



**GASCONADE COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2001**

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

**Report No. 2002-118
December 20, 2002
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2002

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Gasconade, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide 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 it 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 Gasconade County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The approved budget documents for the General Revenue and the Special Road and Bridge Funds did not adequately project the anticipated financial condition for the funds.
- The county received approximately \$5,500 more in state assessment fund reimbursements in 2001 than entitled. The County Clerk did not reconcile assessment reimbursement claims to actual expenditures.
- 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 Gasconade County's Associate County Commissioners salaries were each increased approximately \$10,253 yearly, 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 \$20,506 for the two years ended December 31, 2000 should be repaid.

(over)

YELLOW SHEET

- A listing of accrued costs owed to the Circuit court was not maintained by the Circuit Clerk, and monitoring procedures for accrued costs was not adequate. As of June 2002, accrued costs totaled approximately \$429,500, of which approximately \$120,000 was waiting to be written off as uncollectible.

The audit also includes a recommendation regarding vehicles used by two Road and Bridge supervisors for commuting. In addition, recommendations were made to improve accounting controls and procedures of the Associate Circuit/Probate Division, Sheriff, Prosecuting Attorney, and Health Center.

All reports are available on our website: www.auditor.state.mo.us

GASCONADE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS

To the County Commission
and
Officeholders of Gasconade County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Gasconade County, Missouri, as of and for the years ended December 31, 2001 and 2000, 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 generally 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 Gasconade 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 Gasconade 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 Gasconade 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, 2001 and 2000, 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 July 11, 2002, 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 History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Gasconade 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

July 11, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Daniel Vandersteen, CPA
Audit Staff:	Becky Webb
	Norma Payne
	Nicki E. Russell, CPA



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 Gasconade County, Missouri

We have audited the special-purpose financial statements of various funds of Gasconade County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 11, 2002. We conducted our audit in accordance with auditing standards generally 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 Gasconade 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 Gasconade 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 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 Gasconade County, Missouri, 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

July 11, 2002 (fieldwork completion date)

Financial Statements

Exhibit A-1

GASCONADE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 544,411	1,527,907	1,439,961	632,357
Special Road and Bridge	792,053	1,806,244	1,744,591	853,706
Assessment	14,004	181,514	163,747	31,771
Union Electric	35,765	13,272	47,062	1,975
Law Enforcement Training	5,637	2,626	3,388	4,875
Prosecuting Attorney Training	1,170	582	115	1,637
Prosecuting Attorney Bad Check	7,645	6,973	1,531	13,087
Emergency 911	23,452	287,707	297,174	13,985
Sheriff's Department Law Enforcement	9,512	19,261	22,013	6,760
Recorder's Record Retention	20,654	11,607	11,955	20,306
Family Service and Justice	10,314	7,174	2,600	14,888
Law Library	1,733	6,904	3,835	4,802
Associate Circuit Interest	5,152	633	0	5,785
Local Records Grant	5,779	21,457	25,118	2,118
Health Center	7,296	394,672	381,725	20,243
County Health Building	26,506	6,203	0	32,709
Community Mental Health Board	13,848	151,460	148,605	16,703
Circuit Clerk Interest	11,914	1,128	0	13,042
Recorder's Technology	0	3,109	0	3,109
Domestic Violence	1,496	540	1,000	1,036
Total	\$ 1,538,341	4,450,973	4,294,420	1,694,894

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

Exhibit A-2

GASCONADE 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	\$ 472,964	1,467,570	1,396,123	544,411
Special Road and Bridge	614,034	1,592,428	1,414,409	792,053
Assessment	6,042	163,410	155,448	14,004
Union Electric	1,147	75,989	41,371	35,765
Law Enforcement Training	4,769	3,614	2,746	5,637
Prosecuting Attorney Training	1,039	745	614	1,170
Prosecuting Attorney Bad Check	6,759	6,701	5,815	7,645
Emergency 911	17,838	232,871	227,257	23,452
Sheriff's Department Law Enforcement	20,373	26,234	37,095	9,512
Recorder's Record Retention	16,156	12,225	7,727	20,654
Family Service and Justice	4,047	6,667	400	10,314
Law Library	1,898	2,505	2,670	1,733
Associate Circuit Interest	4,627	525	0	5,152
Local Records Grant	0	10,779	5,000	5,779
Health Center	22,986	355,500	371,190	7,296
County Health Building	30,209	3,209	6,912	26,506
Community Mental Health Board	42,460	146,267	174,879	13,848
Circuit Clerk Interest	13,278	1,120	2,484	11,914
Domestic Violence	1,973	523	1,000	1,496
Helds Island Road Project - CDBG	1,006	80,443	81,449	0
Total	\$ 1,283,605	4,189,325	3,934,589	1,538,341

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

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,249,296	4,446,196	196,900	4,046,840	4,097,580	50,740
DISBURSEMENTS	5,343,515	4,293,420	1,050,095	4,952,476	3,847,140	1,105,336
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,094,219)	152,776	1,246,995	(905,636)	250,440	1,156,076
CASH, JANUARY 1	1,524,931	1,524,931	0	1,280,626	1,280,626	0
CASH, DECEMBER 31	430,712	1,677,707	1,246,995	374,990	1,531,066	1,156,076
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	206,822	227,147	20,325	197,800	204,756	6,956
Sales taxes	825,000	864,781	39,781	813,000	823,575	10,575
Intergovernmental	14,650	5,590	(9,060)	20,400	33,479	13,079
Charges for services	314,897	322,338	7,441	290,725	311,590	20,865
Interest	25,000	44,500	19,500	22,000	27,963	5,963
Other	24,988	12,728	(12,260)	25,750	24,962	(788)
Transfers in	45,000	50,823	5,823	45,500	41,245	(4,255)
Total Receipts	1,456,357	1,527,907	71,550	1,415,175	1,467,570	52,395
DISBURSEMENTS						
County Commission	113,127	110,209	2,918	120,126	115,975	4,151
County Clerk	91,700	89,657	2,043	97,668	94,337	3,331
Elections	29,548	28,530	1,018	90,623	90,426	197
Buildings and grounds	443,261	36,717	406,544	386,790	38,287	348,503
County Treasurer	39,665	38,832	833	39,027	38,312	715
County Collector	115,199	114,247	952	111,841	104,160	7,681
Circuit Clerk	45,407	43,839	1,568	44,669	40,539	4,130
Associate Circuit Court	27,156	9,669	17,487	17,800	5,631	12,169
Court administration	2,250	700	1,550	1,650	633	1,017
Public Administrator	36,578	34,245	2,333	28,275	32,271	(3,996)
Sheriff	349,713	345,203	4,510	312,316	314,587	(2,271)
Jail	170,076	165,951	4,125	124,348	170,409	(46,061)
Prosecuting Attorney	122,198	111,835	10,363	125,515	111,345	14,170
Juvenile Officer	43,850	31,187	12,663	52,007	33,091	18,916
County Coroner	16,538	13,943	2,595	8,979	9,913	(934)
Surveyor	10,524	8,053	2,471	4,987	3,801	1,186
Other	157,288	135,144	22,144	148,750	122,406	26,344
Transfers out	93,000	122,000	(29,000)	80,313	70,000	10,313
Emergency Fund	43,691	0	43,691	42,455	0	42,455
Total Disbursements	1,950,769	1,439,961	510,808	1,838,139	1,396,123	442,016
RECEIPTS OVER (UNDER) DISBURSEMENTS	(494,412)	87,946	582,358	(422,964)	71,447	494,411
CASH, JANUARY 1	544,411	544,411	0	472,964	472,964	0
CASH, DECEMBER 31	49,999	632,357	582,358	50,000	544,411	494,411

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	386,800	398,850	12,050	380,300	382,928	2,628
Sales taxes	495,000	519,670	24,670	487,000	494,715	7,715
Intergovernmental	712,650	717,150	4,500	685,400	571,812	(113,588)
Interest	27,000	44,672	17,672	22,000	29,005	7,005
Other	40,480	125,902	85,422	29,000	113,968	84,968
Total Receipts	1,661,930	1,806,244	144,314	1,603,700	1,592,428	(11,272)
DISBURSEMENTS						
Salaries	397,344	381,046	16,298	403,335	372,721	30,614
Employee fringe benefits	115,932	110,920	5,012	113,046	104,200	8,846
Supplies	8,000	5,295	2,705	7,000	7,640	(640)
Insurance	46,000	51,486	(5,486)	40,000	43,263	(3,263)
Road and bridge materials	606,000	487,839	118,161	505,000	481,530	23,470
Equipment repairs	87,000	91,342	(4,342)	89,000	75,446	13,554
Rentals	1,000	420	580	1,000	400	600
Equipment purchases	370,500	312,917	57,583	292,000	149,947	142,053
Construction, repair, and maintenance	482,558	225,210	257,348	433,529	117,787	315,742
Other	44,650	27,293	17,357	38,325	20,230	18,095
Transfers out	45,000	50,823	(5,823)	45,500	41,245	4,255
Total Disbursements	2,203,984	1,744,591	459,393	1,967,735	1,414,409	553,326
RECEIPTS OVER (UNDER) DISBURSEMENTS	(542,054)	61,653	603,707	(364,035)	178,019	542,054
CASH, JANUARY 1	792,053	792,053	0	614,034	614,034	0
CASH, DECEMBER 31	249,999	853,706	603,707	249,999	792,053	542,054
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	167,900	177,872	9,972	161,104	160,322	(782)
Interest	1,000	1,090	90	1,000	1,286	286
Other	1,400	2,552	1,152	1,500	1,802	302
Transfers in	6,000	0	(6,000)	10,313	0	(10,313)
Total Receipts	176,300	181,514	5,214	173,917	163,410	(10,507)
DISBURSEMENTS						
Assessor	175,993	163,747	12,246	173,399	155,448	17,951
Total Disbursements	175,993	163,747	12,246	173,399	155,448	17,951
RECEIPTS OVER (UNDER) DISBURSEMENTS	307	17,767	17,460	518	7,962	7,444
CASH, JANUARY 1	14,004	14,004	0	6,042	6,042	0
CASH, DECEMBER 31	14,311	31,771	17,460	6,560	14,004	7,444

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>UNION ELECTRIC</u>						
RECEIPTS						
Intergovernmental	12,500	12,775	275	6,724	6,000	(724)
Contract receipts	0	0	0	34,391	69,391	35,000
Interest	540	497	(43)	400	525	125
Other	50	0	(50)	0	73	73
Total Receipts	13,090	13,272	182	41,515	75,989	34,474
DISBURSEMENTS						
Emergency Operations Center	48,817	47,062	1,755	42,659	41,371	1,288
Total Disbursements	48,817	47,062	1,755	42,659	41,371	1,288
RECEIPTS OVER (UNDER) DISBURSEMENTS	(35,727)	(33,790)	1,937	(1,144)	34,618	35,762
CASH, JANUARY 1	35,765	35,765	0	1,147	1,147	0
CASH, DECEMBER 31	38	1,975	1,937	3	35,765	35,762
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	86	86	1,200	1,050	(150)
Charges for services	2,500	2,451	(49)	2,570	2,436	(134)
Interest	100	89	(11)	50	128	78
Total Receipts	2,600	2,626	26	3,820	3,614	(206)
DISBURSEMENTS						
Sheriff	3,600	3,388	212	3,800	2,746	1,054
Total Disbursements	3,600	3,388	212	3,800	2,746	1,054
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	(762)	238	20	868	848
CASH, JANUARY 1	5,637	5,637	0	4,769	4,769	0
CASH, DECEMBER 31	4,637	4,875	238	4,789	5,637	848
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	320	560	240	720	544	(176)
Interest	20	22	2	20	201	181
Total Receipts	340	582	242	740	745	5
DISBURSEMENTS						
Prosecuting Attorney	750	115	635	750	614	136
Total Disbursements	750	115	635	750	614	136
RECEIPTS OVER (UNDER) DISBURSEMENTS	(410)	467	877	(10)	131	141
CASH, JANUARY 1	1,170	1,170	0	1,039	1,039	0
CASH, DECEMBER 31	760	1,637	877	1,029	1,170	141

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	6,500	6,823	323	4,700	6,551	1,851
Interest	100	150	50	100	150	50
Total Receipts	6,600	6,973	373	4,800	6,701	1,901
DISBURSEMENTS						
Prosecuting Attorney	6,500	1,531	4,969	10,700	5,815	4,885
Total Disbursements	6,500	1,531	4,969	10,700	5,815	4,885
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	5,442	5,342	(5,900)	886	6,786
CASH, JANUARY 1	7,645	7,645	0	6,759	6,759	0
CASH, DECEMBER 31	7,745	13,087	5,342	859	7,645	6,786
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
911 phone tax	144,000	155,211	11,211	132,248	146,986	14,738
Intergovernmental	42,000	9,000	(33,000)	15,000	15,000	0
Interest	700	517	(183)	400	660	260
Other	300	979	679	50	225	175
Transfers in	122,000	122,000	0	70,000	70,000	0
Total Receipts	309,000	287,707	(21,293)	217,698	232,871	15,173
DISBURSEMENTS						
Salaries	192,443	199,525	(7,082)	159,654	164,884	(5,230)
Office expenditures	54,173	52,207	1,966	48,708	47,195	1,513
Equipment	25,415	16,346	9,069	12,900	7,822	5,078
Other	30,477	29,096	1,381	7,800	7,356	444
Total Disbursements	302,508	297,174	5,334	229,062	227,257	1,805
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,492	(9,467)	(15,959)	(11,364)	5,614	16,978
CASH, JANUARY 1	23,452	23,452	0	17,838	17,838	0
CASH, DECEMBER 31	29,944	13,985	(15,959)	6,474	23,452	16,978
<u>SHERIFF'S DEPARTMENT LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	0	1,167	1,167	0	1,170	1,170
Charges for services	26,000	17,830	(8,170)	24,000	24,563	563
Interest	200	79	(121)	120	256	136
Other	245	185	(60)	245	245	0
Total Receipts	26,445	19,261	(7,184)	24,365	26,234	1,869
DISBURSEMENTS						
Equipment	28,245	21,163	7,082	39,490	35,845	3,645
Other	0	850	(850)	3,100	1,250	1,850
Total Disbursements	28,245	22,013	6,232	42,590	37,095	5,495
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	(2,752)	(952)	(18,225)	(10,861)	7,364
CASH, JANUARY 1	9,512	9,512	0	20,373	20,373	0
CASH, DECEMBER 31	7,712	6,760	(952)	2,148	9,512	7,364

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECORDER'S RECORD RETENTION FUND						
RECEIPTS						
Intergovernmental	0	0	0	2,390	2,391	1
Charges for services	10,900	10,960	60	9,800	9,088	(712)
Interest	600	510	(90)	601	746	145
Other	0	137	137	0	0	0
Total Receipts	11,500	11,607	107	12,791	12,225	(566)
DISBURSEMENTS						
Recorder	11,460	11,955	(495)	9,800	7,727	2,073
Total Disbursements	11,460	11,955	(495)	9,800	7,727	2,073
RECEIPTS OVER (UNDER) DISBURSEMENTS	40	(348)	(388)	2,991	4,498	1,507
CASH, JANUARY 1	20,654	20,654	0	16,156	16,156	0
CASH, DECEMBER 31	20,694	20,306	(388)	19,147	20,654	1,507
FAMILY SERVICE AND JUSTICE FUND						
RECEIPTS						
Charges for services	8,550	6,988	(1,562)	7,025	6,498	(527)
Interest	0	186	186	0	169	169
Total Receipts	8,550	7,174	(1,376)	7,025	6,667	(358)
DISBURSEMENTS						
Other	4,000	2,600	1,400	5,000	400	4,600
Total Disbursements	4,000	2,600	1,400	5,000	400	4,600
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,550	4,574	24	2,025	6,267	4,242
CASH, JANUARY 1	10,314	10,314	0	4,047	4,047	0
CASH, DECEMBER 31	14,864	14,888	24	6,072	10,314	4,242
LAW LIBRARY FUND						
RECEIPTS						
Charges for services	5,400	6,904	1,504	1,700	2,505	805
Total Receipts	5,400	6,904	1,504	1,700	2,505	805
DISBURSEMENTS						
Law Library	4,000	3,835	165	2,585	2,670	(85)
Total Disbursements	4,000	3,835	165	2,585	2,670	(85)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,400	3,069	1,669	(885)	(165)	720
CASH, JANUARY 1	1,733	1,733	0	1,898	1,898	0
CASH, DECEMBER 31	3,133	4,802	1,669	1,013	1,733	720

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT INTEREST FUND</u>						
RECEIPTS						
Interest	525	633	108	500	525	25
Total Receipts	525	633	108	500	525	25
DISBURSEMENTS						
Associate Circuit	2,000	0	2,000	2,000	0	2,000
Total Disbursements	2,000	0	2,000	2,000	0	2,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,475)	633	2,108	(1,500)	525	2,025
CASH, JANUARY 1	5,152	5,152	0	4,627	4,627	0
CASH, DECEMBER 31	3,677	5,785	2,108	3,127	5,152	2,025
<u>LOCAL RECORDS GRANT</u>						
RECEIPTS						
Intergovernmental	19,825	21,381	1,556			
Interest	0	76	76			
Total Receipts	19,825	21,457	1,632			
DISBURSEMENTS						
Equipment	25,576	25,118	458			
Total Disbursements	25,576	25,118	458			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,751)	(3,661)	2,090			
CASH, JANUARY 1	5,779	5,779	0			
CASH, DECEMBER 31	28	2,118	2,090			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	142,000	148,055	6,055	135,000	142,945	7,945
Intergovernmental	221,599	228,027	6,428	213,058	195,915	(17,143)
Charges for services	10,000	11,240	1,240	9,000	10,110	1,110
Interest	2,000	2,486	486	2,500	2,322	(178)
Other	350	4,864	4,514	3,700	4,208	508
Transfers in	20,000	0	(20,000)	20,000	0	(20,000)
Total Receipts	395,949	394,672	(1,277)	383,258	355,500	(27,758)
DISBURSEMENTS						
Salaries	275,863	267,397	8,466	286,127	267,646	18,481
Office expenditures	58,150	50,188	7,962	58,580	51,280	7,300
Equipment	7,500	6,078	1,422	5,750	6,602	(852)
Mileage and training	20,500	18,978	1,522	20,500	19,218	1,282
Programs	7,200	11,834	(4,634)	15,600	13,230	2,370
Other	25,400	27,250	(1,850)	14,500	13,214	1,286
Total Disbursements	394,613	381,725	12,888	401,057	371,190	29,867
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,336	12,947	11,611	(17,799)	(15,690)	2,109
CASH, JANUARY 1	7,296	7,296	0	22,986	22,986	0
CASH, DECEMBER 31	8,632	20,243	11,611	5,187	7,296	2,109

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
COUNTY HEALTH BUILDING FUND						
RECEIPTS						
Interest	500	349	(151)	500	796	296
Other	2,500	5,854	3,354	5,000	2,413	(2,587)
Total Receipts	3,000	6,203	3,203	5,500	3,209	(2,291)
DISBURSEMENTS						
Equipment	0	0	0	8,000	6,912	1,088
Transfers out	20,000	0	20,000	20,000	0	20,000
Total Disbursements	20,000	0	20,000	28,000	6,912	21,088
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,000)	6,203	23,203	(22,500)	(3,703)	18,797
CASH, JANUARY 1	26,506	26,506	0	30,209	30,209	0
CASH, DECEMBER 31	9,506	32,709	23,203	7,709	26,506	18,797
COMMUNITY MENTAL HEALTH BOARD FUND						
RECEIPTS						
Property taxes	148,885	148,032	(853)	143,336	143,134	(202)
Intergovernmental	500	624	124	700	232	(468)
Interest	2,500	2,804	304	5,000	2,901	(2,099)
Total Receipts	151,885	151,460	(425)	149,036	146,267	(2,769)
DISBURSEMENTS						
Office expenditures	600	404	196	600	426	174
Mileage and training	100	0	100	100	0	100
Contract payments	150,000	148,011	1,989	175,000	174,453	547
Contingency reserve	10,000	190	9,810	15,000	0	15,000
Total Disbursements	160,700	148,605	12,095	190,700	174,879	15,821
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,815)	2,855	11,670	(41,664)	(28,612)	13,052
CASH, JANUARY 1	13,848	13,848	0	42,460	42,460	0
CASH, DECEMBER 31	5,033	16,703	11,670	796	13,848	13,052
CIRCUIT CLERK INTEREST FUND						
RECEIPTS						
Interest				1,300	1,120	(180)
Total Receipts				1,300	1,120	(180)
DISBURSEMENTS						
Circuit Clerk				4,500	2,484	2,016
Total Disbursements				4,500	2,484	2,016
RECEIPTS OVER (UNDER) DISBURSEMENTS				(3,200)	(1,364)	1,836
CASH, JANUARY 1				13,278	13,278	0
CASH, DECEMBER 31				\$ 10,078	11,914	1,836

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

Notes to the Financial Statements

GASCONADE 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 Gasconade 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, or the Community Mental Health 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. Those principles 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>
Domestic Violence Fund	2001 and 2000
Circuit Clerk Interest Fund	2001
Recorder's Technology Fund	2001
Local Records Grant Fund	2000
Helds Island Road Project - CDBG Fund	2000

Warrants issued were in excess of the budgeted amount for the Recorder's Record Retention Fund in the year ended December 31, 2001 and the Law Library Fund in the year ended December 31, 2000. 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>
Circuit Clerk Interest Fund	2001
Helds Island Road Project Fund	2000

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 not adopted such a policy.

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

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Community Mental Health Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance.

Schedule

GASCONADE COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2001 AND 2000

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

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

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

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the special-purpose financial statements of various funds of Gasconade County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 11, 2002.

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 legal 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.

Because the Senate Bill 40 Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed those audit reports and other applicable information.

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 and the county boards referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Gasconade 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 Procedures

- A. The approved budget documents for the General Revenue and the Special Road and Bridge Funds did not adequately project the anticipated financial condition for the two years ended December 31, 2001. The following are estimated cash balances as compared to actual ending cash balances of the two funds at December 31, 2001 and 2000:

Cash Balance - December 31, 2001		
	Estimated Per Budget	Actual
General Revenue Fund	\$ 49,999	632,357
Special Road and Bridge Fund	249,999	853,706

Cash Balance - December 31, 2000		
	Estimated Per Budget	Actual
General Revenue Fund	\$ 50,000	544,411
Special Road and Bridge Fund	249,999	792,053

These significant differences resulted mainly from overestimating disbursements. The overestimated disbursements of the General Revenue Fund are due primarily to the county estimating disbursements each year of approximately \$300,000 for a courthouse elevator project. During the two years ended December 31, 2001, due to delays, there were no monies spent on the project. The overestimated disbursements of the Special Road and Bridge Fund are due to a combination of the county estimating significantly more capital improvements than were done, overestimated materials which were not purchased and long-term equipment needs which were not filled. For the past few years, the county has budgeted significantly more for some of these categories than has historically been spent, in an attempt to allow for possible, but not specifically identified, contingencies.

Prudent fiscal management of county funds should include setting aside reasonable, but not excessive, amounts of operating reserves to be used in future years or to be available for emergencies. While it appears the County Commission's intent is to keep sufficient reserves in the General Revenue and Special Road and Bridge Funds; the current budgets do not effectively inform county residents of this intent. Such intent would be more properly communicated to county residents through a formal reserve of fund balance or in writing in the budget message.

To be of maximum assistance to the county and to adequately inform the public, the budgets should accurately reflect the anticipated receipts, disbursements and ending cash balance. The practice of routinely budgeting to spend significantly more resources than truly intended decreases the effectiveness of the budget as a management planning tool and as a control over expenditures.

- B. The County Clerk does not reconcile assessment reimbursement claims to actual expenditures. Section 137.750, RSMo 2000, allows counties to be reimbursed for a portion of all qualified costs and expenses of the Assessor's Office. The county received approximately \$5,504 more in state assessment fund reimbursements in 2001 than entitled. This overstatement primarily resulted from including the Assessor's salary twice in the amount claimed for the first quarter of 2001 and including a payment to a mapping company twice, once in the claim for the first quarter of 2001 and again in the claim for the second quarter of 2001. Since the County Clerk does not reconcile assessment reimbursement claims to actual expenditures, these errors went undetected. In addition, similar errors noted in our audit report for the two years ended December 31, 1997, amounting to \$1,628, remain uncorrected. As a result, the county owes approximately \$7,132 to the state.

- C. 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. 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 Gasconade County's Associate County Commissioners' salaries were each increased approximately \$10,253 yearly, according to information from 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. Douglas et al.*, 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 \$20,506 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- D. Two Road and Bridge employees are allowed to use county vehicles to commute to and from work. The County Commission indicated these employees are on-call 24 hours a day for emergency situations; however, the county does not keep records of mileage incurred on the county vehicles for commuting purposes and there is no written policy allowing the use of these vehicles for commuting purposes. The County Commission estimated that one of the employees commutes approximately 2 miles per day and the other employee commutes approximately 18 miles a day in their county owned vehicles.

Internal Revenue Service (IRS) reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Furthermore, IRS guidelines require the full value of the provided vehicle to be reported if the employer does not require the submission of detailed logs which distinguish between business and personal usage. The county does not require such usage logs for these vehicles. Because procedures have not been established to ensure the IRS regulations are followed, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

Conditions B and D were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Prepare reasonable estimates of receipts and disbursements so that projected reserves are more properly presented in the annual budgets. If the County Commission desires to build up reserves for future specific needs, this information should be communicated through the budget message.
- B. Contact the State Tax Commission regarding this situation and take appropriate action to correct this overpayment. In addition, the County Commission should ensure assessment reimbursement claims are reconciled to the expenditure records.
- C. Review the impact of the Supreme Court decision and develop a plan for obtaining repayment of the salary overpayments.
- D. Comply with IRS guidelines for reporting fringe benefits related to commuting in county owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding the appropriate use of county vehicles for commuting purposes and ensure records are kept which distinguish commuting and business mileage.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they agree with the recommendation. They indicated they believe establishing such reserves for long-term needs is necessary, but they will try to more accurately budget for these long-term needs through the budget message and reserving the fund balances as necessary.*
- B. *The County Commission and the County Clerk indicated they agree and will ensure the State Tax Commission adjusts future reimbursements.*
- C. *The County Commission indicated they will review the recommendation further and discuss the issue with the Prosecuting Attorney, as well as other counties. Based on the results of that discussion, the issue may also be discussed with the full Salary Commission.*
- D. *The County Commission indicated they will adopt a written policy requiring the supervisors to take the vehicles home so the supervisors have access to radio communications and the ability to respond timely to emergencies as they occur.*

2. Circuit Clerk's Accrued Costs

A listing of accrued costs owed to the court is not maintained by the Circuit Clerk, nor are monitoring procedures adequate. At our request, the Circuit Clerk provided a listing of accrued costs (court costs, court ordered restitution, fines on criminal cases and court costs on civil cases) as of June 2002 totaling approximately \$309,500. In addition, she provided a listing of additional accrued costs to be written off which totaled approximately \$120,000. This listing consisted of old, inactive cases some of which dated back to the 1980's. It appears that the court has not periodically written off uncollectible cases on a regular basis.

Our review of both current accrued costs and accrued costs to be written off revealed that although the Circuit Clerk does attempt to pursue collection of accrued costs through periodic re-billings, it appears the court did not always use various other options available to collect unpaid monies. Such options may include probation and parole officer recommendations, show cause orders, and requesting the Circuit Judge to issue warrants. Ineffective monitoring of cases with accrued costs and failure to utilize available options in a timely manner can result in lost revenue for the court and lost restitution for victims. In addition, the lack of timely write offs of old inactive case balances increases the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources.

A similar condition was noted in our prior report.

WE RECOMMEND the Circuit Clerk maintain a listing of accrued costs and pursue timely collection utilizing all available options. In addition, old inactive case balances should be written off in a more timely manner.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following response:

Listing of accrued costs - The current accounting software version that has been installed will allow the court to generate a report that will show accrued costs in detail. That feature has not been available to the clerks prior to court automation. I anticipate that this report would be generated twice a year, at the end of June and at the end of December. I anticipate that the amount of accrued costs due will be less than previously noted, due to the fact that law has changed and we are no longer allowed to assess any costs on adult abuse cases. Those types of cases were the ones that typically were not paid.

Timely collection - My office will make an effort to monitor cases more closely as to payment of costs. We have already begun to schedule "payment review" hearings on criminal cases where the defendant is on probation. We rely a great deal on the Office of Probation and Parole to encourage their clients to pay what is due, however, we will review the probation reports when we receive them, and will call such matters to the Judge's attention when we feel it is necessary.

Writing off accrued costs - My office has obtained an order from the Presiding Judge, dated July 12, 2002, that certain accrued costs be written off as uncollectible. We have started to create a new listing of uncollectible costs since that date and will review and write off such balances at least once a year.

3. Associate Circuit / Probate Division's Controls and Procedures

The Associate Circuit/Probate Division processes monies for civil and criminal cases, traffic tickets, and bonds. Receipts totaled approximately \$303,000 and \$266,000 for the years ended December 31, 2001 and 2000, respectively. We noted the following concerns regarding Associate Circuit/Probate Division operations:

- A. Accounting duties are not adequately segregated. The Division Clerk performs most of the duties of receiving, recording, depositing, and disbursing monies with help from the deputy clerk in receiving and recording monies. 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 proper segregation of duties cannot be achieved, at a minimum, periodic supervisory or independent review of the records should be performed and documented.
- B. Monthly bank reconciliations were not prepared for the Banner account. The Banner account was established in September 2000 and handles all transactions of the Associate and Probate courts. As of June, 2002, the account had not been reconciled

since November 2000. At our request, bank reconciliations were prepared for each month and the account was brought up to date. Failure to prepare monthly bank reconciliations increases the risk that errors or misstatements will not be detected on a timely basis.

- C. Receipts are not deposited timely. During the four months reviewed, we noted deposits were made approximately once per week, with the average deposit ranging between approximately \$3,200 and \$6,700. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when the accumulated receipts exceed \$100.
- D. Fees received are not always turned over to the state and the County Treasurer on a timely basis. We noted several instances where fees were not disbursed to the state and the County Treasurer monthly. For example, the November 2000 fees were not disbursed until February 26, 2001. By December 2001, the division clerk was still approximately one month late in disbursing fees. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury.

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

WE RECOMMEND the Associate Circuit Judge:

- A. Segregate accounting and bookkeeping duties to the extent possible. At a minimum, there should be documented supervisory reviews of the accounting records.
- B. Prepare bank reconciliations for all accounts on a monthly basis.
- C. Ensure that deposits are made intact daily or when accumulated receipts exceed \$100.
- D. Remit fees on a monthly basis.

AUDITEE'S RESPONSE

The Associate Circuit Clerk indicated that she agrees and will attempt to implement all the recommendations.

The Prosecuting Attorney collected approximately \$47,000 in restitution and administrative fees on bad checks during the year ended December 31, 2001. The Prosecuting Attorney requests offenders to remit two money orders, one payable to the merchant for restitution and merchant fees and one payable to the Prosecuting Attorney for the administrative fee. In addition, some cash payments are received. We noted the following concerns regarding the Prosecuting Attorney's bad check operations:

- A. Some monies received are not properly accounted for on a timely basis in the Prosecuting Attorney's computerized accounting system. While manual receipt slips are issued for partial payments of restitution, the total amount of restitution received is not receipted into the computerized accounting system until payment has been made in full. To promote greater control over partial payments and ensure the accuracy of the accounting system, all receipts should be entered into the computerized system when received.
- B. Mode of payment is not always accurately recorded on receipt slips and procedures were not established to reconcile amounts received to deposits and transmittals. All receipt slips indicate the mode of payment as being by money order despite the fact that the Prosecuting Attorney accepts some payments in cash. To ensure all collections are properly deposited into the bank account or transmitted to the proper parties, the proper mode of payment should be recorded on all receipt slips and the composition of the receipt slips should be reconciled to the composition of the bank deposits and other transmittals.
- C. Monthly listings of open items (liabilities) are not prepared and, consequently, open items are not reconciled to cash balances. Index cards are used to summarize and track partial payments received and held until full payment. We prepared an open items listing from these index cards as of March 31, 2002 and noted the reconciled cash balance exceeded identified open items on the listing by \$239. The Prosecuting Attorney's staff was able to reconcile these amounts by identifying additional partial payments which had been received and tracked in the individual case files rather than on index cards.

Monthly listings of open items are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient money is available for payment of all liabilities. Timely reconciliations are necessary and helpful in the investigation of differences. In addition, differences noted when performing monthly reconciliations should be promptly investigated and resolved. Various statutes provide for the disposition of unclaimed and unidentified monies.

WE RECOMMEND the Prosecuting Attorney:

- A. Ensure all receipts are entered into the computerized system when received.
- B. Ensure that the proper mode of payment is recorded on all receipt slips and that the composition of the receipt slips is reconciled to the composition of the bank deposits and other transmittals.
- C. Prepare complete and accurate listings of open items and reconcile the listings to the cash balance monthly.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following response:

- A. *We agree with your recommendation and are now entering into our computer system all payments, including partial payments, as we receive them. Once the partial payments are paid in full, a trust fund check is issued to the merchant.*
- B. *We agree with your recommendation and are now correctly recording onto the receipt slips whether we have received cash or a money order as payment. We are also comparing the payments we receive with the bank deposits and with the receipts the County Treasurer provides us with monthly.*
- C. *We are presently attempting to implement this recommendation. However, we are experiencing some accounting difficulty and do not know when this problem will be resolved.*

5. Sheriff's Controls and Procedures

The Sheriff's Department handled receipts of approximately \$64,000 and \$95,000 for the years ended December 31, 2001 and 2000, respectively. Our review of the Sheriff's accounting controls and procedures noted the following areas in need of improvement:

- A. Duties are not adequately segregated. The Sheriff's bookkeeper performs the duties of receiving, recording, depositing, disbursing, and reconciling all monies. While the County Treasurer indicates he reviews the monthly bank reconciliations, this review is not documented and does not include a review of the actual accounting records.

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 proper segregation of duties cannot be achieved, at a minimum, periodic supervisory or independent review of the records should be performed and documented.

- B. Bond forms are not prenumbered or sequentially numbered when used, and prenumbered receipt slips are not issued for monies received. In addition, a log listing the bonds and their disposition is not maintained.

To adequately safeguard bond and other receipts and reduce the risk of loss or misuse of funds, bond forms should be prenumbered or sequentially numbered when used, prenumbered receipt slips should be used for other monies collected, the bond forms and receipt slips should indicate the method of payment, and the numerical sequence of the bond forms and receipt slips should be accounted for properly. In addition, the method of payment of bonds received per the bond forms should be reconciled to the receipt ledger and the receipt ledger should be reconciled to deposits on a timely basis.

These conditions were also noted in our prior audit.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible or ensure periodic independent or supervisory reviews of the accounting records are performed and documented.
- B. Require the use of prenumbered bond forms and/or prenumbered receipt slips, and establish a log of bonds received, including disposition information. In addition, cash bonds received should be reconciled to the Sheriff's receipt ledger, and the receipt ledger should be reconciled to subsequent deposits to ensure that all monies have been accounted for properly.

AUDITEE'S RESPONSE

- A. *The Sheriff indicated that he agrees and will ask the County Treasurer to sign and date his bank reconciliation reviews. He will also ask the County Treasurer to periodically review the supporting accounting records. He indicated he intends to implement this recommendation by the end of 2002.*
- B. *The Sheriff indicated that by the end of 2002 he will begin using a prenumbered receipt book to be completed by the officers at the time cash bonds, or other monies they collected, are placed into the drop box safe. In addition, all other monies received by the bookkeeper will be recorded on prenumbered receipt slips and accounted for properly.*

6.

Health Center

- A. The duties of transmitting monies to the County Treasurer and reconciling the Health Center receipt slips to the County Treasurer's receipt slips are not adequately segregated. The Office Manager is responsible for receipting monies at the main office, recording transactions, preparing transmittals, transmitting monies to the

County Treasurer, and reconciling receipt slips from the County Treasurer to the accounting records. No one independent of these duties performs reconciliations of the various records.

To ensure proper accountability, the duties of receiving and recording payments should be segregated from the duties of disbursing/transmitting monies and reconciling receipt slips from the County Treasurer to the accounting records. If the duties cannot be adequately segregated, at a minimum, someone independent should periodically review and compare Health Center records of monies received with documentation of transmittal to the County Treasurer, as well as ensuring recorded transactions appear proper. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. We noted the following concerns relating to the Health Center's fixed assets:
- 1) The Health Center has not recorded fixed assets acquired during the four years ended December 31, 2001 on the property control record. Although a physical inventory was conducted in June 2000, the results have not been used to update the property control record. Complete and accurate records for fixed assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage.
 - 2) Expenditures for fixed asset purchases are not periodically reconciled to the additions to the property control record. Such a reconciliation is necessary to ensure all assets have been recorded.
 - 3) Written authorization is not obtained prior to disposition of assets. Written authorization for the disposal of property is necessary to lessen the possibility of misuse and to provide adequate support for changes to the fixed asset records.

WE RECOMMEND the Health Center:

- A. Segregate accounting duties to the extent possible. At a minimum, someone independent should periodically review and compare Health Center records of monies received with documentation of transmittal to the County Treasurer, as well as ensuring recorded transactions appear proper.
- B.1. Update the property control record to include all fixed asset items currently on hand and record purchases of fixed assets in the control record at the time of purchase.
2. Conduct periodic reconciliations of expenditures for fixed assets to the additions to the property control record.

3. Obtain written authorization prior to the disposition of fixed assets.

AUDITEE'S RESPONSE

- A. *The Health Center Administrator indicated that because it is not possible to further segregate duties due to the small size of the office, she will try instead to immediately implement periodic independent reconciliations.*
- B.1. *The Health Center Administrator indicated that she agrees with the recommendation and that by the end of 2002 the office intends to update the fixed asset control records and will then keep them current.*
 2. *The Health Center Administrator indicated that she agrees and the office will begin this reconciliation by January 2003.*
 3. *The Health Center Administrator indicated that once the records are updated she will begin indicating her authorization for dispositions on the fixed asset control records.*

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

GASCONADE 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 Gasconade County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 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. Enhanced 911

- A. The county did not have a plan which clearly documented the amount of E911 system costs which were emergency versus non-emergency related and the amounts of non-emergency costs to be subsidized by other funds or entities.
- B. Contracts and invoices for the E911 consultant and a mapping firm were not adequate to ensure the county did not overpay for some services.

Recommendation:

The County Commission:

- A. Develop and document a written plan separating E911 costs from non-emergency services and the proportionate share to be paid by each fund. The commission should also consider how much of these costs, if any, to pass along to other entities utilizing non-emergency services.
- B. Ensure that future payment agreements are based on specific contractor performance and that invoices are adequately detailed. If work is to be performed by a subcontractor, the agreements should adequately detail who is responsible for paying for that work and how that is to be reported. In addition, the County Commission should review the above contracts and related invoices with legal counsel and parties involved to determine if the county has overpaid for services and if so, what recourse the county has to recoup those monies.

Status:

- A. Implemented. The County Commission developed and documented the written plan and began billing some entities; however, full implementation of the plan has been delayed, pending the outcome of a legal dispute with the City of Hermann over non-payment of E-911 fees. The County has ceased providing services to the City of Hermann pending resolution of the dispute.

- B. Implemented. The county maintains no current contracts with an E911 consultant. Further, while investigating legal recourse regarding overpayments, the County Commission discovered the contractor had gone bankrupt.

2. County Expenditures

- A. Bids were not always solicited or advertised for various purchases made and documentation was not maintained to substantiate items only available as sole source. In addition, a purchase made from the County Treasurer presented a potential conflict of interest and the procedures used for bidding fuel purchases were inadequate.
- B. Proposals or other information were not requested for some professional services, written contracts were not obtained for all such services and payments to the County Surveyor gave the appearance of a conflict of interest.
- C. Payments for some services were made to several organizations without entering into written agreements.
- D. The County Commission did not always obtain and review supporting documentation for expenditures and some travel expenses were not adequately documented and did not comply with the county's travel policy.
- E. The County Clerk did not reconcile assessment reimbursement claims to actual expenditures. As a result, the county was reimbursed \$1,628 more for assessment expenses than it incurred.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids and the reasons for selecting other than the lowest bid should be retained. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances. In addition, the County Commission should refrain from entering into transactions that represent a conflict of interest.
- B. Solicit and document proposals or other applicable information for professional services and ensure that agreements for professional services are in writing and payments are adequately supported.
- C. Enter into written contracts when providing and/or receiving goods and services. Further, the rights and duties of both parties to the contract should be adequately defined.

- D. Obtain and review vendor invoices and ensure that the invoices adequately document the items and/or services for which payment is being requested before approving payment or reimbursement. In addition, the County Commission should review all travel expenses and ensure that all travel expenses claimed for reimbursement are necessary, reasonable, adequately documented, and in accordance with the county's travel policy.
- E. Contact the State Tax Commission regarding this situation and take appropriate action to correct this overpayment. In addition, the County Commission should ensure assessment reimbursement claims are reconciled to the expenditure records.

Status:

- A. Partially implemented. While bids were solicited in accordance with state law and the County Commission appeared to refrain from entering into transactions that represented a conflict of interest, fuel purchases were bid annually with the bid amount valid only for the date bid. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. While contracts for professional services were obtained and payments were adequately supported, there was no documentation retained regarding the solicitation process for professional services. In addition, the County Surveyor is currently paid on a salaried basis for his survey work. Although not repeated in the current report, our recommendation remains as stated above.
- C. Partially implemented. The county has entered written agreements with two of the entities, no longer has arrangements with two other entities, and has not entered into written contracts with the remaining two entities. Although not repeated in the current report, our recommendation remains as stated above.
- D. Partially implemented. While the invoices adequately documented the items and/or services for which payment was being requested, the County Commission did not always review supporting documentation for all expenditures, such as normal recurring monthly expenses. Although not repeated in the current report, our recommendation remains as stated above.
- E. Not implemented. See MAR No. 1.

3. Federal Financial Assistance

- A. Costs claimed for reimbursement from two U.S. Department of Justice grants were based on budgeted amounts rather than actual expenditures, resulting in \$4,734 in questioned costs, and related quarterly financial status reports were inaccurate.

- B. Deputy sheriff's wages from a marijuana eradication grant were paid in cash directly to the deputies and some hours claimed were not properly supported, resulting in questioned costs totaling \$749.
- C. The county did not have a drug-free workplace policy in place prior to receiving federal financial assistance as required by law.
- D. The county's Schedule of Federal Financial Assistance contained numerous errors and omissions.

Recommendation:

The County Commission:

- A. Review the actual costs related to the COPS MORE and COPS FAST programs, and determine if all allowable costs have been documented. In addition, the County Commission should contact the grantor agency to resolve the questioned costs. Furthermore, the County Commission should ensure that future financial status reports reflect actual expenditures and that total amounts claimed for reimbursement do not exceed the total amounts paid.
- B. And the Sheriff ensure appropriate documentation is maintained for expenditures and resolve the questioned costs.
- C. Establish a written drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act. The drug-free workplace policy and programs should be adequately communicated to all county employees who perform functions associated with federal funds.
- D. County Clerk, and the Health Center ensure all federal financial expenditure amounts are properly recorded on the Schedule of Federal Financial Assistance.

Status:

- A. Not implemented. While the County no longer participates in the two grant programs, no action was taken to resolve the questioned costs. Although not repeated in the current report, our recommendation remains as stated above.
 - B. Partially implemented. While appropriate documentation is currently maintained for expenditures, the questioned costs have not been resolved. Although not repeated in the current report, our recommendation remains as stated above.
- C&D. Implemented.

4. Road and Bridge Controls and Procedures

- A.1. Inventory records were not maintained for culvert pipes.
 - 2. Records of billings and collections for culvert pipes sold to county residents were not retained.
- B. Differences noted between fuel usages, purchases, and fuel on hand were not investigated and the related reconciliations were not retained.
- C. The county did not comply with Internal Revenue Service guidelines for reporting fringe benefits related to county-owned vehicles for two employees that were allowed to use county vehicles for commuting.

Recommendation:

The County Commission:

- A.1. Maintain inventory records for culvert pipes, and periodically reconcile purchases, usage, and items on hand.
 - 2. Maintain records of all amounts billed and collected for the sale of culvert pipes.
- B. Require reconciliations of fuel usages and purchases to fuel on-hand be retained, and differences be investigated and resolved.
- C. Ensure the county complies with IRS guidelines for reporting fringe benefits related to county-owned vehicles.

Status:

- A. Not applicable. The Gasconade County Road and Bridge Department no longer sells culvert pipe to county residents.
- B. Partially implemented. While reconciliations of fuel usages and purchases to fuel on-hand were retained, differences were not always investigated and resolved. Although not repeated in the current report, our recommendation remains as stated above.
- C. Not implemented. The County Commission indicated the two employees with fringe benefits related to county-owned vehicles commute minimal distances; and, since they are considered on-call and utilize the vehicles at the county's request, the Commission believed they are not required to report the fringe benefits. See MAR No. 1.

5. Computer Controls

- A. Some computer backups were not stored in a secure, off-site location.
- B. Access to computer files was not always adequately restricted. Some passwords were not changed periodically and were not kept confidential.

Recommendation:

The County Commission work with the applicable county officials to:

- A. Ensure backup disks are prepared and stored in a secure, off-site location.
- B. Ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential. In addition, the County Commission and the County Assessor should review the current assessment system and evaluate the changes that would be necessary to the system to adequately restrict access to the computer files.

Status:

- A. Implemented.
- B. Partially implemented. While each employee is assigned a password which is kept confidential, passwords were not periodically changed in the offices of the Assessor and County Clerk. Although not repeated in the current report, our recommendation remains as stated above.

6. Personnel and Payroll Policies and Procedures

- A. Centralized leave records were not maintained for some employees and leave policies being used by various departments were different from the county employee manual and had not been formally approved by the County Commission.
- B. Sheriff's Department time sheets contained errors, did not provide sufficient information for the County Clerk to verify the amount of compensatory time earned, and were not all checked for mathematical accuracy.
- C. A Road and Bridge Department employee was considered an independent contractor for some work performed after hours.

Recommendation:

The County Commission:

- A. Revise and expand the county's written personnel policies regarding overtime and leave to address all relevant issues and ensure that all policies and procedures are applied equitably and in compliance with the Fair Labor Standards Act (FLSA). In addition, the County Clerk should maintain centralized records of vacation leave, sick leave, compensatory time, and holiday pay earned and taken for all employees and periodically verify the centralized records with the departmental records and the respective employee. Any differences noted should be investigated.
- B. Require all county employees' time sheets to be checked for mathematical accuracy by the County Clerk. In addition, adjustments should be made to the Sheriff's Department time sheets that would allow the 28 day work cycles to be properly evaluated for FLSA compliance.
- C. Review whether this person is an employee or an independent contractor and take appropriate action.

Status:

A,B&

C. Implemented.

7. Prosecuting Attorney's Bad Check Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipt slips were not issued for all monies received.
- C. Checks and money orders for partial payments were not restrictively endorsed immediately upon receipt and partial payments were not adequately secured.

Recommendation:

The Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Issue receipt slips for all monies received.

- C. Restrictively endorse checks and money orders payable to the county immediately upon receipt and keep receipts in a secure location until deposited or transmitted to the County Treasurer or the merchant. In addition, the Prosecuting Attorney should either disburse the partial payments to the merchant upon receipt or deposit monies in the bank account and when payments are received in full, disburse the money to the merchant by check.

Status:

- A. Partially implemented. Reviews of monthly bank reconciliations performed by the Prosecuting Attorney are now documented. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. Computerized receipt slips were issued only for cases upon payment in full. Manual receipt slips were issued for partial payments. See MAR No. 4.
- C. Partially implemented. The volume of partial payments collected is fairly low. Most partial payments were deposited in the bank account and disbursed to the merchant by check when payments were received in full. Partial payments by money order made payable to the merchant are filed in the case file until payment is made in full. These files are kept locked in the vault. However, money orders were not restrictively endorsed upon receipt. Although not repeated in the current report, our recommendation remains as stated above.

8. Sheriff's Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Gun permit monies were not deposited intact or timely and were used to make change throughout the month.
- C. Bond forms were not prenumbered, a log listing the bonds and their disposition was not maintained, and entries were noted on the receipt ledger for four bonds, totaling \$758, for which a bond form was not on file with the Sheriff's Department.
- D. Fuel usage was not reconciled to the amount billed to the department by the Road and Bridge Department, nor was the fuel usage compared to actual mileage to evaluate fuel efficiency.
- E.1. Information on partition sales was not complete.
 - 2. The former Sheriff appeared to have personally retained commissions totaling \$823 from partition sales.

Recommendation:

- A. The Sheriff adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. The Sheriff deposit gun permit monies with other receipts daily or when receipts exceed \$100. If a change fund is needed, it should be established and maintained at a constant amount.
- C. The Sheriff require the use of prenumbered bond forms and/or prenumbered receipt slips, and establish a log of bonds received, including disposition information. In addition, cash bonds received should be reconciled to the Sheriff's receipt ledger, and to subsequent deposits to ensure that all bonds have been accounted for properly. Bond forms should be completed and retained for all bonds.
- D. The Sheriff ensure recorded fuel usage is reconciled to the amounts billed by the Road and Bridge Department and investigate any differences. In addition, fuel usage should be compared to the number of miles driven to evaluate reasonableness and the fuel efficiency of the department's vehicles.
- E.1. The Sheriff ensure that the fees on partition sales are properly computed and supporting documentation is maintained of the calculation of the Sheriff fee.
- 2. The County Commission require the former Sheriff turn over \$823 in partition sale commissions to the County Treasurer for deposit into the General Revenue Fund.

Status:

- A. Partially implemented. While the Sheriff and County Treasurer indicated the County Treasurer performed reviews of the Sheriff's bank reconciliations, such reviews were not documented, nor did the County Treasurer review the actual supporting records. See MAR No. 5.
- B,D&
- E.1. Implemented.
- C. Not implemented. See MAR No. 5.
- E.2. Not implemented. There was no documentation that the County Commission requested repayment from the prior Sheriff. Although not repeated in the current report, our recommendation remains as stated above.

9. Circuit Clerk's Procedures

- A. Child support duties were not adequately segregated.
- B. Several old cases were noted on the open items listing for the Fee Account.
- C. A complete listing of accrued costs owed to the court was not maintained and monitoring procedures related to accrued costs were not adequate.
- D. An interest ledger was not maintained to account for all interest earned on the various investments and the amounts presented on the Circuit Clerk's Interest Account budget were not accurate.

Recommendation:

The Circuit Clerk:

- A. Adequately segregate the duties of receipting child support payments and making changes to child support system files. The Circuit Clerk should designate one employee to be responsible for making changes to the data files, and that employee should be independent of any receipting or disbursement functions.
- B. Along with the Circuit Judge, review the older cases on the open items listing and determine the appropriate disposition of inactive cases.
- C. Maintain a listing of accrued costs and pursue timely collection.
- D. Maintain records to account for all interest earnings and ensure the budgets accurately reflect the actual beginning cash balances, estimated revenues, expenditures, and projected ending cash balances.

Status:

- A. No longer applicable. The handling of child support transactions was taken over by the state in July, 2000.
- B. Implemented.
- C. Not implemented. See MAR No. 2.
- D. Partially implemented. While records were maintained to account for all interest earnings, an annual budget was not prepared for the Circuit Clerk's Interest Fund for the year ended December 31, 2001. Although not repeated in the current report, our recommendation remains as stated above.

10. Associate Circuit and Probate Divisions' Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipts were not deposited on a timely basis.
- C. Disbursements were not made in a timely manner.
- D. Listings of open items were not periodically reconciled to cash balances.
- E. Old outstanding checks were not followed up on timely.

Recommendation:

The Associate Circuit Judge:

- A. Adequately segregate accounting duties between available employees and/or establish a documented periodic review of the Associate Circuit and Probate Divisions' accounting records by an independent person.
- B. Require the Associate/Probate Clerk to deposit receipts daily or when accumulated receipts exceed \$100.
- C. Require the Associate/Probate Clerk to distribute fees on a monthly basis.
- D. Investigate the remaining unreconciled difference of \$171 and ensure that open items listings are reconciled monthly to the cash balance.
- E. Attempt to identify and/or disburse all old outstanding checks through the applicable statutory provision.

Status:

A,B&

- C. Not implemented. See MAR No. 3.
- D. Implemented.
- E. Partially implemented. While the old outstanding checks noted above were investigated and disposed, additional old outstanding checks totaling \$887 have accumulated since the prior audit. Although not repeated in the current report, our recommendation remains as stated above.

11. Assessment Procedures

The County Assessor completed assessment forms for some taxpayers. In doing so, the County Assessor did not adequately document the items assessed as "other tangible property" and assessment lists prepared by the County Assessor were not signed by the taxpayer to attest to the accuracy, as required by law.

Recommendation:

The County Assessor ensure that all assessed valuations assigned to the taxpayers' personal property are adequately documented by including a listing of all items that make up each category on the assessment form. In addition, the taxpayer should be required to sign and date the assessment form attesting to the fact that the form is a true and complete listing.

Status:

Implemented.

12. County Treasurer's Procedures

- A. The County Treasurer had not set up a fund for the deposit of Sheriff's civil fees as required by law.
- B. Bank reconciliations were not prepared for the General Warrant Account or the Health Center Warrant Account.

Recommendation:

The County Treasurer:

- A. Establish a Sheriff's Civil Fees fund as required by state law, and work with the Sheriff's Department to ensure that the proper fees are placed in this fund. In addition, the County Commission should require the Sheriff to submit an annual budget outlining his plans for this fund.
- B. Perform and adequately document bank reconciliations for all accounts maintained.

Status:

A&B. Implemented.

13. Closed Meeting Minutes

Minutes were not maintained of closed County Commission meetings.

Recommendation:

The County Clerk ensure minutes are prepared, approved, and retained for all closed meetings.

Status:

Not implemented. The County Clerk indicated that the Prosecuting Attorney had advised them to not keep minutes of closed meetings for legal reasons. However the regular minutes of County Commission meetings do disclose the reason for entering into closed session and decisions reached (if any) during closed session. Although not repeated in the current report, our recommendation remains as stated above.

14. Health Center's Accounting Controls and Procedures

- A. Records accounting for donations were not adequate and donations were not transmitted intact timely to the County Treasurer for deposit.
- B. Computer backups were not done in a timely manner and not stored off-site.
- C. An annual physical inventory of fixed assets was not formally conducted.

Recommendation:

The Health Center Board of Trustees:

- A. Require logs to be maintained to document the amount of donations received each day at the Health Center and its satellite locations. In addition, receipt slips should be issued to each office for the donations remitted and periodically be reconciled to the log of donations. In addition, donations should be remitted to the County Treasurer intact along with the Health Center's regular receipts.
- B. Require timely backups of the computer system, and require the backup disks to be stored in a secure, off-site location.
- C. Ensure that physical inventories are periodically performed and compared to the fixed asset records, and retain documentation of any adjustments made.

Status:

- A. Partially implemented. Receipt slips were prepared at each location for each day's collections, receipt slips were prepared by the central office for the donations remitted by each office, and donations were remitted intact to the County Treasurer along with the Health Center's regular receipts. However, logs were not maintained to document the amount of individual donations received each day at the Health

Center and its satellite locations. Although not repeated in the current report, our recommendation remains as stated above.

- B. Implemented.
- C. Partially implemented. A physical inventory was performed in 2000; however, the results were not compared to the fixed asset records. See MAR No. 6.

15. Community Mental Health Board

- A. A 1996 contract with one service provider was not adequate. The not-for-profit (NFP) provider went bankrupt after receiving most of the requested funding from the board but before all related services were provided.
- B. A review of provider records to ensure compliance with contract requirements was not done timely.
- C. Budget documents were inaccurate.
- D. No procedures were established to monitor collateral securities pledged and the board's bank account was under-collateralized.

Recommendation:

The Community Mental Health Board:

- A. Ensure that future payment agreements are based on specific contractor performance, and refrain from paying the total contract price before the end of the contract period. In addition, the board should consult with its legal counsel to determine if the board would be able to recoup any of the monies previously paid to the NFP.
- B. Perform timely reviews of contracts and vendor records to ensure bills for services are properly supported and that contract terms have been complied with.
- C. Improve the quality and usefulness of the budget documents by preparing more accurate budgets.
- D. Establish monitoring procedures to ensure its depository bank pledges adequate collateral securities at all times. In addition, the board should enter into a written depository agreement with all banks holding the board's monies.

Status:

- A. Implemented.

B. Partially implemented. While more timely reviews of contracts and vendor records occurred on some contractors, there were two contractors who were not reviewed during 2000, but rather in 2001 and one contractor that was not reviewed during 2001, but instead was reviewed in the first quarter of 2002. Although not repeated in the current report, our recommendation remains as stated above.

C&D. Implemented.

16. Senate Bill 40 Board

A.1. The sheltered workshop's audit report was incomplete and there was no documentation that it was reviewed by the board.

2. The contract with the sheltered workshop was not adequate.

3. Invoices and documentation to support some payments did not appear to be obtained or adequately reviewed.

B. Budgets contained several errors and omissions and did not adequately reflect the board's anticipated financial position.

C. The Senate Bill 40 (SB40) Fund had an excessive cash balance.

D. Receipts were not recorded or deposited on a timely basis and checks were not restrictively endorsed when received.

E. Meeting minutes did not reflect that a board member abstained from a vote to fund equipment for a relative and the board did not have a written agreement regarding the board's residual interest in the equipment.

Recommendation:

The SB40 Board:

A.1. Document the review of audit reports in the official board minutes. In addition, the board should ensure that the audit report is a complete report of all of the sheltered workshop's accounts.

2. Ensure that future payment agreements are based on specific contractor performance. In addition, the board should discontinue the practice of paying for services prior to them being performed.

3. Require adequate supporting documentation for all expenditures.

- B. Ensure all receipts are recorded as received and that budget information accurately presents all financial activity. In addition, the board should estimate expenditures as closely as possible to the anticipated actual amounts to more accurately reflect the board's financial condition.
- C. Review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated cash balance, such plans should be set forth publicly in the board minutes and budget messages.
- D. Restrictively endorse checks as received and deposit monies daily or when accumulated receipts exceeds \$100. In addition, monies received should be recorded when received.
- E. Ensure that the minutes clearly reflect when board members have abstained from voting. In addition, the board should obtain a written agreement establishing the board's rights to equipment purchased.

Status:

A.1&3,

B,C&

D. Implemented.

A.2. Partially implemented. While contractual payments were spread more evenly throughout the year, the payment agreements were not based upon specific contractor performance. Although not repeated in the current report, our recommendation remains as stated above.

E. Partially implemented. While minutes reflected when board members abstained from voting, the board has not obtained written agreements establishing their rights to equipment purchased. Although not repeated in the current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

GASCONADE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1820, the county of Gasconade was named after the Gasconade River. Gasconade County is a county-organized, third-class county and is part of the Twentieth Judicial Circuit. The county seat is Hermann.

Gasconade 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 Gasconade County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 625,997	19	587,684	19
Sales taxes	1,384,451	41	1,318,290	43
Federal and state aid	722,740	22	605,291	20
Fees, interest, and other	600,963	18	548,733	18
Total	\$ 3,334,151	100	3,059,998	100

The following chart shows how Gasconade County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 717,634	22	709,975	25
Public safety	722,327	23	686,148	25
Highways and roads	1,744,591	55	1,414,409	50
Total	\$ 3,184,552	100	2,810,532	100

The county maintains approximately 67 county bridges and 485 miles of county roads.

The county's population was 11,878 in 1970 and 15,342 in 2000. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2001	2000	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 93.5	86.0	44.1	35.3	18.5
Personal property	44.0	41.7	13.0	6.8	5.2
Railroad and utilities	21.9	20.1	12.9	.2	.1
Total	\$ 159.4	147.8	70.0	42.3	23.8

* First year of statewide reassessment.

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

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

	Year Ended December 31,	
	2001	2000
General Revenue Fund	\$.1496	.1465
Special Road and Bridge Fund	.2706	.2713
Health Center Fund	.0998	.1000
Senate Bill 40 Board Fund	.0998	.1000
Community Mental Health Fund	.0998	.1000

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:

	<u>Year Ended February 28,</u>	
	<u>2002</u>	<u>2001</u>
State of Missouri	\$ 47,795	44,531
General Revenue Fund	266,154	245,361
Special Road and Bridge Fund	428,765	400,469
Assessment Fund	86,874	82,367
Health Center Fund	157,427	146,938
Senate Bill 40 Board Fund	157,427	146,938
Community Mental Health Fund	155,540	145,028
School districts	5,835,547	5,408,120
Library district	157,427	146,938
Ambulance districts	477,861	448,890
Fire protection districts	41,525	37,567
Hospital district	438,993	415,872
Junior College	1,249	1,062
Tax Increment Financing District	38,310	31,684
Morrison Levee	443	521
Tri-County Levee/Bond	7,249	7,249
A-1 Levee	992	894
Cities	40,215	33,299
County Employees' Retirement	56,769	53,487
Commissions and fees:		
General Revenue Fund	123,720	117,676
Total	<u>\$ 8,520,282</u>	<u>7,914,891</u>

Percentages of current taxes collected were as follows:

	<u>Year Ended February 28,</u>	
	<u>2002</u>	<u>2001</u>
Real estate	94 %	94 %
Personal property	90	92
Railroad and utilities	100	100

Gasconade 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 %
General	.0050	None	None

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

Officeholder	2002	2001	2000
County-Paid Officials:			
Charles Schlottach, Presiding Commissioner	\$	28,400	28,400
Max Aubuchon, Associate Commissioner		26,400	26,400
Jerry Lairmore, Associate Commissioner		26,400	26,400
Roger Prior, County Clerk		40,000	40,000
Ada Brehe-Krueger, Prosecuting Attorney		47,000	47,000
Glenn Ebker, Sheriff		44,000	37,000
Ralph Grannemann, Jr., County Treasurer		29,600	29,600
Landon Grosse, County Coroner		12,000	6,000
Fay Owsley, Public Administrator		22,000	0
Kathy Meyer, Public Administrator (1)		4,876	27,166
Shawn Gerschefske, County Collector, year ended February 28,	40,000	39,833	
Joseph Mundwiller, County Assessor (2), year ended August 31,		13,558	
Ray Berlemer, County Assessor (3), year ended August 31,		27,117	39,967
Paul Dopuch, County Surveyor (4)		900	75

- (1) Includes fees received from probate cases.
- (2) Includes \$225 annual compensation received from the state.
- (3) Includes annual compensation received from the state of \$450 and \$900 for 2001 and 2000, respectively.
- (4) Compensation on a fee basis.

State-Paid Officials:			
Judith Schulte, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
John Berkemeyer, Associate Circuit Judge		96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	2 *	0
Prosecuting Attorney	3 **	0
Sheriff	8 **	0
County Collector	6 ***	0
County Assessor	3 **	0
Associate and Probate Divisions	1 **	2
Road and Bridge	16	0
Health Center	10 ****	0
Building & Grounds	1	0
E911	10 ****	0
Jail	1	0
Union Electric	2 **	0
Total	<u>64</u>	<u>4</u>

* Vacant job which is split equally among County Clerk, County Commission, and Elections.

** Includes one part-time employee.

*** Includes five part-time employees.

**** Includes three part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Gasconade County's share of the Twentieth Judicial Circuit's expenses is 12.55 percent.