



RIPLEY COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

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

Report No. 99-49
August 2, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Ripley, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Ripley County included additional areas of county operations, as well as the elected county officials. Some of the following problems were discovered as part of the audit:

- < Several internal control recommendations from the prior audit were not implemented in the sheriff's office and \$483 could not be accounted for.
- < A lack of various internal control procedures existed in the assessor's office and \$330 could not be accounted for.

Also included in the audit are recommendations to improve the accounting and control procedures for the county clerk, collector, prosecuting attorney, and the senior citizen's board. The audit also suggested improvements be made in the county's payroll and personnel policies and procedures.

Copies of the audit are available upon request.

YELLOW SHEET

RIPLEY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Ripley County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Ripley County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Ripley County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Ripley County.

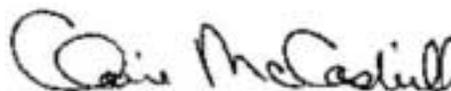
In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Ripley County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

Ripley County, Missouri has not presented the disclosures required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, that the GASB has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the county is or will become year 2000 compliant, that the county's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the county does business are or will become year 2000-compliant.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 18, 1999, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Ripley County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

March 18, 1999 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Ripley County, Missouri

We have audited the special-purpose financial statements of various funds of Ripley County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated March 18, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

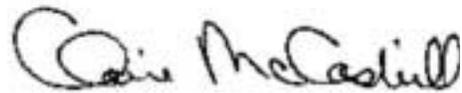
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Ripley County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Ripley County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Ripley County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

March 18, 1999 (fieldwork completion date)

Financial Statements

Exhibit A-1

RIPLEY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 263,267	531,531	435,064	359,734
CART	121,088	456,143	483,969	93,262
Assessment	385	155,140	155,078	447
Law Enforcement Training	24	3,071	2,519	576
Prosecuting Attorney Training	864	591	198	1,257
Health Center	158,256	380,223	335,997	202,482
Law Enforcement Sales Tax	13,812	463,556	475,918	1,450
Children's Trust	0	661	661	0
Crime Reduction	2,560	6,902	8,628	834
Crisis Intervention	1,522	723	707	1,538
Prosecuting Attorney Bad Check	3,729	9,391	11,171	1,949
Prosecuting Attorney Delinquent Tax	6,154	153	6,115	192
Recorder's User Fee	6,919	6,102	6,958	6,063
Senate Bill 40 Board	25,340	64,074	54,757	34,657
Senior Citizens	4,623	31,632	28,867	7,388
Law Library	5,926	6,910	8,597	4,239
Sheriff Civil Fees	3,793	10,621	7,242	7,172
Action Loan Account	0	100,000	100,000	0
Circuit Interest	3,042	510	1,642	1,910
Associate Interest	989	325	943	371
Total	\$ 622,293	2,228,259	2,125,031	725,521

The accompanying Notes to the Financial Statements are an integral part of this statement.

RIPLEY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1997

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 238,129	442,551	417,413	263,267
CART	65,251	409,727	353,890	121,088
Assessment	1,484	84,210	85,309	385
Law Enforcement Training	837	2,697	3,510	24
Prosecuting Attorney Training	451	605	192	864
Health Center	173,911	350,867	366,522	158,256
Law Enforcement Sales Tax	67,686	441,831	495,705	13,812
Children's Trust	0	579	579	0
Crime Reduction	3,174	17,375	17,989	2,560
Crisis Intervention	1,558	247	283	1,522
Prosecuting Attorney Bad Check	2,095	6,783	5,149	3,729
Prosecuting Attorney Delinquent Tax	5,437	5,910	5,193	6,154
Recorder's User Fee	4,624	5,927	3,632	6,919
Senate Bill 40 Board	22,362	54,733	51,755	25,340
Senior Citizens	3,702	28,508	27,587	4,623
Law Library	3,854	4,897	2,825	5,926
Sheriff Civil Fees	0	3,793	0	3,793
Circuit Interest	647	2,515	120	3,042
CDBG Grant	0	65,921	65,921	0
Local Records Grant	2,287	3,338	5,625	0
LLEB Grant	0	4,010	4,010	0
Associate Interest	584	490	85	989
Total	\$ 598,073	1,937,514	1,913,294	622,293

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 165,000	196,047	31,047	165,000	170,582	5,582
Intergovernmental	89,000	90,047	1,047	94,450	95,395	945
Charges for services	102,350	107,685	5,335	105,100	110,446	5,346
Interest	15,000	20,317	5,317	15,000	15,672	672
Other	25,015	31,471	6,456	17,800	34,977	17,177
Transfers in	91,965	85,964	-6,001	14,100	15,479	1,379
Total Receipts	488,330	531,531	#VALUE!	411,450	442,551	#VALUE!
DISBURSEMENTS						
County Commission	36,120	34,932	1,188	35,700	35,283	417
County Clerk	49,594	40,664	8,930	51,144	43,999	7,145
Buildings and grounds	45,010	45,547	-537	41,700	48,951	-7,251
Employee fringe benefits	19,500	16,870	2,630	18,500	17,549	951
County Treasurer	16,670	14,928	1,742	15,540	14,749	791
County Collector	54,502	54,168	334	51,503	48,195	3,308
Circuit Clerk/Ex Officio Recorder of Deeds	25,600	25,832	-232	19,400	17,705	1,695
Associate Circuit Court/Probate	16,955	13,615	3,340	11,400	9,305	2,095
Court administration	7,700	9,239	-1,539	7,600	7,059	541
Public Administrator	12,664	13,309	-645	12,788	11,894	894
Prosecuting Attorney	14,825	11,957	2,868	17,555	16,612	943
Community projects	10,000	7,500	2,500	12,000	6,845	5,155
Other	53,983	50,369	3,614	43,400	37,497	5,903
Transfers out	123,240	96,134	27,106	88,686	101,770	-13,084
Emergency Fund	30,000	0	30,000	30,000	0	30,000
Total Disbursements	516,363	435,064	81,299	456,916	417,413	39,503
RECEIPTS OVER (UNDER) DISBURSEMENTS	-28,033	96,467	#VALUE!	-45,466	25,138	#VALUE!
CASH, JANUARY 1	263,267	263,267	0	238,129	238,129	0
CASH, DECEMBER 31	\$ 235,234	359,734	#VALUE!	192,663	263,267	#VALUE!

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CART FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 661,000	424,361	-236,639	360,000	391,483	31,483
Interest	7,000	9,382	2,382	5,000	7,052	2,052
Other	20,000	22,400	2,400	5,000	11,192	6,192
Total Receipts	688,000	456,143	-231,857	370,000	409,727	39,727
DISBURSEMENTS						
Salaries	90,000	95,130	-5,130	70,000	82,016	-12,016
Employee fringe benefits	14,300	17,537	-3,237	15,600	13,060	2,540
Supplies	44,000	54,084	-10,084	51,900	41,222	10,678
Insurance	3,000	6,387	-3,387	6,000	2,713	3,287
Road and bridge materials	41,900	23,464	18,436	26,000	38,817	-12,817
Equipment repairs	7,000	12,178	-5,178	5,000	6,658	-1,658
Rentals	1,000	797	203	1,500	556	944
Equipment purchases	68,000	61,599	6,401	62,000	55,467	6,533
Construction, repair, and maintenance	348,000	78,465	269,535	1,500	8,831	-7,331
CART allocations to road districts	110,000	101,052	8,948	80,000	87,853	-7,853
Other	24,330	12,636	11,694	100,200	5,597	94,603
Transfers out	20,640	20,640	0	11,100	11,100	0
Total Disbursements	772,170	483,969	288,201	430,800	353,890	76,910
RECEIPTS OVER (UNDER) DISBURSEMENTS	-84,170	-27,826	56,344	-60,800	55,837	116,637
CASH, JANUARY 1	121,088	121,088	0	65,251	65,251	0
CASH, DECEMBER 31	\$ 36,918	93,262	56,344	4,451	121,088	116,637

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSESSMENT FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Intergovernmental	\$	139,973	140,637	664	25,000	25,243	243
Charges for services		500	567	67	350	549	199
Interest		250	769	519	400	243	-157
Other		0	167	167	0	175	175
Transfers in		15,710	13,000	-2,710	65,000	58,000	-7,000
Total Receipts		156,433	155,140	-1,293	90,750	84,210	-6,540
DISBURSEMENTS							
Assessor		90,281	89,754	527	89,661	85,309	4,352
Transfers out		65,324	65,324	0	0	0	0
Total Disbursements		155,605	155,078	527	89,661	85,309	4,352
RECEIPTS OVER (UNDER) DISBURSEMENTS		828	62	-766	1,089	-1,099	-2,188
CASH, JANUARY 1		385	385	0	1,484	1,484	0
CASH, DECEMBER 31	\$	1,213	447	-766	2,573	385	-2,188

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 0	865	865	0	676	676
Charges for services	2,115	2,116	1	1,500	1,465	-35
Interest	30	33	3	50	26	-24
Other	925	57	-868	1,210	180	-1,030
Transfers in	0	0	0	0	350	350
Total Receipts	3,070	3,071	1	2,760	2,697	-63
DISBURSEMENTS						
Sheriff	2,615	2,519	96	3,575	2,697	878
Transfers out	0	0	0	0	813	-813
Total Disbursements	2,615	2,519	96	3,575	3,510	65
RECEIPTS OVER (UNDER) DISBURSEMENTS	455	552	97	-815	-813	2
CASH, JANUARY 1	24	24	0	837	837	0
CASH, DECEMBER 31	\$ 479	576	97	22	24	2

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 500	530	30	600	570	-30
Interest	0	61	61	0	35	35
Total Receipts	500	591	91	600	605	5
DISBURSEMENTS						
Prosecuting Attorney	500	198	302	600	192	408
Total Disbursements	500	198	302	600	192	408
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	393	393	0	413	413
CASH, JANUARY 1	864	864	0	451	451	0
CASH, DECEMBER 31	\$ 864	1,257	393	451	864	413

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HEALTH CENTER FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
	Property taxes	\$ 87,062	94,001	6,939	75,633	81,539	5,906
	Intergovernmental	228,372	249,377	21,005	232,588	243,468	10,880
	Charges for services	2,000	1,421	-579	1,500	1,684	184
	Interest	5,000	5,655	655	4,000	5,435	1,435
	Other	26,124	29,769	3,645	16,000	18,741	2,741
	Total Receipts	348,558	380,223	31,665	329,721	350,867	21,146
DISBURSEMENTS							
	Salaries	266,558	259,432	7,126	257,825	249,358	8,467
	Office expenditures	46,000	53,474	-7,474	43,296	40,533	2,763
	Equipment	4,000	963	3,037	5,000	4,482	518
	Mileage and training	9,000	7,357	1,643	9,000	7,786	1,214
	Remodeling health center	0	0	0	50,000	49,473	527
	Other	24,165	14,771	9,394	14,600	14,890	-290
	Total Disbursements	349,723	335,997	13,726	379,721	366,522	13,199
	RECEIPTS OVER (UNDER) DISBURSEMENTS	-1,165	44,226	45,391	-50,000	-15,655	34,345
	CASH, JANUARY 1	158,256	158,256	0	172,869	173,911	1,042
	CASH, DECEMBER 31	\$ 157,091	202,482	45,391	122,869	158,256	35,387

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT SALES TAX FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales taxes	\$ 340,000	333,046	-6,954	340,000	339,454	-546
Intergovernmental	55,000	71,167	16,167	0	61,585	61,585
Charges for services	1,500	1,665	165	0	1,827	1,827
Interest	1,000	1,265	265	3,000	1,723	-1,277
Other	1,000	413	-587	60,250	6,429	-53,821
Transfers in	72,000	56,000	-16,000	30,000	30,813	813
Total Receipts	470,500	463,556	-6,944	433,250	441,831	8,581
DISBURSEMENTS						
Sheriff	203,425	192,325	11,100	227,770	236,967	-9,197
Jail	113,000	105,138	7,862	113,000	113,395	-395
Prosecuting Attorney	40,795	39,587	1,208	43,981	40,905	3,076
Juvenile Officer	62,500	88,791	-26,291	55,000	55,193	-193
County Coroner	14,500	8,910	5,590	14,100	11,785	2,315
Employee fringe benefits	28,000	26,751	1,249	25,500	28,216	-2,716
Other	15,350	14,416	934	14,750	9,244	5,506
Emergency Fund	5,000	0	5,000	4,000	0	4,000
Total Disbursements	482,570	475,918	6,652	498,101	495,705	2,396
RECEIPTS OVER (UNDER) DISBURSEMENTS	-12,070	-12,362	-292	-64,851	-53,874	10,977
CASH, JANUARY 1	13,812	13,812	0	67,686	67,686	0
CASH, DECEMBER 31	\$ 1,742	1,450	-292	2,835	13,812	10,977

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CHILDREN'S TRUST FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 700	645	-55	650	565	-85
Interest	15	16	1	16	14	-2
Total Receipts	715	661	-54	666	579	-87
DISBURSEMENTS						
Haven House	715	661	54	666	579	87
Total Disbursements	715	661	54	666	579	87
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	\$ 0	0	0	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CRIME REDUCTION FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	6,000	6,779	779	4,500	5,200	700
Interest		100	123	23	400	329	-71
Public donations		0	0	0	9,021	9,021	0
Auction proceeds		0	0	0	2,825	2,825	0
Other		800	0	-800	154	0	-154
Total Receipts		6,900	6,902	2	16,900	17,375	475
DISBURSEMENTS							
Mileage and training		3,000	2,825	175	6,000	5,882	118
Equipment		1,000	512	488	1,500	1,108	392
Crime lab and drug task force dues		2,000	4,000	-2,000	0	2,000	-2,000
Protective vests		0	0	0	0	2,450	-2,450
Other		3,300	1,291	2,009	12,500	3,724	8,776
Transfers out		0	0	0	0	2,825	-2,825
Total Disbursements		9,300	8,628	672	20,000	17,989	2,011
RECEIPTS OVER (UNDER) DISBURSEMENTS		-2,400	-1,726	674	-3,100	-614	2,486
CASH, JANUARY 1		2,560	2,560	0	3,174	3,174	0
CASH, DECEMBER 31	\$	160	834	674	74	2,560	2,486

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CRISIS INTERVENTION FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 1,500	633	-867	600	153	-447
Interest	100	90	-10	80	94	14
Total Receipts	1,600	723	-877	680	247	-433
DISBURSEMENTS						
Family allocations	1,500	642	858	2,000	257	1,743
Administrative expenses	150	65	85	0	26	-26
Total Disbursements	1,650	707	943	2,000	283	1,717
RECEIPTS OVER (UNDER) DISBURSEMENTS	-50	16	66	-1,320	-36	1,284
CASH, JANUARY 1	1,522	1,522	0	1,558	1,558	0
CASH, DECEMBER 31	\$ 1,472	1,538	66	238	1,522	1,284

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY BAD CHECK FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	8,900	9,225	325	5,500	6,526	1,026
Interest		150	166	16	50	153	103
Other		0	0	0	0	104	104
Total Receipts		9,050	9,391	341	5,550	6,783	1,233
DISBURSEMENTS							
Salaries and fringe benefits		3,850	3,850	0	0	932	-932
Office expenditures		1,400	1,638	-238	1,050	565	485
Equipment		225	201	24	0	1,001	-1,001
Mileage and training		800	890	-90	1,200	45	1,155
Library		1,200	1,151	49	1,900	1,577	323
Restitution payments		1,500	2,618	-1,118	0	407	-407
Victim rights		25	17	8	0	0	0
Other		3,350	806	2,544	1,350	622	728
Total Disbursements		12,350	11,171	1,179	5,500	5,149	351
RECEIPTS OVER (UNDER) DISBURSEMENTS		-3,300	-1,780	1,520	50	1,634	1,584
CASH, JANUARY 1		3,729	3,729	0	2,095	2,095	0
CASH, DECEMBER 31	\$	429	1,949	1,520	2,145	3,729	1,584

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY DELINQUENT TAX FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 0	0	0	5,700	5,697	-3
Interest	150	153	3	200	213	13
Total Receipts	150	153	3	5,900	5,910	10
DISBURSEMENTS						
Salaries and fringe benefits	3,000	3,000	0	0	0	0
Office supplies	200	24	176	175	161	14
Equipment	200	0	200	4,214	4,214	0
Library	650	715	-65	0	0	0
Mileage and training	0	1,122	-1,122	0	0	0
Other	2,225	1,254	971	825	818	7
Total Disbursements	6,275	6,115	160	5,214	5,193	21
RECEIPTS OVER (UNDER) DISBURSEMENTS	-6,125	-5,962	163	686	717	31
CASH, JANUARY 1	6,154	6,154	0	5,437	5,437	0
CASH, DECEMBER 31	\$ 29	192	163	6,123	6,154	31

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit N

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER'S USER FEE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 5,500	5,596	96	5,500	5,546	46
Interest	375	506	131	250	381	131
Total Receipts	5,875	6,102	227	5,750	5,927	177
DISBURSEMENTS						
Salaries and fringe benefits	0	0	0	4,500	3,000	1,500
Equipment	9,000	5,779	3,221	3,000	632	2,368
Office expenditures	0	534	-534	1,000	0	1,000
Postage	0	645	-645	0	0	0
Total Disbursements	9,000	6,958	2,042	8,500	3,632	4,868
RECEIPTS OVER (UNDER) DISBURSEMENTS	-3,125	-856	2,269	-2,750	2,295	5,045
CASH, JANUARY 1	6,919	6,919	0	4,624	4,624	0
CASH, DECEMBER 31	\$ 3,794	6,063	2,269	1,874	6,919	5,045

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit O

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SENATE BILL 40 BOARD FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Property taxes	\$	58,042	61,835	3,793	52,891	53,597	706
Intergovernmental		0	1,092	1,092	0	185	185
Interest		600	1,147	547	750	951	201
Total Receipts		58,642	64,074	5,432	53,641	54,733	1,092
DISBURSEMENTS							
Current River Sheltered Workshop, Inc.		56,000	54,000	2,000	55,000	51,000	4,000
Liability insurance		700	420	280	700	555	145
Administrative expense		800	202	598	800	65	735
Bond		200	135	65	200	135	65
Total Disbursements		57,700	54,757	2,943	56,700	51,755	4,945
RECEIPTS OVER (UNDER) DISBURSEMENTS		942	9,317	8,375	-3,059	2,978	6,037
CASH, JANUARY 1		25,340	25,340	0	22,362	22,362	0
CASH, DECEMBER 31	\$	26,282	34,657	8,375	19,303	25,340	6,037

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit P

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SENIOR CITIZENS FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 29,655	30,940	1,285	26,466	27,541	1,075
Intergovernmental	0	9	9	0	200	200
Interest	0	683	683	0	767	767
Total Receipts	29,655	31,632	1,977	26,466	28,508	2,042
DISBURSEMENTS						
Naylor Senior Citizens Inc.	6,754	6,235	519	6,133	5,879	254
Ripley County Senior Citizens Inc.	12,000	11,128	872	11,244	11,244	0
Ripley County Transit Inc.	12,000	11,000	1,000	10,000	10,000	0
Other	555	504	51	555	464	91
Total Disbursements	31,309	28,867	2,442	27,932	27,587	345
RECEIPTS OVER (UNDER) DISBURSEMENTS	-1,654	2,765	4,419	-1,466	921	2,387
CASH, JANUARY 1	3,611	4,623	1,012	3,702	3,702	0
CASH, DECEMBER 31	\$ 1,957	7,388	5,431	2,236	4,623	2,387

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit Q

RIPLEY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW LIBRARY FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 5,000	6,160	1,160	1,850	4,897	3,047
Other	500	750	250	810	0	-810
Total Receipts	5,500	6,910	1,410	2,660	4,897	2,237
DISBURSEMENTS						
Library	8,357	8,597	-240	3,155	2,825	330
Total Disbursements	8,357	8,597	-240	3,155	2,825	330
RECEIPTS OVER (UNDER) DISBURSEMENTS	-2,857	-1,687	1,170	-495	2,072	2,567
CASH, JANUARY 1	5,931	5,926	-5	3,854	3,854	0
CASH, DECEMBER 31	\$ 3,074	4,239	1,165	3,359	5,926	2,567

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit R

RIPLEY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF CIVIL FEES FUND

	Year Ended December 31,		
	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 7,000	9,207	2,207
Interest	0	364	364
Other	0	1,050	1,050
Total Receipts	7,000	10,621	3,621
DISBURSEMENTS			
Equipment	7,500	5,532	1,968
Radio repairs	2,500	0	2,500
Storage	0	1,050	-1,050
Other	0	660	-660
Total Disbursements	10,000	7,242	2,758
RECEIPTS OVER (UNDER) DISBURSEMENTS	-3,000	3,379	6,379
CASH, JANUARY 1	3,793	3,793	0
CASH, DECEMBER 31	\$ 793	7,172	6,379

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit S

RIPLEY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ACTION LOAN ACCOUNT FUND

	Year Ended December 31,		
	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental	\$ 100,000	100,000	0
Total Receipts	100,000	100,000	0
DISBURSEMENTS			
Lignetics of Missouri	100,000	65,463	34,537
Lignetics of Missouri utilities	0	34,537	-34,537
Total Disbursements	100,000	100,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	\$ 0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit T

RIPLEY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT INTEREST FUND

	Year Ended December 31,		
	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 500	510	10
Total Receipts	500	510	10
DISBURSEMENTS			
Supplies and equipment	2,000	1,642	358
Total Disbursements	2,000	1,642	358
RECEIPTS OVER (UNDER) DISBURSEMENTS	-1,500	-1,132	368
CASH, JANUARY 1	3,042	3,042	0
CASH, DECEMBER 31	\$ 1,542	1,910	368

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit U

RIPLEY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CDBG GRANT FUND

	Year Ended December 31,		
	1997		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental	\$ 46,240	65,921	19,681
Transfers in	2,426	0	-2,426
Total Receipts	48,666	65,921	17,255
DISBURSEMENTS			
Elevator project	48,666	65,921	-17,255
Total Disbursements	48,666	65,921	-17,255
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	\$ 0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit V

RIPLEY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LOCAL RECORDS GRANT FUND

	Year Ended December 31,		
	1997		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental	\$ 1,294	1,294	0
Interest	44	44	0
Transfers in	2,000	2,000	0
Total Receipts	3,338	3,338	0
DISBURSEMENTS			
Office expenditures	5,625	4,071	1,554
Transfers out	0	1,554	-1,554
Total Disbursements	5,625	5,625	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	-2,287	-2,287	0
CASH, JANUARY 1	2,287	2,287	0
CASH, DECEMBER 31	\$ 0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

RIPLEY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Ripley County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, Senate Bill 40 Board, or the Senior Citizen's Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1998, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Associate Interest Fund	1998 and 1997
Sheriff Civil Fees Fund	1997
Circuit Interest Fund	1997
LLEB Grant Fund	1997

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	1998

CDBG Grant Fund 1997

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	1998 and 1997
Circuit Interest Fund	1998 and 1997
Associate Interest Fund	1998 and 1997
CDBG Grant Fund	1997

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1998, effective August 28, 1997, requires political subdivisions with existing authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

Of the county's bank balance at December 31, 1998, \$533,710 was covered by federal depository insurance and \$592,264 was covered by collateral securities pledged by one bank and held in the county's name by an affiliate of the same bank holding company.

Of the county's bank balance at December 31, 1997, \$487,362 was covered by federal depository insurance and \$532,868 was covered by collateral securities pledged by one bank and held in the county's name by an affiliate of the same bank holding company.

Of the Health Center Board's bank balance at December 31, 1998, \$100,000 was covered by federal depository insurance and \$106,587 was covered by collateral pledged by one bank and held by an affiliate of the same bank holding company but not in the Health Center Board's name.

Of the Health Center Board's bank balance at December 31, 1997, \$100,000 was covered by federal depository insurance and \$59,849 was covered by collateral pledged by one bank and held by an affiliate of the same bank holding company but not in the Health Center Board's name.

To protect the safety of county deposits, Section 110.020, RSMo 1994, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Use Tax Liability

The local use tax under Section 144.748, RSMo 1994, was struck down in its entirety by the Missouri Supreme Court in *Associated Industries of Missouri v. Director of Revenue*, 918 S.W.2d 780 (Mo. banc 1996). In *St. Charles County v. Director of Revenue*, 961 S.W.2d 44 (Mo. banc 1998), the Missouri Supreme Court ruled that local use taxes paid prior to the repeal of Section 144.748, RSMo 1994, must be refunded to taxpayers and authorized the Department of Revenue (DOR) to withhold amounts otherwise due to political subdivisions to the extent such withholding is necessary to cover the refund expense. On March 24, 1998, the Cole County Circuit Court entered final judgment in accordance with the Supreme Court's opinion and ordered the DOR to process refund claims filed.

The county has received \$67,525 in local use tax since its inception. The DOR has estimated the county's share of the total refund liability to be \$35,609. As of December 31, 1998, \$13,352 remains to be paid.

Supplementary Schedule

Schedule

RIPLEY COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1998	1997
U. S. DEPARTMENT OF AGRICULTURE				
10.unknown	Direct programs - National Forest Services			
	Marijuana Eradication Contract	N/A	\$ 0	150
	Forest Patrol Contract	N/A	3,290	960
	Passed through state:			
	Department of Social Services - Food			
10.6	Distribution	IN-091-008	225	180
	Department of Health - Special			
	Supplemental Nutrition Program for			
10.6	Women, Infants, and Children	ER0045-9191	58,542	57,688
	Office of Administration -			
	Schools and Roads - Grants to			
10.7	States	N/A	156,320	122,034
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state:			
	Department of Economic Development -			
	Community Development Block Grants/State's			
	Program			
14.2	Rural Economic Assistance Program	97-MO-010	100,000	0
	Rural Economic Assistance Program	94-PF-034	0	65,921
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
	Public Safety Partnership and			
16.7	Community Policing ("Cops") Grants	95-CFW-1117	14,409	6,223
	Passed through:			
	State Department of Public Safety -			
16.6	Local Law Enforcement Block Grants Program	96-LBG-108	0	3,600
	Missouri Sheriffs' Association - Domestic			
16.unknown	Cannabis Eradication/Suppression Program	N/A	720	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and			
	Transportation Commission - Off-System			
	Bridge Replacement and Rehabilitation			
20.2	Program	BRO-091(7)	22,871	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
93.3	Department of Health - Immunization Grants	PG0064-9191IAP	5,060	3,755
	Department of Social Services - Child Support			
93.6	Enforcement	N/A	8,588	11,292

Department of Health -				
93.6	Child Care and Development Block Grant	ER0146-9191CCH	1,325	1,386
	Cooperative Agreements for State-Based			
	Comprehensive Breast and Cervical Cancer			
93.9	Early Detection Programs	ER0161-9003	8,123	15,212
	Maternal and Child Health Services			
94.0	Block Grant to the States	ER0146-9191MCH	<u>27,985</u>	<u>22,843</u>
	Total Expenditures of Federal Awards	\$	<u><u>407,458</u></u>	<u><u>311,244</u></u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Supplementary Schedule

RIPLEY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Ripley County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Distribution Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$100,000 to a subrecipient under the Community Development Block Grants/State's Program (CFDA number 14.228) during the year ended December 31, 1998.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Ripley County, Missouri

Compliance

We have audited the compliance of Ripley County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

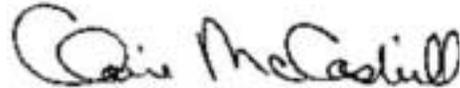
In our opinion, Ripley County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997.

Internal Control Over Compliance

The management of Ripley County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Ripley County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

March 18, 1999 (fieldwork completion date)

Schedule

RIPLEY COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 1998 AND 1997

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes X no

Reportable condition identified that is not considered to be a material weakness? yes X none reported

Noncompliance material to the financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness identified? yes X no

Reportable condition identified that is not considered to be a material weakness? yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? yes X no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads-Grants to States
14.228	Community Development Block Grants/State's Program

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Awards Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

RIPLEY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior report issued for the three years ended December 31, 1996, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

RIPLEY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the three years ended December 31, 1996, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Current Findings

RIPLEY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S CURRENT FINDINGS

We have audited the special-purpose financial statements of various funds of Ripley County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated March 18, 1999. We also have audited the compliance of Ripley County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997, and have issued our report thereon dated March 18, 1999.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Ripley County Hospital Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed those audit reports and the substantiating working papers for the years ended August 31, 1998 and 1997.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials referred to above. In addition, this report includes findings other than the

findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Ripley County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Personnel and Payroll Policies and Procedures

Timesheets submitted by employees and approved by the employee's supervisor are not always accurate. We noted one employee who did not work for two days in January 1999. However, her timesheet indicated that she had worked those two days and the employee's supervisor approved the timesheet. In December 1998 another employee's timesheet indicated she worked on days where she did not and the employee's supervisor approved the timesheet. For this employee, the County Commission required the timesheet be changed to reflect the sick leave taken. Inaccurate timesheets do not provide for the equitable treatment of all employees and do not ensure the employee is only taking vacation and sick leave, etc. in accordance with the county's personnel policies. We also noted instances where compensatory time earned and taken was not calculated correctly and was not posted to the employee's leave records correctly. The county's leave records should accurately reflect compensatory time earned and taken.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The time records should be accurately prepared by the employee, reviewed and approved by the applicable supervisor, and filed with the County Clerk.

WE RECOMMEND the County Commission ensure accurate time sheets and leave records are maintained.

AUDITEE'S RESPONSE

County Commission:

The County Commission has verbally requested employees to submit accurate time sheets. After some concerns arose, the County Commission wrote a memo requesting accurate time sheets be submitted and the memo was given to each elected official.

County Clerk:

An attempt is made in my office to have someone other than the data entry person conduct a quality check of the sick days, vacation time, and compensatory time entered into the personnel records. A complete record review is performed when an employee terminates employment. I personally attempt to conduct a full review of the information on a quarterly or semiannual basis. At the time the auditors requested the information, I explained to them that the review had not yet been

performed due to my schedule at the end of 1998 with elections, preliminary budget preparation, etc. When omitted entries were brought to my attention, corrections were immediately made.

2. County Clerk's Accounting Controls and Procedures

- A. The County Clerk does not maintain an account book with the County Collector. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. This account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure that taxes charged and credited to the County Collector each year are complete and accurate.

Additionally, Section 51.150(2), RSMo 1994, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book can be used by the County Commission to verify the County Collector's annual settlements.

- B. Various fixed asset purchases were not recorded in the fixed asset listing. Items not recorded in the records included an elevator (building improvement) for \$234,235, land purchase for \$4,000, mobile radio with scramble board for \$1,555, alarm system for \$885, three light bars for patrol cars for \$695 each, three hand-held radios for \$642 each, and seven police vests for \$350 each. Excluding the first two items indicated, the other purchases were made by the Sheriff's office from special revenue funds established for the Sheriff's office. In addition, the County Clerk indicated she performs an annual physical inventory of fixed assets. However, the physical inventory was not documented and there was no explanation of how the items noted above were missed during the inventory.

Adequate general fixed asset records are necessary to meet statutory requirements, secure better internal controls over county property, and provide a basis for determining proper insurance coverage of county property.

Condition B was noted in our prior report.

WE RECOMMEND the County Clerk:

- A. Establish and maintain an account book of the County Collector's transactions and the County Commission make use of this account book to verify the County Collector's annual settlements.
- B. Maintain the general fixed asset records on a current basis to reflect all additions as they occur, and periodically reconcile additions of assets to expenditures for equipment to ensure additions are properly recorded. In addition, the County Clerk

should document the annual physical inventory performed and any adjustments made as a result of the physical inventory.

AUDITEE'S RESPONSE

County Clerk:

- A. *Aggregate abstracts are completed which set forth the amounts with which the Collector is charged. Although I receive monthly collection reports from the Collector, I am not provided with information relating to additions, abatements or credits of personal property taxes and have only recently been provided the real estate tax information in a format that could be tracked. Without being provided the necessary information, I am unable to maintain an accurate account book. On past occasions, I have expressed concern to the State Auditor's office and to the County Commission about not being able to provide documentation for verification of the Collector's annual settlements.*

I have developed a form for the use of the Assessor to report erroneous real estate assessments in order that I can track the changes in assessed value. I have also requested that similar information be provided for additions, abatements and credits relating to personal property. I hope to begin receiving this information, and upon its receipt, I plan to set up a computer file (account book) to compile the information and provide documentation for verification of the Collector's annual settlement.

- B. *With no asset inventory in place when I took office in 1995, I attempted to conduct a physical inventory and compile an asset listing for each county office. Most of the officeholders were very cooperative and assisted in providing information regarding the personal property in their offices. I have not yet received complete, accurate information from the office of the Sheriff. There also continues to be a problem tracking assets when property is disposed of or traded between offices.*

In response to the records not reflecting the land purchase and the elevator addition, it was not my understanding the asset inventory was to include real estate or improvements thereto. Section RSMo 51.155(2) makes reference to the fact that the County Clerk shall inspect and inventory all office equipment and machines, road machinery, farm supplies, equipment and produce on hand, and all other personal property belonging to the county...

County Commission:

- A. *The County Commission will discuss this finding with the Assessor, Collector, and Clerk to help ensure the Clerk receives the information needed to maintain an account book. The County Commission will make use of the Clerk's account book to review the Collector's annual settlement.*

3.**Assessor's Accounting Controls and Procedures**

The Assessor's office sells maps and computer printouts to the public. However, the Assessor does not maintain adequate records to account for monies received. Our review noted the following concerns:

1. From December 1997 to January 1999, the Assessor's office receipts were at least \$894 while only \$564 was remitted to the County Treasurer. The difference of \$330 is not accounted for and the shortage was not detected by the Assessor's office due to various control weaknesses indicated below. This difference is based on a comparison of Assessor's office receipt slips to the monies remitted to the County Treasurer.

All payments made to the Assessor's office are accountable fees and should be remitted to the county treasury.

2. Receipt slips are not prenumbered and are not issued for some monies received. The Assessor's office indicated receipt slips are written for all cash receipts but would only be written for checks if requested by the payor. Prenumbered receipt slips should be issued for all money received to help ensure all monies are recorded and properly handled.
3. The Assessor's office accepts cash and checks for maps and computer printouts. The method of payment is not indicated on the receipt slips. To ensure receipts are handled properly, the method of payment should be indicated on all receipt slips and the composition (cash and checks) noted on receipt slips should be reconciled to the composition of the monies remitted to the County Treasurer.
4. Monies received are not remitted to the County Treasurer intact. We noted a personal check from an employee that was cashed from the receipts. In addition, when performing a cash count, we noted a \$5 IOU from an employee was in the cash receipts. To ensure receipts are accounted for properly, personal checks should not be cashed from receipts and employees should not be allowed to borrow monies with an IOU.
5. Receipts are not remitted to the County Treasurer on a timely basis. We noted the Assessor's office remitted monies to the County Treasurer three times during 1998. In addition, no cash was remitted to the County Treasurer during 1998. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be remitted to the County Treasurer intact daily or when accumulated receipts exceed \$100.
6. The Assessor's office was unable to locate receipt slips for January 1997 through November 1997. Per the County Treasurer's records, the Assessor remitted \$581 to

the County Treasurer for the year ended December 31, 1997. Of this amount, cash remitted to the County Treasurer totaled \$135. Retention of records is necessary to ensure the validity of transactions and provide an audit trail to account for all monies received. Section 109.270, RSMo 1994, provides that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

With the problems indicated above and the lack of records, we could not determine if a cash shortage existed prior to December 1997.

WE RECOMMEND the Assessor:

1. Remit all receipts to the County Treasurer, including the \$330 that cannot be accounted for. In addition, the County Commission should review this situation and decide if further investigation is warranted.
- B. Issue prenumbered receipt slips for all monies received.
- C. Indicate the method of payment on all receipt slips and reconcile the composition of receipt slips to the composition of monies remitted to the County Treasurer.
4. Transmit all receipts intact and discontinue the practice of cashing personal checks and allowing employees to borrow from receipts with an IOU.
- E. Remit all monies to the County Treasurer intact daily or when accumulated receipts exceed \$100.
6. Retain all records in accordance with the Secretary of State record retention guidelines.

AUDITEE'S RESPONSE

County Commission:

The County Commission will review this situation and determine if further investigation is warranted.

County Assessor:

Since this was our first audit, the Assessor will personally handle all deposits and monies. All receipts will be numbered and labeled cash or check. All records will be retained in the future in accordance with guidelines. All receipts will be transmitted intact to the County Treasurer and monies will be remitted once per month, which should be less than \$100 per month. As for the discrepancy found and stated in Part A, I believe that is a result of poor records.

4. County Collector's Accounting Controls and Procedures

The County Collector's office processes receipts of approximately \$3 million annually. Our review noted the following concerns:

- A. Monies received are not deposited intact. Personal checks are cashed for county employees from the daily receipts. To ensure receipts are accounted for properly and deposited intact, personal checks should not be cashed from official tax receipts.
- B. Deposits are made daily during November and December of each year. However, during other months, deposits are usually made at least weekly with an average deposit of about \$5,600.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. The County Collector accepts cash, checks, and money orders for the payment of property taxes. The tax receipts marked paid by the County Collector do not consistently indicate the method of payment. In addition, the composition of tax receipts is not reconciled to the composition of bank deposits.

To properly reconcile receipts to deposits and ensure all monies are being deposited intact, the method of payment should be indicated on all tax receipts, and the composition of receipts should be reconciled to the composition of deposits.

Conditions B and C were noted in our prior report.

WE RECOMMEND the County Collector:

- A. Deposit all receipts intact and discontinue the practice of cashing personal checks.
- B. Deposit intact daily or when accumulated receipts exceed \$100.
- C. Indicate the method of payment on all paid tax statements and reconcile the composition of paid tax statements to the composition of deposits.

AUDITEE'S RESPONSE

County Collector:

My chief concern in the operation of my office, is to ascertain that the total amount collected is the amount that is deposited. Every time we make a deposit, the total amount deposited is reconciled with the total amount collected.

The only personal checks that are cashed are the ones from my office employees. If there should ever be a problem with one of their checks, I will personally make up any discrepancies.

Our tax receipts are marked, indicating method of payment.

I do not know of any requirements or any statute that requires me to make daily deposits.

5. Prosecuting Attorney's Accounting Controls and Procedures

The Prosecuting Attorney's office receives monies for bad check restitution and for court-ordered restitution payments. The former Prosecuting Attorney's term ended in December 1998 and the current Prosecuting Attorney took office in January 1999. We reviewed the accounting controls and procedures for both officials and noted the following concerns:

- A. The former Prosecuting Attorney's office policy required bad check offenders to remit two money orders, one payable to the merchant for restitution and one payable to Ripley County for the bad check fee. The current Prosecuting Attorney requires the bad check offender to remit one money order for the restitution and fee combined. The money order is deposited into a checking account and checks are written to the merchant for restitution and to the County Treasurer for the bad check fee. Neither the former or current Prosecuting Attorney issued prenumbered receipt slips for monies received. Prenumbered receipt slips should be issued for all monies received to help ensure all monies are recorded and properly handled.
- B. The former Prosecuting Attorney remitted the money orders for the bad check fee to the County Treasurer usually only once per month. The fees remitted totaled \$9,225 and \$6,526 during 1998 and 1997, respectively. The current Prosecuting Attorney makes bank deposits about once per week. To safeguard receipts and to reduce the risk of loss or misuse of funds, monies should be remitted to the County Treasurer and/or deposited in the bank account daily or when accumulated receipts exceed \$100.
- C. The former Prosecuting Attorney did not retain all records for bad check restitution. If bad check restitution was received prior to court, all documentation (bad check complaint form, bad check letter, copies of money orders, etc.) was disposed of. The only record retained was a log of bad check activity. The current Prosecuting Attorney needs to retain records necessary to ensure the validity of transactions and provide an audit trail to account for all monies received.
- D. We noted instances where the former Prosecuting Attorney did not document the final disposition of bad check restitution cases. The current Prosecuting Attorney needs to implement procedures to ensure the final disposition is documented for each bad check restitution case.

- E. The former Prosecuting Attorney did not prepare case fee sheets or maintain a record for each court-ordered restitution case. Instead, the procedure was to put a copy of the money order in the case file. Defendants were allowed to make partial payments; however, records and procedures were not adequate to ensure all payments were received and accounted for. The current Prosecuting Attorney needs to implement procedures and maintain records to ensure that accurate follow-up is performed to collect amounts owed and that all amounts received are properly disbursed to the victim.

Condition B was noted in our prior report.

WE RECOMMEND the current Prosecuting Attorney:

- A. Issue prenumbered receipt slips for all monies received.
- B. Deposit all monies received daily or when accumulated receipts exceed \$100.
- C. Retain all records until completion of the audit.
- D. Implement procedures to ensure the final disposition is documented for each bad check restitution case.
- E. Maintain case fee sheets or some other adequate record for court-ordered restitution and ensure all receipts and disbursements are received and accounted for.

AUDITEE'S RESPONSE

Current Prosecuting Attorney:

I was not in office during the period covered by your audit. I have completely revamped the collection procedures in the Prosecutor's office so that items A, B, C, D, and E are no longer relevant for the following reasons:

- 1. I now use prenumbered receipts for all bad check and restitution collections and I collect one money order for the entire amount due and deposit said funds in a Prosecuting Attorney Collection Account into which and out of which all income and expenses are logged.*
- 2. I personally make regular deposits to the Prosecuting Attorney Collection Account and turn over the net check fee collections to the County Treasurer approximately once each month for deposit in the Bad Check Fund which is the source of all my office expenditures by warrant. I do make deposits to my collection bank account weekly and, if time permits, I will attempt to make deposits when accumulated receipts exceed \$100 as recommended.*
- 3. Records of every bad check are maintained permanently and indexed in a computer database that can trace every step of the collection process from initial complaint to final payout of*

restitution or file closing without collection. All such files are cross referenced in the computer database that handles the Prosecuting Attorney Collection Account deposits and expenditures.

4. *I do not take restitution cases unless payment is made to my office in full. Partial payments are not accepted and are returned to the defendant until full payment is available. When full payments are tendered in the form of a money order or cashier's check I deposit them to the Prosecuting Attorney Collection Account and immediately disburse the restitution by check to the recipient of the restitution so that I can permanently close the file without concern for keeping track of case status.*

Former Prosecuting Attorney:

- A. *I agree that prenumbered receipt slips were not used.*
- B. *I instructed my secretaries to make deposits at least once a week. Since I had several secretaries over the two year period working on this, it appears this was not always done.*
- C. *My secretaries were instructed to keep copies of money orders only and I have no explanation why they disposed of them.*

D&E. I agree that documentation needed to be better.

6. Sheriff's Accounting Controls and Procedures
--

The Sheriff's office collects various fees for service, gun permits, and garnishments. However, records have not been adequately maintained to account for monies received. Our review noted the following concerns:

- A. From January 1997 to December 1997 during the former Sheriff's administration, the Sheriff's office receipts were at least \$483 more than monies deposited into the Sheriff's bank account. These monies are not accounted for and the shortage was not detected by the Sheriff's office due to various weaknesses indicated below. The weaknesses indicated below are also applicable to the new Sheriff.
- B. The duties of cash custody and record-keeping have not been adequately segregated. The bookkeeper is responsible for collecting cash, recording, depositing, and disbursing monies received. We noted no documented supervisory reviews performed by the Sheriff.
- C. Receipts were not deposited on a timely basis. Generally, deposits were made monthly. In addition, the amount of the deposit was not reconciled to the amount of the receipt slips written. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited daily or when accumulated receipts

exceed \$100 and the composition of the deposit should be reconciled to the composition of the receipt slips written.

- D. Bank balances are not reconciled with the cash control records on a monthly basis. During our review, we noted a deposit that was recorded twice and bank charges that were not recorded on the cash control. Monthly bank reconciliations are necessary to ensure the cash control records are in balance and to ensure errors are identified and corrected on a timely basis.
- E. An open-items (liabilities) listing is not prepared and reconciled to the cash control record on a monthly basis. Only by preparing open-items listings on a monthly basis and reconciling them to the cash can the Sheriff be assured that the records are in balance and that sufficient cash is available to cover liabilities.
- F. Adequate control over seized property has not been established. A complete log of seized property is not maintained and periodic inventories of the property on hand are not conducted.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

Conditions B, C, and F were noted in our prior report.

WE RECOMMEND the Sheriff:

- 2. Remit all receipts to the County Treasurer. In addition, the County Commission should obtain \$483 from the former Sheriff that cannot be accounted for and review this situation and decide if further investigation is warranted.
- 3. Implement procedures to segregate cash custody and recording functions and ensure there is supervisory review of the work performed.
- 4. Deposit all monies received daily or when accumulated receipts exceeds \$100. In addition, reconcile the amount of the deposit including the cash/check composition of the deposit to the cash/check composition of the receipt slips.
- D. Perform monthly bank reconciliations and reconcile to the cash control balance.
- 5. Prepare a monthly listing of open items and reconcile it to the cash balance.

6. Maintain a complete inventory record of all seized property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.

AUDITEE'S RESPONSE

County Commission:

The County Commission will review this situation with the former Sheriff and decide if further investigation is warranted. If the former Sheriff does not make repayment in response to the audit report, the County Commission will send him a letter.

Sheriff:

- A. *All monies are sent to the County Treasurer and receipt logs are given to the County Clerk.*
- B&C. *We have added columns to our receipt log to indicate method of payment (cash or check). Bank deposit slips are attached to the receipt log. The Sheriff reviews the bank deposit and receipt log before signing to document his supervisory review. Deposits will be made each Friday.*
- D. *There will be a zero balance at the end of each month and canceled checks will be reconciled.*
- E. *Since there will be a zero balance at the end of each month, a reconciliation to an open items list should not be necessary.*
- F. *We implemented a computer program to account for seized property. We have completed a complete inventory of the evidence room and the inventory is being reviewed by the Prosecuting Attorney and the courts for future disposition.*

7. Senior Citizens' Board

Although the County Treasurer handles the majority of the monies for the Senior Citizens Fund, the Senior Citizens' Board still handles a bank account which is used for making disbursements for miscellaneous items such as insurance and advertising expenses. There appears to be no statutory authority that allows the board to maintain a bank account outside the county treasury. Section 67.993, RSMo 1994, indicates the Senior Citizens Fund should be established within the county treasury. It appears the County Treasurer should be the custodian of all monies for the Senior Citizens Fund.

WE RECOMMEND the Senior Citizens' Board maintain all monies with the County Treasurer.

AUDITEE'S RESPONSE

Senior Citizen's Board President:

The Senior Citizen's Tax Fund checking account was returned to the Senior Citizen's Fund with the County Treasurer. Check number 124 was written on June 15, 1999, for \$831 to close out this account.

This report is intended for the information of the management of Ripley County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

RIPLEY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ripley County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended December 31, 1996. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

1. County Procedures

- A. The County Commission did not retain twenty-percent (\$65,200) of the special road and bridge tax levy for the county Special Road and Bridge Fund and did not obtain a contractual agreement with the special road districts indicating how these funds were to be used.
- B. Some invoices did not indicate the receipt of goods or services before payment was made.

Recommendation:

- A. The County Commission retain 20 percent of special road and bridge tax monies in the Special Road and Bridge Fund or enter into written contractual agreements if these funds are provided to special road districts.
- B. The County Commission ensure all invoices contain an indication of receipt of goods or services before payment is made.

Status:

- A. Implemented.
- B. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

2. Budgetary Practices

Expenditures in excess of approved budgeted expenditures were made from Law Enforcement Sales Tax Fund, Prosecuting Attorney Bad Check Fund, and CDBG Grant Fund.

Recommendation:

The County Commission and the elected officials refrain from incurring expenditures in excess of budgeted amounts. If additional funds are received which could not be estimated when the budget was adopted, the budget should be amended by following the procedures required by state law.

Status:

Not implemented. However, improvement was made in this area as only the Law Library Fund for the year ended December 31, 1998 and the CDBG Grant Fund for the year ended December 31, 1997 incurred expenditures in excess of approved budgeted expenditures. Although not repeated in the current report, our recommendation remains as stated above.

3. General Fixed Asset Records and Procedures

General fixed asset records were not maintained prior to October 1996. We noted seven items totaling \$117,806 that were purchased during the audit period prior to October 1996, that were not included on the fixed asset listing. Additions and deletions, since October 1996, were not recorded in the fixed asset records.

Recommendation:

The County Clerk maintain the general fixed asset records on a current basis to reflect all additions and disposition as they occur, and periodically reconcile additions of assets to expenditures for equipment to ensure additions are properly recorded. In addition, the County Clerk should document the annual physical inventory performed and any adjustments made as a result of the physical inventory.

Status:

Not implemented. See MAR No. 2.

4. County Collector's Accounting Controls and Procedures

- A. The County Collector did not reconcile the bank account to the accounting records or maintain a book balance.
- B. Deposits were made weekly instead of daily during most months.
- C. The Collector did not reconcile the composition of cash, checks, and money orders received to bank deposits. The method of payment was not recorded for each receipt.
- D. Court orders for additions and abatements were not approved by the County Commission.
- E. The Collector did not collect one-half percent of 1996 current taxes collected, including current delinquent taxes, as compensation for mailing the statements and receipts resulting in approximately \$12,000 distributed to various political subdivisions that should have been credited to the General Revenue Fund.

Recommendation:

The Collector:

- A. Prepare monthly bank reconciliations and maintain a book balance that can be reconciled to the bank balance.
- B. Deposit intact daily or when accumulated receipts exceed \$100.

- C. Indicate the method of payment on paid tax statements so that the composition of paid tax statements can be reconciled to the composition of deposits.
- D. Submit all additions and abatements to the County Commission for review and approval.
- E. Determine the amount due to the General Revenue Fund and adjust future distributions to pay back the General Revenue Fund.

Status:

A. Implemented.

B&C. Not implemented. See MAR No. 4.

D. Partially implemented. Real estate additions and abatements are submitted to the County Commission but personal property additions and abatements are not. The Assessor prepares an assessment sheet for personal additions and abatements. These sheets go to the Collector for collection or abatement of the tax. The Collector keeps track of total additions and abatements and reports them on his annual settlement, which the Commission reviews and approves. Although not repeated in the current report, our recommendation remains as stated above.

E. Implemented.

5. Sheriff's Accounting Controls and Procedures

A. Receipt slips did not indicate the method of payment received.

B. Receipts were not deposited intact on a timely basis and were not issued for some monies received. Postage was purchased from actual cash receipts.

C. Numerous items in the seized property room were not tagged to identify the property to a specific case and other items which were tagged did not always include sufficient information to identify the property to a specific case.

D. The duties of cash custody and record-keeping were not adequately segregated.

Recommendation:

The Sheriff:

A. Indicate the method of payment on all receipt slips and agree the composition of receipts to the composition of deposits.

B. Issue receipt slips immediately upon receipt for all monies, make all disbursements by check, and deposit all monies intact daily or when accumulated receipts exceed \$100.

C. Ensure evidence/seized property room is kept in an orderly manner and tags are attached to property which adequately identifies the property to a specific case.

- D. Implement procedures to segregate cash custody and recording functions and ensure there is supervisory review of the work performed.

Status:

- A. Partially implemented. Receipt slips indicate the method of payment but the composition of receipts is not reconciled to the composition of deposits. See MAR No. 6.

- B. Partially implemented. Receipt slips are issued for all monies and disbursements are made by check. However, monies are not deposited daily or when accumulated receipts exceed \$100. See MAR No. 6.

C&D. Not implemented. See MAR No. 6.

6. Prosecuting Attorney's Accounting Controls and Procedures

- A.1. Receipts for bad check fees were not remitted to the County Treasurer in a timely manner.

- 2. Monies collected for restitution were not always disbursed to the merchants in a timely manner.

- B. Several bad checks on the bad check log could not be traced to fee reports and some bad checks on the fee reports could not be traced to the bad check log.

Recommendation:

The Prosecuting Attorney:

- A. Make transmittals to the County Treasurer intact daily or when accumulated receipts exceed \$100 and distribute restitution monies to merchants in a timely manner.

- B. Maintain the bad check activity log in a manner that allows bad check activity to be appropriately monitored.

Status:

- A. Restitution monies were distributed to merchants in a timely manner; however, transmittals to the County Treasurer were not timely. See MAR No. 5.

- B. Implemented.

7. Circuit Clerk Accounting Controls and Procedures

Receipts were not deposited on a timely basis. Deposits were not made intact for the Circuit Clerk Fee Account or the Child Support Account.

Recommendation:

The Circuit Clerk deposit all monies intact daily or when accumulated receipts exceed \$100. The composition of receipt slips should be reconciled to the composition of deposits.

Status:

Partially implemented. The composition of receipt slips is reconciled to the composition of deposits for the fee account and the child support account. Child support receipts are deposited daily. However, deposits for the fee account are usually made weekly. Although not repeated in the current report, our recommendation remains as stated above.

8. Ex Officio Recorder of Deeds Accounting Controls and Procedures

The fee book did not indicate the method of payment received and receipts were not deposited intact.

Recommendation:

The Ex Officio Recorder of Deeds indicate the method of payment for all monies received on the fee book and reconcile the composition of receipts per the fee book to the composition of monies deposited.

Status:

Partially implemented. The method of payment is indicated on the fee book but a reconciliation of the composition of receipts per the fee book to the composition of deposits is not performed. Although not repeated in the current report, our recommendation remains as stated above.

9. Associate Court's Accounting Controls and Procedures

Receipts were not deposited on a timely basis.

Recommendation:

The Associate Court deposit all monies daily or when accumulated receipts exceed \$100.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

RIPLEY COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Ripley was named after General Eleazar W. Ripley, of the War of 1812. Ripley County is a county-organized, third-class county and is part of the Thirty-Sixth Judicial Circuit. The county seat is Doniphan.

Ripley County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Ripley County received its money in 1998 and 1997 to support the county General Revenue and CART (Special Road and Bridge) Funds:

SOURCE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 196,047	20	170,582	20
Federal and state aid	514,408	52	486,878	57
Fees, interest, and other	277,219	28	194,818	23
Total	\$ 987,674	100	852,278	100

The following chart shows how Ripley County spent monies in 1998 and 1997 from the General Revenue and CART (Special Road and Bridge) Funds:

USE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 423,107	46	400,801	52
Public safety	11,957	1	16,612	2
Highways and roads	483,969	53	353,890	46
Total	\$ 919,033	100	771,303	100

The county received \$463,556 and \$441,831 for the Law Enforcement Sales Tax Fund for the years ended December 31, 1998 and 1997, respectively, to be used for public safety purposes.

The county maintains approximately 53 county bridges and 392 miles of county roads.

The county's population was 9,803 in 1970 and 13,626 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	1998	1997	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 41.1	40.2	30.9	11.7	7.3
Personal property	15.8	14.5	4.0	4.5	2.6
Railroad and utilities	5.5	4.6	2.5	2.7	1.7
Total	\$ 62.4	59.3	37.4	18.9	11.6

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Ripley County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,	
	1998	1997
General Revenue Fund	\$.30	.30
CART (Special Road and Bridge) Fund*	N/A	N/A
Health Center Fund	.15	.15
Senate Bill 40 Board Fund	.10	.10
Senior Citizens Fund	.05	.05

* The county has nineteen special road districts that receive the tax collections from property within each district. All of this levy is retained by the road districts. One-fifth of this levy is not retained in the CART (Special Road and Bridge) Fund. However, the county has contracts with the special road districts indicating the one-fifth of the levy will be paid to the special road districts in exchange for the monies to be used for road maintenance.

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Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28,	
	1999	1998
State of Missouri	\$ 19,614	18,088
General Revenue Fund	201,082	185,610
Special Road Districts Fund	217,997	197,036
Assessment Fund	35,538	27,926
Health Center Fund	96,134	88,848
Senate Bill 40 Board Fund	63,061	58,382

School districts	1,769,198	1,638,542
Library district	107,995	99,732
Ambulance district	110,573	103,407
Hospital	189,236	175,178
Junior college	157,418	145,127
Fourchee Creek O & M	3,653	3,563
Naylor Drainage	11,318	11,587
Senior Citizens Fund	31,552	29,221
Tax sale costs	970	954
Tax sale surplus	2,237	7,567
Cities	9,773	8,053
County Clerk	1,178	1,271
County Employees' Retirement	21,716	21,122
Commissions and fees:		
General Revenue Fund	52,015	58,080
County Collector	223	0
Total	\$ <u>3,102,481</u>	<u>2,879,294</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	1999	1998
Real estate	90.2 %	88.9 %
Personal property	83.5	87.4
Railroad and utilities	100.0	100.0

Ripley County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
Law Enforcement Sales Tax	\$.0050	N/A	N/A %

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The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	1999	1998	1997
County-Paid Officials:			
William D. Kennon Jr., Presiding Commissioner	\$	10,700	10,700
Jesse Roy, Associate Commissioner		10,700	10,700
Ray Joe Hastings, Associate Commissioner		10,700	10,700
Becky Camden York, County Clerk		21,694	21,694
Paul Oesterreicher, Prosecuting Attorney		25,045	25,045
Michael Cochran, Sheriff		34,000	1,188
Sam Ruffino, Sheriff			32,812
Robert Featherston, County Treasurer		13,420	13,420
Howard Jackson, County Coroner		6,000	6,000
Corine (Thelma) Dean, Public Administrator *		11,648	9,944
Jerry D. Martin, County Collector,			

year ended February 28,	22,250	22,250	
Thomas Skaggs, County Assessor **, year ended			
August 31,		32,900	23,800
B.D. Henderson, County Surveyor ***			

- * Includes fees received from probate cases.
- ** Includes \$900 annual compensation received from the state.
- *** Compensation on a fee basis.

State-Paid Officials:

Roberta Belcher, Circuit Clerk and Ex Officio Recorder of Deeds	42,183	40,176
James Hall, Associate Circuit Judge	85,158	81,792

A breakdown of employees (excluding the elected officials) by office at December 31, 1998, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	1	0
Prosecuting Attorney	1	0
Sheriff*	11	0
County Collector	2	0
County Assessor	2	0
Associate Division	0	3
Road and Bridge	9	0
Health Center	9	0
Total	<u>36</u>	<u>5</u>

- * Includes five part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Ripley County's share of the 36th Judicial Circuit's expenses is 24.09 percent.