

**Caroline County
Board of Supervisors Agenda
Executive Summary**

Meeting Date: September 13, 2022

Title: Consent Agenda – Proposed Amendments to Contract with
Keystone Information Systems

(Check Mark)

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consent | <input type="checkbox"/> Closed Meeting |
| <input checked="" type="checkbox"/> Action | <input type="checkbox"/> Public Hearing |
| <input type="checkbox"/> No Action (Information Only) | <input type="checkbox"/> Ordinance |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> PowerPoint Presentation |

Summary: Treasurer Elizabeth Curran is requesting Board of Supervisors approval of amendments to the County’s contract with Keystone Information Systems to change the software for the application of partial tax payments. The purpose of the change is to enable the Treasurer’s Office to continue its current practice of applying partial payments to the total due for tax, penalties and interest in proportion to all three amounts.

Keystone’s standard process applies partial tax payments to interest first, penalties second and the actual tax last. This can result in situations where a taxpayer’s partial payment is applied exclusively to interest and penalties without reducing the actual tax amount owed (an example is provided in Mrs. Curran’s attached memorandum). This change would anger taxpayers and send the wrong message that the County is using penalties and interest to increase revenue.

Statements of Work for the changes provided by Keystone Information Systems is also attached.

Budget Impact: The total cost of the changes to the Keystone contract is \$21,000. The proposed source of funds for the local match is the FY 2023 Undesignated General Fund Balance.

Action(s) Requested of Board of Supervisors: Approve changes to contract as proposed

TREASURER
Elizabeth B. Curran, MGT
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Caroline County, Virginia
Treasurer's Office



DEPUTIES
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Date: September 8, 2022

To: Charles Culley, County Administrator
Caroline County Board of Supervisors

From: Elizabeth Curran, Treasurer 

Subject: Request for change to Keystone's tax system to apply partial payments

After the meetings with Keystone to review the tax collection process, we requested a change to the software for the application of partial payments. Keystone's standard partial payment process uses a payment hierarchy that would pay interest first, then penalty, and then tax. Currently if a taxpayer makes a partial payment on their tax bill, the system looks at the total due for tax, penalty, and interest and applies that payment in proportion to all three amounts.

	For example, 2018 real estate tax billed	Current partial payment	Keystone partial payment
Tax	\$396.74	\$126.86	\$ 0.00
Penalty	39.67	12.68	10.90
Interest,	189.10	60.46	189.10
Total	\$625.51	\$200.00	\$200.00

From an operational standpoint, by introducing a new payment application process instead of keeping the original, any partial payments that currently exist will not convert properly. Powhatan went through this during their conversion and it was very time consuming to correct. Powhatan also does not allow payment plans for taxpayers. Our office currently has approximately 400 payment plans and by not applying the payments toward the principal, taxpayers are going to be very upset and confused.

Our office has reached out to representatives from both the IRS and Virginia Department of Taxation regarding their payment application process. The IRS applies the entire payment to principal first, interest second, and penalty last. The VA Department of Taxation applies the entire payment to principal first, penalty second, and interest last. This further confirms that it is not the intent of governments at any level to use taxation penalties and interest as a moneymaking feature but rather an incentive to pay on time.

We are requesting this partial payment option because we think it encourages taxpayers to make monthly payments if they are being credited with a portion of their tax liability.

Statement of Work



CLIENT NAME: Caroline County, VA

DOC. NO.: 161828

PROJECT NAME: PAAS Implementation

PROJECT NO.: _____

REQUESTED BY: Beth Curran DATE: 7/14/2022

This Request Amends Agreement No.: Contract signed May 3, 2021

Change No.: _____

Description of Change:

Current Accounts Receivable reporting is generated on a month end boundary.

County requests to enter a user-defined beginning and ending date (which may not be based on a month end date) to calculate and print the receivables for taxes and calculate the percent collected instead of using KIS "standard" month end programs.

ESTIMATED CHANGE REQUIREMENTS:

Estimated Cost \$1000

Fixed Cost (not hourly charge) N/A

Estimated Completion Date February 1, 2023 based on Client Sign-off on or before September 19, 2022.

CLIENT APPROVAL

Approved By: _____ Title: _____

Date: _____

KEYSTONE APPROVAL

Approved By:  _____ Title: _____

Date: 8/12/22

Statement of Work



CLIENT NAME: Caroline County, VA

CASE. NO.: 161815

PROJECT NAME: PAAS Implemenation

PROJECT NO.: _____

REQUESTED BY: Beth Curran DATE: 7/14/2022

This Request Amends Agreement No.: Contract signed on May 3, 2021

Change No.: _____

Description of Change:

Title: Modification to Keystone standard method of distribution of partial tax payments

Keystone's standard distribution method (as used by all customers so far) for partial payments on tax bills is to pay amounts in total, by type, as set in a payment hierarchy parameter, until each is paid off, before moving to the next type of amount. So for example, a customer may have the payment hierarchy set to pay all penalty first, then any fees, then interest, and then tax levy last, with the remainder of the partial payment.

This is different from the County's current partial payment distribution method, which applies the payment in proportion to the amounts owed for each of these different types of items, across all of these items. So a partial payment would always include some payment against the original levy (but not necessarily so in Keystone's current/standard method). This modification would

be to meet the County's current distribution criteria. It is fairly extensive, reaching into many programs and aspects of the system.

ESTIMATED CHANGE REQUIREMENTS:

20 Hours of Design and Coordination N/A Hours of Documentation
140 Hours of Coding 40 Hours of Testing
N/A Hours of Other

Estimated Cost \$20,000 Client P. O. No.: _____


Estimated Completion Date February 1, 2023 based on Client Sign-off on or before September 19, 2022.

CLIENT APPROVAL

Approved By: _____ Title: _____

Date: _____

KEYSTONE APPROVAL

Approved By:  _____ Title: _____

Date: 8/17/22