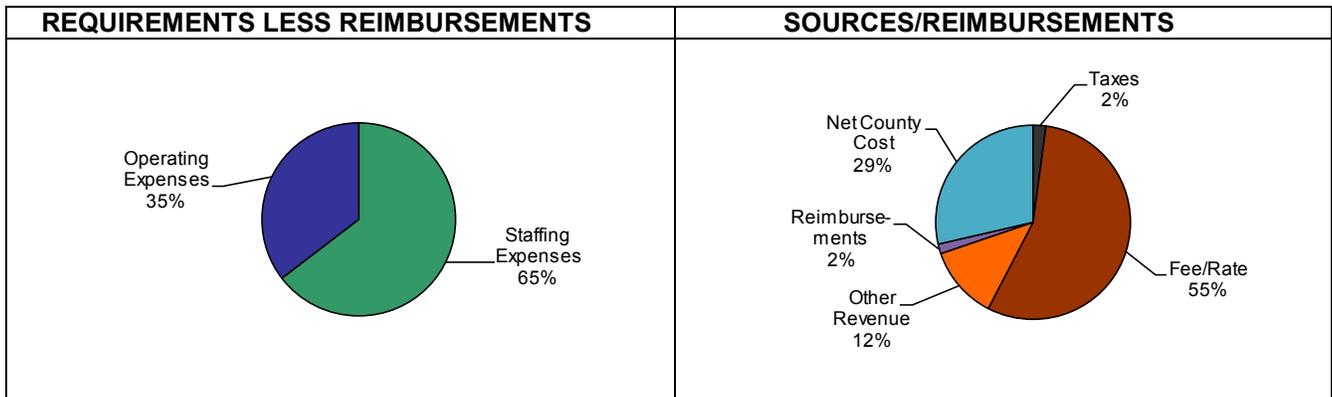
The Treasurer Division performs the County's treasury function including the investment of all County and School District funds within the County investment pool and associated banking services. The Treasurer currently manages assets of \$3.8 - \$4.9 billion. The Tax Collector Division collects property taxes for all County taxing entities which amounted to slightly over \$2.2 billion in property taxes and other fees in 2013-14.

The Central Collections Division provides collection services for the County and Superior Court, collecting nearly \$50 million for the year ending June 30, 2014, including collection of court-ordered payments and Arrowhead Regional Medical Center's delinquent accounts receivable.

The Auditor Division performs operational and financial audits of departments, agencies and special districts, evaluates internal controls for operational improvement, and operates the Fraud, Waste and Abuse Hotline.

| Budget at a Glance                     |              |
|--|--------------|
| Requirements Less Reimbursements*      | \$37,476,564 |
| Sources/Reimbursements                 | \$26,784,744 |
| Net County Cost                        | \$10,691,820 |
| Total Staff                            | 296          |
| Funded by Net County Cost              | 29%          |
| <small>*Includes Contingencies</small> |              |

### 2014-15 RECOMMENDED BUDGET



**BUDGETED STAFFING**

| STAFFING ANALYSIS    |                  |                    |                     |                        | 5-YEAR STAFFING TREND |  |  |  |  |
|----------------------|------------------|--------------------|---------------------|------------------------|-----------------------|--|--|--|--|
| Authorized Positions | 2012-13<br>Final | 2013-14<br>Adopted | 2013-14<br>Modified | 2014-15<br>Recommended |                       |  |  |  |  |
| Regular              | 277              | 278                | 278                 | 280                    |                       |  |  |  |  |
| Limited Term         | 3                | 15                 | 17                  | 16                     |                       |  |  |  |  |
| Total                | 280              | 293                | 295                 | 296                    |                       |  |  |  |  |
| Staffing Expenses    | \$23,797,675     | \$24,151,265       | \$24,283,195        | \$24,187,211           |                       |  |  |  |  |

**ANALYSIS OF 2014-15 RECOMMENDED BUDGET**

GROUP: Fiscal  
 DEPARTMENT: Auditor-Controller/Treasurer/Tax Collector  
 FUND: General

BUDGET UNIT: AAA ATX  
 FUNCTION: General  
 ACTIVITY: Finance

|                         | 2010-11<br>Actual | 2011-12<br>Actual | 2012-13<br>Actual | 2013-14<br>Estimate | 2013-14<br>Modified<br>Budget | 2014-15<br>Recommended<br>Budget | Change From<br>2013-14<br>Modified<br>Budget |
|-------------------------|-------------------|-------------------|-------------------|---------------------|-------------------------------|----------------------------------|--|
| <b>Requirements</b>     |                   |                   |                   |                     |                               |                                  |  |
| Staffing Expenses       | 24,350,111        | 22,181,622        | 22,511,394        | 22,629,690          | 24,283,195                    | 24,187,211                       | (95,984)                                     |
| Operating Expenses      | 11,778,908        | 11,296,625        | 10,365,494        | 12,771,143          | 12,958,514                    | 13,269,353                       | 310,839                                      |
| Capital Expenditures    | 92,306            | 55,963            | 88,481            | 355,000             | 140,000                       | 20,000                           | (120,000)                                    |
| Contingencies           | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                | 0  |
| Total Exp Authority     | 36,221,325        | 33,534,210        | 32,965,369        | 35,755,833          | 37,381,709                    | 37,476,564                       | 94,855                                       |
| Reimbursements          | (1,614,279)       | (1,258,293)       | (275,419)         | (274,606)           | (271,300)                     | (595,860)                        | (324,560)                                    |
| Total Appropriation     | 34,607,046        | 32,275,917        | 32,689,950        | 35,481,227          | 37,110,409                    | 36,880,704                       | (229,705)                                    |
| Operating Transfers Out | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                | 0  |
| Total Requirements      | 34,607,046        | 32,275,917        | 32,689,950        | 35,481,227          | 37,110,409                    | 36,880,704                       | (229,705)                                    |
| <b>Sources</b>          |                   |                   |                   |                     |                               |                                  |  |
| Taxes                   | 307,060           | 0                 | 386,920           | 791,840             | 895,000                       | 800,000                          | (95,000)                                     |
| Realignment             | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                | 0  |
| State, Fed or Gov't Aid | 90,018            | 136,502           | 153,632           | 118,016             | 33,081                        | 122,204                          | 89,123                                       |
| Fee/Rate                | 18,347,152        | 18,108,328        | 19,472,244        | 19,417,840          | 20,268,499                    | 20,718,034                       | 449,535                                      |
| Other Revenue           | 5,382,219         | 4,880,121         | 4,887,853         | 4,834,994           | 4,887,483                     | 4,548,646                        | (338,837)                                    |
| Total Revenue           | 24,126,449        | 23,124,951        | 24,900,649        | 25,162,690          | 26,084,063                    | 26,188,884                       | 104,821                                      |
| Operating Transfers In  | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                | 0  |
| Total Financing Sources | 24,126,449        | 23,124,951        | 24,900,649        | 25,162,690          | 26,084,063                    | 26,188,884                       | 104,821                                      |
| Net County Cost         | 10,480,597        | 9,150,966         | 7,789,301         | 10,318,537          | 11,026,346                    | 10,691,820                       | (334,526)                                    |
| Budgeted Staffing       |                   |                   |                   |                     | 295                           | 296                              | 1  |

**MAJOR EXPENDITURES AND REVENUE IN 2014-15 RECOMMENDED BUDGET**

Staffing expenses of \$24.2 million represent the majority of expenditures in this budget unit and fund 296 budgeted positions. These expenses are necessary to provide accounting, auditing, collections, and investment services to County departments and constituents. Sources primarily represent fee/rate and cost-reimbursement revenue generated by services provided.

**BUDGET CHANGES AND OPERATIONAL IMPACT**

Requirements are decreasing by \$229,705, primarily due to a reduction in capital expenditures and an increase in reimbursements. Sources are expected to increase by \$104,821, primarily due to an increase in current services revenue which is offset by a decrease in other revenue. While building the 2014-15 budget, there was a shortfall of \$131,000 due to a loss of single audit revenue (\$81,000) as a result of the County's improvement



from a high risk to low risk auditee which resulted in less program audits and an increase in bankruptcy legal counsel expenses (\$50,000). The Auditor-Controller/Treasurer/Tax Collector received an increase in net County cost of \$131,000 to offset this shortfall.

**STAFFING CHANGES AND OPERATIONAL IMPACT**

Staffing expenses of \$24.2 million fund 296 budgeted positions of which 280 are regular positions and 16 are limited term positions. The budget includes a net increase of 1 position, consisting of the addition of a Systems Accountant II in Property Tax to assist with system processes relating to Redevelopment Agencies (RDA), the addition of an Accountant II in Central Payroll to comply with reporting requirements associated with the Affordable Health Care Act, and the deletion of a vacant recurrent Accountant III in Accounts Payable to offset additional costs. The two new positions are both funded by additional revenue; the Systems Accountant II by RDA revenue and the Accountant II by self-governed districts participating in County payroll.

The budget also includes 3 reclassifications: an Accounting Technician to a Supervising Fiscal Specialist and an Office Assistant II to an Office Assistant III, to reflect the actual duties performed; and the Chief, Central Collections Division to an Auditor-Controller Division Chief, to maintain consistency within the department.

**2014-15 POSITION SUMMARY**

| Division                        | Regular    | Limited Term | Total      | Filled     | Vacant    | New      | Total      |
|---------------------------------|------------|--------------|------------|------------|-----------|----------|------------|
| Management                      | 6          | 0            | 6          | 6          | 0         | 0        | 6          |
| Administrative Support          | 7          | 10           | 17         | 9          | 8         | 0        | 17         |
| Information Technology Division | 22         | 0            | 22         | 21         | 1         | 0        | 22         |
| Auditor Division                | 14         | 0            | 14         | 14         | 0         | 0        | 14         |
| Controller Division             | 27         | 0            | 27         | 25         | 2         | 0        | 27         |
| Disbursements Division          | 55         | 5            | 60         | 52         | 6         | 2        | 60         |
| Treasurer Division              | 7          | 0            | 7          | 7          | 0         | 0        | 7          |
| Tax Collector Division          | 52         | 1            | 53         | 52         | 1         | 0        | 53         |
| Central Collections Division    | 90         | 0            | 90         | 77         | 13        | 0        | 90         |
| <b>Total</b>                    | <b>280</b> | <b>16</b>    | <b>296</b> | <b>263</b> | <b>31</b> | <b>2</b> | <b>296</b> |

| Management                               | Administrative Support           | Information Technology Division |
|--|----------------------------------|---------------------------------|
| <u>Classification</u>                    | <u>Classification</u>            | <u>Classification</u>           |
| Elected Auditor-Controller/Treasurer/Tax |                                  |                                 |
| 1 Collector                              | 1 Administrative Supervisor I    | 1 Departmental IS Administrator |
| Assistant Auditor-                       |                                  |                                 |
| 2 Controller/Treasurer/Tax Collector     | 1 Special Projects Administrator | 1 Secretary I                   |
| 3 Executive Secretary III                | 1 ATC Building Coordinator       | 2 Business Applications Manager |
| 6 Total                                  | 1 Internal Auditor III           | 2 Business Systems Analyst III  |
|  | 1 Payroll Specialist             | 2 Department Systems Engineer   |
|  | 1 Fiscal Specialist              | 3 Programmer Analyst III        |
|  | 1 Office Assistant III           | 1 Programmer Analyst I          |
|  | 10 Public Service Employee       | 1 Programmer III                |
|  | 17 Total                         | 3 Automated Systems Analyst II  |
|  |                                  | 3 Automated Systems Analyst I   |
|  |                                  | 3 Automated Systems Technician  |
|  |                                  | 22 Total                        |





## Redemption Restitution Maintenance

### DESCRIPTION OF MAJOR SERVICES

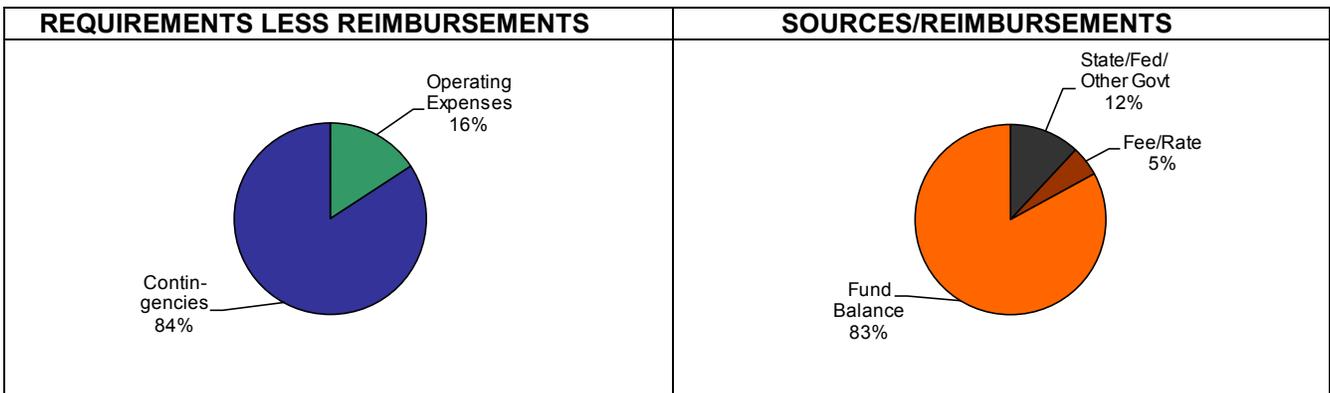
The Redemption Restitution Maintenance budget unit consists of revenue received from tax sales and revenue received from the State of California for the Victim Restitution Rebate.

Redemption Maintenance accounts for revenue received from tax sales to defray the costs of maintaining the redemption and tax defaulted files, and the costs of administering and processing the claims for excess tax sale proceeds. Revenue includes unclaimed excess tax sale proceeds collected pursuant to Revenue and Taxation Code 4674.

Restitution Maintenance accounts for rebate revenue received from the State of California for collecting and submitting Victim Restitution funds timely to the State, per Government Code 13963(f). Additionally, the rebate revenue received shall be used for furthering collection efforts.

| Budget at a Glance                     |             |
|--|-------------|
| Requirements Less Reimbursements*      | \$1,679,166 |
| Sources/Reimbursements                 | \$288,500   |
| Fund Balance                           | \$1,390,666 |
| Contribution to Fund Balance           | \$23,500    |
| Total Staff                            | 0           |
| <small>*Includes Contingencies</small> |             |

### 2014-15 RECOMMENDED BUDGET



FISCAL



**ANALYSIS OF 2014-15 RECOMMENDED BUDGET**

GROUP: Fiscal  
 DEPARTMENT: Auditor-Controller/Treasurer/Tax Collector  
 FUND: Redemption Restitution Maintenance

BUDGET UNIT: SDQ TTX  
 FUNCTION: General  
 ACTIVITY: Finance

|                         | 2010-11<br>Actual | 2011-12<br>Actual | 2012-13<br>Actual | 2013-14<br>Estimate | 2013-14<br>Modified<br>Budget | 2014-15<br>Recommended<br>Budget | Change From<br>2013-14<br>Modified<br>Budget |
|-------------------------|-------------------|-------------------|-------------------|---------------------|-------------------------------|----------------------------------|--|
| <b>Requirements</b>     |                   |                   |                   |                     |                               |                                  |  |
| Staffing Expenses       | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                | 0  |
| Operating Expenses      | 0                 | 0                 | 0                 | 0                   | 0                             | 265,000                          | 265,000                                      |
| Capital Expenditures    | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                | 0  |
| Contingencies           | 0                 | 0                 | 0                 | 0                   | 1,434,306                     | 1,414,166                        | (20,140)                                     |
| Total Exp Authority     | 0                 | 0                 | 0                 | 0                   | 1,434,306                     | 1,679,166                        | 244,860                                      |
| Reimbursements          | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                | 0  |
| Total Appropriation     | 0                 | 0                 | 0                 | 0                   | 1,434,306                     | 1,679,166                        | 244,860                                      |
| Operating Transfers Out | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                | 0  |
| Total Requirements      | 0                 | 0                 | 0                 | 0                   | 1,434,306                     | 1,679,166                        | 244,860                                      |
| <b>Sources</b>          |                   |                   |                   |                     |                               |                                  |  |
| Taxes                   | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                | 0  |
| Realignment             | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                | 0  |
| State, Fed or Gov't Aid | 0                 | 790,562           | 233,744           | 176,760             | 220,000                       | 200,000                          | (20,000)                                     |
| Fee/Rate                | 0                 | 0                 | 0                 | 0                   | 0                             | 85,000                           | 85,000                                       |
| Other Revenue           | 1,797             | 910               | 3,143             | 3,400               | 3,800                         | 3,500                            | (300)  |
| Total Revenue           | 1,797             | 791,472           | 236,887           | 180,160             | 223,800                       | 288,500                          | 64,700                                       |
| Operating Transfers In  | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                | 0  |
| Total Financing Sources | 1,797             | 791,472           | 236,887           | 180,160             | 223,800                       | 288,500                          | 64,700                                       |
|                         |                   |                   |                   | Fund Balance        | 1,210,506                     | 1,390,666                        | 180,160                                      |
|                         |                   |                   |                   | Budgeted Staffing   | 0                             | 0                                | 0  |

**MAJOR EXPENDITURES AND REVENUE IN 2014-15 RECOMMENDED BUDGET**

Operating expenses of \$265,000 represent a transfer to the Auditor-Controller/Treasurer/Tax Collector's general fund budget unit for staffing and operating expenses for work related to the processing of excess tax sale proceeds. Sources of \$288,500 represent revenue from the State of California, unclaimed excess tax sale proceeds trust funds and anticipated interest earnings.

**BUDGET CHANGES AND OPERATIONAL IMPACT**

Requirements are increasing by \$244,860 due to transfers for staffing related to the processing of excess tax sale proceeds. Sources are increasing by \$64,700 primarily due to an increase in current services revenue from unclaimed excess tax sale proceeds, partially offset by a decrease in Victim Restitution Rebate revenue and lower anticipated interest earnings.

**STAFFING CHANGES AND OPERATIONAL IMPACT**

There is no staffing associated with this budget unit.



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