



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

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

**Report No. 2003-05  
January 16, 2003  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

January 2003

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Dent, 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.

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This audit of Dent 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 cash balances presented in the county's budget documents for some funds were incorrect and did not agree to the County Treasurer's semi-annual settlements. In addition, the semi-annual settlements did not always appear to be correct and did not always agree to the County Treasurer's manual fund ledgers.
- 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 Dent County's Associate County Commissioners' salaries were each increased approximately \$3,875 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 approximately \$7,750, \$6,450, and \$1,300, respectively, for the two years ended December 31, 2000, should be repaid.

- Receipting and cash handling procedures at the Dent County Health Center were not adequate as monies received were not deposited intact, the method of payment was not always properly recorded on receipt slips and the composition of monies received was not reconciled to deposits. In addition, prenumbered receipt slips

(over)

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were not accounted for properly and accounting duties were not adequately segregated. At least \$380 of monies collected could not be accounted for. Also, employees responsible for collecting monies were not bonded and fixed asset records and procedures were inadequate.

The audit also suggested improvements to budgetary practices, bidding procedures, billings of Juvenile Office expenses, monitoring of collateral securities, fixed assets, and fuel usage records. Recommendations were made to improve accounting controls and procedures of the Circuit Clerk, Associate Circuit Division Clerk, County Clerk, Prosecuting Attorney, and Sheriff. In addition, the audit recommended the Dent County Developmental Disabilities Board improve its monitoring of contracted services.

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DENT 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 Dent County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Dent 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 Dent 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 Dent 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 Dent 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 25, 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 Dent 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 25, 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:	Heather M. Thompson
Audit Staff:	Norma Payne
	Michelle L. Knowles
	Aspen D. Burrow



**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 Dent County, Missouri

We have audited the special-purpose financial statements of various funds of Dent County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 25, 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 Dent 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 Dent 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 01-1, to be a material weakness. We also 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 Dent County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

July 25, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

DENT 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	\$ 502,813	1,178,744	1,123,829	557,728
Special Road and Bridge	158,100	997,916	995,114	160,902
Assessment	(1,072)	134,140	118,869	14,199
Law Enforcement Training	4,841	3,152	3,302	4,691
Prosecuting Attorney Training	199	807	529	477
Miscellaneous Grant	43	29,100	29,100	43
911 Emergency	54,330	37,834	43,701	48,463
Senior Citizen Service	13,800	60,102	59,082	14,820
Prosecuting Attorney Bad Check	8,292	13,338	13,922	7,708
Child's Trust	7,380	655	7,000	1,035
Recorder's User Fee	4,755	8,515	4,960	8,310
Prosecuting Attorney Special Law Enforcement	1,431	1,964	2,500	895
Law Library	6,416	4,146	4,642	5,920
Associate Circuit Division Interest	2,873	459	1,035	2,297
Circuit Division Interest	4,351	4,642	4,417	4,576
Health Center	21,897	329,807	308,602	43,102
Dent County Developmental Disabilities Board	293,693	230,762	420,372	104,083
Total	\$ 1,084,142	3,036,083	3,140,976	979,249

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

Exhibit A-2

DENT 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	\$ 585,601	1,201,255	1,284,043	502,813
Special Road and Bridge	109,194	930,127	881,221	158,100
Assessment	16,722	137,474	155,268	(1,072)
Law Enforcement Training	2,789	3,897	1,845	4,841
Prosecuting Attorney Training	1,315	890	2,006	199
Miscellaneous Grant	32	29,624	29,613	43
911 Emergency	48,427	34,123	28,220	54,330
Senior Citizen Service	12,350	57,332	55,882	13,800
Prosecuting Attorney Bad Check	8,801	11,820	12,329	8,292
Child's Trust	6,665	715	0	7,380
Recorder's User Fee	7,262	6,789	9,296	4,755
Prosecuting Attorney Special Law Enforcement	6,657	1,774	7,000	1,431
Law Library	8,126	2,510	4,220	6,416
Associate Circuit Division Interest	2,424	449	0	2,873
Circuit Division Interest	5,796	2,421	3,866	4,351
Health Center	24,129	340,605	342,837	21,897
Dent County Developmental Disabilities Board	239,812	219,114	165,233	293,693
Total	\$ 1,086,102	2,980,919	2,982,879	1,084,142

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

Exhibit B

DENT 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)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,065,070	3,036,083	(28,987)	2,989,915	2,980,919	(8,996)
DISBURSEMENTS	3,288,341	3,140,976	147,365	3,334,644	3,017,879	316,765
RECEIPTS OVER (UNDER) DISBURSEMENTS	(223,271)	(104,893)	118,378	(344,729)	(36,960)	307,769
CASH, JANUARY 1	1,084,142	1,084,142	0	1,086,102	1,086,102	0
CASH, DECEMBER 31	860,871	979,249	118,378	741,373	1,049,142	307,769
<b>GENERAL REVENUE FUND</b>						
<b>RECEIPTS</b>						
Property taxes	60,939	60,627	(312)	55,005	55,809	804
Sales taxes	680,962	614,307	(66,655)	627,500	630,733	3,233
Intergovernmental	97,427	114,990	17,563	107,500	124,303	16,803
Charges for services	256,123	266,147	10,024	251,400	229,425	(21,975)
Interest	35,000	38,870	3,870	32,000	31,202	(798)
Other	60,150	46,303	(13,847)	80,050	51,033	(29,017)
Transfers in	44,000	37,500	(6,500)	50,000	78,750	28,750
Total Receipts	1,234,601	1,178,744	(55,857)	1,203,455	1,201,255	(2,200)
<b>DISBURSEMENTS</b>						
County Commission	89,901	88,124	1,777	91,022	90,612	410
County Clerk	84,520	82,388	2,132	84,404	82,198	2,206
Elections	22,800	16,567	6,233	44,700	48,285	(3,585)
Buildings and grounds	91,746	71,283	20,463	233,508	208,104	25,404
Employee fringe benefits	81,300	84,926	(3,626)	83,500	63,021	20,479
County Treasurer	39,369	38,456	913	39,564	39,002	562
County Collector	65,098	62,315	2,783	64,538	60,530	4,008
Ex Officio Recorder of Deeds	22,050	19,733	2,317	22,962	27,264	(4,302)
Circuit Clerk	17,700	14,342	3,358	14,200	14,369	(169)
Associate Circuit Court	12,642	12,630	12	14,367	12,283	2,084
Court administration	9,800	6,647	3,153	10,850	13,909	(3,059)
Public Administrator	32,550	30,582	1,968	25,925	26,487	(562)
Sheriff	261,435	240,820	20,615	227,300	227,852	(552)
Jail	121,398	113,851	7,547	114,282	113,595	687
Prosecuting Attorney	106,929	102,408	4,521	105,924	106,170	(246)
Juvenile Officer	22,352	22,352	0	28,244	28,244	0
County Coroner	17,465	15,302	2,163	11,150	13,474	(2,324)
Court reporters	1,050	735	315	1,200	730	470
Other	73,067	78,368	(5,301)	69,865	78,501	(8,636)
Transfers out	24,000	22,000	2,000	29,000	29,413	(413)
Emergency Fund	37,040	0	37,040	36,020	0	36,020
Total Disbursements	1,234,212	1,123,829	110,383	1,352,525	1,284,043	68,482
RECEIPTS OVER (UNDER) DISBURSEMENTS	389	54,915	54,526	(149,070)	(82,788)	66,282
CASH, JANUARY 1	502,813	502,813	0	585,601	585,601	0
CASH, DECEMBER 31	503,202	557,728	54,526	436,531	502,813	66,282

Exhibit B

DENT 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)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	278,001	284,757	6,756	271,000	270,988	(12)
Intergovernmental	644,679	635,541	(9,138)	620,179	626,031	5,852
Charges for services	0	0	0	14,556	14,556	0
Interest	16,000	18,463	2,463	10,000	12,340	2,340
Other	85,321	59,155	(26,166)	79,265	6,212	(73,053)
Total Receipts	1,024,001	997,916	(26,085)	995,000	930,127	(64,873)
<b>DISBURSEMENTS</b>						
Salaries	327,000	322,065	4,935	312,000	306,077	5,923
Employee fringe benefits	73,000	75,613	(2,613)	63,000	63,758	(758)
Supplies	83,000	78,167	4,833	73,300	92,510	(19,210)
Insurance	16,100	13,759	2,341	19,000	12,880	6,120
Road and bridge materials	333,500	344,257	(10,757)	331,500	348,845	(17,345)
Equipment repairs	35,000	31,851	3,149	35,000	35,667	(667)
Equipment purchases	150,000	124,352	25,648	155,000	16,962	138,038
Other	6,150	5,050	1,100	6,100	4,522	1,578
Total Disbursements	1,023,750	995,114	28,636	994,900	881,221	113,679
RECEIPTS OVER (UNDER) DISBURSEMENTS	251	2,802	2,551	100	48,906	48,806
CASH, JANUARY 1	158,100	158,100	0	109,194	109,194	0
CASH, DECEMBER 31	158,351	160,902	2,551	109,294	158,100	48,806
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	102,150	106,635	4,485	107,088	102,529	(4,559)
Interest	2,500	2,069	(431)	930	2,421	1,491
Other	2,500	3,436	936	3,600	3,111	(489)
Transfers in	22,000	22,000	0	29,413	29,413	0
Total Receipts	129,150	134,140	4,990	141,031	137,474	(3,557)
<b>DISBURSEMENTS</b>						
Assessor	128,190	118,869	9,321	130,035	155,268	(25,233)
Transfers out	0	0	0	0	35,000	(35,000)
Total Disbursements	128,190	118,869	9,321	130,035	190,268	(60,233)
RECEIPTS OVER (UNDER) DISBURSEMENTS	960	15,271	14,311	10,996	(52,794)	(63,790)
CASH, JANUARY 1	(1,072)	(1,072)	0	16,722	16,722	0
CASH, DECEMBER 31	(112)	14,199	14,311	27,718	(36,072)	(63,790)

Exhibit B

DENT 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)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	2,500	1,949	(551)	2,900	2,429	(471)
Interest	80	87	7	50	96	46
Other	1,400	1,116	(284)	1,390	1,372	(18)
Total Receipts	3,980	3,152	(828)	4,340	3,897	(443)
<b>DISBURSEMENTS</b>						
Sheriff	3,500	3,302	198	4,050	1,845	2,205
Total Disbursements	3,500	3,302	198	4,050	1,845	2,205
RECEIPTS OVER (UNDER) DISBURSEMENTS	480	(150)	(630)	290	2,052	1,762
CASH, JANUARY 1	4,841	4,841	0	2,789	2,789	0
CASH, DECEMBER 31	5,321	4,691	(630)	3,079	4,841	1,762
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	900	807	(93)	1,200	890	(310)
Total Receipts	900	807	(93)	1,200	890	(310)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	1,000	529	471	1,000	2,006	(1,006)
Total Disbursements	1,000	529	471	1,000	2,006	(1,006)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	278	378	200	(1,116)	(1,316)
CASH, JANUARY 1	199	199	0	1,315	1,315	0
CASH, DECEMBER 31	99	477	378	1,515	199	(1,316)
<b><u>MISCELLANEOUS GRANT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	29,650	29,100	(550)	6,000	29,571	23,571
Interest	53	0	(53)	0	53	53
Total Receipts	29,703	29,100	(603)	6,000	29,624	23,624
<b>DISBURSEMENTS</b>						
Grant expense	29,650	29,100	550	6,000	29,613	(23,613)
Total Disbursements	29,650	29,100	550	6,000	29,613	(23,613)
RECEIPTS OVER (UNDER) DISBURSEMENTS	53	0	(53)	0	11	11
CASH, JANUARY 1	43	43	0	32	32	0
CASH, DECEMBER 31	96	43	(53)	32	43	11

Exhibit B

DENT 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)
<b><u>911 EMERGENCY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	31,500	33,453	1,953	27,800	30,605	2,805
Interest	3,600	4,381	781	1,200	3,518	2,318
<b>Total Receipts</b>	<b>35,100</b>	<b>37,834</b>	<b>2,734</b>	<b>29,000</b>	<b>34,123</b>	<b>5,123</b>
<b>DISBURSEMENTS</b>						
Line charges	4,000	3,193	807	3,900	3,970	(70)
Equipment	0	15,508	(15,508)	0	0	0
Transfers out	25,000	25,000	0	24,250	24,250	0
<b>Total Disbursements</b>	<b>29,000</b>	<b>43,701</b>	<b>(14,701)</b>	<b>28,150</b>	<b>28,220</b>	<b>(70)</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>6,100</b>	<b>(5,867)</b>	<b>(11,967)</b>	<b>850</b>	<b>5,903</b>	<b>5,053</b>
CASH, JANUARY 1	54,330	54,330	0	48,427	48,427	0
CASH, DECEMBER 31	60,430	48,463	(11,967)	49,277	54,330	5,053
<b><u>SENIOR CITIZEN SERVICE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	51,000	53,276	2,276	51,000	50,537	(463)
Intergovernmental	5,820	5,820	0	6,000	5,820	(180)
Interest	760	597	(163)	650	800	150
Other	175	409	234	0	175	175
<b>Total Receipts</b>	<b>57,755</b>	<b>60,102</b>	<b>2,347</b>	<b>57,650</b>	<b>57,332</b>	<b>(318)</b>
<b>DISBURSEMENTS</b>						
Contractual obligations	54,820	59,082	(4,262)	55,200	55,882	(682)
<b>Total Disbursements</b>	<b>54,820</b>	<b>59,082</b>	<b>(4,262)</b>	<b>55,200</b>	<b>55,882</b>	<b>(682)</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>2,935</b>	<b>1,020</b>	<b>(1,915)</b>	<b>2,450</b>	<b>1,450</b>	<b>(1,000)</b>
CASH, JANUARY 1	13,800	13,800	0	12,350	12,350	0
CASH, DECEMBER 31	16,735	14,820	(1,915)	14,800	13,800	(1,000)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	11,750	13,139	1,389	11,000	11,523	523
Interest	275	199	(76)	0	297	297
<b>Total Receipts</b>	<b>12,025</b>	<b>13,338</b>	<b>1,313</b>	<b>11,000</b>	<b>11,820</b>	<b>820</b>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	4,000	4,922	(922)	4,500	3,329	1,171
Transfers out	9,000	9,000	0	9,000	9,000	0
<b>Total Disbursements</b>	<b>13,000</b>	<b>13,922</b>	<b>(922)</b>	<b>13,500</b>	<b>12,329</b>	<b>1,171</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(975)</b>	<b>(584)</b>	<b>391</b>	<b>(2,500)</b>	<b>(509)</b>	<b>1,991</b>
CASH, JANUARY 1	8,292	8,292	0	8,801	8,801	0
CASH, DECEMBER 31	7,317	7,708	391	6,301	8,292	1,991

Exhibit B

DENT 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)
<b><u>CHILD'S TRUST FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	720	655	(65)	675	715	40
Total Receipts	720	655	(65)	675	715	40
<b>DISBURSEMENTS</b>						
Other	7,000	7,000	0	0	0	0
Total Disbursements	7,000	7,000	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,280)	(6,345)	(65)	675	715	40
CASH, JANUARY 1	7,380	7,380	0	6,665	6,665	0
CASH, DECEMBER 31	1,100	1,035	(65)	7,340	7,380	40
<b><u>RECORDER'S USER FEE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	6,750	7,317	567	8,100	6,584	(1,516)
Intergovernmental	0	1,074	1,074	0	0	0
Interest	210	124	(86)	0	205	205
Total Receipts	6,960	8,515	1,555	8,100	6,789	(1,311)
<b>DISBURSEMENTS</b>						
Recorder	6,250	1,460	4,790	11,000	5,796	5,204
Transfers out	3,500	3,500	0	3,500	3,500	0
Total Disbursements	9,750	4,960	4,790	14,500	9,296	5,204
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,790)	3,555	6,345	(6,400)	(2,507)	3,893
CASH, JANUARY 1	4,755	4,755	0	7,262	7,262	0
CASH, DECEMBER 31	1,965	8,310	6,345	862	4,755	3,893
<b><u>PROSECUTING ATTORNEY SPECIAL LAW ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	500	0	(500)	1,500	1,180	(320)
Interest	0	25	25	0	141	141
Other	125	1,939	1,814	0	453	453
Total Receipts	625	1,964	1,339	1,500	1,774	274
<b>DISBURSEMENTS</b>						
Sheriff	2,000	2,500	(500)	0	0	0
Transfers out	0	0	0	7,000	7,000	0
Total Disbursements	2,000	2,500	(500)	7,000	7,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,375)	(536)	839	(5,500)	(5,226)	274
CASH, JANUARY 1	1,431	1,431	0	6,657	6,657	0
CASH, DECEMBER 31	56	895	839	1,157	1,431	274

Exhibit B

DENT 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)
<b><u>LAW LIBRARY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	2,600	4,146	1,546	3,000	2,510	(490)
Total Receipts	2,600	4,146	1,546	3,000	2,510	(490)
<b>DISBURSEMENTS</b>						
Law Library	0	4,642	(4,642)	4,000	4,220	(220)
Total Disbursements	0	4,642	(4,642)	4,000	4,220	(220)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,600	(496)	(3,096)	(1,000)	(1,710)	(710)
CASH, JANUARY 1	6,416	6,416	0	8,126	8,126	0
CASH, DECEMBER 31	9,016	5,920	(3,096)	7,126	6,416	(710)
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	450	459	9	350	449	99
Total Receipts	450	459	9	350	449	99
<b>DISBURSEMENTS</b>						
Associate Circuit Division	1,035	1,035	0	2,400	0	2,400
Total Disbursements	1,035	1,035	0	2,400	0	2,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(585)	(576)	9	(2,050)	449	2,499
CASH, JANUARY 1	2,873	2,873	0	2,424	2,424	0
CASH, DECEMBER 31	2,288	2,297	9	374	2,873	2,499
<b><u>CIRCUIT DIVISION INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	1,800	4,642	2,842	1,900	2,421	521
Total Receipts	1,800	4,642	2,842	1,900	2,421	521
<b>DISBURSEMENTS</b>						
Circuit Clerk	4,915	4,417	498	5,750	3,866	1,884
Total Disbursements	4,915	4,417	498	5,750	3,866	1,884
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,115)	225	3,340	(3,850)	(1,445)	2,405
CASH, JANUARY 1	4,351	4,351	0	5,796	5,796	0
CASH, DECEMBER 31	1,236	4,576	3,340	1,946	4,351	2,405

Exhibit B

DENT 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)
<b>HEALTH CENTER FUND</b>						
<b>RECEIPTS</b>						
Property taxes	108,100	110,785	2,685	100,400	105,409	5,009
Intergovernmental	132,630	136,839	4,209	160,030	154,856	(5,174)
Charges for services	76,470	79,172	2,702	80,204	76,582	(3,622)
Interest	2,600	2,781	181	2,000	2,540	540
Other	1,000	230	(770)	1,000	1,218	218
Total Receipts	320,800	329,807	9,007	343,634	340,605	(3,029)
<b>DISBURSEMENTS</b>						
Salaries	221,664	210,402	11,262	226,566	226,361	205
Office expenditures	11,700	13,629	(1,929)	12,800	11,177	1,623
Reimbursable expenses	6,600	6,977	(377)	34,000	29,087	4,913
Mileage and training	12,500	10,001	2,499	11,000	12,671	(1,671)
Insurance	5,400	3,723	1,677	4,000	5,484	(1,484)
Maintenance	12,659	9,538	3,121	5,100	5,542	(442)
Equipment	3,000	3,857	(857)	5,000	6,051	(1,051)
Special program expense	5,900	7,692	(1,792)	1,350	5,938	(4,588)
Staff benefits	41,377	42,783	(1,406)	43,818	40,526	3,292
Total Disbursements	320,800	308,602	12,198	343,634	342,837	797
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	21,205	21,205	0	(2,232)	(2,232)
CASH, JANUARY 1	21,897	21,897	0	24,129	24,129	0
CASH, DECEMBER 31	21,897	43,102	21,205	24,129	21,897	(2,232)
<b>DENT COUNTY DEVELOPMENTAL DISABILITIES BOARD FUND</b>						
<b>RECEIPTS</b>						
Property taxes	162,000	177,569	15,569	149,000	160,681	11,681
Interest	10,000	17,608	7,608	5,000	17,943	12,943
Other	31,900	35,585	3,685	28,080	40,490	12,410
Total Receipts	203,900	230,762	26,862	182,080	219,114	37,034
<b>DISBURSEMENTS</b>						
Administration	24,020	28,780	(4,760)	23,700	26,055	(2,355)
Capital improvements	255,000	272,577	(17,577)	210,000	3,541	206,459
Direct services	24,700	18,353	6,347	5,000	42,932	(37,932)
Contract services	54,599	35,199	19,400	82,860	38,533	44,327
Agency support services	67,400	65,463	1,937	50,440	54,172	(3,732)
Total Disbursements	425,719	420,372	5,347	372,000	165,233	206,767
RECEIPTS OVER (UNDER) DISBURSEMENTS	(221,819)	(189,610)	32,209	(189,920)	53,881	243,801
CASH, JANUARY 1	293,693	293,693	0	239,812	239,812	0
CASH, DECEMBER 31	71,874	104,083	32,209	49,892	293,693	243,801

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

Notes to the Financial Statements

DENT 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 Dent County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Dent County Developmental Disabilities Board, or the Senior Citizen Service 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.

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

<u>Fund</u>	<u>Years Ended December 31,</u>
911 Emergency Fund	2001 and 2000
Senior Citizen Service Fund	2001 and 2000
Law Library Fund	2001 and 2000
Prosecuting Attorney Bad Check Fund	2001
Prosecuting Attorney Special Law Enforcement Fund	2001

Assessment Fund	2000
Prosecuting Attorney Training Fund	2000
Miscellaneous Grant Fund	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.

The county's published financial statements for the years ended December 31, 2001 and 2000, included all funds presented in the accompanying financial statements.

However, for the Dent County Disabilities Board Fund, the county's published financial statements for the years ended December 31, 2001 and 2000, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

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

Of the county's bank balance at December 31, 2001, \$250,279 was covered by federal depository insurance, and \$795,155 was covered by collateral securities held by the county's custodial bank but not in the county's name.

Of the county's bank balance at December 31, 2000, \$121,795 was covered by federal depository insurance, and \$667,967 was covered by collateral securities held by the county's custodial bank but not in the county's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end.

The Health Center Board's and Developmental Disabilities Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Schedule

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

This schedule includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

<b>01-1.</b>	<b>Reconciliation of County Records</b>
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The cash balances presented in the county's budget documents for some funds are incorrect and do not agree to the County Treasurer's semi-annual settlements. In addition, the County Treasurer's semi-annual settlements do not always appear to be correct and do not always agree to the County Treasurer's own manual fund ledgers.

The County Treasurer is responsible for posting all receipts, disbursements, and transfers to the county's computer system, except for disbursements from the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, and the 911 Emergency Fund. The County Clerk posts disbursement information to the computer system for those funds. While the County Clerk and County Treasurer reconcile the receipts and disbursements in the computerized records with the County Treasurer's manual fund ledgers, this information is not reconciled with the semi-annual settlements.

Since the county does not maintain perpetual cash balances for each fund, to prepare the county budgets the County Clerk obtains the beginning cash balance of each fund from the County Treasurer's semi-annual settlements for December 31 of the prior year. For each budget, the County Clerk combines this beginning cash balance for each fund with the receipt and disbursement totals from the computerized financial records to determine each fund's cash balance at December 31. While the cash balance should agree to the County Treasurer's semi-annual settlement amounts, these amounts often differed. We noted that some receipt and disbursement totals on the County Treasurer's semi-annual settlements did not agree to the County Treasurer's manual fund ledgers, which are supposedly the source for preparing the settlements. No documentation was available to explain these differences. As noted above, the resulting incorrect cash balances on the semi-annual settlements were then carried forward to the county budget documents.

To ensure the information presented on the county's financial statements, budget documents, and semi-annual settlements is correct, the county should maintain perpetual cash balances and reconcile information on the county's computerized financial records and the County Treasurer's manual fund ledgers with the semi-annual settlements.

Similar conditions were noted in our prior two reports.

**WE AGAIN RECOMMEND** the County Clerk and County Treasurer maintain perpetual cash balances for each fund and reconcile the computerized financial records and the County Treasurer's manual fund ledgers with information recorded on the County Treasurer's semi-annual settlements.

**AUDITEE'S RESPONSE**

*The County Clerk indicated that he agrees with the recommendation and the corrected cash balances will be used when preparing the 2003 budget. The County Clerk also indicated he would discuss this issue with the newly elected County Clerk and they would begin maintaining perpetual cash balances for all funds. The County Treasurer indicated he also agrees with the recommendation.*

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

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

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Dent County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1999.

1. Reconciliation of County Records

- A. The Treasurer prepared semi-annual settlements for each fund; however, perpetual cash balances of funds were not maintained in the County Treasurer's fund ledgers. In addition, the December 31, 1999 bank reconciliation for the general checking account contained numerous errors and the corrected reconciled bank balance exceeded the cash balances on the County Treasurer's semi-annual settlements by more than \$7,000.
- B. The County Clerk had not established procedures to ensure all receipts and disbursements were properly recorded on the county's computerized financial records and included in the County Treasurer's semi-annual settlement totals which were used to prepare county budgets. As a result, cash balances on the budgeted documents were sometimes inaccurate and inconsistent.

Recommendation:

- A. The County Treasurer maintain perpetual cash balances in fund ledgers and adjust the county's records to correct unidentified differences between cash balances of the County Treasurer's records and the reconciled bank balances.
- B. The County Clerk reconcile the county's computerized financial records with the County Treasurer's receipt and disbursement records on a monthly basis and ensure the totals on the County Treasurer's semi-annual settlements agree to the totals on the county's computerized financial records.

Status:

A&B. Not implemented. See Finding Number 01-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the special-purpose financial statements of various funds of Dent County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 25, 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.

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

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Dent 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.****Budgetary Practices and County Expenditures**

A. Actual disbursements exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2001	2000
Assessment	N/A	25,233
Prosecuting Attorney Training	N/A	1,006
Miscellaneous Grant	N/A	23,613
911 Emergency	14,701	70
Senior Citizen Service	4,262	682
Prosecuting Attorney Bad Check	922	N/A
Prosecuting Attorney Special Law Enforcement	500	N/A
Law Library	4,642	220

The budget for the Assessment Fund was exceeded because funds were transferred to the General Revenue Fund, even though the transfer was not budgeted. In addition, the budget for the Miscellaneous Grant Fund was exceeded because the county received several unanticipated grants; however, the budget could have been amended for these grants during the year. It appears disbursements from the other funds were not adequately monitored to ensure compliance with the budget.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that county officials are required to comply strictly with county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during the year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

A similar condition was noted in prior reports.

B. During our review of the county's expenditures we noted the following concerns:

1. Bids were not solicited for various purchases of rock base during the audit period. The County Commission indicated that they do not bid the purchase because they obtain most of the rock base from the only quarry located in the

county that handles this material. They indicated they use this local quarry for convenience and to lower transportation costs. The county purchased approximately \$211,000 and \$219,000 of rock base from this quarry during the years ended December 31, 2001 and 2000, respectively.

2. The County has purchased prisoner meals from one local restaurant for several years without a contract for the service. While the County Clerk stated that the vendor is considered a sole source since other restaurants do not want to provide meals seven days a week, the county has not advertised for bids in several years. The County spent approximately \$14,000 and \$24,000 on prisoner meals for the years ended December 31, 2001 and 2000, respectively.

Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding assures all parties are given an equal opportunity to participate in county business.

Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents.

- C. The County is overpaying its share of the juvenile office expenditures. The County pays a portion of juvenile office expenditures for the 42<sup>nd</sup> Judicial Circuit based upon a percentage determined by the population of the county in proportion to the entire judicial circuit, according to the most recent census. The Juvenile Officer did not update the billing percentage based on the new 2000 census data. During our review of juvenile office expenditures and billings, we noted Dent County is being billed at the 1990 census rate of 22.17 percent rather than the new 2000 census rate of 21.83 percent. In 2001, expenditures for the juvenile office totaled approximately \$142,500, of which approximately \$31,600 was billed to Dent County. In addition, since Dent County is the home base for the juvenile officer for the 42<sup>nd</sup> Judicial Circuit, billings made to the other four counties in the circuit have also been based on the incorrect ratios.
- D. 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 Dent County's Associate County Commissioners' salaries were each increased approximately \$3,875 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. Douglass et al.*, holds that all raises given pursuant to this section are unconstitutional.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$7,750, \$6,450, and \$1,300, respectively, for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other county officials within their term of office should be re-evaluated for propriety. Despite the ruling, the Dent County Salary Commission voted not to require the Associate County Commissioners to repay the salary overpayments during the salary commission meeting held on November 5, 2001.

**WE RECOMMEND:**

- A. The County Commission, Senior Citizen Service Board, and Prosecuting Attorney refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office. In addition, budget amendments should be made prior to incurring the actual expenditures.
- B. The County Commission solicit bids for all items in accordance with state law and ensure all contracts are in writing and signed by each of the parties involved.
- C. The County Commission and Juvenile Officer work with the Circuit Court to determine the amount of the billing errors and issue corrected billing or refunds, as appropriate, to all affected counties.
- D. The County Commission and/or Salary Commission reconsider their decision and develop a plan for obtaining repayment of the salary overpayments.

**AUDITEE'S RESPONSE**

- A. *The Presiding Commissioner indicated he agrees with the recommendation and that they will monitor the budgets more closely and will ensure that the budgets are amended when necessary. The President of the Senior Citizen Service Board and the Prosecuting Attorney also indicated they agreed with the recommendation and indicated they would monitor the budget and actual expenditures more closely in the future and would amend the budgets when necessary.*
- B.1. *The Presiding Commissioner and County Clerk indicated the quarry used for the purchase of rock base was a sole source vendor in Dent County and that the same company owns most*

*area quarries. However, the Presiding Commissioner indicated they would contact the other vendors and document the reason for choosing a particular vendor in the county commission meeting minutes in the future.*

2. *The Presiding Commissioner indicated he agrees with the recommendation and that the restaurant used for prisoner meals has since closed. The County Clerk indicated they plan to bid this service in 2003 and a contract will be established at that time.*
- C. *The Presiding Commissioner indicated he agrees with the recommendation and will ensure that they discuss the billings with the Juvenile Officer. In addition, the Juvenile Officer stated the correct percentages had already been obtained and used for the calculations in 2002.*
- D. *The Presiding Commissioner indicated they were following state law at the time the raises were given. He indicated the County Commission will take the recommendation under advisement.*

<b>2. County Procedures</b>
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A. The county has not established procedures to monitor collateral securities pledged by its depository bank, and as a result, funds were undercollateralized at various times during the audit period. The amount of collateral securities pledged by the county's depository bank to cover deposits of the County Treasurer was insufficient by up to \$4,800 and \$154,000 during January 2002 and January 2001, respectively. The high balance periods were primarily due to deposits of property tax monies collected by the County Collector for county funds and disbursed to the County Treasurer. The County Treasurer indicated that he monitors the collateral securities for all bank accounts under his control. In addition, he stated that the bank will contact him if the collateral securities pledged are not sufficient to cover the county's bank balances. However, during our review we noted that in 2001 the bank accounts were undercollateralized for approximately six months, with no additional securities pledged during that time. The bank balances eventually fell below the level of pledged collateral.

Section 110.020, RSMo 2000, requires that the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

B. Fuel usage logs are not reconciled to fuel purchases and fuel on hand on a timely basis. The county maintains gasoline and diesel fuel in bulk tanks at the Road and Bridge Department for use in the Road and Bridge vehicles and equipment. In addition, fuel for Sheriff Department vehicles is purchased from a local service station and billed monthly to the county. Established procedures require employees

to complete fuel usage logs for each vehicle indicating how much fuel was pumped. The Sheriff and the Road and Bridge supervisor stated that they review these reports for their respective departments on a monthly basis. However, per our review of the fuel usage logs, these reviews are not documented. In addition, the logs are not always complete because necessary information such as odometer readings and gallons of fuel pumped were not always included on the logs. Therefore, the amount of fuel used during the audit period could not be verified. The county spent approximately \$55,000 and \$57,000 for fuel purchases for the years ended December 31, 2001 and 2000, respectively.

To ensure the reasonableness of fuel expenditures, the county should maintain complete records of fuel usage, and reconcile them to fuel purchased and on hand. Failure to account for fuel purchases could result in loss, theft, or misuse.

Similar conditions were noted in our prior report.

C. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In the past, the County Clerk has been primarily responsible for these records. Our review of the fixed asset records and procedures revealed the following concerns:

1. The County Clerk maintains a manual inventory listing of fixed assets held by county officials; however, some of the fixed asset listings have not been updated since 1999. The County Clerk also does not periodically reconcile equipment purchases with additions to the fixed asset records and physical inventories are not being documented annually. During our review of county expenditures, we noted several fixed assets which were purchased but were not added to the listing. Performing this reconciliation would help ensure all purchases have been added to fixed asset records.
2. The county does not have formal procedures for disposing of county owned property. Written authorization is not consistently obtained from the County Commission. Currently, when an item is no longer needed or useful, the officeholder or department head will dispose of the property or place an item in storage without getting written approval from the County Commission. As a result, the County Commission and the County Clerk are not always aware of the disposal and may not remove the item from the fixed asset records. In addition, the inventory records do not indicate the method of disposition of fixed asset items.

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.

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

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

**WE RECOMMEND** the County Commission:

- A. Establish monitoring procedures to ensure the depository bank pledges adequate collateral securities at all times.
- B. Require the Road and Bridge Department supervisor and County Sheriff to ensure fuel logs are complete and contain sufficient information and to perform a documented periodic reconciliation of fuel purchased and on hand to amounts used in county vehicles and equipment and investigate any significant discrepancies.
- C. Establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

**AUDITEE'S RESPONSE**

- A. *The Presiding Commissioner indicated he agrees with the recommendation and that he would discuss this issue with the new County Treasurer who is to take office January 2003. In addition, he indicated new monitoring procedures would be established and that language regarding collateral securities would also be included in the next depository agreement to be bid in January 2003. The County Treasurer indicated he also agrees with this recommendation. He indicated the bank normally pledged additional collateral securities when necessary.*
- B. *The Presiding Commissioner indicated he agrees with the recommendation and he would discuss this issue with the Road and Bridge Supervisor and the Sheriff. In addition, he indicated the required information will be documented on the fuel usage logs and the reconciliations would be performed beginning in January 2003.*
- C. *The Presiding Commissioner indicated he agrees with the recommendation and that the County Commission would attempt to establish fixed asset guidelines. In addition, the*

*County Clerk indicated that he anticipates the duties will be delegated to the various office holders and that the recommendation would be implemented by June 2003.*

**3. Circuit Clerk's Accounting Controls and Procedures**

The Circuit Clerk's office collects receipts for civil and criminal court cases.

- A. Accounting duties are not adequately segregated. One individual has duties that include receiving, depositing, and disbursing monies, preparing bank reconciliations and maintaining the accounting records. While the Circuit Clerk indicated that an independent review of deposits and accounting records is performed, there is no documentation of this review.

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

- B. Monies received by the Circuit Division are not always deposited on a timely basis and checks are not restrictively endorsed immediately upon receipt. Per our review, deposits are made approximately four to five times per month and range from approximately \$400 to \$2,000.

To ensure all receipts are accounted for properly and safeguarded from theft, loss, or misuse, checks and money orders should be restrictively endorsed immediately upon receipt and monies should be deposited daily or when accumulated receipts exceed \$100.

- C. The Circuit Clerk maintains a \$50 change fund. These monies, along with daily monies collected, are not kept in a secure location and access to these monies is not limited. In addition, the change fund is used to make small petty cash purchases and supporting records are not maintained to document all such expenditures. The Circuit Clerk replenishes the change fund from the monies on hand to be deposited.

To safeguard monies from theft, loss or misuse, the change fund should be kept at a constant amount and all monies should be properly stored in a secure location prior to deposit. In addition, if needed, a separate petty cash fund should be established and maintained on an imprest basis.

**WE RECOMMEND** the Circuit Clerk:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.

- B. Ensure checks and money orders are endorsed immediately upon receipt and monies are deposited daily or when accumulated receipts exceed \$100.
- C. Maintain cash funds and daily collections in a secure location and limit access to only authorized individuals. If needed, a separate petty cash fund should be established and maintained on an imprest basis along with supporting documentation for all expenditures.

**AUDITEE'S RESPONSE**

- A. *The Circuit Clerk indicated she agrees and has already implemented the recommendation. The deputy clerk now receives monies and issues manual receipt slips when monies are received in the office and the Circuit Clerk enters the receipt information into the computer system. The Circuit Clerk indicated she then prepares the daily deposit report and the deputy now reviews it and signs it documenting the review. The Circuit Clerk then takes the deposit to the bank.*
- B. *The Circuit Clerk indicated that she agrees and has already implemented the recommendation. She now attempts to make deposits daily and restrictively endorses the checks when she enters them into the computer system daily.*
- C. *The Circuit Clerk indicated she agrees with the recommendation and the monies are locked away when neither she or her deputy are in the room. In addition, she indicated she would establish a petty cash fund separate from the daily receipts in the future and that this recommendation would be implemented by March 2003.*

<b>4. County Clerk's Accounting Controls and Procedures</b>
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The County Clerk's office collects money for various fees and licenses including notary fees, plat books, liquor licenses, ATV permits, and auctioneer licenses. The County Clerk's office collected approximately \$8,300 and \$9,200 for the years ended December 31, 2001 and 2000, respectively. Our review of the county clerk's cash receipt records and procedures revealed the following concerns:

- A. Accounting duties are not adequately segregated. One deputy clerk is primarily responsible for receiving and recording monies, preparing monthly turnovers, and maintaining accounting records.

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

- B. The County Clerk's office transmits monies directly to the County Treasurer approximately once a month, and some monies are retained from the transmittals for petty cash purchases. Also, checks are not restrictively endorsed upon receipt and receipt slips are not written for some monies received. Keeping cash on hand, accompanied by a lack of restrictive endorsements and receipt slips, increases the possibility of loss or misuse of funds.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipt slips should be prepared for all monies received, checks should be restrictively endorsed upon receipt, the method of payment per receipt slips should be reconciled to the composition of monies transmitted to the County Treasurer and monies should be transmitted intact daily or when accumulated receipts exceed \$100. In addition, if necessary, a petty cash fund should be established and maintained on an imprest basis.

**WE RECOMMEND** the County Clerk:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B. Ensure receipt slips are prepared for all monies received, checks are restrictively endorsed upon receipt, the method of payment per receipt slips is reconciled to the composition of monies transmitted to the County Treasurer and monies are transmitted timely and intact. In addition, if necessary, a petty cash fund should be established and maintained on an imprest basis.

**AUDITEE'S RESPONSE**

- A. *The County Clerk indicated he agrees with the recommendation and that his other deputy will review the deputy's work and document this review.*
- B. *The County Clerk indicated he agrees with the recommendation and that the office will attempt to transmit monies to the County Treasurer once a week. However, he indicated he did not believe a separate petty cash fund was necessary since the only purchases made are for stamps.*

**5.****Prosecuting Attorney's Accounting Controls and Procedures**

The Prosecuting Attorney's office collects court-ordered restitution and bad check restitution and fees. The Prosecuting Attorney maintains two current bank accounts: one for fees and restitution relating to bad checks which are not prosecuted and one for court-ordered restitution. The Prosecuting Attorney collected approximately \$108,000 and \$109,000 in bad check and restitution payments for the years ended December 31, 2001 and 2000, respectively. Our review of the Prosecuting Attorney's accounting controls and procedures noted the following areas of concern.

- A. Duties are not adequately segregated. Currently all duties, including receiving and recording bad check complaints and payments, depositing and disbursing monies, and following-up on amounts still due are performed by one clerk, with no independent oversight.

Internal controls would be improved by segregating the duties of receiving and recording complaints and payments from the duties of disbursing/depositing monies and following-up on amounts due. If duties cannot be adequately segregated, at a minimum, someone independent should periodically review the bad check records, compare monies received with deposits and disbursements and ensure recorded dispositions 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. In addition to the two current bank accounts, at December 31, 2001 there was approximately \$5,170 in an old bad check account and \$3,124 in an old restitution account which the Prosecuting Attorney could not specifically identify to whom the monies belonged. While the Prosecuting Attorney did indicate that efforts had been made to identify these monies in prior years, these monies have remained in the accounts since prior to 1997. If the monies cannot be identified, the Prosecuting Attorney should disburse the monies in accordance with state law.

A similar condition was noted in our prior report.

- C. Monies are not always deposited on a timely basis. During the two years ended December 31, 2001, bad check account and restitution account deposits were both made approximately four times per month. To adequately safeguard assets and reduce the risk of theft or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

- B. Dispose of all unidentified monies in accordance with state law.
- C. Deposit receipts daily or when accumulated receipts exceed \$100.

**AUDITEE'S RESPONSE**

- A. *The Prosecuting Attorney indicated he agrees with the recommendation and that he now signs off on the monthly reports for his office and will attempt to review receipt transactions periodically. In addition, he indicated he is now monitoring receipts more closely and will document this review in the future. The Prosecuting Attorney indicated this recommendation would be implemented by March 2003.*
- B. *The Prosecuting Attorney indicated he agrees and has already begun preparing the paperwork to have these monies turned over to the state's Unclaimed Property Division.*
- C. *The Prosecuting Attorney indicated he agrees and his deputy is now attempting to make deposits daily.*

<b>6. Sheriff's Accounting Controls and Procedures</b>
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- A. The Sheriff's department houses prisoners for other counties and cities in the county jail and bills the various entities for these services. The Sheriff does not maintain a log of amounts billed to or collected from the various entities. While the Sheriff maintains a file of all billings sent, payments received by the County Treasurer are not matched or compared to billings as a means to track and follow-up on unpaid amounts. Based on our review of the Sheriff's billing records and the subsequent payments received by the County Treasurer in 2001, it appears there was approximately \$8,500 in uncollected costs, representing approximately 43% of total billings for the year.

The Sheriff should maintain a log of amounts billed to and collected from the various entities to track amounts due and to ensure all outstanding amounts are received in a timely manner. If significant uncollected costs exist from certain entities, the Sheriff should consider discontinuing these services to those entities until the billings are paid.

- B. Seized property items are not always tagged to identify the property to a specific case and the property tags used are not prenumbered. In addition, while an inventory listing of seized property is maintained, the listing does not appear complete or accurate. We noted several items located in the evidence room were not included on the inventory listing and several items on the inventory listing could not be found in the evidence room. The Sheriff could not provide an explanation for the missing seized property items.

Adequate seized property inventory records are necessary to deter and identify loss, misuse, or theft of such items and to ensure the items are available in case of trial, etc. An inventory record should include information such as date of seizure, description of the item, persons involved, current location of the property, case name and number, tag number and date and method of release or disposition of the property. In addition, all items should be tagged and identified to a specific case.

**WE RECOMMEND** the Sheriff:

- A. Maintain a log of amounts billed to and collected from the various entities for boarding of prisoners as a means to track and follow-up on amounts due to the county.
- B. Mark all property with prenumbered property tags and identify property to specific cases. In addition, a complete inventory listing of all seized property should be maintained and kept updated for both additions and dispositions.

**AUDITEE'S RESPONSE**

- A. *The Sheriff indicated he agrees and has now established ledgers for each of the entities for which Dent County houses prisoners. He indicated he now records when entities are billed and when the monies are received on the ledgers and retains a copy of the receipt slip from the County Treasurer. The ledgers now allow him to track amounts due from each entity.*
- B. *The Sheriff indicated he agrees with the recommendation and that he would work with the Prosecuting Attorney in order to organize the evidence room and dispose of unneeded items. He indicated he would implement this recommendation by June 2003.*

<b>7. Associate Circuit Division's Accounting Controls and Procedures</b>
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The Associate Circuit Division collects various fees for civil, criminal, and municipal court cases. Deposits for these fees totaled approximately \$227,000 and \$220,000 for the years ended December 31, 2001 and 2000, respectively. Our review of the Associate Circuit Division's accounting controls and procedures noted the following concerns:

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing, and disbursing monies, preparing bank reconciliations and maintaining the accounting records.

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

- B. Monies are not always deposited on a timely basis. For the months of December 2001 and December 2000, deposits were made approximately four to five times per month. A cash count on June 19, 2002 noted approximately \$2,800 on hand, including approximately \$1,650 in cash, representing receipts dating back to June 14, 2002. To adequately safeguard assets and reduce the risk of theft or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

**WE RECOMMEND** the Associate Circuit Division:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.

**AUDITEE'S RESPONSE**

- A. *The Associate Division Clerk indicated she agrees with the recommendation and she would cross-train her deputy to review the monthly bank reconciliations and to periodically review the daily deposit reports. She indicated this recommendation would be implemented by March 2003.*
- B. *The Associate Division Clerk indicated she agrees with the recommendation and she would also train her deputy to do deposits on court days so that they would be able to deposit more frequently. She indicated this recommendation would be implemented by March 2003.*

**8.**

**Dent County Health Center**

- A. The Dent County Health Center collects monies for various services such as flu shots and vital record certificates. Collections totaled approximately \$79,000 and \$77,000, for 2001 and 2000, respectively, for such service charges. Some essential accounting and reconciliation procedures were not established or performed throughout the audit period. As a result, it appears some monies collected were not deposited and were not accounted for properly. Our review of receipting and cash handling procedures of the Health Center noted the following concerns:
  - 1. Monies received are not deposited intact. In addition, the method of payment is not always properly noted on receipt slips and the composition of monies received is not reconciled to the composition of monies deposited.

During our review of the receipt activity for July 2001 through June 2002, we noted that although total monies per the receipt slips usually agreed with total monies deposited, cash recorded on the receipt slips exceeded cash deposited in some instances, and some cash transactions were miscoded as checks. Our

analysis of the individual receipt slips, deposit slips, and additional information provided by the bank noted several examples, totaling \$380, of unrecorded checks (per the deposit slips and bank information) being deposited in place of recorded payments (per the receipt slips) which were marked as cash or miscoded as checks. The recorded, undeposited payments were not accounted for.

Similar conditions were noted in our prior report.

2. Prenumbered receipt slips are not accounted for properly. During our review of receipt slips issued from January 2001 through June 2002, we noted \$402 in questionable voided transactions where the voided receipt slips were missing and for which no other supporting documentation was maintained. We verified that at least three of these transactions were valid by contacting the individual indicated on the duplicate copy of the receipt slip. As a result, the related monies have not been accounted for properly.
3. Accounting duties are not adequately segregated. The Health Center bookkeeper is primarily responsible for receiving and recording monies, preparing and making the deposits, and preparing month-end bank reconciliations and monthly accounting activity reports. Although the Health Center Administrator stated that she reviews monthly bank reconciliations and monthly reports, there is no documentation of this review and an independent review is not performed to ensure that receipts are properly recorded and deposited intact.

To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, receipts should be deposited intact, the correct method of payment should be recorded on all receipt slips, the composition of monies received should be reconciled to the composition of monies deposited, and accounting duties should be adequately segregated. If proper segregation of duties can not be achieved, at a minimum, periodic supervisory reviews should be performed and documented. In addition, to properly account for the numerical sequence of receipt slips, the original copies of voided receipt slips should be retained and reasons for void transactions should be documented. In addition, the Health Center should investigate the items noted above and determine what, if any, additional actions should be taken.

- B. The employees responsible for collecting monies are not bonded. The Health Center Board should consider obtaining bond coverage for all employees with access to monies to better protect the office from risk of loss. This is even more significant considering the funds noted above which were not accounted for properly.

C. Our review of the fixed asset records and procedures noted the following concerns:

1. Additions of fixed assets are not always recorded as they occur and fixed asset purchases per the expenditure records are not reconciled to additions on the inventory records. During our review of expenditures, we noted several fixed assets, including a printer purchased in August 2001 for \$580, which were not recorded on the fixed asset inventory listing. Performing this reconciliation would ensure all purchases have been added to fixed asset records.
2. Property records do not always include some necessary information, such as acquisition date, date of disposition, and location of the asset. In addition, written authorization from the Health Center Board of Trustees is not consistently obtained for fixed asset dispositions.
3. Fixed assets are not being tagged on a timely basis. In addition, while the Health Center Administrator stated that annual inventories are performed, no documentation of the inventories or differences identified was maintained and the property control records were apparently not adjusted.

Property control tags should be affixed to all fixed asset items on a timely basis to help improve accountability and to ensure that assets are identified as property of the Health Center. Also, if properly performed and documented, an annual inventory could help detect items not recorded on the inventory records. Adequate fixed asset records are necessary to meet statutory requirements, secure better internal control over and safeguard assets, and provide a basis for determining proper insurance coverage.

**WE RECOMMEND** the Health Center Board of Trustees:

- A.1. Ensure the method of payment is properly recorded on all receipt slips, deposit all monies intact and reconcile the composition of monies received to the composition of monies deposited.
  2. Retain the original copies of all voided receipt slips and ensure voided transactions are adequately documented.
  3. Ensure that receipting duties are properly segregated, or at a minimum, require someone other than the bookkeeper to perform and document a periodic supervisory review of receipts to deposits.
  4. Investigate the items noted above and determine what, if any, additional actions should be taken.
- B. Obtain bond coverage for all employees responsible for handling monies.

- C.1. Record all fixed asset additions as they occur and ensure purchases are reconciled periodically to additions to the property records.
- 2. Ensure proper authorization is obtained for all fixed asset dispositions and ensure all necessary information is included on the fixed asset records.
- 3. Tag all fixed assets immediately upon receipt, perform and document an annual physical inventory and reconcile the results to the inventory listing.

**AUDITEE'S RESPONSE**

- A.1. *The Health Center Administrator indicated she agrees and all monies are now deposited intact daily. In addition, she indicated she or her assistant now reviews the deposits daily for propriety, ensuring the method of payment is properly recorded and agrees to the composition of the deposit.*
- 2. *The Health Center Administrator indicated she agrees and voided receipt slips are now retained and attached to the original receipt slip book for all voided transactions.*
- 3. *The Health Center Administrator indicated she agrees and she or her assistant now performs a supervisory review of all deposits made.*
- 4. *The Health Center Administrator indicated she agrees and has already discussed the issue with the Prosecuting Attorney. However, she indicated due to the internal control changes made and the amount of the items noted, she does not feel it is likely further action will be taken.*
- B. *The Health Center Administrator indicated she does not believe that bonding employees is necessary due to the internal control changes which have now been made. In addition, she indicated that the financial condition of the health center does not allow for the purchasing of bonds for all employees.*
- C. *The Health Center Administrator indicated she agrees and the fixed asset inventory is now maintained up-to-date on a computerized listing. She also indicated all fixed asset items are now tagged and recorded in the computer system immediately upon receipt. Given the small size of the operation, she is able to monitor the purchases and addition of applicable assets to the inventory listing each month. In addition, she indicated a physical inventory will be performed annually in the future.*

<b>9. Dent County Developmental Disabilities Board</b>
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The Dent County Developmental Disabilities Board (DCDDDB) disbursed approximately \$2,700 and \$35,500 for individuals in Independent Supported Living (ISL) arrangements for the years ended December 31, 2001 and 2000, respectively. The DCDDDB contracted with

the Department of Mental Health - Rolla Regional Center to provide these services to several developmentally disabled individuals via contracts the regional center had with other vendors. The agreement indicated that the DCDDDB would provide matching funds for the portion of the services not covered by the Department of Mental Health and other funding sources. The DCDDDB did not receive or maintain adequate documentation to support the days of service for which they were billed and did not monitor the subcontractor to ensure the services were actually provided as agreed. The DCDDDB discontinued the funding for the ISL arrangements for the year ended December 31, 2001.

Without monitoring these contracts, the DCDDDB has no assurance that these agencies are providing the specified services to residents of Dent County or the number of clients being served in exchange for funding provided by the DCDDDB. In addition, without obtaining and properly reviewing adequate supporting documentation, the DCDDDB cannot determine the validity or propriety of the expenditures.

**WE RECOMMEND** the Dent County Developmental Disabilities Board adequately monitor the contracts to ensure the specified services are being provided to residents of Dent County and ensure adequate supporting documentation is obtained and reviewed for all expenditures.

#### **AUDITEE'S RESPONSE**

*The Dent County Developmental Disabilities Board Administrator indicated she did monitor the ISL arrangements but did not maintain any documentation of these reviews. She indicated she would maintain documentation of the reviews if the board enters into these arrangements again in the future.*

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

DENT 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 Dent 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. Budgetary Practices and Published Financial Statements

- A. Disbursements were approved in excess of budgeted amounts for various funds.
- B. The county's budgets contained several misclassifications of receipts and disbursements.
- C. The annual published financial statements of the county did not include all of the financial activity of some county funds.
- D. The county had collected and deposited \$1,331 in fees into the Child's Trust Fund and no monies had been expended from the fund.

Recommendation:

- A. The County Commission and the Senior Citizens Services Board not authorize disbursements in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearing and filing the amended budget with the State Auditor's office.
- B. The County Commission ensure all significant receipts and disbursements are properly classified on the budgets.
- C. The County Commission ensure complete financial information for all county funds is properly reported in the annual published financial statements.
- D. The County Commission seek out potential users for the Child Trust Fund monies.

Status:

- A. Not implemented. See MAR No. 1.

- B. Partially implemented. Only a small number of reclassifications were necessary for this audit. Although, not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. The Dent County Developmental Disabilities Board Fund was the only fund for which complete information was not included in the published financial statements for the years ended December 31, 2001 and 2000, respectively. Published information for the fund consisted only of monies passed through the County Treasurer. Although not repeated in our current MAR, our recommendation remains as stated above.
- D. Implemented.

2. Accounting Controls and Procedures

- A,B,  
&C. See our audit report on Dent County, Missouri, for the two years ended December 31, 1999 (report number 2000-49).
- D. The County Treasurer did not ensure all transfers between funds were recorded on the his manual fund ledgers and the county's computerized receipt and disbursement records. Also, some transfers were not supported by county commission orders.
- E. Backup disks of computerized property tax information were not prepared.

Recommendation:

- D. The County Treasurer obtain written orders from the county commission prior to making fund transfers and ensure all transfers are posted to the appropriate fund ledgers and the county's computerized financial records.
- E. The County Commission work with the County Collector to ensure that computerized property tax records are backed up on disk and these disks are stored in a secure, off-site location.

Status:

D&E. Implemented.

3. Federal Financial Assistance

- A. The county's Schedule of Federal Financial Assistance contained numerous omissions.

- B. The county sent quarterly reimbursement claim forms to the U.S. Department of Justice for the COPS FAST Award but did not receive any of the reimbursements. No one followed up on these claims until we brought the matter to their attention.
- C. The COPS FAST reimbursement claim form prepared by the county for the first quarter of 1996 contained a mathematical error, resulting in the county claiming \$4,183 more than was due.

Recommendation:

- A. The County Clerk and the Health Center Board ensure all federal financial disbursement amounts are properly recorded on the schedule of federal financial assistance.
- B. The County Clerk investigate and resolve unpaid reimbursement claims on a timely basis.
- C. The County Clerk ensure reimbursement claim forms are mathematically accurate, resolve the questioned costs with the grantor agency, and request a grant extension to enable the county to fully utilize the grant.

Status:

A,B,  
&C. Implemented.

4. Officials' Salaries

The Salary Commission set the salaries of the county officials at 100% of the maximum allowable compensation effective at the beginning of each official's next term. However, the Salary Commission minutes did not indicate the exact amount of salary to be paid to any official, so it was not clear why the County Coroner's salary increased, but the Sheriff's salary did not change.

Recommendation:

The County Commission ensure future Salary Commission minutes include the calculations of salary computations for each official. Future Salary Commission meeting records should always document the calculations and legal opinions for actions taken.

Status:

Partially implemented. The 1999 Salary Commission minutes include a listing of the salaries for each elected official for the next term; however, the 2001 Salary Commission meeting

minutes did not list the salaries for each of the officials. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Road and Bridge Fuel Controls

Fuel usage logs were not reconciled to fuel purchases and fuel on hand on a timely basis.

Recommendation:

The County Commission require the Road and Bridge Department Supervisor to reconcile fuel purchases to amounts used in county vehicles and equipment monthly and investigate any discrepancies.

Status:

Not implemented. See MAR No. 2.

6. Tax, Fee, and Fine Distributions

- A. The County Treasurer did not maintain a listing of liabilities (open items) for the Land Tax Sale Fund and some monies were not distributed to school districts as required by law.
- B. A mathematical error occurred when the 1996 surtax distribution was calculated.
- C. During the two years ending December 31, 1997, law enforcement training fees totaling \$84, prosecuting attorney fees totaling \$42, and fines totaling \$950 were erroneously recorded as county fees by the County Treasurer and credited to the General Revenue Fund.

Recommendation:

- A. The County Treasurer disburse \$3,944 from the Land Tax Sale to the school districts, maintain an open items listing for the Land Tax Sale Fund, and ensure distributions from the Land Tax Sale Fund are made on a timely basis.
- B. The County Collector adjust the 1998 surtax distributions to reflect amounts incorrectly distributed in prior years and review the County Clerk's surtax calculations for accuracy prior to making distributions.
- C. The County Treasurer transfer \$84 to the Law Enforcement Training Fund, \$42 to the Prosecuting Attorney Training Fund, and \$950 to the County School Fund from the General Revenue Fund and in the future, review the Circuit Clerk's monthly distribution reports to ensure all fees are credited to the proper funds.

Status:

A,B,  
&C. Implemented.

7. Juvenile Officer's Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipt slips were only issued for restitution monies received.
- C.1. Voided checks totaling \$12,506 were not added to the cash balance of the new operating account.
  - 2. The operating account check registers contained mathematical errors and some transactions of the Crisis Intervention account were not recorded in the check register and/or the grant ledger.
  - 3. Restitution records were incomplete. Receipts totaling \$3,883 were not recorded on restitution cards and very few disbursements were recorded on the cards.
- D. Restitution receipts and juvenile office operating monies were commingled in two bank accounts and monthly listings of open items (liabilities) were not prepared to ensure all restitution receipts were accounted for properly.
- E. Formal bank reconciliations were not prepared on a timely basis.
- F. Payroll taxes were not always disbursed on a timely basis.
- G. The employees who handled monies were not bonded.
- H. Supporting documentation for mileage reimbursements made to the former Juvenile Officer was not always sufficiently detailed.

Recommendation:

- A. The Juvenile Officer segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. The Juvenile Officer ensure that receipt slips are issued for all monies received.
- C.1. The Juvenile Officer ensure \$12,506 is added to the check register balance.

2. The Juvenile officer maintain complete and accurate records for all receipts and disbursements. This should include reconciling the operating expenses to the budgeted amounts and the cash balance.
  3. The Juvenile Officer ensure restitution payments are posted to the restitution cards and indicate the juvenile's name or case number on the check register.
- D.1. The Juvenile Officer deposit restitution receipts in an account separate from the operating monies.
2. The Juvenile Officer prepare an open items listing and reconcile the open items balance to the restitution check register balance monthly.
- E. The Juvenile Officer prepare bank reconciliations monthly, reconcile to accounting records, and adjust check register balances to correct unidentified differences between book balances and reconciled bank balances.
- F. The Juvenile Officer establish procedures to ensure payroll taxes are disbursed on a timely basis.
- G. The Juvenile Officer obtain bond coverage for all employees handling assets.
- H. The Juvenile Officer and the Circuit Judges ensure all mileage reimbursement claims are supported by adequate documentation and reviewed and approved in writing by a Circuit Judge.

Status:

A. Partially implemented. The Juvenile Officer stated that she provides supervisory review by reviewing the monthly bank reconciliations and comparing the composition of receipts to deposits; however, this review is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.

B,C,  
E,F,&

H. Implemented.

D. Partially implemented. The Juvenile Office now has a separate account for restitution payments. In addition, the Juvenile Officer maintains the open cases separately from the closed cases; however, open items from these cases are not compared to the reconciled bank balance. Our review noted that the open items agreed to the reconciled cash balance. Although not repeated in the current MAR, our recommendation remains as stated above.

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

8. Circuit Clerk's Controls and Procedures

A. Accounting duties were not adequately segregated for the child support account.

B. The method of payment received was not always indicated on receipt slips.

C. Listings of fee account liabilities (open items) were not prepared monthly and, consequently, liabilities were not reconciled with the cash balance on a timely basis.

Recommendation:

A. The Circuit Clerk segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

B. The Circuit Clerk indicate method of payment on all receipt slips and reconcile the composition of receipt slips to the composition of bank deposits.

C. The Circuit Clerk prepare listings of open items monthly and reconcile the listings to the cash balances. Any excess cash balances which cannot be identified should be appropriately disposed of through the applicable statutory provisions.

Status:

A. No longer applicable. Child support payments are no longer handled by the court.

B. Partially implemented. The method of payment is now entered into the Banner system as the monies are received. The Circuit Clerk indicated that she does reconcile the composition of the receipts to the composition of the deposits; however, this reconciliation is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.

C. Implemented.

9. Prosecuting Attorney's Controls and Procedures

A. Checks totaling \$2,968 on the various accounts of the Prosecuting Attorney had been outstanding for more than six months.

B.1. There was approximately \$5,170 in the old bad check account for which the Prosecuting Attorney could not specifically identify to whom it belonged.

2. The open items listing for the old restitution account was incomplete. We identified liabilities totaling \$1,816 which exceeded the cash balance in the checking account by \$1,609.
- C.1. A purchase for the Law Library was billed and paid twice.
    2. Law Library monies totaling \$52 were used to purchase pizza for a business meeting.

Recommendation:

- A. The Prosecuting Attorney investigate old outstanding checks and disburse any remaining unclaimed money in accordance with unclaimed property laws.
- B. The Prosecuting Attorney review 1996 transactions to identify and correct any errors which may have occurred. After all corrections have been made any unidentified monies should be disbursed in accordance with unclaimed property laws.
- C.1. The Prosecuting Attorney monitor liabilities of the Law Library Fund to prevent duplicate payments.
  2. The Prosecuting Attorney use law library funds only for maintenance and upkeep of the law library and reimburse the Law Library Fund \$52 from an appropriate county fund.

Status:

- A. Implemented.
- B. Not implemented. See MAR No. 5.
- C. Partially implemented. The Prosecuting Attorney currently monitors the Law Library Fund to prevent duplicate payments and uses the Law Library funds only for maintenance and upkeep of the law library; however, the Prosecuting Attorney did not reimburse the \$52 to the Law Library Fund as recommended in the prior report. Although not repeated in the current MAR, our recommendation remains as stated above.

10. Sheriff's Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipts slips were not issued for bond monies received through the mail.
- C. Listings of liabilities (open items) and bank reconciliations were not prepared for the bond account.

Recommendation:

- A. The Sheriff segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. The Sheriff ensure that receipt slips are issued for all monies received.
- C. The Sheriff prepare a listing of open items on a monthly basis, maintain a perpetual balance in the bond check register, and reconcile the open items list and the check register balance on a monthly basis. In addition, the Sheriff should determine the proper disposition of the unidentified monies or dispose of the monies in accordance with state law.

Status:

A,B,  
&C. Implemented.

11. Dent County Health Center

- A. The health center approved disbursements in excess of budgeted amounts for the years ended December 31, 1997 and 1996.
- B. Individual receipt slips were not issued for walk-in receipts.
- C. Employees' time sheets and expense reimbursement claim forms did not always contain documentation of the administrator's approval.

Recommendation:

- A. The Health Center Board not authorize disbursements in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, budgets properly amended following the same process by which the annual budget was approved, including holding public hearings and filing the amended budget with the State Auditor's office.
- B. The Health Center Board record the payor's name and method of payment on the daily cash sheet or a receipt slip immediately upon receipt for all monies received, reconcile the composition of receipts to the composition of bank deposits, deposit walk-in receipts with other receipts daily or when accumulated receipts exceed \$100, and ensure all differences are investigated and explained.
- C. The Health Center Board require documentation of the administrator's approval on all time sheets and expense reimbursement claims.

Status:

- A. Implemented.
- B. Partially implemented. The Health Center stated that they now record the payor's name and method of payment on each receipt slip and reconcile composition of receipts to deposits; however, per our review of the cash receipt records, the method of payment was not always indicated and the composition of receipts did not agree to the composition of deposits for some deposits made. See MAR No. 8.
- C. Not implemented. The Health Center Administrator indicated she reviews the timesheets and expense claims, however this review is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.

12. Dent County Developmental Disabilities Board

- A. The Dent County Developmental Disabilities Board (DCDDDB) approved disbursements in excess of the budgeted amount for the year ended December 31, 1996.
- B. A DCDDDB member was also a member of a local school board that received funding from the DCDDDB. In addition, another DCDDDB member's wife was a member of a sheltered workshop board that received funding from the DCDDDB.

Recommendation:

- A. The DCDDDB not authorize disbursements in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, budgets properly amended following the same process by which the annual budget was approved, including holding public hearings, and filing the amended budget with the State Auditor's office.
- B. The County Commission, in the future, appoint persons to the DCDDDB who are not administratively or financially involved in groups with which the county board conducts transactions.

Status:

- A&B. Implemented.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

DENT COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1851, the county of Dent was named after Lewis Dent, an early settler and state representative. Dent County is a county-organized, third-class county and is part of the Forty-Second Judicial Circuit. The county seat is Salem.

Dent 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 Dent 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	\$ 345,384	16	326,797	15
Sales taxes	614,307	28	630,733	30
Federal and state aid	750,531	35	750,334	35
Fees, interest, and other	466,438	21	423,518	20
Total	\$ 2,176,660	100	2,131,382	100

The following chart shows how Dent 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	\$ 594,742	28	753,417	35
Public safety	529,087	25	530,626	25
Highways and roads	995,114	47	881,221	40
Total	\$ 2,118,943	100	2,165,264	100

The county maintains approximately 13 county bridges and 680 miles of county roads.

The county's population was 11,457 in 1970 and 14,927 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	\$ 71.3	70.0	42.6	27.7	12.6
Personal property	30.2	28.0	10.1	9.1	4.5
Railroad and utilities	6.6	7.2	4.6	4.1	1.8
Total	\$ 108.1	105.2	57.3	40.9	18.9

\* First year of statewide reassessment.

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

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

	Year Ended December 31,	
	2001	2000
General Revenue Fund	\$ .0350	.0350
Special Road and Bridge Fund*	.2550	.2550
Health Center Fund	.1000	.1000
Senate Bill 40 Board Fund	.1600	.1600
Senior Citizens Service Fund	.0500	.0500

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

Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 33,648	32,771
General Revenue Fund	59,739	56,625
Special Road and Bridge Fund	287,817	280,007
Assessment Fund	46,907	44,169
Health Center Fund	111,570	108,391
Developmental Disabilities Board Fund	178,819	173,389
School districts	3,485,699	3,253,691
Reynolds County Ambulance	1,873	2,001
Salem Hospital	277,914	269,902
County Fire Districts	185,107	177,549
Senior Citizen Service Board Fund	53,835	52,239
Cities	375,896	338,025
County Clerk	225	192
County Employees' Retirement	36,451	35,348
Tax Sale Surplus	1,824	135
Commissions and fees:		
General Revenue Fund	83,652	78,282
Total	\$ <u>5,220,976</u>	<u>4,902,716</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2002	2001
Real estate	91 %	89 %
Personal property	89	88
Railroad and utilities	100	100

Dent 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 %

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

Officeholder	2002	2001	2000
<b>County-Paid Officials:</b>			
James C. Biggs, Presiding Commissioner	\$	25,641	25,641
Bobby Simpson, Associate Commissioner		25,080	23,641
J.J. Tune, Associate Commissioner		25,080	23,641
Gary Leonard, County Clerk		35,820	35,820
James Gray, Prosecuting Attorney		42,418	42,418
Bob Wofford, Sheriff		42,000	36,000
Carl Hale, County Treasurer		26,506	26,506
Eddie Wilson, County Coroner		11,000	6,000
Larry Edwards, Public Administrator (1)		14,000	10,000
Dennis Medlock, County Collector, year ended February 28,	35,820	35,820	
Brenda Bell, County Assessor (2), year ended August 31,		38,000	38,000
Craig Ruble, County Surveyor (3)		0	0

- (1) Includes fees received from probate cases.
- (2) Includes \$900 annual compensation received from the state.
- (3) Compensation on a fee basis.

**State-Paid Officials:**

Ruth Ann Williams, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Sanborn N. Ball, Associate Circuit Judge	92,000	0
Jerry L. Wilkerson, Associate Circuit Judge	0	8,407
Donald E. Lamb, Associate Circuit Judge	0	8,000

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	2	0
Sheriff	22 *	0
County Treasurer	1	0
County Collector	1	0
County Assessor	3	0
Associate and Probate Division	1	3
Road and Bridge	15	0
Health Center	9 **	0
Dent County Developmental Disabilities Board	3 ***	0
Total	60	5

- \* Includes five part-time employees.
- \*\* Includes four 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. Dent County's share of the Forty-Second Judicial Circuit's expenses is 21.83 percent.