

MEMORANDUM

TO: Mary Ann Borgeson, Chair, Douglas County Commissioner
Clare Duda, Vice-Chair, Douglas County Commissioner
Mike Boyle, Douglas County commissioner
Marc Kraft, Douglas County commissioner
PJ Morgan, Douglas County Commissioner
Chris Rodgers, Douglas County Commissioner
Pam Tusa, Douglas County Commissioner
Thomas Cavanaugh, Douglas County Clerk/Comptroller
Roger Morrissey, County Assessor
John Ewing, Douglas County Treasurer

CC: Kathleen Hall, Chief Deputy Douglas County Clerk/Comptroller
Jerry Prazan, Finance Administrator Douglas County Clerk/Comptroller
Mike Goodwillie, Chief Deputy Douglas County Assessor
Tim Cavanaugh, Chief Deputy Douglas County Treasurer
T. Paul Tomoser, Audit Committee Chair
Jack Armitage
Ron Bucher
Joni J. Davis
Kathleen Kelley, Chief Administrative Officer
Joe Lorenz, Director of Budget and Finance
Patrick Bloomingdale, Deputy County Administrator
Fred Weber, Hayes & Associates

FROM: Mike Dwornicki, Internal Audit Director

DATE: August 24, 2011

SUBJECT: Real and Personal Property Taxes

Background

As part of the fiscal year audit plan, Douglas County Internal Audit performs internal control testing for the Douglas County external audit firm, Hayes and Associates, LLC. The external auditor uses the test data provided by Internal Audit to formulate a professional opinion about the County's year-end financial statements. Below are the details related to tests of the controls to levy and collect the taxes for real and personal properties.

Objectives

The objectives of the audit were to ensure that:

- Assessed values were properly reviewed and approved.
- All tax levies were properly calculated, approved, and authorized.
- Revenues and receivables for property taxes pertained to the entity and were recorded in the proper period for the correct amount and in the correct fund.
- All cash received for taxes was recorded and posted completely and accurately in the proper period.

Scope and Methodology

The audit included a review of twenty real and twenty personal properties randomly chosen from the County tax rolls. The following tests were performed for each property:

- The taxes for each property were recalculated based upon the appropriate tax district and property assessments.
- The levy for each political subdivision included in the in the tax district for the sampled properties was recalculated and traced to the subdivisions' total assessed values and budget submissions.
- The individual levies for the political subdivisions in the districts tested were approved by the County Board.
- The assessed values for personal property tested agreed to property tax returns.
- The taxes collected for each property were properly cashiered and recorded in the financial system.
- The daily total amounts collected for all real and personal property taxes (for each day payments were received for the sampled properties) were properly cashiered and posted to the financial system.

Findings

There were no reportable issues identified.

Audit Standards

Internal Audit conducted this audit in accordance with generally accepted government auditing standards. Those standards require that the audit is planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Internal Audit believes that the evidence obtained provides a reasonable basis for its findings and conclusions based on the audit objectives.

Internal Audit has reviewed this information with the Douglas County Treasurer, Chief Deputy Douglas County Assessor, and the Chief Deputy Douglas County Clerk. Internal Audit appreciates the excellent cooperation provided by management and staff. If you have any questions or wish to discuss the information presented in this report, please contact Mike Dwornicki at (402) 444-4327.