

## **Cherokee County Appraisal District**

P.O. Box 494 107 East Sixth Street Rusk, Texas 75785 (903) 683-2296 (903) 683-6271 Fax

J. L. FLOWERS, B.S., R.P.A., R.T.A.

*Chief Appraiser*

A great deal of interest has been stirred up regarding the proposal to move county tax collections to the appraisal district. In an effort to clarify some concerns and to answer some of the questions that have been asked, we have prepared this document.

### ***Will the proposal result in jobs being lost at the county tax office?***

---

According to information provided by the county assessor's office, that answer is yes. The county assessor has identified four positions in the Rusk office that would not be needed if tax collections were moved to the appraisal district. The information also indicates that the Rusk office would keep two staff positions in addition to the county assessor. No information regarding satellite offices was provided.

### ***Will county taxpayers still have the early payment discount if taxes move to the appraisal district?***

---

Moving collections to the appraisal district will not affect the early payment discount. The appraisal district already handles early payment discounts for the cities of Rusk and Alto. Ultimately, the decision to offer early payment discounts rests with each individual taxing unit.

### ***Will taxpayers still be able to pay the county, school and city taxes at separate times?***

---

Some taxpayers pay their taxes to the various taxing units at different times. For example, a taxpayer might pay their county taxes in October but wait until January to pay their school and city taxes. This will still be an option under consolidation.

### ***Will tax bills be reduced by the savings from consolidation?***

---

Based on projections from both the county tax office and the appraisal district, the county would save between \$85,000 and \$95,000 a year under consolidation. How that money is saved or spent rests completely with the commissioner's court. Additionally, each tax unit that the appraisal district collects for will also save money by having their share reduced by county participation. Again, how that money is saved or spent rests with each city council and school board.

***Will the appraisal district have to add more staff or add more office space?***

---

The appraisal district will not need to expand its office arrangement because of county collections. Furthermore, the current appraisal district collection budget is based on 3.5 employees. One employee is expensed half the year in appraisals and half the year in collections. At the most, the district would increase staff to a full 4 positions.

It should be pointed out that the appraisal district already bills the overwhelming majority of taxpayers served by the county. Because of this, no significant increase in workload is anticipated.

***Are there any current objections from the county assessor's office?***

---

Yes. Elected to office on the platform of consolidation and working with the appraisal district to have a questionnaire included in the tax statements, the county assessor has now exhibited concerns over the potential for personal liability in the event tax dollars are lost by the district. It should be noted that the appraisal district is bonded against such a loss.

***How did you calculate the cost per tax bill?***

---

Using data from the county assessor's office and the 2012 CCAD Collections Budget, the county shows to spend approximately \$201,140 on tax collection per year and sends out approximately 61,625 bills which is \$3.26 per bill. The district's 2012 cost of collections paid currently by taxing units is \$200,000 for an estimated 66,614 bills which is \$3.00 per bill.

If the offices were combined, the district's collection cost would increase to \$225,000 for a total of 128,239 bills which is \$1.75 per bill. A spreadsheet detailing this information is included with this document.

***Why would the district's cost increase?***

---

The district's collection department reimburses the appraisal department for computer usage. The rate is budgeted at 18 cents / bill. When the number of bills increase, the computer reimbursement increases. This accounts for roughly \$11,000 of the increase in cost. The remainder of the increase is from an estimate of additional postage and supply costs for those areas we do not currently collect.

***Is a "bill" the same as a "statement"?***

---

Each taxing unit contained on your statement is considered a bill. In other words, if you have a statement that has school and city taxes on it, it is considered to be two bills.

TAX DEPARTMENT PROJECT\*  
MOVING COLLECTIONS TO APPRAISAL DISTRICT  
COST VS. SAVINGS

October 1, 2010 through September 30, 2011

Notes: On October 1, 2011 voter registrar moves to Election Administration Department. Therefore, did not include this employee in Full Staff category.  
This cost savings reflects decrease in staff from 6 to 2 employees.

Prepared: September 14, 2011

**This spreadsheet  
was provided by the  
county assessor's  
office on  
September 14, 2011**

Category	Rusk Office Only 6 Employees Expense	Rusk Office Only 2 Employees Expense	Source
Annual Salary	151,392	50,464	Total annual salary \$151,392 /6 fulltime employees = \$25,232 per employee X 2 employees
Medicare/SS	11,581	3,860	7.65% X \$50,464 ( 2 employees), County's portion of liability
Retirement	12,808	4,269	8.46% retirement - County's Contribution
Benefit: Vacation	5,822	1,941	10 days (80 hours) vacation X average hourly rate of \$12.13 (\$25,232 / 2080 = \$12.13) X 2 employees
Benefit: Paid Holidays	8,734	2,911	15 days annual (120 hours) X average hourly rate of \$12.13 X 2 employees
Benefit: Paid Health Insurance	48,024	16,008	\$667 X 12 months X 2 employees
Benefit: Paid Sick Leave	5,822	1,941	10 days (80 hours) sick leave X average hourly rate of \$12.13 X 2 employees
Workers Compensation	590	192	employees Tax Assoc. of Counties W/C contribution worksheet dated 1/1/2008, 39¢ per \$100; \$25,232 / 100 X .39 X 2
Unemployment	363	123	County check No. 66754 dated 7/15/2008; 2008 rate .0025 X \$24,232 X 2 employees
NetData Software	15,564	0	Cost per General Fund Transaction Ledger @ \$1082.00 per month, 010-440-410, 10-01-2010 through 9-30-2011 Disconnect three telephones; charges based on Check 061264 paid 9/5/2007 to Verizon, \$37.52 monthly expense X 3
Telephone Expense	3,990	2,639	phones X 12 months = \$1351
Supplies: Tax Certificates	2,098	0	Vendor 200041 (Proforma) Check 63563 dated 1/7/08 and Check 65106 dated 4/10/2008, charged to 010-440-323
Tax Statement Postage	11,303	0	Laser Printer Invoice #48352 dated 10-29-2010
Tax Statement Printing	5,654	0	Laser Printer Invoice #48352 dated 10-29-2010
Supplies: Checks	109	0	585 checks (from internal audit count) @ .13999¢ per check (Check 60622. Intuit, 7/30/2007); 9 months actual count; projected for 12 month count; refund checks for overpaid taxes
Supplies: Envelopes	7	0	585 checks X .01229¢; from Check No. 64002 dated 2/6/2008 to Crative Graphics, regular envelopes
Postage: Tax Refund Checks	240	0	585 checks X 41¢ per envelope
Bank Expense: Checking			
Account Charge	1,335	0	Monthly statements from Citizens 1st Bank; statements filed in Treasurer's Office
Bank Expense: Deposit Slips	52	0	Check 063511 dated 1/10/2008; Check 066207 dated 5/12/2008
Tax Assessor/Collector			
Association Annual Dues	85	85	Vendor 200115, charged to 010-440-429
Board of Tax Professional			
Examiners Annual Dues	105	105	Vendor 200113, 6/5/2008 Check No. 066064 charged to 010-440-429
Tax A/C Area Meetings	148	148	4 quarterly meetings, 90 miles X 40.5 X 4 meetings State required annual training for certification, \$55 registration, \$80.00 certification exam, hotel (5 nights X \$120 = \$600), meals (5 days X \$30 per day = \$150), travel to Austin (440 miles X 40.5 = \$178.20)
Tax A/C Certified Training	1,063	1,063	
Total Operating Expense	<u>286,890</u>	<u>85,750</u>	

Operating Cost with 2 employees	A	85,750	
CCAD Estimated 2012 Collection Cost	B	108,123	
2 Employee Operating Cost	C	193,873	A + B
6 Employee Operating Cost	D	286,890	
Projected savings		<u>93,018</u>	D - C

CCAD 2012 Allocated Collection Cost to Taxing Units:	\$200,000 / 66,614 Allocated Tax Bills = \$3.00 per tax bill
County cost as indicated above (\$286,890 - 85,750)	\$201,140 / 61,625 Estimated Tax Bills= \$3.26 per tax bill
	\$6.26 total collections cost per bill
CCAD 2012 Allocated Cost with consolidation:	\$225,000 / 128,239 Tax bills = \$1.75 per tax bill

\* Boxed areas represent information added by the appraisal district

In addition to the money saved out of the county budget, each taxing unit that has taxes collected by the District will also see a reduction in cost:

**2012 CCAD Collections Cost Without County Consolidation**

**VS.**

**2012 CCAD Collections Cost With County Consolidation**

<u>Unit</u>	<u>2010 Bills</u>	<u>Cost Allocation</u>	<u>Cost Allocation</u>	<u>2010 Bills</u>
Alto ISD	9,237	\$27,732.91	\$16,206.65	9,237 Alto ISD
Jacksonville ISD	19,374	\$58,167.95	\$33,992.39	19,374 Jacksonville ISD
New Summerfield ISD	1,832	\$5,500.35	\$3,214.31	1,832 New Summerfield ISD
Rusk ISD	14,130	\$42,423.51	\$24,791.60	14,130 Rusk ISD
Troup ISD	5,408	\$16,236.83	\$9,488.53	5,408 Troup ISD
Wells ISD	4,739	\$14,228.24	\$8,314.75	4,739 Wells ISD
City of Alto	806	\$2,419.91	\$1,414.16	806 City of Alto
City of Jacksonville	7,394	\$22,199.54	\$12,973.04	7,394 City of Jacksonville
City of New Summerfield	577	\$1,732.37	\$1,012.37	577 City of New Summerfield
City of Rusk	2,578	\$7,740.11	\$4,523.19	2,578 City of Rusk
City of Wells	<u>539</u>	<u>\$1,618.28</u>	\$945.70	539 City of Wells
<b>Total</b>	<b>66,614</b>	<b>\$200,000</b>	<b><u>\$108,123.31</u></b>	<b><u>61,625</u> County</b>
			<b>\$225,000</b>	<b>128,239 Total</b>

**Savings by Taxing Unit**

Alto ISD	\$11,526.26
Jacksonville ISD	\$24,175.56
New Summerfield ISD	\$2,286.03
Rusk ISD	\$17,631.91
Troup ISD	\$6,748.29
Wells ISD	\$5,913.49
City of Alto	\$1,005.76
City of Jacksonville	\$9,226.50
City of New Summerfield	\$720.00
City of Rusk	\$3,216.92
City of Wells	\$672.58