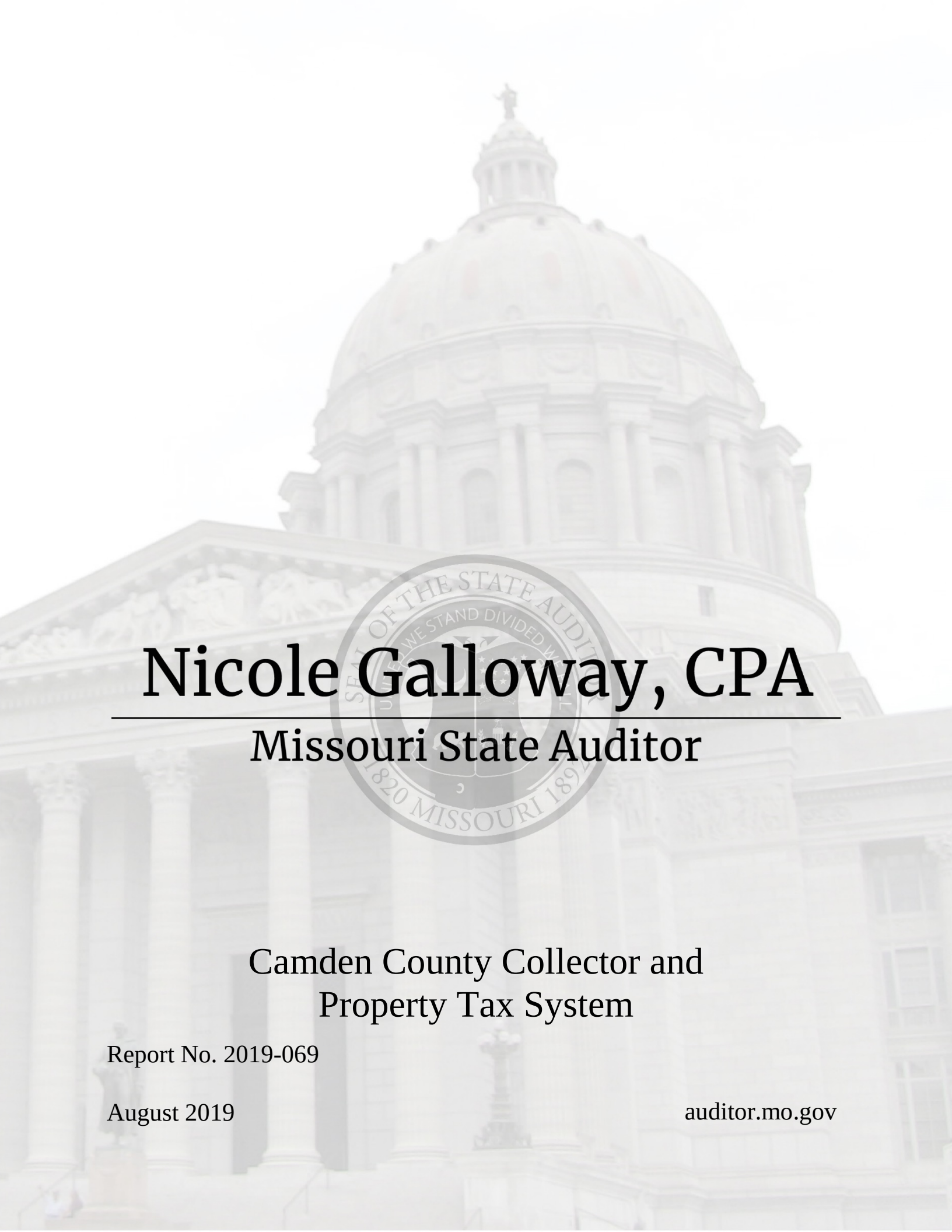




Nicole Galloway, CPA

Missouri State Auditor

**Camden County Collector and
Property Tax System**

Report No. 2019-069

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CITIZENS SUMMARY

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

Property Tax System Controls and Procedures	Significant weaknesses exist in the controls and procedures over the county's property tax system. The county has not appropriately restricted access within the computerized property tax system and the system lacks necessary system controls and reporting capabilities to meet the needs of the office. The annual settlements for the years ended February 28, 2018, and 2017, were not complete and accurate. The County Clerk does not prepare or verify the accuracy of the current tax books. The financial activities of the County Collector's office were not adequately reviewed by the County Clerk, the County Auditor, or the County Commission. The County Clerk and the County Commission do not adequately review changes (e.g., additions and abatements) entered into the property tax system and documentation to support these changes is not always retained or accurate.
County Collector's Controls and Procedures	Controls and procedures for the County Collector's office need improvement. The County Collector's procedures for receipting, recording, and depositing are not adequate. The former County Collector and current County Collector did not prepare monthly lists of liabilities for the property tax collections bank accounts. The current County Collector and former County Collector did not disburse tax collections accurately or in accordance with state law, and various political subdivisions did not receive their appropriate share of tax collections. The County Collector's office does not have procedures to routinely follow up on outstanding checks. Neither the former County Collector nor the current County Collector timely transferred monies from the 5 local bank accounts and the partial payment account to the main account prior to making monthly disbursements of the corresponding receipts.

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

*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.

Camden County Collector and Property Tax System

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NICOLE GALLOWAY, CPA

Missouri State Auditor

County Commission
and
County Collector
Camden County, Missouri

We have audited the County Collector and Property Tax System of Camden County. 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. In addition, under Section 50.057, RSMo, the County Commission of Camden County, Missouri, requested the State Auditor to audit Camden County. On May 31, 2017, a vacancy occurred in the office of the County Collector of Camden County. A successor was appointed and sworn into office effective June 12, 2017. The scope of our audit included, but was not necessarily limited to, the 2 years ended February 28, 2018. The objectives of our audit were to:

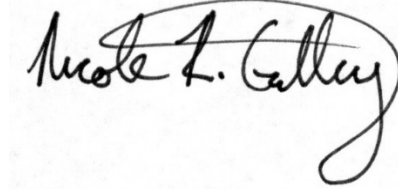
1. Evaluate the county's internal controls over significant property tax functions.
2. Evaluate the county's compliance with certain legal provisions.

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. 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 Collector and county 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 owed to the county or the former County Collector. For the areas audited, we identified (1) deficiencies in internal controls, and (2) noncompliance with legal provisions. The accompanying Management Advisory Report presents our findings arising from our audit of the County Collector and Property Tax System of Camden County.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with a large loop at the end of the last name.

Nicole R. Galloway, CPA
State Auditor

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Camden County Collector and Property Tax System

Management Advisory Report

State Auditor's Findings

1. Property Tax System Controls and Procedures

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

The former County Collector resigned on May 31, 2017, and the current County Collector was appointed and sworn into office effective June 12, 2017.

We expanded audit work in the County Collector's office to encompass both the collector vacancy closeout audit and the requested county audit. As a result, the scope of our audit includes both the former and current County Collector. The current County Collector worked in the office prior to her appointment as County Collector and assisted the former County Collector with the daily operations of the office, preparation of monthly and annual settlements, and making monthly disbursements. The current County Collector has continued to use the same property tax system and most of the procedures established by the former County Collector.

The County Collector's office processed collections totaling approximately \$74 million during the year ended February 28, 2018, and \$72 million during the year ended February 28, 2017.

1.1 Property tax system controls

The county has not appropriately restricted access within the computerized property tax system. In addition, the system lacks necessary system controls and reporting capabilities, and as a result, it does not meet the needs of the County Collector's office.

User access, identifications, and passwords

The county has not adequately restricted property tax system access and login credentials are shared among users. The current County Collector and her deputies have access rights in the property tax system allowing them to make changes to individual tax records and delete receipt transactions. Similar access rights existed for the former County Collector and her deputies prior to her resignation. Because the County Collector's office is responsible for collecting tax payments, the ability of personnel within the office to alter tax records and delete receipt transactions represents a significant weakness in internal controls. Good internal controls require the County Collector and other office personnel not have access rights allowing alteration or deletion of tax rates, assessed valuations, and property tax billing information. Also, the ability to delete receipt transactions should be restricted and require an independent or supervisory review and approval.

County Assessor's office personnel use the County Clerk's user identification and password to access the property tax system to record additions and abatements. As a result, there is an increased risk that unsupported or unauthorized changes could be made to the property tax system. In addition, the current County Collector shares her password with the Chief Deputy Collector.



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The combination of a user identification and password are required to authenticate access, and the security of these logon credentials is dependent upon keeping them confidential. Allowing users to share logon credentials increases the risk of unauthorized access and/or changes to the system and records, and does not provide assurance access is limited to only those individuals who need access to perform their job responsibilities. User identifications should be unique to each person and passwords should be kept confidential to reduce these risks.

Receipt transactions

The property tax system does not maintain an audit trail to document deleted receipt transactions and, as discussed earlier, all County Collector's office employees have the ability to delete receipt transactions. When a receipt transaction is deleted, there is no record of the initial receipt, date it was deleted, or user responsible for each action. Unlike deleted receipt transactions, when the County Collector and the Chief Deputy Collector unpost (void) erroneous receipt transactions a record of this action is maintained in the property tax system. We identified numerous missing receipt transactions that could not be accounted for. Neither the current County Collector nor the contracted property tax system programmer could explain why receipt transactions would be deleted. Without an audit trail of deleted transactions, there is a risk completed receipt transactions could be improperly deleted and not detected.

In addition, the property tax system does not have the capability to record railroad and utility property tax receipts and lodging tax receipts and does not automatically generate receipt slip numbers for merchant licenses.

Due to these significant control weakness, the numerical sequence of receipt slips cannot be accounted for properly and there is no assurance all monies collected are deposited. To properly account for monies received, system controls should provide an audit trail for all transactions and restrict the ability to delete receipt transactions.

System reports

The property tax system is not capable of generating reports of additions and abatements. Reports of unposted (voided) receipt slips are periodically generated, but reports of deleted receipt transactions cannot be generated. These reports are necessary to properly monitor tax activities and collections.

Conclusions

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds as well as to protect the integrity of the property tax system, controls are necessary to provide reasonable assurance that all tax changes are authorized, receipts are accounted for properly, and assets are adequately safeguarded. In addition, due to the lack of oversight of the County Collector's office activities, any erroneous or improper changes made in the property tax system by the County Assessor or the County Collector could go undetected.



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System controls would be improved by limiting each user's access in the property tax system to only those functions necessary to perform his or her duties; ensuring all employees maintain confidential passwords; restricting the ability to delete receipt transactions, and developing system generated reports of additions, abatements, and deleted receipt transactions. If proper system controls cannot be achieved, adequate independent reviews of the property tax system should be performed and any differences should be investigated and documented.

1.2 Annual settlements

The annual settlements for the years ended February 28, 2018, and 2017, were not complete and accurate.

Year ended February 28,
2018

We noted numerous errors and inaccuracies on the annual settlement for the year ended February 28, 2018 (see Appendix A):

- Total collections and total distributions reported on the annual settlement did not balance and were not accurate. Total collections of \$73,896,559 were understated by \$66,531 and total disbursements of \$73,598,727 were overstated by \$54,483. The current County Collector could not explain the differences. In addition, the current County Collector reported \$297,832 more collections than disbursements on the annual settlement because she did not properly disburse Tax Increment Financing (TIF) monies received during the tax year.
- Current and delinquent charges for real estate and personal property taxes did not agree to current and delinquent credits. To make the amounts balance the current County Collector added reconciling amounts to the settlement, totaling \$172,125, with a description titled "total discrepancies from reports provided." The current County Collector indicated the differences are likely the result of differences between the amounts of additions and abatements recorded in the property tax system and those reported to her by the County Clerk.

Year ended February 28,
2017

We also noted numerous errors and inaccuracies on the annual settlement for the year ended February 28, 2017 (see Appendix B):

- Total collections and total distributions reported on the annual settlement were not accurate. Total collections of \$71,457,985 were understated by \$615,890 and total disbursements of \$71,457,985 were understated by \$395,178, resulting in \$220,712 collections not disbursed. We determined \$162,732 of this amount was TIF monies collected but not disbursed during the tax year. The current County Collector indicated these monies had not been disbursed during the tax year because the office was waiting on the TIF disbursement calculation from the TIF lawyer. Therefore, the former County Collector unposted (voided) the related transactions from the property tax system and did not report these



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collections on the annual settlement. The current County Collector could not explain the remaining \$57,980 collected but not disbursed.

- Current and delinquent charges for real estate and personal property taxes did not agree to current and delinquent credits. To make the amounts balance the former County Collector added reconciling amounts to the settlement, totaling negative \$426,219, with a description titled "total discrepancies from reports provided." The current County Collector attributed the differences to the same issues with additions and abatement records noted with the year ended February 28, 2018, settlement.

The County Collector should ensure complete and accurate annual settlements are prepared to provide assurance all collections and distributions are accounted for properly. Incomplete and/or inaccurate annual settlement information reduces the effectiveness of the settlement as a mechanism for accounting for all monies the County Collector is charged with collecting. As noted in section 1.4, procedures should be performed by the County Clerk, the County Auditor, and the County Commission to verify the accuracy of the County Collector's annual settlements.

1.3 Tax books

The County Clerk does not prepare or verify the accuracy of the current tax books. The county's property tax system programmer prepares the real estate and personal property tax books using assessed valuations provided by the County Assessor and tax levies provided by the County Clerk. The current County Collector reviews the tax books for accuracy. However, because the County Collector is responsible for collecting property tax monies, good internal controls and state law require someone independent of the collection process be responsible for generating and testing the accuracy of the tax books. A review of the current tax books should include verification of individual entries in the current tax books and recalculating tax book totals and charges. Failure to prepare and/or review the tax books and test individual tax statement computations may result in errors or irregularities going undetected.

Section 137.290, RSMo, requires the County Clerk to extend the current tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, the accuracy of the tax books should be verified by someone independent of the process, and approval of the tax book amounts to be charged to the County Collector should be documented.

1.4 Review of property taxes

The financial activities of the County Collector's office were not adequately reviewed by the County Clerk, the County Auditor, or the County Commission. Neither the County Clerk nor the County Auditor maintained an account book or other records summarizing property tax charges, transactions, and changes as required by state law. In addition, the County



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Clerk, the County Auditor, and the County Commission did not perform procedures to verify the accuracy and completeness of the former and current County Collector's annual settlements. As a result, there is an increased risk of loss, theft, or misuse of property tax monies going undetected, and less assurance the annual settlements are complete and accurate. As noted in section 1.2, the annual settlements for the years ended February 28, 2018, and 2017, contained numerous errors and inaccuracies.

Section 52.361, RSMo, requires the County Collector to prepare the delinquent tax books. However, the County Clerk, the County Auditor, and the County Commission did not perform procedures to verify the accuracy and completeness of the delinquent tax books prepared by the former and current County Collector.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. Section 55.160, RSMo, requires the County Auditor to keep a correct account between the county and all county officers. An account book or other records summarizing all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk and/or County Auditor. Such records would help the County Clerk and County Auditor ensure taxes charged and credited to the County Collector are complete and accurate and could also be used by the County Clerk, the County Auditor, and the County Commission to verify the accuracy and completeness of the County Collector's annual settlements and delinquent tax books. Such procedures are intended to establish checks and balances related to the collection of property taxes.

1.5 Additions and abatements The County Clerk and the County Commission do not adequately review changes (e.g., additions and abatements) entered into the property tax system and documentation to support these changes is not always retained or accurate. The County Assessor's office updates the assessed valuations in the assessment system and communicates needed changes to property tax records on manual forms provided to the County Clerk's office. These forms are not reviewed and approved by the County Commission prior to recording the changes in the property tax system. Instead, County Clerk's office personnel use them to prepare spreadsheets of the changes, and prior to November 2017, used them to enter the changes into the property tax system. In November 2017, County Assessor's office personnel began posting the changes to the property tax system using the County Clerk's login information. The County Clerk does not review property tax system entries made by County Assessor's office personnel.

The County Commission does not review and approve actual changes made to property tax records in the property tax system. Instead, the County Clerk uses his spreadsheets to prepare annual summary reports of changes made to



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the property tax system for the County Commission's review and approval. These annual summary reports only show a total by tax type and tax year, and do not list individual changes. No comparison of actual changes to changes documented by the County Assessor and the County Clerk is performed, and the property tax system cannot generate a report of these changes. As a result, changes to the tax system are not properly monitored and errors or irregularities could go undetected.

We tested 20 additions and 35 abatements made during the 2 years ended February 28, 2018, and identified discrepancies between assessment system records, the property tax system, the County Assessor's manual forms, and the County Clerk's spreadsheet. Four of the additions tested were recorded on manual forms and in both systems, but not recorded on the County Clerk's spreadsheets. Fourteen of the abatements tested were recorded on manual forms and in the property tax system, but not recorded in the assessment system or on the County Clerk's spreadsheet. The County Clerk's spreadsheets are used to prepare summary listings for the County Commission, so amounts not included on those spreadsheets are not included in the totals approved by the County Commission.

In addition, supporting documentation was not maintained for all changes. The current County Assessor could not locate manual change forms for changes submitted to the County Clerk by the former County Assessor. The County Clerk could not provide documentation to support the 2016 and prior year real estate abatement amount reported on the yearly summary report to the County Commission totaling \$26,404 for the year ended February 28, 2018.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make corrections to the tax books, an independent reconciliation of approved changes to actual changes made to the property tax system would help ensure changes are proper. In addition, supporting documentation should be retained to show changes to the property tax system are accurate.

Recommendations

- 1.1 The County Collector work with the County Commission and County Clerk to ensure the property tax system is sufficient to meet the needs of the Collector's office and protect the integrity of the data. Ensure system access is limited to only what is needed for users to perform their job duties and responsibilities; require employees maintain confidential passwords; and develop system controls to provide an audit trail for all transactions and restrict the user's ability to delete receipt transactions. If proper system controls cannot be achieved, adequate independent reviews of the property tax system should be performed and any differences investigated and documented.



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- 1.2 The County Collector prepare complete and accurate annual settlements.
- 1.3 The County Clerk prepare the current tax books, or at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts to be collected. Procedures performed should be adequately documented.
- 1.4 The County Clerk and the County Auditor work together to maintain an account book with the County Collector. In addition, the County Clerk, the County Auditor, and the County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.
- 1.5 The County Commission, the County Clerk, and the County Assessor develop procedures to ensure all property tax system changes are properly approved and monitored. In addition, ensure county records are properly retained and accurate.

Auditee's Response

The County Collector, the County Clerk, and the County Commission, provided the following response:

- 1.1 *The current property tax system used by Camden County originated in 1988, and at that time it encompassed the County Assessor's, County Clerk's, and County Collector's offices. The system has been modified over the years to comply with statute changes, but still has limitations of a 30 year old system. In 2015, the County Assessor's office purchased a new valuation system from Vanguard. Currently we are planning to implement a new collections system starting in the fourth quarter of 2019 in phases that will include stronger security with more robust tracking and reporting with the intent to address many of the shortcomings identified in our current processes. In the current system, only the County Collector and the Chief Deputy Collector can unpost a transaction for voids. Tracking of receipt numbers, changes, passwords, and security levels will be role-based in the new system. Railroad and utility along with lodging taxation will be integrated into the system. The County Clerk and County Commission will ensure the data integrity of the tax book along with independent review. The County Clerk and County Collector will put adequate safeguards and security levels in place for all data. Differences will be documented and resolved timely.*

The County Collector provided the following response:

- 1.2 *The current system does not support the calculation and consolidation required for producing the annual tax settlement and*



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as such, the process is manual. In the implementation of the new system, the County Collector's office will be automating the annual settlement in addition to the ability to conduct monthly settlements for the generation of required information. In addition, we are implementing disbursement functionality that will match the associated statements and receipts for tax payments to the disbursements conducted to the taxation entities. Having an automated system will help with the discrepancies provided to the County Collector in compiling the annual settlement.

The County Clerk provided the following response:

- 1.3 *The calculations of the associated tax books are made in the background by the computer system when original tax records are generated and when additions, abatements, and deletions are generated. The County Clerk's office typically conducts a review of a sampling of the individual tax statements generated, but this review was not documented and information was not provided for it to be done for 2017 taxes. We will ensure this review is performed and documented going forward. The County Clerk's office does oversee the associated levy rates and assessments entered into the automated system prior to these calculations occurring. The County Clerk's office does receive a report of the initial tax rolls when developed in October of each year. In addition to these tax rolls, the new system will provide the County Clerk's office with daily transactional reports showing the additions, abatements, and deletions so that a running tax roll may be generated for comparison to the annual settlement allowing them to keep a physical copy of the tax book at creation of the tax year and all changes to the end of the tax year.*

The County Clerk will prepare a current tax book and verify the accuracy of the data to include assessed values and levies of tax districts, the tax book totals, and charges prior to charging the County Collector with the property tax amounts for collections. The County Clerk's and County Collector's offices will properly document the tax book and collection procedures.

The County Collector, the County Clerk, the County Commission, and the County Auditor provided the following response:

- 1.4 *The County Collector's new system will generate reports in the County Auditor's and County Clerk's offices of daily tax due reports and daily tax collected to the related district or entities depending on the need for the report. The County Collector's new system will also generate reports for disbursements due to the entities.*



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Management Advisory Report - State Auditor's Findings

The County Clerk will, as stated in the response to finding 1.3, prepare and maintain a tax book and verify the accuracy prior to charging the County Collector with taxes due. In addition, the County Clerk, County Auditor, and County Commission will review tax book amounts charged to the County Collector and the collection of tax to the annual settlements to ensure completeness and accuracy. In addition, the County Clerk, County Auditor, and County Commission will verify the accuracy and completion of delinquent tax books.

The County Auditor's office will collect tax book information in a digital format (including values, levies, etc.) by creating an independent tax book log including taxes due and update with changes (add, delete, abatement, etc.). The County Auditor's office will also track collections of receipts, reconcile to monthly reports, and verify distributions to entities to ensure the accuracy and completeness of the County Clerk's office tax books in reconciliation of the annual settlements. The County Auditor's office will communicate with the County Clerk and the County Commission verification of its independent reconciliation of the annual settlement.

The County Clerk, the County Commission, and the County Assessor provided the following response:

- 1.5 *Since the time of the audit, the County Collector, County Clerk, County Assessor, and County Commission have been working together to implement an automated system for handling abatement, addition, and deletion of valuations from the Assessor's office that result in changes to the property tax system. This new automated process will begin in the Assessor's office in his valuation system and changes will be uploaded into the County Clerk's portion of the property tax system. The County Clerk will then confirm the calculations from the changes and generate individual reports along with a summary report for those changes, and present them to the County Commission for review and approval (or disapproval). Once the sign off is done, these reports will be submitted back to the County Clerk's office to be scanned into the system for electronic approval by the County Commission. Initial plans are to have this new system implemented by December 2019.*

The above described process is currently a manual process and the County Commission is approving changes in a manual paper form until the new phase of the system is operational. Audit trails are maintained of before and after values in addition to the reporting of the individual changes made by parcel and the associated changes to taxing levies. In addition, the property tax system is being modified to generate reports highlighting these changes on a daily, weekly,



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and monthly basis and will be provided to the County Auditor and County Clerk for their review.

This new system will also provide document scan attachments and trace the process through the tax book, collection process, and abatement process. Including in the case of refunds, the refund of monies to the party involved into the tax levies and district entities. This procedure will help ensure county records are properly maintained and accurate.

The current County Collector provided additional written responses for recommendations 1.1 through 1.5. See Appendix C.

2. County Collector's Controls and Procedures

Controls and procedures for the County Collector's office need improvement.

2.1 Receipting, recording, and depositing

The County Collector's procedures for receipting, recording, and depositing are not adequate. As a result, there is no assurance all monies collected are properly receipted, recorded, and deposited.

- Receipt slips were not issued for railroad and utility property tax collections and lodging tax collections totaling \$2,958,331 for the year ended February 28, 2018, and \$2,873,394 for the year ended February 28, 2017. The property tax system is not capable of receipting these taxes.
- Neither the current County Collector nor the former County Collector accounted for the numerical sequence of receipt numbers assigned by the property tax system. Some receipt numbers were missing and could not be accounted for because there is no record of deleted receipt transactions. Some property tax system receipt numbers were issued out of sequential order. This occurred because 1) the receipt date was erroneously entered by office personnel, or 2) office personnel did not complete the property tax system transactions timely. A receipt number is automatically generated when the transaction is opened, but the receipt date is not recorded until the transaction is completed.

Our review of receipt numbers issued during the 2-week period ending November 15, 2017, identified 3 skipped receipt numbers and 7 receipt numbers issued out of sequence. Our review of receipt numbers issued during the 2-week period ending December 9, 2016, identified 103 skipped receipt numbers and 3 receipt numbers issued out of sequence. The skipped receipt numbers for both test periods could not be accounted for and are likely deleted receipt transactions.



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- Merchant license receipt numbers assigned by the County Collector's office were not always issued in sequential order. County Collector's office personnel manually assign a sequential number as the merchant license number when paid and enter this same number into the property tax system as the receipt number. Our review of 450 merchant license receipt numbers issued during the 2-week period ending November 15, 2017, identified 191 receipt numbers issued out of sequence. In 2 instances, the merchant's check number was incorrectly entered into the system as the merchant license receipt number.
- Monies received are not always deposited timely. The County Collector's office policy is to deposit monies received the next day. Our review of receipts recorded in the property tax system during the 2-week period ending November 15, 2017, noted receipts in 44 cash drawers totaling \$8,193,448 were not deposited until 2 to 9 days after receipt. Our review of receipts recorded in the tax system during the 2-week period ending December 9, 2016, noted receipts in 41 cash drawers totaling \$8,228,131 were not deposited until 2 to 15 days after receipt.

Failure to implement adequate receipting, recording, reconciling, and depositing procedures increases the risk that loss, theft, or misuse of monies received will go undetected.

2.2 Liabilities

The former County Collector and current County Collector did not prepare monthly lists of liabilities for the property tax collections bank accounts. As a result, liabilities were not agreed to the reconciled bank balances monthly to ensure records balanced.

- We determined liabilities for the former County Collector's main bank account consisted of 3 months of undistributed surtax and bank interest, current month's collections, and undistributed TIF collections totaling \$774,774 as of May 31, 2017. The reconciled bank balance on that date of \$702,285 was less than the identified liabilities, resulting in an apparent shortage of \$72,489. In addition, the former County Collector had 5 bank accounts at various banks within the county and tax payments were accepted at these locations. These 5 bank accounts had unidentified balances totaling \$1,222 as of May 31, 2017.
- We determined liabilities for the current County Collector's main bank account consisted of 12 months of undistributed surtax and bank interest, current month's collections, and undistributed TIF collections totaling \$1,296,289, as of February 28, 2018. The reconciled bank balance on that date of \$1,706,404 was more than the identified liabilities, resulting in an unidentified balance of \$410,115. In addition, the current County Collector's 5 bank accounts at various banks (same accounts held by the former County Collector) and tax sale account had unidentified balances



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totaling \$176,623 and \$37,900, respectively, as of February 28, 2018. Also the former County Collector's main bank account was still open and had an unidentified balance of \$160,734 as of February 28, 2018.

Regular identification and comparison of liabilities to the reconciled bank balance is necessary to ensure records are in balance, monies are available to satisfy all liabilities, and monies are disbursed timely. Differences should be promptly investigated and explained. Various statutory provisions provide for the disposition of unidentified monies.

2.3 Disbursements

The current County Collector and former County Collector did not disburse tax collections accurately or in accordance with state law, and various political subdivisions did not receive their appropriate share of tax collections.

For example, TIF collections received in November and December 2017 totaling \$297,832 were not disbursed until March 2018. Protested TIF collections were not properly disbursed when settled during the year ended February 28, 2017. The former County Collector disbursed \$49,880 more than required for one settled protested TIF collection. Distributions for another settled protested TIF collection from 2016, totaling \$212,612, had not been disbursed as of April 2019. In addition, our review of the February 2018 monthly property tax disbursements noted one entity was overpaid by \$2,970 and three other entities were underpaid by their share of this amount. This distribution error occurred because the current County Collector based distributions on spreadsheet calculations that contained data entry errors and did not ensure the amounts agreed to system generated reports that showed the correct distribution amounts.

Section 139.210.2, RSMo, requires all collections to be distributed to the political subdivisions by the fifteenth day of the following month. In addition, timely and proper distribution of property tax collections to political subdivisions is important because the political subdivisions rely on property tax revenues to fund operations. To ensure all tax collections are properly distributed and to help detect errors timely, taxes collected and distributed should be periodically reviewed and recalculated for accuracy.

2.4 Outstanding checks

The County Collector's office does not have procedures to routinely follow up on outstanding checks. As of May 31, 2017, the former County Collector's main account had 127 checks totaling \$10,747 that had been outstanding for more than a year. As of February 28, 2018, this account had an additional 40 checks totaling \$11,006 that had been outstanding for more than a year.

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.



Camden County Collector and Property Tax System Management Advisory Report - State Auditor's Findings

2.5 Transfers

Neither the former County Collector nor the current County Collector timely transferred monies from the 5 local bank accounts and the partial payment account to the main account prior to making monthly disbursements of the corresponding receipts.

As noted earlier, the County Collector allows citizens to drop off tax payments at 5 local banks where the monies are deposited into accounts at those respective banks. The County Collector receipts these monies into the property tax system, as well as partial payments when the full payment is made. These amounts are included in the monthly collections that are to be disbursed from the main bank account at month-end, but the associated monies are not transferred to the main bank account prior to making the disbursements. Instead, monies deposited in these accounts are transferred to the main account after the end of the tax year. Monies collected in the 5 local bank accounts and partial payment account during tax year ending February 28, 2017, and 2018, totaled \$608,603 and \$434,881, respectively. Unidentified monies in the account, undistributed TIF collections, and outstanding checks prevented the main bank account from being overdrawn. If the County Collector had made disbursements as required, the main account would have been overdrawn.

To ensure all property tax collections are accounted for properly, monies received in other accounts should be transferred timely to the main account and monies should not be disbursed prior to transfer.

Recommendations

The County Collector:

- 2.1 Ensure all monies collected are properly receipted and deposited timely. Ensure receipts slips are sequentially issued for all monies received and the numerical sequence of receipt slips is accounted for properly.
- 2.2 Prepare and reconcile lists of liabilities to the reconciled bank balances monthly. Any differences should be promptly investigated and resolved. After sufficient efforts are made to resolve differences, any remaining unidentified monies should be disposed of in accordance with state law.
- 2.3 Ensure all property tax collections are timely and accurately disbursed in accordance with state law.
- 2.4 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 disposed of in accordance with state law.



Camden County Collector and Property Tax System
Management Advisory Report - State Auditor's Findings

2.5 Ensure all monies collected are transferred timely and prior to disbursement.

Auditee's Response

The current County Collector's written response is included at Appendix C.

Camden 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).

Vicky Burns served as County Collector until May 31, 2017. Teresa Murray was appointed the Camden County Collector and sworn into office on June 12, 2017.

During the year ended February 28, 2017, the former County Collector received compensation of \$60,988. The former County Collector received compensation of \$16,406 for the period March 1, 2017, to May 31, 2017, and the current County Collector received compensation of \$44,531 for the period June 12, 2017, to February 28, 2018. Compensation was in accordance with statutory provisions.

Appendix A

Camden County Collector and Property Tax System

Annual Settlement Year Ended February 28, 2018



Missouri Department of Revenue Collector's Annual Settlement

Annual settlement of Teresa Murray, collector of Camden county
for year ending February 28, 20 18.

Summary of Charges		Amounts	Summary of Credits		Amounts
	Total Current*	71,404,852.85		Total Collections	73,896,558.53
	Total Back and Protested	7,406,307.63		Total Delinquents	7,328,562.58
	Total Other	2,881,344.72		Total Abatements	392,891.00
				Total Protested	1,579.20
	Total Charges	81,692,505.20		Total Refunds	72,914.18
	Tax Book Differences			Total Credits	81,692,505.49
	Grand Total Charges	81,692,505.20		Tax Book Differences	-0.29
				Grand Total Credits	81,692,505.20
	* Total Surtax in this Amount if not Shown as a Separate Distribution	72,343.79			

Distributions	State	496,711.92	Workshop	930,204.69
	General Revenue	1,807,975.01	SR Citizen	740,153.78
	Special Road and Bridge	1,809,871.57	Sewer Bond	18,355.78
	Health Center	480,116.95	Retirement Fund	227,611.44
	Schools	49,422,354.87	Assessor Prop C & Funds	541,901.50
	Cities	2,013.62	Collector's Funds & Prop C	704,618.89
	Surtax		Collector's Fees & Comm	113,413.54
	Road #1	1,073,696.86	Collector's Maint Fund	112,858.97
	Library	1,553,353.68	Clerk's Fee	8102.05
	Fire	9,546,916.69	Interest Earned	31,176.75
	Lodging Tax/Tax Sale	1,690,218.89	Assessment	132,790.20
	NIDS	298,475.20	Commissions: County	
	Ambulance	1,855,833.92	Official	
	Subtotal	70,037,539.18	Subtotal	3,561,187.59
			Total Distributions	73,598,726.77

I, Rowland A Todd, clerk of the county commission of Camden county
hereby certify the above and the attached to be a copy of the annual settlement of the county collector with the county commission on
the 3rd day of May, 2017, for the year ending February 28th,
20 18 as the same appears of record in my office.

In testimony whereof, I have hereunto set my hand and affixed the seal of the county commission of Camden
county. Done at my office in Camdenton this _____ day of May
20 18.

Clerk of County Commission

Rowland A Todd



Form 205 (Revised 12-2017)



Appendix A
Camden County Collector and Property Tax System
Annual Settlement For Year Ended February 28, 2018

Page 2 of 3

	Charges			Credits	
	Current	Amount		Current	Amount
	2017 Land Tax Book			2017 Land Tax Book	
	From Tax Book	57,444,956.97		By Collections	55,021,128.43
	From Additions	0.00		By Delinquent	2,527,942.59
	From FCL and PILT Payments	3,500.46		By Abatements	124,824.44
	Partial Payments	215,937.46		By Protested	1,579.20
	Total discrepancies from reports provided	24,926.94		By Refund	13,847.17
	2017 Personal Tax Book			2017 Personal Tax Book	
	From Tax Book	11,940,791.01		By Collections	11,132,160.34
	From Additions	304,521.53		By Delinquent	1,016,861.98
	Partial Payments	40,814.23		By Abatements	193,068.64
	Total discrepancies from reports provided	57,049.97		By Protested	0.00
	2017 Utility Tax Book			By Refund	1,085.78
	From Tax Book	1,372,354.28		2017 Utility Tax Book	
				By Collections	1,372,354.27
				By Delinquent	
				By Abatements	
				By Protested	
	2017 Railroad Tax Book			2017 Railroad Tax Book	
	From Tax Book			By Collections	
				By Delinquent	
				By Abatements	
				By Protested	
	2017			2017	
	From Tax Book			By Collections	
				By Delinquent	
				By Abatements	
				By Protested	
	2017			2017	
	From Tax Book			By Collections	
				By Delinquent	
				By Abatements	
				By Protested	
	Total Current Charges	71,404,852.85		Total Current Charges	71,404,852.84

Form 205 (Revised 12-2017)



Appendix A
Camden County Collector and Property Tax System
Annual Settlement For Year Ended February 28, 2018

Page 3 of 3

Charges

Back and Protested	Amount
2016 and Prior Land Tax Book	
From Tax Book	4,880,591.59
From Additions	0.00
Total discrepancies from reports provided	57,343.40
2016 and Prior Personal Tax Book	
From Tax Book	2,153,461.75
From Additions	258,677.88
Total discrepancies from reports provided	32,804.19
2016	
From Tax Book	
2016	
From Tax Book	
2016 and Prior Protested Tax Book	
From Tax Book	23,428.82
From Interest on Protested Taxes	
Total Back and Protested	7,406,307.63
Other	
From Interest on Taxes	706,961.27
From Penalties (Fees, 2% Add-on, Etc.)	418,145.76
From Interest on Investments	31,176.75
From Licenses	33,425.00
From Duplicate Receipts	
From Clerk Fee	1,417.05
From Tax Sale/Lodging	1,690,218.89
Total Other Charges	2,881,344.72

Credits

Back and Protested	Amount
2016 and Prior Land Tax Book	
By Collections	2,435,730.19
By Delinquent	2,427,667.59
By Abatements	26,403.52
By Refund	48,133.69
2016 and Prior Personal Tax Book	
By Collections	1,030,411.46
By Delinquent	1,356,090.42
By Abatements	48,594.40
By Refund	9,847.54
2016	
By Collections	
By Delinquent	
By Abatements	
2016	
By Collections	
By Delinquent	
By Abatements	
2016 and Prior Protested Tax Book	
By Collections	23,429.12
By Refunds and Abatements	
By Protested	
Total Back and Protested	7,406,307.93
Other	
By Collections	706,961.27
By Collections	418,145.76
By Collections	31,176.75
By Collections	33,425.00
By Collections	
By Collections	1,417.05
By Collections	1,690,218.89
Total Other Credits	2,881,344.72

Mail to: Taxation Division
P.O. Box 453
Jefferson City, MO 65105-0453

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E-mail: countyfees@dor.mo.gov

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Appendix B

Camden County Collector and Property Tax System Annual Settlement Year Ended February 28, 2017



Missouri Department of Revenue
Collector's Annual Settlement

Annual settlement of Vicky Burns, collector of Camden county
for year ending February 28, 20 17.

Summary of Charges	Amounts		Summary of Credits	Amounts	
	Total Current*	68,912,343.03		Total Collections	71,457,984.72
	Total Back and Protested	7,816,438.14		Total Delinquents	7,034,053.34
	Total Other	2,780,269.10		Total Abatements	940,077.01
				Total Protested	23,428.82
	Total Charges	79,509,050.27		Total Refunds	53,506.37
	Tax Book Differences			Total Credits	79,509,050.26
	Grand Total Charges	79,509,050.27		Tax Book Differences	0.01
	* Total Surtax in this Amount if not Shown as a Separate Distribution	81,411.09		Grand Total Credits	79,509,050.27

Distributions	State	507,829.67	Workshop	919,496.41
	General Revenue	1,787,489.89	SR Citizen	731,475.08
	Special Road and Bridge	1,789,708.58	Sewer Bond	25,275.18
	Health Center	473,285.21	Retirement Fund	188,151.19
	Schools	47,500,963.51	Assessor Prop C & Funds	527,496.77
	Cities	1,974.76	Collector's Funds & Prop C	683,999.62
	Surtax		Collector's Fees & Comm	116,502.90
	Road#1	1,071,820.52	Collector's Maint Fund	115,994.10
	Library	1,535,436.91	Clerks's Fee	4795.95
	Fire	9,522,535.77	Interest Earned	5,576.88
	Lodging Tax/Tax Sale	1,683,957.60	Assessment	117,769.41
	NIDS	318,653.79	Commissions: County	
	Ambulance	1,827,795.02	Official	
	Subtotal	68,021,451.23	Subtotal	3,436,533.49
			Total Distributions	71,457,984.72

I, Rowland A Todd, clerk of the county commission of Camden county
hereby certify the above and the attached to be a copy of the annual settlement of the county collector with the county commission on
the 12th day of May, 2017, for the year ending February 28th
20 17 as the same appears of record in my office.
In testimony whereof, I have hereunto set my hand and affixed the seal of the county commission of Camden
county. Done at my office in Camdenton this 12th day of, May,
20 17.

Clerk of County Commission

Rowland A Todd





Appendix B
Camden County Collector and Property Tax System
Annual Settlement For Year Ended February 28, 2017

Page 2 of 3

	Charges			Credits	
	Current	Amount		Current	Amount
	2016 Land Tax Book			2016 Land Tax Book	
	From Tax Book	55,855,889.34		By Collections	53,126,122.72
	From Additions	0.00		By Delinquent	2,671,612.40
	From FCL and PILT Payments	3,902.46		By Abatements	80,164.73
	Partial Payments	195,407.92		By Protested	23,420.12
	Total discrepancies from reports provided	-148,046.75		By Refund	5,833.00
	2016 Personal Tax Book			2016 Personal Tax Book	
	From Tax Book	11,371,435.57		By Collections	10,522,886.82
	From Additions	184,363.66		By Delinquent	1,002,275.83
	Partial Payments	38,530.98		By Abatements	118,870.90
	Total discrepancies from reports provided	53,008.96		By Protested	8.70
	2016 Utility Tax Book			By Refund	3,296.92
	From Tax Book	1,357,850.89		2016 Utility Tax Book	
				By Collections	1,357,850.88
				By Delinquent	
				By Abatements	
				By Protested	
	2016 Railroad Tax Book			2016 Railroad Tax Book	
	From Tax Book			By Collections	
				By Delinquent	
				By Abatements	
				By Protested	
	2016			2016	
	From Tax Book			By Collections	
				By Delinquent	
				By Abatements	
				By Protested	
	2016			2016	
	From Tax Book			By Collections	
				By Delinquent	
				By Abatements	
				By Protested	
	Total Current Charges	68,912,343.03		Total Current Charges	68,912,343.02

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Appendix B
Camden County Collector and Property Tax System
Annual Settlement For Year Ended February 28, 2017

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Charges	Back and Protested		Amount	Credits	Back and Protested		Amount
	2015 and Prior Land Tax Book				2015 and Prior Land Tax Book		
	From Tax Book		4,906,186.97		By Collections		1,632,464.34
	From Additions				By Delinquent		2,208,979.19
	Total discrepancies from reports provided		-327,156.06		By Abatements		699,262.39
					By Refunds		38,324.99
	2015 and Prior Personal Tax Book				2015 and Prior Personal Tax Book		
	From Tax Book		1,971,087.58		By Collections		1,013,361.77
	From Additions		245,315.80		By Delinquent		1,151,185.92
	Total discrepancies from reports provided		-4,025.24		By Abatements		41,778.99
					By Refunds		6,051.46
	2015				2015		
	From Tax Book				By Collections		
					By Delinquent		
					By Abatements		
	2015				2015		
	From Tax Book				By Collections		
					By Delinquent		
					By Abatements		
	2015 and Prior Protested Tax Book				2015 and Prior Protested Tax Book		
	From Tax Book		1,025,029.09		By Collections		1,025,029.09
	From Interest on Protested Taxes				By Refunds and Abatements		
					By Protested		
	Total Back and Protested		7,816,438.14		Total Back and Protested		7,816,438.14
	Other				Other		
	From Interest on Taxes		674,987.29		By Collections		674,987.29
	From Penalties (Fees, 2% Add-on, Etc.)		396,791.38		By Collections		396,791.38
	From Interest on Investments		5,576.88		By Collections		5,576.88
	From Licenses		17,700.00		By Collections		17,700.00
	From Duplicate Receipts				By Collections		
	From Clerk Fee		1,255.95		By Collections		1,255.95
	From Tax Sale/Lodging		1,683,957.60		By Collections		1,683,957.60
	Total Other Charges		2,780,269.10		Total Other Credits		2,780,269.10

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P.O. Box 453
Jefferson City, MO 65105-0453

Phone: (573) 751-5900
TTY: (800) 735-2966
Fax: (573) 522-1720
E-mail: countyfees@dor.mo.gov

Visit <http://dor.mo.gov/business/citycounty/>
for additional information.

Form 205 (Revised 12-2016)



Appendix C

Camden County Collector and Property Tax System

Current County Collector's Response

Teresa M Murray

Camden County Collector of Revenue

1 Court Circle, Suite 4 - Camdenton, MO 65020 - 573-346-4440, Ext 1200

July 24, 2019

Deborah Whitis
Audit Manager
Missouri State Auditor's Office
PO Box 869
Jefferson City, MO 65102

Tina Disney
Senior Auditor III
Missouri State Auditor's Office
PO Box 869
Jefferson City, MO 65102

Responses to the State Audit Report for Camden County Collector's Office

The current Property Tax System used by the Camden County Collector was originally written and purchased in 1988, which at that time also encompassed the activities of the Assessor's and County Clerk Offices. It has been modified significantly over the past 30 years to adapt the system to changes in the state statutes and the growth in volume of the real estate and personal property articles within the county. The Assessor's Office moved from this combined package in 2015 to the Vanguard Assessor's package. In November 2017, as the current Collector I began the process of developing a new Taxpayer System that would remove the limitations presented by a system over 30 years old and to enable more taxpayer functionality and improved availability of information to the public. The plans for the new Collections System is scheduled to be implemented in its first phase in the fourth quarter of 2019, additional phases will follow.

The audit results highlighted in the Advisory Report were derived from an audit originally requested by Camden County in December 2017 and conducted during this time of transition. Many of the aspects of the report are encompassed in the development of the new Collector's System and report many of the short comings already identified in our process.

In response to section 1.1 of the Advisory Report, the County Collector and Collector's Chief Deputy are the only ones in the Collector's Office that can unpost a payment, an explanation is required before the process continues to unpost the payment. When generated the unpost report prints out the reason stated when unposted and shows by initials who unposted. This report can be generated at any time. A check returned for insufficient funds etc, is a necessary reason to unpost. While the current process does not require a secondary review or approval of the unpost, this has been incorporated into the new system. The Collector's Office does not have the capability to change assessed valuation or tax amount due.

Regarding the tracking of receipt numbers with the Collector's System, the programming of the old system did not track the receipt number from an un-post or when a payment transaction was not completed. Deleting a transaction receipt, when one of the collector's office staff starts to post a payment paid and has not followed thru to complete the process and backed out. Reasons to back out might be a taxpayer decided not to pay at that time or if the office personnel input an incorrect amount to be collected, this locks up the system and the transaction is aborted and you have to back out and start again. In both instances a delete receipt transaction takes place, therefore this results in gaps in the receipt sequence when reviewed. There were no reports for cancelled transactions. In the new Collector's System receipt numbers are tracked when assigned and cancellation actions for these receipts are also traced with an associated reason code and the user information of the person cancelling the receipt. This information will provide the necessary audit trail for tracking receipt numbers.



Appendix C

Camden County Collector and Property Tax System

Current County Collector's Response

Regarding the ability of users to sign into different aspects of the system, the current Collector's System has individual user functions where specific user ids have been hard coded into the programming source code of the system. This limitation of the old system requires that the user credentials be shared among those whose job activities require this functionality. In developing the new Collector's System, these authorities have been transitioned to a role-based structure such that individual functionality may be granted or revoked from a single user id. The new system requires individual password assignments to limit the knowledge of an individual user's password to that specific individual and will require periodic password changes which will limit the use of prior passwords. Additionally, training is being implemented communicating the expectation that individuals will not share credentials.

Regarding the reporting of additions, abatements and deletes, knowing this was an issue in information provided for the annual settlement, our IT started capturing information in March 2018 to identify when the actions occur. We acknowledge that the system does not maintain a record of these transactions such that at a later date the system can generate a report (such as an audit trail) of the before and after values associated with these actions. A new automated addition, abatement, deletion system has been implemented that does allow for subsequent reporting of additions, abatements and deletions that are generated from the Assessor's Office to the Collector's Office through an automated system, that will track all activity and generate required reports. This system has been expanded to support transactions back to 2001 moving between the two offices.

Regarding the tracking of Railroad & Utility and Lodging Tax receipts, the issuance of statements and the associated tax receipts are being incorporated into the new Collector's System. For the 2018 & 2017 Railroad & Utility payments, a manual receipt was issued. In 2018 per recommendations from the State Auditor's Office numbered receipts were issued.

Overall, in response to section 1.1; Camden County has implemented system level changes beginning with the implementation of the Vanguard Assessor's System and culminating with the implementation of the New Collector's Tax Payer System later this year. The new system incorporates the ability to move from a single state of information to a transactional structure which will maintain an audit trail of changes throughout the taxation system with both prior and current information being available. This new system will also provide the identified reporting and user controls highlighted in the Advisory Report.

In response to section 1.2 of the Advisory Report, the current systems does not support the calculation and consolidation required for producing the annual tax settlement and as such, the process is manual. In the implementation of the new system, the Collector's Office will be automating the Annual Settlement. In addition, we are implementing disbursement functionality that will match the associated statements and receipts for tax payments to the disbursements conducted to the taxation entities. Having an automated system will help with the discrepancies provided to the Collector in compiling the annual settlement.

In response to section 1.3 of the Advisory Report, the calculations of the associated tax books are made in the background by the computer system when original tax records are generated and when additions, abatements and deletions are generated. The Collector's office gives the Clerk's Office the tax records to review the individual tax statements generated. The Clerk's Office oversees the associated levy rates and assessments entered into the automated system prior to these calculations occurring. The Clerk's Office receives a report of the initial tax roles when developed in October of each year. In addition to these tax roles, the new system will provide the Clerk's Office with daily transactional reports showing the additions, abatements and deletions so that a running tax role may be generated for comparison to the annual settlement.



Appendix C

Camden County Collector and Property Tax System

Current County Collector's Response

In response to section 1.4 of the Advisory Report, the Collector's Office does provide the Auditor's office with daily reports of collections by user account. The Collector's Office has also instituted a policy of providing disbursements and associated details to the Auditor's Office following a disbursement being made.

In response to section 1.5 of the Advisory Report, the Collector and other offices involved in this process have been working together to implement an automated system for handling abatement, addition and deletion of valuations from the Assessor's office that result in changes to the property tax system. This new automated process will begin in the Assessor's office in his valuation system and changes will be uploaded in to the County Clerk's portion of the property tax system. The County Clerk will then confirm the calculations from the changes and generate individual reports along with a summary report for those changes and present them to the County Commission for review and approval (or disapproval). Once the sign off is done, these reports will be submitted back to the County Clerk's office to be scanned into the system for electronic approval by the County Commission. Initial plans are to have this system implemented in the fourth quarter of 2019.

The above described process is currently a manual process and the Commission is approving changes in a manual paper form until the new system is operational. Audit trails are maintained of before and after values in addition to the reporting of the individual changes made by parcel and the associated changes to taxing levies. In addition, the property tax system is being modified to generate reports highlighting these changes on a daily, weekly and monthly basis and be provided to the Auditor and County Clerk for their review.

This new system will also provide document scan attachments and trace the process thru the tax book, collection and abatement process. In the case of refunds, the refunding of monies to the parties by taking the new assessed valuation into the tax levies which withdraws the monies disbursed to the district entities. This procedure will help ensure county records are properly maintained and accurate.

In response to section 2.1 of the Advisory Report, while there is not documented procedures for the receipting, recording and deposits; procedures do exist that provide for these functions within the Collector's Office. Receipts, records and deposits do occur to support the taxpayer functions and licensing requirements within the county and in support of Department of Revenue requirements of the County, for the current and future collections. In response to those areas identified by the Advisory Report;

- > Tax amounts due for railroad and utility property taxes are developed by the County Clerk's office and associated payments received are recorded against these tax statements. Since the time of the audit the Collector's Office has instituted a physical receipt system for these payments and is incorporating the collection process into the overall Collector's Taxpayer System.
- > Modifications are being made to the new Collector's Tax Payer System to record and manage the issuance of receipt numbers and the associated reasons why receipts are cancelled.
- > Merchant Licenses are being incorporated into the new system and receipt numbers being generated as stated above.



Appendix C

Camden County Collector and Property Tax System

Current County Collector's Response

- > Monies received are deposited in a timely fashion given the requirements to register and process payment based upon the post mark date of the mailing of taxes. This requires the assignment of batches based upon the postmark date over the receipt date. The Collector's office processes payments in this manner as the postal and processing delays could result in interest and penalties to taxpayers. In addition, from the period starting in November through mid-February there is a significant rise in the number of transactions to be processed due to the cyclical nature of the tax season causing a longer period of processing the received payments.

In regard to section 2.2 to the reporting and listing of liabilities outstanding by the Collector's Office;

- > The 5 bank accounts referenced with unidentified balances are mail accounts used at local banks for the convenience of taxpayers to pay their tax bill locally instead of mailing payments to the County Collector. The unidentified balances in the mail accounts is interest that has not been transferred to the main account. Some banks require that you keep a balance thru out the year. Sur Tax & Assessor Fund monies accumulate monthly and are disbursed 1 time a year.
- > The Collector's office has been allowing up to 5 years for the deposit of outstanding checks and managing accounts based upon the operating convenience of the taxpayer community to pay tax bills at their local bank. We have a process in place of accumulating these monies back to the primary account following the reconciliation of the individual bank account. (see 2.4)
- > In addition, individual bank accounts for TIF, SurTax, Assessor's Fund and other special funds have been created to segregate these monies from other funds and for more accurate reconciliations.

Regarding the timeliness of Disbursements in Section 2.3, the Collector's Office did disburse monies in accordance with state law except in those circumstances where local ordinance provided additional requirements that made this impractical to meet. TIF payments, as stated above, require a third party review prior to disbursement. In addition, protested funds are not distributed until such time as the protest is resolved. The only other period where disbursements have been delayed are during the December close-out where additional time is required to process the influx of tax payments received prior to the start of the new year. In regards to the distribution error, this has been rectified and additional steps have been put into place to verify and substantiate data entry to prevent any future issues from occurring.

Regarding Outstanding Checks as highlighted in Section 2.4; as stated above the Collector's office has been allowing 5 years for outstanding checks to be deposited. We are implementing steps to reduce this period to 1 year. Part of the new outstanding check procedures, if the check is still outstanding after 6 months, the check holder will be notified by phone or mail and a log will be kept to keep us compliant with the unclaimed property rules. If we are unable to contact payee, the monies will be handed over to the Unclaimed Property Division of the State Treasurer's Office.

Regarding the Transfers highlighted in Section 2.5, the Collector's office has implemented a process to transfer monies from the bank accounts to the primary bank account in a timely manner. However, we do have to balance the checking accounts before transferring monies. As stated above we have also opened special accounts for TIF, SurTax and other monies so as to allow for better audit and reconciliation processes.



Appendix C
Camden County Collector and Property Tax System
Current County Collector's Response

Overall in response to Section 2, we understand the recommendations from the Advisory Report and implementing many of those aspects into our systems and processes. At the current time, the Collector's Office does have protocols to balance each workstation daily to monies collected at the counter and the monies deposited. Reports and deposit slips are turned over to the Auditor's Office at that time. In addition, a monthly report is run of the transactions posted and balanced against money collected and deposited, the report of the monthly distributions is given to the Auditor, County Clerk and Treasurer. Our new system will have enhanced reports for tracking and verifying the collections and distributions for the annual settlement.

Along with the monthly reports of disbursements, the money collected for the TIF, SurTax, Assessor Fund, Railroad & Utilities monies are also reported, and the Auditor, County Clerk and Treasurer receive these reports after money has been disbursed. A copy of the bank reconciliations is also provided to the Auditor's Office monthly.

Thank you,

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