

# OFFICE OF THE TREASURER COUNTY OF CHESTER

2009

## ANNUAL REPORT



**Alan J. Randzin,**  
Treasurer

# **OFFICE OF THE TREASURER OF CHESTER COUNTY**

## **Annual Report**

**2009**

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## **Executive Summary**

In these troubled times it becomes increasingly more difficult to remain optimistic about the state of our financial wellbeing. There is, however, evidence of strength in our local economy as evidenced by the results of 2008 with regard to those indicators available to our office. Consider that our actual revenue was ahead of plan by 2.5%. These revenues are primarily from the sales of state licensing (fishing, hunting, dog ownership, and games of chance) with a significantly larger proportion due to services provided to real estate title, abstract and mortgage companies.

Last year I remarked that, “we in the Treasurer’s Office remain committed to the accomplishment of our annual goals and objectives while meeting our fiduciary responsibilities in a way that continues to provide the most economic benefit in keeping with the most judicious use of County funds and revenues”. To that end I am pleased to report that great care was exercised in the evaluation of departmental expenditures with the result of an 8.2% savings relative to budget.

One important, new harbinger of positive change for 2009 is the added “online” payment feature which allows for either credit card or electronic-check payment of real estate taxes. This is a reflection of my personal mission to explore newer and improved ways of administering the duties of this office, while serving the public in the least costly way possible.

We have steadfastly adhered to management principles that foster a fiscally sound and growing working environment which includes continued in-house training, cross-training, and encouragement regarding professional growth and development within our department. All employees are provided with the tools they need to thrive and this is reflected in the average length of employment per employee.

Our focus for the balance of 2009 will be to foster a healthy working environment, which is sensitive to the needs of county citizens during this difficult period with an eye to a promising future.

We will continue to work diligently and steadfastly to cooperate with all tax payers to maintain a high level of accurate and effective communication in order to mitigate the impact of a recessive economy.

Please visit our website, <http://www.chesco.org/treasurer>, to learn more about the important functions served by our office.

I look forward to serving you as County Treasurer.

Respectfully,

Alan J. Randzin, Treasurer

## FOREWORD

This report is intended to provide a useful comparative analysis for the citizens of the County. The report contains information about the final results of 2008 and also expected results for 2009. Content is modified each year, as necessary, to provide the essentials required in order to gain a clear grasp of our services.

**NOTE:** The first annual report titled Special Report, Presented To The Board Of Commissioners, and published in 2006, will serve as a baseline for background information with regard to the services offered by the Treasurer's Office, and only important changes will be mentioned in this report. Wherever necessary, some of the previous report will be excerpted and included to provide clarity. All reports are posted on our website.

The Treasurer's Office continues to be staffed with the same number of personnel. This is an important consideration for two reasons. First, it demonstrates the commitment of elected officials to hold the line on economic cost (taxes), and second, it also demonstrates efficiency of management and dedication of county employees to provide a high level of public service, while continuing to meet the demands of increased expectations, both real and perceived.

We trust that this report will provide the reader with a reasonable and accurate accounting of the Office of The Treasurer of Chester County for the period ending December 31<sup>st</sup>, 2008 and a view forward to 2009.

Thank you,

Office of the Treasurer

# THE OFFICE OF THE TREASURER OF CHESTER COUNTY

## *POINTS OF INTEREST*

*(Updated to reflect all 2008 activity)*

### **Did you know?**

- That the dollar value of all deposits processed either directly or indirectly by the Treasurer's Office is approximately **\$1.4 Billion** on an annual basis.<sup>1</sup>
- That County residents may make tax payments at any one of 8 different tax banks or their member branches, all of which total to 68 separate locations (not including the Courthouse or mail-ins), an increase of 18% over last year, *and*
- That beginning January 2009, taxpayers may elect to pay real estate taxes online at <http://dsf.chesco.org/treasurer>, *and*
- That all of the collected tax money is first recorded by the Treasurer's Office, *and*
- That the number of real estate transactions processed annually exceeds 189,000, *and*
- That the yearly amount of real estate taxes collected, recorded and deposited by the Treasurer's Office is approximately \$134 million annually.
- That most money received by the various departments of County government is deposited by the Treasurer's Office.
- That all money deposited in the County's main Concentrated Cash Account is examined by the Treasurer's Office as part of a bank statement reconciliation process on a monthly basis.
- That payroll and retirement transactions are examined by the Treasurer's Office on a monthly basis.
- That all money collected and received by registered hotels, under the Chester County Hotel Room Rental Tax law, is recorded and distributed by the Treasurer's Office, and that the 2008 total (\$1.66 million) actually increased over 2007 by ½ of 1% in spite of current economic conditions, *and*
- That collected hotel tax relates to approximately \$83 million of net taxable room rental revenue (2008), which is examined during the annual hotel tax audits, *and*
- That approximately 70 hotels are audited by the Treasurer's Office on an annual basis.
- That an estimate of the combined number of State Agent licenses (fishing, hunting, dogs, pistol permits, small games of chance and bingo) and Certificates of Tax Payments distributed by the Treasurer's Office is estimated at approximately 70,000 documents and processing transactions per year, an increase over 2007 levels of approximately 17%.

<sup>1</sup> **NOTE:** This estimate is derived from the County's Accounts Receivable module by the use of database queries developed and executed by the County's Department of Computer and Information Services, and is regarded as highly accurate and reliable. The actual 2008 amount extracted by this process is \$1,430,793,453.66 which represents all deposit activity processed through the Treasurer's Office. This final number is the sum of all tax payments, and other monies deposited through the Treasurer's Office. This figure is down from 2007 by approximately \$153 million.

# OFFICE OF THE TREASURER COUNTY OF CHESTER

## *Mission Statement*

To provide collection, receipt, and deposit services for all funds due to and received by the County of Chester in a courteous, efficient, accurate, accountable and timely manner, and further to provide all other support services as required in a way that allows us to meet the combined needs of community, business and government while operating within the framework of the County's overall mission statement.

## *Purpose*

The Office of the Treasurer serves primarily to receive, record and deposit most County funds resulting from payment of taxes, payment due on the sale of various state and county licenses, funds collected in the performance of public services, other state-related revenues (as agent for the State of PA), and payment of judgments and fines.

Other major functions (related to collection of tax payments) involve generating annual and interim real estate tax invoices, and the processing of resultant payments. Additional areas of responsibility include:

- Agent for the state regarding the issuance of licenses for hunting, fishing, pistol permits, and dog ownership
- Selling licenses for small games of chance
- Issuing certifications of tax payment
- Management of the county hotel tax program, including an annual audit of all businesses meeting the legal definition of "hotel"
- Providing an internal-control function within the county's accounting function, by performing a reconciliation of various bank statements
- Filing liens for delinquent taxes
- Distribution of Chester County payroll and accounts payable checks
- Serving the public in all matters related to our mission and purpose

# GOALS AND OBJECTIVES

*(Revised and Updated)*

Our primary objective is to provide the materials and services expected of the Treasurer, and as put forth in our *Mission Statement*, in an efficient and effective manner, but the spirit of this administration is to rise above mediocrity with an eye toward constant and continual improvement. The only change worthy of note is that our goals and objectives will be heightened by, and focused on how to meet our goals in a demanding economic environment.

We have periodically and historically explored and reviewed how services are provided relative to other alternative processes. A frequently asked question, which continues to drive our management strategy is, “how can we speed up or improve our services in a more cost effective, efficient manner?”

Previously reported examples included:

- the use of *technology* in the handling of a function or task
- the use of current spreadsheet technology to *measure daily activities* and inventories
- the addition of separate *workstations* for the processing of state agent licenses
- conversion of hotel tax accounting from spreadsheets to PeopleSoft for improved data integrity
- intradepartmental *cross-training* system and offsite training for employees
- job promotion from within

2009 will mark the introduction of a new County-wide electronic, online payment feature thereby facilitating Internet-based payment of real estate taxes. Another expected improvement is the implementation of the new point-of-sale (POS) application for the sale of hunting licenses, which follows the 2008 completion of the same concept for fishing licenses.

By constantly asking “is there a better way?” we will be able to meet the needs of future demands on our services. We can only discover answers to questions, if we first dare to ask the questions. Overall, all objectives will be met by leaving no question unanswered.

## 2008 RESULTS

The following data are provided to measure 2008 results against expectations as provided in the 2008 Annual Report.

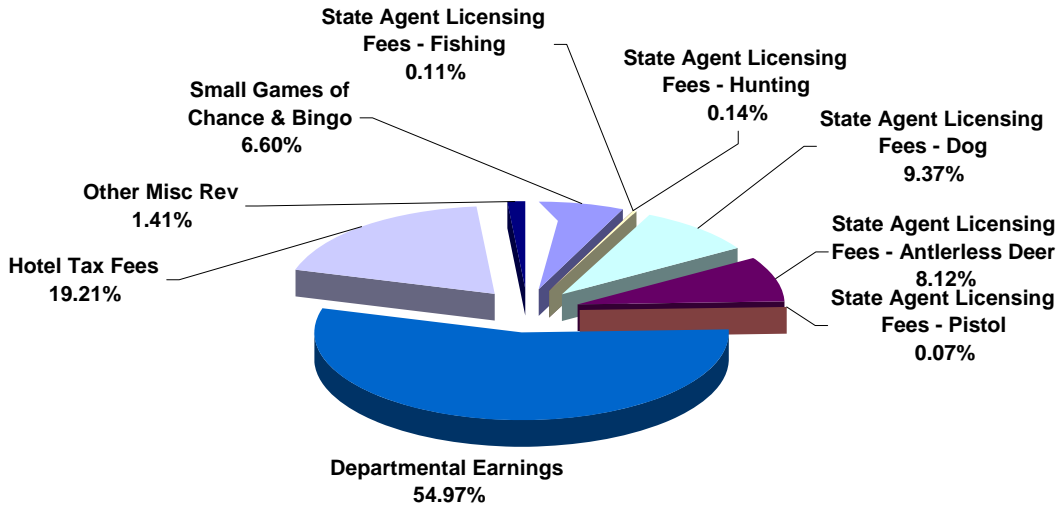
	2008 Budget	2008 Actual	Fav/(Unfav) 2008 Variance
Small Games of Chance & Bingo	\$ 21,120.00	\$ 18,575.00	\$ (2,545.00)
State Agent Licensing Fees - Fishing	350.00	232.00	(118.00)
State Agent Licensing Fees - Hunting	450.00	747.00	297.00
State Agent Licensing Fees - Dog	30,000.00	30,266.00	266.00
State Agent Licensing Fees - Antlerless Deer	26,000.00	27,315.00	1,315.00
State Agent Licensing Fees - Pistol	240.00	324.00	84.00
Departmental Earnings	176,000.00	179,834.00	3,834.00
Hotel Tax Fees	61,500.00	66,547.00	5,047.00
Other Misc Rev	4,500.00	4,318.00	(182.00)
<b>Total Revenue:</b>	<b>320,160.00</b>	<b>328,158.00</b>	<b>7,998.00</b>
Elected Officials	70,240.00	70,240.00	-
Regular Salaries	404,898.00	406,873.00	(1,975.00)
Wages	13,088.00	8,412.00	4,676.00
Overtime	6,500.00	495.00	6,005.00
Materials and Services	126,620.00	116,946.00	9,674.00
PC Hardware/Software	2,950.00	2,815.00	135.00
<b>Total Expenditures:</b>	<b>624,296.00</b>	<b>605,781.00</b>	<b>18,515.00</b>
<b>NET ACTIVITY <sup>1</sup>:</b>	<b>\$ (304,136.00)</b>	<b>\$ (277,623.00)</b>	<b>\$ 26,513.00</b>

<sup>1</sup> Before FICA, Fringe & Pension Benefits, & Worker's Comp Premiums

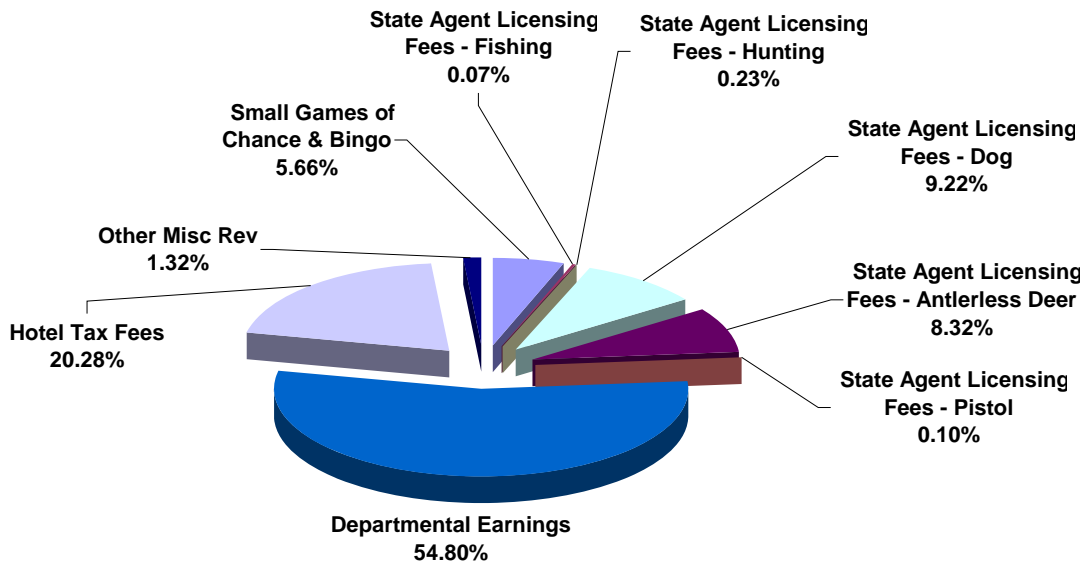
Last year, downward adjustments were made to both Departmental Earnings and Hotel Tax Fee revenues to reflect estimates of a slower fourth quarter projection. Both revenue categories actually came in ahead of plan by a small margin. Departmental Earnings rose by 2.18%; Hotel Tax Fees rose by 8.0%. The most notable 2008 improvement is an increase in dog-license revenue over 2007 figures by approximately 111.0%. This is due to the mailing of renewal-license notices at the beginning of 2008.

The impact of 2008 year-end, economic uncertainties, as indicated by both local and national market conditions, has been taken into consideration and is reflected in the 2009 budget.

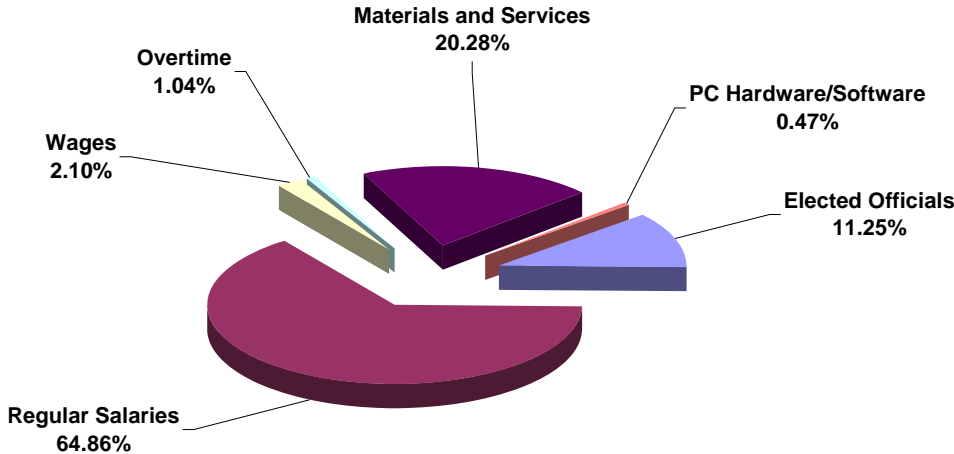
2008 Budget Revenue



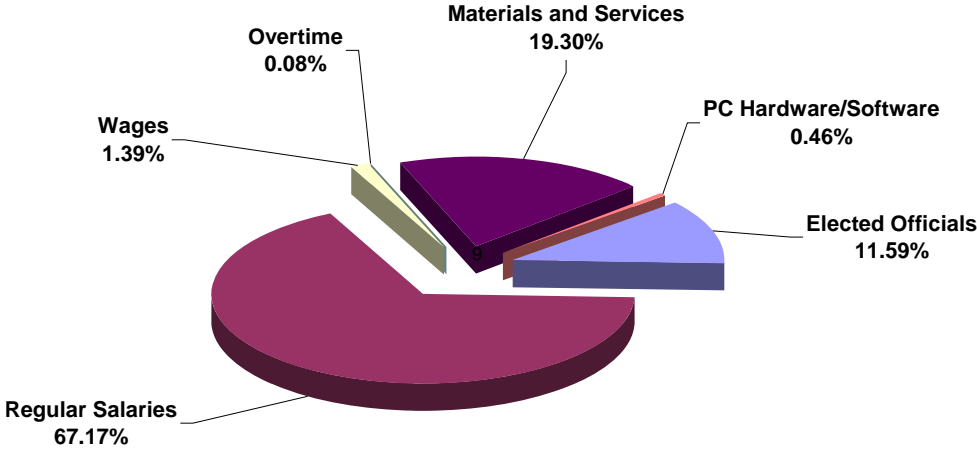
2008 Actual Revenue



2008 Budget Expenditures



2008 Actual Expenditures



## **2009 ANNUAL BUDGET**

2009 marks our fourth year utilizing a unique presentation of State Agent revenue, which allows for a breakdown according to license type. This approach allows the analyst and casual reader alike to focus on how changes occur in each category in response to changes in law, economy, and individual interests among outdoor enthusiasts.

Expected 2009 revenue increases are largely attributable to departmental earnings, which represent the fees earned for tax certificates used in the real estate and mortgage processing industries.

With regard to Small Games of Chance and Bingo, the Office of the Treasurer has initiated a proactive position regarding the sale of renewal licenses. By utilizing a separate database, we are able to review those institutions/organizations most likely to reapply for a license in the upcoming year. At the beginning of the year we contact all candidates with a reminder notice. We have observed a slow but steady increase in the number of licenses sold each year.

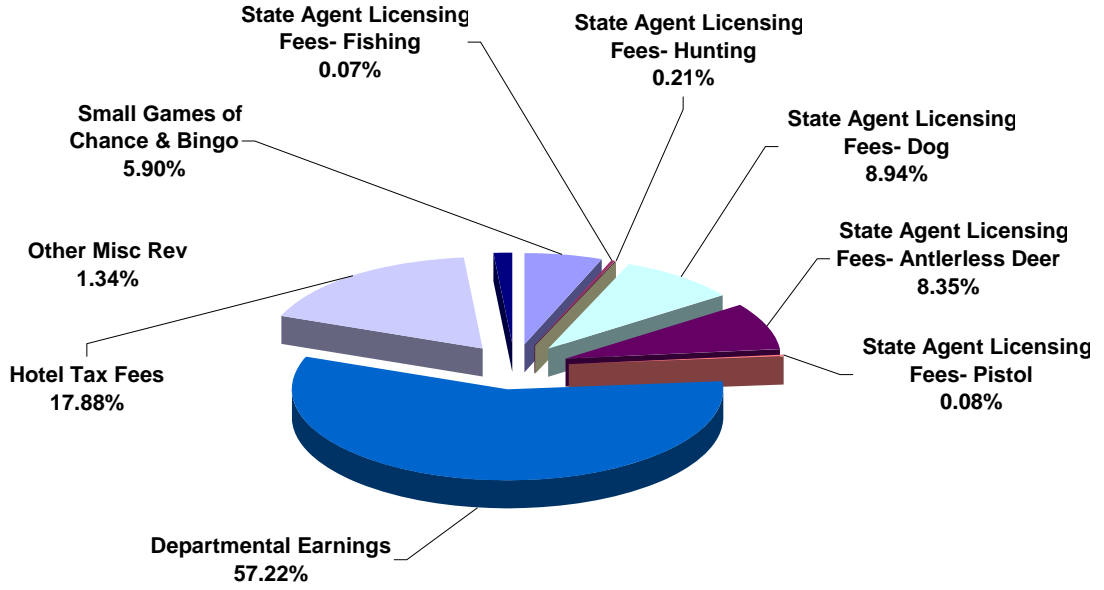
We will continue to cooperate with the PA Department of Agriculture regarding the mailing of renewal dog-license reminders, which has had a beneficial effect on revenue.

	<b>2009</b>
	<b>Revenue Budget</b>
Small Games of Chance & Bingo	\$ 19,800.00
State Agent Licensing Fees- Fishing	250.00
State Agent Licensing Fees- Hunting	700.00
State Agent Licensing Fees- Dog	30,000.00
State Agent Licensing Fees- Antlerless Deer	28,000.00
State Agent Licensing Fees- Pistol	270.00
Departmental Earnings	192,000.00
Hotel Tax Fees	60,000.00
Other Misc Rev	4,500.00
	<hr/>
<b>Total Revenue Budget</b>	<b>335,520.00</b>
	<hr/>

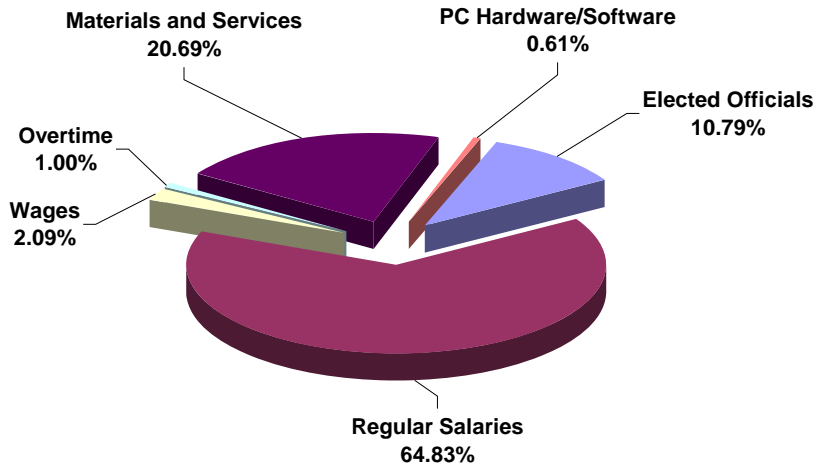
	<b>2009</b>
	<b>Expenditures Budget</b>
Elected Officials	70,240.00
Regular Salaries	421,924.00
Wages	13,582.00
Overtime	6,500.00
Materials and Services	134,640.00
PC Hardware/Software	3,980.00
Computer Hardware/Software	-
	<hr/>
<b>Total Expenditures Budget</b>	<b>650,866.00</b>
	<hr/>
<b>Net Budget Activity <sup>1</sup></b>	<b>\$ (315,346.00)</b>
	<hr/> <hr/>

<sup>1</sup> Before FICA, Fringe & Pension Benefits, & Worker's Comp Premiums

2009 Revenue Budget



2009 Expenditures Budget



# OVERVIEW OF SERVICES

## *State Agency*

The County Treasurer serves as the local authority, which represents the State of Pennsylvania, in the sale of various state-controlled licenses. The County, for its services, receives a small percentage of the revenue.

## *Real Estate Tax Process*

The Office of the Treasurer invoices all owners of taxable property, after the Commissioners approve a budget, which determines the millage to be applied to assessed property values. Updates to individual properties, as a result of improvements, may require interim billing, which is also performed by the Treasurer.

Upon receipt of payment of real estate taxes, the Office of the Treasurer records this information and is frequently called upon to certify that payment was received. This process normally occurs during the transfer of ownership.

The property owner is not always the party who remits the tax payment. There are several organizations, which engage in multiple payment transactions simultaneously.

These are typically mortgage or title companies who are making payment from escrowed funds, and these payments are processed in batches, electronically.

## *Centralized Depository*

All receipts of cash or checks, once processed and recorded, are deposited on a daily basis.

## *Small Games of Chance & Bingo*

The County Treasurer is the legal "Licensing Authority" recognized under Pennsylvania's Local Option Small Games of Chance Act (the Act), 10 P.S., 311-327.

Only not-for-profit organizations, those who qualify under the Act, may apply for and receive a license to operate a small game of chance.

Five games of chance may be conducted as defined in the Act. They are:

1. Punchboards
2. Pull – Tabs
3. Raffles (Includes lotteries)
4. Daily Drawings
5. Weekly Drawings

The County retains all proceeds from the sale of these licenses.

## *Hotel Tax Management*

Ordinance #2-99 was declared into county law on 11/30/1999 with an effective date of 01/01/2000. Its purpose is to provide funds to promote tourism (and hence, economic development) within the county's borders. Senate Bill No. 366 (Session of 1999) provides the legal right to enact this tax.

The Treasurer is responsible for rules and regulations regarding collection and disbursement of tax money to the Chester County Convention & Visitors Bureau (CCCVB). Ordinance #2-99 defines the collection and remittance date restrictions imposed on hotels and the Office of the Treasurer.

***Internal Control: Reconciliation of Bank Statements***

The Office of the Treasurer serves as an internal accounting control function. In this capacity it tests for agreement between the general ledger and various bank statements for Chester County's main cash account, and payroll and pension accounts.

***Disbursement***

Similar to the account reconciliation process, an internal accounting control, the Treasurer's office serves as the disbursement function. All checks written by Accounts Payable are reviewed by and distributed from the Office of the Treasurer.

***Additional Duties***

- Filing liens for delinquent taxes
- Distribution of Chester County payroll and retirement checks
- Serving the public in all matters related to our Mission Statement

# PERFORMANCE MEASURES

(2008 Units Update)

In our first annual report, 2006, we provided a detailed review of the *performance measures* analyzed in the Treasurer's Office. The categories listed in 2006 are repeated here along with actual 2008 results.

## Performance categories are:

- Department Revenue
- Department Expenditures
- Annual and Interim Tax Bills mailed
- Tax Payments Processed Annually (Lockbox, Electronic, Office, Tax Banks)
- Refund Processing
- Certifications (ordinary and duplicate tax payments)
- State Agent licenses sold
- Depository
- Internal Control
- Active Hotels
- Hotel Taxes Collected Annually
- Hotel Audits
- Hotel Tax Assessments

### 2008 Actual Performance Units

Department Revenue (See Financials section for more detail): **\$328,157.97**

Department Expenditures (See Financials section for more detail): **\$605,781.85** (net of FICA, Fringe and Pension Benefits, and Worker's Compensation Premiums)

Annual and Interim Tax Bills Mailed (Qty, Dollar Amount): **189,213, \$139,591,220.87**

Tax Payments Processed Annually (Lockbox, Electronic, Office): **\$62,183,489.02, \$45,438,147.13, \$18,901,157.98,**  
(Tax Banks): **\$7,975,646.71**

Refunds Processed (Qty, Dollar Amount): **1,506, \$643,991.59**

Tax Certification Units Issued: **11,345**

State Agent Licenses Sold <sup>1</sup> :	
Fish	<b>234</b>
Hunting	<b>528</b>
Dog	<b>35,345</b>
Antlerless Deer	<b>27,481</b>
Pistol Permits	<b>54</b>
Small Games of Chance	<b>230</b>

Deposit Transactions (Qty, Dollar Amount): **11,494, \$1,432,674,326.20**

Internal Controls: **12** bank reconciliations for Cash Concentration, Payroll/Pensions, and Office of Managed Behavioral Health

Hotel Activity (Active Hotels, Dollars Collected, Audits, Dollars Assessed): **78, \$1.66M, 71, \$7,808.99**

<sup>1</sup> At approximately \$1.00 of revenue for each license transaction, you would expect the total of State Agent units above to agree with 2008 actual revenue, but this is not the case. The difference is caused by timing differences between the date sold and the date recorded.

## NEW THIS YEAR

New for 2009 is the option provided to County residents to pay county real estate taxes online, electronically via EFT (*electronic funds transfer*). Additionally, this link was added to the county's home page as well.

This new service will allow our property owners, who do not use a mortgage service to remit payment, to choose between credit card and electronic check payments. Consider that there are already over 65 tax bank payment locations, and this is further enhanced by mail-in payments (direct to our office or to a designated lockbox) and/or an in-person visit to our office.

Also coming this year:

- Full integration of a new cashiering function which will manage credit card transactions from walk-in payment activity.
- Addition of a new POS (point of sale) function to handle the sale of hunting licenses similar to that installed for fishing licenses in 2008
- The involvement of our department in a countywide program aptly named Strategic Planning Initiative.

In regard to the Strategic Planning Initiative, the following quote from the Commissioner's Office will serve to identify and explain the nature and scope of this new initiative: "*The Chester County Commissioners have committed to the development of a strategic plan to establish the government's priorities for the future and to increase accountability, transparency and performance in Chester County government*". We in the Treasurer's office look forward to participating in order to ensure the success of this project.