

1011000000—Treasurer-Tax Collector

General Government

Phonxay Keokham, *Treasurer-Tax Collector*

General Fund	2017-2018 Actual	2018-2019 Adjusted	2019-2020 Requested	2019-2020 Recommended	Increase/ (Decrease)
Expenditures					
<i>Salaries & Benefits</i>	\$3,799,747	\$4,058,019	\$4,266,070	\$4,266,070	\$208,051
<i>Services & Supplies</i>	673,346	896,746	995,746	995,746	99,000
<i>Centrally-Budgeted Expenses</i>	939,901	1,092,114	1,382,039	1,382,039	289,925
<i>Fixed Assets</i>	0	10,000	0	0	(10,000)
<i>Operating Transfers Out</i>	399,000	230,000	230,000	230,000	0
<i>Total Expenditures</i>	\$5,811,994	\$6,286,879	\$6,873,855	\$6,873,855	\$586,976
<i>Expenditure Reimbursements</i>	(890,519)	(896,174)	(849,198)	(849,198)	46,976
<i>Total Appropriations</i>	\$4,921,475	\$5,390,705	\$6,024,657	\$6,024,657	\$633,952
Earned Revenues By Source					
<i>Licenses/Permits/Franchises</i>	\$100,100	\$105,000	\$210,000	\$210,000	\$105,000
<i>Fines/Forfeitures/Penalties</i>	278,396	230,000	230,000	230,000	0
<i>Interest/Rents</i>	398,073	425,000	425,000	425,000	0
<i>Aid From Other Governments</i>	27,482	15,000	15,000	15,000	0
<i>Charges For Services</i>	2,395,011	2,131,158	2,220,676	2,220,676	89,518
<i>Miscellaneous Revenues</i>	698,861	118,500	118,500	118,500	0
<i>Operating Transfers In</i>	0	50,000	50,000	50,000	0
<i>Total Revenues</i>	\$3,897,923	\$3,074,658	\$3,269,176	\$3,269,176	\$194,518
Net County Cost	\$1,023,552	\$2,316,047	\$2,755,481	\$2,755,481	\$439,434
Staffing					
<i>Allocated Positions</i>	41.0	41.0	42.0	42.0	1.0
<i>Temporary (Full-Time Equivalent)</i>	0.5	0.7	0.7	0.7	0.0
<i>Total Staffing</i>	41.5	41.7	42.7	42.7	1.0

Purpose

This narrative includes the Treasurer-Tax Collector (#1011000000) and the Revenue and Recovery (#1011600000) budgets.

Functions of the Treasurer-Tax Collector are mandated while service levels are discretionary. Duties of the Treasurer-Tax Collector include the collection and processing of property tax payments and the investing and safekeeping of funds for the County and other public entities. The Treasurer-Tax Collector's operation is a critical component of the property tax system. The investments generate substantial interest earnings to the County and the agencies depositing funds with the Treasury. These earnings along with the collection of property taxes provide a major source of General Purpose

Revenue, which supports vital local government services for the residents and taxpayers of San Joaquin County.

The Revenue and Recovery Division collects debts owed to the County and takes appropriate legal action to secure such accounts. Its services are not mandated.

Board Strategic Priorities 2019-2020 through 2021-2022

The 2019-2020 recommended budget for the Treasurer-Tax Collector focuses on the implementation of the Board Strategic Priorities as adopted by the Board on April 9, 2019. The Board Strategic Priorities for fiscal years 2019-2020 through 2021-2022 are a continuation of the Board's original five key priorities established in 2015. The Board has updated

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and augmented the goals associated with these strategic priorities to reflect the Board's direction related to water issues, health, collaboration, and homelessness.

Ensure Fiscal Responsibility

The Treasurer-Tax Collector's Office monitors its expenses and revenues monthly to ensure fiscal responsibility. In addition, the Office continuously explores ways to eliminate waste, reduce costs, and increase services through automation or the implementation of new technologies.

The County Treasury Oversight Committee reviews and monitors the Investment Policy annually. The Committee requires an annual audit to determine the County Treasury's compliance with the law and the Investment Policy.

Promote Good Governance and Increase Organizational Capabilities

The Office is committed to creating a culture of continuous improvement throughout all functions and employees. It will continue to analyze evolving technologies that will broaden public access to its services while reducing costs.

In 2018-2019, the annual secured property tax bills were redesigned with a more user-friendly format. The new design features assist taxpayers in quickly identifying important information and making payments.

As part of the 2019-2020 budget, the Office is requesting an Accounting Manager position to oversee the Tax Division and expand programs to assist taxpayers and enhance the tax and fee collection process. In addition, the Office is requesting minor changes to existing positions for succession planning purposes, which will increase continuity of the Tax Division.

Improve Public Safety and Enhance Overall Criminal Justice System

The Revenue and Recovery Division continues to assist in the enhancement of the overall criminal justice system by collecting fines and fees owed to the Probation Department and restitution owed to victims within the County.

On January 1, 2018, Senate Bill 190 eliminated fees to parents and guardians with youth in the juvenile delinquency system. On February 6, 2018, the Board of Supervisors adopted a resolution (R-18-13) to discharge all outstanding accounts for cost of detention and Public Defender reimbursement in the juvenile delinquency system; and all outstanding accounts and cost for probation supervision and related administrative fees for 18 to 21 year-olds in the adult criminal justice system. The Revenue and Recovery Division worked with Probation and the Courts to discharge the associated debts and issued over 2,000 satisfactions of judgment.

Major Budget Changes

Salaries & Employee Benefits

- \$65,244 Salary and benefits adjustments.
- \$142,807 Add a Management Analyst.

Services & Supplies

- \$75,000 Increase in County professional services to litigate bad debts.
- \$45,000 Increase in Auditor-Controller charges for mandated audits.
- \$4,000 Increase in software license fees.
- (\$25,000) Decrease in postage and services for referral collection mailings.

Centrally-Budgeted Expenses

- (\$69,020) Decrease in data processing charges.
- (\$32,063) Decrease in Workers' Compensation and Casualty insurance costs.
- \$389,472 Addition of Countywide Cost Allocation Plan charges.

Expenditure Reimbursements

- (\$46,976) Cost Allocation Plan adjustment.

Revenues

- \$105,000 Increase in business license fees reflecting fee audit adjustments.
- \$45,000 Increase in Probation Department collection services.
- \$39,520 Increase in Treasury investment service fees.

Program Discussion

The 2019-2020 recommended Treasurer-Tax Collector's budget totals \$6,873,855, which is an increase of \$586,976 from the 2018-2019 adjusted budget. This increase primarily reflects salary and benefits adjustments, the addition of an Accounting Manager position, mandated audit costs, and County professional services.

Treasury Division

State law requires that all funds of the County, school districts, and certain special districts be held by the County Treasurer-Tax Collector. The funds on deposit are predominantly derived from local government revenues

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consisting of property taxes, State and Federal funding, and other fees and charges.

During 2018-2019, the estimated average daily balance of the investment pool was approximately \$3.1 billion, up from \$3.0 billion in 2017-2018. An estimated investment earnings of approximately \$57.4 million will be apportioned to all participating entities in 2018-2019. This represents an increase of \$19.4 million from 2017-2018.

The Treasury Division completed the implementation of an investment portfolio management system, which automates the accounting of all securities held by the County's investment pool. The new system delivers improved industry standard reporting and more efficient interest apportionment reconciliation.

Tax Division

The Tax Division is responsible for the billing and collection of secured, unsecured, supplemental, and Transient Occupancy Tax (TOT). In 2017-2018, over 278,000 secured, unsecured, and supplemental property tax bills, representing nearly \$1.1 billion, were mailed and processed. In 2017-2018, the Tax Division collected and processed over \$994.9 million for the schools, County, Special Districts, and Cities. During 2019-2020, the Tax Division will continue to promote electronic payments in the Office, on the tax bills, and on the County website.

In January 2019, the Office signed a voluntary collection agreement with Airbnb to collect TOT for rental of homes in unincorporated areas. This agreement is estimated to capture TOT on 80% of rentals.

In February 2019, an agreement was signed with Bid4Assets for on-line auction services for the sale of tax-defaulted properties. On-line auctions are expected to reduce costs associated with public auctions. It should also increase the pool of potential bidders for properties, increase collection of unpaid taxes, and return tax-defaulted properties to tax paying status.

The Tax Division is in the process of eliminating the deposit of paper checks by implementing Check 21. The Check 21 process will incorporate a same-day deposit, reduce calls associated with payment status, increase interest earnings, and reduce costs.

In 2019-2020, the Division intends to:

- **Develop a Cash Payment Kiosk** – Many taxpayers pay with cash and the planned kiosk will add payment options to serve this demographic. A prototype will be developed to assess functionality in the County Administration Building. Kiosks will eventually be deployed to other locations within the County. Other services may potentially be offered at the kiosk.

- **Redesign the Website** – The Office will continue to improve its presence on-line to reduce costs and deliver vital information in an efficient manner. Additional features to the website will include an option for e-mail notifications for specific services and reminders. These services will eventually expand to include text messages.
- **Offer Electronic Tax Bills** – The electronic delivery of bills is environmentally friendly and cost-effective. Taxpayers will have the ability to electronically access, store, and pay their tax bill.
- **Conduct Tax-Defaulted Property Sales** – Due to staffing limitations, a public auction was not conducted in 2018-2019. A public auction is planned for 2019-2020 with the unsold properties being re-offered through the on-line auction platform.

Revenue & Recovery Division

The Revenue and Recovery Division is the designated collection agency for the County and is responsible for the management and collection of court fines and outstanding fees due to County departments. Approximately 95% of the Revenue and Recovery Division's referrals are from San Joaquin General Hospital and the Probation Department.

San Joaquin General Hospital

In 2017-2018, the Revenue and Recovery Division received \$739,044 from the Hospital for its collection services on delinquent medical bills. Collections for 2017- 2018 totaled \$3.4 million compared to \$4.0 million in 2016-2017. For 2018-2019, referrals slowed as the Hospital worked to upgrade to the Cerner enterprise information system. During 2019-2020, the Revenue and Recovery Division will continue to coordinate with the Hospital to expedite the efficient transfer of bad debt.

Probation Department

The Revenue and Recovery Division is responsible for collecting probation supervision fees, probation pre-sentence report fees, processing fees, and restitution accounts. In 2017-2018, the Revenue and Recovery Division received \$349,468 from Probation for collection services provided. Collections for the same period totaled \$1.1 million compared to \$1.3 million in 2016-2017. Collections are expected to decline to \$900,000 in 2018-2019, due to a reduction in referrals as Probation integrates with the Superior Court's new Full Court Enterprise case management system.

Equipment Maintenance Trust

As of March 31, 2019, the Treasurer-Tax Collector's Equipment Maintenance Trust (#10330) has a balance of \$1,759,682. The funds are derived from delinquent fee

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charges and is set aside for the future replacement cost of the County's property tax system.

Supplemental Request

The Treasurer-Tax Collector has submitted a supplemental request for \$142,807 to add a Management Analyst III position to oversee the Tax Division. The requested position would assist in developing programs to reduce delinquent

taxes, promote tax programs offered by the State, and implement cost-cutting projects.

Human Resources evaluated the requested position and concluded that the position is appropriate for the Department's organizational structure.

The recommended budget has been augmented by \$142,807 to address this request.

Workload Data

	-----Actual-----			Est./Act. 2018-2019	Projected 2019-2020
	2015-2016	2016-2017	2017-2018		
Treasury Division					
<i>Investment Pool - Daily Average</i>	\$2.5 billion	\$2.9 billion	\$3.0 billion	\$3.1 billion	\$3.3 billion
<i>Investment Earnings</i>	\$13,720,379	\$24,630,426	\$38,000,000	\$57,421,000	\$57,503,000
Property Tax Division					
<i>Total Tax Charge</i>	\$848,986,125	\$904,450,065	\$1,054,545,619	\$1,106,000,000	\$1,128,000,000
<i>Total Charge Paid</i>	\$835,756,065	\$890,001,176	\$994,949,985	\$1,043,000,000	\$1,064,000,000
<i>Property Tax Bills Produced</i>	244,636	243,756	253,540	273,098	278,500
<i>Delinquent Notices</i>	44,025	35,419	30,500	28,000	28,500
<i>Property Tax Defaulted</i>	18,433	17,615	17,313	15,886	16,000
<i>Properties Approved for Auction</i>	192	175	122	0	235
<i>Properties Redeemed / Removed</i>	83	90	70	0	100
<i>Properties Sold</i>	69	67	34	0	75
<i>Sales Proceeds from Auction</i>	\$3,134,000	\$4,053,600	\$1,208,000	\$0	\$3,536,280
<i>Business Licenses Issued</i>	2,028	2,032	2,050	2,223	2,300
Revenue & Recovery Division					
<i>Referrals Processed</i>	26,149	26,897	22,478	13,600	17,000
<i>Statements Mailed</i>	133,134	122,887	120,895	96,500	110,000
<i>Dollars Collected</i>	\$7,215,913	\$7,711,196	\$6,701,824	\$6,500,000	\$7,000,000