



**MILLER COUNTY, MISSOURI  
COUNTY COLLECTOR**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2004-60  
August 26, 2004  
[www.auditor.mo.gov](http://www.auditor.mo.gov)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2004

**Our office conducted an audit of the County Collector, Miller County, Missouri.**

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State statute requires the state auditor to audit the office of the County Collector after being notified of a vacancy in that office. On February 15, 2004, a vacancy occurred in the office of the County Collector of Miller County, Missouri; a successor was appointed effective March 4, 2004. An annual settlement for the year ended February 29, 2004, was filed on May 27, 2004.

During our review of the annual settlement, we noted the aggregate abstract prepared by the County Clerk indicated total railroad and utility taxes of approximately \$2,351,000, however, only approximately \$2,328,000 was reflected on the County Collector's annual settlement. Several utility billings were revised and reissued by the County Clerk, resulting in tax reductions of approximately \$23,000, which were not adequately documented.

It appears that approximately \$31,000 in delinquent taxes had not been accounted for, of which approximately \$26,000 was owed from a utility company that had filed for bankruptcy. The county was not aware that this company owed delinquent taxes and did not file a claim with the bankruptcy court. Our office contacted the company regarding the balance owed and as a result, the company paid \$26,000 to the county in June 2004. Because of the county's lack of monitoring, this amount may not have been collected. Additionally, there was no evidence of review of the annual settlement by the County Clerk or the County Commission.

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YELLOW SHEET

MILLER COUNTY, MISSOURI  
COUNTY COLLECTOR

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STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
County Collector  
Miller County, Missouri

Section 52.150, RSMo 2000, requires the State Auditor to audit the office of the County Collector after being notified of a vacancy in that office. On February 15, 2004, a vacancy occurred in the office of the County Collector of Miller County, Missouri; a successor was appointed effective March 4, 2004, and sworn into office March 5, 2004.

To satisfy our statutory obligation, we have audited the operations of the County Collector of Miller County, Missouri. The scope of our audit included, but was not necessarily limited to, the period March 1, 2003 to February 15, 2004, and the year ended February 28, 2003. The objectives of this audit were to:

1. Determine the financial condition of the accounts of the office of the County Collector.
2. Determine the proper compensation that should have been paid to the replaced County Collector during the past two years and the compensation actually paid during such period.
3. Review internal controls and review compliance with legal provisions as deemed necessary.
4. File a report of our findings with the County Commission and the person appointed to fill the vacancy in the office of the County Collector.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents and interviewing the County Clerk and various personnel of the office of the County Collector.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in

operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

Section 52.150, RSMo 2000, requires the County Commission to accept the state auditor's report and, if necessary, to take certain specific actions if the state auditor finds any monies owing to the county or the past County Collector.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the County Collector and was not subjected to the procedures applied in the audit of that office.

The accompanying Management Advisory Report presents our findings arising from our audit of the County Collector of Miller County, Missouri.



Claire McCaskill  
State Auditor

April 15, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA  
Audit Manager: Jeannette Eaves, CPA  
In-Charge Auditor: Marty Beck

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

MILLER COUNTY, MISSOURI  
COUNTY COLLECTOR  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

**Property Tax and Annual Settlement Procedures**

On February 15, 2004, a vacancy occurred in the Collector's office. The current County Collector was appointed March 4, 2004 and filed an annual settlement for the year ended February 29, 2004, on May 27, 2004. During our review of this settlement, we noted several errors in the amounts reported and inadequate review by the County Clerk or County Commission.

During the year ended February 28, 2003, and the period March 1, 2003 to February 15, 2004, the Collector's office collected and distributed approximately \$12.2 and \$13.1 million, respectively.

- A. Although the aggregate abstract prepared by the County Clerk indicated total railroad and utility taxes of approximately \$2,351,000, only approximately \$2,328,000 was reflected on the County Collector's annual settlement. Several utility billings were revised and reissued by the County Clerk, which resulted in tax reductions totaling approximately \$23,000. There was not adequate documentation provided as to why these changes were made nor was there documented approval of these changes by the County Commission.
- B. Property tax charges reported on the annual settlement did not always agree to the aggregate abstracts prepared by the County Clerk or to the total credits reported on the prior year's annual settlement. The Collector receives the current tax books (real, personal, and railroad and utility) from the County Clerk and is responsible for collecting and distributing the taxes. The County Collector files a settlement with the County Commission each year and the total charges on the annual settlement should equal the total credits.

The annual settlement completed for the year ended February 28, 2003 reported delinquent railroad and utility taxes for tax year 2002 of approximately \$120,000, which should have been carried forward to the 2003 tax year as a charge for delinquent railroad and utility taxes. However, the annual settlement completed for the year ended February 29, 2004 reflected delinquent railroad and utility charges and subsequent credits of approximately \$89,000. Upon further review, it appears that approximately \$31,000 in delinquent taxes had not been accounted for.

We noted that of this amount, approximately \$26,000 was owed from a utility company that had filed for bankruptcy. The county was not aware that this company owed delinquent taxes and did not file a claim with the bankruptcy



court. However, we contacted the company regarding the balance owed and as a result, the company paid \$26,000 to the county in June 2004. Because of the county's lack of monitoring, this amount may not have been collected.

Failure to adequately reconcile charges and credits reduces the assurance that the County Collector has accounted for all charges presented. Additionally, the potential for loss to the county exists from inadequate monitoring of delinquent taxes.

- C. Although the County Collector filed the annual settlement on May 27, 2004, there was no evidence of review by the County Clerk or the County Commission. The charges and subsequent credits reported on the annual settlement are not reconciled to the County Clerk's records to verify the accuracy of these amounts. If a detailed review had been performed, discrepancies in the reporting such as those noted above may have been identified prior to approval.

**WE RECOMMEND:**

- A. The County Clerk document the reasons for and approval of changes made to the taxes charged to the Collector for collection.
- B. The County Collector prepare and file accurate annual settlements that ensure all amounts charged have been accounted for.
- C. The County Clerk ensure the annual settlement is correct and in balance prior to approval by the County Commission.

**AUDITEE'S RESPONSE**

*The County Commission, County Clerk, and County Collector provided the following responses:*

- A. *The County Commission will work more closely with the County Clerk to resolve this situation. In the future, the County Commission will review supporting documentation.*
- B. *This was the first settlement prepared by the current County Collector. The County Collector is currently abstracting taxes on an electronic spreadsheet. In the past, taxes were abstracted manually. The new spreadsheets should reduce the abstracting errors made. The collector now has a better understanding of where to get charges and credit numbers.*
- C. *The County Clerk and County Collector will work together to ensure their numbers agree and will explain the settlement to the County Commission.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

MILLER COUNTY, MISSOURI  
COUNTY COLLECTOR  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The County Collector bills and collects property taxes for the county and most local governments. Pursuant to Section 52.015, RSMo 2000, the term for which collectors are elected expires on the first Monday in March of the year in which they are required to make their last final settlement for the tax book collected by them. Annual settlements are to be filed with the county commission for the fiscal year ended February 28 (29).

Roger Bond served as County Collector until February 15, 2004. Marvin Urfer was appointed the Miller County Collector effective March 4, 2004 and sworn into office on March 5, 2004.

The County Collector received compensation of \$43,000 for the period March 1, 2003 to February 29, 2004. During the year ended February 28, 2003, the County Collector received compensation of \$41,199. Compensation was in accordance with statutory provisions.

The following schedule reflects amounts from the records of the County Collector on the modified accrual basis. The schedule does not include any of the operating costs of the County Collector's office. Operating costs are paid from the General Revenue Fund of the county.

Appendix

MILLER COUNTY, MISSOURI  
 COUNTY COLLECTOR  
 SCHEDULE OF REVENUES AND EXPENDITURES

	Period	Year Ended
	March 1, 2003 to February 15, 2004	February 28, 2003
	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>		
Property taxes	\$ 14,276,234	13,456,857
Interest	9,244	9,095
Other	537,960	486,083
Less: Provision for Protested Accounts	(86,671)	(75,133)
Provision for Uncollectible Accounts	(1,620,099)	(1,639,410)
Total Revenues	<u>13,116,668</u>	<u>12,237,491</u>
<b>EXPENDITURES</b>		
State of Missouri	83,719	80,610
General Revenue Fund	107,576	114,289
Road Funds	618,250	575,451
Assessment Fund	128,686	124,114
Health Center Fund	413,863	394,923
Miller County Board for Services for the Developmentally Disabled Fund	231,495	221,614
School districts	8,120,304	7,773,851
Library district	350,973	336,233
Ambulance districts	371,400	291,631
Fire protection districts	996,211	959,494
Nursing Homes district	317,899	304,242
Nursing Home Bond Fund	160,782	111,745
Senior Citizens Service Fund	138,141	132,999
Surtax	112,909	115,358
Cities	21,487	20,416
County Clerk	512	436
County Employees' Retirement Fund	73,000	74,299
Tri-County Lodging Association	193,385	193,656
Tax Increment Financing Fund	428,596	197,651
Tax Maintenance Fund	29,579	12,688
Commissions and fees:		
General Revenue Fund	217,901	201,793
Total Expenditures	<u>13,116,668</u>	<u>12,237,491</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u><u>\$ 0</u></u>	<u><u>0</u></u>