



TREASURER-TAX COLLECTOR

DAN McALLISTER
TREASURER-TAX COLLECTOR

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January 12, 2005

VIA HAND DELIVERY

Honorable Janis Sammartino
Presiding Judge
Superior Court of California
County of San Diego
220 West Broadway, Dept. P
San Diego, CA 92101

Re: San Diego County Treasurer-Tax Collector's Response to Grand Jury Report

Dear Judge Sammartino,

Pursuant to California Penal Code Section 933.05, this letter is the response of the San Diego County Treasurer-Tax Collector to the November 16, 2005 Grand Jury Report entitled "The San Diego County Treasurer/Tax Collector Tax Refund Program."

The Treasurer-Tax Collector has worked cooperatively and has communicated openly with the Grand Jury throughout its investigation and will continue to provide information to the Grand Jury on the progress of the Grand Jury recommendations contained within the November 16, 2005 report.

TREASURER-TAX COLLECTOR RESPONSES TO GRAND JURY FINDINGS:

1. Refund Procedures

Findings: The Treasurer/Tax Collector's department was informed 2½ years ago that they lacked adequate procedures for returning overpaid property taxes to taxpayers. The Treasurer/Tax Collector stated that his staff is preparing, but has not completed, written procedures for the Tax Refund Program.

Response: The Treasurer-Tax Collector agrees with the Findings and provides the following additional information: In December 2005, the Treasurer-Tax Collector completed and implemented formal written policies and procedures for (1) Tax Refunds for Overpayment and (2) Escheatment Process. These policies and procedures were completed with the assistance of an outside independent auditing firm who conducted a comprehensive review of the refund and escheatment processes within the Treasurer-Tax Collector's department. Copies of the policies and procedures are attached.

2. Refunds to Taxpayers

Findings: The current Treasurer/Tax Collector has been in office since November 2002. As of August 2005, there was a backlog of over 11,000 refunds that remain unclaimed for tax years 1996 through 2002. The Treasurer/Tax Collector's department should have been more diligent in responding to the 2003 Internal Audit that identified significant deficiencies in the refund process. The Grand Jury agrees that the Treasurer/Tax Collector's department is now aggressively pursuing the refunding of payment to the taxpayers for the years 1996 through 2002. If refunds are not claimed for the tax years 1996 through 2002 by June 30, 2006, the remaining funds may escheat to the County General Fund by order of the San Diego County Board of Supervisors.

Response: The Treasurer-Tax Collector agrees with the Findings and provides the following additional information:

- The current Treasurer-Tax Collector has been in office since December 2, 2002, not November 2002.
- In response to the 2003 Internal Audit, the Treasurer-Tax Collector addressed some of the deficiencies in the refund process by making the following changes:
 - *Refund Request Time Reduced* – In 2003, changes were made to the automated refund system which reduced the refund check request cycle from two weeks to one week.
 - *Exception Process Streamlined* – In 2003, the Treasurer-Tax Collector initiated a redesign of the exception process, and completed the redesign in November 2005. This enhancement enables staff to reconcile exception payments electronically without hard copies of rejected checks, and has reduced processing time.
 - *Interest Calculation Worksheets Updates* – The Treasurer-Tax Collector updates its interest calculation worksheet annually to ensure compliance with California Revenue & Taxation Code Sections 5150.5, 5151, 5152 and 5153.
 - *Duplicate Payments Minimized* – In 2005, the Treasurer-Tax Collector implemented a system that allows mortgage companies to submit electronic payment files and send property tax payments via electronic funds transfer (EFT) or fedwire. This process has significantly reduced the need for manual reconciliation, and duplicate payment refunds are generated in less than half the time previously required.

In addition, since August 2005, the Treasurer-Tax Collector has refunded \$1.381 million for overpayments made in tax years 1996 through 2002, with a remaining balance of \$1.012 million. The Treasurer-Tax Collector continues to issue refunds on a 2-week cycle and will continue to work diligently to process all outstanding refunds.

3. Minimum Refund

Finding: The current policy of processing refunds that exceed six dollars adds unnecessary expense to the administrative cost of making refunds.

Response: The Treasurer-Tax Collector agrees with the Findings. The Treasurer-Tax Collector has determined that increasing the minimum refund from \$6.00 to the statutorily allowed amount of \$10.00 will reduce the number of refunds to be processed and the related

administrative expenses. The new policy became effective on January 1, 2006.

4. Supplemental Tax Bill

Findings: The format of the Supplemental Tax Bill is not easily understood and may be confusing to many people. A distinctive method is not used to indicate to the taxpayer that they are entitled to a refund.

Response: The Treasurer-Tax Collector agrees with the Findings. The Treasurer-Tax Collector has redesigned the Supplemental Tax Bill to conform to the format established with the annual secured property tax bill. In order to reduce confusion, the information on the back of the bill and on the insert explains that a negative supplemental bill means that the taxpayer is receiving a refund which is included in the mailing. Copies of the new Supplemental Tax Bill and insert are enclosed.

TREASURER-TAX COLLECTOR RESPONSES TO GRAND JURY RECOMMENDATIONS:

Recommendation

06-01: Expedite the completion of written policies and procedures for processing refunds.

Response: The recommendation has been implemented. In December 2005, the Treasurer-Tax Collector completed and implemented formal written policies and procedures for:

- Tax Refunds for Overpayment
- Escheatment Process

The Treasurer-Tax Collector will continue to update all department policies and procedures.

Recommendation

06-02: Issue refunds for all tax years prior to 2001 as soon as is practicable.

Response: The recommendation has been implemented. Since August 2005, the Treasurer-Tax Collector has refunded \$1.381 million for overpayments made in tax years 1996 through 2002, with a remaining balance of \$1.012 million. The Treasurer-Tax Collector continues to issue refunds on a 2-week cycle and will continue to work diligently to process all outstanding refunds.

Recommendation

06-03: Evaluate the cost savings to the Treasurer/Tax Collector's office if the minimum refund amount is increased from \$6.00 to \$10.00 as authorized by the California Revenue and Taxation Code.

Response: The recommendation has been implemented. The Treasurer-Tax Collector initiated a change in its property tax system to increase the minimum refund amount from \$6.00 to \$10.00 effective January 1, 2006.

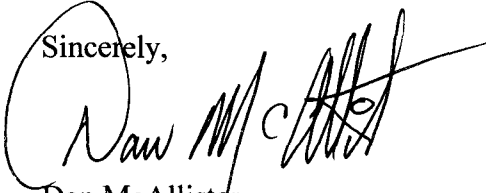
Recommendation

06-04: Revise the Supplemental Tax Bill format to highlight the taxpayer's eligibility and amount of the refund.

Response: The recommendation has been implemented. The Treasurer-Tax Collector has redesigned the Supplemental Tax Bill to conform to the format established with the annual secured property tax bill. The information on the back of the bill and on the insert explains that a negative supplemental bill means that the taxpayer is receiving a refund which is included in the mailing.

If there are any questions regarding this response, please feel free to contact me at (619) 531-5225.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan McAllister". The signature is written in a cursive style with a large, sweeping flourish at the end.

Dan McAllister
San Diego County Treasurer-Tax Collector

Enclosures



SAN DIEGO COUNTY TREASURER-TAX
COLLECTOR

Tax Refunds for Overpayment

**POLICIES
AND
PROCEDURES
GUIDE**

**Policy/Procedure
Tax Refunds for Overpayment**



Tax Refunds for Overpayment

Effective Date: November 7, 2005
Supersedes Policy: Not Applicable
Policy Owner: Treasurer-Tax Collector

TO: Treasurer-Tax Collector Management and Staff

FROM: _____ DATE: November 7, 2005
Dan McAllister
San Diego Treasurer-Tax Collector

1.0 SUBJECT: TAX REFUNDS FOR OVERPAYMENT

2.0 PURPOSE: To establish a policy and related procedures for identifying and issuing tax refunds for overpayment.

3.0 STATEMENT OF POLICY: On a daily basis, the Treasurer-Tax Collector shall identify property tax overpayments from individuals and businesses in order to issue refunds. To accomplish this goal, staff will conduct a daily review of overpayments. After the legal recipients of refunds have been identified pursuant to Revenue and Taxation Code guidelines, the Treasurer-Tax Collector will issue refund checks. Refunds for overpayment from the current tax year must be issued to the rightful recipient within 60 days.

4.0 AUTHORITY/REFERENCE:

- California Government Code Sections 29320 and 24000 list position titles of elected or appointed officers of the County and define their responsibilities.
- California Government Code Section 29375.1 defines an “overpayment” as an amount received in excess of \$10 over the amount owed for any account.
- California Government Code Section 29802 authorizes the organization to void checks not cashed after six months.
- California Revenue and Taxation Code Section 401 requires the Assessor to assess all property at its full value.
- California Revenue and Taxation Code Section 619 defines Assessor notification to the Assessee of property value and corresponding tax changes.
- California Revenue and Taxation Code Section 2635 requires the Tax Collector to send a notice of overpayment to the taxpayer if the amount paid exceeds the amount due by more than ten dollars.

Policy/Procedure

Tax Refunds for Overpayment

- California Revenue and Taxation Code Section 2780 – 2783 requires the tax collector to pay interest on overpayments if not refunded within 60 days of receipt of the payment.
- California Revenue and Taxation Code Sections 5096 – 5107 defines when a tax refund for overpayment is due and the requirements to claim the refund.

For complete text go to <http://www.leginfo.ca.gov/> and click on “California Law”, select the appropriate code and enter the code number to search for that document.

5.0 DEFINITIONS:

- 5.1 Tax Refund:** The term “tax refund” generally means “money back from the government when too much tax has been paid or withheld from a salary”¹. There are two types of tax refunds – refunds that occur from tax roll corrections, and refunds resulting from overpayment.

A property tax refund for overpayment is due to the taxpayer if the tax payment remitted is in excess of the tax actually due. If the check is an overpayment greater than \$9.99, the Treasurer deposits the check and refunds the difference. No refunds occur for payment amounts less than \$10.00 – they are by definition (Government Code S29375.1 et. seq.) not overpayments and are deposited in the County Cash Overage Trust Fund (account 510100).

Double payment occurs when two payments are received for the same installment of a tax bill. Frequently, it is the homeowner and their mortgage company paying the same tax bill. Over payment may also result from the property owner’s receipt of a delinquent tax bill that does not reflect receipt of a previously applied amount that was not sufficient to pay the bill in full. Overpayment can also occur when a change in assessed value reduces the tax amount due, after payment has already been remitted. Tax refunds may also result from data entry errors, such as incorrect transaction coding.

- 5.2 Trust Fund:** A trust fund holds assets for individuals, private organizations, or other governmental units. This policy applies to trust fund accounts:
- 514600 – a refundable trust fund account for current year secured tax payments, used to refund duplicate payments, cancellation of penalties and interest, and any overpayments for property taxes that occurred in the current year; and
 - 514900 – a refund trust fund account for prior year (defaulted) secured tax payments, used to refund duplicate payments, cancellation of penalties and interest, and any overpayments for property taxes that occurred in the prior year.
- 5.3 Trust Refund System (Trustref):** An accounting application through which overpayment refunds are initiated and monitored. Some of the data that resides in Trustref is imported and other information is data entered by both Financial Division staff and Accounting staff.

¹ Definition from the Free Dictionary by Farley, <http://financial-dictionary.thefreedictionary.com/Tax+refund>.

Policy/Procedure

Tax Refunds for Overpayment

- 5.4 Officer:** "Officer of the County," as defined in Government Code Section 29320, includes any elective or appointive officer of a county, superior court, or judicial district, and any person in charge of any office, department, service, or institution of the county, or a division or branch, as enumerated in Section 24000 of the Government Code.
- 5.5 Refund Recipient:** The apparent legal owner of the tax refund for overpayment money (see 6.1.4).
- 5.6 Manual Trust Transactions:** Manual Trust transactions result from payments that have been manually reconciled by a tax collector staff member who determines that an overpayment exists prior to the payment being processed through the remittance processing system. A trust document (TC10) is processed with the payment. The trust document will contain the amount overpaid, name and address of the person or organization making the payment and the fund number to which the overpayment is to be deposited. All trust and payment data is available online as entered data in the Trust Refund System or imaged documents.

A manual trust is also created when overpayments are removed from a bill by coding. Payments are coded off of a bill using a mainframe application. A Financial Division Staff will log on to the mainframe application and remove the overpayment. When a payment is coded off of a tax roll, a fund transfer document must accompany the coding in order to document how the funds are being moved. A copy of the coding sheet and fund transfer are forwarded to Accounting staff in order to adjust the appropriate funds. The trust document associated with this type of transaction is known as a C20.

- 5.7 Automated Trust Transactions:** Automated Trust Transactions result from overpayments captured at the time a payment is processed through the Wausau Remittance Processing System. The Wausau system is programmed to identify certain types of overpayment transactions and to automatically generate a trust document to deposit the overpayment to trust. The Wausau system creates an image of a trust document which is retrieved and printed by the Financial Division Staff as part of the transaction record. Unlike the manual trust in 5.6 above, the trust information including the name and address of the person or organization making the payment is completed by the Financial Division Staff.
- 6.0 STATEMENT OF PROCEDURE:** The goals of this procedure are to consistently and on a timely basis identify tax refunds due and issue refund checks within 30 working days from the date the original payment is processed. Procedural steps follow.
- 6.1 Identify property tax overpayment transactions:** Financial Division Staff identify transactions with overpayment of property tax through several activities noted below.
- 6.1.1 Reconcile remittance processing trust reports:** Financial Division Staff receive daily remittance processing system reports of monies deposited to trust. The remittance processing reports identify each bill paid, how much was applied, each bill overpaid and the amount overpaid. The Financial Division Staff perform a reconciliation of the

Policy/Procedure

Tax Refunds for Overpayment

transaction to ensure that all monies are correctly accounted for. If available, listings provided by the remitter are compared to the remittance processing reports. If an unidentified variance exists, Financial Staff contact the company or individual to determine if the remitter made an error in calculating the amount due or whether the money should be applied to a bill that was not included in the listing provided or for which a payment stub was not included. The remitter is given 15 business days to respond before Financial Staff initiate a refund of the overpayment.

- 6.1.2 **Reconcile tax service/mortgage company (CORTAC) payments:** Mortgage company payments, aka CORTAC payments, are payments made by mortgage companies on behalf of their customers with impound accounts. Some mortgage companies employ a tax service agent to compile the account information that is submitted to the tax collector. Other mortgage companies serve as their own tax-servicing agent. The tax service agent or mortgage company sends a magnetic tape or cartridge containing the parcel numbers and the amount due for each item. A payment check is included with the tape or cartridge. When received, the checks are deposited to a temporary account pending processing of the tape or cartridge. When the tape or cartridge is processed, a batch file is created that is then processed against the master tax file. Reports are generated with the results of the batch file processing that include a listing of each parcel and its current status. All exceptions are listed on a separate report and are deposited to trust. Payment processing staff performs the reconciliation of the CORTAC payments. After the reconciliation has been completed, Payment Processing Staff generate a fund transfer request to transfer funds from the temporary CORTAC fund to the respective tax roll and trust fund. The trust form and backup documentation is forwarded to the Financial Division Staff for further analysis or adjustment. If an unidentified variance exists, Financial Staff contact the company or individual to determine if the remitter made an error in calculating the amount due or whether an intended parcel or bill was not included on the tape or cartridge. The remitter is given 15 business days to respond before a refund of the overpayment is initiated. When completed, Financial Division Staff request the refund.
- 6.1.3 **Analyze Suspense Report (TRSTP047-70A):** Financial Division Staff perform regular weekly analysis of monies in suspense. Suspense refers to monies applied to a bill (reflected on the roll under “suspense”) that is either not sufficient to pay the amount due (short) or is an amount in excess of the amount due (over). In the case of a shortage, a collection letter must be mailed to the person or agency that submitted the payment informing them of the amount needed to pay the bill in full. In the case of an overage, the overpayment is to be transferred from the bill to a trust account to be refunded. Financial Division Staff initiate an online collection adjustment (ST45 adjustment) to remove the overage and create a C20 trust document, which specifies the fund to which the overage is to be deposited.

Policy/Procedure
Tax Refunds for Overpayment

6.1.4 **Complete the transaction record:** Financial Division Staff review the transaction record to ensure that all required documentation has been attached to the trust document and entered in to Trustref.

- **TC10 Trusts:** Documentation is to include the TC10 trust document, remittance processing report, copy of check, CORTAC Log or EFT Log showing who paid, any listings provided by the remitter and if available the envelope in which the payment was received.
- **C20 Document:** Documentation is to include a copy of the coding sheet, screen print of the bill on which overpayment was made, copy of the check, CORTAC Log or EFT Log showing who paid.

After all documentation has been compiled and the trust documents filled in with the appropriate data, Financial Staff complete/create the record in Trustref. For TC10 trusts, a portion of the information will be automatically imported to Trustref when the payment is processed. The automatically imported data includes the TC10 number and amount deposited to trust. To complete the Trustref record, Financial Division Staff retrieve the partially completed record by entering the TC10 document number in the appropriate field. When the record is displayed, staff verify the amount imported to see if it matches the amount that has been written on the trust form. If they match, staff enter the name and address of the refund recipient and place the completed packet in the appropriate bin to be reviewed and refunded. For C20 trusts, the Financial Division Staff create the Trustref record by entering the C20 number, name and address of the refund recipient and the bill number on which the overpayment was made. Accounting Staff will enter the amount once the coded transaction has been processed (usually overnight). Each trust packet is placed in a basket to be reviewed for completeness and accuracy. If all is okay, then the refund process may be initiated.

- **Identify the refund recipient:** All overpayments are to be refunded to the person or agency that paid the original tax. If paid by check, a copy of the check is retrieved from the Legato Image Application. If paid electronically by wire a copy of the log entry indicating the name of the agency that made the wire payment should be attached. If paid by CORTAC agency, a copy of the CORTAC log identifying the agency who submitted the payment should be attached.

6.2 **Initiate refund request to identified recipient:** After the reconciliation process has been completed and the required information from procedure 6.1.4 has been entered in to Trustref, Financial Division Staff initiate the process to generate a refund check.

6.2.1 **Verify documentation:** Financial Division Staff review tax payment records to determine that all required information from procedure 6.1.4 is attached and that the refund amount is correct.

Policy/Procedure
Tax Refunds for Overpayment

6.2.2 **Interest on Trust Refunds:** If an overpayment is not refunded within 60 days from receipt of the overpayment, then the refund shall be eligible for interest if the interest is \$10 or greater. The interest shall be computed for the period beginning 60 days after the county receives the overpayment to the date the overpayment is returned to the taxpayer.

6.2.3 **Create workflow for refund request, review and approval:** Using the completed trust documents, Financial Division Staff login to the Trustref application and select the “Create TX” button. Staff selects a fund from which the refund is to be issued. Only trusts refunds with the same fund number can be added to the TX. The fund number selected should correspond to the fund that appears on the trust document. After a fund is selected, the TX entry form appears. A TX number is assigned by the system. Each TX can contain a maximum of eleven refund records. Staff adds records to the TX document by entering the TC10 or C20 number to display all refunds under that number. Staff selects the desired record and press the “add” button. The item is then added to the TX. After the desired records have been added to the TX, click the submit button which will send the TX to the Lead Approver’s queue for review and approval. When finished, Staff then prints two copies of the TX. If there are multiple trust packets for which refunds are being created, staff place each trust packet in the order that it was added to the TX; staff 1) place one copy of the TX on top of the packet, bind it and forward the bundle to the Lead Clerk for approval; and 2) place one copy of the TX in the pending TX folder to await receipt of the refund checks.

- Financial lead approval: The Lead Clerk will login to the Trustref lead approver screen and retrieve the TX for review. The Lead Clerk compares the trust packets to the online TX form checking for accuracy of names and amounts. When completed, the Lead Clerk clicks the approve and submit buttons which forward the TX to the Supervisor approval queue. The Lead Clerk initials the bottom of the TX form and forwards the TX bundle to the supervisor for final approval.
- Financial supervisor approval: The Financial Supervisor receives the hard copy trust documents and logs in to the Trustref Supervisor Approval screen to conduct a second approval. The Supervisor will scan and compare both the TX hardcopy as well as the online form for accuracy. The Supervisor will review the backup for large refunds over \$10,000 for accuracy and search for familiar names listed. When the Supervisor review is completed, the supervisor will press the approve and submit buttons which then sends the TX to the Tax Accounting queue for funds verification and approval. The Financial Supervisor returns the TX bundle to the person that initiated the refund request.

6.2.4 **Log refund transaction and hold pending receipt of check clearing:** Financial Division Staff place the TX bundles in a file awaiting receipt of the refund checks. The bundles are labeled with a date 30 days from the date on the TX. The refunds are requested but the checks are held for a period of 30 days to allow for the original payment checks to clear the

Policy/Procedure
Tax Refunds for Overpayment

bank. In addition, Staff enter the refund transaction into a refund logbook located on the "G" drive. Financial Division Staff maintain this manual transaction control log and a manual tickler log for checks awaiting clearance for issuance.

- 6.2.5 **Review refunds before mailing checks:** After 30 days has elapsed, Financial Division Staff check the Trustref file to see if any adjustments have been posted due to return of the original payment check. If no adjustments have been posted, Financial staff record the check number and date of mailing next to the refund record on the hard copy TX document. The TX document is filed in the TX book for future reference. The check is matched with the appropriate trust detail and mailed to the recipient.
- 6.2.6 If a debit memo adjustment has been posted to the original Trustref record, then the refund check is to be canceled and the funds placed back in to the Trustref record to offset the negative amount caused by the returned check.
- 6.2.7 **Accounting staff verifies funds and approves TX for posting:** Once Financial Supervisors approve a TX, the document can no longer be altered by Financial Staff. The TX becomes visible to the Accounting staff for verification of funds and approval. Accounting Staff logon to Trustref and select the review function to locate TX's awaiting review. The Accounting Staff verify whether sufficient funds are available to pay the refunds by comparing the amount of the TX to the amount available in the General Ledger (GL) for the fund on which the TX is drawn. At the completion of this verification, Accounting Staff approve the TX by clicking the submit button. When the submit button is selected, the TX is posted to the Trustref history record reducing the record by the amount being refunded. If the TX amount is under \$10,000, a second approval is not required. If the TX amount is greater than \$10,000, then the TX will move to the Senior Accountant and or Treasury Manager's queue for authorization. The TX file will be interfaced to the Oracle System overnight. When the approved files are interfaced to the Oracle Financial System, a refund account is established for each refund record. The Oracle System also creates a batch file of all Tax Collector refunds posted each night.
- 6.2.8 **Submit request for check to accounts payable:** Accounting staff logon to the Oracle Financials to retrieve the refund batches created by Oracle. The batches are copied from Oracle and saved as a text file which must be sent via email to the Auditor and Controller's Accounts Payable Division. The email must be sent by an authorized staff person that includes the Treasury Manager or the Senior Accountant. The email with attachments is sent to the email address: "FGG, AP Interface" and the Treasury Manager, Treasury Assistant Manager, Financial Division Manager and Treasury Senior Accountant are copied on the email. Auditor and Controller Accounts Payable Division receive the email, verifies that the email was sent by an authorized person and processes the request. The checks are generated then next day. The checks are

Policy/Procedure
Tax Refunds for Overpayment

picked up by Accounting Staff who verifies that all checks are received before forwarding to the Financial Division Staff for mailing (see 6.2.6).



SAN DIEGO COUNTY TREASURER–TAX COLLECTOR
Escheatment of Unclaimed Property Tax Refunds

**POLICIES
AND
PROCEDURES
GUIDE**

Policy/Procedure
Escheatment of Unclaimed Property Tax Refunds



Escheatment of Unclaimed Money

Effective Date: November 7, 2005
Supersedes Policy: Not Applicable
Policy Owner: Treasurer-Tax Collector

TO: Treasurer-Tax Collector Management and Staff

FROM: _____ DATE: November 7, 2005
Dan McAllister
San Diego Treasurer-Tax Collector

- 1.0 SUBJECT: ESCHEATMENT OF UNCLAIMED PROPERTY TAX REFUNDS**
- 2.0 PURPOSE:** To establish a policy and related procedures for reporting property tax refunds held in the Treasurer-Tax Collector trust funds, which have been unclaimed for four or more years, for identifying which of these monies can be escheated to the County, and for transferring these escheated monies to the County General Fund.
- 3.0 STATEMENT OF POLICY:** This policy establishes the requirement that the Treasurer-Tax Collector annually identify and escheat unclaimed property tax refunds to the County General Fund. On August 1 of each year, the Treasurer-Tax Collector will identify a list of monies that have remained unclaimed for more than four years for escheatment, and will conduct research following the Research Guideline as a last attempt to locate the legal owners of these monies. The Treasurer-Tax Collector will complete this research and present a list of monies to escheat to the County Board of Supervisors by February 1 of each year.
- 4.0 AUTHORITY/REFERENCE:**
- California Government Code Sections 29320 and 24000 list position titles considered officers of the County and define the responsibilities of the Officer of the County.
 - California Government Code Sections 50052-50057 that define how a party may file a claim for unclaimed monies from the Treasurer.
 - California Revenue and Taxation Code Section 5097 defines the time period for filing a claim for refund.
 - California Revenue and Taxation Code Section 5102 Authorizes the Treasurer-Tax Collector to transfer unclaimed monies to the County General Fund.

For complete text go to <http://www.leginfo.ca.gov/> and click on "California Law", select the appropriate code and enter the code number to search for that document.

Policy/Procedure

Escheatment of Unclaimed Property Tax Refunds

5.0 DEFINITIONS:

- 5.1 Escheatment:** The term “escheatment” (is-chēt') generally means the legal transfer to a government entity of property that has not been claimed by the legal owners. Escheatment is the legal transfer to the County of property tax refunds that have remained unclaimed as defined in this policy Section 5.2 for four years and for which the whereabouts of the legal owners of the money is unknown.
- 5.2 Unclaimed Money:** Unclaimed money consists of property tax refunds which are not the property of the County but remain in the County treasury or in the custody of a County officer for four or more years without a claim being filed by the legal owner(s), except in the following situations:
- The apparent legal owners of the money and their address, phone number, or other evidence of their whereabouts are known.
 - The money is held in deposit pending decision in a court case.
 - The money is covered by a special restriction of law, or is subject to a claim by another governmental agency. The money is to be retained beyond four years because of the provisions of Probate Code Section 7663.
 - The amount of an individual item is under \$15 or the depositor’s name is unknown.
- 5.3 Trust Fund:** A trust fund is a fund used to hold assets for individuals, private organizations, or other governmental units. This policy applies to trust fund accounts:
- 514600 – a refundable trust fund account for current year secured tax payments, used to refund duplicate payments, cancellation of penalties and interest, and any overpayments for property taxes that occurred in the current year; and
 - 514800 – a refundable trust fund account for mobile home tax payments, used to refund overpayments made on estimated property taxes.
 - 514900 – a refund trust fund account for prior year (defaulted) secured tax payments, used to refund duplicate payments, cancellation of penalties and interest, and any overpayments for property taxes that occurred in the prior year.
 - 507000 – a refundable trust for current year roll correction refunds.
 - 507001 – a refundable trust for current year unsecured roll correction refunds.
 - 507002 – a refundable trust for negative supplemental refunds.
 - 507003 – a refundable trust for prior year refunds.
 - 507004 – a refundable trust for prior year SB813 refunds.
 - 507005 – a refundable trust for prior year unsecured refunds.
- 5.4 Officer:** "Officer of the County," as defined in Government Code Section 29320, includes any elective or appointive officer of a county, superior court, or judicial district, and any person in charge of any office, department, service, or institution of the county, or a division or branch and as enumerated in Section 24000 of the Government Code.
- 5.5 Refund Recipient:** The apparent legal owner of the unclaimed property tax refund.

Policy/Procedure

Escheatment of Unclaimed Property Tax Refunds

6.0 STATEMENT OF PROCEDURE: Beginning October 2005, a new procedure for escheating unclaimed property tax refunds is in effect. The goals of this procedure are to consistently and on a timely basis investigate monies that are eligible for escheatment and to annually present a list of recommended items for escheatment to the County Board of Supervisors. Procedural steps follow.

6.1 Identify open items to escheat:

Accounting Manager: On August 1 of each year, the Accounting Manager generates from the Trust Refund System and provides to the Financial Division Manager a report of unclaimed tax refunds that remain unclaimed for four or more years. The report is generated in fund number order and includes the tax bill number, trust document number, deposit date, amount of refund, and name and address of the refund recipient. Unclaimed property tax refunds less than \$15 or any amounts where the depositors' names are unknown are automatically added to a list of items recommended for escheatment; due to the monetary value and per Section 50055, no research is conducted to identify a refund recipient for these open items.

6.2 Conduct research to locate the refund recipient:

Financial Division Manager: The Financial Division Manager instructs staff to conduct and document research according to the Research Guideline to attempt to locate the refund recipient. The Guideline details what research sources to use and in what sequence. Research sources include the Treasurer-Tax Collector Property Tax System, the Assessor database, the California Department of Motor Vehicles (DMV) database, Secretary of State database, and the Internet.

Financial Division Staff: Staff conducts and documents research attempts, using an escheatment checklist. Generally, this is the third attempt to locate the refund recipient. Staff maintains a package of documentation for each trust fund, which includes individual record detail and a log of research contacts.

Financial Division Manager: The Financial Division Manager reviews staff documentation of research to assure due diligence was performed and to determine if a refund recipient was located. If a refund recipient is located, the Manager directs staff to request a refund check.

6.3 Compile list of items recommended for escheatment:

Financial Division Manager: The Financial Division Manager finalizes the list of open items for escheatment. The list of items recommended for escheatment includes unclaimed property tax refund items less than \$15.00 or any amounts where the depositors' names are unknown, and items of greater dollar value for which research was conducted and the refund recipient could not be located. The Financial Division Manager finalizes and forwards this list to the Accounting Manager.

6.4 Verify funds exist:

Accounting Manager: The Accounting Manager instructs staff to verify that the funds still exist using the Trust Refund system. This verification initiates an Oracle General Ledger update.

6.5 Notice funds to be escheated:

Accounting Manager: Upon verification of funds, the Accounting Manager prepares a written notice listing all escheated money amounts of \$15 or more, to be published once

Policy/Procedure

Escheatment of Unclaimed Property Tax Refunds

a week for two successive weeks in a local newspaper with a countywide circulation and distribution. Escheatment items with dollar values less than \$15 are not noticed. The notice shall state the amount of money, the name of the depositor, the fund in which it is held, and that the money will become property of the County of San Diego on a designated date not less than forty-five days nor more than sixty days after the first publication of the notice.

6.6 Process Claims for Unclaimed Monies:

Treasurer-Tax Collector: Upon or prior to publication, a party of interest may file a claim with the Treasurer-Tax Collector which must include the claimant's name, address, amount of claim, the grounds on which the claim is founded, and any other information that may be required by the Treasurer-Tax Collector. The claim must be filed before the date the unclaimed money becomes the property of the County as provided under Section 50051 and must be submitted to the Financial Division Manager for review.

The Financial Division Manager can accept or reject that claim. If accepted and notwithstanding the provisions of Section 50052, the department/agency/district may release, to the depositor of the unclaimed money or their heir, beneficiary, or duly appointed representative, unclaimed money if claimed prior to the date the money becomes the property of the County and upon submitting satisfactory proof. The Treasurer-Tax Collector can issue a check for the amount of the accepted claim (see SD CO Treasurer-Tax Collector Policy re Tax Refund For Overpayment Process). The Financial Division Manager notifies the Accounting Manager that the amount of the claim should be removed from the monies to be escheated.

If the claim is rejected, the party who submitted the claim may file a verified complaint seeking to recover all, or a designated part, of the money through the County courts. Within 30 days of receiving notice that the claim was rejected, the party must serve a copy of the complaint and the summons to the Treasurer-Tax Collector. The Treasurer-Tax Collector withholds the release of the portion of unclaimed money for which a court action was filed until a decision is rendered.

6.7 Calendar escheatment agenda item and prepare letter for Board of Supervisor approval:

Accounting Manager: 15 days following public notice, the Accounting Manager prepares a letter to the Board of Supervisors transmitting the escheatment list for approval and requesting the Board of Supervisors to issue a Resolution escheating the money as listed and directing the Auditor-Controller to transfer monies to the County General Fund. Within this letter, the Manager signs as the "Trust Officer" certifying that proper notice has been given to all known and apparent legal owners of unclaimed money to be escheated whose whereabouts are known. The Board letter along with the list of items to be escheated is forwarded to the Treasurer-Tax Collector for final review. Upon Treasurer-Tax Collector approval, the Accounting Manager will calendar the escheatment listing for the Board of Supervisors' meeting that immediately follows the date designated in the public notice.

6.8 Board of Supervisor Approval:

Board of Supervisors: The Board of Supervisors review and issues a Resolution escheating the money as listed and directing the Auditor and Controller to transfer monies from the Tax Collector Trust funds to the County General Fund.



Dan McAllister

San Diego County Treasurer-Tax Collector
P.O. BOX 129009 • San Diego, California 92112



1 TOLL FREE: (877) TAX4SDC (829-4732)

2 FAX: (619) 531-6056

3 PAY ONLINE: WWW.SDTREASTAX.COM

CURRENT OWNER

SPECIAL MESSAGES

4 PROPERTY ADDRESS - DESCRIPTION - SUBDIVISION

5 MAP NO.

6 PARCEL NO.

7 DOCUMENT NO.

8 SUPPLEMENTAL VALUES & EXEMPTIONS

RETAIN THIS PORTION FOR YOUR RECORDS

9 SUPPLEMENTAL NO.	10 TAX RATE AREA	11 PARCEL NO.	12 FIRST INSTALLMENT	+	13 SECOND INSTALLMENT	=	14 TOTAL DUE

15 YOUR TAX DISTRIBUTION			
AGENCY	BASE	RATE	TAX AMOUNT
S U P P L E M E N T A L			
THIS BILL NOT SENT TO MORTGAGE			

16 YOUR TAX DISTRIBUTION			
AGENCY	BASE	RATE	TAX AMOUNT
S U P P L E M E N T A L			
COMPANY-SEE ENCLOSED INSERTS			

TO PAY 2nd INSTALLMENT SEND THIS STUB WITH YOUR PAYMENT
Write your Bill No. on your check.

PLEASE SEPARATE STUBS IF PAYING BOTH INSTALLMENTS

17 SUPPLEMENTAL NO.	18 TAX RATE AREA	19 PARCEL NO.	20 DELINQUENT DATE	21 TOTAL DUE IF PAID BY 1 ST INSTALLMENT DELINQUENT DATE

Dan McAllister
San Diego County Treasurer-Tax Collector

PAY ONLINE
WWW.SDTREASTAX.COM

Second Installment

2

22 AMOUNT DUE AFTER DELINQUENT DATE

Make checks payable to:
SAN DIEGO COUNTY
TREASURER-TAX COLLECTOR
P.O. BOX 129009
San Diego, California 92112

PAY THIS AMOUNT
* IF NEGATIVE AMOUNT, YOU ARE ENTITLED TO A REFUND

TO PAY 1st INSTALLMENT SEND THIS STUB WITH YOUR PAYMENT
Write your Bill No. on your check.

PLEASE SEPARATE STUBS IF PAYING BOTH INSTALLMENTS

