

**DOUGLAS COUNTY INTERNAL AUDIT DIVISION**



**CONSOLIDATED TAX LEVY TESTING  
REPORT ON INTERNAL CONTROLS  
FOR HAYES & ASSOCIATES  
FY 2009/2010 #06**



# DOUGLAS COUNTY INTERNAL AUDIT DIVISION

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To: Brad Yoder, Manager  
Hayes and Associates

From: Carmen Harmon, Internal Audit Administrator  
Douglas County Internal Audit Division

Date: November 12, 2009

RE: Consolidated Tax Levy / Tax District, and Political Sub Division Testing

As part of the fiscal year audit plan, Douglas County Internal Audit Division (DCIAD) staff performs compliance and internal control testing for the Douglas County external audit firm, Hayes and Associates, LLC. The external auditor uses the test data provided by DCIAD to formulate a professional opinion, issued in the Comprehensive Annual Financial Report (CAFR), concerning financial reporting in Douglas County.

This special report describes the results of the compliance and audit testing of the tax levy process.

**Objective:**

1. Test the distribution of the consolidated tax levy rates for each County fund.
2. Test the levy and distribution of the consolidated tax levy rates for tax districts and political subdivisions.
3. Determine that the tax levy process is operating efficiently, assure these records are accurate, authorized, accounted for, and other internal controls are in place and functioning.

**Scope and Methodology**

**Scope:** Forty (40) randomly selected levy, political subdivisions compositions. Use the Tax Levy Worksheet as the population to generate sample size.

In order to meet the objectives, Internal Audit verified the authorization of the tax levy by the Board of Commissioners, calculation of tax levy rates for each County fund, group of political subdivisions and tax districts; verified the distribution of taxes collected, and evaluated the accuracy of the tax on the Situs Report, the PRBTC102 report –County Levy breakdown and in the Oracle and IMS systems. Tests and procedures were conducted as considered necessary. Forty (40) records were selected from four randomly selected months during fiscal year 2008-2009. The auditor used a random selection technique to make the record selection. This technique allows the auditor to select items based on all records for the fiscal year. This is a limited selection of the total population of tax levies that have been paid by Douglas County.

## **Audit Steps for Consolidated Tax Levy and Distributions**

### **Consolidated County Fund Tax Test Steps**

- Randomly select four months from the current Fiscal Year
- Record the current county tax levy breakdown from schedule (PRBTC102) for each County fund
- Record the GCCPM30-1 tax collections for the selected month for all County funds
- Record from the GCCPM25-1 tax collections for the selected month – subtract the MV tax from the General Fund
- From the Oracle Revenue Summary report, record the amount of MV tax collections for the selected years
- Trace (Match) the MV tax collections from the Oracle report to the GCCPM25-1 report
- Trace the total tax collections arrived in #4 above to the total tax collected on the GCCPM30-1 report for each County fund.

### **Levy and Distribution Test Steps**

- Verify Zyfind to find the County Board resolution adopting the annual tax rate.
- Make a copy of the resolution and the rates.
- Get a copy of the FY's Tax Levy Worksheet (PRBTC102) from tax control division in the Clerks office and the FY Situs reports.
- Randomly select four months from the current Fiscal Year
- Randomly select (40) political subdivisions from the Tax Levy Worksheet (ten for each month).
- Compare the consolidated tax levies for the subdivisions on the Tax Levy worksheet to the Current Year Situs report. No exceptions.

- Print the LEVI tax screen for selected political subdivision for the most current FY. This should give you the subdivision (fund) Levy and the consolidated Levy for the correct tax FY.  
(If the subdivision is a County fund the County LEVI is used)
- Compare the individual tax levies on the Tax Levy Worksheet to the printouts from the LEVI screens. Recalculate the Levy and Distribution Percentage breakdown on the PRBTC110 report (current FY) to compare Totals on WRKSHT and LEVI reports. Record any variance result from rounding. No exceptions.
- Record two (2) year levy distribution for each taxing district. Data can be obtained from the Tax Levy Worksheet and the prior year Tax Levy worksheet.
- Using the Tax Collection reports (GCCPM25) for each tax district recalculate the distribution, for each fund. No exceptions.
- Record the distribution from the GCCMP30 report (by year) and the GCCMP25 (total and current year), by MV, Personal and Real property fund.
- Recalculate the GCCMP25 report levy distribution using the levy/distribution breakdown on the PRBTC110 levy table. (Deduct MV amount from Total for schools, county or city before recalculating. MV taxes go to schools, city and county only).
- From the GCCPM25-1, trace the monthly total collections for MV to the Oracle Revenue Summary by Account and Fund for the testing month and to Cashier for Windows monthly summary report. No exceptions.

### **Background Information on Tax rolls**

For 2008, there are 222 political subdivisions and 504 taxing districts in Douglas County. Their tax levies are determined each year by the following process:

1. The various political subdivisions (schools, fire districts, SIDs, cities, etc.) submit their budgets to the Clerk/Comptroller's Office by September 20.
2. The Douglas County Assessor certifies to the Clerk/Comptroller the total valuation of all real and personal property within Douglas County.
3. The Clerk/Comptroller then calculates the amount of tax dollars needed by each political subdivision to arrive at the levies they need to meet their approved budgets.
4. The Board of Commissioners, acting as the Board of Equalization, certifies the tax levies for all political subdivisions within Douglas County by October 15.
5. This information is forwarded to the State Auditor's office and the State Property Tax Division.

*The information provided above is directly from the Douglas County Clerk/Comptroller's website Real Property information.*

After the random selection was made, the sample identified Waterloo School District 11 as a selection. The Tax Control Administrator identified that the Waterloo School District 11 was dissolved along with Valley School District and merged with Waterloo

School District 15. The documentation, (Petition, Map and Final Order), which supports the reorganization, approved by the State Reorganization Committee on August 24<sup>th</sup>, 2004 and effective on June 1, 2005 is available in the file.

Based on the tests performed for this sample, no exceptions were found.

DCIAD staff participants in Report on Internal Controls for Hayes & Associates for FY 2009/10 #06:

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Carmen Harmon, Internal Audit Administrator (signed)

**Consolidated Tax Levy, District, and Political Sub-divisions Testing Report on internal controls for Hayes & Associates FY 2009/2010 #06 was released on November 12, 2009.**

Cc: Honorable Thomas F. Cavanaugh, Douglas County Clerk/Comptroller  
Kathleen Hall, Chief Deputy, Douglas County Clerk/Comptroller  
Audit Committee Members<sup>1</sup>

<sup>1</sup> The audit committee members are: Honorable Chris Rodgers, Douglas County Commissioner; Mr. Ronald Bucher, Metropolitan Utilities District, Dr. Jack Armitage, Professor University of Nebraska at Omaha; Mr. T. Paul Tomoser, Creighton University; and Ms. Joanie Davis, Omaha Public Power District.