



**Scott Fitzpatrick**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Vernon County

Sheriff's Compensation	The County Commission authorized a mid-term salary increase of \$25,434 to the Sheriff in September 2022, retroactive to January 1, 2022, in violation of constitutional provisions and state law.
County Collector-Treasurer's Controls and Procedures	The County Collector-Treasurer does not adequately perform bank reconciliations. Numerous unrecorded or incorrectly recorded deposits, bad checks, and other errors identified in the accounting system, totaling approximately \$13.5 million and dating back to July 2020, were unresolved and included as reconciling items on the February 28, 2023, bank reconciliation. The bank reconciliation also included outstanding deposits and an outstanding wire that were posted to the accounting system in error and had not been cleared. Supporting documentation for the book balance used in the reconciliation was not maintained. At our request, the County Collector-Treasurer prepared a list of liabilities for the account, totaling \$2,174,896, as of February 28, 2023; however, after adjusting the bank balance for the known deposit in transit and outstanding checks, the balance of the account was \$2,164,645, resulting in a shortage of \$10,251. Part of this problem is caused by the County Collector-Treasurer's failure to transfer tax collections timely from the general account to a County Treasurer's account when tax distributions were made. The liabilities being held as of February 28, 2023, included \$1,795,761 in railroad and utility taxes, as well as \$38,360 in County Employee Retirement Fund fees and \$12,580 in county fees, collected between July 2020 and February 2023. All of these taxes and fees were distributed from a County Treasurer's account, but the corresponding transfers from the County Collector-Treasurer's account were not made. The County Collector-Treasurer did not properly review the township's tax withholdings and Assessment Fund withholdings calculated by the property tax system, and as a result, during the 2 years ended February 29, 2024, the County Collector-Treasurer improperly withheld \$143,835 from 2 townships and withheld \$51,235 more from tax collections for the Assessment Fund than allowed by state law.
Questionable Disbursements	Several disbursements made from the Election Services Fund and the General Revenue Fund during the year ended December 31, 2022, were either inappropriate or inessential to the administration and operation of the County Clerk's office. The former County Clerk made disbursements from the Election Services Fund for \$611 for headphones as gifts for his employees, \$530 for a cell phone signal booster for his home, and \$90 for flowers for an election worker involved in a car wreck. Disbursements made by the former County Clerk from the General Revenue Fund included \$3,125 for \$25 gift cards for employee Christmas gifts, \$311 for retirement gifts for himself and the former Presiding Commissioner, \$457 for food for an employee Christmas party, and \$160 for a heated vest.

County Procedures	The County Clerk did not accurately calculate the property tax reduction in 2020 and 2021 for the difference between estimated and actual sales tax collected in the prior year. These errors resulted in collection of approximately \$71,000 and \$97,000, in excess property tax revenues in those years, respectively. After the reductions for 2022 and 2023 were made, the cumulative excess property tax revenue collections, as of December 31, 2023, totaled approximately \$123,000. In addition, county officials could not locate minutes for 2 closed meetings the County Commission held during 2022.
County Clerk's Controls and Procedures	The County Clerk does not issue receipt slips for all money received or restrictively endorse checks upon receipt. During a May 16, 2023, cash count the audit noted receipt slips were not issued for 8 notary fee payments, and 2 checks were not restrictively endorsed.
Electronic Communication Policy	The county has not developed a records management and retention policy that includes electronic communication in compliance with the Missouri Secretary of State Records Services Division guidance, as approved by the Missouri Local Records Commission.
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 **Poor**.\*

\*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.



### Recommendations in the audit of Vernon County

Sheriff's Compensation	The County Commission discontinue the mid-term salary increase and consider various methods for possible recoupment of money already paid.
County Collector-Treasurer's Controls and Procedures	<p>The County Collector-Treasurer:</p> <ol style="list-style-type: none"><li>2.1 Prepare bank reconciliations and lists of liabilities monthly and reconcile the lists to the available cash balances. Any differences, and any old reconciling items, should be promptly investigated and resolved.</li><li>2.2 Transfer all tax collections from the general tax account to the county treasury timely and transfer amounts currently held in the general tax account that were not previously distributed to the county.</li><li>2.3 Work with the property tax system vendor to ensure calculations are correct and review the calculations periodically to ensure they are in accordance with state statute. The County Collector-Treasurer should correct distributions to the affected townships, the Special Road and Bridge Fund, and the Assessment Fund.</li></ol>
Questionable Disbursements	The County Clerk and County Commission ensure all disbursements are legal, necessary and prudent uses of public funds. In addition, ensure county property is accounted for and retained in the county's possession.
County Procedures	<p>The County Commission:</p> <ol style="list-style-type: none"><li>4.1 Work with the County Clerk to properly calculate property tax reductions and correct the accumulation of prior years' insufficient property tax levy reductions.</li><li>4.2 Ensure minutes are prepared and retained for all closed meetings.</li></ol>
County Clerk's Controls and Procedures	The County Clerk issue prenumbered receipt slips immediately for all money received, and restrictively endorse all checks upon receipt.
Electronic Communication Policy	The County Commission work with other county officials to develop a written records management and retention policy to address electronic communications management and retention to comply with Missouri Secretary of State Records Services Division electronic communications guidelines.