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# CITIZENS SUMMARY

## Findings in the audit of the Butler County Collector and Property Tax System

Background	On August 3, 2014, a vacancy occurred in the County Collector's office due to County Collector Brenda Fox's death. The Governor appointed M. Chris Michel as County Collector and he served from September 18, 2014, until March 2, 2015, at which time newly elected County Collector Emily Parks took office.
Property Tax System Controls and Procedures	Access to the property tax system is not adequately restricted, voided transactions are not periodically reviewed or compared to supporting documentation, and personnel do not maintain adequate documentation to support voided transactions. The account book and annual disbursement reconciliation maintained by the County Clerk is not complete and accurate, and neither the County Clerk nor the County Commission adequately review or approve the County Collector's annual settlement. In addition, the County Clerk does not prepare or verify the accuracy of the current or delinquent tax books, and the County Collector does not monitor or subsequently reduce the percentage used to calculate amounts withheld from tax collections for the Assessment Fund. This weakness resulted in the County Collector withholding \$30,341 more than allowed by state law during the year ended February 28, 2014. The County Collector's office also did not apply tax payments to the oldest delinquent taxes first, in violation of state law.
Drainage District and City Taxes	County Collector Fox billed drainage districts \$1,500 in total for preparing their tax books without statutory authority to do so and also charged \$841 in commissions and fees in excess of those authorized by law. Also, she reported withholding \$9,600 in commissions to the drainage districts but issued checks to herself totaling \$10,331, a difference of \$731. The County Collector does not have adequate procedures in place to ensure drainage district collections are fully disbursed and ensure disbursements are processed timely. Drainage district tax collections were sometimes allowed to accumulate for up to 10 months before distribution. Also, additional commissions of almost \$1,100 may still be owed to County Collector Fox's estate. County Collector Michel declined to accept personal commissions for the collection of drainage district taxes, and transmitted these commissions to the County Treasurer in violation of state law. As of February 2015, he had transmitted commissions totaling approximately \$9,200 to the County Treasurer.
County Collector Controls and Procedures	The County Collector does not always issue receipt slips for partial payments timely, and does not ensure all monies received for partial payments from taxpayers who are unable to pay their tax bills in full are properly recorded and deposited. The County Collector does not prepare a list of liabilities for the main bank account and does not compare liabilities to reconciled bank balances monthly. The County Collector has not adequately segregated the duties of receiving, recording, depositing, and disbursing monies, and documented independent or supervisory reviews of

accounting and bank records are not performed. In addition, County Collector Fox did not distribute interest earned on protested taxes to the appropriate taxing authorities upon resolution of the taxes. During the year ended February 28, 2014, County Collector Fox disbursed approximately \$55,000 in protested taxes to taxing authorities, but did not include the proportional share of interest earned on the taxes in the distributions as required by state law. She also did not maintain documentation supporting the calculation for the interest distributed to a taxpayer whose protested taxes were partially abated.

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.

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