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Tax Sale Automation Fund Audit

Background

Under the following state statute, the Tax Sale Automation Fund is to be audited by the county auditor:

35 ILCS 200/21-245 – The county collector in all counties may assess to the purchaser of property for delinquent taxes an automation fee of not more than \$10 per parcel. In counties with less than 3M inhabitants:

- (a) The fee shall be paid at the time of the purchase if the record keeping system used for processing the delinquent property tax sales is automated or has been approved for automation by the county board. The fee shall be collected in the same manner as other fees or costs.
- (b) Fees collected under this Section shall be retained by the county treasurer in a fund designated as the Tax Sale Automation Fund. The fund shall be audited by the county auditor. The county board, with the approval of the county treasurer, shall make expenditures from the fund (1) to pay any costs related to the automation of property tax collections and delinquent property tax sales, including the cost of hardware, software, research and development, and personnel and (2) to defray the cost of providing electronic access to property tax collection records and delinquent tax sale records.

Revenue in the Kane County (the County) Tax Sale Automation Fund comes from the following sources:

1. Electronic Information Services Fees - Mortgage company payment to obtain property tax data electronically.
2. Tax Sale Automation Fees - The \$10 fee stated in the statute above for delinquent property tax sales as well as tax sale bidder registration fee. Potential tax sale bidders register with the County prior to the sale. If the bidders do not show at the sale, the registration fee is forfeited. If the bidder shows at the sale, and doesn't purchase any property, a processing fee is withheld, but the remaining registration fee is returned. If the bidder makes a purchase, the registration fee is applied to the purchase. This allows the county to have an estimate of the number of bidders attending the sale.
3. Miscellaneous Fees - The County collects a \$2 fee to supply duplicate paper tax bills. Duplicate tax bills may be printed off the website at no charge.

4. Unclaimed Fees - By state statute 765 ILCS 1025/11, the County holds unclaimed funds for seven years, then submits them to the state. Previously, the County retained all individual funds less than \$25; however, the statute has been amended so that the County will only retain individual funds less than \$5. Unclaimed funds originate from unclaimed juror checks, Circuit Clerk bonds, employee reimbursement, etc.
5. NSF Fees - An insufficient funds fee of \$30 for returned checks.
6. Miscellaneous Other – These are one-time items.
7. Investment Income - Investment income earned on the account.

Expenses, per above statute, are any costs related to the automation of property tax collections and delinquent property tax sales, including the cost of hardware, software, research and development, and personnel.

The fund has no assets or liabilities other than cash and investments and year end accruals.

Scope and Testing

General

- Reviewed processes and accounts with appropriate personnel
- Performed Income Statement fluctuation analysis – FY 2013 vs FY 2012 vs Budget
 - For FY 2013, salaries & wages and general association dues were reclassified out of the Tax Sale Automation Fund into the general fund. The expenses are reviewed by the Treasurer and reclassified annually depending on nature and applicability of expense. Noted that in 2009, 2010 and 2013, an average of \$38k was reclassified from the Tax Sale Automation Fund to the Treasurer's general fund.

Revenue

- Electronic Information Services Fees – Recalculated fee as number of property parcels X \$.05/parcel and agreed to payment from vendor.
- Tax Sale Automation Fees – Agreed to sale detail for \$10/sale plus \$50 for all registered bidders and \$500 for no shows.
- Miscellaneous Fees – Agreed fees to monthly deposits.
- Unclaimed Fees – Agreed funds to schedule of all unclaimed funds segregated between > \$25 to state and < \$25 retained.
- NSF Fees – Agreed annual transfer to Tax Sale Automation Fund from NSF excel tracking worksheets.
- Miscellaneous Other - For 2013, represented Hampshire SBA 13 settlement. Agreed to settlement document.
- Investment Income – Interest is pro-rated to all County accounts automatically through NWS.

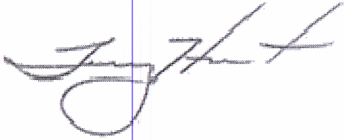
Expenditures – Randomly selected invoices for 58% or \$26k and 62% or \$19k for 2012 and 2013, respectively. Reviewed for:

- Approval
- Supporting documentation
- Proper g/l coding
- Proper accounting period

Findings and Recommendations

The Auditor's Office wishes to express our appreciation to the Treasurer, David Rickert, and his team for their time and cooperation in the conduct of this audit.

There are no findings or recommendations at this time.



Terry Hunt, Kane County Auditor



Andrea Rich, Kane County Deputy Auditor