

AUDITOR-CONTROLLER

NON-DEPARTMENTAL REVENUE1000

MEREDITH FORD, Auditor-Controller

AUDITOR-CONTROLLER'S BUDGET UNITS

Non-Departmental Revenue	1000
<u>Auditor-Controller</u>	1110
<u>Teeter Plan</u>	1930
<u>Miscellaneous</u>	1940

PROGRAM DISCUSSION

Programs: This budget unit reflects the local revenues of the County of Mendocino that are discretionary in nature and can therefore be allocated for any general County purpose at the discretion of the Board of Supervisors. Historically, discretionary revenues have included all local general taxes (property, sales, room occupancy, property transfer, etc.) as well as major State subsidies including Motor Vehicle In Lieu, Sales Tax In Lieu, Timber Yield, Open Space, Stabilization, and Homeowner Property Tax Exemption reimbursements.

SUMMARY OF MAJOR BUDGET ACCOUNTS

Expenditure Transfer and Reimbursements

- ✧ Acct. 5802 Provides for general fund contribution appropriated as operating transfers to non-general fund departments, i.e. Library, Water Agency, DOT, COP Debt Service, and capital improvements.

Revenues

- ✧ Accts. 1110 – 7802 Provides for Discretionary funding.

CEO RECOMMENDED BUDGET COMMENTS

The CEO recommends funding as submitted by the department. This budget is a (\$2,858,039) reduction from prior year levels.

AUDITOR-CONTROLLER

NON-DEPARTMENTAL REVENUE1000

MEREDITH FORD, Auditor-Controller

State Controller
County Budget Act
(1985)

County of Mendocino
State of California
Budget Unit Financing Uses Detail
Recommended Budget for Fiscal Year 2010-11

County Budget Form
Schedule 9

Classification:

Function: 1 General Government
Activity: 102 General - Finance

Budget Unit:
Fund: 1100 County General

Financing Uses Classification	2008-09 Budget	2008-09 Actuals	2009-10 Budget	2009-10 Actuals	2010-11 Request	2010-11 Recommend	2010-11 Adopted
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>as of 5/31/10</i>							
Expend Transfer & Reimb							
865802 Oper Transfer Out	7,601,657	7,601,657	7,234,585	7,234,585	6,625,639	6,834,067	
Total Expend Transfer & Reimb	7,601,657	7,601,657	7,234,585	7,234,585	6,625,639	6,834,067	0
Total Net Appropriations	7,601,657	7,601,657	7,234,585	7,234,585	6,625,639	6,834,067	0
Less: Revenues							
821110 Curr Secured Prop Tax	27,350,502	27,324,745	28,225,000	26,168,617	27,500,000	27,500,000	
821120 Curr Unsec Prop Tax	906,120	948,616	950,000	955,935	980,000	980,000	
821130 Supplemental Roll Tax	1,300,000	621,580	850,000	292,367	300,000	300,000	
821210 Prior Secured Prop Tax	0	795	0	0	0	0	
821220 Prior Unsec Prop Tax	25,000	38,952	40,000	27,489	40,000	40,000	
821400 Pen/Cost Delinq Tax	530,000	658,666	700,000	314,314	800,000	900,000	
821500 Sales & Use Tax	3,700,000	3,669,166	3,600,000	2,234,917	3,200,000	3,200,000	
821510 Sales Tax - Pub Safety	6,200,000	5,511,769	5,550,000	4,069,149	5,200,000	5,200,000	
821600 Timber Yield Tax	450,000	364,534	340,000	53,084	100,000	100,000	
821700 Hwy Prop Rental	0	0	0	102	0	0	
821701 Room Occupancy Tax	3,800,000	3,732,786	3,900,000	2,520,937	3,950,000	3,600,000	
821702 Property Transfer Tax	500,000	313,534	400,000	268,330	285,000	300,000	
821703 Racehorse Tax	0	0	0	0	0	0	
821704 Prop Tax In Lieu of VLF	9,763,880	9,763,880	10,000,000	10,099,757	9,930,000	9,930,000	
821705 In Lieu of Sales Tax	1,262,263	1,262,263	1,000,000	937,236	900,000	900,000	
822210 Franchise	770,000	774,985	790,000	689,775	760,000	760,000	
823300 Forfeiture & Penalty	0	515	0	0	0	0	
824100 Interest	590,000	303,653	350,000	29,885	60,000	60,000	
825150 Motor Vehicle In Lieu	0	0	0	0	0	0	
825398 SB90 Reimb	0	0	0	0	0	0	
825454 Open Space Subv	565,000	562,787	0	0	0	0	
825481 Homeowner Exemption	315,000	308,421	310,000	153,537	310,000	310,000	
825490 State Other	130,000	130,000	130,000	130,000	130,000	130,000	
825650 Fed Grazing Fee	100	62	100	531	500	500	
825660 Fed Land in Lieu Tax	236,180	382,223	357,663	360,391	360,000	360,000	
825670 Fed Other	0	189,550	0	1,338	1,000	1,000	
825810 Other Govt Aid	0	0	55,000	51,677	50,000	60,000	
826402 Cost Plan Charges	686,015	384,670	359,350	320,022	380,000	380,000	
827400 Prior Year Revenue	0	487,455	0	0	0	0	
827500 Sale of Fixed Assets	0	15,000	13,425	0	0	0	
827600 Other Sales	0	0	0	0	0	0	
827700 Other	214,500	215,949	0	2,484	2,500	3,000	
827701 Refund Jury/Witness Fee	1,000	1,065	1,000	30	1,000	1,000	
827707 Donation	0	200	100	0	0	0	
827715 Tobacco Settlement	475,000	523,950	530,000	436,896	440,000	440,000	
827802 Oper Transfer In	429,852	807,059	864,181	215,715	708,574	601,762	
Total Revenues	60,200,412	59,298,829	59,315,819	50,334,515	56,388,574	56,057,262	0
Total Net County Cost	(52,598,755)	(51,697,172)	(52,081,234)	(43,099,930)	(49,762,935)	(49,223,195)	0

AUDITOR-CONTROLLER

AUDITOR-CONTROLLER.....1110

MEREDITH FORD, Auditor-Controller

PROGRAM DISCUSSION

Programs: As the Chief Financial Officer of the County, the Auditor-Controller exercises general supervision over the accounting of all organizations under the control of the Board of Supervisors, as well as those special districts and school districts whose funds are maintained by the County Treasury. In addition to maintaining all basic financial information, the Auditor-Controller analyzes accounting reports, supplies fiscal information, and acts as financial counsel to the Executive Office and Board of Supervisors.

The Auditor-Controller's duties include general receipting and disbursing of all County funds in the County Treasury, including payroll, claims against the County, and property tax allocations; assistance in the compiling and publication of the County's Recommended and Final Budgets; budgetary control and monitoring; maintenance of property tax rolls; property tax rate calculations under Proposition 13; spending limit calculations under Proposition 4 (Gann Limit); financial compliance with the State Controller's Office; internal operational audits of County departments and related organizations; audits of hotels and motels in the unincorporated areas of the County for compliance with the Transient Occupancy Tax ordinance; fiscal compliance of all grants maintained by the County; and preparation of the Countywide A-87 Cost Allocation Plan.

Public Trust: Provides accurate reports and information of the financial condition of the County to its citizenry.

Practices: Maintains the County's funds in accordance with Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB), and State Controller Accounting Standards and Procedures.

People: Supports existing staff in the application of County policies by encouraging effective communications with County departments and the public.

MAJOR ACCOMPLISHMENTS IN F/Y 2009-10

Programs: Processed weekly Accounts Payable, bi-weekly payroll, provided daily accounting assistance to County departments.

Public Trust: Provided accurate reports and information of the financial condition of the County to its citizenry.

Practices: Actively participated as a member of the County Budget Team assisting, compiling and preparing balanced Recommended and Final budget documents.

People: Provided services as expeditiously as possible, given budget constraints and mandatory time off.

GOALS/OBJECTIVES FOR F/Y 2010-11

Programs: Develop a comprehensive annual financial report.

Public Trust: Provide accurate reports and information of the financial condition of the County to its citizenry.

Practices: Assist the Executive Office in compiling the Recommended and Final adopted budgets.

People: Continue to provide accounting guidance to departments and special districts; information to the public and County departments in a courteous, efficient manner.

CURRENT STAFFING

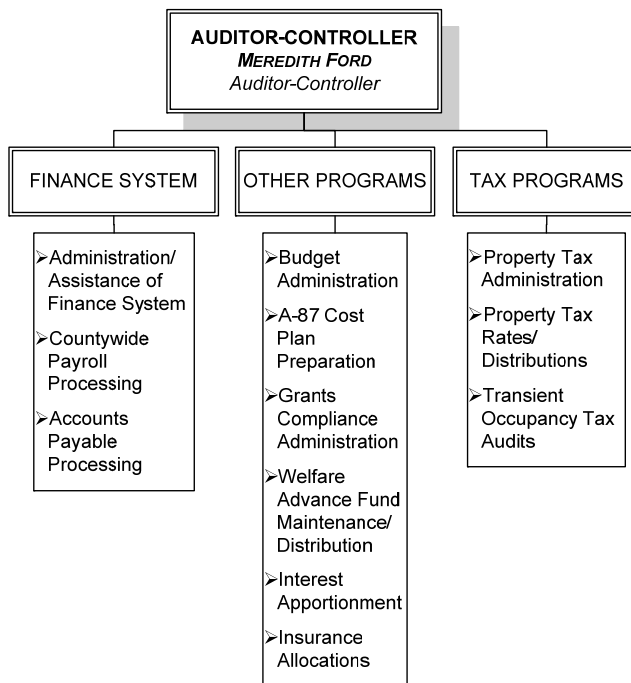
To view staffing levels for this budget unit, see the Position Allocation Table located in this document, placed under the tab **L. Position Allocation Table**.

AUDITOR-CONTROLLER

AUDITOR-CONTROLLER..... 1110

MEREDITH FORD, Auditor-Controller

PROGRAM CHART



SUMMARY OF MAJOR BUDGET ACCOUNTS

Salaries & Employee Benefits

◇ Acct. 1011 Provides funding for increase from prior year for salaries and benefits.

Services & Supplies

◇ Acct. 2150 Membership dues for County Auditor.

Revenues

- ◇ Acct. 6115 Provides for charges to special districts for levying benefit assessments onto the tax rolls.
- ◇ Acct. 6120 Provides for accounting services for various special districts and grants, and recoupment of administrative charges for the supplemental tax roll processing.
- ◇ Acct. 6121 Fees for audit services to grants.
- ◇ Acct. 7700 Proceeds from stale dated trust accounts.

CEO RECOMMENDED BUDGET COMMENTS

The CEO recommends funding as submitted by the department.

AUDITOR-CONTROLLER

AUDITOR-CONTROLLER.....1110

MEREDITH FORD, Auditor-Controller

Financing Uses Classification	2008-09 Budget	2008-09 Actuals	2009-10 Budget	2009-10 Actuals	2010-11 Request	2010-11 Recommend	2010-11 Adopted
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>as of 5/31/10</i>							
Less: Revenues							
825398 SB90 Reimb	0	0	0	0	0		
826115 Debt Service Fee	100,000	105,796	110,000	97,086	110,000	110,000	
826120 Accounting Fee	265,000	182,380	200,000	123,187	105,000	105,000	
826121 Audit Fee	7,000	7,160	7,200	4,660	7,200	7,200	
826390 Other Charges	2,000	4,189	4,500	1,305	4,500	4,500	
827600 Other Sales	400	499	400	533	800	800	
827700 Other	1,000	1,373	100	0	0	0	
827703 Cancel Outlawed Warr	12,000	20,089	19,000	7,040	10,000	10,000	
827802 Oper Transfer In	650	650	650	650	650	650	
Total Revenues	<u>388,050</u>	<u>322,135</u>	<u>341,850</u>	<u>234,460</u>	<u>238,150</u>	<u>238,150</u>	<u>0</u>
Total Net County Cost	<u>502,185</u>	<u>532,385</u>	<u>550,922</u>	<u>534,033</u>	<u>495,830</u>	<u>720,076</u>	<u>0</u>

AUDITOR-CONTROLLER

TEETER PLAN..... 1930

MEREDITH FORD, Auditor-Controller

PROGRAM DISCUSSION

History: In the 1940s, the Contra Costa County Auditor-Controller, Desmond Teeter, Recommended an alternate method of tax apportionment. His idea was expanded and incorporated in Revenue and Taxation Code (R&T Code) Sections 4701 through 4722 in 1949. This alternate method is now commonly referred to as the Teeter Plan.

The Teeter Plan allows counties to allocate some of its property taxes to taxing jurisdictions at 100% of the billed amount rather than actual tax collections. The County apportions these levies to all taxing jurisdictions although 100% of the taxes have not yet been collected. The County collects and retains all future delinquent tax payments, penalties and interest.

Only five counties originally adopted the Teeter Plan. In fiscal year 1993-94, the State offered an incentive to counties to adopt the Teeter Plan. The incentive allowed counties opting into the Teeter Plan at that time to receive a one-time credit known as the Teeter credit (R&T Code Section 97.3(a)(5)). The Teeter credit allowed Mendocino County to reduce its Education Revenue Augmentation Fund (ERAF) obligation in 1993-94 by more than \$2 million.

Teeter Plan Repayment: At the time Mendocino County opted into the Teeter Plan, the property tax delinquency amounted to \$5.4 million. This amount was paid out to all taxing jurisdictions with funds borrowed from the County Treasury. The payments on this note were to be made from the collections of the delinquent taxes, along with the penalties and interest thereon. Instead, the delinquent tax revenues were applied to the county's general fund, with periodic payments made when funds were available. This practice caused the balance owing on the Teeter obligation to increase over the years with the addition of each year's tax delinquency, although the interest on the balance has been paid annually. In recent years, the County has attempted to make accelerating payments on the Teeter obligation, but the funds have not always been available to do so. The recent economical downturn also shows in the increased delinquency amounts added each year, especially in 2006-07 and 2007-08. The balance on the Teeter obligation as of June 30, 2009, is \$11,243,824.

In 2009-10 revenues from delinquent tax, penalties and interest payments are being credited directly to the Teeter obligation, although a significant portion of those collections will be used to pay the interest that continues to accrue on the outstanding balance.

On the next page is a chart on the Teeter Receivable Note (Tax Loss Reserve Fund) activity since inception:

AUDITOR-CONTROLLER

TEETER PLAN..... 1930

MEREDITH FORD, Auditor-Controller

TEETER RECEIVABLE NOTE-TAX LOSS RESERVE FUND
Acct 2230-760335 and 2230-760336 (per Auditor worksheet)

DATE	DESCRIPTION	DELINQUENCY BILLED	PRINCIPAL PAYMENT	ADJUST- MENTS	BALANCE
11-01-93	Original Buy Out	(5,426,949)			(5,426,949)
06-30-93	Payoff 1st year	-	1,080,000	-	(4,346,949)
06-30-94	Principal payment and Delinquency recorded 93-94	(1,952,725)	1,080,000	-	(5,219,674)
06-30-95	Principal payment and Delinquency recorded 94-95	(1,871,256)	1,080,000	-	(6,010,930)
06-30-96	Principal payment and Delinquency recorded 95-96	(1,782,788)	1,080,000	-	(6,713,718)
06-30-97	Principal payment and Delinquency recorded 96-97	(1,751,508)	1,080,000	-	(7,385,226)
06-30-98	Principal payment and Delinquency recorded 97-98	(1,804,064)	-	-	(9,189,290)
05-01-99/ 06-30-99	Principal payment and Delinquency recorded 98-99	(1,611,403)	1,450,000	-	(9,350,693)
06-30-00	Principal payment and Delinquency recorded 99-00	(1,639,402)	1,800,000	650,000	(8,540,095)
06-30-01	Principal payment and Delinquency recorded 00-01	(2,029,127)	1,700,000	-	(8,869,222)
06-30-02	Principal payment and Delinquency recorded 01-02	(2,255,203)	1,850,000	-	(9,274,425)
06-30-03	Principal payment and Delinquency recorded 02-03	(1,741,102)	1,850,000	-	(9,165,527)
06-30-04	Principal payment and Delinquency recorded 03-04	(1,892,745)	1,950,000	-	(9,108,272)
06-30-05	Principal payment and Delinquency recorded 04-05	(2,060,245)	2,050,000	-	(9,118,517)
06-30-06	Principal payment and Delinquency recorded 05-06	(2,064,009)	2,150,000	324,000	(8,708,526)
06-30-07	Principal payment and Delinquency recorded 06-07	(3,279,878)	2,250,000	513,353	(9,225,051)
06-30-08	Principal payment and Delinquency recorded 07-08	(4,338,773)	2,320,000	-	(11,243,824)
06-30-09	Principal payment and Delinquency recorded 08-09	(4,516,312)	4,516,312	-	(11,243,824)

SUMMARY OF MAJOR BUDGET ACCOUNTS

Other Charges

- ✧ Acct. 3310 Provides for interest on total liability based on total levy. Interest charge for the Teeter Plan is budgeted at \$70,000 for 2010-11.
- ✧ Acct. 3311 Provides for anticipated delinquencies on total tax levy for FY 2010-11.
- ✧ Acct. 1210 Provides for revenue from prior secured property tax
- ✧ Acct. 1400 Provides for revenue from penalties on delinquencies on property taxes.

CEO RECOMMENDED BUDGET COMMENTS

The CEO recommends funding as submitted by the department.

AUDITOR-CONTROLLER

MISCELLANEOUS.....1940

MEREDITH FORD, Auditor-Controller

PROGRAM DISCUSSION

Programs: This budget unit accounts for costs not associated with any one particular County department.

Tax and Revenue Anticipation Notes (TRANS): Accounting for the cash proceeds and related costs of the County's annual short term (one year) borrowing of cash funds through a financing vehicle known as Tax and Revenue Anticipation Notes. The purpose of this annual borrowing is to facilitate the periodic cash flow needs of the County during its "dry period" (i.e. before receipt of property taxes and other tax revenues). Funds are borrowed at low tax-exempt rates at the beginning of each fiscal year and reinvested (before they are spent) at rates generally in excess of their cost. The net interest earnings are known as "arbitrage".

Non-Assignable Costs: The Miscellaneous budget also serves as a "catch-all" for costs that are not assignable to any other specific budget unit or department. The major cost elements within this budget include general legal expenses, judgment and damages claims not payable from insurance reserves, employee education and training benefits pursuant to existing negotiated memoranda of understanding, vacation "buyouts" pursuant to memoranda of understanding, non-assignable medical costs as well as general liability insurance premium costs.

SUMMARY OF MAJOR BUDGET ACCOUNTS

Salaries & Employee Benefits

- ◇ Acct. 1011 Provides for vacation in-lieu buyout pursuant to MOU.

Services & Supplies

- ◇ Acct. 2181 Provides for audit for County financials.
- ◇ Acct. 2183 Provides for outside legal counsel.
- ◇ Acct. 2187 Provides for management training/wellness program costs pursuant to MOU.
- ◇ Acct. 2189 Provides for TRANS costs of issuance, cable franchise consultancy, and unspecified projects.
- ◇ Acct. 2239 Provides for downtown employee parking permit fees paid to the City of Ukiah.

Other Charges

- ◇ Acct. 3280 Provides funding to outside agencies. CEO recommendation of \$113,000 for PEG Access, and LAFCO required payment for \$55,301.
- ◇ Acct. 3113 Provides for payment for Ukiah and Ft Bragg Courts Facilities Payment for a total of \$179,235, and second year payment of a 4-year amortization on the Southwest Border litigation settlement payment of \$469,572.
- ◇ Acct. 3310 Provides for projected interest costs of TRANS.

Revenues

- ◇ Acct. 4100 Provides for interest earnings on TRANS.

CEO RECOMMENDED BUDGET COMMENTS

The CEO recommends funding as submitted by the department.

County of Mendocino

2010-11

RECOMMENDED BUDGET

