

Department of Tax Administration

LOB #109:

BILLING AND TAX RECONCILIATION

Purpose

The Revenue Collection Division Billing and Tax Reconciliation Teams are integral to DTA's Exercising Corporate Stewardship by providing timely and accurate tax bills and reconciliation of accounts receivable to the County's financial system FOCUS.

Description

The Revenue Collection Division's Billing Section is responsible for handling more than 1.9 million billing transactions per year. This is accomplished by the accurate production and delivery of tax bills and informational inserts to citizens and commercial taxpayers. Communications specific to assessment and tax changes are a critical part of this function. In addition, this section is also responsible for the posting of payments received from multiple sources such as DTA's secure online payment site and the County's banking contract lockbox which processes most of the payments sent by mail.

The Tax Reconciliation Section is responsible for account reconciliation activities. This group is tasked with balancing and financial reporting associated with accurate accounting of tax revenues into the County's financial system FOCUS. In addition, this group is charged with balancing bank deposits and producing records for periodic and year-end audits. This section also manages DTA's vault operations.

Together, these sections work diligently to ensure accuracy in billing and accountability of incoming revenue.

Benefits

DTA is required to meet specific state and local code mandates for providing notices, delivering bills, and proper posting of tax dollars received to the correct accounts/funds. As a result of these legal mandates, more than 1.1 million citizens are provided timely and accurate bills containing the most up-to-date information available. This LOB ensures the financial integrity, reporting and controls over the public funds collected by DTA.

This LOB supports the County's vision element of Exercising Corporate Stewardship. This is certainly true with regard to the accounting, safe-guarding and depositing of funds collected from the public. It is also true internally as this LOB works closely with the Department of Finance in monthly account balancing and closing the County's annual financial records as part of the year-end audit. This LOB also assists the public in arranging for automatic payments debited from citizens' bank accounts.

Mandates

This LOB is fully mandated. It reflects the agency's mandated responsibilities related to billing, collection and reconciliation of tax revenues. The functions performed support the requirements for the role of the Constitutional Office of the Treasurer concerning taxes. These mandates are found in Virginia Code § 58.1 and Chapter 4 of the Fairfax County Code.

Additional duties incorporated within this LOB are performed to support compliance with the County's financial policy requirements and generally accepted accounting principles (GAAP).

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Trends and Challenges

The Billing and Tax Reconciliation Sections are highly impacted by the demand for convenience in transacting business and that of transparency in DTA's financial stewardship responsibilities. Through collaborative efforts with DIT, starting in FY 2016 citizens are now able to log into a new secure web portal, MyFairfax, which allows individuals to have direct access to their specific current and historical tax information. In a later phase, DTA's goal is to start offering the option for citizens to elect to receive their tax bills electronically through MyFairfax pursuant to Virginia Code § 58.1-3912(F). This initiative could improve customer service and help reduce DTA expenditures associated with forms, printing and postage.

With the successful implementation of the County's financial system FOCUS, the Tax Reconciliation Section has turned its attention to the challenge of improving efficiencies in its reconciliation processes. This will be achieved through the development of additional automated interfaces between FOCUS and DTA's tax systems. Furthermore, DTA will bring a new personal property tax system online by the end of FY 2016. With the enhanced web-based technology, DTA and DIT will also explore the potential for integration between the County's tax systems and those of its private collection agents. While these system changes do pose workload challenges (programming, testing, data validation, training), they also offer the potential to improve DTA's transparency, accountability and responsiveness to taxpayers.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #109: Billing and Tax Reconciliation			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$1,112,329	\$1,158,733	\$1,207,738
Operating Expenses	2,350,471	2,194,720	2,171,300
Total Expenditures	\$3,462,800	\$3,353,453	\$3,379,038
General Fund Revenue	\$163,802	\$158,741	\$161,023
Net Cost/(Savings) to General Fund	\$3,298,998	\$3,194,712	\$3,218,015
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	21 / 21	21 / 21	21 / 21
Total Positions	21 / 21	21 / 21	21 / 21

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Tax Bills Delivered	1,904,231	1,881,416	1,901,740	1,901,740	1,901,740
E-Commerce Transactions	407,256	420,509	438,848	461,000	485,000
Transactions (FOCUS journal entries, account adjustments, transfers, refunds, etc.)	NA	NA	44,718	45,000	45,000

Billing staff produce and generate more than 1.9 million tax bills per year, and this LOB must account for approximately \$3 billion in payments. As part of the reconciliation process, staff must complete approximately 45,000 adjustments, transfers, chargebacks, and refund transactions per year. The metric for e-commerce transactions shows a continued trend upward as more and more citizens use electronic devices to conduct their business online. It is hoped that MyFairfax will further encourage this trend.

Numerous quality control measures are taken to ensure accuracy of all billing efforts. This includes, for example, a manual review of all bill samples prior to each mailing. With oversight from this LOB, the sampling actually involves a combined effort from multiple sections throughout DTA to ensure all the “subject matter experts” are included in the review. Bills are sampled to validate items such as data accuracy, billing calculations, assessed values and tax rates. Further, bills are reviewed to confirm the accuracy of all text changes pertinent to a specific billing. In addition to generating revenue, tax bills and bill inserts provide an excellent way to communicate with taxpayers and provide important information.

For quality review in Tax Reconciliation, that section uses daily reports generated from tax subsystems to identify and correct any errors in payment transactions. In addition, staff reconciles transactions to the general ledger as part of the monthly reconciliation process. This is performed to ensure accurate processing of financial transactions and timely reporting to the external auditors and in preparation for data requirements associated with the year-end Comprehensive Annual Financial Report (CAFR).