

Cottrell Account 104782

Intangible items (deposits on equipment) were improperly returned by the company and taxes paid on those items. Cottrell discovered this during an in-house company reconciliation and contacted our office regarding their error causing the erroneous assessment.

Short Summary

- 1) The erroneous assessment produces a refund of \$128,553 which was approved by the BTA & BOC.
- 2) An ACO was prepared & sent to TC office (**ACO was incorrectly calculated but unknown at this time*).
- 3) TC notifies BTA office that they (TC) calculate a different refund, \$115,693.59.
- 4) S. Watson asks R. Rainey & J. Smith to confirm TC calculations. R. Rainey & J. Smith confirm that recalculation of refund, \$115,693.59 is correct based on ACO submitted. (**It is still unknown that the ACO was incorrectly calculated at this time*)
- 5) Refund is then re-processed through BTA and BOC for re-approval of lower amount; \$115,693.59.
- 6) Original ACO is sent back to TC office for processing of refund of \$115,693.59.
- 7) S. Watson communicates with Cottrell concerning revised refund.
- 8) Cottrell objects to revised refund and sends S. Watson supporting documentation for refund of \$128,553.

ITEM	AMOUNT	COMMENTS
	938,928	Deposit - Not on premises
	4,684,800.00	Deposit - Not on premises
	11,745,941	Deposit - Not on premises
ERRONEOUSLY REPORTED	17,369,669	Fair Market Value
CIP FACTOR	0.75	Market Adjustment by Law
ERRONEOUS 100% VALUE	13,027,252	Adjusted Fair Market Value
ERRONEOUS 40% VALUE	5,210,901	Net Assessment
2023 MILLAGE RATE	24.67	
REFUND	\$128,553	

- 9) S. Watson asks R. Rainey to reconcile how original refund determination, \$128,553 was determined.
 - * Previous reconciliation by R. Rainey and J. Smith was to verify that TC refund recalculation was correct.

10) R. Rainey determines that the ACO submitted is in error and that original refund calculation of \$128,553 is actually correct

- * This reconciliation lines up with Cottrell’s aforementioned supporting documentation and S. Watson’s reconciliation of same.
- * *This could have and should have been discovered at above step 4).*

CORRECT REFUND CALCULATION

2023 ORIGINAL RETURN	2023 AMENDED RETURN	FMV DIFFERENCE	40% FMV MILLAGE RATE	BOC APPROVED REFUND
35,905,716	22,878,464	13,027,252	5,210,901	0.02467
				128,553

INCORRECT REFUND CALCULATION

2023 ORIGINAL RETURN	2024 RETURN	FMV DIFFERENCE	40% FMV MILLAGE RATE	BOC APPROVED REFUND
35,905,716	24,181,599	11,724,117	4,689,647	0.02467
				115,693.59

* The 2024 return was used instead of the 2023 Amended Return to calculate the value difference on the ACO. The return included new equipment not present for 2023 And no CIP (Construction in Process).

Recommended Action Items

1. **Inform Administration** – Explain in detail with supporting documentation series of events and corrective measures to be taken.
 - * *Recommend* sending corrected ACO back through to Tax Commissioner reflecting original refund amount of \$128,553 which was previously approved by the BTA & BOC.
2. **ACO** - Send correct ACO to Tax Commissioners office for the correct refund of \$128,553 previously approved by BTA & BOC.
 - * Include supporting documentation of calculated refund.
 - * Include BOC approval of refund of \$128,553 including all HCAM documents including voting meeting agenda item.
3. **Corrective Actions**
 - * Revise Refund Policy to include adequate layers of review for determination of erroneous valuation and calculated refund. *This has already been completed by staff and approved by the BTA.*
 - * Take necessary action and train, coach and test.

Take-Aways

- **Start From the Beginning** - Never assume - Anyone is fallible
- **Keep Customers Informed** - Touch Base
- **Do Not Rush** - Regardless, execute carefully
- **Finish the Drill** - Complete the process, review, review, review