

September 1, 2020 Agenda Item 6.4

Today is the culmination of many meetings, a lot of information gathering, as well as many attempts to support and solve many problems that are ongoing in the Treasurer/Tax Collector's department. Please note that this is not a personal agenda, and this is not in support of any special interest. The reason I bring this to the board is that the tax collector's office in some way shape or form impacts everything and everyone in this county whether it be property taxes that everyone pays or the partnerships with our special districts and the funds that we provide them to help support their service to our communities. This is about the greater good for Lake County and our tax collector's failure in being that agent that can provide to the greater good.

I will cover 5 topics and attempt to provide a timeline to show that change has not occurred no matter what was done.

1. Delayed deposits which impact our partner agencies as well as individuals

It has been known for a while that there has been many delays to get checks deposited, sometimes as long as 3-6 months. In fact, on November 20, 2018, the question was asked in the Response to Complaint portion of the agenda item on why it took so long to deposit delayed checks. The answers were staff vacancies, that it was a busy time period, depends on availability of staff. This begins the #1 reason given by Barbara Ringen as to why things are not happening, staffing. We'll get back to that later, but you'll hear about more issues that are also blamed on staffing before we finally discuss staffing. Ms. Ringen at this time stated that they were obtaining a new TL System of scanning and processing. This was hopeful that this would decrease the potential for checks being delayed and Ms. Ringen stated that holding checks for 30 days or more would be too long and that if everything is in place, we can have it done in a week.

- First TID payments late
 - o Around May 21, 2019 I received a phone call from the TID who was not receiving their first installment of the TID TOT apportionment. Board members of the TID complained that checks had been submitted, but not yet deposited. A check submitted on April 20, 2019 was not deposited until May 31, 2019. 41 days later. The TID members were worried that this would stall their ability to make progress. Other jurisdictions had already submitted their TOT apportionments to the TID.
 - o Was told verbally this would get done before the week was over, May 22, 2019, was not accomplished till the follow Friday, May 29, 2019.
- Investment Interest Payout Delay
 - o Each month we receive interest from our investments and these investments on a quarterly basis are divided up for our local taxing entities. We are consistently late on getting those deposits into our system so that we can send the appropriate amount to each entity. In our 2018 Single Audit, this was found to be a deficiency and continues to be a deficiency as of today where the third quarter (January – March) has still yet to be submitted to our county partners who are waiting for these amounts.
 - o In the report it states the following:

- Condition: While performing the audit we determined that the County Treasury cash and investment reconciliation did not reconcile to the amounts reported in the bank and investment statements provided by financial institutions. As a result cash and investments were understated at June 30, 2018.
 - Context: As of the date we performed audit procedures, February 4, 2019, the County Treasury had not provided a cash and investment reconciliation that agreed to the cash and investment statements as of June 30, 2018. We did not receive sufficient information to reconcile cash and investment statements until March 18, 2019.
 - Effect: As a result cash and investments was understated by approximately \$900 thousand at June 30, 2018. Additionally, not reconciling cash and investments on a timely basis could lead to material misstatements as well as create the opportunity for fraudulent transactions to go undetected.
 - HTE Novelline Accounting Finance System shows me that in the past years we have averaged 150 days from date of posting to date of processing. In the past between 5-15 years ago, the average was 59 days.

- Excess Proceeds from Tax Sales
 - On November 20, 2018, Ms. Ringen stated that it takes 1.5 years to process excess proceeds. One full year based on R&T Code 4675 for individuals or entities to file a claim for those excess proceeds and approximately 6 months of internal work to finalize and send out the payments.
 - On June 25, 2019 this board approved of excess proceeds from a tax auction that was done on June 9, 2017. This took 2 years to accomplish, 6 months more than anticipated.
 - On January 14, 2020, the board approved of excess proceeds from a tax auction that done in 2005. This took 14 years to accomplish, 12.5 years more than anticipated.
 - On July 21, 2020, this board approved of excess proceeds from a tax auction that was done on June 9, 2017. This took 3 years to accomplish, 1.5 years more than anticipated.
 - This board has discussed the sensitive issue of selling other people's properties due to being delinquent in property taxes. Our preferred avenue is compliance, however, if we are forced to sell their properties we do so. Why are we not being sensitive to the funds we acquire from the sale to get them to those who submit timely claims?
 - If it wasn't for the administration and myself pushing the Tax Collector to get this last item on the July 21, 2020 meeting agenda, how much longer might it have taken? Already it was promised to be on the July 7, 2020 agenda, but no word no agenda item. Delayed again and lack of communication.
 - We had received an email from a gentleman who was desperate to finalize this process. His mother had passed away after her house was auctioned, she never received the proceeds, he submitted a claim, and stated to having little to no communication back from the Tax Collector, and that he didn't have the time to keep fighting this as he was an active duty army soldier and did not have time for the amount of effort that was required of him to resolve this.

- Delays are ongoing and have gone on for too long and have potential impacts to both the county and its partners.

2. Inability to implement new taxes or enhance the collection of current taxes

The tax collector's office is our main point of revenue. It is important that we collect as close to all of the taxes due to us so that we can serve our communities the best we can. This includes property taxes, TOT taxes, and now Cannabis Taxes.

- Cannabis taxes – Measure C
 - Ms. Ringen has been very hands off when dealing with the cannabis tax and has barely made our meetings when discussing its implementation or its changed nuances on how to ensure it is correctly processed. In fact, it is an individual in the administration's office that was hired to help with finding the issues as well as some of the changes needed to ensure proper application of the tax. While researching the cannabis tax to ensure it was done properly, I've found that Ms. Ringen is not involved other than sending out the bills, but also not involved with creating the process or adjusting the process.
- Transient Occupancy Taxes – Air BnB style rentals
 - In just a few months of work, a new revenue of close to \$150,000 was found and added to our general funds, this is due to hiring an additional staff, mentioned earlier, to help research this, and put it together. While many counties were struggling with this same situation, our situation was made worse by operating off an obsolete list of potential businesses who would pay TOT, to sending bills without follow-up.
- Property Taxes – Better collection methods
 - As we will learn in another agenda item on this agenda, there is more than \$20 million dollars of potential property taxes, penalties, interest, and more to collect on all properties that are delinquent from 1 year or more.
 - This has been an issue brought to the board since, November 20, 2018 and possibly before.
 - That is a lot of money to collect and the only way to collect it is by people paying off their properties or us selling their properties via a tax sale.
 - Complete lack of communication to the status of tax auctions even though it has been very apparent that it is important for the board to have tax auctions at least annually
 - On September 17, 2019, Ms. Ringen was invited to discuss the next upcoming tax auction. We were told it would be in March 2020.
 - On February 25, 2020 Ms. Ringen requested for the board's approval for a tax auction sale to be held May 29-June 2. This shows a 60 day delay at least in getting the tax sale prepared.
 - We were told then that it takes 75 days after being approved by the board for the auction to occur.
 - On May 12, 2020 we postponed the tax auction and now we have not had a tax auction in 18-19 and now 19-20. In fact, we've only had two tax sales since 2013. Meaning in the past 6 years, only two tax sales.

- Delays may have cost our county due to the auction being possible to have in March, but not possible to have May/June due to State recommendations.
- We were told that the auction would be postponed to October, 2020.
- Today is September 1, 2020 and if it was on our board's agenda for approval the auction would not happen until at least November 15. No agenda item has been submitted for future agendas as of yet for a tax auction, and no new properties have been added according to the Tax Collector if the auction was to occur this fall.
- This has an impact on direct charges, and an impact on our general fund when teeter transfers funds due to penalties and fees and interest being paid.
- On 2/25/2020, a teeter presentation was given to us. Our teeter transfer to our general fund has been as high as \$3 million and as low as less than \$1 million.

3. Inability to problem solve the issues of the department whether through creative staffing strategies or the addition of technology

On November 20, 2018 the very things that were problems then are still problems today at the department. I place responsibility on our Tax Collector. Not once have I seen her requesting for more staff allocations. I have seen our Registrar of Voters, our Code Enforcement, and our Sheriff come to us with special request and creative ideas on how to recruit and retain the staff they require to serve the public and accomplish their goals. I have not seen Ms. Ringen once letting us know what her needs are other than telling us that staffing is a problem for her in order to meet her expectations. I hear it so much that I believe it to be an issue of it being used as an excuse for not showing the proper outcomes rather than actual it truly being a staffing issue. The only time this conversation came up publicly on how to solve staffing was when the ad hoc committee with the administration came back to the board saying we need to add staff specifically to help with tax auctions. I will detail to you why I see staffing as an excuse and not a truth later in the presentation. I will also provide examples of how technology is not being used appropriately to allow staff to work more efficiently, reducing the need for more staff or the need to use staffing as an excuse.

- Technology

- On November 20, 2018 Ms. Ringen stated that she had obtained a TL System of scanning and processing and would help solve the delayed checks.
- Yet I've provided evidence that delayed checks still persist.
- I am getting word from both staff and applicants that it is taking hours to count cannabis tax coming in.
- New technology can help solve this inefficiency.
- Based on California County Tax Collector's Reference Manual page 30 section 1230 states that we should be allowed to receive partial payments.
- However, section 1231 states that if we do receive partial payments that we must place them in a trust and immediately notify the assessee of the deficiency.
- We do not hold them in trust or tell the assessee of the deficiency.
- In fact, I worked to fix this issue with Mayor Russ Cremer whose check was held for three months due to it not equating the correct total amount, and then he received a new bill with a delinquent fee and more.

- If we can receive partial payments due to a payment plan, then we can enter a partial payment if we do not have to follow section 1230 or 1231 that I stated about earlier. And if we do, then why are we not putting their money in a trust and alerting them that they have underpaid.
- For a county struggling to obtain the revenues that we require to adequately serve the public, why would we so easily not deposit checks or just send them back.
- Staffing – not an issue
 - One would think that hiring would be an important part of the tax collector’s job to ensure that she fills the positions needed based on the amount of comments that this is due to staffing.
 - In the last 2 years, there have been 8 failed recruiting efforts and 4 successful ones.
 - The average number of applicants for the failed one was 7.
 - The average time it took for the final cancellation of the hiring process for these failed recruiting process is 52 days.
 - The average for those that ended up with a hire is 26.2
 - This is based on when an eligibility list was provided to the department head and when people were either hired or the hiring process cancelled.
 - For some of these examples, other departments hired the same applicants.
 - Currently, an eligibility list was provided to Ms. Ringen on May 1, 2020 and no action has been taken.
 - Yet, staffing is a huge issue is the common reason we are told for why these problems persist.
 - On 2/25/2020, during mid-year budget review, we approved of one new staff member provided to Ms. Ringen specifically to help with tax defaults and tax auctions. While originally this was approved by all parties, recently this staff member was refused to be used for such work.
 - So again, almost 2 months time to hire someone in a competitive market and no action since 5/1/2020 on choosing from the eligibility list to hire someone, and the refusal of help when provided. How is staffing a problem when the actions show no true urgent effort to obtain the staffing needed?
- 4. Inability to follow through and make the necessary changes to make progress in mitigating the problems of the department
 - On November 20, 2018, Ms. Ringen stated she would come back and report to us on the things that she stated she would report back on. This report has never come, just like the majority of the things that she said she would solve, enhance, or report on. This is an ongoing theme to tell us what we want to hear and not do what she needs to do.
- 5. Inability to trust that change will occur in a meaningful way or that the answers we are given are honest or truthful

- It is due to the fact that the same problems from November 20, 2018 are continuing to occur that we created an ad hoc committee to do our best to support the tax collector and resolve some of these issues.
- At times, the tax collector is there, but has not offered or taken any action to help with resolving the problems we discuss.
- Too often Administration and other departments have to take the lead in these discussions or deal with issues themselves because they are not being handled by the Tax Collector. We are enabling Ms. Ringen to continue to be paid and not change the outcomes of her work.
- There are times when we bring things back to the board, such as last week's Investment RFP and oversight committee that she does not show up. This provides the perception that she doesn't care, and I'd opine to say that she doesn't or else she would be more engaged in solving the problems than making excuses for them.
- In November 20, 2018 we were told that staff was being trained for the investments properties. Has this training occurred? Based on my findings it does not appear that anyone has been trained to handle our investments other than Ms. Ringen. Was this wrong information provided to us then?
- In the November 2018 discussion, Ms. Ringen stated that she would add quarterly reports on her website for investments and that we would receive these at the board level as well as an annual report. None of these things ever happened.
- It is as if that meeting never occurred and Ms. Ringen never responded to the board.
- Much of the follow up by the Ad Hoc committee has been progressing due to work done by IT and Admin staff, not the Tax Collector or her office.
- New information not provided to the public, grand jury, board, or ad hoc committee has been produced through this work, again not coming directly from the Tax Collector.
- Even as we discuss specifics of tax defaults, it wasn't until recently that historical books were found to be stored in storage with more tax defaults that may not add new properties, but would add more funds owed to the county and its partners, some potentially as old as 1956.
- Yet, Ms. Ringen in replying to the Grand Jury report stated "I agree that it is the duty of all elected officials to exercise extreme prudence in carrying out their respective official duties. If information is released in the course of carrying out the official duties of the Treasurer- Tax Collector, professional due diligence would be taken with regards to the research and verification of the information prior to its release." Yet, the knowledge of these historical books of tax defaults has never been discussed or brought up.
- Omission is a type of lie and my trust in Ms. Ringen has depleted and my belief that change will come has been depleted as well.
- She is not fit to execute her duties as elected by the people of Lake County, and I request her resignation so that Lake County can be better served to move into the future.

Sources:

8/31/2020

Bruno Sabatier - Outlook Web App

Sent: Friday, May 29, 2020 3:27 PM
To: Carol Huchingson <Carol.Huchingson@lakecountycga.gov>
Subject: [EXTERNAL] ***Tax Collectors Office Ignoring Claims

Hello Mrs. Huchingson,

I am reaching out to you as a last resort. My inquiries to the Lake County Tax Collector's office have gone unanswered for months. I will try to make the story short.

My mother owned a property there in the Oaks. She was owed excess proceeds from the sale. She put in a claim for the proceeds but passed away before it was paid out. My brothers and I put in a claim for the excessive proceeds, on the guidance of Liz Martinez, Tax Collector's Officer. This was back in August and a copy of the claim is attached.

Bottom line- I am an active duty Army Soldier and do not have a lot of time to keep contacting the Tax Collector's Office, only for them to ignore all forms of communication. The last e-mail I got stated "We have no update and no timeline." We are coming up on a year since the claim was submitted and the time is simply unacceptable, not to mention the ignoring of communication.

I have made multiple attempts by phone and e-mail to Barbara Ringen and have never gotten anything back. This has been truly unacceptable.

Before I escalated the issue even farther, I wanted to give this another chance in hopes this can be closed and resolved. I am not sure if you are the right person to contact, but I am hoping so. Thanks again for listening.

[REDACTED]

- 11/20/2018
Agenda - <https://countyoflake.legistar.com/View.ashx?M=A&ID=613102&GUID=A56503F1-002D-42C1-83F9-DCEBBCF0CE9D>
Board Meeting - http://lakecounty.granicus.com/MediaPlayer.php?view_id=1&clip_id=274
- 6/25/2019
Agenda - <https://countyoflake.legistar.com/View.ashx?M=A&ID=655689&GUID=1C335B6C-42D5-47AC-A968-6891A9AE1727>
Board Meeting - http://lakecounty.granicus.com/MediaPlayer.php?view_id=1&clip_id=330
- 9/17/2019
Agenda - <https://countyoflake.legistar.com/View.ashx?M=A&ID=655695&GUID=BC90CECA-A104-4A45-BE72-8263620ADD74>
Board Meeting - http://lakecounty.granicus.com/MediaPlayer.php?view_id=1&clip_id=343
- 1/14/2020
Agenda - <https://countyoflake.legistar.com/View.ashx?M=A&ID=725783&GUID=AE6861D0->

935F-45EC-967B-3613D24F53DC

Board Meeting - http://lakecounty.granicus.com/MediaPlayer.php?view_id=1&clip_id=358
- 2/25/2020

Agenda - <https://countyoflake.legistar.com/View.ashx?M=A&ID=725787&GUID=408ADC3B-E49D-460F-BE7F-CB06229D4CDC>

Board Meeting - http://lakecounty.granicus.com/MediaPlayer.php?view_id=1&clip_id=363
- 7/21/2020

Agenda – <https://countyoflake.legistar.com/View.ashx?M=A&ID=751508&GUID=24402722-B827-4C43-B724-46211A9317DF>

Board Meeting - http://lakecounty.granicus.com/MediaPlayer.php?view_id=1&clip_id=407

- June 2018 Single Audit -

<http://www.lakecountyca.gov/Assets/Departments/Auditor/Financial+Reporting/Single+Audit/2018+Single+Audit+Report.pdf>

8/31/2020

Bruno Sabatier - Outlook Web App

Requisition Number	Requisition Title	Length of Recruitment	Job Open	Job Closed	Date Eligibility List Provided to Dept.	Number of Qualified Applicants	Offered Date	Hire Start Date	Hired Candidate Referred Date	Hire Candidate Full Name	Referral Notes
18-161	ACCOUNTING TECHNICIAN	10 days	10/5/2018	10/28/2018	11/5/2018	8	12/20/2018	1/28/2019	11/6/2018	Boggan, Donna	TTC hired applicant.
18-171	ACCOUNT CLERK I/II	10 days	11/2/2018	11/11/2018	12/6/2018	8	12/19/2018	12/21/2018	12/6/2018	Gutierrez, Erica	TTC hired applicant.
18-181	ACCOUNTANT I/II	10 days	11/16/2018	11/25/2018	11/28/2018	10					3 departments provided list. TTC conducted interviews on 3/19 & 4/23. 7 applicants waived or did not respond and 3 applicants were rejected by TTC. 1 applicant hired by Special Dist. On 1/10.
18-200 P	COLLECTIONS SUPERVISOR	10 days	12/19/2018	12/26/2018	12/28/2018	1	1/4/2019	1/7/2019	12/28/2018	Mathias, Richard	Promo TTC hired applicant.
19-017	ACCOUNTING TECHNICIAN	10 days	1/24/2019	2/3/2019	2/11/2019	9					3/25 - 5 applicants rejected by TTC, 1 applicant declined TTC job offer due to rate of pay. 1 applicant hired by DSS.
19-061	ACCOUNTING TECHNICIAN	10 days	3/28/2019	4/7/2019	4/17/2019	7					6/21 Offer made after starting the background process candidate decline the position because of the rate of pay.
19-073	ACCOUNTANT I/II	10 days	5/2/2019	5/12/2019	5/16/2019	11					3 Departments provided List. 6/3 TTC Interviewed and offered job but applicant declined offer. BH hired 1 applicant from list.
19-092	ACCOUNTANT I/II	10 days	6/7/2019	6/16/2019	6/18/2019	3					7/29 TTC interviewed and rejected 2 applicants. 11/8/19 TTC interviewed and made offer but applicant declined position.
19-111	ACCOUNTING TECHNICIAN	10 days	6/25/2019	7/4/2019	7/10/2019	5	7/11/2019	7/11/2019	7/10/2019	Gutierrez, Erica	7/25 - 3 offers resulting in 2 job offer rejections and applicant hired.
19-136	ACCOUNTING TECHNICIAN	10 days	8/6/2019	8/16/2019	8/23/2019	2					9/10 - 2 applicants declined both accepted other positions.
19-157	ACCOUNTING TECHNICIAN	10 days	9/12/2019	9/21/2019	9/24/2019	4	11/8/2019	11/18/2019	9/24/2019	Sylva, Laura	10/16 - 2 applicants interviewed and withdrew from process

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Bruno Sabatier - Outlook Web App

19-178	ACCOUNTING TECHNICIAN	10 days	10/29/2019	11/7/2019	11/13/2019	2	12/4/2019	1/6/2020	11/13/2019	Blaha, Jennifer	and TTC hired 1 applicant. 12/16 TTC hired applicant
19-194	ACCOUNTANT I/II	10 days	11/14/2019	11/23/2019	12/2/2019	5					12/16 TTC rejected 4 applicants 1 no show.
20-011	ACCOUNTANT I/II	10 days	1/9/2020	1/18/2020	1/30/2020	8					3/10 - 5 no shows and 3 applicants rejected by TTC.
20-065	ACCOUNTANT I/II	10 days	3/26/2020	4/13/2020	5/5/2020	9					No action taken by TTC.

From: [REDACTED]
 Sent: Wednesday, May 22, 2019 8:05 AM
 To: Carol Huchingson <Carol.Huchingson@lakecountyca.gov>; Bruno Sabatier <Bruno.Sabatier@lakecountyca.gov>
 Cc: Patrick Sullivan <Patrick.Sullivan@lakecountyca.gov>
 Subject: RE: Barbara Again

Good morning everyone,

At yesterday's TID meeting one of the Board members stated that their TOT check from last quarter has as yet been cashed, and that has historically been the case. A few others chimed in that has been the case for them as well. Since the TID assessment is tied to the TOT collection, they were concerned that this would delay the TID receiving funds and as a new entity (and this being the first quarter of assessment) it would further delay the TID having any funds to act with.

There was a general discussion about frustration with the T-TC office and I noted that is an elected official and if they had any concerns they should come to a Board meeting to express them as the proper format.

[REDACTED]

FY	Qtr	Deposits	Journal Date	Sys Proc Date	Amount	# Days	Average
17/18	Q1	7/31-10/13/17	10/13/2017	1/31/2018	841,455	110	145.75
	Q2	10/18/17-1/12/18	1/12/2018	6/22/2018	556,165	161	
	Q3	4/16/18-	4/16/2018	9/20/2018	779,327	157	
	Q4	7/16-7/20/2018	7/16/2018	12/18/2018	1,349,544	155	
18/19	Q1	10/11-11/19/18	10/15/2018	4/17/2019	1,233,486	184	154.5
	Q2	11/19-1/15/19	1/15/2019	6/21/2019	1,053,782	157	
	Q3	4/15/2019	1/15/2019	7/25/2019	1,374,609	191	
	Q4	4/15-7/16/2019	7/16/2019	10/10/2019	1,694,939	86	
19/20	Q1	9/18-10/16/19	10/16/2019	4/21/2020	1,540,471	188	151
	Q2	12/19-1/15/20	1/15/2020	6/9/2020	1,141,981	146	
	Q3	1/16-4/20/20	4/20/2020	8/17/2020	955,765	119	
	Q4	7/20/2020	7/20/2020	Pending			
Total Average:							150.42
14/15	Q1	7/21-9/26/2014	10/17/2014	2/17/2015	191,077	123	79.75
	Q2	11/5-1/15/15	1/15/2015	4/14/2015	150,918	89	
	Q3	1/30-4/15/15	4/15/2015	5/21/2015	150,159	36	
	Q4	4/30-7/15/15	7/15/2015	9/24/2015	174,541	71	
09/10	Q1	8/28-10/30/2009	10/15/2009	11/12/2009	351,711	28	27.75
	Q2	11/25-1/15/2010	1/15/2010	2/4/2010	263,706	20	
	Q3	1/25-4/15/2010	4/15/2010	4/21/2010	287,643	6	
	Q4	4/30-7/15/2010	7/15/2010	9/10/2010	301,776	57	
04/05	Q1	7/16-20/1/2004	10/15/2004	2/16/2005	386,983	124	70.5
	Q2	10/8-11/30/2004	1/18/2005	3/16/2005	424,058	57	
	Q3	1/31-4/1/2005	4/15/2005	5/16/2005	752,351	31	
	Q4	5/2-7/14/2005	7/15/2005	9/23/2005	814,995	70	
Total Average:							59.33