



Office of Missouri State Auditor
Nicole Galloway, CPA

Ste. Genevieve County



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Ste. Genevieve County

County Collector's Delinquent Tax Penalty	The County Collector does not have controls in place to ensure the penalty assessed for delinquent taxes is accurate. As a result, the County Collector collected an additional \$3,241 in penalties from January 1, 2017, to March 16, 2017.
Sheriff's Controls and Procedures	Controls and procedures in the Sheriff's department need improvement. While the Sheriff typically records the receipt and disposition of seized property in the evidence log, we noted several instances where mistakes were made. In addition, the Sheriff has not conducted a physical inventory of all seized property. The Sheriff has not established procedures to routinely follow up on outstanding checks for the inmate account.
Senate Bill 40 Tax Rate	The County Commission did not hold a public hearing and approve the Senate Bill 40 property tax rate.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Good**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Ste. Genevieve County

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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the County Commission
and
Officeholders of Ste. Genevieve County

We have audited certain operations of Ste. Genevieve County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones and Associates, Certified Public Accountants, has been engaged to audit the financial statements of Ste. Genevieve County for the 2 years ended December 31, 2016. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2016. The objectives of our audit were to:

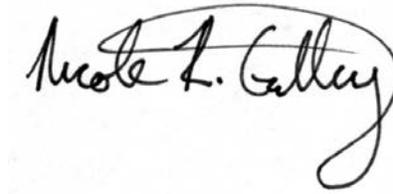
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our 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 such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Ste. Genevieve County.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Chris Vetter, CPA
In-Charge Auditor:	Steven Re', CPA
Audit Staff:	Milo Gitchos, J.D. Binju Gaire

Ste. Genevieve County Management Advisory Report State Auditor's Findings

1. County Collector's Delinquent Tax Penalty

The County Collector does not have controls in place to ensure the penalty assessed for delinquent taxes is accurate. As a result, the County Collector collected an additional \$3,241 in penalties from January 1, 2017, to March 16, 2017.

The County Collector assessed penalties on 2015 delinquent real and personal property taxes at 14 percent instead of the statutorily required 7 percent from January 1, 2017, until March 16, 2017, when we brought the matter to her attention. According to the contracted computer programmer, an error occurred in the computer system for calculating the penalty. The County Collector issued refund checks to all affected taxpayers.

Section 52.290, RSMo, states ". . . the collector shall collect on behalf of the county a fee for the collection of delinquent and back taxes of seven percent on all sums collected to be added to the face of the tax bill and collected from the party paying the tax." In addition, to ensure all penalties are calculated accurately and to help detect errors timely, penalties assessed should be periodically reviewed and recalculated for accuracy and completeness.

Recommendation

The County Collector should perform periodic recalculations of penalties assessed to taxpayers to ensure accuracy.

Auditee's Response

We will begin performing a periodic recalculation of penalties assessed to taxpayers.

2. Sheriff's Controls and Procedures

Controls and procedures in the Sheriff's department need improvement. The Sheriff's office processed receipts for bonds, conceal carry weapon permits, civil paper service and other miscellaneous receipts totaling approximately \$255,000 during the year ended December 31, 2016.

2.1 Seized property

While the Sheriff typically records the receipt and disposition of seized property in the evidence log, we noted several instances where mistakes were made. As a result, there is an increased potential for theft or misuse of items going undetected. For example, we noted one item located in the property room was not included on the evidence log. In addition, the Sheriff's department had to pay approximately \$3,600 related to 2 cases for evidence that could not be located when the owners asked for its return. For one case the Sheriff indicated he believes the monies had been previously returned to the owner but records had not been updated to indicate that had occurred. Also, the Sheriff has not conducted a physical inventory of all seized property.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the property. Complete and accurate inventory records should



Ste. Genevieve County
Management Advisory Report - State Auditor's Findings

be maintained, and periodic physical inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly.

2.2 Outstanding checks

The Sheriff has not established procedures to routinely follow up on outstanding checks for the inmate account. As of December 31, 2016, 319 checks totaling \$7,164 had been outstanding for over a year, with 43 checks dating back to 2009.

Procedures to routinely follow up on outstanding checks are necessary to prevent the accumulation of monies in the account and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

Similar conditions previously reported

Similar conditions were noted in our prior audit report.

Recommendations

The Sheriff:

- 2.1 Ensure a complete and accurate seized property inventory control log is maintained and a periodic physical inventory is conducted and reconciled to the log.
- 2.2 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If payees cannot be located, the monies should be disbursed in accordance with state law.

Auditee's Response

- 2.1 *We will plan to conduct periodic inventories of seized property and reconcile the items to the evidence log to ensure accuracy and completeness.*
- 2.2 *We will meet and discuss with our attorney to develop a policy to write off inmate balances under a specific dollar amount. In addition, we will contact the state's Unclaimed Property Section and inquire as to modifying the procedures used to make the unclaimed process quicker.*

3. Senate Bill 40 Tax Rate

The County Commission did not hold a public hearing and approve the Senate Bill 40 property tax rate. The property tax rate was approved by the Senate Bill 40 Board; however, the Board does not have the legal authority to set the property tax rate.

Section 137.055, RSMo, states the county governing body shall hold a public hearing prior to approving the tax rates of the county. In addition, the Missouri Supreme Court issued an opinion in the case of *State ex rel. Indus. Services Contractors, Inc. v. County Comm'n of Johnson County*, 918



Ste. Genevieve County
Management Advisory Report - State Auditor's Findings

S.W.2d 252 (Mo. Banc 1996), that there is no statutory authority allowing Senate Bill 40 Boards to set the property tax levy.

Recommendation

The County Commission should approve the Senate Bill 40 property tax rate in accordance with state law.

Auditee's Response

In the future we will set and approve the Senate Bill 40 property tax rate.

Ste. Genevieve County

Organization and Statistical Information

Ste. Genevieve County is a county-organized, third-class county. The county seat is Ste. Genevieve.

Ste. Genevieve County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. In addition to elected officials, the county employed 101 full-time employees and 97 part-time employees on December 31, 2016.

In addition, county operations include the Senate Bill 40 Board, Senior Citizen Board, Mental Health Board, and Community Center Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below:

Officeholder	2017	2016
Garry Nelson, Presiding Commissioner	\$	39,057
Joe Gettinger, Associate Commissioner		36,486
Randal Bahr, Associate Commissioner		36,486
Peggy Yamnitz, Recorder of Deeds		54,192
Sue Wolk, County Clerk		54,192
Carl Kinsky, Prosecuting Attorney		135,053
Gary Stolzer, Sheriff		61,709
Judy E. Thomas, County Treasurer		54,192
Eric Basler, County Coroner		19,284
Mary Jo Ramer, Public Administrator		47,286
Phyllis A. Vessell, County Collector (1), year ended February 28,	59,651	
Linda Wagner, County Assessor, year ended August 31,		54,721
Gerald Bader, County Surveyor (2)		

(1) Includes \$5,125 of commissions earned for collecting city property taxes.

(2) Compensation on a fee basis.