About the Cover

The map of Johnson County shows over 300 different mixes of taxing authorities in the County.
Summary

Our audit objective was to answer:

- Are Records and Tax Administration’s (RTA) processes designed to ensure accurate information for property tax billing?

We found RTA’s processes are designed to ensure accurate property tax bills. Due to the inherent complications of compiling tax information, the process can’t completely eliminate the opportunity for errors.

RTA is responsible for mapping and communicating with other local governments that rely on property taxes. RTA certifies assessed values and sends that information to other taxing authorities. Taxing authorities, like cities and school districts, provide budgets to RTA. RTA uses those budgets to calculate tax levies.

We did not make any recommendations as we concluded Records and Tax Administration’s processes are designed to ensure accurate bills.
**Introduction**

The County Manager’s Office requested this audit. The Audit Committee was briefed on the project at the Audit Committee meeting held in October 2019.

Our audit objective was to answer:

- Is Records and Tax Administration’s (RTA) process designed to ensure accurate information for property tax billing?

The County Manager’s Office expressed concern after the County had to correct inaccurate tax bills sent to some taxpayers in 2018 and 2019. Inaccuracies in the tax bills related to levies to pay for debt for fire districts. The County corrected the billing problems by crediting or refunding taxpayers who had overpaid and rebilling taxpayers who had not been billed.

We reviewed documents describing RTA’s processes including written procedures and job descriptions. We reviewed state law and the state’s County Clerk Handbook. We interviewed management and staff. We reviewed RTA’s organizational structure and their Mission and Vision Statements. We reviewed information from the Human Resources Department about supervisor-employee Priority Plan check-in discussions. We compiled a list of risks that could result in inaccurate property tax bills. We compared that list to RTA’s processes to evaluate the design of the controls for ensuring accurate tax bills.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.
Records and Tax Administration responsible for mapping and communications with other local governments that rely on property taxes

Records and Tax Administration (RTA) maintains land records and communicates with taxing authorities to develop information for property tax billing. RTA performs the duties of the County Clerk and Register of Deeds. The Appraiser determines the value of property for taxing purposes. The Treasurer bills taxpayers and collects and distributes taxes. The performance audit focuses on the role of RTA.

- State law governs the property tax process and defines the roles of the County Clerk, Treasurer, Appraiser and other taxing authorities. State law also sets deadlines for communicating information. For example, the County must provide taxing authorities with assessed valuations on or before June 15. Taxing authorities must submit their budgets to the County Clerk by August 25.
The County billed property owners for almost $1.4 billion in property taxes and special assessments in 2019 as illustrated below.

<table>
<thead>
<tr>
<th>Type of taxing authority</th>
<th>2019 tax amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>School districts</td>
<td>$669,802,710</td>
</tr>
<tr>
<td>Cities</td>
<td>227,644,172</td>
</tr>
<tr>
<td>County</td>
<td>212,279,597</td>
</tr>
<tr>
<td>Community college</td>
<td>101,713,503</td>
</tr>
<tr>
<td>Library</td>
<td>35,610,350</td>
</tr>
<tr>
<td>Park</td>
<td>34,458,023</td>
</tr>
<tr>
<td>Fire districts</td>
<td>23,963,595</td>
</tr>
<tr>
<td>State</td>
<td>16,727,173</td>
</tr>
<tr>
<td>Recreation districts</td>
<td>7,994,810</td>
</tr>
<tr>
<td>Drainage districts</td>
<td>303,903</td>
</tr>
<tr>
<td>Townships</td>
<td>103,460</td>
</tr>
<tr>
<td>Cemetery districts</td>
<td>82,228</td>
</tr>
<tr>
<td>Special assessments</td>
<td>45,243,034</td>
</tr>
<tr>
<td>Grand total</td>
<td>$1,375,926,557</td>
</tr>
</tbody>
</table>

Source: 2019 Annual Abstract of Taxes, Johnson County

RTA’s Mission and Vision Statements address accuracy and quality and describe the Department’s roles as follows:

As stewards of Johnson County, The Department of Records and Tax Administration is trusted with accurately processing and maintaining land records. Our dedicated workforce provides quality services with timeliness, efficiency, professionalism, security and excellence.

We choose to be an inclusive and progressive department that:

- Inspires trust and pride in our work
- Establishes a sense of community and family
- Strives for excellence in all endeavors
- Preserves history

And is committed to be better Tomorrow than we are Today.

RTA uses four information technology systems to manage the process of generating information for tax bills. The systems include:

- DTS TrakRecord to record and track land records,
- ESRI Land Records Geographic Information System to maintain map boundaries,
- LaReS to manage workflow,
- Orion to maintain property and tax information and used by RTA, the Appraiser and the Treasurer.

**Records and Tax Administration’s process is designed to ensure accurate bills**

Records and Tax Administration’s (RTA) process for compiling information for billing property taxes is designed to minimize the chances of inaccurate bills. Due to the inherent complications of compiling tax information, the process can’t completely eliminate the opportunity for errors.

**Process designed to ensure accurate billing information**

- RTA designed and documented processes addressing key risks that could lead to inaccurate property tax bills as illustrated in the table below:

<table>
<thead>
<tr>
<th>Potential source of inaccurate billings</th>
<th>RTA process designed to address</th>
<th>Key documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location of property, taxing authority or tax unit group</td>
<td>✓</td>
<td>Map and Tax Process and Procedure</td>
</tr>
<tr>
<td>Tax unit group composition</td>
<td>✓</td>
<td>Map and Tax Process and Procedure</td>
</tr>
<tr>
<td>Adding or removing taxing authorities</td>
<td>✓</td>
<td>Map and Tax Process and Procedure</td>
</tr>
<tr>
<td>Ownership/taxpayer information</td>
<td>✓</td>
<td>Map and Tax Process and Procedure</td>
</tr>
<tr>
<td>Assessed value information to taxing authorities</td>
<td>✓</td>
<td>Tax Roll Notes, Tax Roll County Clerk Budget Letters, Tax Roll BOTA, Tax Roll Assessed Value Additional Questions, Tax Roll Small Budgets</td>
</tr>
<tr>
<td>Budget information from taxing authorities</td>
<td>✓</td>
<td>Tax Roll Timeline, Tax Roll Mill Levy Sheet Entry, Tax Roll Small Budgets, Tax Roll Smaller Authority Budgets</td>
</tr>
<tr>
<td>Calculation of mill levy</td>
<td>✓</td>
<td>Tax Roll Mill Levy Calc, Tax Roll Notes, Tax Roll Press Release Main Page</td>
</tr>
</tbody>
</table>

Source: Audit Services Analysis

- RTA’s written procedures and instructions were clear, concise and current. Written documentation described processes step-
by-step and used illustrations to clarify some steps. RTA takes steps to assure the quality of the information by checking data for accuracy. The department’s current procedures were created in 2019 and 2020. Management noted they revised many work procedures when they moved to using the Orion system. They began using the Orion system in 2017 and moved to using it fully in 2018.

- The County makes property tax billing information publicly available online to provide transparency. RTA publishes annual tax abstracts and mill levy reports on the County’s web page. People can look up details about properties, assessed values, property characteristics and a history of tax bills through RTA’s web page or an online map.

### Inherent complications in administering taxes

Generating accurate property tax bills requires information from numerous taxing authorities and matching property with taxing authority boundaries. The process is inherently complicated because there are numerous taxing authorities and changes to the maps such as annexations, sewer district changes and tax increment finance projects. The County doesn’t control all of the information needed to prepare property tax bills and must rely on accurate and complete information from other taxing authorities.

- Accurate tax bills rely on consistent and accurate communication with taxing authorities and within County government.

- RTA must compile and use information from a large number of taxing authorities; manage a significant number of tax unit groups, and process frequent map changes. The result is that administering taxes in Johnson County is complicated. For example, RTA:
  - Compiles information from multiple taxing authorities. The 2019 annual tax abstract identified 62 taxing authorities and 63 special assessment and projects.
  - Compiles information for a large number of tax unit groups. A tax unit group is a list of all taxing authorities that assess, levy and collect taxes on a property. Johnson County has 323 tax unit groups. In comparison, Sedgwick County has 260 and only one other county in the state has more than 150.
Processes frequent changes to maps. RTA processed an average of 9.5 annexation changes each year since 2017. Annexations require changes in tax unit groups and complicate the process of administering taxes. RTA also processed a significant number of other map changes. For example, in the two-year period of 2018 and 2019, Johnson County submitted 211 map changes to the state compared to 82 for Sedgwick County.

- RTA management also noted that frequent changes to state law can complicate the process of administering taxes.

**Recommendations**

We did not make any recommendations since we concluded Records and Tax Administration’s processes are designed to ensure accurate bills.

**Potential Issue for Further Consideration**

We identified an issue that could warrant additional audit work in the future. We will consider it as a possible topic when we develop a recommended annual audit plan for 2021.

Not all RTA staff had at least two Priority Plan check-in with their supervisors in 2019. The same issue occurs county-wide. County-wide most (68%) employees completed at least two check-in in 2019. County Procedure 602-1 requires a check-in discussion at least once every six months. These discussions allow supervisors and staff to discuss performance and development. A lack of adequate check-in discussions could affect the efficiency and effectiveness of the County’s operations. Further audit work could identify employees and supervisors not participating in expected check-in discussion and identify barriers to their occurrence.
Management’s Response

Maury Thompson, Deputy County Manager, provided the response:

I appreciate the acceptance of this request for audit, and the professionalism with which it was conducted. It is an important role of the County Auditor to provide this type of critical examination to the work of the organization, to assist management in assuring we continue to perform our work with the utmost in efficiency and effectiveness. I thank you for this review.

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Michael Eglinski conducted this audit. Please contact Ken Kleffner, County Auditor, at 913-715-1833 if you have any questions about this audit report.