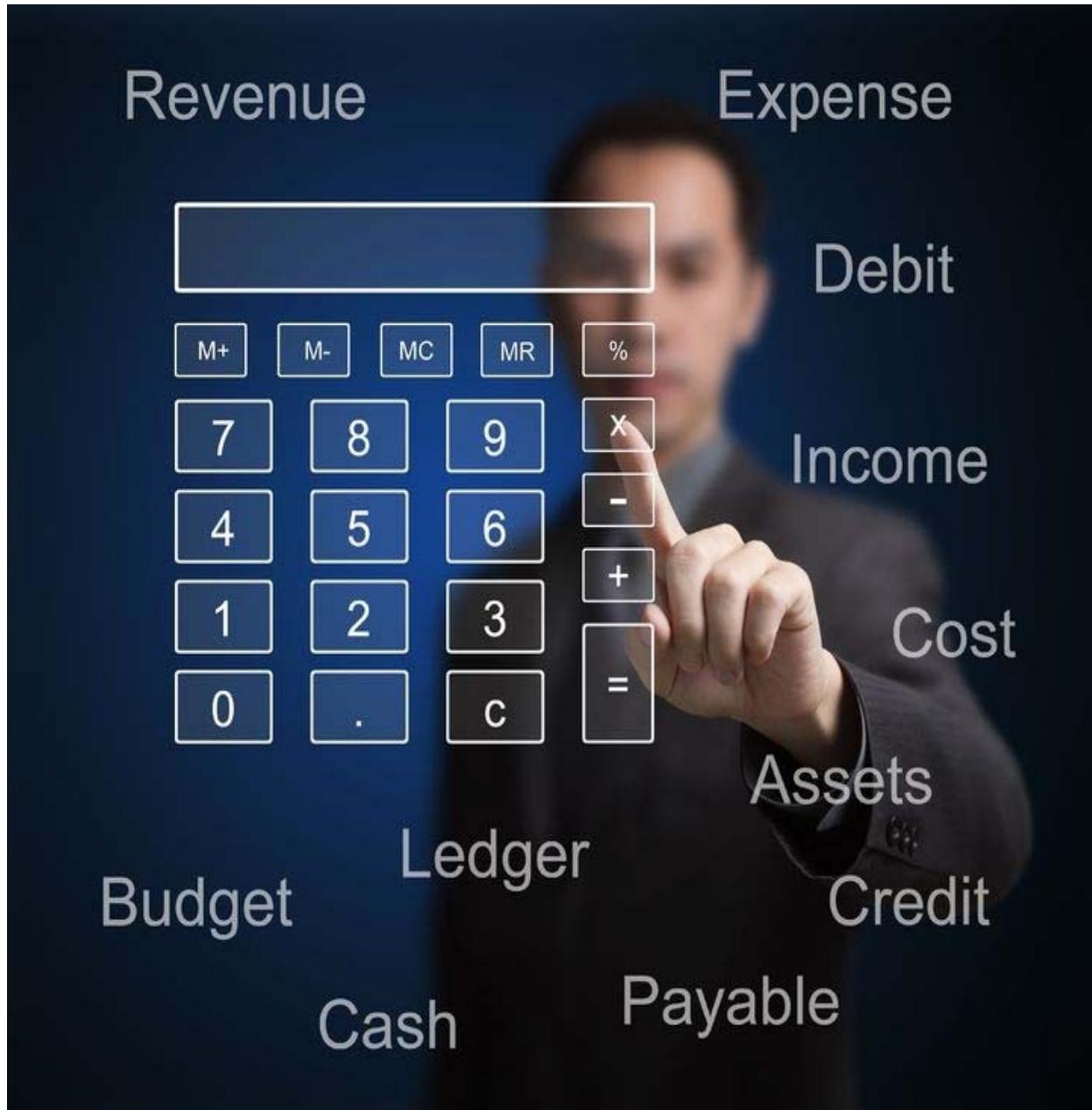


# Auditor-Controller

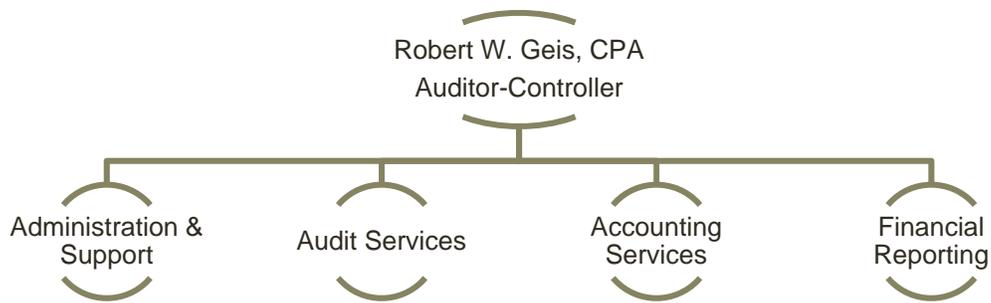


# Auditor-Controller

## Budget & Full-Time Equivalents (FTEs) Summary

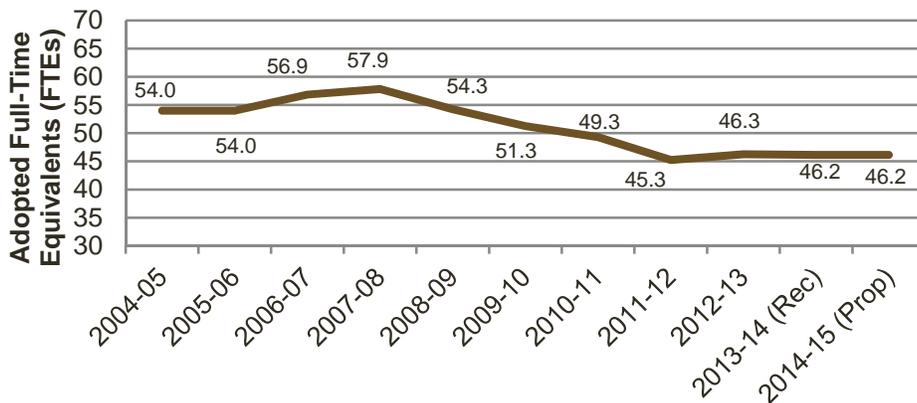
Operating \$ 7,657,968  
 Capital \$ 10,000  
 FTEs 46.2

## Budget Programs Chart



## Staffing Trend

The staffing trend values will differ from prior year budget books in order to show amounts without the impact of any vacancy factors.



# Auditor-Controller

## *Mission Statement*

To ensure the financial integrity of the County of Santa Barbara by providing superior financial services, maintaining the public trust, and promoting governmental efficiency, effectiveness, and accountability.

## *Department Description*

The Department is the leading financial management resource of the County and its long term vision includes a well-run, financially sound County, an informed public, and a model County Department with a knowledgeable and effective staff. Governed by the overriding principles of fiscal integrity, objectivity, customer service, and continuous improvement, the Auditor-Controller's Department:

- Maintains accounts and records of the financial transactions for all departments and agencies whose funds are kept in the County Treasury in accordance with California Statutes and generally accepted accounting principles.
- Provides reports and systems necessary to manage the County's operations utilizing modern financial applications as part of the Controller function.
- Levies, apportions, and distributes property taxes to the County, Schools, Cities, Special Districts, and Redevelopment Successor Agencies as part of the Auditor function.
- Furnishes customer focused financial decision support to the Board of Supervisors, the County Executive Officer, and Department Directors to advance the strategic goals and principles of the organization.
- Provides independent, objective, and cost-effective audit services.
- Performs advanced and specialty accounting services to departments, schools, and special districts.

## *2012-13 Anticipated Accomplishments*

### **Administration & Support**

The Auditor-Controller's (A-C) Department successfully recruited and hired four new Accountant-Auditors who are now going through our New Auditor Training and Development (NATD) program.

### **Audit Services**

- Assisted external auditors in completing procedures for the seven City and County audits required by the Redevelopment Dissolution Act.
- Performed departmental cash counts to increase Auditor presence and to test internal controls as theft deterrence measures.
- Completed mandated audits of Special Districts, the County Treasury, and assisted the external auditors in completing the Single Audit.
- Performed reviews of cable franchise agreements, which resulted in a payment to the County for uncollected prior year amounts and generated increases in ongoing revenues.
- Enhanced reporting to the Board of Supervisors with new reports on External Monitoring of County Departments, Lost Property, and Vendors paid amounts greater than \$100,000.

### **Accounting Services**

#### ***Applications Development and Systems***

- Added budget development and reporting functionality to FIN Web allowing for an advanced process to load and analyze the County budget.
- Implemented a new set of tools to update and compile the budget narrative pages.
- Updated the County's Salary Model system to function with the new Budget Development System.
- Initiated the development of a replacement for the aging time capture system along with upgrades to web based technology for the

# Auditor-Controller

Employee Self-Service application and Department Employee Network system.

- Maintained 65 departmental and countywide financial applications and related support hardware.
- Led a project team that implemented the Parks Department on-line reservation and point-of-sale system before the summer camping season.

## **Property Tax Administration**

- Administered the distribution of \$690 million in taxes to local agencies annually.
- Implemented the *Redevelopment Dissolution Act* that dissolves Redevelopment Agencies (RDA), pays down their outstanding debt obligations, and reallocates property tax dollars to other local tax agencies.
- Participated in completing a multi-year tax exchange agreement between the County and the Fire Protection District.
- Worked jointly with the Treasurer Tax Collector to implement a new vendor purchased property tax system (GRM) scheduled to go live in early FY 2013-14. Five FTE systems development staff are dedicated to this effort. *The A-C applications within this vendor system will have to be supplemented with additional sub system components or require further development within GRM outside the scope of the current project.*

## **Payroll Operations**

- Processed the \$300 million annual County payroll to 4,764 employees which includes full-time, part-time, and contractors on payroll.
- Implemented the *Public Employee Pension Reform Act* requiring timely changes to the payroll process for calculating pension contributions and reporting to the County retirement system.
- Initiated a project to review *Fair Labor Standards Act* employee reporting of overtime.
- Provided subject matter expertise to the time capture system replacement project.

## **Financial Accounting and Customer Support**

- Validated and recorded all annual general ledger accounting transactions that include a high volume of budget entries, deposit entries, and journal entries.
- Paid 125,000 claims totaling \$198 million to 4000 vendors.
- Completed a software upgrade that enables the upload of large transaction files like utility billings using web technology.
- Implemented an online process for budget revisions and a comprehensive on-line A-C set of policies and procedures.

## **Advanced and Specialty Accounting**

- Managed a variety of complex revenue and tax distributions throughout the year including the new *Public Safety Realignment 2011*.
- Reviewed hundreds of documents for A-C concurrence prior to submission for Board action.
- Completed complex accounting and reporting for the dissolution of the County's Isla Vista Redevelopment Agency and transferred assets to the Successor Agency and County Housing Successor Agency.
- Assisted in the development and adoption of a Hotel Incentive Program and conducted a preliminary tax analysis of the Miramar project related to the program.
- Designed and developed a complex chart of accounts, accounting policies, and reporting structure for the \$80 million North County Jail capital grant.

## **Financial Reporting**

- Earned the twenty second consecutive Government Finance Officers' Association (GFOA) Award for Excellence in Financial Reporting for the County's Comprehensive Annual Financial Report (CAFR) and the sixteenth consecutive GFOA Award for Outstanding Achievement for the County's Annual Financial Highlights publication.
- Maintained a commitment to keep the public informed on matters concerning public finances

# Auditor-Controller

by publishing and distributing the following concise, reader-friendly publications:

- Financial Highlights
- Annual Retail Sales & Use Tax Report
- Annual Transient Occupancy Tax Report
- Property Tax Highlights
- Implemented the second year of the Budget Clarity project.

## *2013-15 Objectives*

### **Administration & Support**

- Manage the A-C office effectively by submission of timely budgets that:
  - Include the resources necessary to carry out the duties of the office
  - Recruit and hire well qualified staff
  - Encourage staff performance
  - Support staff training
  - Provide modern technology
  - Promote employee health, wellness, and quality of life

### **Audit Services**

- Focus on completing mandated audits, training staff, and provide enhanced reporting to the Board of Supervisors.
- Assist the County Executive Office in the implementation of the contract monitoring policy including countywide training and deployment of automation tools.
- Complete the forensic audit of Lompoc Housing and Community Development Corporation (LHCDC).

### **Accounting Services**

#### ***Applications Development and Systems***

- Implementation of the GRM Property Tax System will be the division's top priority.
- Maintain and enhance the 65 applications in the A-C that serve multiple departments and county agencies.
- Automate the County operating budget plans.
- Provide oversight and development of a web based countywide time capture system.

#### ***Property Tax Administration***

- Complete implementation of the RDA dissolution process.
- Distribute \$690 million in property taxes to cities, county, schools, special districts, and RDA successor agencies.
- Provide subject matter expertise for the GRM Property Tax System project.

#### ***Payroll Operations***

- Make timely, accurate, and efficient payments of payroll and related benefits to our workforce.
- Provide subject matter expertise for the multi-year conversion of the time capture system, Employee Self-Service and Department Employee Network.
- Update policies, procedures, and incorporate an active training program to assure full compliance with the *Fair Labor Standards Act*.
- Develop a succession plan to build a division for the future.

#### ***Financial Accounting and Customer Support***

- Validate, process, and record all annual general ledger accounting transactions including a high volume of deposit entries, journal entries, and over 125,000 claim payments.
- Respond to customer service requests in a timely and efficient manner.

# Auditor-Controller

## **Advanced and Specialty Accounting**

- Provide on-going accounting, grant compliance, and claiming for the new Northern Branch Jail project.
- Support and enhance the County's contract review process.
- Assist departments and agencies in the complex allocations of inter-agency revenues and taxes.

## **Financial Reporting**

- Prepare timely and accurate financial documents that include the County's Comprehensive Annual Financial Report, County Budget, Cost Allocation Plan, and a variety of financial reporting and compliance documents to State Agencies.
- Provide the Board of Supervisors, CEO, and management with the financial information necessary to make decisions that impact services to the community.
- Implement significant new GASB reporting pronouncements.
- Transform the budget process away from a single year budget to a multi-year focus; incorporating a financial planning cycle that includes:
  - a long term strategic plan
  - a five year financial forecast
  - a two year operational plan
  - a single year legally required adopted budget

*Changes & Operational Impact:  
2012-13 Adopted to  
2013-14 Recommended*

## **Staffing**

- Decrease of 0.10 FTEs.
- The Department has a projected staff of 46.2 employees, a reduction of 0.10 from the prior year adopted 46.3 FTEs. The Department has centralized operations in Santa Barbara and one satellite office in Santa Maria.

As a result of the economic downturn, the Auditor-Controller has dropped its budgeted staffing level over the last six years from 57.9 FTE in FY 07-08 to a proposed staffing level of 46.2 FTE in FY 13-14. Each of the past six years the Department has held positions vacant, returned funds to the general fund balance at year end, and reduced positions in the subsequent budget cycle to offset increases in salary, retirement, and benefit costs. This has resulted in the reduction of 13.3 FTEs or a 23% decrease in positions since FY 07-08.

The recommended staffing level only maintains the same reduced service level as the prior year. The Department has submitted budget expansion requests to fund two new positions, a Financial Systems Analyst to maintain and enhance the 65 system applications maintained in the Auditor-Controller's Department and a Financial Accounting Analyst to perform annual reviews and audits of County departmental compliance efforts as required by County contracts, grants, franchises, real property transactions, regulations, and laws related to the receipt and expenditure of County funds. Approval would increase our staffing level to 48.2.

Although not included in the recommended or proposed budget, for optimal long-term staffing, the office requires 52.2 FTEs which includes the restoration of the following positions:

- Accountant-Auditor for the New Auditor Training and Development program.
- Senior Financial Systems Analyst for the Applications Development and Systems Division.
- Financial Accounting Analyst for the Advanced and Specialty Accounting Division.
- Senior Accountant for the Financial Accounting and Customer Support Division.

# Auditor-Controller

## Expenditures

- Net operating expenditure increase of \$16,700:
  - + \$22,600 increase in Salaries and Employee Benefits due to increases in retirement costs, health insurance costs, workers compensation premiums, and employee salaries;
  - - \$4,500 decrease in Services and Supplies & Other Charges due to:
    - + \$4,500 increase in Training and Travel;
    - + \$1,000 increase in Computer Hardware Purchases;
    - - \$10,000 decrease in Professional and Special Services;
  - - \$1,400 decrease in projected Data Processing and Motor Pool charges.
- Net non-operating expenditure increase of \$11,200:
  - + \$11,200 increase in Intrafund Transfers for increased Treasurer Tax Collector services.

These changes result in recommended operating expenditures of \$7,658,000, non-operating expenditures of \$122,000 and total expenditures of \$7,780,000. Non-operating expenditures primarily include capital assets, transfers and increases to fund balances.

## Revenues

- Net operating revenue decrease of \$112,000:
  - - \$112,000 decrease in Charges for Services due to:
    - + \$20,000 increase in Property Tax Administration and Related Fees;
    - - \$69,000 decrease in revenue for Accounting services provided;
    - - \$55,000 decrease in revenue for services provided to the former RDA;
    - - \$8,000 decrease in Auditing fees charged to external entities.

- Net non-operating revenue increase of \$140,000:
  - + \$10,000 increase in Intrafund Transfers for Audit Services to Elections;
  - - \$250,000 decrease in the use of one-time Fund Balance, and the
  - + \$381,000 increase in General Fund Contribution are a result of an ongoing increase in General Fund escheated taxes.

These changes result in recommended operating revenues of \$1,001,000, non-operating revenues of \$6,779,000 and total revenues of \$7,780,000. Non-operating revenues primarily include General Fund Contribution, transfers and decreases to fund balances.

## *Changes & Operational Impact: 2013-14 Recommended to 2014-15 Proposed*

The FY 2014-15 proposed expenditures reflect a \$211,000 increase over the FY 2013-14 recommended budget that is primarily the result of:

- + \$137,000 increase in retirement contributions;
- + \$45,000 increase in health insurance and retiree medical premiums;
- + \$34,000 increase in salaries and other benefits.

## *Related Links*

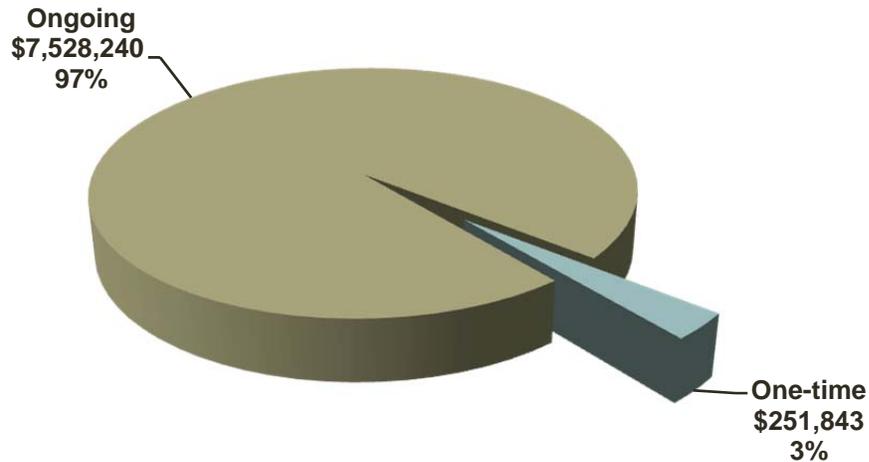
For more information on the Auditor-Controller's Office, refer to the Web site at <http://www.countyofsb.org/auditor/default.aspx?id>

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# Auditor-Controller

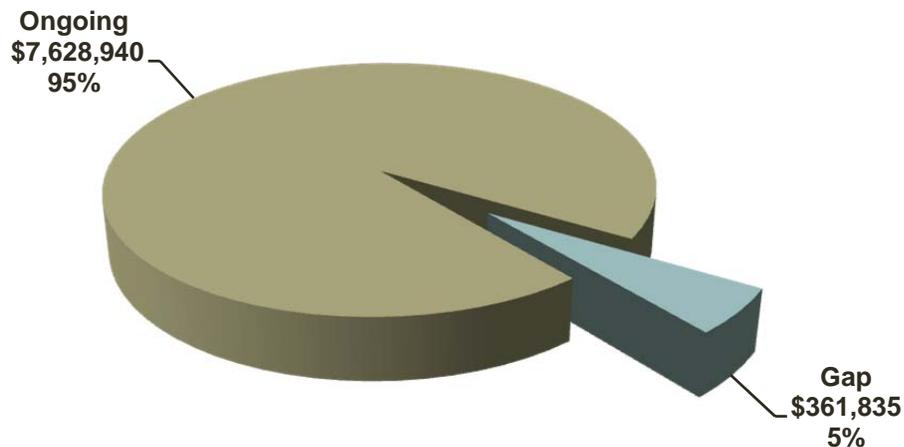
## Gap Charts

### FY 2013-14 Recommended Budget



The FY 2013-14 Recommended Budget relies on one-time sources of \$251,843 to fund 3% of the Department's ongoing operations. These funds allow the Department to maintain a higher level of service than would otherwise have been possible; however, because these funds are one-time in nature, they will not be available to fund operations in FY 2014-15.

### FY 2014-15 Proposed Budget



The FY 2014-15 Proposed Budget relies on one-time sources of \$361,835 to fund 5% of the Department's ongoing operations. These funds allow the Department to maintain a higher level of service than would otherwise be possible; however, because these funds are one-time in nature, they will not be available to fund operations in FY 2015-16.

# Auditor-Controller

## Performance Outcome Measures

Description	FY 2011-12 Actual	FY 2012-13 Adopted	FY 2013-14 Recommended	FY 2014-15 Proposed
The number of financial reports viewable by interested parties (Public/County employees) that will increase transparency of the County's fiscal position and availability of financial information. (Target = 65)	64	65	67	67
Percentage of overall user satisfaction level that will ensure the County's financial system consistently meets the needs and requirements of its customers. (Target = 95%)	90%	93%	95%	95%
The number of days following the Property Tax installment due dates that property taxes are distributed to approximately 100 taxing entities, that will provide a major funding source for their delivery of services to the public. (Target = 10)	10	10	10	10
Percentage of employees with one or more professional license, certification or advanced degree that ensures a well-trained, knowledgeable staff that will provide effective customer service. (Target = 70%)	Not Used in Prior Years	Not Used in Prior Years	60%	70%

# Auditor-Controller

## Budget Overview

	2011-12 Actual	2012-13 Adopted	Change from FY 12-13 Ado to FY 13-14 Rec	2013-14 Recommended	2014-15 Proposed
<b>Staffing By Budget Program</b>					
Administration & Support	3.45	2.22	0.11	2.33	2.33
Audit Services	4.74	6.49	(1.44)	5.05	5.05
Accounting Services	33.43	32.06	(0.43)	31.63	31.63
Financial Reporting	5.90	5.48	1.67	7.15	7.15
Total	<u>47.52</u>	<u>46.25</u>	<u>(0.10)</u>	<u>46.15</u>	<u>46.15</u>
<b>Budget By Budget Program</b>					
Administration & Support	\$ 644,640	\$ 703,588	\$ 9,267	\$ 712,855	\$ 727,247
Audit Services	636,026	805,552	8,636	814,188	851,038
Accounting Services	4,934,752	5,214,658	(18,459)	5,196,199	5,327,843
Financial Reporting	1,018,889	1,028,444	28,397	1,056,841	1,084,647
Unallocated	(5,950)	-	-	-	-
Total	<u>\$ 7,228,358</u>	<u>\$ 7,752,242</u>	<u>\$ 27,841</u>	<u>\$ 7,780,083</u>	<u>\$ 7,990,775</u>
<b>Budget By Categories of Expenditures</b>					
Salaries and Employee Benefits	\$ 6,456,477	\$ 6,749,195	\$ 22,600	\$ 6,771,795	\$ 6,987,382
Services and Supplies	473,794	652,500	(4,500)	648,000	643,000
Other Charges	189,797	239,584	(1,411)	238,173	243,278
Total Operating Expenditures	<u>7,120,068</u>	<u>7,641,279</u>	<u>16,689</u>	<u>7,657,968</u>	<u>7,873,660</u>
Capital Assets	-	10,000	-	10,000	10,000
Intrafund Expenditure Transfers (+)	108,290	100,963	11,152	112,115	107,115
Total	<u>\$ 7,228,358</u>	<u>\$ 7,752,242</u>	<u>\$ 27,841</u>	<u>\$ 7,780,083</u>	<u>\$ 7,990,775</u>
<b>Budget By Categories of Revenues</b>					
Use of Money and Property	\$ 430	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	22,206	-	-	-	-
Charges for Services	1,099,141	1,082,577	(112,477)	970,100	934,600
Miscellaneous Revenue	72,421	31,000	-	31,000	31,000
Total Operating Revenues	<u>1,194,197</u>	<u>1,113,577</u>	<u>(112,477)</u>	<u>1,001,100</u>	<u>965,600</u>
Intrafund Expenditure Transfers (-)	1,740	1,740	10,000	11,740	1,740
Decreases to Fund Balances	209,202	502,200	(250,357)	251,843	-
General Fund Contribution	5,823,219	6,134,725	380,675	6,515,400	6,661,600
Fund Balance Impact (-)	-	-	-	-	361,835
Total	<u>\$ 7,228,358</u>	<u>\$ 7,752,242</u>	<u>\$ 27,841</u>	<u>\$ 7,780,083</u>	<u>\$ 7,990,775</u>