

To: Davis County Audit Committee
From: Curtis Koch, Davis County Controller
CC: Matt Brady, Davis County Treasurer
Andy Hansen, Davis County Assessor
Jeff Hassett, Davis County Information Systems
Date: January 21, 2025
Re: Failure to Settle Annual Transactions

Per USC 59-2-1316, annually and upon the expiration of the term of office, the treasurer and assessor of the County shall make a settlement with the county auditor (controller) of all transactions connected with the revenue for the previous year. The need for such law is obvious, in that it ensures that revenues received and distributed can be accurately accounted for. As a basic internal control, it protects the taxpayers from fraud, waste and abuse of public funds.

On December 12, 2024, (Attachment A) the request was made to the outgoing Treasurer and current Assessor for settlement. In order to settle, it was explained that the following information was needed:

- The beginning balance of the Davis County Collector account as of January 1, 2024.
- The beginning balance as of January 1, 2024 in the Coretax system. (This is the treasurer's system in which the receipt and distribution of tax dollars is recorded in.)
- A detailed listing of all receipt of funds beginning on January 1, 2024 and ending December 31, 2024 in the Coretax system. Include a listing of each transaction including the amount received, the parcel number or business ID associated with the transaction and the receipt number. It was requested that the information be provided in an Excel spreadsheet.
- A complete listing of all disbursement of funds beginning on January 1, 2024 and ending December 31, 2024 in the Coretax system. Include a listing of each transaction including the amount disbursed, the date of disbursement, any transaction number and the entity receiving the disbursement. It was requested that the information be provided in an Excel spreadsheet.
- The ending balance of the Collector account as of December 31, 2024.
- An accounting of any timing differences associated with the Collector account.
- A summary sheet that takes the beginning bank balance, adds the total receipts for the year, subtracts the disbursements for the year, and adds/subtracts any timing differences. This should equal the December 31, 2024 ending bank balance.

Per the statutory deadline, the settlement was to be provided to the Controller by Monday, January 6, 2025.

On January 6th, the Treasurer and Assessor replied to the request ignoring the requested data that would have allowed for the intent of the statute to be met. Instead, providing a statement that they had "settled" and attaching data dumps from the Coretax system. (Attachment B) When

further pressed by the Controller to provide meaningful data so a true settlement could occur, the response of the Treasurer was that,

“Utah Code 59-2-1316 does not define settlement. Nor do the Utah State Tax Commission Standards of Practice define settlement.

Neither Utah Code nor the Utah State Tax Commission Standards of Practice give the county auditor nor the county controller authority to define settlement. This statute, revised in 1988, is antiquated. Most counties view it as obsolete and do not enforce the statute.”

This response is disturbing, as it highlights the continued problem that has repeatedly been brought to the Audit Committee for the past several years. Namely, that the financial system (Coretax) utilized for the collection of all property tax dollars in Davis County does not have the ability to be settled or more simply put, reconciled. The system does not have the ability to give a point in time balance. It does not have the ability to perform a year-end closing. It has limited ability to prevent, detect and correct errors. It does not have the ability to identify erroneous data that was imported from prior financial systems. Of highest concern is that since the program was launched, it has never reconciled to an accurate Collector bank account balance. Rather, year-end distributions to taxing entities have been made using “plug figures”. Such figures have at times been in excess of a half million dollars and are unexplained.

Because of the facts stated above, as the Controller of Davis County, charged with the internal audit function of the County, I cannot give the Audit Committee assurance that fraud, waste or abuse of public funds has or has not taken place in the 2024 year.

Recommendation:

I strongly encourage that Audit Committee, Treasurer and Assessor take immediate action in order to correct the program deficiencies associated with the Coretax system. At a minimum, the system must be able to reconcile to the Davis County Collector bank account. Corrective action should be implemented as soon as possible, but certainly no later than December 31, 2025.

Respectfully,

Curtis Koch
Davis County Controller



Curtis Koch <ckoch@co.davis.ut.us>

Settlement Upon the Expiration of Term of Office

7 messages

Curtis Koch <ckoch@co.davis.ut.us>

Thu, Dec 12, 2024 at 5:24 PM

To: Mark Altom <marka@co.davis.ut.us>

Cc: Lorene Kamalu <lkamalu@co.davis.ut.us>, Blake Woodall <bwoodall@co.davis.ut.us>, Andy Hansen <AHansen@co.davis.ut.us>

Mark,

Per USC 59-2-1316, annually and upon the expiration of the term of office, the treasurer shall make a settlement with the county auditor of all transactions connected with the revenue for the previous year. Please provide me with a reconciliation of the Coretax system and collectors bank account. In order for the auditor to approve the settlement, this reconciliation must include:

- The beginning balance of the Collectors account as of January 1, 2024.
- The beginning balance as of January 1, 2024 in the Coretax system.
- A detailed listing of all receipt of funds beginning on January 1, 2024 and ending December 31, 2024 in the Coretax system. Include a listing of each transaction including the amount received, the parcel number or business ID associated with the transaction and the receipt number. Please provide this information in an Excel spreadsheet.
- A complete listing of all disbursement of funds beginning on January 1, 2024 and ending December 31, 2024 in the Coretax system. Include a listing of each transaction including the amount disbursed, the date of disbursement, any transaction number and the entity receiving the disbursement. Please provide this information in an Excel spreadsheet.
- The ending balance of the Collectors account as of December 31, 2024.
- An accounting of any timing differences associated with the Collectors account.

In addition to this information, please provide a summary sheet that takes the beginning bank balance, adds the total receipts for the year, subtracts the disbursements for the year, and adds/subtracts any timing differences. This should equal the December 31, 2024 ending bank balance.

Per statute, this will need to be provided to me no later than Monday, January 6, 2025. Once I have this, I will make a determination as to the accuracy of the settlement and file it with the legislative body.

I recognize that the assessor is referenced in this statute. I have cc'd him on this email as well since Busitax would potentially tie into the Coretax receipts. I have spoken with him, and he is willing to work with you to provide any back up needed.

Please let me know if you have any questions.

Curtis Koch
Davis County Auditor
o: (801) 451-3491
c: (801) 543-9778



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Lorene Kamalu <lkamalu@co.davis.ut.us>

Fri, Dec 13, 2024 at 6:13 AM

To: Curtis Koch <ckoch@co.davis.ut.us>

Thank you for including me in this email!

L



Lorene Miner Kamalu, MPA
Commissioner
61 South Main Street, Suite 301
P. O. Box 618
Farmington, Utah 84025
801-451-3200
lkamalu@daviscountyutah.gov

Connects.You.

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Curtis Koch <ckoch@co.davis.ut.us>
To: Lorene Kamalu <lkamalu@co.davis.ut.us>

Mon, Dec 16, 2024 at 9:27 AM

Probably a good thing to have you and or the entire Commission follow-up with Mr. Altom as he has historically ignored multiple statutory requirements. This one in particular is important so the next Treasurer is not set up to fail by having inaccurate balances that cannot be explained when he is required to make final distribution.

Thanks,

Curtis Koch
Davis County Auditor
o: (801) 451-3491
c: (801) 543-9778



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Curtis Koch <ckoch@co.davis.ut.us>
To: Bob Stevenson <bstevenson@co.davis.ut.us>

Mon, Dec 16, 2024 at 9:29 AM

FYI on an email sent to Mr. Altom. It is important that the next Treasurer be given a fair shot to balance funds from January 6th through final distribution.

Thanks,

Curtis Koch
Davis County Auditor
o: (801) 451-3491
c: (801) 543-9778



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Lorene Kamalu <lkamalu@co.davis.ut.us>
To: Curtis Koch <ckoch@co.davis.ut.us>

Mon, Dec 16, 2024 at 10:02 AM

Agreed.

OK, I will include the other commissioners so that the Board of Commissioners support what must be done.



Lorene Miner Kamalu, MPA
Commissioner
61 South Main Street, Suite 301
P. O. Box 618
Farmington, Utah 84025
801-451-3200
lkamalu@daviscountyutah.gov

Connects.You.

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Curtis Koch <ckoch@co.davis.ut.us>
To: Lorene Kamalu <lkamalu@co.davis.ut.us>

Mon, Dec 16, 2024 at 12:52 PM

I forwarded it to Bob.

Thanks,

Curtis Koch
Davis County Auditor
o: (801) 451-3491
c: (801) 543-9778



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Lorene Kamalu <lkamalu@co.davis.ut.us>
To: Curtis Koch <ckoch@co.davis.ut.us>

Mon, Dec 16, 2024 at 5:01 PM

Thanks



Davis
COUNTY

Lorene Miner Kamalu, MPA

Commissioner

61 South Main Street, Suite 301

P. O. Box 618

Farmington, Utah 84025

801-451-3200

lkamalu@daviscountyutah.gov

Connects.You.

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Curtis Koch <ckoch@co.davis.ut.us>

59-2-1316 Settlement

4 messages

Mark Altom <marka@co.davis.ut.us> Mon, Jan 6, 2025 at 11:55 AM
To: Curtis Koch <ckoch@co.davis.ut.us>
Cc: Andy Hansen <ahansen@co.davis.ut.us>, Matthew Brady <mabrady@co.davis.ut.us>

 U.C.A 59-2-1316 Settlement - Real Property 2024.csv

**Settlement in accordance with
Utah Code Annotated Title 59 Chapter 2 Part 1316**

The following settlement is from the Davis County Assessor and Davis County Treasurer to the Davis County Auditor. The settlement is for the calendar year 2024, from January 1, 2024 through December 31, 2024. Personal property tax is administered by the Davis County Assessor. However, personal property taxes are collected by the Davis County Treasurer in accordance with U.C.A. 59-2-1302. This is also the settlement required by U.C.A 59-2-1316 at the expiration of Mark Altom's expiration of his term of office as of January 6, 2025 as Davis County Treasurer.



Andy Hansen January 6, 2025
Davis County Assessor Date



Mark Altom January 6, 2025
Davis County Treasurer Date

This settlement has two parts:
One part is for personal property taxes from the BusiTax Computer system;
The other part is for real property taxes from the CoreTax Computer system.

 **U.C.A 59-2-1316 Settlement - Personal Property 2024.csv**
619K

Curtis Koch <ckoch@co.davis.ut.us> Mon, Jan 6, 2025 at 1:39 PM
To: Mark Altom <marka@co.davis.ut.us>
Cc: Andy Hansen <ahansen@co.davis.ut.us>, Matthew Brady <mabrady@co.davis.ut.us>, Bob Stevenson <bstevenson@co.davis.ut.us>, Lorene Kamalu <lkamalu@co.davis.ut.us>, Blake Woodall <bwoodall@co.davis.ut.us>, Neal Geddes <NGeddes@co.davis.ut.us>, John Crofts <jcrofts@co.davis.ut.us>, Jeff Hassett <jhassett@co.davis.ut.us>

Mark and Andy,

Thank you for providing the data dumps from the Coretax and Busitax systems. The information provided does not constitute a settlement. In order to settle, all information that was requested on December 16, 2024 via email is needed. Please provide the following information:

- The beginning balance as of January 1, 2024 in the Collectors account.
- The beginning balance as of January 1, 2024 in the Coretax system and Busitax system.
- The ending balance as of December 31, 2024 of the Collectors account.
- An accounting of any timing differences associated with the Collectors account.

In addition to this information, please provide a summary sheet that takes the beginning bank balance, adds the total receipts for the year, subtracts the disbursements for the year, and adds/subtracts any timing differences. This should equal the December 31, 2024 ending bank balance.

Naturally, you understand that settlement is required in order to ensure funds have been appropriately accounted for and dispersed by the Treasurer's office while under your supervision. Having no such settlement would expose the County, your successor, and yourself to liability.

Best regards,

Curtis Koch
Davis County Controller
o: (801) 451-3491
c: (801) 543-9778



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U.C.A 59-2-1316 Settlement - Personal Property 2024...



U.C.A 59-2-1316 Settlement - Real Property 2024.csv

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Mark Altom <marka@co.davis.ut.us>

Mon, Jan 6, 2025 at 3:21 PM

To: Curtis Koch <ckoch@co.davis.ut.us>

Cc: Andy Hansen <ahansen@co.davis.ut.us>, Matthew Brady <mabrady@co.davis.ut.us>, Bob Stevenson <bstevenson@co.davis.ut.us>, Lorene Kamalu <lkamalu@co.davis.ut.us>, Blake Woodall <bwoodall@co.davis.ut.us>, Neal Geddes <NGeddes@co.davis.ut.us>, John Crofts <jcrofts@co.davis.ut.us>, Jeff Hassett <jhassett@co.davis.ut.us>, Troy Rawlings <troy@co.davis.ut.us>, Neal Geddes <ngeddes@daviscountyutah.gov>, Bret James <bjames@co.davis.ut.us>

Curtis,

Utah Code 59-2-1316 does not define settlement. Nor do the Utah State Tax Commission Standards of Practice define settlement.

Neither Utah Code nor the Utah State Tax Commission Standards of Practice give the county auditor nor the county controller authority to define settlement. This statute, revised in 1988, is antiquated. Most counties view it as obsolete and do not enforce the statute.

Mark Altom

Treasurer
Davis County, Utah
(801) 451-3390



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Curtis Koch <ckoch@co.davis.ut.us>

Mon, Jan 6, 2025 at 3:46 PM

To: Mark Altom <marka@co.davis.ut.us>

Cc: Andy Hansen <ahansen@co.davis.ut.us>, Matthew Brady <mabrady@co.davis.ut.us>, Bob Stevenson <bstevenson@co.davis.ut.us>, Lorene Kamalu <lkamalu@co.davis.ut.us>, Blake Woodall <bwoodall@co.davis.ut.us>, Neal Geddes <NGeddes@co.davis.ut.us>, John Crofts <jcrofts@co.davis.ut.us>, Jeff Hassett <jhassett@co.davis.ut.us>, Troy Rawlings <troy@co.davis.ut.us>, Neal Geddes <ngeddes@daviscountyutah.gov>, Bret James <bjames@co.davis.ut.us>

Mark,

How are we to settle if you can not reconcile the Treasurer system and the bank? The intent of the law is clearly to protected the next Treasurer from errors, fraud, waste and abuse of authority by their predecessor. The information you provided does not do that. The statute is clear, you shall make a settlement with the Auditor. This is not a settlement.

Please provide the information requested so that we can determine how far out of balance the book and bank. If that information is not available, please state that that is the case so that I can finish my report.

Best regards,

Curtis Koch
Davis County Controller
o: (801) 451-3491
c: (801) 543-9778



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