

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY

DEPT: Clerk Recorder - Elections

BOARD AGENDA #: \*B-1

AGENDA DATE: December 5, 2017

**SUBJECT:**

Approval to Set a Public Hearing on December 19, 2017 at 6:40 p.m. to Introduce and Waive the First Reading of an Ordinance to Amend Section 4.34.010 of the Stanislaus County Code to Extend an Existing Fee for Clerk-Recorder Costs Associated with the Implementation of the Social Security Number Truncation Program

**BOARD ACTION AS FOLLOWS:**

No. 2017-674

On motion of Supervisor Withrow, Seconded by Supervisor Olsen  
and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, Monteith, DeMartini, and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

ATTEST:   
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No. **ORD-56-B-4**

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Clerk Recorder - Elections  
Urgent  Routine

BOARD AGENDA #: \*B-1

AGENDA DATE: December 5, 2017

CEO CONCURRENCE: *pnt*

4/5 Vote Required: Yes  No

**SUBJECT:**

Approval to Set a Public Hearing on December 19, 2017 at 6:40 p.m. to Introduce and Waive the First Reading of an Ordinance to Amend Section 4.34.010 of the Stanislaus County Code to Extend an Existing Fee for Clerk-Recorder Costs Associated with the Implementation of the Social Security Number Truncation Program

**STAFF RECOMMENDATIONS:**

1. Set a Public Hearing on December 19, 2017 at 6:40 p.m. to introduce and waive the first reading of an ordinance to amend Section 4.34.010 of the Stanislaus County Code to extend an existing fee for Clerk-Recorder costs associated with implementation of the Social Security Number Truncation Program.
2. Authorize the Clerk of the Board to publish the notice of hearing as required by law.

**DISCUSSION:**

This is a request to set a public hearing to consider an Ordinance to amend Section 4.34.010 of the Stanislaus County Code to extend an existing fee for the Clerk-Recorder costs associated with the implementation of the Social Security Number (SSN) Truncation Program.

The SSN Truncation Program was designed to protect individual members of the public from identify theft by truncating social security numbers displayed on recorded documents from nine digits to four digits. The SSN Truncation Fee was established to provide financial relief to Counties to implement the SSN Truncation Program. Acknowledging it would take jurisdictions time to collect enough fees to implement the SSN Truncation Program, Government Code Section 27304(c) allowed County Recorders to seek outside funding sources to implement the program. Repayment of the advanced funds would be secured by the anticipated revenue from the SSN Truncation Fee.

On May 6, 2008, the Board of Supervisors adopted the SSN Truncation Fee pursuant to California Government Code Section 27361 et seq. This allowed the Clerk-Recorder to charge \$1.00 for recording the first page of every instrument, paper or notice, required or permitted by law, to be recorded. The Clerk-Recorder began collecting the SSN Truncation Fee on July 1, 2008. An internal start-up loan from the Clerk-Recorder Modernization Trust Fund was made so the Clerk-Recorder could immediately begin implementation of the SSN Truncation Program.

On October 11, 2017, Brown Armstrong Certified Public Accountants submitted an Independent Auditor's Report on the status of the SSN Truncation Program, provided as

Approval to Set a Public Hearing on December 19, 2017 at 6:40 p.m. to Introduce and Waive the First Reading of an Ordinance to Amend Section 4.34.010 of the Stanislaus County Code to Extend an Existing Fee for Clerk-Recorder Costs Associated with the Implementation of the Social Security Number Truncation Program

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Attachment 2. This report indicates there is approximately \$200,000 remaining to be paid to reimburse the Clerk-Recorder Modernization Trust Fund for the start-up loan. Additionally, operational expenses in support of implementation of this program have averaged \$20,000 over the past two fiscal years.

Pursuant to California Government Code Section 27361(d)(2), a County Recorder shall not charge the SSN Truncation Fee after December 31, 2017, unless the County Recorder has received reauthorization by the Board of Supervisors.

This item will set the date and time for a hearing on the matter before the Board of Supervisors.

**POLICY ISSUE:**

In order to amend Section 4.34.010 of the Stanislaus County Code to extend the existing SSN Truncation Fee, the Board of Supervisors must hold a public hearing. The request to extend the SSN Truncation Fee is necessary to reimburse the Clerk-Recorder Modernization Trust Fund for the internal start-up loan made for implementation of the SSN Truncation Program.

**FISCAL IMPACT:**

If the SSN Truncation Fee is not extended, the Clerk-Recorder Modernization Trust Fund will absorb the loss of \$191,093. Once the Clerk-Recorder Modernization Trust Fund is exhausted, the County's General Fund is responsible for Net County Costs. Extension of the SSN Truncation Fee will generate approximately \$50,000 in revenue between February and June 2018.

There is a nominal fiscal impact associated with setting this public hearing for mandatory newspaper publishing which will be covered by the existing Clerk-Recorder's budget.

**BOARD OF SUPERVISORS' PRIORITY:**

The recommended actions are consistent with the Board of Supervisors' priority of Efficient Delivery of Public Services by extending the existing fee to repay the balance of the internal loan made to allow the County Clerk-Recorder to truncate social security numbers to display only the last four digits on official public records.

**STAFFING IMPACT:**

Existing staff will continue to support these recommended actions.

**CONTACT PERSON:**

Lee Lundrigan, County Registrar of Voters

209-525-5211

Approval to Set a Public Hearing on December 19, 2017 at 6:40 p.m. to Introduce and Waive the First Reading of an Ordinance to Amend Section 4.34.010 of the Stanislaus County Code to Extend an Existing Fee for Clerk-Recorder Costs Associated with the Implementation of the Social Security Number Truncation Program

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**ATTACHMENT(S):**

1. Notice of Public Hearing
2. Independent Auditor's Report on the Status of the SSN Truncation Program

**Attachment 1**

**Notice of Public Hearing**

## NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on December 19, 2017 at 6:40 p.m., or as soon thereafter as the matter may be heard, the Stanislaus County Board of Supervisors will meet in the Basement Chambers, Lower Level, 1010 10th St., Modesto, CA, to introduce and waive the first reading of an ordinance to amend Section 4.34.010 of the Stanislaus County Code to extend an existing fee for the Clerk-Recorder costs associated with the implementation of the Social Security Number Truncation Program.

ADDITIONAL NOTICE IS GIVEN that the amended ordinance will be available for review on December 8, 2017, in the Clerk of the Board Office, 1010 10th Street, Suite 6700, Modesto, CA.

NOTICE IS FURTHER GIVEN that at the said time and place, interested persons will be given the opportunity to be heard. Material submitted to the Board for consideration (i.e. photos, petitions, etc.) will be retained by the County. If a challenge to the above application is made in court, persons may be limited to raising only those issues they or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Board of Supervisors.

BY ORDER OF THE BOARD OF SUPERVISORS

DATED: December 5, 2017

ATTEST: ELIZABETH A. KING, Clerk of  
the Board of Supervisors  
of the County of Stanislaus,  
State of California.

BY:   
Pam Villarreal, Assistant Clerk

Attachment 2

Independent Auditor's Report on the  
Status of the SSN Truncation Program

**INDEPENDENT AUDITOR'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES ON  
THE COUNTY OF STANISLAUS  
SOCIAL SECURITY NUMBER  
TRUNCATION PROGRAM**

**FOR THE PERIOD JULY 1, 2013,  
THROUGH JUNE 30, 2017**



**INDEPENDENT AUDITOR'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES ON  
THE COUNTY OF STANISLAUS SOCIAL SECURITY  
NUMBER TRUNCATION PROGRAM**

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**COUNTY OF STANISLAUS SOCIAL SECURITY NUMBER TRUNCATION PROGRAM  
BACKGROUND INFORMATION  
REVIEW PERIOD JULY 1, 2013, THROUGH JUNE 30, 2017**

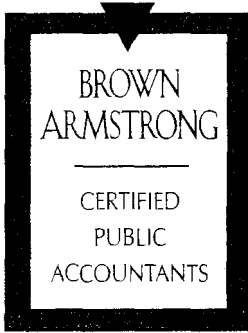
**Background:**

Assembly Bill (AB) 1168, Chapter 627 of the Statutes of 2007 amended Government Code Section 27361(d)(1) to allow the County Recorder to "charge an additional recording fee of one dollar (\$1.00) for the recording of the first page of every instrument, paper, or notice required or permitted by law to be recorded, as authorized by each county's board of supervisors." The fee shall not be charged after December 31, 2017, and shall be used solely for the implementation and operation of a state mandated social security number truncation program (SSNTP). The amendment further required at subsection (4) that "A county board of supervisors that authorized the fee described in this subdivision shall require the county auditor to conduct two reviews to verify that the funds generated by this fee are used only for the purpose of the program, as described in Article 3.5 (commencing with Section 27300) and for conducting these reviews. The review shall state the progress of the county recorder in truncating recorded documents pursuant to subdivision (a) of Section 27301, and shall estimate any ongoing costs to the county recorder of complying with subdivisions (a) and (b) of Section 27301. The board shall require that the first review be completed not before June 1, 2012, or after December 31, 2013, and that the second review be completed not before June 1, 2017, or after December 31, 2017. The reviews shall adhere to generally accepted accounting standards, and the review results shall be made available to the public."

On April 22, 2008, pursuant to the provisions of AB 1168, Chapter 627 of the Statutes of 2007, the County of Stanislaus (County) Board of Supervisors (Board) adopted Resolution No. 2008-293. The resolution, effective July 1, 2008, through December 31, 2017, authorizes an additional recording fee of one dollar (\$1.00) for recording the first page of every instrument, paper, or notice required or permitted by law to be recorded. The fees will be deposited into a Social Security Number Trust account, and the County Clerk Recorder may request that the Board extend the fee until the costs of the program are fully recovered. It further orders the County Auditor to conduct two reviews to verify that the funds generated by this fee are used only for the purpose of the Social Security Number Truncation Program within the timeframes provided under Section 27361(d)(4). The following is a description of each phase of the implementation of this project.

**Phase One:** The County Recorder will truncate social security numbers from historical official records recorded from January 1, 1980, through June 30, 2008.

**Phase Two:** The establishment by the Clerk Recorder of new procedures to truncate social security numbers on documents presented for recordation will begin July 1, 2008. The Recorder will solicit bids for a system that will truncate social security numbers from recorded documents.



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

County of Stanislaus
Auditor-Controller

BAKERSFIELD OFFICE
(MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92563
TEL 949.652.5422

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

We have performed the procedures enumerated in the Procedures and Findings Section of this report, which were agreed to by the Auditor-Controller of the County of Stanislaus, on the Social Security Number Truncation Program (SSNTP) of the County of Stanislaus for the period of July 1, 2013 through June 30, 2017. The County of Stanislaus' management is responsible for the County of Stanislaus' accounting records. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures referred to below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed are listed below and the results of those procedures are listed on pages 3-4:

- 1) Verify the funds generated from the SSNTP are used only for the purpose of this program.
2) State the progress of the County Recorder in truncating recorded documents.
3) Estimate any ongoing costs to the County Recorder of complying with the SSNTP of the County of Stanislaus.

This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial statements of the County of Stanislaus for the period of July 1, 2013 through June 30, 2017. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the County of Stanislaus and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 11, 2017

**COUNTY OF STANISLAUS SOCIAL SECURITY NUMBER TRUNCATION PROGRAM  
PROCEDURES AND FINDINGS  
REVIEW PERIOD JULY 1, 2008, THROUGH JUNE 30, 2017**

Objectives

We performed procedures to: (1) Verify the funds generated from the Social Security Number Truncation Program (SSNTP) are used only for the purpose of this program; (2) State the progress of the County Recorder in truncating recorded documents; and (3) Estimate any ongoing costs to the County Recorder of complying with subdivisions (a) and (b) of Section 27301.

Procedures

1. Obtained an understanding of the SSNTP including receipt, recordation, segregation, and expenditure of revenues and documented the County Recorder's Office general operations in implementing the SSNTP in our files. Walkthroughs have been created for the Cash Receipts, Cash Disbursements (including payroll), and Truncation processes.

Result: We found no exceptions as a result of the procedures performed.

2. We determined Fund 20520 has been set up in the County of Stanislaus financial to record all activity related to the SSNTP. This Fund/Org is only used for SSNTP activities. The SSNTP was set up within the Modernization Fund so the project could be implemented immediately without having to borrow outside "start up" funds. Since the Modernization Fund had retained earnings of over a million dollars, the funds could be internally "borrowed" and repaid as documents were recorded and SSNTP revenue accumulated.

Result: We found no exceptions as a result of the procedures performed.

3. On a random basis, we selected a representative number of revenue transactions for testing. We determined fees were being calculated correctly and in accordance with Board Resolution No. 2008-293. We determined controls are in place to receive revenues for the SSNTP.

Result: We found no exceptions as a result of the procedures performed.

4. On a random basis, we selected a representative number of expenditures transactions for testing. We determined controls were in place, including verifying transactions were properly authorized and documented. We determined, on a test basis, that expenditures paid out of the SSNTP account were used for a reasonable purpose.

Result: We found no exceptions as a result of the procedures performed.

5. Performed the following procedures regarding compliance with the SSNTP:
- a. Determined the progress of the County Recorder in truncating recorded documents pursuant to subdivision (a) of Section 27301 and obtain department plan to complete the program as stated below.

Phase One: With the exception of the Group Three Documents (damaged digital images), the Group Two Documents from April 1993 to June 30, 2008, have been processed through the SSNTP. The damaged digital images are being identified and processed. The Group One Documents (January 1980 to March 1993) are being scanned, indexed, and processed through the SSNTP. As of October 1, 2013, the images and indexing have been completed for records from Group One Documents. These records are currently being processed through the SSN truncation system.

Phase Two: This phase has been implemented and social security numbers are truncated using the Day Forward Process as they move through the recording system.

In addition, phase two of the truncation program will continue. The program is not anticipated to end in the near future.

- b. Ensured a process exists that each record created between January 1, 1980, and December 31, 2008, has an electronic format of the record except that the social security numbers contained in the copy shall be truncated. We documented the County Recorder's Office processes through walkthroughs of the truncation process and cash receipts.
- c. Ensured a process exists that each record created after January 1, 2009, is created in electronic format and truncated. We documented the County Recorder's Office processes through walkthroughs of the truncation process and cash receipts.
- d. Estimated any ongoing costs to the County Recorder of complying with subdivisions (a) and (b) of Section 27301.

Below is a table of the actual costs and revenue for the SSNTP through fiscal year 2016-2017.

The only estimated expenditure from the end of fiscal year 2016-2017 through December 2017 include the annual maintenance fees of \$5,000. Additional significant fees are not anticipated.

Total revenue from the end of fiscal year 2016-2017 through December 2017 is estimated to be \$58,000 annually.

<u>Fiscal Year</u>	<u>Task</u>	<u>Expenses</u>	<u>Revenue</u>
2008-2009	Initial start up costs	\$ 248,735	\$ 119,833
2009-2010	Annual maintenance and quality control costs	38,771	109,707
2010-2011	Annual maint. and initial film conversion costs	106,777	108,157
2011-2012	Annual maint. and film conversion costs	80,450	106,843
2012-2013	Annual maint. and film conversion costs	286,519	121,970
2013-2014	Annual maint. and film conversion costs	345,202	94,381
2013-2014	Salaries	15,615	-
2014-2015	Annual maintenance	29,857	97,402
2014-2015	Salaries	18,340	-
2015-2016	Annual maintenance	15,406	102,524
2015-2016	Salaries	17,714	-
2016-2017	Annual maintenance	10,000	108,476
2017-Dec.	Annual maintenance	5,000	58,000
Total		<u>\$ 1,218,386</u>	<u>\$ 1,027,293</u>

Result: We found no exceptions as a result of the procedures performed.

**DECLARATION OF PUBLICATION  
(C.C.P. S2015.5)**

**COUNTY OF STANISLAUS  
STATE OF CALIFORNIA**

I am a citizen of the United States and a resident Of the County aforesaid; I am over the age of Eighteen years, and not a party to or interested In the above entitle matter. I am a printer and Principal clerk of the publisher of THE MODESTO BEE, printed in the City of MODESTO, County of STANISLAUS, State of California, daily, for which said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of STANISLAUS, State of California, Under the date of February 25, 1951, Action No. 46453; that the notice of which the annexed is a printed copy, has been published in each issue there of on the following dates, to wit:

Dec 08, 2017, Dec 14, 2017

STANISLAUS COUNTY  
NOTICE OF PUBLIC HEARING  
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BY ORDER OF THE BOARD OF SUPERVISORS. DATED: December 5, 2017. ATTEST: ELIZABETH A. KING, Clerk of the Board of Supervisors of the County of Stanislaus, State of California.  
BY: Pam Villarreal, Assistant Clerk.  
Pub Dates Dec 8,14, 2017

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I certify (or declare) under penalty of perjury That the foregoing is true and correct and that This declaration was executed at

MODESTO, California on

December 14th, 2017

(By Electronic Facsimile Signature)

Cynthia A. Villarreal