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TRANSCRIPTION OF RECORDED INTERVIEW

OF

Cheryl Kilzer

September 12, 2012

Sacramento, California

Investigation of Department of Parks &
Recreation - Financial Irregularities

Interviewed by: Thomas M. Patton
Deputy Attorney General
Office of the Attorney
General
State of California

Transcribed by: David Rutt,
eScribers, Inc.
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New York, New York

(SA201210710)

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1 MR. PATTON: Okay. We're on the
2 record. This is Thomas M. Patton, Deputy
3 Attorney General, speaking. And we are at the
4 home of Cheryl Kilzer. And I'll let you
5 introduce yourself in a minute. It is 10:05
6 a.m. on Tuesday, September 12, 2012. And if
7 you could -- also with us is Agent Patricia
8 Ruiz.

9 Correct?

10 MS. RUIZ: Correct.

11 MR. PATTON: And if you could,
12 introduce yourself and spell your last name.

13 MS. KILZER: Okay. My name is
14 Cheryl Kilzer. The last name is spelled
15 K-I-L-Z-E-R, Kilzer.

16 MR. PATTON: And as I indicated when
17 we spoke on the phone, we've been asked to
18 look into the issues of finances at the Parks
19 Department and some discrepancies in financial
20 reporting. So we're going to talk with you
21 about that today.

22 MS. KILZER: Okay.

23 MR. PATTON: And I wanted to start
24 though by getting your background and finding
25 out what your State employment history is. So

1 you just take it away.

2 MS. KILZER: Not from the very
3 beginning.

4 MR. PATTON: Why not?

5 MS. KILZER: Okay. Well, the first
6 job I had was at the Employment Development
7 Department, and I worked in Data Processing.

8 MR. PATTON: And when was this?
9 When did you start with Data --

10 MS. KILZER: Oh, my God.

11 MR. PATTON: Just --

12 MS. KILZER: Years ago.

13 MR. PATTON: Okay. How many
14 years -- how many -- when did you --

15 MS. KILZER: I have -- okay. I
16 have --

17 MR. PATTON: Do you remember what
18 year you started?

19 MS. KILZER: No, I don't remember
20 that.

21 MR. PATTON: Okay. Then let's do it
22 (indiscernible - simultaneous speaking).

23 MS. KILZER: I have like
24 thirty-nine-and-a-half years of State service
25 all total.

1 MR. PATTON: And you retired when?

2 MS. KILZER: The last time I retired
3 was from OES, and that was about two-and-a-
4 half years ago.

5 MR. PATTON: Okay. So you started
6 at least forty-one years ago --

7 MS. KILZER: Yeah.

8 MR. PATTON: -- is what you're
9 telling me.

10 MS. KILZER: Yeah. I was -- you
11 know, I went to a lot of different agencies.

12 MR. PATTON: Forty-one years ago was
13 1971.

14 MS. KILZER: That's probably about
15 right.

16 MR. PATTON: Okay. Other than the
17 two-and-a-half years you've been retired, were
18 you retired for some other period of time
19 before that?

20 MS. KILZER: Oh, yeah. I retired
21 from Parks and Rec years ago, and at that time
22 I moved to Arizona.

23 MR. PATTON: Uh-huh. And then
24 what?

25 MS. KILZER: And at that time, I

1 had, like, I think, like, thirty-seven years
2 of service in -- somewhere in that --

3 MR. PATTON: So you came back and
4 worked a couple more at OES?

5 MS. KILZER: Yes, I did.

6 MR. PATTON: How long were you in
7 Arizona?

8 MS. KILZER: I was in Arizona about
9 three years.

10 MR. PATTON: Okay. So you actually
11 retired then -- it was -- you started about
12 forty-four years ago.

13 MS. KILZER: Yeah, probably.

14 MR. PATTON: So it's actually more
15 like 1968.

16 MS. KILZER: Yeah. Well I have,
17 like -- you know, when CALPERS sends you that
18 statement --

19 MR. PATTON: Yeah.

20 MS. KILZER: -- it says I have
21 thirty-nine-and-a-half years of service.

22 MR. PATTON: All right. Okay.

23 MS. KILZER: So it was right in that
24 ballpark.

25 MR. PATTON: With about four years

1 in retirement means you started about
2 forty-four-some-odd years ago.

3 MS. KILZER: Okay.

4 MR. PATTON: That sound about right?

5 MS. KILZER: Yeah, I guess so. I
6 mean, I --

7 MR. PATTON: Late '60s.

8 MS. KILZER: Yeah. It was a long
9 time ago.

10 MR. PATTON: Yeah.

11 MS. KILZER: I'm old.

12 MR. PATTON: You must have been just
13 barely a teenager when you started.

14 MS. KILZER: Well, I was probably
15 like 18 or something --

16 MR. PATTON: Okay.

17 MS. KILZER: -- in that because I
18 had worked for an insurance company prior to
19 that.

20 MR. PATTON: Okay.

21 MS. KILZER: And then I had taken a
22 State test, and then I got on with the State.

23 MR. PATTON: Okay. So you
24 started -- I'm going to put down around 1968
25 as a guess.

1 MS. KILZER: Okay.

2 MR. PATTON: We're not looking for
3 absolute precision. And you said you started
4 with what agency?

5 MS. KILZER: Employment Development
6 Department.

7 MR. PATTON: Okay. And then what
8 was your next job?

9 MS. KILZER: Well, I worked at
10 the -- well, I worked in Data Processing
11 there, and then I moved up to the accounting
12 office which was like on the third or fourth
13 floor.

14 MR. PATTON: At Employment
15 Development?

16 MS. KILZER: At Employment
17 Development Department.

18 MR. PATTON: Yeah.

19 MS. KILZER: And I worked in a unit
20 called Proof of Credit. So I was there like
21 about four years.

22 MR. PATTON: Do you remember how
23 many years you worked in Data Processing
24 before you got moved up?

25 MS. KILZER: I think it was about

1 three years --

2 MR. PATTON: Okay. So that --

3 MS. KILZER: -- because I took, you
4 know, accounting tests and stuff
5 (indiscernible - simultaneous speaking).

6 MR. PATTON: So then you went to
7 Accounting --

8 MS. KILZER: Um-hum.

9 MR. PATTON: -- for about four
10 years, which tells me that you went to
11 Accounting around the time you were 21 or so
12 and then -- you say for about four years, so
13 now you're about 25, and then you do what?
14 Done seven years at Employment Development.

15 MS. KILZER: Yeah. Then I left
16 there and --

17 MR. PATTON: To go where?

18 MS. KILZER: I worked in a small
19 department off of the Capital Mall. It's
20 called -- it was called -- I don't know if
21 it's still in existence -- Office of
22 Environmental Health Assessment.

23 MR. PATTON: Okay.

24 MS. KILZER: And I probably worked
25 there for, like, three or four years.

1 MR. PATTON: Did you do accounting
2 there?

3 MS. KILZER: Uh-huh. I was the head
4 of the -- they had a real small accounting
5 office.

6 MR. PATTON: Right. So you were the
7 head of accounting there --

8 MS. KILZER: Um-hum.

9 MR. PATTON: -- for three or four
10 years. Okay.

11 MS. KILZER: Then --

12 MR. PATTON: So now we're getting
13 towards the end of the '70s. Around 1979, you
14 go to where?

15 MS. KILZER: Then I left OEHA, and I
16 went to Parks and Rec.

17 MR. PATTON: Do you remember what
18 year you started at Parks and Rec?

19 MS. KILZER: No. I'm sorry.

20 MR. PATTON: So it's probably --

21 MS. KILZER: I'm sorry.

22 MR. PATTON: It's probably based on
23 your recollection of how long you were in
24 these other places.

25 MS. KILZER: Uh-huh.

1 MR. PATTON: Probably somewhere
2 around 1979.

3 MS. KILZER: Yeah. And I was at
4 Parks and Rec for ten years, roughly.

5 MR. PATTON: Okay. And so from
6 about '79 to '89, you're working at Parks and
7 Rec. What did you do from '79 to '89 at Parks
8 and Recreation?

9 MS. KILZER: I started out there as
10 a Senior Accounting Officer Supervisor, and I
11 supervised the accounting staff. And then I
12 worked for an Admin I that was over the
13 general ledger unit and --

14 MR. PATTON: You worked for an Admin
15 I?

16 MS. KILZER: Yeah.

17 MR. PATTON: You worked for the
18 person who was in charge of the general
19 ledger?

20 MS. KILZER: Yeah.

21 MR. PATTON: And supervised some
22 accounting staff?

23 MS. KILZER: Right.

24 MR. PATTON: Okay.

25 MS. KILZER: I worked for her. And

1 then when she retired -- I don't know how long
2 she was there but --

3 MR. PATTON: Who was that?

4 MS. KILZER: Fay Mozio (ph.)

5 MR. PATTON: Okay.

6 MS. KILZER: And when she retired,
7 then I got her -- I got a promotion, and I got
8 the job that she had --

9 MR. PATTON: Okay.

10 MS. KILZER: -- which was
11 overseeing, you know, the accounting general
12 ledger unit --

13 MR. PATTON: Um-hum.

14 MS. KILZER: -- responsible for
15 getting the general entries in, make sure they
16 get everything done monthly, like through
17 CALSTARS, and then actually preparing the
18 financial statements.

19 MR. PATTON: So this was during the
20 ten-year period, '79 to '89?

21 MS. KILZER: Um-hum.

22 MR. PATTON: Okay. So you get
23 promoted sometime during that period to take
24 over Fay's --

25 MS. KILZER: Job.

1 MR. PATTON: -- Fay's job. Fay who?
2 MS. KILZER: Faye Mozio.
3 MR. PATTON: You have a good memory.
4 So then you take over. Do you
5 remember how many years you worked as her
6 assistant before you took over?
7 MS. KILZER: Well, I worked -- at
8 one point, I worked under her.
9 MR. PATTON: Right.
10 MS. KILZER: And then I supervised
11 the staff, and then, like I said, when -- she
12 was showing me different things.
13 MR. PATTON: Um-hum.
14 MS. KILZER: And then when she left,
15 then Freda promoted me to her spot.
16 MR. PATTON: Okay. So I'm just
17 trying to figure out where in that ten-year
18 period did you -- did you work under as Fay's
19 next in command?
20 MS. KILZER: Yeah, yes.
21 MR. PATTON: How many years was that
22 before you then got appointed by Freda to be
23 the Admin I?
24 MS. KILZER: I would say maybe four
25 to five years.

1 MR. PATTON: Okay.

2 MS. KILZER: I'm not sure.

3 MR. PATTON: So about halfway

4 through the --

5 MS. KILZER: Yeah.

6 MR. PATTON: -- ten-year period.

7 Okay. The second -- I'm going to say the

8 second five-year period, Fay retired --

9 MS. KILZER: Um-hum.

10 MR. PATTON: -- or left, and Freda

11 promoted you to Fay's spot.

12 MS. KILZER: Right, which was the

13 Admin I supervisor.

14 MR. PATTON: And Freda is Freda

15 Luan-Dun, right?

16 MS. KILZER: Right.

17 MR. PATTON: So this would be

18 around, I'd say, about '84 or so you get

19 promoted by Freda to be the Admin I --

20 MS. KILZER: Um-hum.

21 MR. PATTON: -- in charge of the

22 general ledger unit, right?

23 MS. KILZER: Right.

24 MR. PATTON: Okay. So you --

25 MS. KILZER: I'm not real sure about

1 all the specific dates, but --

2 MR. PATTON: Yeah, I know.

3 MS. KILZER: -- I'm just doing the
4 best I can.

5 MR. PATTON: Well, if we're within a
6 year or two, we're doing probably pretty good.

7 MS. KILZER: Okay.

8 MR. PATTON: So around 1984 promotes
9 you to the Admin I.

10 MS. KILZER: Um-hum.

11 MR. PATTON: Okay. And then -- and
12 so you take over what you've been doing
13 anyways, being in charge of the general
14 ledger.

15 MS. KILZER: Um-hum.

16 MR. PATTON: And you do that for the
17 remainder of your ten-year stint from 1979 or
18 so until '89?

19 MS. KILZER: Um-hum. And I also
20 should tell you, during that tenure of being
21 over the general ledger unit, I had two
22 payable staff that -- Jill Asola (ph.) and --
23 I can't remember the other girl's name -- that
24 reported to me. They worked in the payables
25 staff, but they worked under me.

1 MR. PATTON: Okay. Okay. So what
2 happens then after ten years? You go
3 somewhere else?

4 MS. KILZER: No. I retired. After
5 I got -- I retired after -- well, when I
6 retired the first time, I had like -- I think,
7 like, twenty-nine years of service, thirty
8 years of service. Then I totally left State
9 service, and I moved to Arizona.

10 MR. PATTON: Okay. So we've lost
11 about a decade here in the translation --

12 MS. KILZER: Oh, my God.

13 MR. PATTON: -- but we're going to
14 find it, okay?

15 MS. KILZER: I'm sorry.

16 MR. PATTON: That's all right.
17 Don't you worry about it, unless my numbers
18 went way off. So you started, I determined,
19 around forty-four years ago; that takes us
20 back to '68.

21 MS. KILZER: Yeah, because I
22 actually worked at Parks and Rec for ten years
23 total.

24 MR. PATTON: Total. And so when you
25 retired from Parks, you went to Arizona.

1 MS. KILZER: Exactly right.

2 MR. PATTON: Do you remember what
3 year you went to Arizona?

4 MS. KILZER: No.

5 MR. PATTON: Do you remember what
6 year you retired from Parks?

7 MS. KILZER: The first time?

8 MR. PATTON: Yeah. It was at the
9 end of your ten-year stint, right?

10 MS. KILZER: Yeah -- well, at that
11 point -- the first time I retired, I think I
12 had like thirty years of service in --

13 MR. PATTON: Okay. So around --

14 MS. KILZER: -- total.

15 MR. PATTON: So that's telling me
16 something like '98.

17 MS. KILZER: Yeah, possible.

18 MR. PATTON: Somewhere between '98
19 and 2000.

20 MS. KILZER: Yeah.

21 MR. PATTON: Okay. So you had
22 thirty years in. Let me just count this up.

23 MS. KILZER: Okay.

24 MR. PATTON: So you started, I'm
25 thinking, somewhere around '68 or '70,

1 somewhere in there at Employment Development.
2 I wrote down that you did about seven years
3 there, three years in Data Processing, four
4 years in Accounting.

5 MS. KILZER: Um-hum.

6 MR. PATTON: That takes us to
7 about -- using 1968, that takes us to about
8 1975.

9 MS. KILZER: Um-hum.

10 MR. PATTON: You say you then went
11 to the Office of Environmental Health
12 Assessment, and you headed up the accounting
13 there. You worked there about three or four
14 years; I'm going to say four, so from 1975 to
15 about 1979.

16 MS. KILZER: Um-hum.

17 MR. PATTON: Then you told me you
18 went to Parks.

19 MS. KILZER: That's when I went to
20 Parks. I left there --

21 MR. PATTON: Which would be about
22 1979 --

23 MS. KILZER: Okay.

24 MR. PATTON: -- but you tell me you
25 only worked at Parks for ten years which takes

1 me from '79 to '89, and so the decade I'm
2 missing is from '89 to '98.

3 MS. KILZER: Oh, my God.

4 MR. PATTON: Okay. So some -- you
5 say you went from Office of Environmental
6 Health to --

7 MS. KILZER: Straight to Parks.

8 MR. PATTON: Straight to Parks. And
9 you left Parks -- when you left Parks, you
10 went to Arizona.

11 MS. KILZER: Right.

12 MR. PATTON: And you had about
13 twenty-nine years in, you say.

14 MS. KILZER: It could be
15 twenty-nine --

16 MR. PATTON: Maybe thirty.

17 MS. KILZER: -- thirty, somewhere in
18 that range.

19 MR. PATTON: Let's say thirty. So
20 if you started in 1968, thirty years later is
21 1998.

22 MS. KILZER: Okay.

23 MR. PATTON: Okay. So somewhere --
24 so you -- what you've given me is you've given
25 me seven years at Employment Development,

1 about four years at Environmental Health,
2 that's eleven, and ten years at Parks. That's
3 twenty-one. So I'm looking for the other nine
4 years.

5 MS. KILZER: Okay. So -- oh, my
6 God. Well, I was at Parks quite a while
7 because when I was leaving -- because I was [REDACTED]
8 when I left Parks, [REDACTED] [REDACTED], because I,
9 you know, could --

10 MR. PATTON: First time you retired.

11 MS. KILZER: The first time I
12 retired.

13 MR. PATTON: With twenty-nine,
14 thirty years.

15 MS. KILZER: Yeah.

16 MR. PATTON: Okay.

17 MS. KILZER: Well, actually I think
18 I worked at Parks for a total of, like, ten
19 years.

20 MR. PATTON: That's what you've told
21 me.

22 MS. KILZER: Okay. So then when I
23 left Parks, I moved to Arizona, and I was
24 there, like, three, three-and-a-half,
25 somewhere in there.

1 MR. PATTON: Um-hum.

2 MS. KILZER: Then I came back to
3 Sacramento, and then I got a call by
4 Department of Finance, CALSTARS.

5 MR. PATTON: Um-hum.

6 MS. KILZER: And they needed
7 somebody to be -- to help clean up OES because
8 they were a mess. So it was supposed --
9 initially it was just supposed to be
10 temporary. So no, but you know nothing is
11 every temporary. So I got over there and
12 started. It was a pretty big mess. I started
13 cleaning that up. And I was -- how long was I
14 at OES? I was at OES for probably -- because
15 I was at Parks for ten years, I know that, so
16 I was at OES for probably five years --

17 MR. PATTON: Um-hum.

18 MS. KILZER: -- somewhere in --

19 MR. PATTON: When you came back from
20 Arizona?

21 MS. KILZER: Yeah -- well, yes, when
22 I came back from Arizona.

23 MR. PATTON: Okay.

24 MS. KILZER: Then I went there.

25 Then --

1 MR. PATTON: Then what happened?
2 MS. KILZER: -- I retire -- well --
3 MR. PATTON: Did you --
4 MS. KILZER: -- they promoted me at
5 one point.

6 MR. PATTON: At OES?

7 MS. KILZER: At OES.

8 MR. PATTON: Okay.

9 MS. KILZER: And so then I was the
10 Admin II, and I stayed for, like, three years
11 before I re-retired again after I finally
12 said, you know, I've had enough.

13 MR. PATTON: And that was the last
14 time you retired?

15 MS. KILZER: That was the last time
16 I retired because I know in total at Parks I
17 worked a total of ten years at Parks.

18 MR. PATTON: Okay. We got that.

19 MS. KILZER: Okay.

20 MR. PATTON: We understand that.
21 I'm working on the time line. And you say you
22 re-retired, you've retired twice, and that's
23 it --

24 MS. KILZER: Right --

25 MR. PATTON: -- correct?

1 MS. KILZER: -- because when I --

2 MR. PATTON: Wait. Let me do the
3 math.

4 MS. KILZER: All right.

5 MR. PATTON: You've retired twice,
6 and the second time was about two-and-a-half
7 years ago, you said --

8 MS. KILZER: Um-hum.

9 MR. PATTON: -- right?

10 MS. KILZER: Yeah, because I was --

11 MR. PATTON: So here we are a little
12 past halfway of 2012, tells me that you were
13 retired in 2011 and '10, so somewhere around
14 the beginning of 2010 you retired for the
15 second time --

16 MS. KILZER: Uh-huh.

17 MR. PATTON: -- after doing five
18 years at OES, which tells me you worked for
19 OES from about 2005 to 2010.

20 MS. KILZER: I don't think I was at
21 OES to 2000 -- well, I don't know --

22 MR. PATTON: It was when you
23 retired.

24 MS. KILZER: Um-hum.

25 MR. PATTON: Do you remember what

1 year you retired for the second time?

2 MS. KILZER: No, but --

3 MR. PATTON: Two-and-a-half years
4 ago.

5 MS. KILZER: Let me see. I have --
6 let's see if I have the -- I don't know if
7 this will help at all.

8 MS. RUIZ: And you said -- just to
9 confirm, total State service, you said thirty-
10 nine?

11 MS. KILZER: Thirty-nine-and-a-half
12 or like --

13 MR. PATTON: See, there's a number
14 you know.

15 MS. KILZER: See here?

16 MR. PATTON: Yeah.

17 MS. KILZER: Here's -- I don't know
18 if these help at all. This is when I retired
19 the first time.

20 MR. PATTON: You've got an estimate
21 here in 2007, August 18, 2007.

22 MS. KILZER: And see, when I retired
23 here, 6/5/2008, I had 38.7 --

24 MR. PATTON: Yeah.

25 MS. KILZER: -- 49 years of service.

1 MR. PATTON: Well, this one says
2 "estimate date, retirement date December 30,
3 '08."

4 MS. KILZER: That's the last time I
5 retired, I think.

6 MR. PATTON: This is the first time
7 you retired?

8 MS. KILZER: Um-hum, I'm pretty
9 sure. I'm not a hundred percent sure, for
10 sure.

11 MS. RUIZ: And you didn't buy any
12 air time or --

13 MS. KILZER: Extra time?

14 MS. RUIZ: Right.

15 MS. KILZER: No, because I had
16 enough years of service.

17 MR. PATTON: All right. Well --

18 MS. KILZER: Now, I don't know if
19 any of that helps you.

20 MR. PATTON: Well, this -- let me
21 show you this.

22 MS. KILZER: Okay.

23 MR. PATTON: This has a retirement
24 date of June 30, '08; this has a retirement
25 date of December 30, '08. That's only six

1 months' difference.

2 MS. KILZER: Um-hum.

3 MR. PATTON: All right. So I don't
4 think you went back and clocked -- well, in
5 fact, and that's consistent because look --

6 MS. KILZER: Okay.

7 MR. PATTON: -- here's -- these are
8 just two estimates.

9 MS. KILZER: Okay.

10 MR. PATTON: Okay. I think you
11 moved your retirement date --

12 MS. KILZER: Okay.

13 MR. PATTON: -- because back on --

14 MS. KILZER: Possible.

15 MR. PATTON: -- back on June 5 of
16 '08, they're estimating that you'll have
17 38.749 years --

18 MS. KILZER: Uh-huh.

19 MR. PATTON: -- of credit if you
20 retire on June 30.

21 MS. KILZER: Okay.

22 MR. PATTON: And then a couple
23 months later, they're estimating that you'll
24 have 39.346 years of credit if you retire on
25 December 30, 2008, which is six months later

1 than that. So what you've got here are simply
2 two estimates with a half a year different
3 credit, which makes sense.

4 MS. KILZER: Okay.

5 MR. PATTON: Okay.

6 MS. KILZER: Good. I'm glad
7 something makes sense.

8 MR. PATTON: Yeah. So I think
9 that -- did you retire then in '08?

10 MS. KILZER: Um-hum.

11 MR. PATTON: Okay.

12 MS. KILZER: Yeah, I did.

13 MR. PATTON: Well, that sounds about
14 right.

15 MS. KILZER: Okay.

16 MR. PATTON: You've said --

17 MS. KILZER: Okay. Okay. I mean,
18 I --

19 MR. PATTON: Except you've been
20 retired a little longer than you're aware.

21 MS. KILZER: Okay.

22 MR. PATTON: All right?

23 MS. KILZER: Okay.

24 MR. PATTON: You were retired as of
25 the beginning of 2009 --

1 MS. KILZER: Okay.

2 MR. PATTON: -- if this -- with your
3 39.3 years. That's how many years' credit
4 you're --

5 MS. KILZER: Yeah.

6 MR. PATTON: -- receiving credit
7 for.

8 MS. KILZER: Right.

9 MR. PATTON: Well, that tells me
10 you've been retired since the beginning of
11 '09.

12 MS. KILZER: Okay.

13 MR. PATTON: So we got 2009, '10,
14 '11, and we are now in the ninth month of '12.
15 So you've been retired for three years --

16 MS. KILZER: Yeah.

17 MR. PATTON: -- and nine months.

18 MS. KILZER: Okay. Sounds good.

19 MR. PATTON: Yeah. Three years --

20 MS. KILZER: Glad I kept all these.

21 MR. PATTON: Three years, eight
22 months, and twelve days --

23 MS. KILZER: Okay.

24 MR. PATTON: -- to be exact, just so
25 you know.

1 MS. KILZER: Okay.

2 MR. PATTON: All right. So
3 congratulations on your retirement so --

4 MS. KILZER: Yeah. I'm not working
5 anymore.

6 MR. PATTON: All right. So you've
7 worked through '08 at OES, and you say you
8 worked there for about five years.

9 MS. KILZER: Um-hum.

10 MR. PATTON: So maybe you worked
11 2004, '5, '6, '7, and '8.

12 MS. KILZER: See, when I was at OES,
13 I was being paid, to begin with, as a retired
14 annuitant.

15 MR. PATTON: Okay.

16 MS. KILZER: Does it matter?

17 MR. PATTON: What I want -- what I'm
18 just trying to figure out -- I'm just trying
19 to --

20 MS. KILZER: Okay.

21 MR. PATTON: -- pinpoint your dates
22 of service really at Parks, all right?

23 MS. KILZER: Okay.

24 MR. PATTON: Which is where -- and
25 I'm going to back into it, all right?

1 MS. KILZER: Uh-huh.

2 MR. PATTON: So you worked from
3 about '04 through the end of '08 at OES. You
4 were in Arizona in, I would say, 2000 maybe
5 '1, '2, and '3.

6 MS. KILZER: Yeah. I was there
7 about three years --

8 MR. PATTON: Yeah. So --

9 MS. KILZER: -- but it was too hot.

10 MR. PATTON: And you were retired
11 for -- now, you retired, and you went to
12 Arizona shortly after you retired the first
13 time?

14 MS. KILZER: Um-hum.

15 MR. PATTON: After doing ten years
16 at Parks.

17 MS. KILZER: Right.

18 MR. PATTON: I'm going to say you
19 were at Parks somewhere between about 1990 and
20 2000.

21 MS. KILZER: Okay.

22 MR. PATTON: Okay.

23 MS. KILZER: Sounds good.

24 MR. PATTON: And somewhere you've
25 forgotten about nine years' worth of

1 service --

2 MS. KILZER: Oh.

3 MR. PATTON: -- before you started
4 at Parks, but that's okay.

5 MS. KILZER: Okay.

6 MR. PATTON: All right. So you get
7 promoted by Freda to take over Fay's spot.

8 MS. KILZER: Right.

9 MR. PATTON: And I'm pretty sure
10 we're in the '90s. You also mentioned that
11 when you were doing this work at Parks,
12 CALSTARS, you were involved with what? As
13 CALSTARS got implemented?

14 MS. KILZER: Oh, no. CALSTARS was
15 already implemented when I went there, but it
16 was just some -- fixing some of the monthly
17 process within the general ledger unit.

18 MR. PATTON: Okay.

19 MS. KILZER: They weren't, you know,
20 posting stuff timely and stuff, so I just
21 worked with them. So we didn't have all these
22 big reconciling items. You know, you get it
23 close before you run cost and --

24 MR. PATTON: Okay.

25 MS. KILZER: -- cost allocation and

1 stuff.

2 MR. PATTON: So when you first went
3 to Parks --

4 MS. KILZER: I was a Senior
5 Accounting Officer.

6 MR. PATTON: I've got that.

7 MS. KILZER: Okay.

8 MR. PATTON: I had done '79, but I
9 think it's more like '89 --

10 MS. KILZER: Okay.

11 MR. PATTON: -- because we have a
12 lost decade.

13 MS. KILZER: All I know is for
14 Parks, I there a total of like ten years.

15 MR. PATTON: That's what you say.
16 Okay. So after we have our talk --

17 MS. KILZER: Yeah.

18 MR. PATTON: -- today, if you
19 have -- if you can go back and kind of look at
20 papers and make some notes like I'm doing,
21 trying to figure out, with a little more
22 precision, what dates you were where --

23 MS. KILZER: Uh-huh.

24 MR. PATTON: -- it will help us --
25 I'm really just -- and I think actually I may

1 be able to get it through the Parks personnel
2 office --

3 MS. KILZER: Okay.

4 MR. PATTON: -- but I'm trying to
5 figure out what your dates of service at Parks
6 were. But I'm going to assume that it's
7 somewhere around '89 or '90 that you start
8 working at Parks.

9 MS. KILZER: Let me see here. I
10 know these papers are dated '08.

11 MR. PATTON: And this is when you
12 first were retiring?

13 MS. KILZER: Um-hum. Because I know
14 I was at Parks ten years --

15 MR. PATTON: Right.

16 MS. KILZER: -- but I'm just --

17 MR. PATTON: I get that.

18 MS. KILZER: -- get confused
19 about --

20 MR. PATTON: Don't worry about it.
21 So you're at Parks. Now, you were a Senior
22 Accounting Supervisor --

23 MS. KILZER: Um-hum.

24 MR. PATTON: -- and you're working
25 under Fay who's working for Freda --

1 MS. KILZER: Um-hum.
2 MR. PATTON: -- correct?
3 MS. KILZER: Right.
4 MR. PATTON: And you -- and Fay was
5 in charge of the general ledger, and you're
6 her next in command, and you're supervising --
7 MS. KILZER: Right.
8 MR. PATTON: -- some accounting
9 staff.
10 MS. KILZER: Right.
11 MR. PATTON: When you started at
12 Parks, had they already gone into the CALSTARS
13 reporting?
14 MS. KILZER: Yeah, I think they were
15 already in CALSTARS then.
16 MR. PATTON: Okay. You don't
17 remember being involved in the transition into
18 CALSTARS?
19 MS. KILZER: No, I don't.
20 MR. PATTON: Okay.
21 MS. KILZER: I think that --
22 MR. PATTON: All right.
23 MS. KILZER: -- by the time I got
24 there --
25 MR. PATTON: And then you took over

1 on the general ledger.

2 MS. KILZER: Yeah, I -- when Fay
3 retired --

4 MR. PATTON: Okay.

5 MS. KILZER: -- I was promoted to
6 Admin I, and then I was over the general
7 ledger --

8 MR. PATTON: Now --

9 MS. KILZER: -- totally.

10 MR. PATTON: Let's pause here for a
11 minute while she gets the door.

12 (Brief pause)

13 MR. PATTON: All right. We're back
14 on the record after a brief pause.

15 So when you retired in '08, it was
16 after working at OES, Office of Emergency
17 Services, for a little while?

18 MS. KILZER: Um-hum.

19 MR. PATTON: Okay. I am, at some
20 point, going to figure out --

21 MS. KILZER: Because I know when I
22 was at Parks, I worked there, like, ten years
23 in total.

24 MR. PATTON: All right. You've told
25 us that.

1 MS. KILZER: Okay.

2 MR. PATTON: We understand that.

3 MS. KILZER: Just checking.

4 MR. PATTON: We get that you were at
5 Parks for ten years.

6 MS. KILZER: Too long -- no, it was
7 a -- it's a good department.

8 MR. PATTON: Do you remember -- did
9 you work with Dorothy Kroll?

10 MS. KILZER: Actually, Dorothy
11 worked underneath me.

12 MR. PATTON: Uh-huh.

13 MS. KILZER: She was the Senior
14 Accounting Officer.

15 MR. PATTON: Okay. Do you remember
16 when -- and Dorothy remembers this. I want to
17 know what your recollection is. When you were
18 working for Freda --

19 MS. KILZER: Um-hum.

20 MR. PATTON: -- because now you're
21 in charge of the general ledger unit, do you
22 remember when Freda came to you and to Dorothy
23 asking -- and I think Dorothy ended up doing
24 the work -- that you look into why the
25 year-end balance statement that goes to the

1 Controller's office was different than what
2 Becky Brown in the budget section had in the
3 fund condition statement?

4 MS. KILZER: I don't recall any of
5 that. Yeah, Becky did -- was over the budget
6 section, but when -- you know, after we
7 finished the statements and everything, we do
8 this checklist for CALSTARS and stuff, make
9 sure that everything balances, but we're
10 not -- what we're trying to do is we --
11 monthly, in CALSTARS, we reconcile each of the
12 funds, okay --

13 MR. PATTON: Within CALSTARS --

14 MS. KILZER: In CALSTARS to the SCO
15 balance.

16 MR. PATTON: To the Controller.

17 MS. KILZER: To the Controller. So
18 when we're submitting the financial
19 statements, we're not really submitting budget
20 stuff but --

21 MR. PATTON: I understand that.

22 MS. KILZER: Okay.

23 MR. PATTON: I understand a little
24 bit of how it works.

25 MS. KILZER: Okay.

1 MR. PATTON: The accounting side
2 keeps the ledger --

3 MS. KILZER: Right.

4 MR. PATTON: -- basically the
5 checkbook.

6 MS. KILZER: Right.

7 MR. PATTON: Okay. And you do it in
8 CALSTARS.

9 MS. KILZER: Right.

10 MR. PATTON: And that information
11 the kind of continuously transmitted to the
12 Controller's office, right?

13 MS. KILZER: Right.

14 MR. PATTON: And you're reconciling
15 it continuously every month.

16 MS. KILZER: Right. Each month,
17 we're reconciling it, and then at the end of
18 the year, which Controllers cuts off on June
19 30th --

20 MR. PATTON: Yeah.

21 MS. KILZER: -- we take the balances
22 in the funds and we -- before we sent over the
23 statements --

24 MR. PATTON: To who?

25 MS. KILZER: To the State

1 Controller's Office.

2 MR. PATTON: Right.

3 MS. KILZER: -- we make sure that
4 everything balances --

5 MR. PATTON: Right.

6 MS. KILZER: -- because we don't
7 want to get a call saying, we show this but
8 you show that.

9 MR. PATTON: So your ledger records
10 then end up squaring up with the Controllers.

11 MS. KILZER: Right.

12 MR. PATTON: Okay. Because you're
13 both keeping an eye on the ledger.

14 MS. KILZER: Right. And if we
15 didn't -- I mean, if they had a question or
16 whatever they might call or whatever --

17 MR. PATTON: Right.

18 MS. KILZER: -- and then --

19 MR. PATTON: Right.

20 MS. KILZER: -- I would get out the
21 statements or whatever they're question was --

22 MR. PATTON: Okay. Now, I
23 understand, and I've -- because I've been
24 studying, hard.

25 MS. KILZER: You have.

1 MR. PATTON: I have. I understand
2 how accounting section keeps the ledger,
3 provides the reports periodically --

4 MS. KILZER: Um-hum.

5 MR. PATTON: -- and at the end of
6 the fiscal year to the Controller. Now, my
7 understanding is that that end-of-year report
8 to the Controller is called the annual
9 financial statement.

10 MS. KILZER: Yes, it is.

11 MR. PATTON: Okay.

12 MS. KILZER: For each funding
13 source.

14 MR. PATTON: Right. For all your
15 various funds.

16 MS. KILZER: Um-hum.

17 MR. PATTON: Right. Parks and
18 Recreation Fund being one of them, right?

19 MS. KILZER: Right.

20 MR. PATTON: Also known at the SPRF.

21 MS. KILZER: SPRF, yeah.

22 MR. PATTON: Got it.

23 MS. KILZER: 392.

24 MR. PATTON: 0392. Very good. I've
25 got that --

1 MS. KILZER: I'll never forget that.

2 MR. PATTON: Well, good. See? So
3 you remember. I can remember that now also,
4 0392. My understanding is that SPRF fund,
5 it's a revenue -- it's a special fund,
6 generates revenue.

7 MS. KILZER: Um-hum.

8 MR. PATTON: My understanding is it
9 generates somewhere on the order of up to
10 eighty million dollars in revenue a year.

11 MS. KILZER: Yeah. It -- you know,
12 all the claim schedules and everything flow
13 through SPRF.

14 MR. PATTON: Um-hum.

15 MS. KILZER: So every time -- and so
16 at the point after we've got all the state's
17 done and we're submitting them to the State
18 Controller's Office, of course we have our
19 name or a contact, like if they had a question
20 or they were questioning something we did or
21 whatever, they would call us.

22 MR. PATTON: Um-hum.

23 MS. KILZER: But we kind of made
24 sure everything matched before it went to the
25 Controllers --

1 MR. PATTON: Got it.

2 MS. KILZER: -- because we didn't
3 really want them calling us.

4 MR. PATTON: Got it. Am I right
5 that it's about eighty million dollars' worth
6 of revenue and expenditures?

7 MS. KILZER: You know, I can't -- to
8 be honest with you, I can't really remember.

9 MR. PATTON: All right.

10 MS. KILZER: But I don't could be
11 right.

12 MR. PATTON: All right. We don't
13 know.

14 MS. KILZER: You know.

15 MR. PATTON: It's some --

16 MS. KILZER: [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED] [REDACTED]

18 MR. PATTON: No, you're not. You're
19 doing all right.

20 Now -- so it was actually around
21 2000, we've been told, that Freda approached
22 you and Dorothy and said, hey, the budget
23 section, Becky's section doesn't have --
24 they've got a different number in the fund
25 condition statement, and there must be

1 something wrong here, can you help us figure
2 out why they've got the wrong number.

3 MS. KILZER: See, I don't remember
4 any of that, them approaching us about
5 anything to do with the fund condition
6 statement, okay. And isn't the -- I just want
7 to make sure I'm understanding this right.
8 Isn't the fund condition statement -- isn't
9 that a budget thing that they submit or --

10 MR. PATTON: Correct.

11 MS. KILZER: Okay.

12 MR. PATTON: But now --

13 MS. KILZER: Okay. Go ahead.

14 MR. PATTON: So here's my
15 understanding.

16 MS. KILZER: Okay.

17 MR. PATTON: That's right. It's a
18 different section of Admin Services.

19 MS. KILZER: Okay.

20 MR. PATTON: They're communing with
21 the Finance Department.

22 MS. KILZER: Okay.

23 MR. PATTON: They're helping put
24 together the budget --

25 MS. KILZER: Okay.

1 MR. PATTON: -- to submit to
2 Finance, to submit to the governor, to submit
3 to the legislature. That sound about right?

4 MS. KILZER: Yeah.

5 MR. PATTON: Yeah.

6 MS. KILZER: That sounds correct.

7 MR. PATTON: That's what they do.

8 And you talk to the Controller's office.

9 MS. KILZER: Right.

10 MR. PATTON: Right?

11 MS. KILZER: All the time.

12 MR. PATTON: Got it. Now, in order
13 for them to build the budget and prepare their
14 reports to Finance and a proposed budget, they
15 kind of have to have an idea of how much money
16 exists.

17 MS. KILZER: In the account.

18 MR. PATTON: That make sense?

19 MS. KILZER: Yeah.

20 MR. PATTON: So there's a little bit
21 of communication between budget section and
22 Accounting --

23 MS. KILZER: Um-hum.

24 MR. PATTON: -- because they're
25 going to come to you or they're going to look

1 at your records anyways, look at your reports
2 to Controller, and say, wonder how much money
3 we have at the end of this fiscal year in
4 something like the SPRF. Yeah?

5 MS. KILZER: Which was the main
6 fund, the big fund.

7 MR. PATTON: Right. So that all
8 makes sense?

9 MS. KILZER: Um-hum.

10 MR. PATTON: And I'm here to tell
11 you that for a number of years there was a
12 difference in the beginning balance numbers
13 shown in the budget reports to Finance and
14 Accounting reports to Controller. Now, the
15 good news is that the reports you were
16 involved in, the Accounting reports to
17 Controller, they were correct.

18 MS. KILZER: Hallelujah.

19 MR. PATTON: Hallelujah. The
20 reports -- the beginning numbers in the
21 statements Budget was sending over to Finance
22 weren't.

23 MS. KILZER: Okay. See, that's the
24 part I grapple with just because of everything
25 that's been in the paper --

1 MR. PATTON: Yeah.

2 MS. KILZER: -- because like --
3 okay. If we submitted the financial
4 statements and say something got over there,
5 and they --

6 MR. PATTON: Over to the Controller.

7 MS. KILZER: Controller. And
8 Controller and I -- or the -- on the
9 statements --

10 MR. PATTON: Yeah.

11 MS. KILZER: -- had a different
12 figure --

13 MR. PATTON: Yeah.

14 MS. KILZER: -- you know, and they
15 would call me, something's wrong or can you
16 explain this or --

17 MR. PATTON: Right, right.

18 MS. KILZER: -- or whatever.

19 MR. PATTON: Right.

20 MS. KILZER: So wouldn't the same
21 thing happen with the budget shop where -- I
22 know they're sending theirs to a different
23 place. We're sending ours to the accounting
24 side for the financial statements. So
25 wouldn't they contact the budget office at

1 that point to say, hey, Cheryl, or, hey,
2 whatever, we don't match?

3 MR. PATTON: Well, I'm glad you
4 brought that up.

5 MS. KILZER: Okay. Because I would
6 think that would be --

7 MR. PATTON: That's a very good --

8 MS. KILZER: -- the normal process.

9 MR. PATTON: Let's look at something
10 then.

11 MS. KILZER: Okay.

12 MR. PATTON: That's a very good
13 question. Wouldn't Finance Department come to
14 the budget section and say, hey --

15 MS. KILZER: Something's rotten in
16 Denmark.

17 MR. PATTON: -- your number that
18 you're giving us doesn't match up with what
19 your accounting section's telling the
20 Controller.

21 MS. KILZER: Right.

22 MR. PATTON: That's your question,
23 right?

24 MS. KILZER: Yeah.

25 MR. PATTON: All right. That is a

1 really good question. And I have a couple of
2 memos. I have a memo dated April 8, '02, and
3 I have another one dated June 5, '03, and
4 these are from budgetoperations@dof.ca.gov.

5 MS. KILZER: Okay.

6 MR. PATTON: Well, they're from DOF.
7 They're to a group that they've entitled
8 "budgetoperations@www.dof.ca.gov". And I've
9 been told that this e-mail group is all the
10 Budget Officers at the various departments --

11 MS. KILZER: Oh, okay.

12 MR. PATTON: -- all the budget
13 sections. And you see this top line?

14 MS. KILZER: Yeah. My name's up
15 there.

16 MR. PATTON: Your name's on this,
17 isn't it?

18 MS. KILZER: Yeah. And that's not
19 good.

20 MR. PATTON: Well, that's all right.
21 I wouldn't worry too much about that. And
22 this memo says that a recent State
23 Controller's Office review revealed many
24 differences between corresponding prior year
25 fund balances in the State Controller's Office

1 annual report and the governor's budget.
2 Departments are responsible for reconciling
3 these differences. So we have a memo here
4 from Finance --

5 MS. KILZER: Um-hum.

6 MR. PATTON: -- which says, hey,
7 there are some differences between the prior
8 year fund balances reported to the
9 Controller --

10 MS. KILZER: Um-hum.

11 MR. PATTON: -- and in the
12 Controller's annual report and in the
13 governors budget, okay, the numbers that
14 Finance is getting --

15 MS. KILZER: Okay.

16 MR. PATTON: -- from the budge
17 sections, right?

18 MS. KILZER: Right.

19 MR. PATTON: That's how I read that,
20 right?

21 MS. KILZER: Yeah, yeah.

22 MR. PATTON: And says, for the
23 general fund, Department of Finance compares
24 governor budget revenue and expenditure
25 amounts to Controller's corresponding data

1 from year-end reports, asks departments to
2 explain differences. That's for the general
3 fund.

4 MS. KILZER: Um-hum.

5 MR. PATTON: For special funds,
6 which is what 032, SPRF is, right?

7 MS. KILZER: Yeah, right.

8 MR. PATTON: Finance designates an
9 administering organization. The administering
10 organization prepares the fund condition
11 statement. And in this case, it's the Park's
12 Department's Budget Officer is the
13 administering organization.

14 MS. KILZER: Okay.

15 MR. PATTON: Right? That sound
16 right?

17 MS. KILZER: That sounds right to
18 me.

19 MR. PATTON: The administering
20 organization prepares the fund condition
21 statement for the governor's budget and must
22 reconcile fund balance differences between the
23 Controller's annual report and the governor's
24 budgets. Departments must provide a written
25 explanation of differences to that -- to their

1 finance budget analyst and to the Controller.
2 So they're looking for an explanation --

3 MS. KILZER: Of what -- how that
4 happened --

5 MR. PATTON: Yeah. And --

6 MS. KILZER: -- basically.

7 MR. PATTON: -- here we have some
8 attachments that list a whole bunch of special
9 funds.

10 MS. KILZER: Oh, I remember this
11 one, Off Highway, Labor.

12 MR. PATTON: We're going to focus on
13 this one. This here is 0392.

14 MS. KILZER: Yeah, that's the
15 main --

16 MR. PATTON: SPRF.

17 MS. KILZER: Right, SPRF.

18 MR. PATTON: Right. And this report
19 is telling us -- and this is the '02 report --
20 telling us that the amount reported to the
21 Controller as the ending fund balance on -- I
22 think this is going to be June 30, '01, right?
23 Yeah?

24 MS. KILZER: Yeah.

25 MR. PATTON: June 30, '01, is

1 41,861,000. And the fund balance provided to
2 Finance for the SPRF is 19,086,000 and that
3 that's a 22,765,000 dollar difference;
4 22,765,000 more has been reported to the
5 Controller than to Finance.

6 MS. KILZER: Okay.

7 MR. PATTON: Is that how you read
8 that?

9 MS. KILZER: Yeah.

10 MR. PATTON: Yeah.

11 MS. KILZER: It is.

12 MR. PATTON: So there is a
13 discrepancy, and Finance had put out a memo
14 points it out. And it's got your -- this is
15 actually an e-mail tag --

16 MS. KILZER: Okay.

17 MR. PATTON: -- showing that it's
18 printed from your e-mail account.

19 MS. KILZER: Okay.

20 MR. PATTON: That make sense?

21 MS. KILZER: Yeah, that makes sense.

22 MR. PATTON: I don't know that it --
23 I don't know necessarily that it came directly
24 to you from Finance, but somehow it came to
25 you.

1 MS. KILZER: Yeah. I don't remember
2 it, but I mean, that's been a long time ago.

3 MR. PATTON: All right.

4 MS. KILZER: But anything is
5 possible.

6 MR. PATTON: 2002. In fact, I think
7 you worked into the 2000s at Parks, and I am
8 interested -- I'll go back if you're not able
9 to figure out when you retired from Parks
10 exactly.

11 MS. KILZER: The first time, huh?

12 MR. PATTON: Yeah. Well, let's get
13 back to that.

14 MS. KILZER: Okay.

15 MR. PATTON: Let's not do that right
16 now.

17 MS. KILZER: Okay.

18 MR. PATTON: So what I want to know
19 is this, and it was actually earlier than the
20 April 8, '02, memo from Finance.

21 MS. KILZER: Um-hum.

22 MR. PATTON: It was actually in the
23 end of 2000 that, according to the information
24 we've received from people in Parks, the
25 budget section was aware that their number was

1 not the same as what was getting reports
2 through your operation in Accounting to the
3 Controller.

4 MS. KILZER: That sounds right.

5 MR. PATTON: And Becky came to
6 Freda, and Freda passed the project on really
7 to Dorothy --

8 MS. KILZER: Okay.

9 MR. PATTON: -- but you were
10 identified as being there when that project of
11 determining the reason for the discrepancy.

12 MS. KILZER: Okay.

13 MR. PATTON: You don't remember that
14 meeting?

15 MS. KILZER: Huh-uh.

16 MR. PATTON: So are you telling me
17 that until you read in the paper that there
18 had been a disparity --

19 MS. KILZER: Exactly, exactly.

20 MR. PATTON: -- you were -- you've
21 been at all times unaware that there has ever
22 been a discrepancy in the SPRF fund between
23 the reports to Controller --

24 MS. KILZER: Yeah, I didn't know
25 that. I don't know that or I don't remember

1 it, one of the two.

2 MR. PATTON: Okay.

3 MS. KILZER: You know, I'm not
4 saying a hundred percent.

5 MR. PATTON: All right.

6 MS. KILZER: But let me ask you
7 something. Isn't this -- because what we do
8 and what Budgets does is two different things.
9 We're submitting the financial statements.

10 MR. PATTON: To Controller.

11 MS. KILZER: To Controller. Aren't
12 they submitting their --

13 MR. PATTON: "They" who?

14 MS. KILZER: -- budget --

15 MR. PATTON: "They" budget section?

16 MS. KILZER: The budget section.

17 MR. PATTON: Submitting their
18 budget?

19 MS. KILZER: To Department of
20 Finance?

21 MR. PATTON: Correct.

22 MS. KILZER: Okay. So this is where
23 this discrepancy came --

24 MR. PATTON: Um-hum.

25 MS. KILZER: -- to light? Is that

1 what you're saying?

2 MR. PATTON: Well, this is where the
3 discrepancy exists. The numbers that your
4 unit, Accounting, provides to the Controller,
5 we can see, there's an example from '02, are
6 22,765,000 higher than what the budget
7 section's reported to Finance.

8 MS. KILZER: Okay.

9 MR. PATTON: Yeah. And you're
10 telling me that until you saw in the newspaper
11 and I sat down and talked with you today
12 you've never -- you never even saw this?

13 MS. KILZER: I don't remember it.
14 I'm not saying a hundred percent I didn't see
15 it. I mean, that's been years.

16 MR. PATTON: And I think what I'm
17 hearing from you is my unit was responsible
18 for communicating with the Controller and
19 reconciling our accounts.

20 MS. KILZER: Right.

21 MR. PATTON: We did that, and we did
22 it correctly.

23 MS. KILZER: We did it monthly.

24 MR. PATTON: We did it monthly, not
25 only did we do it monthly, but we did it

1 correctly.

2 MS. KILZER: Right.

3 MR. PATTON: Correct?

4 MS. KILZER: Correct.

5 MR. PATTON: And so --

6 MS. KILZER: Because if we submit
7 those financial statements, okay, and they
8 have a question that we didn't match or
9 whatever, they would call.

10 MR. PATTON: They'll come knocking.

11 MS. KILZER: Yeah.

12 MR. PATTON: Right.

13 MS. KILZER: And I don't -- that
14 never happened. I mean, I knew Sandy
15 Rodgerson (ph.), and I knew Sue Griffith. I
16 worked with them.

17 MR. PATTON: You never got -- what
18 you're telling me is you never got sideways
19 with the Controller's office, your numbers
20 agreed.

21 MS. KILZER: As far as I knew.

22 MR. PATTON: That's right. Okay.
23 And I tend to concur. I know --

24 MS. KILZER: Okay. Thank you.

25 MR. PATTON: What doesn't match up

1 is what Finance -- what budget section is
2 reporting to Finance.

3 MS. KILZER: Just like it says in
4 the paper.

5 MR. PATTON: Like it says in the
6 paper and like it says on this memo --

7 MS. KILZER: Okay.

8 MR. PATTON: -- with these numbers.

9 MS. KILZER: Okay.

10 MR. PATTON: Now, I get that you
11 didn't run the budget section and you didn't
12 do the reports to Finance. All I'm trying to
13 find out is whether or not you have any
14 recollection of Finance identifying the
15 discrepancy and asking the department to
16 figure it out.

17 MS. KILZER: No, I don't remember
18 any of that.

19 MR. PATTON: All right.

20 MS. KILZER: Sorry.

21 MR. PATTON: It's all right. You're
22 probably not going to remember then any
23 discrepancies in the Off Highway Vehicle Fund.

24 MS. KILZER: Well, I know that was
25 another one of the ones in the newspaper,

1 right?

2 MR. PATTON: Well, yeah, but I'm not
3 interested in what you remember from the
4 newspaper.

5 MS. KILZER: Oh, okay.

6 MR. PATTON: I'm interested in what
7 you remember from when you worked there.

8 MS. KILZER: No, I don't -- I
9 don't -- you know, if we had, like, a issue or
10 whatever, we would just take it to Becky who
11 was the manager over there --

12 MR. PATTON: Yeah.

13 MS. KILZER: -- and they would
14 supposedly fix it or whatever. And if it
15 didn't get fixed -- if they weren't going to
16 fix it at all, I would think they would
17 communicate that to Accounting. You know,
18 otherwise --

19 MR. PATTON: If they didn't fix this
20 problem --

21 MS. KILZER: Right.

22 MR. PATTON: -- they would have --
23 and why do you think they would communicate it
24 to Accounting?

25 MS. KILZER: Well, they're on our

1 accounting records or, you know, our financial
2 statements.

3 MR. PATTON: Yeah.

4 MS. KILZER: And if Controllers or
5 someone over there was calling and saying,
6 something isn't right because this number and
7 this number in your --

8 MR. PATTON: Now, the Controller's
9 office never called. I'm going to go back
10 to --

11 MS. KILZER: Oh, okay.

12 MR. PATTON: -- the Controller's
13 office always got the right numbers. You
14 never got cross-wise with the Controllers.

15 MS. KILZER: Okay.

16 MR. PATTON: There's no reason for
17 the Controller to call. Where the incorrect
18 number is going is to Finance through the
19 budget section --

20 MS. KILZER: Okay.

21 MR. PATTON: -- for the budget.

22 MS. KILZER: Okay.

23 MR. PATTON: So why would the
24 Controller's office call?

25 MS. KILZER: Okay.

1 MR. PATTON: Controller's office
2 isn't working on your budget.

3 MS. KILZER: No.

4 MR. PATTON: Controller's office is
5 trying to make sure your ledger is accurate.

6 MS. KILZER: Right.

7 MR. PATTON: It was.

8 MS. KILZER: Okay. Good.

9 MR. PATTON: All right? Good.

10 MS. KILZER: Something's good.

11 MR. PATTON: Hallelujah, you said
12 before.

13 MS. KILZER: Yeah, hallelujah.

14 MR. PATTON: That's true. Finance
15 reports from the budget section weren't
16 correct, okay?

17 MS. KILZER: Okay.

18 MR. PATTON: And an effort was made,
19 we know, to identify why because what's -- how
20 it works is that the budget section uses that
21 accounting report as a starting point --

22 MS. KILZER: Okay.

23 MR. PATTON: -- to build the budget.
24 That make sense?

25 MS. KILZER: Yeah -- no, that makes

1 sense.

2 MR. PATTON: In order to build a
3 budget, you kind of have to know what your
4 bank account shows.

5 MS. KILZER: Right, how much --

6 MR. PATTON: Right?

7 MS. KILZER: -- you got left in
8 there, if anything.

9 MR. PATTON: I'm no budget expert,
10 but it seems to me if I'm going to build a
11 budget, it's helpful to now how much money I'm
12 starting with.

13 MS. KILZER: Okay.

14 MR. PATTON: Right? That make sense
15 to you?

16 MS. KILZER: Right. Yeah -- no,
17 each year, yeah.

18 MR. PATTON: Yeah.

19 MS. KILZER: You want to know how --
20 at the beginning of the fiscal year.

21 MR. PATTON: Exactly. And so my
22 numbers in the Budget Operation probably
23 should match what are the accurate numbers
24 that Accounting's showing with the
25 Controller --

1 MS. KILZER: Um-hum.

2 MR. PATTON: -- each year as the
3 ending fund balance, and they're not --

4 MS. KILZER: Okay.

5 MR. PATTON: -- to the tune of
6 twenty-plus million dollars. So an effort's
7 made to figure that out.

8 MS. KILZER: Okay.

9 MR. PATTON: And Dorothy was put on
10 that task, and she did figure it out.

11 MS. KILZER: Okay.

12 MR. PATTON: You don't have any
13 recollection of this?

14 MS. KILZER: No.

15 MR. PATTON: You don't remember what
16 Dorothy determined was the problem?

17 MS. KILZER: No. You know how many
18 years ago that was?

19 MR. PATTON: Well, we're uncertain
20 because our time line is so difficult, but it
21 looks like it was eleven years ago.

22 MS. KILZER: Okay.

23 MR. PATTON: Okay. Because it's now
24 2012, and it was determined towards the end of
25 2000, is about eleven-plus years ago, almost

1 twelve years ago now that -- actually it was
2 the beginning of '01 that she was able to
3 determine. And I don't know exactly when you
4 left. I don't think you left -- I mean, these
5 memos are still addressed to you in '02 and
6 '03; at least they're forwarded to you by
7 e-mail.

8 MS. KILZER: Yeah.

9 MR. PATTON: Anyways, you don't
10 remember Dorothy coming back and reporting on
11 what the reason -- where the problem lie?

12 MS. KILZER: I vaguely remember
13 something, but, you know, if it was a budget
14 issue --

15 MR. PATTON: I know the budget
16 issues aren't your issues; I get that --

17 MS. KILZER: I mean, all --

18 MR. PATTON: But what do you vaguely
19 remember?

20 MS. KILZER: Well, if they -- in
21 Budgets, if they had a question or whatever,
22 they would come and ask us, but I don't
23 remember -- when I left there and did the
24 financial statements, I don't remember this
25 per se.

1 MR. PATTON: Okay. You don't
2 remember the finance memo --

3 MS. KILZER: Right.

4 MR. PATTON: -- but you vaguely
5 remember something. What?

6 MS. KILZER: Well, that they -- the
7 budget shop may have been off at that point
8 from what the State Controller said --

9 MR. PATTON: Right, right.

10 MS. KILZER: -- you know, but at
11 that point, we point that out to them, and
12 they have to --

13 MR. PATTON: I get that.

14 MS. KILZER: -- submit a document or
15 whatever, if it's wrong, to correct it.

16 MR. PATTON: But I'm not suggesting
17 it was your task --

18 MS. KILZER: Okay.

19 MR. PATTON: -- or your report that
20 was wrong; I'm not suggesting that.

21 MS. KILZER: Okay.

22 MR. PATTON: I'm just trying to find
23 out if you remember Budget identifying --
24 realizing that they had a problem, a number
25 off, and you say you kind of vaguely do.

1 MS. KILZER: Yeah, I kind of vaguely
2 do, but --

3 MR. PATTON: And I'm here to tell
4 you that Dorothy then -- because in order for
5 Budget to figure out where the problem lay --

6 MS. KILZER: Uh-huh.

7 MR. PATTON: -- they needed some
8 help, and they drew on Accounting --

9 MS. KILZER: Okay.

10 MR. PATTON: -- to go over and look
11 at their numbers in Budget because their
12 numbers weren't agreeing with Accounting's
13 number to Controller. And they knew
14 Accounting was right, and so they wanted to
15 know where they had come off the tracks. This
16 sound vaguely familiar?

17 MS. KILZER: Um-hum.

18 MR. PATTON: Yes?

19 MS. KILZER: A little bit.

20 MR. PATTON: Yeah.

21 MS. KILZER: A little bit.

22 MR. PATTON: Yeah, a little bit,
23 yeah, because we're looking for a missing --
24 we're looking for a twenty million dollar
25 discrepancy.

1 MS. KILZER: Okay.

2 MR. PATTON: That sound vaguely
3 familiar?

4 MS. KILZER: Yeah, somewhat.

5 MR. PATTON: All right.

6 MS. KILZER: I mean, it's been a lot
7 of years ago.

8 MR. PATTON: Yeah, yeah, yeah, I get
9 that, but -- so about twelve years ago, and
10 Dorothy went to work on it.

11 MS. KILZER: Okay.

12 MR. PATTON: Does that sound vaguely
13 familiar?

14 MS. KILZER: Yeah, that does sound
15 vaguely familiar, too.

16 MR. PATTON: Okay. Do you remember
17 Becky Brown?

18 MS. KILZER: Oh, yeah.

19 MR. PATTON: Do you remember who she
20 is?

21 MS. KILZER: Yeah -- no.

22 MR. PATTON: Do you have any vague
23 recollection of Becky Brown asking you and
24 Dorothy, and specifically Dorothy, could she
25 look into this? Or maybe Freda?

1 MS. KILZER: I don't know. I don't
2 totally remember that.

3 MR. PATTON: And do you remember
4 Dorothy providing any report as to what was
5 behind this discrepancy?

6 MS. KILZER: She may have, but I
7 don't -- if she provided it to me, I don't
8 remember it.

9 MR. PATTON: Yeah. And what if she
10 provided it to Budget in, like, a meeting
11 verbally? Remember any meeting like that?

12 MS. KILZER: No, not off of the top
13 of my head, no.

14 MR. PATTON: So you don't
15 specifically recall Freda talking to you and
16 Dorothy and basically assigning the project
17 of, let's take a look at this for the budget
18 section?

19 MS. KILZER: She might have; I don't
20 know.

21 MR. PATTON: Kind of have a vague
22 recollection?

23 MS. KILZER: Yeah, it's just vague
24 though.

25 MR. PATTON: It's fuzzy?

1 MS. KILZER: Yeah, it's fuzzy. That
2 was a long time ago.

3 MR. PATTON: So it's not complete
4 news revealed to you by the Sacramento Bee
5 that there might have been a discrepancy?

6 MS. KILZER: Well, yeah, but seeing
7 it in the newspaper, I mean, after so much
8 time has elapsed and stuff --

9 MR. PATTON: Um-hum.

10 MS. KILZER: -- I vaguely remember
11 some of that, but, I mean, I haven't worked
12 there for years.

13 MR. PATTON: Um-hum.

14 MS. KILZER: You know, but isn't
15 it -- okay. I know it's Accounting's
16 responsibility to make sure the financial
17 statements are correct and what we send to the
18 State Controller everything matches --

19 MR. PATTON: Um-hum.

20 MS. KILZER: -- but when Budgets
21 sends their stuff in, because they certainly
22 have to send in documents, too, for the
23 budget, they should have to match the same
24 way.

25 MR. PATTON: You would think.

1 MS. KILZER: Well, I'm asking.

2 MR. PATTON: I think (indiscernible
3 - simultaneous speaking) that you're right.

4 MS. KILZER: I think that's common
5 sense.

6 MR. PATTON: I'm inclined to agree
7 with you.

8 MS. KILZER: So how -- this is my
9 question because of everything that was in the
10 Sacramento Bee. How could it have gone on for
11 that long without the State Controllers,
12 Department of Finance or somebody questioning
13 them?

14 MR. PATTON: Well, you asked me that
15 before, and you know what I did when you asked
16 me before? I brought out these memos --

17 MS. KILZER: Oh, okay.

18 MR. PATTON: -- showing that the
19 Finance Department had made exactly that
20 inquiry.

21 MS. KILZER: Okay. So then that --
22 you know, I don't know for sure --

23 MR. PATTON: I think your next
24 question is, okay, so since they saw it and
25 made an inquiry, why didn't it get fixed.

1 MS. KILZER: Right.

2 MR. PATTON: That's a good question.
3 Do you have an answer to that question?

4 MS. KILZER: No, I don't.

5 MR. PATTON: Okay.

6 MS. KILZER: Well, because if it was
7 something wrong with the financial statements
8 or whatever or they had a question, they would
9 call us.

10 MR. PATTON: "They," Finance or
11 Controllers?

12 MS. KILZER: Controllers.

13 MR. PATTON: Yeah, they never --
14 okay, now we're going to replot that ground.

15 MS. KILZER: Okay.

16 MR. PATTON: They didn't have a
17 problem; they didn't call. And you know why?
18 Your numbers to the Controller's office
19 weren't wrong.

20 MS. KILZER: Okay.

21 MR. PATTON: Okay.

22 MS. KILZER: That's one good thing,
23 right?

24 MR. PATTON: And that's right. Your
25 response was "hallelujah". Okay. So we're

1 back there again.

2 MS. KILZER: Okay.

3 MR. PATTON: Okay. That's why the
4 Controller's office didn't call. The numbers
5 to Finance were wrong, and Finance wrote a
6 memo saying, hey --

7 MS. KILZER: You need to fix this.

8 MR. PATTON: Yeah. Can you tell us
9 what's going on here.

10 MS. KILZER: So would that memo have
11 gone to Becky?

12 MR. PATTON: Well, I think so.

13 MS. KILZER: Okay.

14 MR. PATTON: It's a budget issue.

15 MS. KILZER: Yeah.

16 MR. PATTON: And it's got this
17 address of Budget Operations, and I'm told
18 that means every Budget Officer.

19 MS. KILZER: Right. So that --

20 MR. PATTON: That was Becky.

21 MS. KILZER: Yeah.

22 MR. PATTON: Becky Brown.

23 MS. KILZER: Becky Brown. So she
24 was over Budget. So at the point she got
25 something, I would think then the problem

1 would have been looked into at that time and
2 see what (indiscernible - simultaneous
3 speaking).

4 MR. PATTON: I think it was, and
5 that's what I was asking you about. Do you
6 remember Becky coming to Freda and Freda
7 coming to you and Dorothy Kroll and saying,
8 hey, Finance has indicated there's a little
9 problem, can you look into it. And you told
10 me, we, I have a vague recollection.

11 MS. KILZER: I do have a little
12 vague recollection.

13 MS. RUIZ: Can you expand on what
14 the recollection is maybe?

15 MR. PATTON: Yeah. Tell us what you
16 do recall. And I'm going to quit telling you
17 answers, and you just tell me what you recall.

18 MS. KILZER: Well, if something was
19 wrong with the financial statements and that
20 was brought to Freda's and Becky's attention,
21 I think at that point they would have -- you
22 know, Freda would have asked me about it or we
23 would have talked about it or something with
24 Becky.

25 MR. PATTON: You think,

1 theoretically?

2 MS. KILZER: Theoretically, that's
3 what should have happened.

4 MR. PATTON: And do you have a sense
5 that that probably did happen? You say you
6 have a vague recollection.

7 MS. KILZER: I remember that one
8 thing there being different.

9 MR. PATTON: What one thing?

10 MS. KILZER: On the piece of paper.

11 MR. PATTON: You remember the SPRF
12 balance --

13 MS. KILZER: The SPRF --

14 MR. PATTON: -- as being different?

15 MS. KILZER: Yeah, yeah, I do
16 remember that.

17 MR. PATTON: Okay. So you do
18 remember this being brought to your attention?

19 MS. KILZER: Vaguely.

20 MR. PATTON: Yeah.

21 MS. KILZER: I mean, do you know how
22 many years ago that was?

23 MR. PATTON: I think it was twelve
24 years ago.

25 MS. KILZER: But we would have

1 worked with Budgets, and Budgets would have
2 had to -- okay, if this is wrong and they
3 reported or we reported or whoever reported
4 it, Accounting, Budgets, whoever reported it
5 incorrectly, I would think that the budget
6 office and Department of Finance would be
7 calling and saying, you know, something
8 doesn't square here.

9 MR. PATTON: Well, they chose to
10 write a memo apparently instead of calling,
11 but I think you're right, in essence.

12 MS. KILZER: Okay.

13 MR. PATTON: Budget office and
14 Finance would bring it to your attention.

15 MS. KILZER: Right.

16 MR. PATTON: And they did. So you
17 do kind of remember that number (indiscernible
18 - simultaneous speaking).

19 MS. KILZER: Vaguely, just vaguely.

20 MR. PATTON: All right.

21 MS. KILZER: Not a hundred percent
22 but just vaguely.

23 MR. PATTON: Did you ever talk with
24 Becky Brown about it?

25 MS. KILZER: I think I sent Dorothy

1 over there to talk with her --

2 MR. PATTON: Uh-huh.

3 MS. KILZER: -- because at that time
4 Dorothy was underneath me. I says, well, this
5 is -- looks to me like a budget issue, go see
6 if you can get any additional information from
7 Becky, which I don't think we did really get
8 any concrete thing that we could wrap our --

9 MR. PATTON: So you kind of remember
10 sending Dorothy over to talk with Becky?

11 MS. KILZER: Um-hum.

12 MR. PATTON: Yeah?

13 MS. KILZER: Yeah, I do remember
14 that.

15 MR. PATTON: Okay.

16 MS. KILZER: Because it's a budget
17 issue; it's not accounting off.

18 MR. PATTON: I get that, I get that.
19 Accounting was right, Budget's not. Budget's
20 got a problem so --

21 MS. KILZER: But what happens then,
22 when they submit their budget to Department of
23 Finance, if this problem wasn't fixed or
24 corrected, it just looked the same for all the
25 years? I mean, each year it just --

1 MR. PATTON: Pretty close. And then
2 eventually it comes to light, and here I am.

3 MS. KILZER: Lucky you; poor me.
4 Lucky you.

5 MR. PATTON: So you do kind of
6 remember sending Dorothy over to Becky?

7 MS. KILZER: Um-hum.

8 MR. PATTON: Do you remember -- and
9 you remember Freda -- somebody must have asked
10 you if you could provide some assistance, and
11 so you provided Dorothy.

12 MS. KILZER: Um-hum.

13 MR. PATTON: Right?

14 MS. KILZER: Yeah.

15 MR. PATTON: And I would assume the
16 person who would ask you to provide that
17 assistance would be either Becky directly or
18 through Freda.

19 MS. KILZER: Yeah, one of those two.

20 MR. PATTON: Yeah. Do you
21 remember -- so you remember sending Dorothy to
22 Becky. Do you remember any --

23 MS. KILZER: I don't remember the
24 follow-up or whatever.

25 MR. PATTON: All right.

1 MS. KILZER: I don't know if I was
2 (indiscernible - simultaneous speaking).

3 MR. PATTON: Do you remember the
4 initial communication from -- whether it came
5 directly from Becky or from Freda to try to
6 get some help on this?

7 MS. KILZER: I want to say it was
8 from Freda, but I'm not a hundred percent
9 sure.

10 MR. PATTON: Okay. Do you
11 remember -- you say you don't really remember
12 the follow-up, so let me try to refresh your
13 memory a little bit. Does it sound familiar
14 that maybe a problem was identified in the
15 prior year adjustment number?

16 MS. KILZER: Yeah, that's a
17 possibility, I guess.

18 MR. PATTON: Does it sound familiar?

19 MS. KILZER: Yeah -- no, it does a
20 little bit.

21 MR. PATTON: Okay. Because I'll
22 tell you that when Dorothy did her work, that
23 is what she identified as being where the
24 problem must be. That make sense?

25 MS. KILZER: Right, but it wasn't

1 something Accounting could fix; Budgets would
2 have to fix it.

3 MR. PATTON: Yeah. See, I want you
4 to understand something. I'm well aware that
5 the numbers Accounting has worked up over the
6 years, impeccable, always right on. So you
7 don't have to tell me over and over again that
8 Accounting didn't have a problem; I realize
9 that. I realize that the problem was in the
10 budget section's reports to Finance, and that
11 it was really Budget's responsibility for
12 figuring it out.

13 MS. KILZER: Um-hum.

14 MR. PATTON: I get that.

15 MS. KILZER: Okay.

16 MR. PATTON: You're --

17 MS. KILZER: I'm with you.

18 MR. PATTON: Yeah. You're immunized
19 from any problem in terms of numbers being
20 incorrect. It wasn't Accounting's numbers
21 that were incorrect.

22 MS. KILZER: Hallelujah.

23 MR. PATTON: Hallelujah. Now --

24 MS. KILZER: But what about all this
25 stuff that's been in the newspaper?

1 MR. PATTON: Hang on a second.

2 MS. KILZER: Okay.

3 MR. PATTON: Let's talk about prior
4 year adjustments. So you say it did sound
5 kind of familiar that Dorothy determined the
6 problem was in prior year adjustments.

7 MS. KILZER: Um-hum.

8 MR. PATTON: Okay. And so it's not
9 just theoretical. I mean, you recall --

10 MS. KILZER: Yeah -- no, I recall
11 something.

12 MR. PATTON: Okay. That Dorothy had
13 determined, okay, there is a problem in the
14 budget section's numbers traceable to prior
15 year adjustments?

16 MS. KILZER: Yes.

17 MR. PATTON: Okay. Because, in
18 fact, Dorothy, I think, determined that Budget
19 had all the revenue and expenditure numbers
20 right; they weren't misreporting annual
21 revenues and expenditures. They simply were
22 carrying forward a prior year adjustment
23 number that was off. That make sense?

24 MS. KILZER: For all those years?

25 MR. PATTON: Do you recall that? Do

1 you recall that?

2 MS. KILZER: Yeah, now that you said
3 that, I do recall something like that.

4 MR. PATTON: Yes, for all those
5 years, quite a few years.

6 MS. KILZER: So if it was a number
7 of years and they knew about it -- see,
8 because if that was me, I would try to go back
9 and fix it --

10 MR. PATTON: Um-hum.

11 MS. KILZER: -- or submit a
12 supplemental, if Controllers would take that
13 or whatever, to bring everything up to date,
14 so they matched. I mean, I'm not in Budgets,
15 I know. I hate --

16 MR. PATTON: Do you -- not to
17 Controllers but to Finance --

18 MS. KILZER: Right.

19 MR. PATTON: -- you'd want to fix
20 your communications to Finance.

21 MS. KILZER: Right.

22 MR. PATTON: Numbers to Controllers
23 all have been right.

24 MS. KILZER: Yeah.

25 MR. PATTON: Always been right.

1 MS. KILZER: Yeah. So --

2 MR. PATTON: You would want to fix
3 it if you were in charge of Budget?

4 MS. KILZER: Well, yeah, I would
5 want to make it right --

6 MR. PATTON: Yeah.

7 MS. KILZER: -- or find out what the
8 discrepancy was so it didn't appear on there
9 every year.

10 MR. PATTON: Yeah. You don't like
11 seeing a twenty-one million dollar
12 discrepancy.

13 MS. KILZER: No.

14 MR. PATTON: Yeah.

15 MS. KILZER: I like to see the
16 zeros.

17 MR. PATTON: We like your attitude.
18 You like to see things match.

19 MS. KILZER: Yeah, because, I mean,
20 that's kind of what Accounting is there for.
21 I mean, we're getting the State Controller
22 balances, we're reconciling each month, and
23 then we're submitting things, and if there is
24 a problem, they call.

25 MR. PATTON: So do you recall a

1 meeting where you and Dorothy and Freda sat
2 down with Becky and the budget staff and
3 Dorothy presented her best guest determination
4 that the problem was in the prior year
5 adjustment number?

6 MS. KILZER: No, I don't remember
7 that meeting --

8 MR. PATTON: Okay.

9 MS. KILZER: -- at all.

10 MR. PATTON: All right. But you
11 remember sending Dorothy off to talk with
12 Becky?

13 MS. KILZER: Yes, I do remember
14 that.

15 MR. PATTON: Okay.

16 MS. KILZER: Because I said, it's
17 really not an accounting issue; it sounds to
18 me like it's a budget problem --

19 MR. PATTON: Yeah.

20 MS. KILZER: -- on their reporting.

21 MR. PATTON: You've been very clear
22 about that.

23 MS. KILZER: Okay.

24 MR. PATTON: And we agree.

25 MS. KILZER: Okay.

1 MR. PATTON: All right. Just so you
2 know.

3 All right. So I think that that's
4 probably -- the only other thing, and I
5 already know your answer to it, but I'm going
6 to ask it anyways, is do you recall any work
7 being done on the accounting side to try to
8 help Budget figure out why their Off Highway
9 Vehicle Fund numbers were not in agreement
10 with the report from Accounting to the
11 Controller?

12 MS. KILZER: No, I don't recall any
13 of that.

14 MR. PATTON: Okay. Accounting knew
15 you were going to tell me that.

16 MS. KILZER: I'm sorry.

17 MR. PATTON: That's all right.

18 MS. KILZER: It's the truth.

19 MR. PATTON: All right. We're
20 finished. I don't think -- unless -- I don't
21 think there's anything else I have to ask you.

22 MS. KILZER: Good.

23 MR. PATTON: Okay.

24 MS. KILZER: Well, can I ask you
25 something?

1 MR. PATTON: Okay.

2 MS. KILZER: Okay. So since all
3 that stuff has been in the newspaper, the
4 Sacramento Bee --

5 MR. PATTON: Right.

6 MS. KILZER: -- you know, why -- I
7 just -- I really don't understand how this all
8 went to hell in a hand basket, I guess. You
9 know, how could -- because like -- okay. This
10 is what I'm used to. When we submitted the
11 financial statements to the State Controller,
12 we made sure they were right. We had a
13 checklist before we sent them over. Now, if
14 they had a question, they might call us, but
15 pretty much they never had to call us because
16 we made sure before we sent them over they
17 were right. So the budget -- it should work
18 pretty much the same way. Don't you think?

19 MR. PATTON: I do.

20 MS. KILZER: Okay. So I don't
21 understand, according to the paper, how this
22 could have been like that for years and -- you
23 know, at the point it was off the first year,
24 if I would have been over there or whatever
25 at, you know, Controllers or whatever, I would

1 think at that point they would call -- not
2 Accounting, but they would call the budget
3 office and say, you know, something's rotten
4 in Denmark.

5 MR. PATTON: And we've seen a memo
6 that suggests that they did make that inquiry,
7 and what we've determined, I think, is that
8 the problem did not get corrected, and so --

9 MS. KILZER: So are you saying --

10 MR. PATTON: -- the question --

11 MS. KILZER: -- it's still not
12 corrected?

13 MR. PATTON: Oh, no, it's in the
14 process of being completely corrected.

15 MS. KILZER: Oh, good.

16 MR. PATTON: Yeah.

17 MS. RUIZ: That's why we're here.

18 MR. PATTON: Exactly.

19 MS. KILZER: Okay.

20 MR. PATTON: And your question, I
21 think, is the same that everyone has, how can
22 we have this twenty million dollar plus error
23 occurring and perpetuating year after year
24 after year and it doesn't get fixed. And
25 that's a good question, and that's what we

1 have been engaged to figure out.

2 MS. KILZER: Okay.

3 MR. PATTON: Now, the good news is
4 it is getting fixed because we're aware of it
5 now.

6 MS. KILZER: Okay.

7 MR. PATTON: Yeah.

8 MS. KILZER: And the budget office
9 is fixing it?

10 MR. PATTON: Well, I don't know
11 exactly who (indiscernible - simultaneous
12 speaking) but --

13 MS. RUIZ: Cheryl, is there anything
14 else that you can remember, any other
15 information that you can tell us before we
16 stop the interview?

17 MS. KILZER: About this?

18 MS. RUIZ: Yes.

19 MS. KILZER: No. I think we've
20 covered everything. I think he's right on the
21 money. But no, you know --

22 MS. RUIZ: Then we'll go ahead and
23 stop the interview --

24 MS. KILZER: Okay.

25 MS. RUIZ: -- stop reporting. The

1 time is 11:10 on September 12, 2012.

2 (End of audio)

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TRANSCRIBER'S CERTIFICATE
Cheryl Kilzer interview on 9-12-12

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

 This is to certify that I
transcribed the foregoing pages 1 to 87 to the
best of my ability from an audio recording
submitted by Heidi Webb at the California
Department of Justice, in Sacramento,
California.

 I have subscribed this certificate
at New York, New York, this 28th day of
September, 2012.

David Rutt
eScribers, Inc.

--o0o--

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