



CARTER COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 1999

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

Report No. 2000-95
September 20, 2000
www.auditor.state.mo.us

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2000

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Carter, 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 Carter County included additional areas of county operations, as well as the elected county officials. The audit noted that the financial condition of the General Revenue Fund had improved since the prior audit. The following concerns were noted as part of the audit:

- The county does not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards. The county's schedule contained numerous errors and omissions. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.
- The current and former County Collectors had not filed annual settlements as required by state law. Various errors were made in calculating commissions on property taxes collected during the year ended February 29, 2000. As a result, approximately \$9,600 is due from various political subdivisions to the General Revenue Fund. The audit also recommended the County Collector increase efforts to identify current addresses of landowners.
- Bond and gun permit receipts totaling \$300 could not be traced to deposits. The prior audit also noted receipts that could not be traced to deposits. At that time it was recommended that the Sheriff investigate the discrepancies and take action to ensure the undeposited receipts were recovered, or the Sheriff personally reimburse the amounts. Several recommendations were also made to help ensure the proper accounting of future receipts. While the Sheriff responded that those recommendations had been or would be implemented, most of the recommendations were not implemented, and monies are again unaccounted for.

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YELLOW SHEET

- The Health Center does not have a depository contract with its bank and the amount of collateral security pledged was not sufficient. Budgets prepared for the Health Center and related financial records were not always accurate and complete. Also, a financial statement was not published as required by state law.

Also included in the audit are recommendations related to improving personnel matters, compliance with IRS reporting requirements, bond coverage, and the accounting controls and procedures for the Circuit Clerk and Associate/Probate Division.

Copies of the audit are available upon request.

CARTER COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
<u>FINANCIAL SECTION</u> <hr/>		
	State Auditor's Reports:	2-6
	Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
	Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	5-6
	Financial Statements:	7-28
<u>Exhibit</u>	<u>Description</u>	
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
A-1	Year Ended December 31, 1999	8
A-2	Year Ended December 31, 1998	9
	<u>General Revenue Fund</u>	
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	10
	<u>Special Road and Bridge Fund</u>	
C	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	11
	<u>Assessment Fund</u>	
D	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	12
	<u>Law Enforcement Training Fund</u>	
E	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	13
	<u>Prosecuting Attorney Training Fund</u>	
F	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	14

CARTER COUNTY, MISSOURI

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Financial Statements:

<u>Exhibit</u>	<u>Description</u>	
	<u>Health Center Fund</u>	
G	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	15
	<u>Crime Reduction Fund</u>	
H	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	16
	<u>Prosecuting Attorney Bad Check Fund</u>	
I	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	17
	<u>Recorder's User Fees Fund</u>	
J	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	18
	<u>Prosecuting Attorney Delinquent Tax Fund</u>	
K	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	19
	<u>Carter County Board For Handicapped Fund</u>	
L	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	20
	<u>Senior Citizens Service Tax Board Fund</u>	
M	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	21

CARTER COUNTY, MISSOURI

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Financial Statements:

<u>Exhibit</u>	<u>Description</u>	
N	<u>Sheriff's Equitable Sharing Proceeds Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 1998.....	22
O	<u>Domestic Violence Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	23
P	<u>Circuit Clerk's Interest Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	24
Q	<u>Jail Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	25
R	<u>Multi Floral Rose Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	26
S	<u>Sheriff's Fees Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998	27
T	<u>Salary Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 1999	28
	Notes to the Financial Statements.....	29-32

CARTER COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
Supplementary Schedule:.....	33-35
Schedule of Expenditures of Federal Awards, Years Ended December 31, 1999 and 1998	34-35
Notes to the Supplementary Schedule	36-38
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
State Auditor's Report:.....	40-42
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	41-42
Schedule:.....	43-46
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 1999 and 1998.....	44-46
Section I - Summary of Auditor's Results.....	44
Section II - Financial Statement Findings.....	45
Section III - Federal Award Findings and Questioned Costs.....	45
<u>Number</u>	<u>Description</u>
99-1.	Schedule of Expenditures of Federal Awards..... 45-46
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	47-48
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133	49-50

CARTER COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings	52-68
<u>Number</u>	<u>Description</u>
1.	County Bonds.....54
2.	Personnel Policies and Procedures.....54
3.	County Collector's Accounting Controls and Procedures.....56
4.	Circuit Clerk's Accounting Controls and Procedures57
5.	Associate/Probate Division's Accounting Controls and Procedures.....59
6.	Sheriff's Accounting Controls and Procedures61
7.	Health Center65
Follow-Up on Prior Audit Findings	69-81
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information	83-88

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 Carter County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Carter County, Missouri, as of and for the years ended December 31, 1999 and 1998, 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 Carter 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 Carter County.

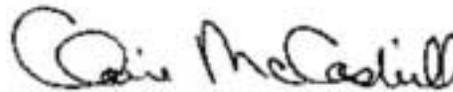
In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Carter County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

1999 and 1998, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 25, 2000, 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 Carter 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

May 25, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	John Luetkemeyer, CPA
In-Charge Auditor:	Debbie Hill, CPA
Audit Staff:	Todd Stoll
	Michael J. Monia
	Norma Payne



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 Carter County, Missouri

We have audited the special-purpose financial statements of various funds of Carter County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 25, 2000. 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

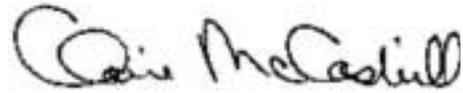
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Carter County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance 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 Carter 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 Carter 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

May 25, 2000 (fieldwork completion date)

Financial Statements

Exhibit A-1

CARTER COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 54,518	651,076	602,190	103,404
Special Road and Bridge Assessment	88,486	432,144	390,791	129,839
Law Enforcement Training	1,285	67,687	68,967	5
Prosecuting Attorney Training	4,633	4,183	6,213	2,603
Health Center	1,073	765	1,269	569
Prosecuting Attorney Bad Check	191,318	445,851	480,668	156,501
Recorder's User Fees	98	34	0	132
Prosecuting Attorney Delinquent Tax	12,703	3,890	5,973	10,620
Carter County Board for Handicapped	740	348	404	684
Senior Citizens Service Tax Board	10,379	23,538	22,100	11,817
Domestic Violence	2,343	8,829	8,725	2,447
Circuit Clerk's Interest	194	249	194	249
Law Library	11,372	6,540	2,864	15,048
Associate Circuit Interest	162	1,470	1,584	48
Jail	3,315	941	3,016	1,240
Multi Floral Rose	1,986	81	3	2,064
Sheriff's Fees	7,651	308	444	7,515
Salary	5,620	7,889	11,066	2,443
South Van Buren Sewer District	13,192	1,643	14,632	203
Chemical Emergency	0	72,950	72,450	500
Total	\$ 411,068	1,732,145	1,693,553	449,660

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

Exhibit A-2

CARTER 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	\$ (5)	881,956	827,433	54,518
Special Road and Bridge	69,466	544,494	525,474	88,486
Assessment	202	72,780	71,697	1,285
Law Enforcement Training	5,596	2,719	3,682	4,633
Prosecuting Attorney Training	586	487	0	1,073
Health Center	196,728	460,682	466,092	191,318
Crime Reduction	66,756	18,403	85,159	0
Prosecuting Attorney Bad Check	1,529	1,514	2,945	98
Recorder's User Fees	8,937	3,766	0	12,703
Prosecuting Attorney Delinquent Tax	651	189	100	740
Carter County Board for Handicapped	11,063	22,456	23,140	10,379
Senior Citizens Service Tax Board	1,788	8,277	7,722	2,343
Sheriff's Equitable Sharing Proceeds	85	0	85	0
Domestic Violence	178	194	178	194
Circuit Clerk's Interest	9,299	2,734	661	11,372
Law Library	39	1,470	1,347	162
Associate Circuit Interest	2,360	1,987	1,032	3,315
Jail	5,000	170	3,184	1,986
Multi Floral Rose	7,991	346	686	7,651
Sheriff's Fees	1,761	12,021	8,162	5,620
Salary	0	72,717	59,525	13,192
Total	\$ 390,010	2,109,362	2,088,304	411,068

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

Exhibit B

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 10,997	14,579	3,582	97,025	11,036	(85,989)
Sales taxes	310,000	313,451	3,451	299,000	309,065	10,065
Intergovernmental	112,202	111,895	(307)	95,575	176,239	80,664
Charges for services	124,548	121,608	(2,940)	106,630	102,522	(4,108)
Interest	2,500	5,757	3,257	1,800	2,591	791
Other	46,453	56,807	10,354	284,956	190,381	(94,575)
Transfers in	10,115	26,979	16,864	22,000	90,122	68,122
Total Receipts	<u>616,815</u>	<u>651,076</u>	<u>34,261</u>	<u>906,986</u>	<u>881,956</u>	<u>(25,030)</u>
DISBURSEMENTS						
County Commission	53,415	50,701	2,714	39,900	38,702	1,198
County Clerk	26,200	25,167	1,033	29,125	28,062	1,063
Elections	2,350	660	1,690	18,915	14,454	4,461
Buildings and grounds	17,400	12,449	4,951	26,365	18,305	8,060
Employee fringe benefits	28,600	24,154	4,446	30,000	29,906	94
County Treasurer	13,535	12,886	649	14,010	13,744	266
County Collector	36,056	33,208	2,848	31,029	30,804	225
Ex Officio Recorder of Deeds	5,500	5,500	0	8,027	7,638	389
Circuit Clerk	10,150	8,960	1,190	9,887	7,637	2,250
Associate Circuit Court	9,300	8,935	365	8,900	6,845	2,055
Court administration	852	451	401	801	670	131
Public Administrator	17,876	17,864	12	14,328	12,818	1,510
Sheriff	123,286	123,094	192	168,954	154,261	14,693
Jail	43,770	41,683	2,087	33,752	42,627	(8,875)
Prosecuting Attorney	47,013	42,733	4,280	103,891	91,740	12,151
Juvenile Officer	30,866	28,162	2,704	31,557	30,921	636
County Coroner	5,775	5,338	437	5,775	5,256	519
Other General County Government	50,469	48,209	2,260	54,470	53,904	566
Court Reporter	265	99	166	265	155	110
Other	96,524	94,743	1,781	132,500	82,365	50,135
Transfers out	21,232	17,194	4,038	112,419	156,619	(44,200)
Emergency Fund	36,225	0	36,225	21,356	0	21,356
Total Disbursements	<u>676,659</u>	<u>602,190</u>	<u>74,469</u>	<u>896,226</u>	<u>827,433</u>	<u>68,793</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(59,844)	48,886	108,730	10,760	54,523	43,763
CASH, JANUARY 1	54,516	54,518	2	716	(5)	(721)
CASH, DECEMBER 31	<u>\$ (5,328)</u>	<u>103,404</u>	<u>108,732</u>	<u>11,476</u>	<u>54,518</u>	<u>43,042</u>

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

Exhibit C

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 62,570	65,895	3,325	63,210	62,459	(751)
Intergovernmental	316,074	337,310	21,236	333,473	331,439	(2,034)
Interest	4,850	5,072	222	6,000	4,841	(1,159)
Other	175	23,867	23,692	11,509	23,971	12,462
Transfers in	0	0	0	91,188	121,784	30,596
Total Receipts	<u>383,669</u>	<u>432,144</u>	<u>48,475</u>	<u>505,380</u>	<u>544,494</u>	<u>39,114</u>
DISBURSEMENTS						
Salaries	127,400	127,210	190	151,350	130,005	21,345
Employee fringe benefits	16,319	15,273	1,046	18,783	16,158	2,625
Supplies	70,000	48,526	21,474	70,000	45,051	24,949
Insurance	20,000	16,751	3,249	18,000	18,229	(229)
Road and bridge materials	121,000	89,155	31,845	137,000	93,327	43,673
Equipment repairs	20,000	5,607	14,393	20,000	5,809	14,191
Equipment purchases	51,900	53,955	(2,055)	55,400	168,411	(113,011)
Other	25,000	34,314	(9,314)	42,700	20,284	22,416
Transfers out	8,000	0	8,000	0	28,200	(28,200)
Total Disbursements	<u>459,619</u>	<u>390,791</u>	<u>68,828</u>	<u>513,233</u>	<u>525,474</u>	<u>(12,241)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(75,950)	41,353	117,303	(7,853)	19,020	26,873
CASH, JANUARY 1	88,486	88,486	0	69,466	69,466	0
CASH, DECEMBER 31	<u>\$ 12,536</u>	<u>129,839</u>	<u>117,303</u>	<u>61,613</u>	<u>88,486</u>	<u>26,873</u>

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

Exhibit D

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 47,831	49,102	1,271	47,831	36,227	(11,604)
Interest	100	206	106	100	300	200
Other	1,500	1,185	(315)	1,500	1,418	(82)
Transfers in	21,232	17,194	(4,038)	21,232	34,835	13,603
Total Receipts	<u>70,663</u>	<u>67,687</u>	<u>(2,976)</u>	<u>70,663</u>	<u>72,780</u>	<u>2,117</u>
DISBURSEMENTS						
Assessor	70,663	68,967	1,696	72,063	71,697	366
Total Disbursements	<u>70,663</u>	<u>68,967</u>	<u>1,696</u>	<u>72,063</u>	<u>71,697</u>	<u>366</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,280)	(1,280)	(1,400)	1,083	2,483
CASH, JANUARY 1	1,285	1,285	0	202	202	0
CASH, DECEMBER 31	<u>\$ 1,285</u>	<u>5</u>	<u>(1,280)</u>	<u>(1,198)</u>	<u>1,285</u>	<u>2,483</u>

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

Exhibit E

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 2,475	4,073	1,598	1,932	2,473	541
Interest	250	110	(140)	240	246	6
Total Receipts	<u>2,725</u>	<u>4,183</u>	<u>1,458</u>	<u>2,172</u>	<u>2,719</u>	<u>547</u>
DISBURSEMENTS						
Sheriff	6,213	6,213	0	4,000	3,682	318
Total Disbursements	<u>6,213</u>	<u>6,213</u>	<u>0</u>	<u>4,000</u>	<u>3,682</u>	<u>318</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,488)	(2,030)	1,458	(1,828)	(963)	865
CASH, JANUARY 1	3,768	4,633	865	5,596	5,596	0
CASH, DECEMBER 31	<u>\$ 280</u>	<u>2,603</u>	<u>2,323</u>	<u>3,768</u>	<u>4,633</u>	<u>865</u>

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

Exhibit F

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 600	738	138	624	452	(172)
Interest	24	27	3	25	35	10
Total Receipts	624	765	141	649	487	(162)
DISBURSEMENTS						
Prosecuting Attorney	1,697	1,269	428	1,235	0	1,235
Total Disbursements	1,697	1,269	428	1,235	0	1,235
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,073)	(504)	569	(586)	487	1,073
CASH, JANUARY 1	1,073	1,073	0	586	586	0
CASH, DECEMBER 31	\$ 0	569	569	0	1,073	1,073

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

Exhibit G

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 68,000	72,114	4,114	69,000	68,583	(417)
Intergovernmental	237,342	244,031	6,689	143,365	181,827	38,462
Charges for services	190,500	109,053	(81,447)	313,900	188,113	(125,787)
Interest	10,000	9,501	(499)	8,000	9,961	1,961
Other	7,000	11,152	4,152	3,700	12,198	8,498
Total Receipts	<u>512,842</u>	<u>445,851</u>	<u>(66,991)</u>	<u>537,965</u>	<u>460,682</u>	<u>(77,283)</u>
DISBURSEMENTS						
Salaries	337,577	311,519	26,058	338,534	295,294	43,240
Office expenditures	25,210	30,152	(4,942)	24,758	20,687	4,071
Equipment & Building	28,000	25,054	2,946	41,813	25,567	16,246
Mileage and training	33,605	30,661	2,944	28,749	25,096	3,653
Other Professional Services	39,794	24,685	15,109	51,764	39,428	12,336
Medical Supplies	56,495	53,968	2,527	80,608	54,512	26,096
Other Expenses	800	4,629	(3,829)	333	5,508	(5,175)
Total Disbursements	<u>521,481</u>	<u>480,668</u>	<u>40,813</u>	<u>566,559</u>	<u>466,092</u>	<u>100,467</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,639)	(34,817)	(26,178)	(28,594)	(5,410)	23,184
CASH, JANUARY 1	191,318	191,318	0	196,728	196,728	0
CASH, DECEMBER 31	<u>\$ 182,679</u>	<u>156,501</u>	<u>(26,178)</u>	<u>168,134</u>	<u>191,318</u>	<u>23,184</u>

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

Exhibit H

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 7,352	0	(7,352)	93,858	18,403	(75,455)
Total Receipts	<u>7,352</u>	<u>0</u>	<u>(7,352)</u>	<u>93,858</u>	<u>18,403</u>	<u>(75,455)</u>
DISBURSEMENTS						
Salaries	0	0	0	36,000	20,732	15,268
Office expenditures	0	0	0	8,000	803	7,197
Equipment	0	0	0	15,000	380	14,620
Mileage and training	0	0	0	18,500	0	18,500
Other	0	0	0	16,000	95	15,905
Transfers out	0	0	0	0	63,149	(63,149)
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>93,500</u>	<u>85,159</u>	<u>8,341</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>7,352</u>	<u>0</u>	<u>(7,352)</u>	<u>358</u>	<u>(66,756)</u>	<u>(67,114)</u>
CASH, JANUARY 1	0	0	0	66,506	66,756	250
CASH, DECEMBER 31	\$ <u>7,352</u>	<u>0</u>	<u>(7,352)</u>	<u>66,864</u>	<u>0</u>	<u>(66,864)</u>

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

Exhibit I

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 0	30	30	3,500	1,450	(2,050)
Interest	0	4	4	90	64	(26)
Total Receipts	0	34	34	3,590	1,514	(2,076)
DISBURSEMENTS						
Purchases	0	0	0	1,119	0	1,119
Mileage, training & education	83	0	83	4,000	2,945	1,055
Total Disbursements	83	0	83	5,119	2,945	2,174
RECEIPTS OVER (UNDER) DISBURSEMENTS	(83)	34	117	(1,529)	(1,431)	98
CASH, JANUARY 1	98	98	0	1,529	1,529	0
CASH, DECEMBER 31	\$ 15	132	117	0	98	98

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

Exhibit J

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 3,500	3,392	(108)	3,500	3,304	(196)
Interest	462	498	36	310	462	152
Total Receipts	<u>3,962</u>	<u>3,890</u>	<u>(72)</u>	<u>3,810</u>	<u>3,766</u>	<u>(44)</u>
DISBURSEMENTS						
Storage of Records	10,000	5,973	4,027	4,000	0	4,000
Total Disbursements	<u>10,000</u>	<u>5,973</u>	<u>4,027</u>	<u>4,000</u>	<u>0</u>	<u>4,000</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,038)	(2,083)	3,955	(190)	3,766	3,956
CASH, JANUARY 1	12,703	12,703	0	8,937	8,937	0
CASH, DECEMBER 31	<u>\$ 6,665</u>	<u>10,620</u>	<u>3,955</u>	<u>8,747</u>	<u>12,703</u>	<u>3,956</u>

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

Exhibit K

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 300	323	23	300	158	(142)
Interest	49	25	(24)	49	31	(18)
Total Receipts	<u>349</u>	<u>348</u>	<u>(1)</u>	<u>349</u>	<u>189</u>	<u>(160)</u>
DISBURSEMENTS						
Mileage & Training	1,089	364	725	1,000	0	1,000
Other	0	40	(40)	0	100	(100)
Total Disbursements	<u>1,089</u>	<u>404</u>	<u>685</u>	<u>1,000</u>	<u>100</u>	<u>900</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(740)	(56)	684	(651)	89	740
CASH, JANUARY 1	740	740	0	651	651	0
CASH, DECEMBER 31	<u>\$ 0</u>	<u>684</u>	<u>684</u>	<u>0</u>	<u>740</u>	<u>740</u>

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

Exhibit L

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CARTER COUNTY BOARD FOR HANDICAPPED FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 22,443	23,196	753	23,000	22,059	(941)
Interest	400	342	(58)	400	397	(3)
Total Receipts	<u>22,843</u>	<u>23,538</u>	<u>695</u>	<u>23,400</u>	<u>22,456</u>	<u>(944)</u>
DISBURSEMENTS						
Contract services	22,000	22,000	0	23,024	23,024	0
Office expenditures	100	100	0	100	100	0
Other	16	0	16	0	16	(16)
Total Disbursements	<u>22,116</u>	<u>22,100</u>	<u>16</u>	<u>23,124</u>	<u>23,140</u>	<u>(16)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	727	1,438	711	276	(684)	(960)
CASH, JANUARY 1	10,379	10,379	0	11,063	11,063	0
CASH, DECEMBER 31	<u>\$ 11,106</u>	<u>11,817</u>	<u>711</u>	<u>11,339</u>	<u>10,379</u>	<u>(960)</u>

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

Exhibit M

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SENIOR CITIZENS SERVICE TAX BOARD FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 8,915	8,625	(290)	8,915	8,073	(842)
Interest	203	204	1	203	204	1
Total Receipts	<u>9,118</u>	<u>8,829</u>	<u>(289)</u>	<u>9,118</u>	<u>8,277</u>	<u>(841)</u>
DISBURSEMENTS						
Contract Services	<u>8,720</u>	<u>8,725</u>	<u>(5)</u>	<u>7,621</u>	<u>7,722</u>	<u>(101)</u>
Total Disbursements	<u>8,720</u>	<u>8,725</u>	<u>(5)</u>	<u>7,621</u>	<u>7,722</u>	<u>(101)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	398	104	(294)	1,497	555	(942)
CASH, JANUARY 1	2,343	2,343	0	1,788	1,788	0
CASH, DECEMBER 31	<u>\$ 2,741</u>	<u>2,447</u>	<u>(294)</u>	<u>3,285</u>	<u>2,343</u>	<u>(942)</u>

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

Exhibit N

CARTER COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF'S EQUITABLE SHARING PROCEEDS FUND

	Year Ended December 31,		
	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Other	\$ 0	0	0
Total Receipts	0	0	0
DISBURSEMENTS			
Transfers out	0	85	(85)
Total Disbursements	0	85	(85)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(85)	(85)
CASH, JANUARY 1	0	85	85
CASH, DECEMBER 31	\$ 0	0	0

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

Exhibit O

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 DOMESTIC VIOLENCE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 190	245	55	200	190	(10)
Interest	4	4	0	4	4	0
Total Receipts	194	249	55	204	194	(10)
DISBURSEMENTS						
Domestic violence shelter	194	194	0	178	178	0
Total Disbursements	194	194	0	178	178	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	55	55	26	16	(10)
CASH, JANUARY 1	194	194	0	178	178	0
CASH, DECEMBER 31	\$ 194	249	55	204	194	(10)

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

Exhibit P

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT CLERK'S INTEREST FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 3,000	6,540	3,540	3,600	2,734	(866)
Total Receipts	<u>3,000</u>	<u>6,540</u>	<u>3,540</u>	<u>3,600</u>	<u>2,734</u>	<u>(866)</u>
DISBURSEMENTS						
Equipment	2,000	2,000	0	0	0	0
Other	802	864	(62)	500	661	(161)
Total Disbursements	<u>2,802</u>	<u>2,864</u>	<u>(62)</u>	<u>500</u>	<u>661</u>	<u>(161)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	198	3,676	3,478	3,100	2,073	(1,027)
CASH, JANUARY 1	11,373	11,372	(1)	9,299	9,299	0
CASH, DECEMBER 31	<u>\$ 11,571</u>	<u>15,048</u>	<u>3,477</u>	<u>12,399</u>	<u>11,372</u>	<u>(1,027)</u>

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

Exhibit Q

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 5,885	0	(5,885)	0	0	0
Interest	175	81	(94)	0	170	170
Total Receipts	<u>6,060</u>	<u>81</u>	<u>(5,979)</u>	<u>0</u>	<u>170</u>	<u>170</u>
DISBURSEMENTS						
Salary Expense	960	3	957	4,000	949	3,051
Repairs	130	0	130	0	128	(128)
Equipment	0	0	0	1,000	0	1,000
Supplies	110	0	110	0	107	(107)
Dues	2,000	0	2,000	0	2,000	(2,000)
Total Disbursements	<u>3,200</u>	<u>3</u>	<u>3,197</u>	<u>5,000</u>	<u>3,184</u>	<u>1,816</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,860	78	(2,782)	(5,000)	(3,014)	1,986
CASH, JANUARY 1	1,986	1,986	0	5,000	5,000	0
CASH, DECEMBER 31	<u>\$ 4,846</u>	<u>2,064</u>	<u>(2,782)</u>	<u>0</u>	<u>1,986</u>	<u>1,986</u>

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

Exhibit R

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 MULTI FLORAL ROSE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 350	308	(42)	300	346	46
Total Receipts	350	308	(42)	300	346	46
DISBURSEMENTS						
Refunds	8,001	444	7,557	7,991	686	7,305
Total Disbursements	8,001	444	7,557	7,991	686	7,305
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,651)	(136)	7,515	(7,691)	(340)	7,351
CASH, JANUARY 1	7,651	7,651	0	7,991	7,991	0
CASH, DECEMBER 31	\$ 0	7,515	7,515	300	7,651	7,351

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

Exhibit S

CARTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF'S FEES FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 7,500	7,707	207	5,500	8,747	3,247
Interest	174	182	8	200	174	(26)
Other	0	0	0	0	3,100	3,100
Total Receipts	<u>7,674</u>	<u>7,889</u>	<u>215</u>	<u>5,700</u>	<u>12,021</u>	<u>6,321</u>
DISBURSEMENTS						
Salaries	0	2,960	(2,960)	0	0	0
Employee fringe benefits	0	893	(893)	0	0	0
Equipment	3,115	3,215	(100)	7,461	8,112	(651)
Supplies	50	0	50	0	50	(50)
Mileage	0	3,817	(3,817)	0	0	0
Transfer Out	0	181	(181)	0	0	0
Total Disbursements	<u>3,165</u>	<u>11,066</u>	<u>(7,901)</u>	<u>7,461</u>	<u>8,162</u>	<u>(701)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,509	(3,177)	(7,686)	(1,761)	3,859	5,620
CASH, JANUARY 1	5,620	5,620	0	1,761	1,761	0
CASH, DECEMBER 31	<u>\$ 10,129</u>	<u>2,443</u>	<u>(7,686)</u>	<u>0</u>	<u>5,620</u>	<u>5,620</u>

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

Exhibit T

CARTER COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SALARY FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental	\$ 0	1,500	1,500
Interest	250	143	(107)
Total Receipts	250	1,643	1,393
DISBURSEMENTS			
Transfers out	21,834	14,632	7,202
Total Disbursements	21,834	14,632	7,202
RECEIPTS OVER (UNDER) DISBURSEMENTS	(21,584)	(12,989)	8,595
CASH, JANUARY 1	21,584	13,192	(8,392)
CASH, DECEMBER 31	\$ 0	203	203

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

Notes to the Financial Statements

CARTER 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 Carter 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, the Carter County Board for the Handicapped, or the Senior Citizens Service Tax 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. 1999, 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>
Law Library Fund	1999 and 1998
Associate Circuit Interest Fund	1999 and 1998
South Van Buren Sewer District Fund	1999
Chemical Emergency Fund	1999
Salary Fund	1998

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	1998
Carter County Board for Handicapped Fund	1998
Senior Citizens Service Tax Board Fund	1999 and 1998
Sheriff's Equitable Sharing Proceeds Fund	1998
Circuit Clerk's Interest Fund	1999 and 1998
Sheriff's Fees Fund	1999 and 1998

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

A deficit budget balance is presented for the General Revenue Fund for the year ended December 31, 1999. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

Although Section 50.740, RSMo 1994, requires a balanced budget, a deficit balance was budgeted in the Assessment Fund for the year ended December 31, 1998.

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>
Health Center Fund	1999 and 1998
Carter County Board for Handicapped Fund	1999 and 1998
Recorder's User Fees Fund	1999
Multi Floral Rose Fund	1998
Senior Citizens Service Tax Board Fund	1998

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. 1999, requires political subdivisions with 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.

The county's deposits at December 31, 1999 and 1998, were entirely covered by federal depository insurance or by collateral securities held by the custodial bank in the county's name.

The health center's deposits at December 31, 1999 were entirely covered by federal depository insurance or by collateral securities held by the custodial bank in the health center's name.

Of the health center's bank balances at December 31, 1998, \$155,817 was covered by federal depository insurance or by collateral securities held by the custodial bank in the health center's name and \$7,759 was uninsured and uncollateralized.

Furthermore, because the health center had significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances were substantially higher at those times than such amounts at year end.

The Carter County Board for Handicapped's deposits at December 31, 1999 and 1998 were entirely covered by federal depository insurance.

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.

Supplementary Schedule

Schedule

CARTER 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,	
			1999	1998
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS0117	\$ 30,843	28,792
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	141,544	121,465
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	98-PF-07	72,450	0
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	1999SHWX0665	10,529	8,467
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	0	2,500
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration-				
39.003	Donation of Federal Surplus Personal Property	N/A	699	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	N/A	0	4,216

Schedule

CARTER 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,	
			1999	1998
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Community-Based Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERO146-0117CLPP	123	0
93.268	Immunization Grants	PG0064-01171AP	10,815	15,123
Department of Social Services -				
93.563	Child Support Enforcement	N/A	432	445
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0117S	350	410
		ERO146-0117C	2,000	2,820
	Program Total		<u>2,350</u>	<u>3,230</u>
Department of Health -				
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ER0161-90033	13,228	8,851
93.991	Preventive Health and Health Services Block Grant	AOC00380202	25,979	344
93.994	Maternal and Child Health Services Block Grant to the States	ERO146-0117MCH	11,546	16,484
		ERO175-0117FP	4,175	5,244
	Program Total		<u>15,721</u>	<u>21,728</u>
	Total Expenditures of Federal Awards	\$	<u><u>324,713</u></u>	<u><u>215,161</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

CARTER 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 Carter 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 Surplus Property (CFDA number 39.003) represent the estimated fair market value of property received (determined as 23.3 percent of the original acquisition cost).

Of the pass through amounts for Immunization Grants (CFDA number 93.268) \$10,130 and \$13,133 represent the original acquisition cost of other vaccines purchased by the Centers for Disease Control but distributed to the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$121 and \$341 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$603 and \$1,194 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. The remaining pass-through amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 1999 and 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 Carter County, Missouri

Compliance

We have audited the compliance of Carter 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, 1999 and 1998. 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, Carter 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, 1999 and 1998. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 99-1.

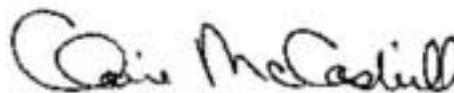
Internal Control Over Compliance

The management of Carter 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.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 99-1.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Carter 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

May 25, 2000 (fieldwork completion date)

Schedule

CARTER COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 1999 AND 1998

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? x yes _____ 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? x yes _____ 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 x 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 Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

99-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads – Grants to States
Pass-Through Entity	
Identifying Numbers:	N/A
Award Years:	1999 and 1998
Questioned Costs:	N/A

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	98-PF-07
Award Years:	1999
Questioned Costs:	N/A

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 1999 and 1998, the county's SEFA contained numerous errors and omissions. For example, expenditures related to several federal grants received through the county nursing service and services performed by the prosecuting attorney for child support enforcement were not included on the schedules. Other programs reported did not include the required CFDA number or pass-through grantor's number. In addition, one non-federal program was incorrectly reported. In total, expenditures were overstated by \$65,389 for 1999 and understated by \$87,438 for 1998.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND, the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE

I will try to implement this recommendation when this schedule is prepared next fiscal year. I will need the Health Center's cooperation to fully implement this recommendation.

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

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

Our prior audit report issued for the three years ended December 31, 1997, 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

CARTER 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, 1997, 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 Findings

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

We have audited the special-purpose financial statements of various funds of Carter County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 25, 2000. We also have audited the compliance of Carter 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 its major federal program for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 25, 2000.

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.

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 those, 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 Carter 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. County Bonds

During our review of bond coverage for officials and other county-paid employees who handle monies, we noted the following concerns:

- A. The Assessor's bond expired August 31, 1997 and was not renewed until March 2, 2000. Section 53.040, RSMo, 1994 states that the Assessor shall be bonded for a minimum of \$1,000.
- B. County-paid employees who handle monies were not covered by any employee bond during the two years ended December 31, 1999. Properly bonding all persons with access to monies would better protect the officials and county from risk of loss.

WE RECOMMEND the County Commission obtain adequate bond coverage for all officials and other county employees with access to monies.

AUDITEE'S RESPONSE

This recommendation has been implemented.

2. Personnel Policies and Procedures

- A. The county does not have a comprehensive employee manual. Such a manual should detail personnel matters, such as vacation and sick leave policies, overtime and compensatory time policies, employee duties and responsibilities, lines of authority, grievance procedures, and any other items of interest to employees.

A comprehensive employee manual which summarizes both written and unwritten policies can benefit both county officials and employees by providing a basic understanding between management and employees regarding each other's rights and responsibilities. It can also help ensure that management's policies are fairly and consistently applied to all county employees. The County Commission has not established formal written policies and procedures to ensure operations are conducted in compliance with applicable legal provisions and to assist employees in properly performing their assigned responsibilities.

- B. The Sheriff receives a mileage allowance of \$750 per month for use of his personal vehicle for county business. The Sheriff is not required to submit mileage reimbursement requests for this allowance. However, this mileage allowance is not

included on the Sheriff's W-2 form at year end. In addition, uniform allowances of \$25 a month were paid to the Sheriff and deputies during the two years ended December 31, 1999. These allowances totaled \$750 and \$950 for the years ended December 31, 1999 and 1998, respectively. The Sheriff and deputies are not required to submit invoices or an itemized expense report to support the allowance, nor are uniform allowances reported on W-2 forms.

IRS Regulations 1.62-2(h) and 31.3401(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Procedures have not been established to ensure that IRS regulations are followed. As a result, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

- C. The Sheriff's deputies submit mileage reimbursement requests for transporting prisoners in their personal vehicles. As this mileage is accounted for to the County Commission, it is considered an expense reimbursement and is not taxable to the employee. However, the County issued 1099's to deputies for these reimbursements.

WE RECOMMEND the County Commission:

- A. Establish written policies and procedures to ensure operations are conducted in compliance with applicable legal provisions and to assist employees in properly performing their assigned duties.
- B. Ensure that mileage and uniform allowances are included on employee W-2 forms in compliance with IRS reporting requirements.
- C. Ensure that amounts reported on 1099 forms do not include amounts for mileage reimbursement which have already been properly accounted for.

AUDITEE'S RESPONSE

- A. *We will do our best to implement this recommendation by the beginning of the next fiscal year.*
- B. *This recommendation was implemented in June 2000.*
- C. *We will implement this recommendation as soon as possible.*

3.**County Collector's Accounting Controls and Procedures**

- A. The County Collector is required by Section 139.160, RSMo 1994, to file an annual settlement with the County Clerk by the first Monday in March of each year. As of May 25, 2000 the former County Collector had not filed an annual settlement for the year ended February 28, 1999. In addition, the former Collector did not disburse collections in a timely manner. Collections for the month of February 1999 were not disbursed until July 1999 and interest earned during the year ended February 28, 1999 was not distributed until January 2000. We also noted that the current County Collector, who took office March 1, 1999, had not filed the annual settlement for the year ended February 29, 2000, as of May 25, 2000.

For the County Clerk to properly verify the various tax books, the County Collector needs to file annual settlements on a timely basis. In addition, timely annual settlements and distributions of funds are an essential part of the checks and balances system established by state law.

- B. Our review of commissions withheld on current tax collections by the County Collector and paid to General Revenue disclosed calculation errors for the year ended February 29, 2000. Section 52.260, RSMo 1994, allows commissions of two and one-half percent on the first \$350,000 of current taxes collected and one percent on current collections over \$350,000. The County Collector withheld commissions at the rate of one percent on all current collections for the year ended February 29, 2000. In addition, errors were made in calculating the one-half percent mailing commission allowed under Section 52.250, RSMo 1994. The county receives all of the commissions retained from current tax collections. As a result of the errors noted above, the General Revenue Fund did not receive approximately \$9,600 in commissions that was distributed to political subdivisions.
- C. During our review of delinquent property taxes, it was brought to our attention that there have been instances in which individuals are paying property taxes on land that they do not own. In most of these instances, the County Collector does not have the current address of the actual landowner or heir. Since the property taxes are paid by other individuals, these properties are not sold by the county at tax sale. We received a list of twenty-two landowners that could not be located by the County Collector. Through use of Internet search engines, we were able to tentatively identify and locate four of these property owners. We forwarded these potential addresses to the County Collector.

The County Collector should make every reasonable effort to ensure that property owners receive their tax bills.

WE RECOMMEND the County Collector:

- A. Ensure annual settlements are filed as required by state law and ensure funds collected are distributed in a timely manner.
- B. Recalculate commissions for the year ended February 29, 2000, and withhold from the various political subdivisions' future distributions to correct for the error in commission calculation.
- C. Make every reasonable effort, including the use of internet resources to identify current landowner addresses, to ensure that property owners actually receive their tax bills.

AUDITEE'S RESPONSE

- A. *I expect to file the annual settlement later in September and will continue to make distributions in a timely manner.*
- B. *I will implement this recommendation by the end of this year.*
- C. *I did utilize the internet to determine more current addresses, however, we were unable to identify the potential addresses found by the auditors. We intend to continue internet searches in the future. I have sent notifications to the addresses provided by the auditors. These notices were not returned as undeliverable, but I have not yet received any correspondence from these potential landowners either.*

4. Circuit Clerk's Accounting Controls and Procedures
--

- A. The Circuit Clerk's bank accounts were not adequately covered by collateral securities from December 1998 through March 1999, and therefore, monies were unsecured by various amounts during this time. In December 1998, when balances were at their highest, approximately \$528,300 was unsecured.

Section 483.312, RSMo 1998, requires the value of securities pledged by banks holding circuit court funds shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave public funds unsecured and subject to loss in the event of bank failure.

To ensure sufficient collateral securities are pledged, the Circuit Clerk should enter into depositary agreements with the banks to require collateral securities to be pledged whenever balances exceed FDIC coverage. In addition, total amounts on deposit should be routinely monitored to ensure amounts pledged are sufficient.

- B. Monthly listings of open items (liabilities) are not prepared on a timely basis. During the two years ended December 31, 1999, these listings were prepared approximately two to three times per year. In addition, these listings are not reconciled to the cash balance. The reconciled bank balance at November 30, 1999 exceeded the total identified open items by approximately \$2,200.

To ensure proper accountability over open cases and ensure monies held in trust by the court are sufficient to meet liabilities, monthly listings of open items should be prepared by the court and reconciled to the reconciled cash balance. Any discrepancies found should be investigated and resolved.

The open items listing included numerous old cases awaiting full collection of fees due. If it appears unlikely the remaining amounts due will be collected, a court order should be obtained to allow the balance in each case to be prorated among the various court costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

WE RECOMMEND the Circuit Clerk:

- A. Monitor the bank account balances and ensure the depository bank pledges adequate securities at all times in accordance with state law.
- B. Prepare a complete listing of open items for each account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Circuit Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.

AUDITEE'S RESPONSE

- A. *This recommendation had already been implemented. There have been two similar instances where large sums were received since the instance noted in the report. In both instances, collateral security was obtained.*
- B. *This recommendation has been implemented.*

5. Associate/Probate Division's Accounting Controls and Procedures

The Associate/Probate Division processed receipts of approximately \$198,300 and \$234,748 in 1999 and 1998, respectively. We noted the following concerns regarding Associate/Probate Division operations:

- A. A listing of accrued costs owed to the court is not maintained by the Associate Clerk. The Associate Judge indicated he periodically reviews open files. However, a complete and accurate accrued costs listing would allow the Associate Clerk to more easily review the amounts owed to the court, and take appropriate steps to ensure all amounts owed are collected on a timely basis.
- B. Monthly listings of open items (liabilities) are not prepared on a timely basis. Although the court is working on a current listing, the last open items listing was prepared as of December 31, 1997. That listing totaled \$15,923, \$5,310 less than the reconciled book balance.

To ensure proper accountability over open cases and ensure monies held in trust by the court are sufficient to meet liabilities, monthly listings of open items should be prepared by the court and reconciled to the reconciled cash balance. Any discrepancies found should be investigated and resolved.

The open items listing included numerous old cases awaiting full collection of fees due. If it appears unlikely the remaining amounts due will be collected, a court order should be obtained to allow the balance in each case to be prorated among the various court costs. Attorney General's Opinion No. 26, 1973 to Osborne, concluded that "If, when liability has been established, accrued costs cannot be collected in full, charges not having any statutory priority or not allocated under court rule should be prorated."

Old inactive case balances increase the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the state and county of the use of those monies.

- C. Checks totaling over \$671 have been outstanding longer than one year and were still carried on the books at December 31, 1999. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

Sections 50.470 through 50.500, RSMo 1994, provide for certain monies to be turned over to the County Treasurer for credit to the Unclaimed Fees Fund and Sections 447.500 through 447.595, RSMo 1994, provide for some unclaimed property to be distributed to the state's Unclaimed Property Section.

- D. Monies received are not deposited on a timely basis. During the audit period, deposits were made approximately once or twice a week.

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

- E. During our review of the Associate Circuit Interest Fund, we noted one expenditure for \$641 for which adequate supporting documentation was not retained. While the Associate Judge approved the expenditure, it was not supported by an itemized invoice. To ensure the validity and propriety of expenditures, adequate supporting documentation should be maintained for all payments to vendors.

Conditions similar to A., B., C., and D. were noted in our prior report.

WE RECOMMEND the Associate/Probate Division:

- A. Maintain a listing of accrued costs to help pursue timely collection.
- B. Prepare a complete listing of open items for each account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Associate Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.
- C. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- D. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- E. Maintain adequate supporting documentation on expenditures from the Associate Circuit Interest Fund.

AUDITEE'S RESPONSE

The Associate Circuit Judge responded:

- A. *While a list would be beneficial, we just do not have the time to maintain such a listing. For that reason, a periodic review of case files will be continued.*

B&C. I agree we need to improve in these areas. We do have a volunteer working on our old and inactive cases. Our workload is such that I do not know when these recommendations can be fully implemented.

- D. *I believe we adequately secure these monies prior to deposits but we will attempt to make more timely deposits.*
- E. *This documentation was simply misplaced. We will continue to maintain such documentation in the future.*

6. Sheriff's Accounting Controls and Procedures
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- A. The Sheriff's Office processed receipts of approximately \$26,005 and \$33,564 in 1999 and 1998 respectively. We noted the following areas where the record-keeping system and internal controls could be improved:

1. During the year ended December 31, 1998, we noted several instances where money was receipted but could not be traced to a deposit. Bond and gun permit receipts totaling \$300 could not be traced to deposits and therefore, it appears a shortage exists.

During the prior audit of the three years ended December 31, 1997, we also noted receipts totaling \$340 which could not be traced to deposits. We recommended the Sheriff investigate these discrepancies and take action to ensure the undeposited receipts were recovered, or the Sheriff personally reimburse these amounts. Several recommendations were also made to help ensure the proper accounting for future receipts. While the Sheriff responded that those recommendations had been or would be implemented, most of the recommendations were not implemented, and monies are again unaccounted for.

2. The Sheriff's office accepts cash, checks, and money orders for payment of fees, gun permits, and bonds. Receipt slips are not issued for some monies received and the method of payment is not always marked on receipt slips issued. In addition, there is no accounting of the numerical sequence of receipt slips issued.

To ensure receipts are accounted for properly, prenumbered receipt slips should be issued for all monies received and total cash, checks, and money orders should be reconciled to bank deposits and monthly reports. In addition, the numerical sequence of receipt slips issued should be accounted for.

3. Receipts are not deposited intact on a timely basis. During the two years ended December 31, 1999, receipts were deposited approximately every one to two weeks. In addition, individual cash receipts comprising the deposit are not always indicated on the deposit slip. 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. In addition, individual receipts should be indicated on the deposit slip.

4. Bank reconciliations were not prepared for the Sheriff's account. The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis.
5. Monies are deposited to the fee account and remitted to the County Treasurer on a monthly basis; however, the Sheriff does not file a formal monthly report of fees with the County Commission. Section 50.370, RSMo 1994, requires that an itemized and accurate list of fees collected be filed by county officials with the County Commission monthly.
6. The Sheriff's office receives service fees from courts and other counties for the service of summonses. A complete listing of accrued costs owed to the Sheriff's office is not maintained and monitoring procedures related to accrued costs are not adequate. A complete and accurate accrued costs listing would allow the Sheriff to more easily review the amounts owed for service fees, and take appropriate steps to ensure all amounts owed are collected on a timely basis.

- B. The duties of cash custody and record-keeping have not been adequately segregated. The Sheriff's office manager is primarily responsible for collecting, recording, depositing, and disbursing all monies; however, the Sheriff's deputies and dispatchers may also receipt money. There are no documented reviews of the accounting records performed by the Sheriff or another supervisor.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- C.1. During the two years ended December 31, 1999 and 1998, the county paid approximately \$38,653 and \$34,564, respectively, to other counties and cities to house Carter County prisoners. There are no written agreements between the county and the other counties or cities.

Section 432.070, RSMo 1994, requires all agreements to be in writing. Without written agreements, the responsibilities of parties to the contract cannot be clearly determined.

2. The Sheriff's office maintains a jail log which includes each prisoners name, the date of arrest, other arrest information and information related to the prisoner's release or transfer. However, the jail log does not always indicate where prisoners are housed. As a result, prisoner board bills cannot be reconciled to the jail log. Without such a reconciliation, the billing cannot be verified and there is less assurance board bills paid by the county are complete and accurate.
3. The county purchases meals from a local restaurant for prisoners temporarily housed in the county's holding cell. The restaurant submits invoices monthly for the total amount due, along with each meal ticket which includes the date and the price of the meal. The deputy who picks up the meal signs the meal ticket and usually notes the name of the prisoner. However, we noted some instances where the prisoner name was not noted on the meal ticket.

Since prisoner logs are maintained by prisoner name, all invoices for meals should include the date and the prisoner's name. The meal invoices should be reconciled to the jail log to ensure the invoices are accurate and complete.

- D. An inventory listing of seized property is maintained; however, the listing has not been updated since the Sheriff took office in January 1997. In addition, several items located in the evidence room date back to the early 1980s.

Adequate seized property inventory records are necessary to deter and identify loss, misuse, or theft of such items. An inventory record should include information such as date of seizure, description, persons involved, current location of the property, case name and number, and date and method of release or disposition of the property. In addition, items relating to closed cases should be disposed of according to statutory guidelines.

Conditions similar to A.1-A.4, B. and C. were also noted in our prior report.

WE RECOMMEND the Sheriff:

- A.1. Investigate the \$300 of undeposited receipts and take appropriate action to recover this amount.
2. Issue prenumbered receipt slips for all monies received, indicate the method of payment, and reconcile total cash, checks, and money orders to bank deposits and monthly reports.
3. Deposit all receipts intact daily or when accumulated receipts exceed \$100. In addition, ensure that individual receipts are listed on the deposit slips.
4. Prepare monthly bank reconciliations.

5. File a monthly report of fees collected with the County Commission.
 6. Maintain a complete and accurate listing of accrued costs and pursue timely collection.
- B. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C.1. And the County Commission enter into a written contract between the county and the various counties and cities regarding the boarding of Carter County prisoners.
2. Ensure jail logs indicate the housing location for each prisoner and reconcile prisoner board bills to jail logs.
 3. Reconcile meal invoices to the county jail log.
- D. Maintain a complete and current inventory listing of all seized property. In addition, old evidence from closed cases should be disposed of properly.

AUDITEE'S RESPONSE

A.1. *I will review the old records yet this year and attempt to investigate any discrepancies. Layoffs of personnel led to volunteers being employed with little or no bookkeeping experience. I believe this helped contribute to this problem.*

A.2,5,
&C.3. *These recommendations have been implemented.*

A.3.
& 4. *The bank account has been closed. We will try to make transmittals in a more timely manner.*

A.6. *We do not typically receive an itemization with payments received from other courts. As a result, we can not implement this recommendation.*

B. *Our new system to account for monies fills any holes which may have existed previously.*

C.1. *This decision will be made by the County Commission.*

2. *My office could always verify prisoner board bills. We are now documenting the location of prisoners on our jail log.*

D. *I intend to make a list on January 1, 2001. Inventory lists are maintained in each case file.*

Some of the old evidence is kept in case of appeals.

The County Commission responded:

C.1. We will implement this recommendation in fiscal year 2001.

7. Health Center

Our review of county health center operations revealed the following concerns:

- A. The Health Center Board does not have a depositary contract with its bank. A depositary agreement is necessary to ensure both the bank and the board understand and comply with the agreement. Such an agreement may cover issues such as costs of checking accounts and safe deposit boxes, interest charges for borrowed funds, interest to be paid on certificates of deposit, savings accounts, and interest bearing checking accounts, and should include collateral securities required to be pledged.

The Health Center's bank accounts were not adequately covered by collateral securities, and therefore, monies were unsecured by various amounts during the audit period. From July 1998 through July 1999, approximately \$29,500 to \$37,900 was unsecured.

Section 110.020, RSMo 1994, requires the value of securities pledged by banks holding Health Center monies shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave public funds unsecured and subject to loss in the event of bank failure.

To ensure sufficient collateral securities are pledged, the Health Center should enter into depositary agreements with the banks to require collateral securities to be pledged whenever balances exceed FDIC coverage. In addition, total amounts on deposit should be routinely monitored to ensure amounts pledged are sufficient.

- B. Budgets prepared by the Health Center Board of Trustees were not accurate and complete. We noted the following concerns with budgets and financial statements:
- 1) The budgets did not include a cash reconciliation for 1999 and 1998. In addition, the January 1, 2000 beginning cash balance was understated by \$270 for the fiscal year 2000 budget.
 - 2) Various mathematical errors were noted in the budget documents, resulting in inaccurate totals of actual revenue and expenditure amounts.

- 3) Actual revenue and expenditure amounts for 1998 were included on both 1999 and 2000 budgets as required by law. However, the amounts did not agree between the 1999 and 2000 budget documents. As a result, the actual amounts presented were erroneous in at least one of the years presented.
- 4) Amendments made to line items on the budgets were not properly recorded on the following year's budget. In addition, a budget amendment documented in the Board minutes of May 27, 1999 was not submitted to the County Clerk or to the State Auditor's Office in accordance with Section 50.622, RSMo Cum. Supp. 1997.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo Cum. Supp. 1997, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- 5) The Health Center did not publish financial statements for the two years ended December 31, 1999 in accordance with Sections 50.800 and 50.810, RSMo 1994.

To be of maximum assistance to the County Commission and to inform the public adequately, the budget documents should be complete and accurate. Similar conditions were noted in our prior report.

C. We noted the following concerns with the financial records of the Health Center:

- 1) Changes were made to financial records regarding the classification to receipts and disbursements for 1998 after year-end. As a result, the Health Center's financial records no longer agree to actual amounts recorded on the Health Center's budget. In addition, no documentation was retained to support these changes and personnel were unclear as to why the changes were made.
- 2) Interest earned is not recorded in the Health Center's financial records.

To be of maximum assistance to the Health Center, financial records should be complete and accurate.

WE RECOMMEND the Health Center Board of Trustees:

- A. Enter into a written depository agreement with any bank which holds board monies. In addition, monitor bank balances to ensure the depository bank pledges adequate securities at all times in accordance with state law.
- B.1. Include a completed, accurate cash reconciliation with the annual budget.
 - 2. Ensure budget columns are correctly totaled.
 - 3. Ensure actual revenue and expenditure amounts are correctly and consistently recorded on budget documents from one year to the next.
 - 4. Record budget amendments on subsequent years' budgets. In addition, ensure budget amendments are approved according to statutory guidelines and filed with the County Commission and State Auditor's Office.
 - 5. Publish financial statements in accordance with state law.
- C.1. Ensure any changes made to financial records are fully understood and documented and that financial records are in agreement to actual amounts presented on the budget document.
 - 2. Ensure interest is accurately recorded on the financial records.

AUDITEE'S RESPONSE

A&

C.2. *These have been implemented.*

B.1. *This reconciliation has been subsequently prepared. We will file these with the budget document in the future.*

B.2.

3&4. *We will implement these recommendations for future budgets and budget amendments.*

B.5. *We plan to begin publishing the annual financial report which is submitted to the Department of Health.*

C.1. *In the future, any changes to financial records recommended by our Home Health auditors will be appropriately documented.*

This report is intended for the information of the management of Carter 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

CARTER 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 Carter County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended December 31, 1997.

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. Financial Condition

Carter County experienced a declining cash balance as the balance decreased from \$93,107 at January 1, 1995 to \$(5) at December 31, 1997. In addition, liabilities of the General Revenue Fund exceeded \$100,000 at December 31, 1997. The following factors contributed to the weak financial condition:

- A. The county issued warrants in excess of its budgeted expenditures for the General Revenue Fund in 1997 and 1996.
- B. Disbursements exceeded receipts in 1997 and 1996.
- C. Expenditures were approved for payment without proper documentation. In addition, the county did not always solicit bids for major purchases.

Recommendation:

The County Commission take the necessary steps to improve the financial condition of the county.

Status:

Implemented. During 1998, several reductions in the county's work force were made which helped allow the financial condition to improve.

2. Budgetary Practices

- A. Warrants were issued in excess of approved budgeted expenditures in several funds.
- B. Formal budgets were not prepared for various county funds for the years ended December 31, 1997, 1996 and 1995.
- C. Budgets were incomplete and inaccurate.

- D. A public hearing was not held prior to the adoption of a budget amendment and expenditures exceeded the original budget prior to the approval of the budget amendment. In addition, the budget amendment resulted in the approval of a deficit budget.

Recommendation:

The County Commission:

- A. Not authorize warrants in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.
- B. Ensure that budgets are obtained or prepared for all county funds.
- C. And the Senior Citizens Service Tax Board ensure budget documents are accurate and complete.
- D.1. Ensure budget amendments are made prior to incurring the actual expenditures and hold public hearings prior to adopting budget amendments as required by state law.
 - 2. Discontinue deficit budgeting.

Status:

A&B. Partially implemented. Warrants were issued in excess of approved expenditures in the Senior Citizens Service Tax Board, Sheriff's Fees, and Circuit Clerk Interest funds for the years ended December 31, 1999 and 1998 and in the Special Road and Bridge Fund for the year ended December 31, 1998. Formal budgets were not prepared for the Law Library and Associate Circuit Interest funds for the years ended December 31, 1999 and 1998. Although not repeated in the current MAR, our recommendations remain as stated above.

C&

D.1. Implemented

D.2. Not implemented. See MAR No. 1.

3. County Expenditures and Bidding

- A. Several expenditures lacked adequate supporting documentation. Mileage reports that were submitted by the County Commissioner, the Sheriff and the Special Investigator did not always include the nature of business and location traveled.

- B. Bids were not always solicited or advertised by the county nor was bid documentation retained for various purchases and services. In addition, documentation of the evaluation of bid proposals and sole source procurement situations was not maintained.
- C. Payments were made to vendors without adequate documentation of receipt of goods or services.
- D. Expenditures totaling \$1,201 were made during the three years ended December 31, 1997 from the General Revenue Fund for the county employees' annual Christmas parties.
- E. The county purchased lumber, building supplies and vehicle maintenance services from businesses owned by the Presiding Commissioner during the years ended December 31, 1997. Although bids were obtained for major purchases, bids were not obtained for miscellaneous small purchases which exceeded \$500 each year.

Recommendation:

The County Commission:

- A. Maintain vendor invoices or other supporting documentation for all expenditures, and ensure mileage reimbursement claims include the destinations and nature of business.
- B. Solicit bids for all purchases in accordance with state law. Documentation of bids solicited and justification of bid awards should be retained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- C. Require acknowledgment of receipt of goods and/or services prior to payments.
- D. Ensure all county expenditures are reasonable and necessary and a prudent use of public funds.
- E. Establish a policy that ensures compliance with statutes and avoids the appearance of a conflict of interest.

Status:

A,B,
D&E. Implemented.

- C. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Collateral Security

The amount of collateral securities pledged by the county's depository banks was insufficient to cover monies in the custody of the County Treasurer.

Recommendation:

The County Commission work with the County Treasurer to ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.

Status:

Implemented.

5. General Fixed Asset Records and Procedures

- A. Fixed asset records were not maintained in a manner to allow for reconciliation of beginning balances, additions, and deletions for each year to be reconciled to end of year balances. In addition, fixed asset purchases per the expenditure records were not reconciled to additions per the inventory records.
- B. Usage and maintenance logs were not maintained for county vehicles and major equipment. In addition, there was no written policy prohibiting personal use of county property.

Recommendation:

- A. The County Clerk maintain fixed asset records in a manner that beginning balances, additions and deletions can be reconciled to year end balances and reconcile fixed asset purchases per the expenditure records to additions per the inventory records.
- B. The County Commission require usage and maintenance logs be maintained for all county vehicles and major pieces of equipment and periodically compared to the fuel usage logs. In addition, a written policy should be established prohibiting personal use of county property.

Status:

- A. Partially implemented. While inventory records are more accurately maintained, year end balances are not reconciled to purchases and dispositions of fixed assets during the year. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. The County Commission has established a policy regarding use of county property. Logs are being used by the road and bridge crew for vehicle usage and maintenance. However, the Sheriff does not maintain logs for the Sheriff's

department vehicles. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Computer Controls

- A. Backup disks of computer information for the Treasurer, Collector and Assessor were not stored at an off-site location. In addition, back-up disks were not maintained by the County Clerk.
- B. Passwords restricting access to computer files were used by the County Collector's office, however they were not kept confidential and were not unique to each employee. The County Assessor did not utilize passwords and the County Clerk only used passwords for the voter registration computer.
- C. The county did not have a formal emergency contingency plan for their computer systems.

Recommendation:

The County Commission work with the applicable county officials to:

- A. Ensure backup disks are prepared and stored in a secure, off-site location.
- B. Ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.
- C. Develop a formal contingency plan for the county's computer systems.

Status:

- A. Implemented.
- B. Partially implemented. Employees in the Assessor's office still do not have unique passwords to the property tax system. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

7. Circuit Clerk's Accounting Controls and Procedures

- A. The method of payment was not always indicated on receipt slips.
- B. Monthly listing of liabilities (open items) were not prepared on a timely basis. In addition, these listings were not reconciled to the cash balance.

- C. The Circuit Clerk did not maintain a list of accrued costs owed to the court and monitoring procedures were not adequate.

Recommendation:

The Circuit Clerk:

- A. Indicate the method of payment on all receipts and reconcile the composition of receipt slips to the composition of bank deposits and investigate any discrepancies.
- B. Prepare a complete listing of open items for each account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Circuit Judge, review the older cases and determine the appropriate disposition of inactive cases.
- C. Maintain a listing of accrued costs and pursue timely collection.

Status:

A&C. Implemented.

B. Not implemented. See MAR No. 4.

8. Associate/Probate Division's Accounting Controls and Procedures

- A. A listing of accrued costs owed to the court was not maintained by the Associate Clerk and monitoring procedures were not adequate.
- B. Monthly open items listings were not prepared on a timely basis. In addition, the listings were not reconciled to the cash balance.
- C. Formal bank reconciliations were not prepared on a timely basis for the Associate Division bank account.
- D. Checks totaling over \$330 were outstanding since the prior audit in 1994.
- E. Disbursements to the state, county and other applicable parties for fees collected were not made timely. In addition, checks had been backdated to the respective month the fees were actually collected.
- F. Monies received were not deposited on a timely basis.
- G. The one-write ledger was not complete and accurate.

Recommendation:

The Associate/Probate Division:

- A. Maintain a listing of accrued costs and pursue timely collection.
- B. Prepare a complete listing of open items for each account on a monthly basis and reconcile the listing to the cash balance. Any discrepancies should be investigated and resolved. In addition, along with the Associate Judge, review the older cases and determine the appropriate disposition of funds being held on inactive cases.
- C. Prepare formal bank reconciliations on a monthly basis. In addition, ensure any differences are investigated and properly resolved in a timely manner.
- D. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- E. Distribute fees on a monthly basis. In addition, checks should be dated as they are written.
- F. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- G. Ensure the one-write ledger is accurate and complete.

Status:

A,B,
D&F. Not implemented. See MAR No. 5.

C,E,
&G. Implemented.

9. Crime Reduction Fund

- A. The Crime Reduction Fund monies were held in a bank account outside the county treasury.
- B. Deposits were not made on a timely basis.
- C. No documentation of bid solicitation or advertising could be located for a large purchase from the fund.
- D. Supporting documentation was not maintained for one expenditure tested.

Recommendation:

The Prosecuting Attorney turn over custody of the Crime Reduction Fund to the County Treasurer to be placed in a special fund established by the County Commission. Deposits should be made daily or when funds exceed \$100. Expenditures requested by the Sheriff and/or Prosecuting Attorney should be made by duly authorized warrants. In addition, bids should be solicited as required by state law and supporting documentation should be maintained for all expenditures.

Status:

Implemented.

10. County Assessor's Accounting Controls and Procedures

Receipt slips for monies collected did not indicate the method of the payment. In addition, receipts were not transmitted to the County Treasurer intact.

Recommendation:

The County Assessor indicate the method of payment on receipt slips, transmit all monies received to the county Treasurer intact, and reconcile the composition of receipt slips to the composition of the transmittals and investigate any discrepancies.

Status:

Implemented.

11. Sheriff's Accounting Controls and Procedures

A.1. Money that had been receipted could not be traced to a deposit and/or monthly report of deposits. Bond and gun permit receipts totaling \$340 could not be traced to a deposit.

2. Receipt slips were not issued for some monies received.

3. Receipts were not deposited intact or on a timely basis.

4. Records of receipts and bank statements could not be located for some periods during 1996 and 1997.

5. Bank reconciliations were not being prepared for the Sheriff's account.

B. The duties of cash custody and record-keeping were not adequately segregated and there were no documented reviews of the accounting records.

- C.1. There were no written agreements for the housing of Carter County prisoners by other counties or cities.
2. Prisoner board bills were not reviewed or reconciled to the jail log. In addition, the log did not always indicate where prisoners were housed to allow verification of billings.
3. Prisoner names were not always indicated on the meal tickets to enable reconciliation of the jail log to meal invoices billed by the local restaurant.

Recommendation:

The Sheriff:

- A.1. Investigate the \$340 of undeposited receipts and take appropriate action to recover this amount.
2. Issue prenumbered receipt slips for all monies received, and reconcile total cash, checks, and money orders to bank deposits and monthly reports.
3. Deposit all receipts intact daily or when accumulated receipts exceed \$100.
4. Retain all records in accordance with the Secretary of State record retention guidelines.
5. Prepare monthly bank reconciliations.
- B. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C.1. And the County Commission enter into a written contract between the county and the various counties and cities regarding the boarding of Carter County prisoners.
2. Ensure jail logs indicate the housing location for each prisoner and reconcile prisoner board bills to jail logs.
3. Reconcile meal invoices to the county jail log.

Status:

- A.1-3,
A.5,
B&C.1-
C.3. Not implemented. See MAR No. 6.
- A.4. Implemented.

12. County Health Center

- A. Receipts were not deposited intact.
- B.1. An annual inventory of all general fixed assets was not conducted.
 - 2. Fixed asset additions were not reconciled to the fixed asset purchases.
- C.1. Budgets did not include cash reconciliations for 1997, 1996 and 1995.
 - 2. Significant amounts were recorded in the “Other” revenues and expenditures area instead of more specific categories.
 - 3. Actual expenditures for 1997 and 1996 were not accurately presented in the budgets.
 - 4. Beginning cash balances were incorrect
- D. Actual expenditures for the year ended December 31, 1997 exceeded budgeted amounts.
- E. Prior to January 1998, Collateral securities were not pledged by the board’s depositary bank for deposits in excess of the Federal Deposit Insurance (FDIC) coverage.

Recommendation:

The Health Center Board of Trustees:

- A. Deposit all monies received intact daily or when accumulated receipts exceed \$100. If a change fund is needed, it should be maintained at a constant amount.
- B.1. Perform annual physical inventories of Health Center property. Records should be maintained to document this review.
 - 2. Ensure fixed asset additions are periodically reconciled to the fixed asset purchases.
- C.1. Include a completed cash reconciliation with the annual budget.
 - 2. Classify budget line items accurately to ensure comparability of annual budgets.
 - 3. Include all expenditures in the annual budgets to ensure accountability of Health Center funding.
 - 4. Ensure beginning cash balances are correct.

- D. Keep expenditures within the budgetary limits. If necessary, extenuating circumstances should be fully documented and the budget amended.
- E. Ensure adequate collateral securities are pledged for all funds on deposit in excess of FDIC coverage.

Status:

A,
C.2,
&D. Implemented.

B. Partially implemented. While Health Center employees indicated physical inventories are performed; no documentation of the review is maintained. In addition, property control records are not periodically reconciled to ensure all fixed assets are recorded. Although not repeated in the current MAR, our recommendation remains as stated above.

C.1,
C.3&4,
&E. Not implemented. See MAR No. 7.

13. Federal Financial Assistance

- A. Proceeds from the Equitable Sharing Program funded by the U.S. Department of Justice were credited to the county's General Revenue Fund instead of a separate fund as required by federal guidelines.
- B. Funds received from the Equitable Sharing Program were commingled with the county's general funds and were not used for specific law enforcement related expenditures.

Recommendation:

The County Commission consult with the County Treasurer and the Sheriff to:

- A. Ensure all future monies received from the Equitable Sharing Program are accounted for in a separate fund and that interest income is retained by the fund.
- B. Resolve the questioned costs and ensure future compliance with applicable program restrictions.

Status:

A. There were no receipts from the Equitable Sharing Program in the two years ended December 31, 1999.

- B. Not implemented. No information concerning the questioned costs was received from the granting agency. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CARTER COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1859, the county of Carter was named after Zimri Carter, a local pioneer. Carter County is a county-organized, third-class county and is part of the Thirty-Seventh Judicial Circuit. The county seat is Van Buren.

Carter 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 Carter County received its money in 1999 and 1998 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 80,474	7	73,495	5
Sales taxes	313,451	29	309,065	22
Federal and state aid	449,205	42	507,678	35
Fees, interest, and other	240,090	22	536,212	38
Total	\$ 1,083,220	100	1,426,450	100

The following chart shows how Carter County spent monies in 1999 and 1998 from the General Revenue and Special Road and Bridge Funds:

USE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 361,180	37	502,628	40
Public safety	241,010	24	324,805	21
Highways and roads	390,791	39	525,474	39
Total	\$ 992,981	100	1,352,907	100

The county maintains approximately 74 county bridges and 345 miles of county roads.

The county's population was 3,878 in 1970 and 5,515 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	1999	1998	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 21.6	19.8	14.2	5.8	3.7
Personal property	6.5	6.2	2.1	2.5	1.2
Railroad and utilities	3.7	2.2	1.6	1.0	1.0
Total	\$ 31.8	28.2	17.9	9.3	5.9

* First year of statewide reassessment.

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

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

	Year Ended December 31,	
	1999	1998
General Revenue Fund	\$.04	.05
Special Road and Bridge Fund	.23	.23
Health Center Fund	.25	.25
Senate Bill 40 Board Fund	.08	.08
Senior Citizens Service Tax Board	.03	.03

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,	
	2000	1999
State of Missouri	\$ 9,392	8,445
General Revenue Fund	13,395	13,718
Special Road and Bridge Fund	73,010	64,405
Assessment Fund	12,696	14,160
Health Center Fund	78,652	69,531
Carter County Board for the Handicapped	25,420	22,369
Schools	868,353	761,942
Library district	63,238	55,835
Ambulance	123,127	113,475
Junior College	76,388	67,301
Fire Districts	20,198	18,725
Senior Citizens Services Tax Board	9,392	8,228
Tax Sale Surplus	0	18,997
Escrow (Partial Payments)	4,842	2,283
Miscellaneous	1,051	3,043
Land Redemption	390	0
Cities	0	0
County Clerk	705	1,050
County Employees' Retirement	10,265	11,255
Commissions and fees:		
General Revenue Fund	18,726	26,489
Total	\$ <u>1,409,240</u>	<u>1,281,251</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2000	1999
Real estate	87 %	88 %
Personal property	87	89
Railroad and utilities	100	100

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.005	None	50 %
General	0.005	None	N/A

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

Officeholder	2000	1999	1998
County-Paid Officials:			
Gene Oakley, Presiding Commissioner	\$	14,203	
James Grassham, Presiding Commissioner *			6,143
Lynn Murdick, Associate Commissioner *		10,247	3,015
Eddie Ballard, Associate Commissioner *		13,600	6,260
Rebecca Simpson, County Clerk		22,525	22,525
Bradshaw Smith, Prosecuting Attorney		26,350	26,350
Paul Bryant, Sheriff		25,500	25,500
Marjorie Duncan, County Treasurer		12,040	12,040
Dennis McSpadden, County Coroner		740	449
Betty Ann Ligons, Public Administrator **		16,803	11,655
Jennifer Clark, County Collector, year ended February 28,	20,123		
Janet Jackson, County Collector, year ended February 28,		19,029	
George Meyers, County Assessor, year ended August 31, ***		25,380	25,380

* Includes \$20 per meeting during the year ended December 31, 1998.

** Includes fees received from probate cases.

*** Includes \$900 annual compensation received from the state.

State-Paid Officials:

Cathy Duncan, Circuit Clerk and Ex Officio Recorder of Deeds		44,292	42,183
David Hedspeth, Associate Circuit Judge		87,235	85,158

A breakdown of employees (excluding the elected officials) by office at December 31, 1999, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission *	1	
Circuit Clerk and Ex Officio Recorder of Deeds **	1	1
County Clerk *	1	
Prosecuting Attorney	1	
Sheriff	5	
County Collector *	1	
County Assessor	2	
Associate and Probate Division *		2
Road and Bridge	5	
Health Center *	14	
Total	<u>31</u>	<u>3</u>

* Includes one-part time employee.

** Full-time employee, salary split between state and county.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Carter County's share of the Thirty-Seventh Judicial Circuit's expenses is 10.20 percent.

The Health Center Board of Trustees entered into a lease/purchase agreement with the Carter County Health Center Building Corporation on June 1, 1997. The terms of the agreement called for the Carter County Health Center Building Corporation to pay for the construction of the health center building and then lease the building to the health center for payments totaling the principal and interest due on the lease. The lease is scheduled to be paid off in 2009. The remaining principal and interest due on the lease at December 31, 1999, was \$173,258 and \$77,281, respectively.