



TAX WISE NEWSLETTER

Assessor
Auditor-Controller
Treasurer Tax Collector

Coordinated by Ray Rasmussen

OUR COMMITMENT

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By Ray Rasmussen, Auditor-Controller's Office

I have noticed over the past several years that the volume and sophistication of newsletters coming to my attention has really increased.

Very well laid out and professionally done, these slick, eye-catching glossies have led me to reflect on our own little newsletter.

As I went back and revisited our own newsletter that started in January 2002 I noted that we have made a few changes. The layout of that first newsletter was formatted differently. Last year we distributed our newsletter by email and all six years of newsletters are now [posted on the Internet](#).

In the future we might make even more changes. We might want to change our masthead or even the name of the newsletter to give it a more fresh or contemporary look.

But one change in the future that you will probably not see is our emulation of these new slick, glossy things that will end up in yours and everyone else's in-basket. Our goal is to deliver worthwhile information to you by the most efficient means available so that our resources will be spent serving you as opposed to trying to impress you with award winning newsletters that have more form than substance.

We hope you find this issue pertinent, informative and interesting. Our goal and commitment is to keep you informed on developments in property tax administration both locally and on the State level and to let you know what potential impact they will have on your agency. We are dedicated to meeting your needs and determined to give you the best customer service possible.

We encourage your feedback at TaxWise@co.stanislaus.ca.us as to how the newsletter is meeting your needs and welcome suggestions for improvement.

Happy New Year!

Legislative Update: The Sunset of ERAF III, The Elimination of RDA ERAF
By Todd Filgas, Auditor-Controller's Office

As most of you know, ERAF III was only a two-year program to supplement the Educational Revenue Augmentation Fund (established with the ongoing ERAF I & II shifts) during the State's most recent financial crisis. These additional contributions ended last tax year. Similarly, the Redevelopment Agency payments to ERAF had been legislated on a year by year basis, and were not enacted for this tax year. What this means to most taxing agencies is that they will be contributing significantly less to ERAF this year.

The down side to this situation is the effect on schools. Because both the Triple Flip and the Vehicle License Fee Swap are funded out of the county ERAF fund, this fund is not only completely depleted, but taken negative nearly forty million dollars in Stanislaus County. Rather than receiving tax apportionments and additional ERAF several times throughout the year, schools will receive no secured ERAF, no supplemental ERAF, and have their secured tax apportionments reduced in a reverse ERAF shift to bring the ERAF fund balance back up to zero. Because the State is required to maintain funding levels to the schools, the schools are "made whole" by year-end. However, the timing differences between local tax apportionments and state reimbursements has the potential to create cash flow problems for the schools and may affect their ability to meet current financial obligations.

Due to the elimination of the ERAF III and Redevelopment Agency payments to ERAF, the State went from a few counties having negative ERAF to almost all counties having a negative ERAF fund balance. Because these changes are currently unfolding, it is unclear what the plan of the State may be.

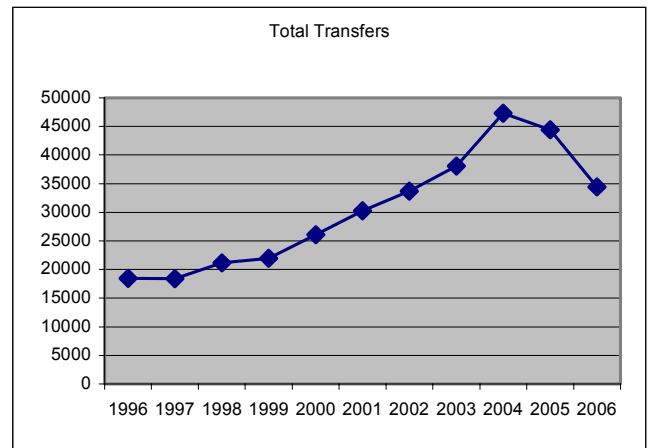
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Declines in Value
By Doug Harms, Assessor's Office

For several months the hot topic in real estate is the slow down in the sales of residential properties. While the residential market has certainly cooled down, it is difficult for the Assessor's office to measure the decline because we work at the end of the "real estate transaction" curve.

For the 2006-2007 Assessment Roll we processed 44,411 transfers. About one-half of those transfers resulted in us reappraising a property. For the upcoming 2007-2008 Assessment Roll, we will have reviewed 34,444 transfers, almost a 22.5% decrease and a 27.2% decline from the peak two years ago.

The following graph shows the annual transfers we research for reappraisable changes in ownership and illustrates the "slowdown" of events that began in the 2005 calendar year.



Historically, half of these transactions result in changes in ownership that will cause the Assessor to reappraise the property. The other half typically aren't reappraisal events because many are transfers between family members, transfers into trusts that do not change the ownership of the property, or transfers for financing purposes only.

A drop in the number of transfers does not necessarily mean there is a decline in market value. Between 2004 and 2005 there was roughly an 8% decline in transfers. The Assessor's office however found no evidence that market values declined from 2004 to 2005. In fact, market values continued to climb during this period.

However, in the past twelve to eighteen months there has been more than just a slowdown in the number of sales, and while we haven't measured the decline in real estate values, we know it has occurred. We will be reviewing approximately twenty thousand properties this April, for potential declines in value when we will have as much sales information available as possible.

At this point our best estimate is that on average residential properties have declined by ten to fifteen percent from their peak. It is doubtful that these declines in value will affect all properties equally and we expect that there will be residential pockets within the county that see little if any declines in value.

Even with the declines in value, we expect an overall increase in the 2007 - 2008 Assessment Roll that we are now producing. We don't expect the 17% increase we had for the 2006 - 2007 Assessment Roll, however transfers and new construction remain strong despite the drop from the record set in 2004.

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NEW FACES IN PROPERTY TAX ADMINISTRATION

Angelina Munoz

By Ray Rasmussen, Auditor-Controller's Office

Angelina was hired as an Administrative Clerk II last June. She works in the Property Taxes and Assessments Division of the Auditor-Controller's Office. Her exceptional job skills and pleasant personality have been a real asset in the division. Her bilingual abilities (she speaks both English and Spanish) have been a real bonus for us due to

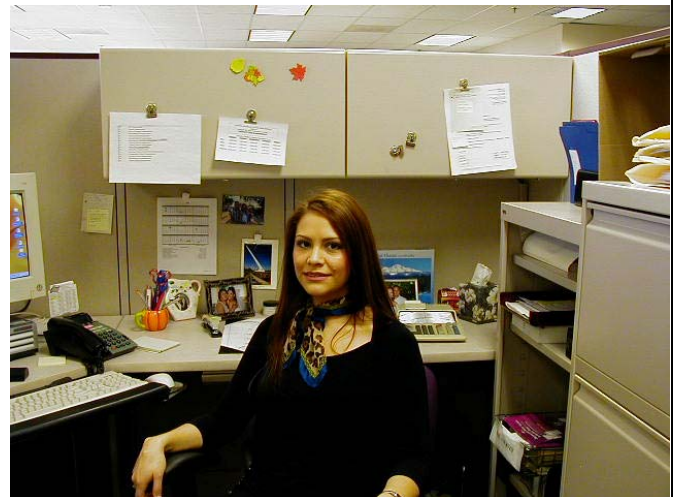
the ever-increasing volume of Spanish-speaking clients we serve.

She received an Associates Degree from Modesto Junior College in general education and for awhile worked as an instructional aid for the Waterford Unified School District. Currently she is pursuing a career in nursing. She plans to attend Stanislaus State University in the Fall of 2007 to earn her Bachelors Degree.

Angelina is the youngest of eight children. Her family was originally from the Modesto area and later moved to Waterford.

She is a newlywed as of June 24, 2006 and honeymooned in Hawaii with her husband, Javier. He is a recent graduate of Stanislaus State University with a degree in Information Technology. He is currently employed by California Fruit and Tomato Kitchens. Together they enjoy outdoor activities like cycling, hiking, and most of all traveling with family.

Angelina has excellent customer service skills and is anxious to put them to use for you. You can contact her by telephone at (209) 525-6596 or by email at munoza@co.stanislaus.ca.us.



NEW FACES IN PROPERTY TAX ADMINISTRATION, Continued

Jegan Raja

By Gordon Ford, Tax Collector's Office

Jegan Raja (see Contact Information section below) has been the Assistant Treasurer and Tax Collector for Stanislaus County since September 2006. Prior to being appointed the Assistant Treasurer and Tax Collector, he was the Chief Deputy Treasurer for Stanislaus County. Jegan has almost a dozen years experience in a California County treasurer and tax collector's office and more than a dozen years experience working for a bank. In addition to a degree in accounting, Jegan has a Business Law certificate from the University of California, Davis and a Public Finance certificate from California State University, Stanislaus.

Jegan's strong banking and tax experience has made him a strong asset as the Treasurer and Tax Collector's office moves into the 21st century. He has started that move with the introduction of a remittance processing machine, which has significantly changed the tax collections operations. Tax payments are now processed quicker than ever, so the department has reached one of the major goals requested by most taxing agencies.

Jegan has inherited some old antiquated procedures, such as records on index cards, old computer system, and redemption records, which are stored on several different media. As he clears up the past records and builds a more modern system, employees will be able to see electronic images of tax payment checks and be able to respond better to taxpayer and taxing agency requests.

As you have a chance to talk to Jegan, please let him know if these or other changes will help in your operations.

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FOCUS GROUP FOLLOW-UP

***By John Bettencourt, Auditor-Controller's
Office***

On October 26, 2006, the property tax administration divisions of Stanislaus County held their customer service focus group meeting. Participants were asked to identify their needs in priority order. Then we chose the top three based on the votes they received. These were addressed first.

Usable File Format for Internet Files

Previously, files were posted on the internet in PDF format. This format was the county standard, but it limited user options to read only. Many users want to save posted files and manipulate the data for their own purposes. This option was not possible without purchasing a third-party software, such as Able to Extract, which carries a cost of about \$100.

Certain files are now available in Excel format:

- Redemptions (delinquent secured) direct assessment detail, and
- Current Secured direct assessment detail.

A drop-down box is available to select the specific journal entry.

Timely Transmittal of Deposit Permit and Journal Voucher Copies

The taxing agency group also expressed the need to receive timelier deposit permit and journal voucher information. The need for faster deposit permit information was referred to the Revenue Division in the Auditor-Controller's office.

Email transmittal of the property tax journal vouchers to the requesting agencies is currently part of our tax apportionment procedures. Occasionally, this last step of the apportionment process does get overlooked. Unfortunately, this oversight usually does not come to your attention until the end of the period when you receive your

reports. We apologize for the inconvenience this causes and pledge to renew our efforts to minimize these occurrences.

Some have expressed interest in having access to Oracle FMS at their site. Due to licensing issues, this is not possible at this time.

Payment Detail on Vendorlink Payments

With some agencies opting for the Vendorlink payment option, a corresponding need has developed for payment detail to arrive soon after the payment arrives. Given the small volume of Vendorlink payments by our division, we will fax this detail to the agency as soon as we receive notification from our Accounts Payable division of the Vendorlink payments. What will be faxed

is a copy of the expenditure voucher that generates the Vendorlink payments. We have added a column to this form that includes the journal voucher reference for the tax apportionment. Some taxing agencies expressed interest in that information as well. Taxing agencies receiving conventional payments will receive this form with their check and remittance advice.

For the second year in a row, 1st installment tax apportionments of Secured Taxes were mailed out before the end of the calendar year. This had been one of the requests from a previous focus group session.

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CONTACT INFORMATION

Do you have a question for the County about property taxes, but you're not quite sure whom to ask? Maybe we can help. Here are three people who are very knowledgeable about their respective departments and are anxious to be of assistance to you:



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Sponsored by the Stanislaus County Board of Supervisors

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