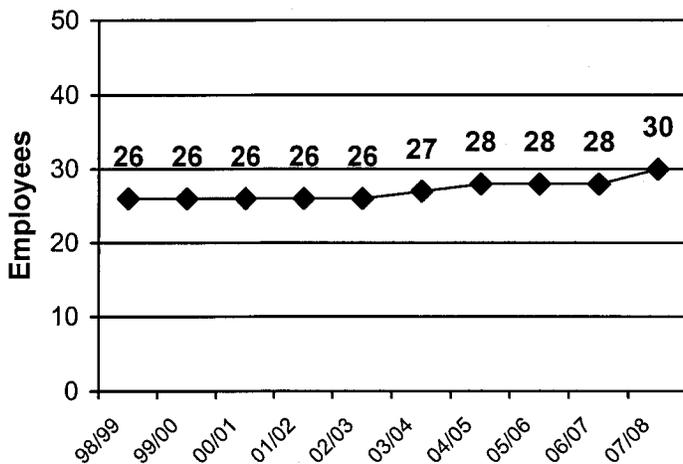


MISSION STATEMENT

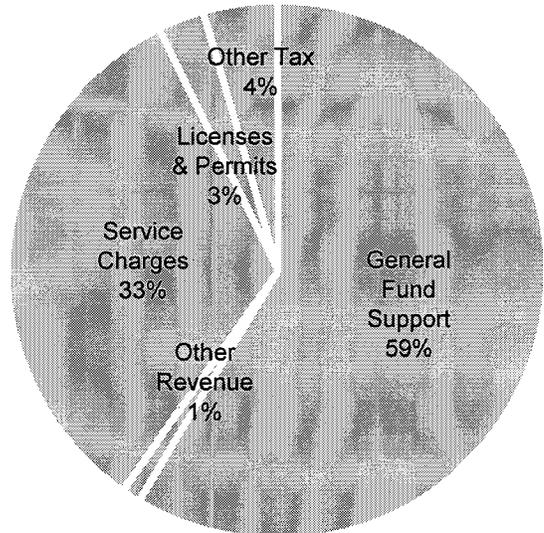
The Treasurer, Tax Collector, Public Administrator's staff is committed to provide quality service to the community. This includes efficient collection and prudent management of public funds needed for public services.

Financial Summary	2006-07	2006-07	2007-08	2007-08	Change From 2006-07
	Budget	Projected	Requested	Recommended	
Revenues	\$ 1,125,635	\$ 1,132,712	\$ 1,118,813	\$ 1,227,051	\$ 101,416
Salary and Benefits	2,470,105	2,511,605	2,458,147	2,597,689	127,584
Services and Supplies	343,127	329,335	368,371	368,371	25,244
**Gross Expenditures	\$ 2,813,232	\$ 2,840,940	\$ 2,826,518	\$ 2,966,060	\$ 152,828
General Fund Support (G.F.S.)	<u>\$ 1,687,597</u>	<u>\$ 1,708,228</u>	<u>\$ 1,707,705</u>	<u>\$ 1,739,009</u>	<u>\$ 51,412</u>

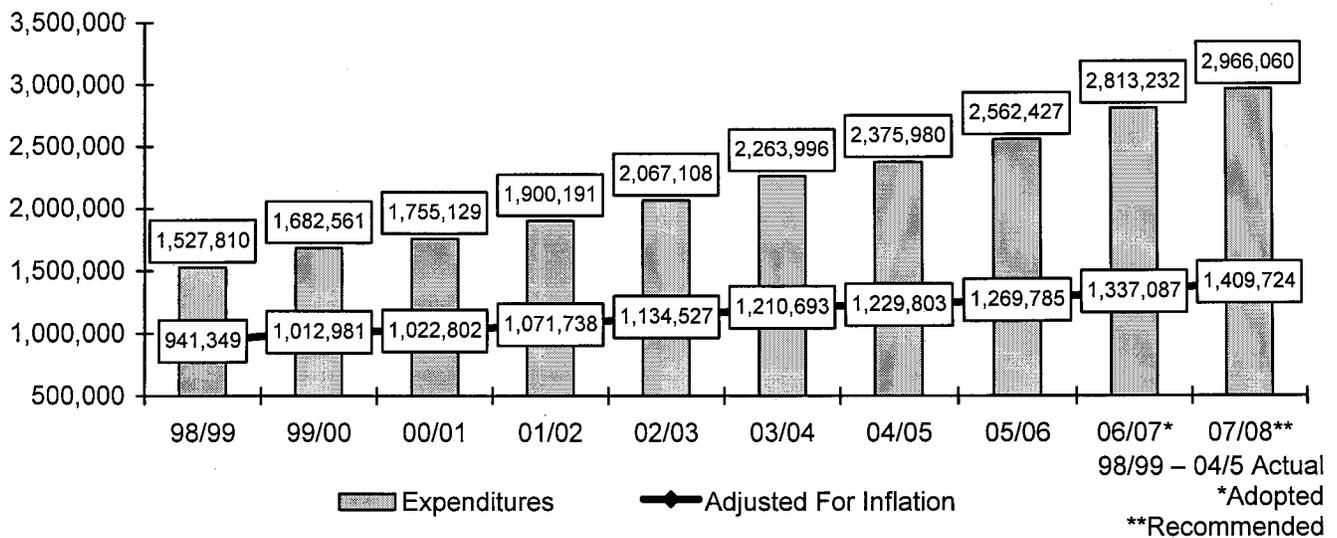
Number of Employees
(Full Time Equivalent)



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Local Mandated Collections

Administer the issuance of business licenses for all unincorporated areas of the County; and collect and account for business license regulatory fees and Transient Occupancy Taxes (hotel bed taxes).

Total Expenditures: \$89,211 Total Staffing (FTE): 1.01

Public Administrator

Administer the estates of deceased County residents when there is no one willing or qualified to act as executor or administrator of the estate to ensure compliance with legal mandates. Services include coordinating property sale or other disposition; researching and notifying beneficiaries; processing court documentation, income tax returns, wills; and ensuring payments to creditors.

Total Expenditures: \$227,001 Total Staffing (FTE): 2.20

Secured Collections

Manage the billing, collection, and accounting of taxes secured by real property, i.e., residential and commercial land and buildings. Collect delinquent property taxes and coordinate the sale of tax-defaulted property through sealed bid sales, "Chapter 8" agreement sales, and public auctions.

Total Expenditures: \$1,172,713 Total Staffing (FTE): 11.53

Supplemental Collections

Manage the billing, collection, and accounting of Supplemental Property Taxes (secured or unsecured) when the property value is reassessed due to a change in ownership or the completion of construction on real property.

Total Expenditures: \$333,778 Total Staffing (FTE): 4.04

Treasury

Provide banking services including receiving, depositing, investing, and controlling all monies belonging to the County, school districts, and special districts for which the County Treasurer is ex-officio treasurer. Support the schools, special districts, and the County in the process of debt issuance.

Total Expenditures: \$781,877 Total Staffing (FTE): 7.66

Unsecured Collections

Manage the billing, collection, and accounting of taxes on unsecured property, i.e., business fixtures and equipment, racehorses, airplanes, and boats. Administer a collection program for delinquent unsecured property taxes.

Total Expenditures: \$361,480 Total Staffing (FTE): 3.56

DEPARTMENT COMMENTS

The combined office of the Treasurer, Tax Collector, Public Administrator has three diverse functions with a common goal of providing cost effective, quality service to the community. All services of the combined office are mandated by California law and County ordinances.

Key Accomplishments for Fiscal Year 2006-07**Customer Service**

The Customer Service Program was enhanced to further meet the goal of providing customers with the ability to transact business with the office via the Internet, 24 hours a day, seven days a week. The largest module of the Customer Service Program implemented to date is Taxes on the Web (TOW). TOW provides up-to-date tax bill information along with the ability to pay online. Functionality was added in Fiscal Year 2006-07, providing taxpayers with the option to print their own bill with barcoding which allows for automated processing.

Internal Business Improvements

In conjunction with the Information Technology Department, the department's Trust Accounting was re-engineered to save staff time and provide enhanced controls over monies in Trust. The new Trust Accounting system combined four trust accounts (previously tracked on individual spreadsheets) into one, user-friendly system which is easy to post and research for monies in trust. The system includes a reconciliation module which supports efficient balancing of Trust monies, currently over \$1.6 million.

Finance

Managed the County's Investment Pool (currently over \$500 million), maintaining a rating of AAA/V1+, the highest rating available by Fitch, a nationally recognized rating service. In addition to being an indicator of the quality of the County's investments, the rating may provide the County with better rates on debt issuances. Investment pools rated 'AAA' meet the highest credit quality standards for underlying assets, diversification, management, and operational capabilities. The pool's 'V1+' volatility rating reflects low market risk and a strong capacity to return stable principal values to participants, even in severely adverse interest rate environments. Portfolio valuation reports are submitted to Fitch monthly.

Learning and Growth

Implemented a training program to provide customized training for each position based on position duties and individual staff to ensure that customer needs are met and the County's funds are protected. The training program includes in-house training by automation staff for software utilized in department, cross-training to ensure the ability to continue operations during staff absences, and outside training as appropriate.

Major Focus for Fiscal Year 2007-08**Customer Service**

Continue to enhance the Customer Service Program to provide an electronic billing option to taxpayers. In addition to providing a service to customers, electronic billing will provide a cost savings to the County through savings on paper stock, envelopes, handling, and postage. Taxpayers could select the option of electronic billing and payment reminders. The project also includes a "shopping cart" to provide taxpayers with the ability to pay electronically several bills in one transaction.

Internal Business Improvements

Continue to utilize technology to streamline processes and replace obsolete systems. The Transient Occupancy Tax (TOT) system is an obsolete system that is currently being developed and targeted for implementation in 2007. The TOT system will be server based, written in C# language, utilizing a SQL database.

Finance

Review the County's banking services to ensure the County's needs are met in the most cost effective and efficient manner. The County's banking services include depository accounts, consolidation accounts, controlled disbursement account, checking accounts, electronic banking services, custody account, armored services, and reporting services. The review would involve a minimum of four separate "Request for Proposal" processes.

Learning and Growth

Provide employees with training in skills building, job knowledge, and providing quality customer service. Provide appropriate feedback and appreciation to employees. Maintain internal controls and reporting to provide employee accountability.

Key Challenges for Fiscal Year 2007-08

The department continues to face the challenge of managing an increasing workload while providing cost effective, quality service to the community. The department's participation in the multi-department project to replace the Property Tax System is also presenting a major challenge. The four core departments involved will be required to provide, at a minimum, one staff person knowledgeable in taxes to participate on the project to ensure its success. The department will continue to utilize technology and streamline processes to meet its objectives for Fiscal Year 2007-08.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

The recommended budget provides a General Fund support increase of 3%, or \$51,412 for the Treasurer-Tax Collector/Public Administrator Fund Center. Salaries and benefits are increasing by \$127,584 or 5% over adopted FY 2006-07. The 3.25% increase in pension related expense increases the department's salaries and benefits account by \$52,294. This increase is due to prevailing wage and pension increases as well as the addition of two positions: an Account Clerk and a Financial Analyst I/II/III. The cost of the Financial Analyst position is fully offset by an increase in Administrative Services charges to the County Treasury. These positions are being recommended based on the results in the Budget Augmentation Request (BAR) below.

Service and supply accounts are increasing by 7%, \$25,244 primarily due to costs associated with computer software, wireless communications, and office supplies, including printing of forms, and maintenance contracts. Revenues are increasing by 9% or \$101,416 over 2006-07 as a result of the added Financial Analyst.

BUDGET AUGMENTATION REQUESTS RECOMMENDED

Unit Amount	Description	Results
Gross: \$39,023 General Fund Support: \$29,272 (after a reduction in temporary help costs of \$9,751)	Add 1.0 Account Clerk position to respond to increased phone calls previously addressed by the department's obsolete automated voice response (AVR) system.	The department's customer satisfaction will be enhanced by: 1. Reduced wait time at the Treasurer-Tax Collector's counter to a wait time of 5 minutes or less, from current wait time of 6 minutes up to 15 minutes; 2. Reduced wait time for customers that call in needing specialized Tax information to a wait time of 3 minutes or less, from current wait time of 5 minutes up to 20 minutes; 3. Decreased turnaround time in researching and re-mailing of returned mail (estimated at 6,000 pieces per year) to 10 days from current turnaround time of approximately one month, allowing taxpayers to avoid penalties; 4. Reduced need for .25 FTE Temporary Help for peak workload periods.

Unit Amount	Description	Results
Gross: \$62,829 General Fund Support: \$0	Add 1.0 Financial Analyst I/II/III position due to the increased workload resulting from the implementation of the County's financial system (SAP), debt issuance, and the increasing complexity of banking services and County banking needs.	By separating Treasury/Banking management from the Investment function, the following results will be achieved: 1. Increase investment portfolio yield by 3 basis points in FY 2008 3rd and 4th quarters utilizing the following methods: Review Investment strategy quarterly; Analyze a minimum of 3 new investment securities and funds; Daily market analysis; 2. Reduce increasing costs of bank services (costs for FY 2005-06 were \$176,475) by 2% (\$3,530); 3. Analyze current banking services, along with new technology and services available, to meet the County's needs with appropriate level and type of service.

GOALS/PERFORMANCE MEASURES

Department Goal: Provide helpful, courteous, responsive service to County departments and the public while accommodating all reasonable requests.

Communitywide Result Link: A well-governed community.

1. Performance Measure: Percentage of customer satisfaction surveys which rate department performance as "excellent" or "good."

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
100%	99%	98%	99%	100%	100%	100%

What: Satisfaction survey results collected from customers who are served in person, through the mail, or over the Internet.

Why: To ensure effective customer service and track changing customer expectations.

How are we doing? In FY 06/07, customer satisfaction surveys were conducted at the combined Tax Collector and Treasury depository counter. Of the FY 06/07 survey responses received, 100% rated the service as "excellent" or "good." The department provides one public counter for all services which is staffed as the workload requires, reducing the time waiting for assistance.

Department Goal: Manage the Treasury investment pool, which includes deposits from the County, schools, and special districts, in a manner that ensures the preservation of capital and provides the ability to meet the cash flow needs of the pool participants.

Communitywide Result Link: A prosperous community.

2. Performance Measure: Percentage of public funds invested.

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
99%	99%	99%	99%	99%	99%	99%

What: The percentage of available funds invested.

Why: To maximize the return on investment for public funds not immediately required to support governmental operations.

How are we doing? The County Treasurer's policy is to invest all funds that are not immediately needed. The County Treasury is able to invest such a high proportion of the funds because of the use of modern banking techniques such as electronic transfers, controlled disbursements, and on-line account tracking.

3. Performance Measure: Percentage of time that the annual County Treasury Oversight Committee investment policy compliance audit results in 100% compliance.							
02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target	
100%	100%	100%	100%	100%	100%	100%	
<p>What: The County Treasury Oversight Committee was formed in 1996. One of its duties is to authorize an independent audit of the County Treasury investments each year. The committee may contract with one of the following: 1) the County Auditor-Controller, 2) the independent certified public accountants (CPAs) that review the County's Comprehensive Annual Financial Report, or 3) independent CPAs, as deemed appropriate.</p> <p>Why: The annual compliance audit ensures that investment procedures are effectively being implemented to preserve capital and meet cash flow requirements of the pool participants.</p> <p>How are we doing? These investment audits have consistently found the County Treasury to be in compliance with the San Luis Obispo County Treasury Investment Policy.</p>							
4. Performance Measure: Percentage of time which the net yield of San Luis Obispo County Treasury investments falls within 0.5% of the yield earned by the State Local Agency Investment Fund (LAIF).							
02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target	
100%	100%	100%	75%	100%	75%	100%	
<p>What: Investment yields (return on investments minus all administrative and banking costs); the County Treasury Pool yield is compared to the State investment fund – LAIF yield. LAIF is an investment fund, whereas, the County Treasury is an operating fund which must cover the costs of daily operations. As of September 30, 2006, the LAIF portfolio was \$58 billion vs. the County Treasury portfolio of \$410 million.</p> <p>Why: By law, the investment yield is the third priority after safety and liquidity are met. A comparison of the LAIF yield and County Treasury Pool yield is utilized as a portfolio analysis tool.</p> <p>How are we doing? In the first quarter of FY 06/07, the County Treasury net yield was below the LAIF net yield by more than 0.5%. The LAIF pool has investments with shorter maturities while the County Treasury pool has investments with longer maturities of up to three years. Therefore, LAIF received higher yields within a short period during an increasing interest rate environment. As the County Treasury investments mature and new investments are purchased, the Treasury yields are projected to be within the 0.5% level for the remainder of the fiscal year.</p>							

Department Goal: Maintain modern, efficient treasury cash management and banking systems, providing proper internal controls to safeguard, manage, and account for liquid assets.

Communitywide Result Link: A prosperous and well-governed community.

5. Performance Measure: Percentage of time that “no findings” is the result of the internal quarterly cash procedures audit by the County Auditor-Controller’s Office and the annual Treasury audit by outside auditors.							
02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target	
100%	100%	100%	100%	100%	100%	100%	
<p>What: Treasury internal quarterly and external annual audit results.</p> <p>Why: Internal and external audits certify that procedures are being maintained to ensure effective internal control to safeguard, manage, and account for liquid assets.</p> <p>How are we doing? The County Treasury consistently passes audits without any negative findings. If a suggestion is made by the audit team which will further improve our procedures, the suggestion is discussed and incorporated.</p>							

6. Performance Measure: Maintain an “AAAV1+” credit rating by Fitch Ratings for the Treasury Combined Pool Investments.							
02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target	
“AAAV1+”	“AAAV1+”	“AAAV1+”	“AAAV1+”	“AAAV1+”	“AAAV1+”	“AAAV1+”	
<p>What: Independent rating of creditworthiness.</p> <p>Why: Credit ratings are an objective measure of the County’s ability to pay its financial obligations. Investment pools rated “AAA” meet the highest credit quality standards for underlying assets, diversification, management, and operational capabilities. The pool’s “V1+” volatility rating reflects low market risk and a strong capacity to return stable principal values to participants, even in severely adverse interest rate environments.</p>							

How are we doing? The San Luis Obispo County Treasury has continually maintained an "AAA/V1+" credit rating, which is the highest rating available from the nationally recognized statistical rating organization, Fitch Ratings. Fitch has rated the Treasury pool with their highest rating since FY 1994/95.

Department Goal: Process tax payments promptly and accurately to provide timely availability of funds to the government agencies for which taxes are collected.

Communitywide Result Link: A prosperous community.

7. Performance Measure: Collection costs as a percentage of current secured taxes collected.

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
0.29%	0.29%	0.28%	0.25%	0.25%	0.25%	0.25%

What: Costs to collect current secured taxes.

Why: To comply with the legal mandate to collect current year property taxes.

How are we doing? In FY 05/06, the County collected approximately \$334,273,984 or 98.4% in secured taxes. The Treasurer-Tax Collector's collection costs for this same period are approximately 0.25%. The first quarter of FY 06/07 shows no significant changes from the first quarter in FY 05/06. The Treasurer-Tax Collector's Office continues to explore and implement improvements to its automation and E-Commerce to maintain or reduce costs. Of comparable counties surveyed, Placer, at 0.25%, is the closest to San Luis Obispo County in the number of assessments.

8. Performance Measure: Percentage of annual current secured property taxes owed that is not collected.

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
1.0%	1.2%	1.2%	1.6%	1.5%	1.2%	1.2%

What: Collection of property taxes.

Why: To comply with legal mandates that require the collection of property taxes.

How are we doing? In FY 05/06, San Luis Obispo County had an uncollected current secured tax charge (without penalties and costs) percentage of 1.6%, or \$5,421,735, as compared to the state average of 2.1%. The first quarter of FY 06/07 shows no significant changes from the first quarter in FY 05/06.

9. Performance Measure: Percentage of qualified delinquent unsecured taxes collected.

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
N/A	N/A	37%	32%	25%	27%	25%

What: Collection of delinquent unsecured taxes.

Why: Revenue and Taxation Code 2963, prohibits active collection of taxes on the unsecured roll after three years from the date taxes become delinquent.

How are we doing? Through November 2006, the collections unit has collected \$470,164 or 18% of the amount subject to active collections. The amount projected for collection in FY 06/07 is \$720,000 or 27%. This projected amount allows for accounts that have been previously targeted and worked. Collection efforts will be concentrated on current delinquencies where efforts are more likely to be successful.

Department Goal: Implement cost justified, proven technologies to improve automated processing and reporting systems to provide current, accessible, and accurate information for the public.

Communitywide Result Link: A well-governed community.

10. Performance Measure: Percentage of the implemented Customer Service Program that will enable the public to review and transact business on-line with the Treasurer, Tax Collector, Public Administrator's Office.

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
N/A	N/A	80%	85%	95%	70%	75%

What: The Treasurer, Tax Collector, Public Administrator website will be modified to allow for electronic commerce with the community.

Why: The ability to transact business on-line 24/7 is an important tool to improve the quality of service to the community.

How are we doing? The department's Customer Service Program is implemented in modules with the major portions of the program already in operation to benefit customers, such as Taxes on the Web, Integrated Document Management, and the conversion of the department's website to the County adopted format. Over the course of the project, the Customer Service Program has expanded as customer needs are identified and added to the program. Although two new modules are in progress which encompasses additional Internet access and transaction projects for Transient Occupancy Tax and Business Licenses, this has not delayed the development of the existing modules. The addition of these modules has only increased the original scope of the program and reduced the 06-07 projected results to 70% completion from the 06-07 adopted results.

Department Goal: Efficiently administer the estates of deceased County residents when there is no executor or administrator to protect estate assets in the best interests of the beneficiaries, creditors, and the County.

Communitywide Result Link: A well-governed community.

11. Performance Measure: Percentage of referrals to the Public Administrator that are completed with an initial investigation report, burial arrangements, and any required initial legal filing within 15 business days.

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
100%	100%	100%	100%	100%	100%	100%

What: Cases referred to the Public Administrator when no executor or administrator is available.

Why: To ensure compliance with legal requirements and protect the estate assets.

How are we doing? According to department policy, each estate investigation begins immediately upon notification. The procedure involves extensive asset investigations and family location processes. In FY 05/06, 40 estate investigations were conducted in a timely manner, with 21 of those estates administered per the California Probate Code. In the first half of FY 06/07, there have been 12 referrals, six of which will be administered by the Public Administrator. All have had timely investigations and filings, if necessary.