

AUDITOR-CONTROLLER

AUDITOR-CONTROLLER.....1110

MEREDITH FORD, Auditor-Controller

AUDITOR-CONTROLLER'S BUDGET UNITS

Auditor-Controller.....	1110
Miscellaneous.....	1940
Non-Departmental Revenue.....	1000
Teeter Plan.....	1930

MISSION

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 proposed 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 2007-08 FISCAL YEAR

Programs: Successfully implemented the County's new integrated payroll and finance system. Successfully updated the document imaging program for accounts payable invoices and receipts.

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 proposed and final budget documents.

People: Created a MUNIS users group for effective exchange of information regarding the use of the system.

GOALS/OBJECTIVES FOR 2008-09 FISCAL YEAR

Programs: Develop a comprehensive annual financial report.

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

AUDITOR-CONTROLLER

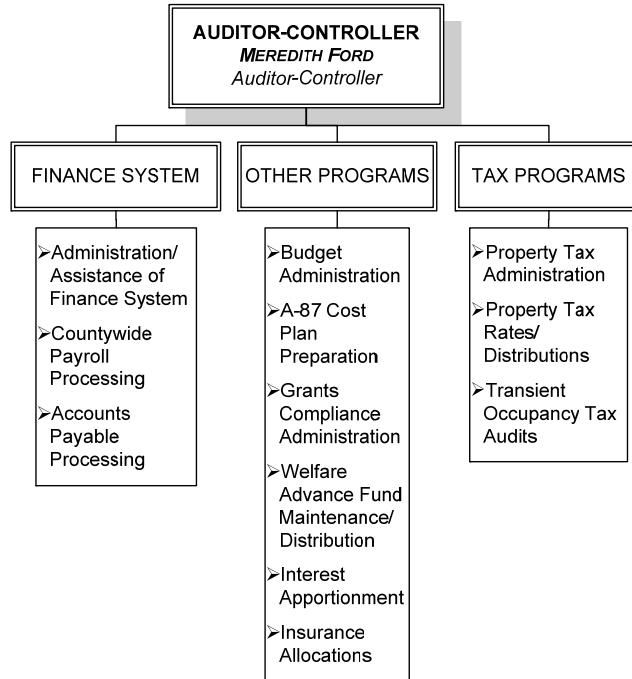
AUDITOR-CONTROLLER..... 1110

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Practices: Assist the Executive Office in compiling the proposed and final adopted budgets.

People: Develop more user-friendly reports within the MUNIS payroll/finance system. Assist County departments in the effective use of the MUNIS payroll/finance system.

PROGRAM CHART



BUDGET UNIT 1110 SUMMARY

Fund: 1100

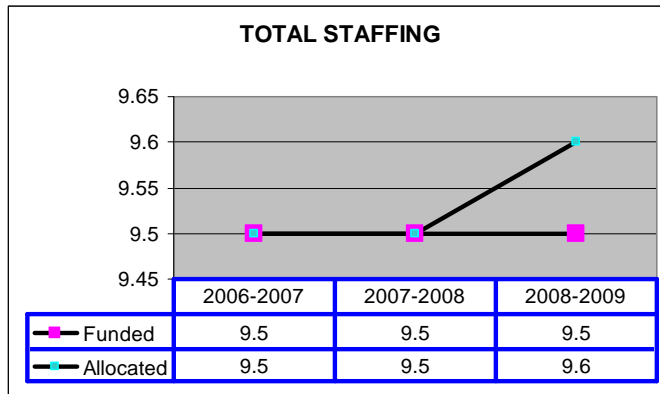
	Actual 2005-06	Actual 2006-07	Adopted 2007-08	Actual 2007-08	Recommend 2008-09	Adopted 2008-09
Salaries & Employee Benefits	745,481	788,022	806,581	810,994	839,317	839,317
Services & Supplies	45,754	46,069	53,715	34,680	50,918	50,918
Other Charges	-2	22	0	-34	0	0
Fixed Assets	0	2,649	0	0	0	0
Net Appropriations	791,233	836,762	860,296	845,640	890,235	890,235
Revenues	363,352	452,871	380,250	405,465	388,050	388,050
Total Net County Cost	427,881	383,891	480,046	440,175	502,185	502,185

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MEREDITH FORD, Auditor-Controller

STAFFING CHART



FINAL BUDGET ~ MAJOR BUDGET CHANGES

(2008-09 Recommended Compared to 2008-09 Adopted)

During the Final Budget Deliberations the Board of Supervisors approved the Recommended Budget from the Executive Office for the Auditor-Controller.

Salaries & Employee Benefits

- ✧ Acct. 1011 Increase of \$32,736 from prior year funding 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
- Increase in total revenue by \$7,800 over prior year

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, 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.

BUDGET UNIT 1940 SUMMARY

Fund: 1100

	Actual 2005-06	Actual 2006-07	Adopted 2007-08	Actual 2007-08	Recommend 2008-09	Adopted 2008-09
Salaries & Employee Benefits	185,443	146,054	175,252	205,081	172,453	172,453
Services & Supplies	306,975	295,538	410,638	392,564	402,994	432,994
Other Charges	3,717,311	4,188,560	1,744,988	1,730,828	1,553,000	1,662,339
Net Appropriations	4,209,729	4,630,152	2,330,878	2,328,473	2,128,447	2,267,786
Revenues	1,163,961	1,519,562	1,450,000	1,496,415	1,400,000	1,400,000
Total Net County Cost	3,045,768	3,110,590	880,878	832,058	728,447	867,786

AUDITOR-CONTROLLER

MISCELLANEOUS.....1940

MEREDITH FORD, Auditor-Controller

FINAL BUDGET ~ MAJOR BUDGET CHANGES

(2008-09 Recommended Compared to 2008-09 Adopted)

During the Final Budget Deliberations the Board of Supervisors approved the Recommended Budget from the Executive Office for Miscellaneous with an additional increase in funding for the Ukiah Courts Transfer Agreement in the amount of \$69,339, and one time only funding for the Arts Council in the amount of \$30,000, and an increase in funding for \$40,000 to the Resource Conservation District for fiscal year 2008-09.

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, including Redevelopment issues - \$5,000.
- ✧ 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 one time appropriation of general fund for Fire Districts \$50,000. \$(40,000) decrease from prior year for one time only funding in 2007-08 for Resource Conservation District in 2007-08. \$13,000 increase for PEG Access funding from prior year due to recommended CEO policy to fund 50% of franchise fees received totaling for FY 2008-09 \$113,000. \$(501,304) decrease in funding for Fire Districts and EMS from prior year one time only funding. \$50,000 funded for 2008-09 with review for long term funding solutions.
- ✧ Acct. 3310 Provides for projected interest costs of TRANS.

Revenues

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

Note: A designated reserve in the amount of \$10,000 is included for future forestry services received from Title III funds

AUDITOR-CONTROLLER

NON-DEPARTMENTAL REVENUE1000

MEREDITH FORD, Auditor-Controller

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, Homeowner Property Tax Exemption reimbursements.

BUDGET UNIT 1000 SUMMARY

Fund: 1100

	Actual 2005-06	Actual 2006-07	Adopted 2007-08	Actual 2007-08	Recommend 2008-09	Adopted 2008-09
Expenditure Transfer and Reimbursements	8,287,214	7,489,737	7,870,375	8,069,690	7,518,519	7,601,657
Net Appropriations	8,287,214	7,489,737	7,870,375	8,069,690	7,518,519	7,601,657
Revenues	53,954,563	57,996,455	60,299,616	61,714,137	59,421,314	60,200,412
Total Net County Cost	-45,667,349	-50,506,718	-52,429,241	-53,644,447	-51,902,795	-52,598,755

FINAL BUDGET ~ MAJOR BUDGET CHANGES

(2008-09 Recommended Compared to 2008-09 Adopted)

During the Final Budget Deliberations the Board of Supervisors approved the Recommended Budget from the Executive Office for Non Departmental Revenue (General Fund) with additional transfers out to the Library BU 6110 for \$8,884 and to DOT BU 3010 for \$24,254 for increases in AV at 6.33%.

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, Mental Health, DOT, COP Debt Service, IT Replacement. Decrease in OTO of \$259,834.

Revenues

- ✧ Accts. 1110 – 7802 Provides for Discretionary funding. Decrease in projected revenue from prior year by \$99,204.

AUDITOR-CONTROLLER

TEETER PLAN..... 1930

MEREDITH FORD, Auditor-Controller

PROGRAM DISCUSSION

History: In the 1940s, the Contra Costa County Auditor-Controller, Desmond Teeter, proposed 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, 2008 is \$11,243,824.

In 2008-09 revenues from delinquent tax, penalties and interest payments will be 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:

BUDGET UNIT 1930 SUMMARY

Fund: 1100

	Actual 2005-06	Actual 2006-07	Adopted 2007-08	Actual 2007-08	Recommend 2008-09	Adopted 2008-09
Other Charges	0	0	2,500,000	3,346,692	3,400,000	4,030,000
Net Appropriations	0	0	2,500,000	3,346,692	3,400,000	4,030,000
Revenues	0	0	0	0	3,200,000	3,830,000
Total Net County Cost	0	0	2,500,000	3,346,692	200,000	200,000

AUDITOR-CONTROLLER

TEETER PLAN..... 1930

MEREDITH FORD, Auditor-Controller

TEETER RECEIVABLE NOTE-TAX LOSS RESERVE FUND

Acct 2110-760335 and 2110-760336 (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	*Projected Principal payment and Delinquency recorded 08-09 including interest	(4,030,000)	3,830,000	-	(11,443,824)

FINAL BUDGET ~ MAJOR BUDGET CHANGES

(2008-09 Recommended Compared to 2008-09 Adopted)

During the Final Budget Deliberations the Board of Supervisors approved the Recommended Budget from the Executive Office for the Teeter Plan.

Other Charges

- ✧ Acct. 3310 Provides for interest on total liability based on total levy
* Interest charge for the Teeter Plan is budgeted at \$1,000,000 for 2008-09
- ✧ Acct. 3311 Provides for anticipated delinquencies on total tax levy for 2008-09

Revenues

- ✧ Acct. 1210 Provides for revenue from prior secured property tax.
- ✧ Acct. 1400 Provides for revenue from penalties on delinquencies on property taxes.