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Missouri State Auditor

Schuyler County Collector and Property Tax System

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Schuyler County Collector and Property Tax System

Missing Monies

Property tax receipts of at least $568,974 are missing. A lack of oversight and a failure to segregate duties allowed the missing monies to go undetected. The former County Collector collected receipts but did not deposit some monies, issued checks from the County Collector's official bank account made payable to herself, and used error-correction fluid to alter tax book entries. Because of inadequate and incomplete records, the auditors could not determine whether additional monies are missing. Law enforcement authorities were alerted, and criminal charges have been filed against the former County Collector.

Property Tax System Controls and Procedures

The county did not prepare a separate delinquent property tax book, and to conceal the missing monies, the former County Collector improperly increased the delinquent tax totals on her annual settlements. No one totals the unpaid entries in the tax books, and as a result, the County Clerk and County Commission did not verify the delinquent tax totals. State law requires the County Collector to prepare the delinquent tax listings, the County Commission to examine and correct the listings and the County Clerk to make the listings into delinquent tax books and charge the County Collector with the amount of delinquent taxes to be collected.

The County Assessor's office recorded changes to property assessments on unnumbered manual forms which the former County Collector used to compute tax amounts and post additions and abatements manually to the tax books, and neither the County Clerk nor the County Commission verified the accuracy and completeness of the tax book additions and abatements made by the former County Collector.

Neither the County Clerk nor the County Commission adequately reviewed or verified the amounts on annual settlements prepared by the former County Collector, which allowed incorrect amounts on the settlements to go undetected.

County Collector's Controls and Procedures

The former County Collector did not record some property tax receipts on abstract reports and did not adequately reconcile receipts to bank deposits. Proper internal controls over receipts should include recording all paid tax statements on daily abstract or receipt lists, reconciling the lists to bank deposits, and reconciling the method of payment received to the composition of deposits.

The former County Collector did not always perform, or did not maintain documentation of, monthly bank reconciliations and did not adequately reconcile liabilities to the bank account balances. At June 30, 2011, identified liabilities exceeded the adjusted bank balance by $18,665.

The former County Collector did not issue receipts slips for some partial payments, did not use numbered receipt slips for partial payments, and did not maintain a ledger or other record to adequately identify partial payments collected and balances due from each taxpayer.

Commissions and Written Agreements

The former County Collector withheld commissions at a higher rate than allowed by law. The County Collector withheld approximately $5,250 more per year than she was entitled to withhold, which she remitted to the General Revenue Fund. The former County Collector also improperly withheld and remitted to the General Revenue Fund a one-half percent mailing commission on railroad and utility taxes, totaling $5,885 for tax years 2007 through 2010. The county collects property taxes for various cities in the county but did not have up-to-date written agreements for these services. State law requires such contracts to be in writing.

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

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The Schuyler County Collector did not receive any federal stimulus monies during the audited time period.

*****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.

Schuyler County Collector and Property Tax System
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THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
County Collector of Schuyler County

We have audited the County Collector and Property Tax System of Schuyler County. During our audit of certain operations of Schuyler County in fulfillment of our duties under Section 29.230, RSMo, we determined there were monies missing in the office of the County Collector. The County Collector resigned effective August 31, 2011, and a successor was appointed on October 24, 2011, and sworn into office on November 3, 2011. Section 52.150, RSMo, requires the State Auditor to audit the office of the County Collector after being notified of a vacancy in that office. The scope of our audit of the County Collector and Property Tax System included, but was not necessarily limited to, the period March 1, 2007, to August 31, 2011. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant property tax functions.

2. Evaluate the county's compliance with certain legal provisions.

3. Determine the extent of monies missing from the County Collector's office.

Our methodology included reviewing 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. The county and the County Collector's office did not maintain adequate records to support certain significant financial and property tax book transactions, including incomplete records of tax book additions and abatements and incomplete tax receipt records. Because of this limitation on the scope of our audit, we could not adequately audit certain 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 contract 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.

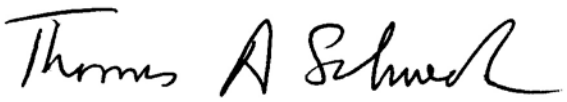
Except as discussed in the second paragraph, we conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain 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 Collector and Property Tax System.

Section 52.150, RSMo, 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 former County Collector.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) missing monies totaling at least $568,974. The accompanying Management Advisory Report presents our findings arising from our audit of the County Collector and Property Tax System of Schuyler County.

An audit of certain operations of Schuyler County, fulfilling our obligations under Section 29.230, RSMo, is still in process, and any additional findings and recommendations will be included in the subsequent report.



Thomas A. Schweich
State Auditor

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1. Missing Monies

Weaknesses in internal controls and record keeping procedures of the County Collector's office and property tax system, as noted throughout this report, allowed missing monies of at least $568,974 to go undetected. Information regarding these missing monies has been shared with law enforcement authorities. On June 27, 2011, Kathy Roberts (former County Collector) ceased performing duties related to the County Collector's office, and on August 31, 2011, Roberts resigned her position as Schuyler County Collector. Criminal charges were filed on October 7, 2011.

The missing monies went undetected due to a lack of segregation of duties and oversight. The County Collector's office is a two-person office, which makes proper segregation of accounting duties difficult. Normally, when duties cannot be adequately segregated due to limited staff available, at a minimum, the County Collector should perform and document periodic supervisory reviews of accounting records. However, the County Collector was responsible for most recording, depositing, disbursing, and reconciling duties. Due to the lack of oversight in the County Collector's office, it is even more important for the County Commission and County Clerk to perform the checks and balances provided by state law.

For the 4 years ended February 28, 2011, the County Collector's office processed and distributed approximately $2.2 million annually in property taxes and other monies, as recorded on the annual settlements.

Unrecorded receipts

Property tax receipts of at least $568,974 collected by the County Collector's office were not recorded and properly distributed. The majority of these receipts were not deposited into the former County Collector's official bank account; however, some of the unrecorded receipts were deposited and the former County Collector issued checks from her official bank account which do not appear to be for legitimate purposes (as described below).

Upon receipt of property tax payments, the County Collector's office procedures are to stamp the tax statements as paid and file the statements with the corresponding bank deposit slips. However, numerous stamped paid tax statements were located in the vault in the County Collector's office and were not filed with deposit slips. We attempted to trace several of these stamped paid tax statements to abstract lists (lists of taxes recorded and distributed to taxing authorities), but could not locate any of these paid tax statement amounts on the abstract lists.

The majority of the stamped paid tax statements not filed with deposit slips were marked as paid in cash. We reviewed deposits to the former County Collector's official bank accounts during the months of October through January for each of the 4 years of the audit period, which represents the busiest tax collection periods, and noted minimal cash deposited.

Improper disbursements

From March 1, 2007, to June 30, 2011, various checks totaling $46,686 were issued from the former County Collector's official bank account payable to the former County Collector or to a family member. The former County Collector could not provide adequate documentation to support the purpose of these checks, and based on copies of the canceled checks obtained from the county's depositary bank, it appears these checks were endorsed by the former County Collector and deposited into a personal bank account. In addition, the former County Collector provided us with copies of some of these canceled checks for which the payee appeared to be altered.

Methods to conceal missing monies

Various methods were used to conceal missing monies, including inflating the amount of delinquent tax credits reported on annual settlements. As required by state law, the former County Collector prepared annual settlements of tax book charges and credits for the year ended February 28 (29), each year. The settlements accurately reported taxes deposited and distributed to the taxing authorities, but amounts collected and not deposited and distributed were falsely reported on the settlements as uncollected delinquent amounts. As a result, total delinquent credits reported on the annual settlements increased significantly during the past 4 years, from $514,166 at March 1, 2007, to $767,159 at February 28, 2011.

Our review of the county's property tax books noted alterations or the use of white error correction fluid to various entries posted to the tax books. While the county's tax books are printed from the computerized property tax system, the former County Collector did not utilize the computer system to record tax receipts. Manual notations were documented in the tax books to denote dates paid, and some of these manual notations were concealed with error correction fluid. Our review noted several of the entries concealed with error correction fluid were related to tax statements stamped paid in cash that could not be traced to bank deposits or entries on the abstract lists.

Determination of shortage

To determine the amount of missing monies, we reviewed the county's property tax books and unpaid tax statements as of June 30, 2011, and determined actual delinquent tax totals at that date. We then reviewed tax book transactions, including collections and tax book additions and abatements, from March 1, 2011, to June 30, 2011, and determined the actual amount of delinquent taxes at February 28, 2011. Our audit work determined actual delinquent taxes totaled approximately $216,850 at February 28, 2011, while the former County Collector reported total delinquent taxes of $767,159. As a result, taxes of approximately $550,309 cannot be accounted for and are missing.

In addition, liabilities exceeded the balance in the former County Collector's official bank account by $18,665, which represents a shortage in the bank account. We prepared a bank reconciliation for the former County Collector's bank account at June 30, 2011, and compared the adjusted

balance (bank balance plus identified deposits-in-transit less identified outstanding checks) to identified liabilities. The account had an adjusted balance of $27,901, compared to identified liabilities of $46,566. Liabilities consisted of June tax collections distributed in July ($25,406), undistributed land tax sale proceeds ($1,820), partial tax payments held in the account ($3,923), and an undistributed protested tax refund ($15,417).

Potential additional missing monies

Due to inadequate or incomplete records, additional missing monies could exist but cannot be readily determined. Some tax book addition and abatement amounts reported on the former County Collector's annual settlements do not appear accurate. For example, some assessment forms located in the former County Collector's vault for property tax additions could not be traced to tax book addition amounts charged to the former County Collector on the annual settlements; however, manual tax statements were located for these property tax additions. Additionally, tax book abatement credits of $3,566 reported on the February 28, 2011, annual settlement could not be traced to supporting documentation and represent the amount of 2006 personal property tax abatements already credited in the previous year's annual settlement. While it appears additional monies could be missing because of inaccurate addition and abatement amounts reported on the annual settlements, we could not determine the actual amount of tax book additions and abatements to compare to amounts reported on the annual settlements.

In addition, some of the tax statements which could not be traced to deposits or abstract lists were for taxes paid after December 31 and would have been assessed delinquent penalties and interest. However, due to inaccurate or missing receipt records, we could not readily determine the amount of penalties and interest collected but not deposited and distributed.

Upon discovery of the missing monies and resignation of the former County Collector, the County Clerk and County Commission have implemented changes to improve controls over property tax transactions.

Recommendation

The County Commission and County Clerk take necessary action to recover the missing monies and work with law enforcement authorities regarding any criminal prosecution.

Auditee's Response

The County Commission and County Clerk provided the following written response:

The Prosecuting Attorney is currently working with the local insurance company and the bonding company to recoup the monies.

2. Property Tax System Controls and Procedures

Significant weaknesses were noted in controls and procedures over the county's property tax system.

2.1 Delinquent tax books

The county does not prepare separate delinquent property tax books, and no one totals the unpaid entries in the tax books to obtain and document delinquent tax totals. As a result, the County Clerk and the County Commission did not verify the accuracy of delinquent tax totals claimed by the former County Collector.

The County Assessor utilizes a computerized assessment and tax system to enter property assessments, and this information is used by the county to generate property tax books annually in October; however, the former County Collector elected not to utilize the system to record tax receipts. Tax receipts were manually recorded on the tax books, which did not allow the county to generate separate delinquent tax books from the computer system. County officials indicated the county is currently in the process of fully utilizing the computerized system for recording tax receipts, which should allow separate delinquent tax books to be generated in the future.

Section 140.030, RSMo, requires the County Collector to prepare delinquent tax listings. Section 140.040, RSMo, requires the County Commission to examine and correct the listings, and Section 140.050, RSMo, requires the County Clerk to make the listings into delinquent tax books and charge the County Collector with the amount of delinquent taxes to be collected. Because the County Collector is responsible for collecting property taxes, good internal controls require someone independent of that process be responsible for generating and testing the accuracy of delinquent property tax books. If it is not feasible for the County Clerk to prepare delinquent tax books, at a minimum, the County Clerk should verify the accuracy of the delinquent tax amounts annually at the beginning of the County Collector's fiscal year (March 1).

2.2 Additions and abatements

Controls over property tax additions and abatements were not adequate. There was no independent comparison of property assessment changes made by the County Assessor to the related changes in the property tax books made by the former County Collector. In addition, the County Commission only approved changes in assessed valuations and did not approve the related tax book additions and abatements.

The County Assessor's office records changes to property assessments on unnumbered manual forms. These forms were forwarded to the County Collector's office, and the former County Collector used the assessed valuation changes to compute the related tax amounts and manually post

additions and abatements to the tax books. The former County Collector then forwarded the assessment change forms to the County Clerk's office, and the County Clerk's office prepared sequentially numbered orders of assessment changes for County Commission approval. The County Clerk did not receive the tax book addition and abatement amounts from the former County Collector and did not receive copies of the assessment change forms directly from the County Assessor. Therefore, the County Clerk and the County Commission could not verify the accuracy and completeness of the tax book additions and abatements prepared by the former County Collector.

Because the County Assessor did not file the unnumbered assessment change forms separately (they were filed with each applicable property record) and did not prepare summaries of all assessment changes, we could not verify the accuracy and completeness of the tax book additions and abatements prepared by the former County Collector.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. The lack of independent verification and approval of assessed valuation changes made by the County Assessor and tax book additions and abatements made by the County Collector significantly increases the risk of intentional and unintentional errors and omissions to the property tax books.

2.3 Review of annual settlements

Neither the County Commission nor the County Clerk adequately reviewed or verified the amounts on the annual settlements prepared by the former County Collector. As a result, incorrect amounts recorded on the settlements prepared by the former County Collector as noted in MAR finding number 1 went undetected.

As required by Section 139.160, RSMo, the former County Collector prepared annual settlements of tax book charges and credits for the years ended February 28 (29). While these settlements were reviewed and approved by the County Clerk and the County Commission, the County Clerk did not verify the accuracy of various amounts recorded on the annual settlements. The County Clerk maintained a summary of collections recorded on the former County Collector's monthly settlements which materially agreed to collections and distributions recorded on the annual settlements. In addition, the County Clerk verified the accuracy of the current tax book charges recorded on the annual settlements. However, the County Clerk did not obtain records or verify the accuracy of amounts recorded on the annual settlements for additions, abatements, delinquent taxes, protested taxes, and city tax collections.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable to the county treasury. An accurate account book would help the County Clerk ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate and could be used by the County Clerk and the County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

Recommendations

The County Commission and County Clerk:

2.1 Establish procedures to prepare delinquent tax books. If preparation of delinquent tax books is not feasible, the County Clerk should total and verify delinquent tax amounts annually on March 1 and document all procedures performed.

2.2 Work with the County Assessor to ensure all tax book additions and abatements are properly recorded, approved, and charged to the County Collector.

2.3 Review the accuracy and completeness of the County Collector's monthly and annual settlements. This could be accomplished by the County Clerk maintaining a complete and accurate account book with the County Collector of all tax book charges and credits.

Auditee's Response

The County Commission and County Clerk provided the following written responses:

2.1 A new system has been adopted to do the delinquent tax books. The County Commission and County Clerk would have already implemented these steps had they been notified of the issues in previous audits that were conducted by the Missouri State Auditor's Office.

2.2 The County Assessor and County Clerk have a new system in place for all additions and abatements.

2.3 The County Clerk's office is already doing this. Due to false information that the previous County Collector reported to the County Clerk's office, it was hard to detect that monies were missing.

Auditor's Comment

2.1 Implementation of internal controls is the responsibility of county management.

3. County Collector's Controls and Procedures

Significant weaknesses existed in the former County Collector's accounting controls and procedures.

3.1 Receipts and deposits

The former County Collector did not record some property tax receipts on abstract reports and did not adequately reconcile receipts to bank deposits.

The former County Collector generally deposited monies daily and normally reconciled receipts to deposits by including corresponding paid tax statements with the deposit slips; however, some bank deposits did not include paid tax statements and were not otherwise reconciled to receipts. In addition, the former County Collector prepared manual monthly abstract lists of individual paid tax statements; however, these lists did not include daily receipt totals and were not reconciled to deposits.

As noted in MAR finding number 1, numerous paid tax statements were found in the County Collector's office which were not filed with deposit slips, were not included on monthly abstract lists for the month paid, and could not otherwise be traced to bank deposits.

Furthermore, the method of payment (cash, check, and money order) was not indicated on some tax statements and the composition of receipts was not always reconciled to the composition of deposits. The former County Collector stated the method of payment is indicated if a cash payment is made or if a check payment is received from someone other than the taxpayer; however, the composition of some deposits did not agree to the corresponding tax statements filed with the bank deposit.

Proper internal controls over receipts should include recording all paid tax statements on daily abstract or receipt lists, reconciling the lists to bank deposits, and reconciling the method of payment to the composition of deposits. Without performing such reconciliations, there is little assurance all monies received are deposited in the bank account or all receipts are properly recorded.

3.2 Bank reconciliations and liabilities

Documentation of monthly bank reconciliations was not always prepared or retained by the former County Collector. In addition, the former County Collector did not adequately reconcile liabilities to the bank account balances. As noted in MAR finding number 1, we attempted to prepare a bank reconciliation for the former County Collector's main collection account at June 30, 2011, and attempted to identify related liabilities. Our review noted identified liabilities exceeded the adjusted bank balance by $18,665.

While bank reconciliations were generally included on the back of monthly bank statements, some reconciliations could not be located and some reconciliations were not accurate. Some outstanding checks were not included on applicable bank reconciliations, and bank balances were not always reconciled to the balances recorded in the checkbook register. In addition, negative cash balances were sometimes noted in the checkbook register and the register balances were not kept up-to-date and did not appear accurate. Because liabilities exceeded the bank balance, it appears current month's receipts were used to make the previous month's distributions.

Monthly bank reconciliations and identification of liabilities are necessary to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient funds are available for the payment of all amounts due. Without the preparation of such reconciliations, there is little assurance cash receipts and disbursements are properly handled and recorded.

3.3 Partial payments

Records and procedures related to the collection of partial payments were not adequate. Receipt slips for partial payments were not numbered and the former County Collector did not issue receipt slips for some partial payments received. In addition, the former County Collector did not maintain a ledger or other record to adequately identify amounts collected and balance due from each taxpayer.

Upon our initial inquiry, the former County Collector indicated she did not accept partial payments. The Deputy County Collector indicated partial payments were accepted, recorded on unnumbered receipt slips and on the office's copy of the tax statement, and were not distributed until the taxes were paid in full. The tax statements were filed with all other unpaid statements until full payment was received, at which time the taxes were abstracted and distributed. Because receipt slips were not issued for some partial payments and because applicable receipts and balances due were not recorded on a separate ledger, it was difficult to determine the amount of partial payments held in the former County Collector's bank account.

Without accurate and detailed records for all partial payments collected and balances due, there is little assurance partial payments are properly handled and recorded.

Recommendations

The County Collector:

3.1 Record all receipts on the abstract lists and reconcile receipts to deposits by preparing daily totals on the abstract lists which agree to daily deposits. Additionally, the method of payment should be recorded on all tax statements and the composition of receipts

should be reconciled to the composition of deposits. Any differences should be investigated and explained.

3.2 Prepare and retain accurate monthly bank reconciliations. In addition, monthly lists of liabilities should be prepared and reconciled to the monthly bank balances.

3.3 Maintain accurate records of all partial payments received and due, including reconciling amounts collected to amounts held in the bank account. Additionally, pre-numbered receipt slips should be issued for all partial payments received.

Auditee's Response

The current County Collector provided the following written responses:

3.1 With the new tax system being used in the County Collector's office, there are reports that are printed from the system that show all taxes that were taken in daily. While in the process of learning the new system and getting everything set up, the newly appointed County Collector was using a computer spreadsheet to keep her daily abstracts.

3.2 Bank reconciliations are now done and looked over by the County Collector and County Clerk monthly. These bank reconciliations are matched to the partial payments ledger, interest ledger, surtax ledger, reclaimed property ledger, and any other ledgers that are on file with the County Collectors' office along with all money that was brought in and disbursed for the office for that particular month.

3.3 Pre-numbered receipt slips have been purchased and are already being used for any partial payment that is received. A partial payment ledger has already been implemented. Bank reconciliations are now matched to the partial payments ledger and other monies being held.

4. Commissions and Written Agreements

Commissions withheld by the former County Collector from some tax receipts were incorrectly calculated. In addition, written agreements with the cities for which property tax collection services are performed are not current.

4.1 Commissions

The former County Collector did not properly withhold commissions from tax collections. The County Collector withheld commissions at a higher rate than allowed by law. The former County Collector calculated commissions as a Bracket 2 collector (as defined in Section 52.260, RSMo), and a 2.5 percent commission was withheld from the first $350,000 collected and 1

percent from all additional amounts collected. The basis for a Bracket 2 collector is total annual taxes levied are less than $2 million. However, total annual taxes levied have exceeded $2 million each year, as documented on the former County Collector's annual settlements for the 4 years ended February 28, 2011. As a result, the County Collector is a Bracket 3 collector and a 1 percent commission should be withheld from all taxes collected. As a result, approximately $5,250 in annual commissions were over-withheld each year from tax collections and paid to the county General Revenue Fund.

Additionally, the former County Collector incorrectly withheld a one-half percent mailing commission on railroad and utility taxes. Section 52.250, RSMo, allows this commission on all current taxes as compensation for mailing the tax statements, exclusive of railroad and utility taxes. As a result, the former County Collector over-withheld and remitted commissions to the General Revenue Fund of $1,232, $1,490, $1,517, and $1,646 for tax years 2010, 2009, 2008, and 2007, respectively.

To ensure commissions are properly computed and paid to the General Revenue Fund, the County Collector should ensure applicable statutes are followed for the computation of commissions. To correct previous errors noted, the County Collector should determine total commissions over-withheld and make appropriate adjustments to tax and commission distributions with approval of the County Commission.

4.2 Written agreements

The county did not have up-to-date written agreements for city property tax collection services performed. The county collects property taxes for the cities of Downing, Glenwood, Lancaster, and Queen City. These agreements provide for amounts to be retained by the county to cover various operating costs and for amounts to be retained personally by the County Collector. The most recent agreements were entered into by the former County Collector in 1998 (Downing and Glenwood), 2000 (Queen City), and 2008 (Lancaster).

Section 50.332, RSMo, allows county officials, subject to the approval of the County Commission, to perform services for cities they normally provide to the county for additional compensation. Section 432,070, RSMo, requires all such contracts to be in writing. Up-to-date written contracts are necessary to clearly address the responsibilities of the cities, county, and County Collector, clearly define the amount of additional compensation to be assessed and paid to the county and County Collector, and address the proper distribution of all amounts collected.

Recommendations

The County Collector:

4.1 Recalculate commissions from past years and withhold from or make adjustments to future distributions to correct for errors noted. In the future, the County Collector should calculate and withhold commissions in accordance with state law.

4.2 Work with the County Commission to obtain current written agreements with the cities for tax collections.

Auditee's Response

The current County Collector provided the following written responses:

4.1 We will look into this matter as time allows.

4.2 The County Collector and County Commission will draw up new contracts for the collection of taxes for each individual city. The contracts will then be presented to each city for review and signatures.

Schuyler County Collector and Property Tax System 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, 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).

Kathy Roberts was the County Collector during the audit period from March 1, 2007 until August 31, 2011. Tammy Steele was appointed the Schuyler County Collector on October 24, 2011, and sworn into office on November 3, 2011.

The County Collector received compensation of $14,652 for the period March 1 through August 31, 2011. During the years ended February 28 (29), 2011, 2010, 2009, and 2008, the County Collector received compensation of $25,013, $24,871, $24,910, and $23,480, respectively. Compensation was in accordance with statutory provisions.

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

The Schuyler County Collector did not receive any federal stimulus monies during the period March 1, 2007, to August 31, 2011.