



**WEBSTER COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

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

**Report No. 2001-89
September 20, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2001

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Webster, 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 Webster County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Prior audit reports have addressed the inadequacy of the Prosecuting Attorney's accounting controls and procedures. A special review report from 1998 concluded cash receipts were misappropriated and made numerous recommendations for improvement. While the Prosecuting Attorney responded in the 1998 audit, as well as other previous audits that recommendations would be implemented, conditions have not improved. This audit identified weaknesses such as inadequate segregations of duties, untimely depositing of receipts, inadequate accounting of bad checks filed, inaccurate bank reconciliations, no accounting for liabilities, and untimely processing of bad checks.
- Numerous inaccuracies were noted in the county's budget documents for 2000 and 1999. As a result, numerous adjustments were made to the financial statements presented in this audit report. In addition, actual disbursements exceeded budgeted amounts for several county funds.
- The county does not have procedures in place to track federal awards for preparation of the schedule of federal awards. The information presented by the County Clerk 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.

(over)

YELLOW SHEET

- The County Collector does not reconcile his cash balance to existing liabilities. There was \$10,389 of undistributed taxes and unidentified monies in his bank account. In addition, the County Collector retains fees for non-sufficient fund checks and fees for duplicate tax statements to purchase office supplies. State law requires every county official who receives fees for official services to pay such monies monthly to the county treasury.
- The county did not maintain documentation to support not selecting the lowest bid for several purchases, including dispatching equipment with a bid approximately \$17,900 lower than the bid selected. The County Commission indicated the decision was based on the vendors references and past experience with the vendor. In addition, the county health center did not accept the lowest bid for employee health insurance.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Webster county's Associate County Commissioners salaries were each increased approximately \$7,060 according to information from the county clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,120, for the two years ended December 31, 2000, should be repaid.

- At March 31, 2001, the county had accumulated more than \$8,600 in the Children's Trust Fund and had only disbursed \$2,000 of these funds to a domestic violence shelter since 1997.
- Prior audits have recommended that the Health Center solicit proposals to refinance a \$550,000 lease purchase agreement that has been costing the Health Center 10 percent interest since 1995. Not until August, 2001 did the Health Center negotiate the interest rate which is now down to 8 percent.
- Numerous deficiencies were identified in the Associate Circuit Division's records and procedures. The Associate Division does not deposit receipts timely, reconcile bank accounts, properly segregate accounting duties, properly account for liabilities, and more.

Also included in the audit are recommendations to improve the accounting controls and procedures for the Emergency 911 Board, County Health Center, County Clerk, County Collector, and County Sheriff. The audit also suggested improvements be made in the county's expenditure procedures, property tax system and personnel policies. Several of these issues had been noted in prior audits.

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Webster County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Webster County, Missouri, as of and for the years ended December 31, 2000 and 1999, 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 auditing standards accepted in the United States of America 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 the 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 Webster 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 Webster 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 Webster 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, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 14, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 Webster 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 14, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	April McHaffie, CPA
Audit Staff:	Saundra Ohern, CPA Curtis Gannon



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 Webster County, Missouri

We have audited the special-purpose financial statements of various funds of Webster County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 14, 2001. We conducted our audit in accordance with auditing standards accepted in the United States of America 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 Webster 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 Webster 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 Webster 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 14, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

WEBSTER COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 328,227	1,856,320	1,645,973	538,574
Special Road and Bridge	100,446	1,248,098	1,157,589	190,955
Assessment	10,390	202,916	202,374	10,932
Law Enforcement Training	1,959	5,502	5,166	2,295
Prosecuting Attorney Training	37	1,351	1,151	237
Capital Improvement Sales Tax	166,060	987,820	1,110,091	43,789
Sheriff Equipment	681	251	0	932
Sheriff Drug	2,441	496	1,269	1,668
DARE	3,001	1,303	643	3,661
Prosecuting Attorney Delinquent Tax	28	2	0	30
Prosecuting Attorney Drug	3,022	149	2,481	690
Recorder User Fee	9,833	16,114	13,774	12,173
Local Emergency Planning Commission	6,974	3,161	4,238	5,897
Peace Officers Standards Training	0	2,391	2,391	0
Sheriff	3,897	42,756	41,435	5,218
Family Access	158	55	213	0
Election Services	128	2,688	2,554	262
Children's Trust	6,630	1,636	0	8,266
Health Center	173,853	613,864	638,104	149,613
Senate Bill 40 Board	44,518	162,453	184,086	22,885
Emergency 911	528,220	411,271	330,591	608,900
Law Library	6,987	14,108	10,814	10,281
Circuit Clerk Interest	2,820	2,410	1,066	4,164
Associate Circuit Division Interest	344	1,933	519	1,758
Total	\$ 1,400,654	5,579,048	5,356,522	1,623,180

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

Exhibit A-2

WEBSTER 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	\$ 212,952	1,709,602	1,594,327	328,227
Special Road and Bridge	123,687	1,229,095	1,252,336	100,446
Assessment	12,473	188,243	190,326	10,390
Law Enforcement Training	689	5,151	3,881	1,959
Prosecuting Attorney Training	21	1,198	1,182	37
Capital Improvement Sales Tax	114,815	960,716	909,471	166,060
Sheriff Equipment	258	423	0	681
Sheriff Drug	27	5,296	2,882	2,441
DARE	1,648	1,353	0	3,001
Prosecuting Attorney Delinquent Tax	26	2	0	28
Prosecuting Attorney Drug	6	5,229	2,213	3,022
Recorder User Fee	23,016	18,273	31,456	9,833
Local Emergency Planning Commission	9,759	3,173	5,958	6,974
Peace Officers Standards Training	0	2,541	2,541	0
Sheriff	30,910	42,009	69,022	3,897
Family Access	0	158	0	158
Election Services	0	128	0	128
CDBG	0	457,042	457,042	0
Children's Trust	5,022	1,608	0	6,630
Health Center	217,078	604,947	648,172	173,853
Senate Bill 40 Board	40,694	154,630	150,806	44,518
Emergency 911	574,454	394,786	441,020	528,220
Law Library	7,264	11,513	11,790	6,987
Circuit Clerk Interest	4,951	2,183	4,314	2,820
Associate Circuit Division Interest	1,037	677	1,370	344
Total	\$ 1,380,787	5,799,976	5,780,109	1,400,654

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

Exhibit B

WEBSTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,486,021	5,575,479	89,458	5,721,058	5,799,171	78,113
DISBURSEMENTS	5,860,537	5,356,003	504,534	6,306,121	5,778,739	527,382
RECEIPTS OVER (UNDER) DISBURSEMENTS	(374,516)	219,476	593,992	(585,063)	20,432	605,495
CASH, JANUARY 1	1,392,979	1,393,680	701	1,374,996	1,379,750	4,754
CASH, DECEMBER 31	1,018,463	1,613,156	594,693	789,933	1,400,182	610,249
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	78,299	85,622	7,323	137,595	142,769	5,174
Sales taxes	981,545	957,111	(24,434)	870,682	851,728	(18,954)
Intergovernmental	111,778	96,612	(15,166)	105,022	85,096	(19,926)
Charges for services	479,250	494,267	15,017	471,500	480,531	9,031
Interest	3,500	25,873	22,373	10,000	16,697	6,697
Other	11,000	21,335	10,335	3,100	6,490	3,390
Transfers in	175,500	175,500	0	124,480	126,291	1,811
Total Receipts	1,840,872	1,856,320	15,448	1,722,379	1,709,602	(12,777)
DISBURSEMENTS						
County Commission	87,595	86,855	740	88,515	85,975	2,540
County Clerk	78,976	78,245	731	79,087	77,971	1,116
Elections	71,841	75,041	(3,200)	29,300	28,792	508
Buildings and grounds	77,372	62,504	14,868	71,650	57,572	14,078
Employee fringe benefits	135,044	125,083	9,961	125,219	108,823	16,396
County Treasurer	33,500	32,927	573	33,600	33,330	270
County Collector	83,847	79,174	4,673	83,889	81,152	2,737
Ex Officio Recorder of Deeds	33,443	31,882	1,561	32,187	31,959	228
Circuit Clerk	19,100	14,329	4,771	18,100	14,524	3,576
Associate Circuit Court	19,100	14,263	4,837	20,300	12,592	7,708
Court administration	5,300	5,843	(543)	5,300	2,234	3,066
Public Administrator	39,758	40,610	(852)	31,645	41,748	(10,103)
Purchasing agent	12,423	12,345	78	11,643	11,513	130
Emergency management	13,875	12,567	1,308	14,143	13,824	319
Sheriff	620,298	586,885	33,413	547,900	562,773	(14,873)
Juvenile Detention Center	45,201	42,968	2,233	45,201	42,615	2,586
Prosecuting Attorney	108,880	107,780	1,100	102,225	102,232	(7)
Juvenile Officer	97,091	52,860	44,231	104,959	89,328	15,631
County Coroner	8,900	8,251	649	8,435	8,164	271
Public health and welfare services	5,000	10,733	(5,733)	4,000	6,487	(2,487)
Debt service	11,240	11,240	0	11,240	11,240	0
University Extension	44,048	44,048	0	41,900	41,900	0
Other	110,047	85,954	24,093	116,649	88,982	27,667
Transfers out	22,728	23,586	(858)	38,597	38,597	0
Emergency Fund	55,200	0	55,200	51,216	0	51,216
Total Disbursements	1,839,807	1,645,973	193,834	1,716,900	1,594,327	122,573
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,065	210,347	209,282	5,479	115,275	109,796
CASH, JANUARY 1	328,227	328,227	0	212,952	212,952	0
CASH, DECEMBER 31	329,292	538,574	209,282	218,431	328,227	109,796

Exhibit B

WEBSTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	302,575	342,306	39,731	325,000	330,246	5,246
Intergovernmental	773,942	879,223	105,281	826,360	863,746	37,386
Charges for services	40,000	2,375	(37,625)	35,000	12,471	(22,529)
Interest	15,000	17,858	2,858	10,000	15,035	5,035
Other	1,500	6,336	4,836	15,500	7,597	(7,903)
Total Receipts	1,133,017	1,248,098	115,081	1,211,860	1,229,095	17,235
DISBURSEMENTS						
Salaries	470,000	450,285	19,715	428,000	424,586	3,414
Employee fringe benefits	93,995	76,725	17,270	89,659	73,529	16,130
Supplies	9,980	20,048	(10,068)	63,100	8,703	54,397
Insurance	21,000	19,775	1,225	19,651	19,687	(36)
Road and bridge materials	62,000	88,774	(26,774)	312,000	425,928	(113,928)
Equipment repairs	125,000	108,739	16,261	40,000	57,600	(17,600)
Rentals	20,000	21,690	(1,690)	0	0	0
Equipment purchases	35,000	35,349	(349)	0	0	0
Construction, repair, and maintenance	176,000	157,542	18,458	111,000	50,990	60,010
Distribution to speical road district	121,735	137,805	(16,070)	129,370	134,686	(5,316)
Other	27,500	25,857	1,643	80,200	41,627	38,573
Transfers out	15,000	15,000	0	15,000	15,000	0
Total Disbursements	1,177,210	1,157,589	19,621	1,287,980	1,252,336	35,644
RECEIPTS OVER (UNDER) DISBURSEMENTS	(44,193)	90,509	134,702	(76,120)	(23,241)	52,879
CASH, JANUARY 1	100,446	100,446	0	123,687	123,687	0
CASH, DECEMBER 31	56,253	190,955	134,702	47,567	100,446	52,879
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	173,562	175,192	1,630	162,438	145,487	(16,951)
Charges for services	2,000	2,185	185	2,500	2,920	420
Interest	500	2,495	1,995	532	980	448
Other	0	316	316	0	259	259
Transfers in	22,728	22,728	0	38,597	38,597	0
Total Receipts	198,790	202,916	4,126	204,067	188,243	(15,824)
DISBURSEMENTS						
Assessor	208,790	202,374	6,416	216,185	190,326	25,859
Total Disbursements	208,790	202,374	6,416	216,185	190,326	25,859
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,000)	542	10,542	(12,118)	(2,083)	10,035
CASH, JANUARY 1	10,390	10,390	0	12,473	12,473	0
CASH, DECEMBER 31	390	10,932	10,542	355	10,390	10,035

Exhibit B

WEBSTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	5,000	5,418	418	6,155	5,087	(1,068)
Interest	60	84	24	55	64	9
Total Receipts	5,060	5,502	442	6,210	5,151	(1,059)
DISBURSEMENTS						
Sheriff	6,100	5,166	934	6,210	3,881	2,329
Total Disbursements	6,100	5,166	934	6,210	3,881	2,329
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,040)	336	1,376	0	1,270	1,270
CASH, JANUARY 1	1,959	1,959	0	689	689	0
CASH, DECEMBER 31	919	2,295	1,376	689	1,959	1,270
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,000	1,341	341	1,600	1,192	(408)
Interest	5	10	5	25	6	(19)
Total Receipts	1,005	1,351	346	1,625	1,198	(427)
DISBURSEMENTS						
Prosecuting Attorney	975	1,151	(176)	1,610	1,182	428
Total Disbursements	975	1,151	(176)	1,610	1,182	428
RECEIPTS OVER (UNDER) DISBURSEMENTS	30	200	170	15	16	1
CASH, JANUARY 1	37	37	0	21	21	0
CASH, DECEMBER 31	67	237	170	36	37	1
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales tax	981,716	958,392	(23,324)	916,350	921,799	5,449
Interest	7,000	13,428	6,428	5,000	7,262	2,262
Other	0	16,000	16,000	5,000	31,655	26,655
Total Receipts	988,716	987,820	(896)	926,350	960,716	34,366
DISBURSEMENTS						
Road and bridge materials	840,000	775,794	64,206	455,000	431,733	23,267
Equipment	121,500	183,159	(61,659)	326,300	317,987	8,313
Other	0	0	0	66,000	14,597	51,403
Distribution to special road district	154,816	151,138	3,678	145,425	145,154	271
Total Disbursements	1,116,316	1,110,091	6,225	992,725	909,471	83,254
RECEIPTS OVER (UNDER) DISBURSEMENTS	(127,600)	(122,271)	5,329	(66,375)	51,245	117,620
CASH, JANUARY 1	166,060	166,060	0	114,815	114,815	0
CASH, DECEMBER 31	38,460	43,789	5,329	48,440	166,060	117,620

Exhibit B

WEBSTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF EQUIPMENT FUND</u>						
RECEIPTS						
Interest	0	51	51	15	23	8
Other	750	200	(550)	685	400	(285)
Total Receipts	750	251	(499)	700	423	(277)
DISBURSEMENTS						
Sheriff	0	0	0	957	0	957
Total Disbursements	0	0	0	957	0	957
RECEIPTS OVER (UNDER) DISBURSEMENTS	750	251	(499)	(257)	423	680
CASH, JANUARY 1	0	681	681	257	258	1
CASH, DECEMBER 31	750	932	182	0	681	681
<u>SHERIFF DRUG FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	9,960	5,035	(4,925)
Interest	0	96	96	40	261	221
Other	10,000	400	(9,600)	0	0	0
Total Receipts	10,000	496	(9,504)	10,000	5,296	(4,704)
DISBURSEMENTS						
Sheriff	0	1,269	(1,269)	10,027	2,882	7,145
Total Disbursements	0	1,269	(1,269)	10,027	2,882	7,145
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,000	(773)	(10,773)	(27)	2,414	2,441
CASH, JANUARY 1	2,441	2,441	0	27	27	0
CASH, DECEMBER 31	12,441	1,668	(10,773)	0	2,441	2,441
<u>DARE FUND</u>						
RECEIPTS						
Interest	0	176	176	0	99	99
Other	1,000	1,127	127	1,000	1,254	254
Total Receipts	1,000	1,303	303	1,000	1,353	353
DISBURSEMENTS						
Sheriff	0	643	(643)	1,648	0	1,648
Total Disbursements	0	643	(643)	1,648	0	1,648
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	660	(340)	(648)	1,353	2,001
CASH, JANUARY 1	3,001	3,001	0	1,648	1,648	0
CASH, DECEMBER 31	4,001	3,661	(340)	1,000	3,001	2,001

Exhibit B

WEBSTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Interest	2	2	0	2	2	0
Total Receipts	2	2	0	2	2	0
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	2	2	0	2	2	0
CASH, JANUARY 1	28	28	0	26	26	0
CASH, DECEMBER 31	30	30	0	28	28	0
<u>PROSECUTING ATTORNEY DRUG FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	20,000	5,035	(14,965)
Interest	0	149	149	0	194	194
Total Receipts	0	149	149	20,000	5,229	(14,771)
DISBURSEMENTS						
Prosecuting Attorney	1,200	2,481	(1,281)	3,000	2,213	787
Total Disbursements	1,200	2,481	(1,281)	3,000	2,213	787
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,200)	(2,332)	(1,132)	17,000	3,016	(13,984)
CASH, JANUARY 1	3,002	3,022	20	6	6	0
CASH, DECEMBER 31	1,802	690	(1,112)	17,006	3,022	(13,984)
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services	1,400	15,396	13,996	0	16,814	16,814
Interest	16,815	718	(16,097)	1,000	1,459	459
Total Receipts	18,215	16,114	(2,101)	1,000	18,273	17,273
DISBURSEMENTS						
Ex Officio Recorder of Deeds	18,030	13,774	4,256	7,000	31,456	(24,456)
Total Disbursements	18,030	13,774	4,256	7,000	31,456	(24,456)
RECEIPTS OVER (UNDER) DISBURSEMENTS	185	2,340	2,155	(6,000)	(13,183)	(7,183)
CASH, JANUARY 1	9,833	9,833	0	23,016	23,016	0
CASH, DECEMBER 31	10,018	12,173	2,155	17,016	9,833	(7,183)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	2,700	2,901	201	2,700	2,753	53
Interest	375	260	(115)	350	420	70
Total Receipts	3,075	3,161	86	3,050	3,173	123
DISBURSEMENTS						
Emergency planning	7,250	4,238	3,012	8,700	5,958	2,742
Total Disbursements	7,250	4,238	3,012	8,700	5,958	2,742
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,175)	(1,077)	3,098	(5,650)	(2,785)	2,865
CASH, JANUARY 1	6,974	6,974	0	9,759	9,759	0
CASH, DECEMBER 31	2,799	5,897	3,098	4,109	6,974	2,865

Exhibit B

WEBSTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PEACE OFFICERS STANDARDS TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,500	2,391	(109)	2,500	2,541	41
Total Receipts	2,500	2,391	(109)	2,500	2,541	41
DISBURSEMENTS						
Sheriff	0	2,391	(2,391)	2,500	2,541	(41)
Total Disbursements	0	2,391	(2,391)	2,500	2,541	(41)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,500	0	(2,500)	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	2,500	0	(2,500)	0	0	0
<u>SHERIFF FUND</u>						
RECEIPTS						
Charges for services	50,000	42,443	(7,557)	35,000	33,811	(1,189)
Interest	0	313	313	0	1,486	1,486
Other	0	0	0	0	6,712	6,712
Total Receipts	50,000	42,756	(7,244)	35,000	42,009	7,009
DISBURSEMENTS						
Sheriff	50,500	41,435	9,065	50,000	69,022	(19,022)
Total Disbursements	50,500	41,435	9,065	50,000	69,022	(19,022)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	1,321	1,821	(15,000)	(27,013)	(12,013)
CASH, JANUARY 1	3,897	3,897	0	30,916	30,910	(6)
CASH, DECEMBER 31	3,397	5,218	1,821	15,916	3,897	(12,019)
<u>FAMILY ACCESS FUND</u>						
RECEIPTS						
Charges for services	100	50	(50)	100	150	50
Interest	0	5	5	0	8	8
Total Receipts	100	55	(45)	100	158	58
DISBURSEMENTS						
Family access	0	213	(213)	0	0	0
Total Disbursements	0	213	(213)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	(158)	(258)	100	158	58
CASH, JANUARY 1	158	158	0	100	0	(100)
CASH, DECEMBER 31	258	0	(258)	200	158	(42)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	3,421	1,777	(1,644)			
Interest	0	52	52			
Transfers in	0	859	859			
Total Receipts	3,421	2,688	(733)			
DISBURSEMENTS						
Election services	0	2,554	(2,554)			
Total Disbursements	0	2,554	(2,554)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,421	134	(3,287)			
CASH, JANUARY 1	128	128	0			
CASH, DECEMBER 31	3,549	262	(3,287)			

Exhibit B

WEBSTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services				1,450	1,320	(130)
Interest				0	288	288
Total Receipts				1,450	1,608	158
DISBURSEMENTS						
Domestic violence shelters				0	0	0
Total Disbursements				0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				1,450	1,608	158
CASH, JANUARY 1				5,132	5,022	(110)
CASH, DECEMBER 31				6,582	6,630	48
<u>CDBG FUND</u>						
RECEIPTS						
Intergovernmental				443,513	443,513	0
Other				0	13,529	13,529
Total Receipts				443,513	457,042	13,529
DISBURSEMENTS						
Design and construction				443,513	457,042	(13,529)
Total Disbursements				443,513	457,042	(13,529)
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	260,342	274,752	14,410	246,720	264,143	17,423
Intergovernmental	316,995	261,283	(55,712)	317,502	255,163	(62,339)
Charges for services	81,070	68,932	(12,138)	39,400	76,217	36,817
Interest	5,000	8,897	3,897	4,000	9,424	5,424
Total Receipts	663,407	613,864	(49,543)	607,622	604,947	(2,675)
DISBURSEMENTS						
Salaries	506,036	463,747	42,289	432,589	412,241	20,348
Office expenditures	22,010	19,241	2,769	23,200	20,778	2,422
Medical expenditures	47,162	55,061	(7,899)	41,024	44,351	(3,327)
Equipment	5,200	9,084	(3,884)	6,900	5,006	1,894
Debt service	74,000	74,000	0	148,000	148,000	0
Other	89,810	16,971	72,839	87,522	17,796	69,726
Total Disbursements	744,218	638,104	106,114	739,235	648,172	91,063
RECEIPTS OVER (UNDER) DISBURSEMENTS	(80,811)	(24,240)	56,571	(131,613)	(43,225)	88,388
CASH, JANUARY 1	173,853	173,853	0	217,078	217,078	0
CASH, DECEMBER 31	93,042	149,613	56,571	85,465	173,853	88,388

Exhibit B

WEBSTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	151,266	157,865	6,599	150,000	151,501	1,501
Intergovernmental	0	786	786	0	984	984
Interest	1,000	3,802	2,802	0	2,145	2,145
Total Receipts	152,266	162,453	10,187	150,000	154,630	4,630
DISBURSEMENTS						
Contractual services	136,896	184,086	(47,190)	141,706	150,806	(9,100)
Total Disbursements	136,896	184,086	(47,190)	141,706	150,806	(9,100)
RECEIPTS OVER (UNDER) DISBURSEMENTS	15,370	(21,633)	(37,003)	8,294	3,824	(4,470)
CASH, JANUARY 1	44,518	44,518	0	40,694	40,694	0
CASH, DECEMBER 31	59,888	22,885	(37,003)	48,988	44,518	(4,470)
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Sales tax	385,910	383,226	(2,684)	359,130	369,596	10,466
Interest	15,000	28,045	13,045	0	25,173	25,173
Other	15	0	(15)	0	17	17
Total Receipts	400,925	411,271	10,346	359,130	394,786	35,656
DISBURSEMENTS						
Salaries	73,865	68,208	5,657	74,400	67,236	7,164
Office expense	21,615	15,396	6,219	5,920	17,159	(11,239)
Equipment	48,900	30,405	18,495	10,665	83,040	(72,375)
Contractual services	240,160	54,261	185,899	469,540	156,207	313,333
Mileage and training	9,705	3,321	6,384	6,500	8,214	(1,714)
Transfers out	159,000	159,000	0	109,200	109,164	36
Total Disbursements	553,245	330,591	222,654	676,225	441,020	235,205
RECEIPTS OVER (UNDER) DISBURSEMENTS	(152,320)	80,680	233,000	(317,095)	(46,234)	270,861
CASH, JANUARY 1	528,220	528,220	0	574,454	574,454	0
CASH, DECEMBER 31	375,900	608,900	233,000	257,359	528,220	270,861

Exhibit B

WEBSTER COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	10,700	13,804	3,104	11,835	11,292	(543)
Interest	200	304	104	165	221	56
Total Receipts	10,900	14,108	3,208	12,000	11,513	(487)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	0	10,814	(10,814)	0	11,790	(11,790)
Total Disbursements	0	10,814	(10,814)	0	11,790	(11,790)
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,900	3,294	(7,606)	12,000	(277)	(12,277)
CASH, JANUARY 1	6,987	6,987	0	7,246	7,264	18
CASH, DECEMBER 31	17,887	10,281	(7,606)	19,246	6,987	(12,259)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	2,000	2,410	410	1,500	2,183	683
Total Receipts	2,000	2,410	410	1,500	2,183	683
DISBURSEMENTS						
Circuit Clerk	0	1,066	(1,066)	0	4,314	(4,314)
Total Disbursements	0	1,066	(1,066)	0	4,314	(4,314)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,000	1,344	(656)	1,500	(2,131)	(3,631)
CASH, JANUARY 1	2,820	2,820	0	0	4,951	4,951
CASH, DECEMBER 31	4,820	4,164	(656)	1,500	2,820	1,320

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

Notes to the Financial Statements

WEBSTER 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 Webster 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 Senate Bill 40 Board, or the Emergency 911 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 accounting principles generally accepted in the United States of America, 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 2000, 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>
Children's Trust Fund	2000
Election Services Fund	1999
Associate Circuit Division Interest Fund	2000 and 1999

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2000
Sheriff Drug Fund	2000
DARE Fund	2000
Prosecuting Attorney Drug Fund	2000
Recorder User Fee Fund	1999
POST Fund	2000 and 1999
Sheriff Fund	1999
Family Access Fund	2000
Election Services Fund	2000
CDBG Fund	1999
Senate Bill 40 Board Fund	2000 and 1999
Law Library Fund	2000 and 1999
Circuit Clerk Interest Fund	2000 and 1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, 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>
Election Services Fund	2000 and 1999
CDBG Fund	1999
Emergency 911	1999
Law Library Fund	2000 and 1999
Circuit Clerk Interest Fund	2000 and 1999
Associate Circuit Division Interest Fund	2000 and 1999

For the Health Center Fund, the county's published financial statement for the year ended December 31, 1999, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, 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 2000, requires political subdivisions with authority to invest in instruments other than depositary 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 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, 2000 and 1999, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's, Senate Bill 40 Board's, and Emergency 911 Board's deposits at December 31, 2000 and 1999 were entirely covered by the federal depositary insurance or by collateral securities held by the custodial banks in the applicable boards' name.

Supplementary Schedule

Schedule

WEBSTER 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,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-9213	\$ 0	80,818
		ER0045-0213	78,560	29,917
		ERS0451-213W	26,237	0
	Program Total		<u>104,797</u>	<u>110,735</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	97-ED-10	0	443,513
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	98-CG-WX-0344	0	8,966
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	3,750	5,095
Passed through:				
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	615	1,402
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	46	197
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	N/A	6,940	5,687

Schedule

WEBSTER 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,	
			2000	1999
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	N/A	51,262	41,718
		PG0064-9213IAP	0	4,145
	Program Total		<u>51,262</u>	<u>45,863</u>
Department of Social Services -				
93.563	Child Support Enforcement	N/A	12,248	11,713
Department of Health -				
93.575	Child Care and Development Block Grant	PG0067-9213	0	1,170
		PGA067-0213S	200	320
		PGA067-1213S	545	0
		ERO146-9213	0	230
		PGA067-0213C	240	0
		PGA067-1213C	530	0
	Program Total		<u>1,515</u>	<u>1,720</u>
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERO161-90010	0	5,072
		ERS161-00060	2,439	4,446
		ERS161-10006	3,950	0
	Program Total		<u>6,389</u>	<u>9,518</u>
93.940	HIV Prevention Activities - Health Department Based	N/A	94	103
93.991	Preventive Health and Health Services Block Grant	N/A	575	447
93.994	Maternal and Child Health Services Block Grant to the States	ERO175-9213FP	0	9,729
		ERS175-0213F	7,728	2,726
		ERS175-1213F	2,243	0
		ERO146-9213MCH	0	1,176
		ERS146-0123M	2,921	1,167
		C100015078	292	0
		N/A	2,877	2,233
	Program Total		<u>16,061</u>	<u>17,031</u>
	Total Expenditures of Federal Awards		<u>\$ 204,292</u>	<u>661,990</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

WEBSTER 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 Webster 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 Donation of Federal Surplus Personal Property (CFDA number 30.003) represent the estimated fair market value of property at the time of receipt.

Of the amounts for Immunization Grants (CFDA number 93.268), \$51,262 and \$41,718 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$575 and \$447 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$2,877 and \$2,233 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, 2000 and 1999. The remaining amounts for the Immunization Grants 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, 2000 and 1999.

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 Webster County, Missouri

Compliance

We have audited the compliance of Webster 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, 2000 and 1999. The county's major federal program is 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 its major federal program 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 auditing standards generally accepted in the United States of America; 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, Webster County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2000 and 1999. 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 00-1.

Internal Control Over Compliance

The management of Webster 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 00-1.

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 Webster 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 14, 2001 (fieldwork completion date)

Schedule

WEBSTER COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are not considered to be a material weaknesses? _____ yes x none reported

Noncompliance material to the financial statements noted? _____ yes x no

Federal Awards

Internal control over major program:

Material weaknesses 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 program: 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 program:

CFDA or Other Identifying <u>Number</u> 14.228	<u>Program Title</u> Community Development Block Grants/State's Program
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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.

00-1	Schedule of Expenditures of Federal Awards
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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 Grant/State's Program
Pass-Through Entity	
Identifying Number:	97-ED-10
Award Year:	1999
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit 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 schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

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, 2000 and 1999, the county's SEFA contained numerous errors and omissions. For example, expenditures relating to several federal grants were reported incorrectly or not included on the schedules. Most programs reported did not include the required pass-through grantor's number. In addition, some non-federal programs were included. In 2000 the county only reported expenditures for three of its 14 federal programs, resulting in expenditures being understated by approximately \$127,027. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. Considering the overall incompleteness of the SEFA, it appears the County Clerk's efforts to prepare an accurate and complete SEFA were inadequate.

For the federal financial schedules to adequately reflect the county's federal financial assistance expenditures, it is necessary that all federal financial expenditures be properly reported. 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 AND PLAN FOR CORRECTIVE ACTION

The Schedule of Federal Awards is completed as a supplement to the county budget in January of each year. The County Clerk submits requests for information to the county departments and independent boards which typically receive federal funding. The information is compiled as received. The County Clerk has no independent means of tracking revenues from programs funded by the federal government, nor the means to verify the reports submitted by recipients are accurate and complete. Greater emphasis will be given to encourage recipients to track and report federal money during the remainder of 2001 in preparation for the 2002 budget.

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

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

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Webster County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1998.

98-1. County Sales Tax

The county did not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Webster County voters under the provisions of Section 67.505, RSMo 1994.

Recommendation:

The County Commission reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

Status:

Implemented. The County Commission reduced the 1999 property tax levy to account for excess property taxes collected in prior years.

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

WEBSTER 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 two years ended December 31, 1998, 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

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

We have audited the special-purpose financial statements of various funds of Webster County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 14, 2001. We also have audited the compliance of Webster 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, 2000 and 1999, and have issued our report thereon dated May 14, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit 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 audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 audit, 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 audit 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 audit 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 Webster 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 Expenditures

- A. The county did not maintain documentation to support the reason for not selecting the lowest bid. Examples include:

<u>Item Purchased</u>	<u>Amount</u>
Dispatching equipment	\$ 84,599
Trailer	25,400
Used tractor	14,685
Security system	13,053

The County Commission indicated their decision was based on references of the vendors and past experience with the vendor. Considering, for example, the low bid for the dispatching equipment was approximately \$17,900 lower than the bid selected, the County Commission should maintain complete documentation of its reasons for awarding contracts to bidders to provide assurance that county funds are spent wisely. In addition, bid documentation was not retained or bids were not solicited for parts and repairs to road equipment totaling \$49,287. Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, newspaper publication notices when applicable, bids received, the basis of justification for awarding bids, and documentation of all discussions with vendors.

- B. The County Commission distributes county aid road trust (CART) monies and capital improvement sales tax (CIST) monies to the Seymour Special Road District, which is a separate political subdivision and not under the control of the County Commission. Monies are distributed based on the district's share of miles within the county. During the two years ended December 31, 2000, approximately \$272,491 of CART monies and \$296,292 of CIST monies were distributed to the special road district. While the county did request and receive from the special road district financial information regarding the use of the monies, there were no written contracts.

The County Commission should obtain written contracts with the special road district which document the specific services to be provided for the use of these monies. In addition, the County Commission should review financial information submitted by the special road district regarding the actual uses of the funds provided.

- C. The County Commissioner's approval of expenditures is not always documented. In addition, a county employee's signature indicating receipt of goods or services was not evident on most expenditure documentation we reviewed. While the County Commissioners sign county checks, there is no indication that the County Commissioners reviewed and approved the corresponding invoices and supporting documentation. To ensure expenditures are proper, all invoices and supporting documentation should be properly approved and evidence of receipt of goods should be noted prior to payment. With the current procedures it is unclear if expenditures were properly approved.
- D. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for the associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Webster County's Associate County Commissioners salaries were each increased approximately \$7,060 yearly, according to the information provided by the county clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, hold that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,120 for the two years ended December 31, 2000, should be repaid.

WE RECOMMEND the County Commission:

- A. Maintain complete and adequate documentation of bidding decisions and solicit bids for all items in accordance with state law.
- B. Obtain written agreements with the Seymour Special Road District documenting the services to be provided and review financial information regarding the use of county CART and CIST monies.

- C. Document their approval of expenditures, and ensure all invoices contain an indication of receipt of goods or services.
- D. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE’S RESPONSE

The County Commission provided the following responses:

- A. *The Commission and Purchasing Agent complied with the law in each of the examples cited, but did not fully document the fact that proper bidding procedures were followed. Steps have been taken to ensure that more complete documentation is maintained in the future.*
- B. *The Commission has followed a policy of non-interference with the Seymour Special Road District, which has its own elected commissioners. However, the Commission will meet with representatives of the Special Road District at their earliest opportunity to discuss obtaining a written contract and to ensure that the road district follows the same strict interpretation of ‘allowable purposes’ set forth above.*
- C. *The Commission has implemented a formal procedure of documenting their approval of expenditures. The Commission will implement procedures to ensure that employees sign any receipts of goods or services.*
- D. *The Missouri Supreme Court ruled on the constitutionality of mid-term raises for Associate Commissioners. However, the Court did not specify what actions – if any – should be taken as a remedy. This is a legal matter. It is the opinion of the Commission that no further action is advisable, pending further legal action. When the courts make a final determination upon the issue of repayment, the Commission will comply.*

2. Budgetary Procedures and Financial Statements

- A. Actual expenditures exceeded budgeted amounts in the following funds:

Fund	Year Ended December 31,	
	2000	1999
Prosecuting Attorney Training	\$ 176	N/A
Sheriff Drug	1,269	N/A
DARE	643	N/A
Prosecuting Attorney Drug	1,281	N/A
Recorder User Fee	N/A	24,456
POST	2,391	41

Sheriff	N/A	19,022
Family Access	213	N/A
Election Services	2,554	N/A
CDBG	N/A	13,529
Senate Bill 40 Board	47,190	9,100
Law Library	10,814	11,790
Circuit Clerk Interest	1,066	4,314
Total	\$ <u>67,597</u>	<u>82,252</u>

The county and Senate Bill 40 Board do not adequately monitor budgeted amounts to actual results.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, 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 2000, 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 the budget.

B. Numerous inaccuracies were noted in the information presented in the county's budget documents for 2000, and 1999. While the financial records maintained by the County Treasurer and the County Clerk appeared accurate, the County Clerk did not ensure these amounts were accurately reflected on the budgets. Examples of these errors included the following:

- The cash reconciliation section of the budget was not prepared for several funds.
- Actual receipts and disbursements for the previous two years were not included for the Local Emergency Planning Commission Fund.
- Numerous errors were made on the actual numbers reported on the budgets. For example, \$1,353 was reported as interest receipts on the 2000 budget for the Sheriff Fund when actual interest receipts totaled \$99.
- Some transfers between funds were not properly reported in the actual receipts and disbursements of both funds.

As a result of the errors, it was necessary to make numerous adjustments to the amounts presented in the financial statements. Considering the various errors and

omissions noted, the approved budgets did not provide Webster County citizens with reliable information about the county's finances.

These errors could have been detected had a thorough review been performed by the County Clerk or County Commission and then corrected before the budget was finalized. It is the County Clerk's fiduciary responsibility to prepare complete and accurate budgets.

In addition to being required by state law, complete and accurate budgets are essential for the County Commission and County Clerk to evaluate county operations and to project the anticipated needs of the county for the upcoming year. Complete and accurate budgets are also necessary to properly inform the county's citizens about the county's finances.

Failure to present accurate financial information decreases the effectiveness of the budget as a management tool. To be of maximum benefit to the county and its taxpayers, a complete and accurate budget document should be prepared.

- C. The county's annual published financial statements did not include financial activity for some county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included. Sections 50.800 and 50.810, RSMo 2000, require county financial statements to be prepared and published in a local newspaper and must show actual receipts or revenues, disbursements or expenditures, and beginning and ending balances for each county fund.

WE RECOMMEND the County Commission:

- A. And the Senate Bill 40 Board implement procedures to ensure budgets are properly amended if necessary, and expenditures are kept within budgetary limits.
- B. Ensure budget documents contain complete, accurate, and reasonable information about the county's finances. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and filed with the State Auditor's Office.
- C. Ensure financial information as provided for by law is properly presented in the published financial statements for all county funds.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The Commission will work with the officeholders and independent boards involved to encourage better understanding of proper budgetary procedure.*

- B. *The examples cited in the Audit Report are from funds not subject to Commission approval. Budgets for these smaller funds are submitted to the County Clerk by the officeholders and Board concerned. Greater efforts will be made in the future to ensure that the budgets submitted by these officeholders and Boards are complete and accurate.*
- C. *Some of the smaller funds not subject to Commission approval were omitted from the financial statements for 2000 and prior years. The 2001 Financial Statement will include these funds.*

The Senate Bill 40 Board Provided the Following Response:

- A. *In the future, we will ensure our budget is amended or expenditures are kept within budgetary limits.*

3. Personnel Policies and Procedures

- A. The county has not established a formal policy regarding donated leave time for county employees. The County Commission approved salary payments from donated leave time totaling \$8,938 for one road and bridge employee. The employee did not have any accumulated annual leave or sick leave time to use when he became ill and other road and bridge employees donated a portion of their leave to him.

Complete and detailed written policies are necessary to provide guidance to county employees and provide a basis for proper compensation. In addition, any deviations from the policy should be clearly documented.

- B. Sheriff deputies serve as guards to transport prisoners but do not report the time worked on their time sheets. The county pays deputies a set guard fee rather than including the hours in calculating hours worked and overtime worked. The county considers the deputy to be off-duty when transporting prisoners and these fees were not subjected to payroll withholdings and were not reported on the employees' W-2 forms. Our review indicated \$8,599 was paid to deputies for guard fees during the two years ending December 31, 2000.

Any full-time county employee serving as a guard should be compensated under normal county payroll procedures, calculating hours worked and any overtime incurred. The county should review the overall procedures for paying deputies who perform guard duties to ensure compliance with the Fair Labor Standards Act (FLSA) provisions. In addition, all compensation should be reported on the employees' W-2 forms.

WE RECOMMEND the County Commission:

- A. Expand the county's leave policy to address the issue of donated leave time.
- B. And the Sheriff ensure deputies who serve as guards are paid their normal salary for the amount of time spent, and all payments should be included on W-2 forms.

AUDITEE'S RESPONSE

The County Commission provided the following response:

- A. *This issue has been addressed by a personnel committee formed by the Commission in the summer of 2001.*
- B. *The Sheriff implemented new 'FLSA compliant' procedures in January 2001.*

The Sheriff provided the following response:

- B. *Deputies no longer transport on their off duty hours.*

4. Property Tax System and Computer Controls

- A. Controls over property tax additions and abatements are not adequate. The County Collector makes changes to the tax books after receiving information from the County Assessor for additions and abatements occurring throughout the month. The County Clerk is responsible for preparing court orders for additions and abatements to be approved by the County Commission; however, court orders were not prepared for additions and abatements totaling \$2,549 and \$6,180 for 2000 and 1999, respectively. Also, there is no subsequent comparison of approved court-ordered additions and abatements to actual changes to the property tax data files or to amounts reflected on the County Collector's annual settlement.

The County Commission, in allowing the County Collector to make changes to the property tax books and also collect the taxes, is weakening controls over the collection of taxes by preventing proper segregation of duties from occurring. Furthermore, Section 137.260, RSMo 2000, requires that the tax book only be changed by the Clerk of the County Commission under order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax data files.

- B. The County Clerk does not verify the current and back tax books for accuracy. A review should include, verification of individual entries in the back tax book and footing total tax book charges. The County Clerk is responsible for the accuracy

of the personal and real estate tax books and the amounts with which the County Collector is charged. Failure to perform adequate reviews of the tax books could result in errors and irregularities going undetected. Section 140.050, RSMo 2000, requires the County Clerk to make the back tax book and charge the County Collector with the aggregate amount of taxes, interest, and County Clerk's fees contained in the back tax books.

- C. The county has a computer system, which is utilized by the County Assessor, and the County Collector. Passwords which restrict employee access to computer files are used by the Collector's and Assessor's office, however they are not unique to each employee. A unique password should be assigned to each user of the system, and these passwords should be kept confidential and changed periodically to prevent unauthorized access to computer files.

A similar condition was noted in our prior report.

- D. The County Clerk maintains backup disks of county financial and payroll information to provide a means of recreating destroyed master disks; however, the disks are not stored at an off-site location. As a result, they are susceptible to the same damage as the master files. Back-up disks should be maintained and stored off-site to provide increased assurance that any lost data can be recreated.

WE RECOMMEND:

- A. The County Commission revise the addition/abatement process so that the County Collector does not have the capability to make changes to property tax data or ensure that independent comparisons of these changes to tax data files are performed along with a subsequent verification with the County Collector's annual settlement.
- B. The County Clerk formally verify the accuracy of the tax books.
- C. The County Collector and County Assessor ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.
- D. The County Clerk ensure backup disks are prepared and stored in a secure, off-site location.

AUDITEE'S RESPONSE

- A. *The County Commission indicated the procedure followed for a number of years has been for the Assessor to make necessary changes or corrections to assessments and report them monthly to the Collector to make changes in the tax books. The Collector prepares the Court Orders from these monthly reports, and submits them to the Clerk/Commission for approval. All parties involved will meet at the earliest opportunity*

to discuss revising procedures for abatements and additions. The Commission will suggest that the Clerk begin preparing Court Orders, and that the Clerk and Collector balance abatements and additions on a monthly basis.

- B. The County Clerk indicated that he will request that he and the Collector meet monthly to review the accuracy of the tax books, to include: property tax collections, abatement and additions, as well as income from merchant's/auctioneer's licenses, duplicate tax receipts and NSF (non-sufficient fund) check fees discussed later in the Audit Report.*
- C. The Collector and Assessor indicated they will discuss making changes to the program with the County Commission in January 2002 when the budget is being prepared.*
- D. The County Clerk indicated this recommendation has been implemented.*

5. County Procedures

- A. At March 31, 2001, the county had accumulated more than \$8,600 in the Children's Trust Fund and had only disbursed \$2,000 of these funds to a domestic violence shelter since 1997. Section 455.205, RSMo 2000, authorizes the county to impose certain fees on the issuance of marriage licenses and decrees of a dissolution of marriage. These fees are to be used to provide financial assistance to shelters for victims of domestic violence.
- B. Several county employees from various offices with access to money are not covered by an employee bond. Properly bonding all persons with access to monies would better protect the official and county from risk of loss. This condition was noted in the prior report.
- C. The County Clerk does not prepare minutes for the closed session of meetings of the County Commission. The County Commission held many closed sessions during the two years ended December 31, 2000, and while the regular meeting minutes did appear to disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meetings. In addition, it is not evident that the final disposition of matters discussed in closed meetings is made public. Section 610.021, RSMo 2000, allows the County Commission to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters, and requires the matters discussed in closed meetings to be made public upon final disposition.

Section 51.120, RSMo 2000 requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Minutes constitute the official record of proceedings of the County Commission. Without adequate minutes, the County Commission cannot demonstrate that actions taken or business conducted during closed sessions related solely to the specific allowable reason announced for closing the meeting.

WE RECOMMEND the County Commission:

- A. Ensure Domestic Violence Fund monies are disbursed to qualifying shelters in a timely manner.
- B. Obtain adequate bond coverage for all employees with access to monies.
- C. Ensure minutes are prepared, approved, and retained for all closed meetings, and the final disposition of matters discussed at in closed meetings is made public as required by state law.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *In past years there was no local facility or organization qualified for these funds. The first such qualified application was received in the Fall of 2000, and the Commission immediately began disbursing said funds in 2001.*

B&C. These recommendations have been implemented.

6. County Collector's Records and Procedures

The County Collector's office processed property taxes totaling in excess of \$8 million during each of the years ended February 28, 2001 and 2000.

- A. The County Collector maintains a bank account for the deposit of property tax collections. Collections are distributed monthly, except for interest earnings and surtax which are distributed once a year.

The County Collector does not reconcile his cash balance to existing liabilities. At our request, the County Collector attempted to perform this reconciliation and identified \$4,135 in undistributed taxes and \$6,254 in unidentified monies in his account.

In addition, proper reconciliations could have tracked non-sufficient fund (NSF) checks. The County Collector received a NSF check for \$159 in December 1998. The individual subsequently paid for the NSF check; however, the second payment was recorded as an overpayment of taxes. The County Collector then issued two refund checks in error for \$159 each to the taxpayer. As a result, the County Collector is still owed \$318.

These errors could have been identified by the County Collector if cash balances were reconciled to existing liabilities. Without these reconciliations, the County Collector has no assurance that all transactions have been properly recorded. To

provide this assurance, book balances should be properly identified to appropriate liabilities and other reconciling items.

B. Partial payments on taxes and other fees are held in cash in the County Collector's vault and not deposited. We noted the following concerns related to these monies:

- The County Collector accepted partial payments on property taxes from two individuals. Monies are held in cash in the collector's vault until the taxes are paid in full. At March 5, 2001, partial payments totaling \$280 were held in cash.
- The County Collector collects a \$10 fee for non-sufficient fund checks received by his office. A cash count performed on March 5, 2001 noted \$250 of NSF check fees that were being held in cash. The County Collector indicated he retained the fees to purchase office supplies. There appears to be no statutory authority for the County Collector to collect and retain this fee.
- The County Collector collects a \$1 fee for duplicate copies of tax statements made by his office. A cash count performed on March 5, 2001 noted \$1,648 of duplicate copy fees that were being held in cash. The County Collector indicated he retained the fees to purchase office supplies.

Approximately \$880 was spent from cash receipts during 1999 and 2000. The practice of holding such monies in cash greatly increases the possibility of loss or misuse of such monies without detection and prevents receipts from being deposited intact. In addition, these fees represent accountable fees and should be remitted to the county treasury. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury. Expenditures made from these receipts were not budgeted or approved by the County Commission. The County Collector deposited these monies immediately after our cash count.

C. The method of payment was not always clearly indicated on some tax receipts, and the composition and amount of tax monies received is not compared to bank deposits. To ensure all monies collected are properly recorded and deposited, daily comparisons of collections and deposits should be performed.

WE RECOMMEND the County Collector:

A. Reconcile the amounts in the bank accounts to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and resolved. In addition, properly track NSF checks, and attempt to recover the \$318.

- B. Discontinue the practice of holding partial payments in cash, and review whether the \$10 non-sufficient fund check fee should be collected. In addition, duplicate tax fees should be remitted to the County Treasurer monthly and all office supplies should be purchased through the county expenditure process.
- C. Indicate the method of payment received, and reconcile the composition of receipts to the composition of bank deposits.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

- A. *We have now identified all but \$855 of the \$6,254. Reconciliations are now being performed monthly. We have received \$80 of the \$318 and will be receiving the rest as the person is now a ward of the Public Administrator. We are keeping a log of NSF checks.*
- B. *All these monies have been deposited and records are being maintained to account for them. We will continue to collect the \$10 NSF check fee. I plan to turn these fees over to the county and discuss with the County Commission the possibility of receiving additional help for the office.*
- C. *This has always been done, but we will try in the future to more clearly indicate the method of payment.*

7. Prosecuting Attorney's Records and Procedures

Prior audit reports have addressed the inadequacy of the Prosecuting Attorney's accounting controls and procedures. A special review report from 1998 concluded cash receipts had been misappropriated and made numerous recommendations for improvement. While the Prosecuting Attorney responded in the 1998 audit, as well as other previous audits that recommendations would be implemented, conditions have not improved.

The Prosecuting Attorney's office collected court-ordered restitution and bad check related restitution and fees in 2000 and 1999 of approximately \$43,800 and \$47,900, respectively. In addition to these collections, money orders made payable directly to the victims, are accepted and forwarded to the victims. Our review noted the following concerns:

- A. Accounting duties are not adequately segregated. One clerk is responsible for receiving and recording monies, preparing deposits, preparing checks, and reconciling bank statements. While the Prosecuting Attorney does sign checks, neither the Prosecuting Attorney nor other personnel independent of the cash custody and record-keeping functions provide any other supervision or review of

the work performed by the clerk. To adequately safeguard assets, the cash custody and record-keeping functions should be segregated where possible. If these functions cannot be segregated, at a minimum, there should be an independent comparison of receipt slips to bank deposits and an independent review of bank reconciliations. Any unusual items or discrepancies should be investigated.

- B. An adequate ledger or other record is not maintained to account for all bad checks filed with the Prosecuting Attorney and the ultimate disposition. While the clerk maintains an alphabetical listing of bad checks filed, the listing does not include the date the check was received or the disposition of the case. In addition to lacking important information, there appears to be no benefit for maintaining the current alphabetical listing.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned complaint number, the date the check was received by the prosecutors office, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including the date payment was received and transmitted to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition.

- C. Our review of bank reconciliation procedures noted the following concerns:

- Monthly bank reconciliations are not accurately prepared. The outstanding check total includes only the outstanding checks from the most recent month, it does not include the previous month's checks that are still outstanding. This results in a reconciled balance that does not agree to any records maintained by the office.
- The check register balance has not been adjusted for errors noted during prior audits.

As a result, the reconciled bank balance does not agree to the check register balance, and old outstanding checks are not adequately followed up on. We noted a total of \$626 in outstanding checks more than one year old, which dated as far back as January 1995, for which no follow-up action has been taken.

Without maintaining accurate records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner. In addition, procedures should be adopted to routinely follow up on old outstanding checks.

- D. Monthly listings of open items (liabilities) are not prepared and, consequently, are not agreed to the reconciled bank balance. While case fee sheets identify the amounts received and the amounts disbursed, the dates of the receipts and disbursements are not included on the case fee sheets, making it difficult to determine the open item amount as of a certain date. At our request, using the receipt slips and check stubs, the clerk prepared an open items listing for December 31, 2000, and identified \$2,680 of open items, some of which dated as far back as May 1998. The reconciled balance in the bank account as of December 31, 2000 was \$12,449, leaving \$9,769 unidentified.

Case fee sheets should be maintained in such a manner that the open item balance can be easily determined. Monthly listings of open items should be prepared and reconciled to cash balances to ensure accounting records are in balance and sufficient funds are available for the payment of liabilities. In addition, unidentified monies should be disposed of in accordance with state laws, and procedures should be adopted to routinely follow up on old open items.

- E. We noted the following problems during our review of receipts:
1. Monies are not receipted and deposited on a timely basis. During a cash count performed on January 16, 2001 we noted one money order for \$300 dating back to May 2000 that was not receipted until January 2001. Further, we noted money orders totaling \$600 received and recorded in July and August 2000 that were not deposited until January 2001. In addition, we noted several months where only one deposit was made and during August 2000 no deposits were made.
 2. Money orders are not restrictively endorsed when received. Money orders are endorsed when the deposit is prepared.
 3. Receipt slips are not always issued in numerical order. We noted receipt books used out of order during both years of our audit period.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be recorded and deposited intact daily, all money orders should be restrictively endorsed when received, and receipt slips should be issued in numerical order.

- F. Bad check fees received are not always turned over to the County Treasurer on a timely basis. We noted several instances where fees were not disbursed to the County Treasurer monthly. For example, December 2000 fees were not disbursed to the treasurer until March 13, 2001. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury.

G. Bad checks received are not processed on a timely basis. The clerk places the bad checks and the complaint form to be processed in a box until she has time to process them. As of May 7, 2001, we noted the following checks that had not been processed:

- 19 checks received during 1999,
- 10 checks received between January and June 2000,
- 68 checks that were received between July and December 2000, and
- 112 checks that were received between January and May 2001.

To ensure bad checks are properly handled and cases are filed within the statute of limitations, bad checks complaints should be processed in a timely manner.

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

WE RECOMMEND the Prosecuting Attorney:

- A. Ensure duties are adequately segregated, or perform and document periodic reviews of the accounting records maintained and reconciliations prepared.
- B. Implement procedures to adequately account for bad checks received as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form and a log to account for the numerical sequence and ultimate disposition of each bad check.
- C. Prepare complete and accurate monthly bank reconciliations, and ensure the check register balance is accurate, and reconciles to the bank balance. Further, attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- D. Ensure case fee sheets reflect the open item balance, and a monthly listing of open items should be prepared and reconciled to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
- E. Record and deposit receipts intact daily, and issue receipt slips in numerical order. In addition, money orders should be restrictively endorsed immediately upon receipt.
- F. Remit fees received to the county treasurer on a monthly basis.
- G. Ensure bad check complaints are processed on a timely manner.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following response:

I concur with all of the recommendations and will implement the recommendations by January 2002.

8. Associate Circuit Division's Records and Procedures

The Associate Circuit Court is comprised of five separate areas, criminal, civil, traffic, small claims, and probate. The chart below summarizes some of the weaknesses noted during our review:

<i>Description</i>	<i>Criminal</i>	<i>Civil</i>	<i>Traffic</i>	<i>Small Claims</i>	<i>Probate</i>
<i>Adequately segregated duties</i>	No	No	No	No	No
<i>Deposits receipts timely</i>	No	No	No	No	Yes
<i>Properly reconciles bank account</i>	No	No	No	No	No
<i>Properly accounts for liabilities</i>	No	No	No	Yes	Yes
<i>Properly accounts for interest revenues</i>	No	No	Yes	Yes	Yes

- A. Accounting duties are not adequately segregated. Each area has one employee responsible for receiving, recording, depositing, and disbursing monies, as well as performing monthly bank reconciliations. One employee, the Chief Deputy Clerk, indicated she reviews the canceled checks to ensure other employees are not writing checks to themselves, however, she does not review any of the related accounting records or bank reconciliations.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. If duties cannot be adequately segregated, at a minimum, an independent person, such as the Chief Deputy Clerk or Associate Circuit Judge, should review and initial bank reconciliations and agree recorded receipts to

deposits. The failure to adequately segregate duties or provide a supervisory review has led to the numerous deficiencies in the accounting records described in B-K below.

- B. The criminal, civil, traffic, and small claims divisions do not deposit receipts on a timely basis. In addition, the criminal and civil divisions do not restrictively endorse checks immediately upon receipt.
- The criminal division normally makes deposits two to four times a month. However, we noted some months when only one deposit was made. Further, a cash count of criminal division receipts on April 26, 2001, noted \$5,848 in receipts of which at least \$2,447 had been received in March 2001.
 - The civil division normally makes deposits only once or twice a week, however, not all monies received are deposited when trips are made to the bank. On January 25, 2001 we counted a total of \$4,223 in checks. Of this total, \$2,477 was deposited immediately after our cash count (January 25, 2001), \$296 was deposited the following day (January 26, 2001), but \$1,213 was not deposited until January 30, 2001, and \$237 was forwarded to another entity. There appears to be no reason why some monies were held for several days while other monies were deposited immediately.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100 and all receipts should be deposited as received. In addition, checks should be restrictively endorsed immediately upon receipt.

- C. The criminal division does not always issue receipt slips when money is received, instead receipt slips are often prepared at the time of deposit. For example, a cash count of criminal division receipts on January 25, 2001, noted 5 checks totaling \$1,308 and cash totaling \$372 for which receipt slips had not been issued. To reduce the risk of loss or misuse the criminal division should record monies immediately upon receipt.
- D. Monthly bank reconciliation procedures were inadequate for all five divisions.
- The criminal division has not reconciled their bank account in over two years. In addition, a checkbook balance for the account is not maintained.
 - The civil division does not prepare bank reconciliations on a routine monthly basis. Bank reconciliations were prepared for five of the twelve months in 2000. In addition, a checkbook balance for the account was not maintained.
 - In January 2001 the small claims and probate divisions performed all the monthly bank reconciliations for 1999 and 2000. As a result, errors and bank

charges dating back to March 1999 totaling \$163 were not detected on a timely basis.

- The traffic division prepared monthly bank reconciliations during 2000 and 1999; however, a new clerk was assigned to this division in January 2001, and as of April 2001 bank reconciliations had not been prepared for January through March 2001.

As a result of not preparing bank reconciliations several of the divisions do not have adequate procedures to follow up on outstanding checks that have been outstanding for over a year.

Bank reconciliations are an essential element in determining if transactions are properly recorded and discovering errors or omissions in a timely manner. In addition, an attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued if possible. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- E. The criminal division does not follow up on cases where surety bonds have been posted and the defendants failed to make the required court appearances. Section 374.770, RSMo 2000, provides for the court to declare a bond forfeiture after the bail bond agent has been given an opportunity to return the defendant to the court. Of the 21 warrant case files reviewed for which surety bonds had been posted we noted 17 cases (81 percent) with surety bonds totaling \$113,700 in which the defendant did not make the required court appearance, the bonding company failed to produce the defendant, and the court did not order the bond forfeited. One case with a \$100,000 surety bond has been inactive since October 2000. If the court does not order bond forfeitures as provided by statute, the bond companies have no incentive for making sure defendants show up for court appearances.
- F. The open-items listing for the traffic division exceeded the reconciled bank balance by \$145 at December 31, 2000. Monthly open-items listings are prepared, but the differences between open items and cash balances are not compared or investigated, and these differences sometimes vary from month to month. Differences between open items and cash balances should be investigated monthly and resolved.
- G. The criminal division does not maintain adequate monthly listings of open items (liabilities). The court clerk generates a monthly open items report from the criminal division's computer system. However, the open items report does not agree to the court's cash balance. The court clerk indicated she did not know why the open items report was not accurate and she does not attempt to determine why differences exist. The open items listing for December 31, 2000 totaled \$20,458, but the criminal division's cash balance totaled only \$10,761. We determined the

difference consisted of circuit court open items included on the criminal divisions computer generated listing, and open item amounts for which checks were issued after the listing was generated.

Monthly open items listings should be prepared and reconciled to the cash balances to ensure the accounting records are in balance and sufficient cash is available for the payment of all liabilities. The court should investigate any differences.

- H. The criminal and traffic divisions occasionally issue manual receipt slips if they are too busy to issue a computerized receipt or if their computer system is not working properly. The manual receipt slips are issued from a rediform receipt book, and the manual receipt slips used by the criminal division are not prenumbered. To ensure all receipts are properly posted to the computer system, prenumbered official receipt slips should be issued for all monies received.
- I. The criminal and civil divisions transferred their regular checking accounts to a new bank in late 1998. The old accounts are still maintained, but remain inactive. The civil division has a balance of \$1,957 at December 31, 2000 all of which is currently unidentified. The criminal division has a balance of \$2,371 at December 31, 2000, of which computer generated reports can identify to specific cases.

The divisions should close the accounts and transfer the open items balance to the current account. Further, the court should attempt to determine the proper disposition of the unidentified monies. If the proper dispositions cannot be determined, these monies should be disposed of in accordance with state law.

- J. The criminal and civil divisions do not maintain adequate interest ledgers to summarize interest receipts, disbursements, and the balance.
- The criminal division has not maintained an interest ledger since October 1999. In October 1999, the division had an interest balance of \$355, but spent \$434 on computer desks. By spending more than the accumulated interest balance, criminal division fees were used to purchase the computer desks.
 - The civil division maintains a ledger; however, disbursements were not always recorded on the ledger.

An interest ledger is necessary to ensure interest income is accounted for properly.

- K. The criminal division's monthly cash control reports of receipts and disbursements were not always accurate. In addition, the November and December, 2000 reports could not be located. At our request, an annual report was generated for 2000. The annual report varied significantly from the

individual monthly reports maintained by the criminal division. The monthly cash control reports overstated receipts by \$68,138 and disbursements by \$29,588 for January through October, 2000. Accurate cash control reports are necessary to allow proper reconciliations between the accounting records and bank records. Also, the criminal division should retain records in accordance with applicable retention requirements so that any audit related questions can be resolved.

Conditions similar to Parts B, D, G, and K. were noted in our prior report.

WE RECOMMEND the Associate Circuit Judge:

- A. Adequately segregate the responsibility of depositing, distributing, and reconciling the bank account or provide for adequate review of the reconciliation of the bank account.
- B. Deposit receipts daily or when accumulated receipts exceed \$100. In addition, all checks should be restrictively endorsed immediately upon receipt.
- C. Issue receipt slips immediately upon receipt for all monies.
- D. Reconcile the bank accounts monthly and investigate and resolve the differences between bank records and internal accounting records. In addition, the court should maintain a checkbook balance for the civil division account. 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. Implement adequate procedures to forfeit surety bonds when appropriate.
- F. Reconcile the cash balances of the traffic division to the monthly open-items listing and investigate and resolve any differences.
- G. Ensure monthly open-items listings for the criminal division are prepared and reconciled to the cash balances. Unidentified differences should be investigated and resolved.
- H. Utilize official prenumbered receipt slips.
- I. Close the old accounts and attempt to identify the individuals to whom the unidentified cash balance is due and make appropriate disbursements. Amounts remaining unidentified should be appropriately disposed of through the applicable statutory provisions.
- J. Maintain an interest ledger to record interest earned and expenditures of interest fund monies for all accounts. The ledger should be reconciled to the available cash balance monthly.

- K. Prepare accurate cash control reports and reconcile to accounting records. In addition, retain records in accordance with applicable retention requirements.

AUDITEE'S RESPONSE

The Associate Circuit Judge provided the following General, Specific, and Summary responses:

General Comments:

The Associate Circuit Judge has neither the training nor the time to adequately supervise clerical matters. State law and funding provides that Webster County have a second Associate Circuit Judge, but the position remains vacant.

By necessity, clerical matters are supervised by the Associate Division Clerk. When the Associate Circuit Judge took office in 1979, Webster County had 5 Clerks for its Divisions. Today, with greatly increased case numbers, Webster County has 3.7 Clerks. In that time period, by contrast, the Sheriff's Office went from 6 employees to 32 employees. State law does not permit Clerks to work overtime. Further, the State Courts are going on a new Statewide computer system (called "Banner"). Therefore, the State Court Administrator is not repairing the old system which is increasingly defective, especially its accounting functions. Also, Clerks are required to attend numerous training sessions on the new system, which makes our staffing problem even more acute.

Specifics:

- A *At your last audit, your personnel informally suggested the very procedure which you now say is "not adequate".*
- B. *Your comments assume that we have numerous Clerks in each Division, like the big cities do. As is typical in rural Counties, each Division has one Clerk who is responsible for accounting and making all deposits in that Division. When a Clerk responsible for a certain Division is absent because of vacation, required training, illness, etc., checks or cash often come into that Division. The Clerks who are here receipt checks and cash but deposits are not made until the Clerk responsible for that Division returns. Also, as you should be aware, monies deposited after 2:30 PM are not recorded by banks until the next business day, which can be as many as 3 or 4 days after the bank receives the deposit.*
- C. *We do not know what you are talking about.*
- D. *See general comments.*
- E. *You don't understand the procedure. We declare bonds, "forfeited"; however, monies are not due until after the Prosecuting Attorney files a motion to obtain a Judgment on the forfeiture. No such motion was even filed on any case which you mentioned. Incidentally, a Judgment on the forfeiture of the \$100,000 bond to which you referred*

could not have been obtained, because the Defendant was in custody in another jurisdiction. His trial is set for October 4, 2001. The most that the bonding company may have to pay is transportation costs.

F. *See General Comments.*

G. *See General Comments.*

H. *This is a valid concern. All Divisions now have pre-numbered official receipt slips.*

I. *The Civil Division balance has been completely resolved. The Criminal Division balance is nearing complete resolution.*

J. *This is not true. Interest from various accounts was accumulated to total \$434, of which only \$355 came from the Criminal Division.*

K. *See General Comments.*

Summary:

We are aware of proper accounting procedures. Unfortunately, we do not have an adequate staff both to process cases and to do bookkeeping in a timely manner. Our priority is and should be processing cases.

The State Court Administrator is assisting us with resolving all problems caused by their present computer system. They anticipate that the new State computer system will alleviate nearly all of your concerns.

AUDITOR'S COMMENTS

A. It is evident by the numerous deficiencies in the accounting records described above that procedures are not in place to adequately segregate the duties of the various divisions.

B. The explanations provided do not support the examples noted.

C. Not writing receipts timely is a problem that should be understandable.

E. While it may be a coincidence, action was taken in the case mentioned above on May 9, 2001, which was after we brought the case to the court's attention on May 1, 2001. There was no documentation in the 17 case files we reviewed to indicate that the bonds had been declared forfeited by the court.

J. While there was accumulated interest in bank accounts in other divisions to cover the purchase of computer desks, the overall lack of adequate reconciliations of accounting records, and lack of documentation of accumulated interest money indicates that the criminal division did not know if adequate funds were available.

The Sheriff collects various criminal and civil fees, bonds, gun permit fees, and reimbursements for boarding and transporting prisoners totaling approximately \$122,000 annually.

- A. Accounting duties are not adequately segregated. One clerk performs all the duties of receiving, recording, depositing and disbursing monies, and reconciling bank accounts. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. At a minimum, there should be a documented review made by the Sheriff or other independent person.
- B. Civil process fees are not recorded and deposited until the related process papers are served. Most fees are received by check, and the Sheriff's clerk indicated the checks are returned to the payor if papers cannot be served. A cash count on January 9, 2001 noted checks for civil process fees totaling \$388, including one check dating back to October 2000 that had not been recorded or deposited.

To ensure civil process fees are accounted for properly, receipt slips should be issued immediately upon receipt and the monies deposited into the Sheriff's bank account. If it is later determined that the related process papers cannot be served, refund checks should be issued.

- C. Voided receipt slips were not always retained and some receipt slips were not issued in numerical sequence. To properly account for the numerical sequence of receipt slips, voided receipt slips should be retained and receipt slips should be issued in numerical sequence.
- D. The method of payment received (cash, check, or money order) is not always reconciled to the amounts deposited and deposits are not made on a timely basis. In addition, we noted some receipt slips issued for bond monies received did not reflect the actual amount received. For example, we noted one instance where a receipt slip was issued for \$50 less than what was received and deposited.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100. In addition, to ensure receipts are accounted for properly and deposited intact, receipts should be issued for the actual amount received, and the composition of receipt slips issued should be reconciled to the composition of bank deposits.

- E. Bank reconciliations are not prepared. While all monies are disbursed from the bond and fee accounts monthly resulting in a zero balance, we prepared bank reconciliations as of December 31, 2000, and found unidentified amounts totaling \$87 and \$141 in the bond and fee accounts, respectively. In addition, one check on the bond account totaling \$200 has been outstanding since September 1999. Monthly bank reconciliations are necessary to ensure accounting records are in agreement with bank records and to identify errors in a timely manner. In addition, old outstanding checks should be followed-up periodically, and unidentified balances should be investigated and resolved.

Conditions similar to Parts B-E. were noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Issue receipt slips for civil process fees immediately upon receipt and deposit them in the bank account. Any refunds should be made by check.
- C. Retain all copies of voided receipt slips, and issue receipt slips in numerical sequence.
- D. Deposit receipts intact daily or when accumulated receipts exceed \$100, issue receipt slips for the actual amounts received, and reconcile the composition of receipt slips to the composition of bank deposits.
- E. Prepare and document monthly bank reconciliations. In addition, old outstanding checks should be followed-up on, and unidentified balances should be investigated and resolved.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *The Sheriff will check, sign off and date all monthly reports, bank reconciliations and disbursements beginning August 2001.*
- B. *Around the first of the year, the Sheriff's clerk started to receipt in and deposit all monies as soon as received. If a refund is required a check is written out of the account to the proper individuals.*
- C. *There has been a point made to make sure that the receipts are staying in numerical sequence and the Sheriff's clerk has been making sure that all receipts are now accounted for. Voided receipts are now being stapled with the copies and kept in the receipt book.*

- D. *The method of payment is now being recorded on deposit slips. If numerous cash bonds are received, the deposit ticket will have receipt numbers and totals of each individual receipt to make it easier to keep track and reconcile the amount of cash, checks, or money order. In regards to the deposits being made on a daily basis or if more than \$100, the clerk is working hard to make sure they are now done daily or when needed.*
- E. *Since the first of the year bank statements have been reconciled monthly by the clerk and the Sheriff will now sign off on them when they are received. Also, outstanding checks will now be followed up on.*

10.

Health Center

- A. In May 1995, the health center entered into a \$550,000 lease/purchase agreement at a 10 percent interest rate to finance a new health center building. Principal and interest payments are to be made annually, but the lease agreement allows for the lease to be paid off prior to maturity. Although the health center solicited bids prior to entering into the lease agreement, the interest rate appears unreasonable when compared to similar lease financing agreements at that time and to current interest rates.

Prior audit reports have recommended that the health center solicit proposals to refinance the lease at a lower interest rate; however, health center officials decided to continue with the current lease agreement. Finally, in an effort to reduce interest costs, the health center made an extra lease payment in 1998 and 1999, saving over \$161,000 in interest. At December 31, 2000, the principal balance of the lease was \$248,223. If the minimum lease payments are made for the remainder of the loan, the lease will be paid off on January 31, 2005, and interest payments on the remainder of the loan will be \$70,295.

The health center board of trustees should review the current lease agreement and consider renegotiating the agreement to a more reasonable interest rate, should solicit proposals for refinancing the lease agreement, or should continue making extra payments to pay off the agreement at an earlier date and realize additional cost savings.

- B. We noted the following problems related to expenditures made by the Health Center:
1. The health center did not accept the lowest bid for the employee health insurance and no documentation was maintained to support the reason for selecting the higher bid.

To provide assurance that county funds are spent wisely, the health center should maintain complete documentation of its reasons for awarding contracts to bidders.

2. Checks issued on the health center's bank account require signatures of both the health center administrator and one board member; however, checks are sometimes signed in advance by one of the board members. Signing checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by dual signatures.

To adequately safeguard assets, checks should not be signed until all pertinent information is completed and supporting documentation for the disbursement is reviewed and approved by the Board of Trustees.

3. The health center spent over \$225 on flowers for employees and board members during the two years ending December 31, 2000. These expenditures do not appear to be a prudent use of Health Center funds.
4. A health department employee's signature indicating receipt of goods or services was not evident on most expenditure documentation we reviewed. To ensure that payments are valid and goods and services were actually received, evidence of receipt of goods should be noted.

C. The budgets prepared by the Health Center Board of Trustees were not accurate and complete. We noted the following concerns:

- The Health Center's budgets did not include an estimate of the ending cash balance.
- Interest earned on a certificate of deposit for 1999 and 2000 was not accurately reported as revenue.
- Total revenues for 1999 and 2000 included errors such as amounts transferred between bank accounts being reported as revenues. Also, the beginning bank balance of the regular checking account was reported as revenues. This practice overstated total actual revenues presented on the budget.

Adjustments have been made to the audited financial statements to correct these errors.

To be of maximum assistance to the board and to adequately inform the public, budgets should accurately reflect the actual beginning cash balances and estimated receipts, disbursements, and ending cash balances. Chapter 50, RSMo, requires the health center to present a complete financial plan for the ensuing year.

- D. Deposits are not made on a timely basis. Deposits are made approximately once a week, and deposits reviewed ranged from \$3,575 to \$10,975. To properly safeguard all assets and to prevent possible loss or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.
- E. Health center personnel did not monitor amounts expended on Comprehensive Family Planning (CFP) services during the audit period. In addition, the average cost per client of providing such services was not periodically calculated and monitored.

The health center's CFP contract with the Missouri Department of Health provides the average cost of providing CFP services should be at least \$150 (excluding administrative costs). During our review of CFP expenditures for the federal fiscal years ended September 30, 2000 and September 30, 1999, we calculated an average cost of approximately \$104 and \$76, respectively, per client excluding administrative costs and family planning revenue. Failure to comply with the provisions of the contract could result in decreased funding of future services.

Conditions similar to Parts A, B.1, and B.2. were noted in our prior report.

WE RECOMMEND the Health Center Board of Trustees:

- A. Evaluate the cost savings associated with refinancing the lease-purchase agreement and/or continue making extra payments.
- B.1. Maintain documentation of and justification for bid awards.
 - 2. Discontinue the practice of signing checks in advance.
 - 3. Ensure expenditures are limited to those necessary to properly administer and maintain the Health Center.
 - 4. Ensure all invoices contain an indication of receipt of goods or services.
- C. Ensure budgets are accurate and complete.
- D. Deposit receipts daily, or when accumulated receipts exceed \$100.
- E. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *After checking with the local banks and discussing the situation with the individual holding the current lease purchase agreement, we have negotiated a drop in the interest rate of the current lease purchase agreement to 8% effective August 1, 2001.*
- B.1. *The health insurance bid award was based upon an employee survey (secret ballot); however, documentation was not maintained. In the future, documentation will be retained.*
 - 2. *This only occurs approximately 3 or 4 times per month for routine monthly bills that are not available when the board meets, because it is not feasible for our board members to make additional trips in to the health center to sign checks.*
 - 3. *We will now make these expenditures from our employee fund.*
 - 4. *This recommendation has now been implemented.*
- C. *We will ensure the 2002 budget is complete and accurate.*
- D. *We will now begin depositing twice a week and will deposit more often during flu season.*
- E. *During 1999 and 2000 several expenditures were not properly earmarked as family planning expenditures, resulting in the average cost per client being less than \$150. All family planning expenditures are now being properly tracked.*

11. Emergency 911 Board

- A. The cash balance of the Emergency 911 Fund has accumulated to over \$608,000 since the board's inception in 1996. The Emergency 911 Board has accumulated a significant cash reserve, but has not documented any specific plans for its use. In 1995 voters authorized a 1/5 cent county sales tax under Section 190.335, RSMo 2000 for the purpose of establishing, maintaining, and operating an enhanced 911 emergency telephone service. The Emergency 911 board reviews and sets the rate annually. The Emergency 911 Board should determine its future needs, and consider such information when setting future tax rates.
- B. Checks issued on the bank accounts require signatures of both the board treasurer and one board member; however, checks are sometimes signed in advance by the board treasurer. Signing checks in advance does not allow for proper review of the documentation to support the disbursement and diminishes the control intended by dual signatures.

- C. The 911 Board owns and maintains one vehicle. Mileage or usage logs documenting odometer readings are maintained; however, the logs do not include the purpose or destination of each trip. Logs are necessary to document appropriate use of the vehicle and to support gasoline charges. The logs should include the purpose and destination of each trip, the daily beginning and ending odometer readings, and the operation and maintenance costs. In addition, these logs should be reviewed by a supervisor to ensure all mileage is recorded, to ensure the vehicle is being properly utilized, and to help identify when the vehicle should be replaced. Information on the logs should be reconciled to fuel purchases and other maintenance charges.
- D. The budgets prepared by the Emergency 911 Board were not complete for 2000 and 1999 as follows:
- The cash reconciliation section did not include an estimate of the ending cash balance for 2000 or 1999.
 - Actual and estimated receipts and disbursements for the previous two years were not included on the 1999 budget.

In addition to being required by state law, properly completed budgets are essential for the board to evaluate operations and to project the anticipated needs for the upcoming year. Properly completed budgets are also necessary to properly inform the county's citizens about the county's finances.

WE RECOMMEND the Emergency 911 Board:

- A. Review the cash balance and consider reducing the sales tax rate. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document.
- B. Discontinue the practice of signing checks in advance.
- C. Require a mileage log be maintained that reflects purpose and destination of each trip and review this log periodically for reasonableness.
- D. Ensure budget documents contain complete information about the board's finances.

AUDITEE'S RESPONSE

The Emergency 911 Board provided the following responses:

- A. The Webster County 911 Board is aware of an accumulation of funds. Consideration has been given to reducing the 1/5 cent county sales tax. However, significant expenditures including wireless 911 implementation, final payment on a Verizon (GTE) mapping contract and possibly more extensive dispatching responsibilities still must be resolved. In anticipation of these potential future costs, the 911 Board has formed a Long Term Planning Committee to delve into the specifics, make recommendations to the full Board, and keep the public informed.*
- B. This was a rare occurrence with full understanding by the Board Treasurer as to the reasons and purpose in each instance. However, this practice will be discontinued immediately.*
- C. Additional columns will be added to the current mileage form to record "purpose and destination" as well as "operational and maintenance costs".*
- D. Attention will immediately be given to completing all official financial documents as required.*

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

WEBSTER 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 Webster County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1996, and our Special Review of the Webster County Prosecuting Attorney's Office for the period January 1, 1995 through February 28, 1997. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Economic Development Grant

The county did not monitor the subrecipient of the Economic Development Grant monies.

Recommendation:

The County Commission properly monitor federal grant subrecipient expenditures to ensure compliance with all federal regulations.

Status:

Implemented.

2. Property Tax System and Computer Controls

- A. The computer system did not have adequate user ID and password procedures.
- B. The property tax computer system allowed reversing entries and correcting entries to be recorded on the system without an adequate audit trail

Recommendation:

The County Commission:

- A. Implement a system which requires each computer user be assigned a unique user ID and password, and require passwords be changed periodically.
- B. Develop an adequate audit trail of reversing and correcting entries to the property tax system and ensure supervisory reviews are performed of these entries.

Status:

- A. Not implemented. See MAR No 4.
- B. Implemented.

3. Public Administrator's Salary

Section 473.739, RSMo, provided the Public Administrator was to be paid an annual salary of \$4,000 if her fees did not exceed \$25,000. Payment of \$2,000 of the annual salary amount was contingent upon the Public Administrator attending the required training. Although the Public Administrator received fees exceeding \$25,000, she still received the \$2,000 salary for training.

Recommendation:

The County Commission review this situation with the Prosecuting Attorney and determine whether to seek reimbursement of the \$2,000 from the former Public Administrator.

Status:

Implemented. The County Commission and Prosecuting Attorney reviewed the situation, and believe the \$2,000 is an incentive to encourage the Public Administrator to attend training and believe the incentive should apply regardless of whether or not the Public Administrator receives more than \$25,000 in fees.

4. Health Center Board

- A. In May 1995, the health center entered into a lease/purchase agreement to finance their building at a 10 percent interest rate. The interest rate appeared unreasonable when compared to similar lease financing agreements at that time and to current interest rates.
- B.1. The health center had not solicited bids for employee medical insurance since 1991.
 - 2. There were no written agreements to support payments made for health surveys and professional medical services, and the payments for health surveys were not reported on Form 1099-Miscellaneous.
 - 3. Supporting documentation was not required for reimbursement claims submitted by health center employees for various expenses.
- C. Checks were occasionally signed in advance by one of the board members.

- D. During 1995, the health center maintained a petty cash fund, but receipt and disbursement records supporting petty cash fund activity were not retained. During 1996, the health center discontinued the petty cash fund and began making petty cash expenditures from the cash donations.
- E. Health Center Fund expenditures exceeded budgeted amounts.
- F. The health center administrator and other employees had accrued vacation leave balances beyond the maximum allowed.
- G.1. Property records did not include the total cost of land and buildings.
 - 2. Property records did not include date and method of disposal.
- H. The health center did not publish annual financial statements.

Recommendations:

The Health Center Board of Trustees:

- A. Evaluate the cost savings associated with refinancing the lease-purchase agreement.
- B.1. Solicit bids for employee medical insurance in accordance with state law.
 - 2. Enter into written agreements for all contractual services received and issue Form 1099-Miscellaneous for all related payments.
 - 3. Require adequate supporting documentation prior to approving expenditures for payment.
- C. Ensure checks are not signed in advance of their preparation.
- D. Establish a petty cash fund on an imprest basis and retain invoices supporting petty cash fund expenditures. In addition, all donation receipts should be recorded in the health center's accounting records and deposited into the bank account.
- E. Not authorize expenditures in excess of budgeted amounts. Any extenuating circumstances should be fully documented in the health center's minutes, and any budget amendments should be filed with the State Auditor's Office.
- F. Ensure compliance with the board's leave policy.
- G.1. Record the total cost of land and buildings on the general fixed asset records.

- 2. Maintain general fixed asset records with a detailed description of date and method of disposition.
- H. Publish annual financial information for the Health Center Fund in accordance with state law.

Status:

- A. Partially implemented. The Health Center evaluated the cost savings associated with refinancing, but decided to stay with the current agreement. The health center made double payments during 1998 and 1999, which has saved approximately \$161,000 in interest. See MAR No. 10.
- B.1. Partially implemented. Medical insurance was bid in 1999, but the low bid was not accepted and the reasons for not taking the low bid were not documented. See MAR No. 10.
 - 2. Partially implemented. The health center issued 1099's, but written contracts are not always obtained. Although not repeated in the current MAR, the health center board should ensure written agreements are obtained for all contractual agreements.

B.3,D,
E&G. Implemented.

C. Not implemented. See MAR No. 10.

F. Partially implemented. The health center administrator decreased leave balances to the maximum allowed as of December 31, 1999 for all but one employee, who was allowed to use her excess leave in January 2000. No other employees were allowed to use their excess leave after December 31, 1999. Although not repeated in the current MAR, our recommendation remains as stated above.

H. Partially implemented. The financial statement was published in 2000; however, the financial statement did not include in the cash balance the health center's CD of \$95,426. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Emergency 911 Board

- A. The operations manager, who was responsible for receiving and depositing monies, was not bonded.
- B. Employees did not prepare time sheets to document actual hours worked.

- C. The board occasionally held closed sessions but did not prepare minutes for the closed portion of the meetings.
- D. Annual financial statements were not published.

Recommendations:

The Emergency 911 Board:

- A. Obtain adequate bond coverage for all persons with access to negotiable assets.
- B. Require all employees to prepare monthly time sheets that document actual hours worked.
- C. Prepare minutes for all closed meetings.
- D. Publish annual financial information for the Emergency 911 Fund in accordance with state law.

Status:

A&C. Implemented.

- B. Partially implemented. Part-time employees prepare formal time sheets, but the Director and Operations Manager do not prepare time sheets. Although not repeated in the current MAR, our recommendation remains as stated above.
- D. Partially implemented. The 911 Board began publishing their financial statement in 2000.

6. County Collector's Records and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Adequate records of protested taxes were not maintained.

Recommendations:

The County Collector:

- A. Segregate the duties of depositing, recording, and reconciling tax receipts.
- B. Prepare listings of all protested taxes and perform periodic reconciliations between the listings and the bank balances.

Status:

A&B. Implemented

7. Sheriff's Records and Procedures

- A.1. Receipt slips were not issued for some bond monies received. In addition, some bond receipts were transmitted directly to the Associate Circuit Court instead of being deposited, and the Sheriff's office did not retain receipt slips from the court for these bonds.
 2. Civil process fees were not recorded and deposited until the related process papers were served. Most fees were received by check, and the Sheriff indicated the checks were returned to the payor if papers could not be served.
 3. Voided receipt slips were not always retained and some receipt slips were not issued in numerical sequence.
 4. The method of payment received (cash, check, or money order) was not indicated on receipt slips. As a result, the composition of monies received could not be reconciled to the amounts deposited
 5. Deposits were not made on a timely basis. Receipts were deposited approximately once or twice per week. In addition, receipts were not deposited intact. Some gun permit fees were held to make change.
- B. Bank reconciliations were not prepared.
- C.1. The Sheriff prepared an individual property sheet for each item seized, but the sheets were not maintained in an orderly manner and no summary inventory record was maintained. Property sheets could not be located for some property in the seized property vault. In addition, physical inventories of seized property were not performed periodically.
 2. Written authorization was not obtained from the applicable court prior to disposing or releasing seized property items.

Recommendations:

The Sheriff:

- A.1. Issue receipt slips for all bond monies received, deposit all bond receipts, and disburse all bonds by check. Receipt slips should be retained for all bonds transmitted directly to the Associate Circuit Court.
- 2. Issue receipt slips for civil process fees immediately upon receipt and deposit them in the bank account. Any refunds should be made by check.
- 3. Retain all copies of voided receipt slips, and issue receipt slips in numerical sequence.
- 4. Indicate the method of payment on all receipt slips, and reconcile the composition of receipt slips to the composition of bank deposits.
- 5. Deposit receipts intact daily or when accumulated receipts exceed \$100. If a change fund is necessary, it should be maintained at a constant amount.
- B. Prepare and document monthly bank reconciliations. In addition, old outstanding checks should be followed-up on, and unidentified balances should be investigated and resolved.
- C.1. Prepare and maintain complete inventory records of seized property. Periodic physical inventories should be performed and to compared to the inventory records.
- 2. Obtain written authorization for the disposition of seized property.

Status:

A.1. Partially implemented. Bond monies received are deposited in the sheriff's checking account and subsequently disbursed by check; however receipt slips do not always reflect the correct amount of cash bonds received. See MAR No. 9.

A.2,3,

5&B. Not implemented. See MAR No. 9.

A.4. Partially implemented. The composition is indicated on receipt slips, but the composition of receipt slips is not reconciled to the composition of bank deposits. See MAR No. 9.

C. Implemented.

8. Associate Circuit Division's Records and Procedures

A. The civil division did not deposit receipts on a timely basis, and did not restrictively endorse checks immediately upon receipt.

- B. Monthly bank reconciliations were not always prepared by the civil and criminal divisions. In addition differences existed between the reconciled bank balance and the book balance for the civil division.
- C. The criminal division's monthly cash control reports listing receipts and disbursements were not always accurate.
- D. The civil division did not prepare monthly listings of open items (liabilities).
- E. The reconciled bank balance for the traffic division exceeded the open-items listing by \$594 at December 31, 1997. Monthly open-items listings were prepared, but the differences between open items and cash balances were not compared or investigated, and the differences sometimes varied from month to month.

Recommendations:

The Associate Circuit Judge:

- A. Deposit receipts daily or when accumulated receipts exceed \$100. In addition, all checks should be restrictively endorsed immediately upon receipt.
- B. Prepare accurate monthly bank reconciliations on a timely basis.
- C. Prepare accurate cash control reports and reconcile to accounting records.
- D. Prepare monthly open-items listings for the civil division and reconcile to the cash balances. Unidentified differences should be investigated and resolved.
- E. Reconcile the cash balances of the traffic division to the monthly open-items listings and investigate and resolve any differences.

Status:

- A-C,
& E. Not implemented. See MAR No. 8.
- D. Partially implemented. A running open items balance is maintained for the civil division; however, because the listing is not copied at month or year-end, the open items at each month or year-end are not documented. Although not repeated in the current MAR, our recommendation remains as stated above.

9. Prosecuting Attorney's Records and Procedures

- A.1. Receipt slips were not issued for some monies received.
 - 2. Cash receipts were not always deposited in the bank account. Instead, some cash payments were transmitted directly to the applicable court, and the clerk stated that in at least one instance, cash was given to a victim. The Prosecuting Attorney's office did not retain receipt slips or other evidence from the court or victims to document the transmittal of these monies.
 - 3. The method of payment was not indicated on the receipt slips. In addition, money orders received that were made payable directly to the victims were not clearly identified as such on receipt slips.
- B. Checks and money orders were not restrictively endorsed immediately upon receipt.
- C. Receipts were not deposited intact, or on a timely basis. Cash was sometimes withheld from deposits to make change.
- D.1. Fee sheets which documented receipts, disbursements, and balances due for each case were not maintained. As a result, the current balance due and the amount being held (open item) for each case were not readily available.
 - 2. Documentation of the various court actions, including the amount of restitution ordered, was not maintained for restitution cases.
- E. Delinquent state taxes collected by the Prosecuting Attorney were not remitted to the Missouri Department of Revenue on a timely basis.

Recommendations:

The Prosecuting Attorney:

- A.1. Issue receipt slips for all monies received.
 - 2. Ensure all receipts are deposited and all disbursements are made by check. Receipt slips should be retained for any monies transmitted directly to the courts.
 - 3. Indicate the method of payment on receipt slips, and reconcile the composition of receipt slips to the composition of bank deposits. Any money orders received which are payable directly to the victim should be clearly identified as such on the receipt slip.
- B. Restrictively endorse checks and money orders immediately upon receipt.

- C. Deposit receipts intact daily or when accumulated receipts exceed \$100. If it is necessary to make change, a change fund should be established and maintained at a constant amount.
- D. Maintain fee sheets for all cases, and maintain documentation of the various court actions for restitution cases. Open balances for each case should be reconciled monthly to the bank and book balances.
- E. Implement procedures to adequately pursue the collection of delinquent state taxes and remit payments to the state in a timely manner. The Prosecuting Attorney should review the old checks on hand and determine the proper disposition of those monies.

Status:

A.1-3,
& E. Implemented.

B&C. Not implemented. See MAR No. 7.

D. Partially implemented. Although fee sheets are maintained for all cases, information is not adequate to readily determine the amount being held and open balances for each case are not reconciled to the bank and book balances. See MAR No. 7.

**SPECIAL REVIEW OF
WEBSTER COUNTY PROSECUTING ATTORNEY'S OFFICE
JANUARY 1, 1995 THROUGH FEBRUARY 28, 1997**

1. Missing Funds

Payments totaling at least \$26,098 were received and not deposited.

Recommendation:

The Prosecuting Attorney work with law enforcement officials regarding any criminal prosecution and to obtain restitution of the misappropriated funds.

Status:

Implemented. Criminal charges were filed, and the former clerk plead guilty. The former clerk was placed on five years probation, and ordered to pay restitution of \$26,098. Restitution totaling \$892 has been paid, and the balance of \$25,206 is payable in monthly payments as determined by her parole officer.

2. Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated, and neither the Prosecuting Attorney nor other personnel independent of the cash custody and record-keeping functions provided any supervision or review of the work performed by the clerk.
- B. Records were not maintained to account for all bad checks filed with the Prosecuting Attorney and the ultimate disposition. In addition, the Prosecuting Attorney did not always sign case files or otherwise document his authorization to not prosecute a case.
- C. Monthly bank reconciliations were not prepared.
- D. Monthly listings of open items (liabilities) were not prepared and, consequently, were not agreed to the reconciled bank balance. Case fee sheets identifying the amounts collected and not paid out had not been maintained since January 1995.
- E. The Prosecuting Attorney's employees responsible for collecting monies were not bonded.

Recommendations:

- A. Ensure duties are adequately segregated, or perform and document periodic reviews of the accounting records maintained and reconciliations prepared.
- B. Maintain a ledger to account for all bad checks filed with the Prosecuting Attorney's office and the ultimate disposition, and document authorization for cases not prosecuted.
- C. Prepare monthly bank reconciliations.
- D. Maintain case fee sheets, prepare monthly listings of open items and agree the listings to the reconciled bank balance. Any differences should be investigated and resolved.
- E. Obtain bond coverage for all employees responsible for handling monies.

Status:

- A&B. Not implemented. See MAR No. 7.
- C. Partially implemented. Although a bank reconciliation was attempted each month, the reconciliation was not accurate and was not reconciled to the check register. See MAR No. 7.

- D. Partially implemented. Although fee sheets are maintained for all cases, information is not adequate to readily determine the amount being held, and open items listings are not prepared and reconciled to the bank balance. See MAR No. 7.
- E. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

WEBSTER COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1855, the county of Webster was named after Daniel Webster. Webster County is a county-organized, third class county and is part of the Thirtieth Judicial Circuit. The county seat is Marshfield.

Webster 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 Webster County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 427,928	14	473,015	16
Sales taxes	957,111	59	851,728	59
Federal and state aid	975,835	3	948,842	3
Fees, interest, and other	743,544	24	665,112	22
Total	\$ 3,104,418	100	2,938,697	100

The following chart shows how Webster County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 847,229	30	789,215	28
Public safety	798,744	29	805,112	28
Highways and roads	1,157,589	41	1,252,336	44
Total	\$ 2,803,562	100	2,846,663	100

In addition, Webster County received \$958,392 and \$921,799 of revenues in the Capital Improvement Sales Tax fund and expended \$1,110,091 and \$909,471 for the purpose of highways and roads in 2000 and 1999, respectively.

The county maintains approximately 67 county bridges and 715 miles of county roads.

The county's population was 15,562 in 1970 and 23,753 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2000	1999	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 148.0	140.6	71.6	26.6	15.9
Personal property	47.2	40.3	17.4	9.2	5.5
Railroad and utilities	15.4	15.3	6.4	6.9	4.5
Total	\$ 210.6	196.2	95.4	42.7	25.9

* First year of statewide reassessment.

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

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

	Year Ended December 31,	
	2000	1999
General Revenue Fund	\$.0446	.0400
Special Road and Bridge Fund	.1900	.1900
Health Center Fund	.1400	.1400
Senate Bill 40 Board Fund	.0800	.0800

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,	
	2001	2000
State of Missouri	\$ 62,903	60,530
General Revenue Fund	107,660	91,895
Special Road and Bridge Fund	412,503	397,768
Assessment Fund	77,205	79,030
Health Center Fund	291,877	280,829
Senate Bill 40 Board Fund	168,377	162,147
School districts	6,396,262	6,111,085
Library district	239,277	229,742
Fire protection district	166,425	155,572
Junior college	236,469	220,596
Nursing home district	5,039	5,041
Cities	269,771	278,833
County Clerk	8,076	8,174
County Employees' Retirement	68,370	67,607
Commissions and fees:		
General Revenue Fund	139,069	138,986
County Collector--city commissions	5,077	5,343
Total	\$ 8,654,360	8,293,178

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2001	2000
Real estate	90.9 %	91.9 %
Personal property	86.7	88.0
Railroad and utilities	97.1	100.0

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %
Road capital improvements	.0050	2002	None
Emergency 911	.0020	None	None

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

Officeholder	2001	2000	1999
County-Paid Officials:			
Paul Ipock, Presiding Commissioner	\$	29,390	29,060
John E. Haywood, Associate Commissioner		27,390	27,060
Billie Cunningham, Associate Commissioner		27,390	27,060
Stanley Whitehurst, County Clerk		41,500	41,000
Donald G. Cheever, Prosecuting Attorney		51,000	49,000
C.E. Wells, Sheriff		38,000	38,000
Sally Marlin, County Treasurer		30,710	30,340
Dr. J. Edward Blinn, County Coroner		7,000	7,000
Donna Hannah, Public Administrator *		31,626	39,481
David Young, County Collector**, year ended February 28,	46,599	46,236	
Jim Jones, County Assessor ***, year ended August 31,		42,400	41,900
Dennis Amsinger, County Surveyor ****		N/A	N/A

* Includes fees received from probate cases.

** Includes \$5,099 and \$5,236, from commissions earned for collection of city property taxes for the years ended February 28, 2000 and 1999, respectively.

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

**** Compensation on a fee basis.

State-Paid Officials:

Nancy Wester, Circuit Clerk and Ex Officio Recorder of Deeds		46,127	44,292
Daniel Max Knust, Associate Circuit Judge		97,382	87,235

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	2	0
Circuit Clerk and Ex Officio Recorder of Deeds	2	3
County Clerk	2	0
Prosecuting Attorney*	4	0
Sheriff	22	0
Public Administrator**	1	0
County Collector*	4	0
County Assessor	7	0
Associate Division*	0	5
Probate Division	0	1
Road and Bridge	19	0
Health Center	17	0
Emergency 911**	3	0
Total	83	9

* Includes three part time employees.

** One part time employee.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Webster County's share of the Thirtieth Judicial Circuit's expenses is 29.91 percent.

In 1995, a juvenile detention center was constructed in the city of Bolivar for the 30th Judicial Circuit. The five counties in the circuit are required to pay for the cost of construction in accordance with a cooperative agreement with the 30th Circuit Youth Services, Inc., a not-for-profit organization established to operate the detention center. The Bolivar Industrial Development Authority issued revenues bonds of \$830,000 on behalf of the 30th Circuit Youth Services, Inc., to finance the required share of construction costs for the counties of Benton, Hickory, and Webster. The 30th Circuit Youth Services, Inc., makes the bond payments, but the counties are required to pay their share of the debt in accordance with the cooperative agreement. Webster County's share of the debt is 52.85 percent, and at December 31, 2000, the county's total obligation for the principal balance was \$357,524. The interest rate is 6 percent and payments are made semi-annually for six years, with a lump sum payment due on November 1, 2001. Webster County's share of the lump sum payment is \$308,622. The debt can be refinanced if the lump sum payment cannot be made.

In 1995, the health center entered into a \$550,000 lease/purchase agreement with a local citizen to finance the building of the health center facility. At December 31, 2000, the principal balance of the lease was \$248,223. The interest rate is 10 percent and payment of \$74,000 is required annually. If the county makes the minimum lease payments, the lease will be paid in full by 2005.