



**PULASKI COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

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

**Report No. 2003-103
September 30, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

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

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

This audit of Pulaski 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 financial condition of the county's General Revenue Fund declined through 2001 due primarily to a large increase in disbursements in 2001. In 2001, various lawsuits filed by county officials resulted in approximately \$114,000 in legal fees and other costs incurred from the General Revenue Fund. (The Sheriff incurred approximately \$138,000 in attorney fees from the Civil Fees Fund.)

In addition, the cost of boarding prisoners increased significantly as the Sheriff made an effort to keep the county jail's prisoner population at or below the maximum capacity. As a result, the amount paid for prisoners housed in other jails increased by over \$200,000 in 2001. Based on the daily prisoner counts, it appears the county could have done a better job of maximizing the capacity of the county jail during 2001 and 2002, which could have decreased the amount spent for boarding prisoners at other jails. In addition, due to a budget dispute between the Sheriff and other county officials, the jail was not utilized as a full-time facility for 18 days in February 2002. As a result, the county incurred approximately \$15,000 in additional prisoner boarding costs.

- Various concerns were noted regarding county officials salaries. Salary increases of \$11,193 annually given to the county treasurer in 2003 and \$1,000 annually given to the sheriff in 2002 appear questionable. In addition, salary increases given the former associate county commissioners for the period September 1, 1997 to December 31, 2000, were ruled unconstitutional; however, the County

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Commission has not sought repayment of these amounts, totaling approximately \$19,000 for each of the two former associate commissioners.

- The county receives an administrative fee from the county's tourism tax, which is deposited into the General Revenue Fund. The fee ranged from one to ten percent of total taxes collected. The county has not documented its administrative costs to justify the fees retained, and there appears to be no statutory authority to retain such an administrative fee.
- Minutes are not prepared for closed session meetings of the County Commission. In addition, it is not evident that the final disposition of matters discussed in closed session is made to the public, as required by state law.
- The County Clerk's account book of property tax charges and credits has not been properly maintained. As a result, the County Clerk and County Collector are not reconciling their records of tax book charges, collections, additions, and abatements. In addition, the County Collector has not filed an annual settlement of property tax transactions, as required by state law, since 1996.
- The County Clerk and County Treasurer maintain the majority of the county's accounting records in both manual and computerized formats. Maintaining records both manually and by computer increases the workload of these officials and appears to represent an unnecessary expense to the county.
- The county does not maintain vehicle usage or maintenance logs for its 27 county vehicles. Usage and maintenance logs would allow the county to better monitor the costs of operating and maintaining the vehicles and provide assurance that vehicles are used only for official purposes.
- The county has established several neighborhood improvement districts (NID) to develop roads within these districts. The county started charging an administrative fee on each lot within the districts in 2001 to cover the county's administrative costs; however, the county has not documented its actual administrative costs. In addition, the county has a significant balance in the H Highway NID Fund, and it appears the county could use a portion of this balance for early retirement of the bonds issued for applicable road improvements.

Also included in the audit are recommendations to improve the published financial statements, personnel policies and procedures, and accounting for county expenditures. The audit also includes recommendations for improving controls and procedures for the Prosecuting Attorney, Public Administrator, County Collector, Sheriff, Circuit Clerk, 911 Emergency Services Board, and Senate Bill 40 Board.

Several of these issues had been noted in prior reports. While explanations were offered regarding some of the findings, the county officials indicated they agreed with and will implement most of the current recommendations.

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

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Pulaski County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Pulaski County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the 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 Pulaski 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, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 15, 2003, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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



Claire McCaskill
State Auditor

May 15, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Terrie Laswell, CPA
Audit Staff:	Christy Marsh
	Anne Jenkins
	Zeb Tharp
	Adrian Kennedy



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 Pulaski County, Missouri

We have audited the financial statements of various funds of Pulaski County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 15, 2003. 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 financial statements of various funds of Pulaski 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-1. We also 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 financial statements of various funds of Pulaski 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 financial

statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Pulaski County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

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

Claire McCaskill
State Auditor

May 15, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

PULASKI COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 63,259	2,698,414	2,529,236	232,437
Special Road and Bridge	66,014	1,520,114	1,204,048	382,080
Assessment	17,584	164,579	146,960	35,203
Law Enforcement Training	10,358	11,185	10,632	10,911
Prosecuting Attorney Training	5,440	1,832	6,793	479
Courthouse Sales Tax	2,410,452	123,735	131,731	2,402,456
Road and Bridge Sales Tax	119	70	152	37
Prosecuting Attorney User Fee	26,076	40,462	43,025	23,513
Prosecuting Attorney Delinquent Tax	6,352	1,010	6,211	1,151
Recorder User Fee	33,052	23,086	17,933	38,205
Crisis Center	10,663	16,265	9,231	17,697
Civil Fees	0	53,650	49,458	4,192
Criminal Investigation	20,582	8,708	12,572	16,718
Family Reunion	1,186	878	562	1,502
Sewer Grant	22	0	0	22
Election Services	7,434	4,811	883	11,362
Tourism Tax	25,454	304,451	308,827	21,078
Recorder Technology	3,644	10,978	0	14,622
Timbers NID	16,316	13,950	13,097	17,169
Country Hills NID	10,478	8,174	6,495	12,157
Northwood NID	21,334	19,704	18,589	22,449
Dye Estates NID	13,734	4,223	3,043	14,914
Eagle Point NID	10,372	6,061	6,488	9,945
H Highway NID	180,182	90,332	47,397	223,117
Northlake NID	9,545	7,279	7,525	9,299
White Oaks NID	15,243	8,018	8,519	14,742
911 Emergency Services Board	20,579	407,430	326,345	101,664
Senate Bill 40 Board	93,850	175,725	130,849	138,726
Senior Citizens Services Board	43,008	100,995	94,614	49,389
Law Library	7,145	10,810	14,440	3,515
Circuit Clerk Interest	26,595	20,491	6,688	40,398
Family Court	2,439	0	0	2,439
Collector Maintenance	0	2,067	0	2,067
Total	\$ 3,178,511	5,859,487	5,162,343	3,875,655

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

Exhibit A-2

PULASKI 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	\$ 332,676	2,441,214	2,710,631	63,259
Special Road and Bridge	75,923	1,034,659	1,044,568	66,014
Assessment	2,084	174,051	158,551	17,584
Law Enforcement Training	9,267	12,854	11,763	10,358
Prosecuting Attorney Training	8,734	2,425	5,719	5,440
Courthouse Sales Tax	2,321,239	120,049	30,836	2,410,452
Road and Bridge Sales Tax	111	8	0	119
Prosecuting Attorney User Fee	21,130	39,856	34,910	26,076
Prosecuting Attorney Delinquent Tax	25,539	5,477	24,664	6,352
Recorder User Fee	25,175	15,563	7,686	33,052
Crisis Center	10,771	36,548	36,656	10,663
Civil Fees	1	48,369	48,370	0
Criminal Investigation	21,964	9,949	11,331	20,582
Family Reunion	643	1,597	1,054	1,186
Sewer Grant	22	361,749	361,749	22
Election Services	4,684	4,410	1,660	7,434
Tourism Tax	18,134	223,366	216,046	25,454
Recorder Technology	0	3,644	0	3,644
Timbers NID	15,970	12,822	12,475	16,316
Country Hills NID	10,472	5,615	5,609	10,478
Northwood NID	19,087	20,448	18,201	21,334
Dye Estates NID	13,969	2,865	3,100	13,734
Eagle Point NID	10,982	6,049	6,659	10,372
H Highway NID	228,926	50,357	99,101	180,182
Northlake NID	8,925	8,386	7,766	9,545
White Oaks NID	14,071	1,444	272	15,243
911 Emergency Services Board	3,357	349,048	331,826	20,579
Senate Bill 40 Board	191,758	163,480	261,389	93,850
Senior Citizens Services Board	41,233	91,934	90,159	43,008
Law Library	5,660	10,082	8,597	7,145
Circuit Clerk Interest	28,951	17,518	19,874	26,595
Family Court	8,444	0	6,005	2,439
Total	\$ 3,479,902	5,275,836	5,577,227	3,178,511

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

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 5,932,140	5,836,929	(95,211)	5,476,433	5,254,674	(221,759)
DISBURSEMENTS	6,153,890	5,155,655	998,235	5,188,992	5,551,348	(362,356)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(221,750)	681,274	(1,093,446)	287,441	(296,674)	(584,115)
CASH, JANUARY 1	3,128,352	3,149,477	21,125	3,439,588	3,442,507	2,919
CASH, DECEMBER 31	2,906,602	3,830,751	924,149	3,727,029	3,145,833	(318,034)
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	42,000	0	(42,000)	27,500	0	(27,500)
Sales taxes	1,302,839	1,384,465	81,626	1,370,675	1,202,839	(167,836)
Intergovernmental	232,550	239,609	7,059	255,750	260,689	4,939
Charges for service:	566,000	619,089	53,089	613,110	523,625	(89,485)
Interest	7,000	8,209	1,209	19,500	8,911	(10,589)
Other	105,500	103,003	(2,497)	115,000	85,797	(29,203)
Transfers in	364,039	344,039	(20,000)	300,683	359,353	58,670
Total Receipts	2,619,928	2,698,414	78,486	2,702,218	2,441,214	(261,004)
DISBURSEMENTS						
County Commissior	164,835	163,864	971	106,591	150,636	(44,045)
County Clerk	94,945	93,032	1,913	106,520	85,646	20,874
Elections	64,185	62,151	2,034	37,986	29,410	8,576
Buildings and grounds	116,969	110,469	6,500	114,498	154,794	(40,296)
Employee fringe benefit	191,186	162,750	28,436	343,800	266,421	77,379
County Treasurer	34,807	32,763	2,044	34,907	34,823	84
County Collector	79,014	78,476	538	84,870	84,972	(102)
Ex Officio Recorder of Deed	40,455	39,309	1,146	40,455	39,528	927
Circuit Clerk	19,100	18,207	893	19,850	18,966	884
Associate Circuit Court	2,000	1,337	663	2,500	551	1,949
Associate Circuit (Probate)	5,835	5,175	660	7,700	4,698	3,002
Court administration	66,470	63,515	2,955	84,898	64,812	20,086
Public Administrator	76,357	72,660	3,697	73,707	64,929	8,778
Sheriff	717,500	742,730	(25,230)	643,200	687,115	(43,915)
Jail	261,075	251,877	9,198	35,000	258,226	(223,226)
Prosecuting Attorney	195,582	194,779	803	187,370	188,968	(1,598)
Juvenile Offices	109,000	81,750	27,250	130,861	101,507	29,354
County Coroner	20,650	18,703	1,947	20,490	19,426	1,064
Tax Increment Financing Commission	50,000	36,943	13,057	70,000	45,461	24,539
Other	252,359	225,808	26,551	403,860	335,681	68,179
Transfers out	40,863	40,863	0	75,350	70,061	5,289
Emergency Fund	80,000	32,075	47,925	90,000	4,000	86,000
Total Disbursements	2,683,187	2,529,236	153,951	2,714,413	2,710,631	3,782
RECEIPTS OVER (UNDER) DISBURSEMENTS	(63,259)	169,178	232,437	(12,195)	(269,417)	(257,222)
CASH, JANUARY 1	63,259	63,259	0	332,676	332,676	0
CASH, DECEMBER 31	0	232,437	232,437	320,481	63,259	(257,222)

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	396,523	421,521	24,998	664,450	358,488	(305,962)
Intergovernmental	1,002,800	1,039,881	37,081	617,000	599,468	(17,532)
Interest	8,000	14,863	6,863	9,000	8,464	(536)
Other	0	2,986	2,986	5,500	678	(4,822)
Transfers in	40,863	40,863	0	67,561	67,561	0
Total Receipts	1,448,186	1,520,114	71,928	1,363,511	1,034,659	(328,852)
DISBURSEMENTS						
Salaries	381,506	387,745	(6,239)	373,960	358,895	15,065
Employee fringe benefit	99,703	78,149	21,554	80,173	55,963	24,210
Supplies	87,000	103,778	(16,778)	113,000	87,374	25,626
Insurance	15,000	24,791	(9,791)	25,000	9,029	15,971
Road and bridge materials	91,605	131,110	(39,505)	95,000	152,656	(57,656)
Equipment repairs	90,000	104,684	(14,684)	90,000	91,599	(1,599)
Rentals	1,000	150	850	3,300	398	2,902
Equipment purchases	200,669	61,083	139,586	177,669	8,185	169,484
Construction, repair, and maintenance	406,000	1,767	404,233	6,000	0	6,000
Other	135,000	300	134,700	149,000	0	149,000
Transfers out	30,000	310,491	(280,491)	0	280,469	(280,469)
Total Disbursements	1,537,483	1,204,048	333,435	1,113,102	1,044,568	68,534
RECEIPTS OVER (UNDER) DISBURSEMENTS	(89,297)	316,066	405,363	250,409	(9,909)	(260,318)
CASH, JANUARY 1	66,014	66,014	0	75,923	75,923	0
CASH, DECEMBER 31	(23,283)	382,080	405,363	326,332	66,014	(260,318)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	156,716	161,725	5,009	161,000	170,180	9,180
Interest	1,200	2,854	1,654	1,000	1,088	88
Other	200	0	(200)	200	283	83
Transfers in	0	0	0	7,789	2,500	(5,289)
Total Receipts	158,116	164,579	6,463	169,989	174,051	4,062
DISBURSEMENTS						
Assessor	147,432	146,960	472	172,073	158,551	13,522
Total Disbursements	147,432	146,960	472	172,073	158,551	13,522
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,684	17,619	6,935	(2,084)	15,500	17,584
CASH, JANUARY 1	17,584	17,584	0	2,084	2,084	0
CASH, DECEMBER 31	28,268	35,203	6,935	0	17,584	17,584

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	4,500	3,718	(782)	4,200	4,448	248
Charges for service:	8,000	6,903	(1,097)	14,000	7,992	(6,008)
Interest	400	564	164	250	414	164
Total Receipts	12,900	11,185	(1,715)	18,450	12,854	(5,596)
DISBURSEMENTS						
Sheriff	12,000	10,632	1,368	12,000	11,763	237
Total Disbursements	12,000	10,632	1,368	12,000	11,763	237
RECEIPTS OVER (UNDER) DISBURSEMENTS	900	553	(347)	6,450	1,091	(5,359)
CASH, JANUARY 1	10,358	10,358	0	9,267	9,267	0
CASH, DECEMBER 31	11,258	10,911	(347)	15,717	10,358	(5,359)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	2,552	1,725	(827)	3,352	1,999	(1,353)
Interest	491	107	(384)	500	426	(74)
Other	66	0	(66)	75	0	(75)
Total Receipts	3,109	1,832	(1,277)	3,927	2,425	(1,502)
DISBURSEMENTS						
Prosecuting Attorney	8,549	6,793	1,756	12,000	5,719	6,281
Total Disbursements	8,549	6,793	1,756	12,000	5,719	6,281
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,440)	(4,961)	479	(8,073)	(3,294)	4,779
CASH, JANUARY 1	5,440	5,440	0	8,734	8,734	0
CASH, DECEMBER 31	0	479	479	661	5,440	4,779
<u>COURTHOUSE SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	300	712	412	150	404	254
Interest	125,000	123,023	(1,977)	110,000	119,645	9,645
Total Receipts	125,300	123,735	(1,565)	110,150	120,049	9,899
DISBURSEMENTS						
Courthouse maintenance and repair	200,000	131,731	68,269	45,000	1,606	43,394
Transfer out	0	0	0	0	29,230	(29,230)
Total Disbursements	200,000	131,731	68,269	45,000	30,836	14,164
RECEIPTS OVER (UNDER) DISBURSEMENTS	(74,700)	(7,996)	66,704	65,150	89,213	24,063
CASH, JANUARY 1	2,410,452	2,410,452	0	2,321,239	2,321,239	0
CASH, DECEMBER 31	2,335,752	2,402,456	66,704	2,386,389	2,410,452	24,063

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ROAD & BRIDGE SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	0	65	65	0	2	2
Interest	5	5	0	500	6	(494)
Total Receipts	5	70	65	500	8	(492)
DISBURSEMENTS						
Equipment	124	152	(28)	611	0	611
Total Disbursements	124	152	(28)	611	0	611
RECEIPTS OVER (UNDER) DISBURSEMENTS	(119)	(82)	37	(111)	8	119
CASH, JANUARY 1	119	119	0	111	111	0
CASH, DECEMBER 31	0	37	37	0	119	119
<u>PROSECUTING ATTORNEY USER FEE FUND</u>						
RECEIPTS						
Charges for service:	42,390	39,596	(2,794)	36,000	39,150	3,150
Interest	0	866	866	450	706	256
Total Receipts	42,390	40,462	(1,928)	36,450	39,856	3,406
DISBURSEMENTS						
Prosecuting Attorney	34,890	30,000	4,890	30,000	24,756	5,244
Transfers out	8,000	13,025	(5,025)	6,000	10,154	(4,154)
Total Disbursements	42,890	43,025	(135)	36,000	34,910	1,090
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(2,563)	(2,063)	450	4,946	4,496
CASH, JANUARY 1	26,076	26,076	0	21,130	21,130	0
CASH, DECEMBER 31	25,576	23,513	(2,063)	21,580	26,076	4,496
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	4,139	791	(3,348)	10,000	4,475	(5,525)
Interest	472	219	(253)	1,000	1,002	2
Total Receipts	4,611	1,010	(3,601)	11,000	5,477	(5,523)
DISBURSEMENTS						
Prosecuting Attorney	5,500	6,211	(711)	25,000	3,336	21,664
Transfers out	0	0	0	0	21,328	(21,328)
Total Disbursements	5,500	6,211	(711)	25,000	24,664	336
RECEIPTS OVER (UNDER) DISBURSEMENTS	(889)	(5,201)	(4,312)	(14,000)	(19,187)	(5,187)
CASH, JANUARY 1	6,352	6,352	0	25,539	25,539	0
CASH, DECEMBER 31	5,463	1,151	(4,312)	11,539	6,352	(5,187)

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECORDER USER FEE FUND						
RECEIPTS						
Charges for service:	15,100	21,182	6,082	13,500	14,438	938
Interest	1,200	1,904	704	1,000	1,125	125
Total Receipts	16,300	23,086	6,786	14,500	15,563	1,063
DISBURSEMENTS						
Ex Officio Recorder of Deed	49,000	17,933	31,067	18,000	7,686	10,314
Total Disbursements	49,000	17,933	31,067	18,000	7,686	10,314
RECEIPTS OVER (UNDER) DISBURSEMENTS	(32,700)	5,153	37,853	(3,500)	7,877	11,377
CASH, JANUARY 1	33,052	33,052	0	25,175	25,175	0
CASH, DECEMBER 31	352	38,205	37,853	21,675	33,052	11,377
CRISIS CENTER FUND						
RECEIPTS						
Intergovernmental	20,000	8,126	(11,874)	12,000	27,210	15,210
Charges for service:	7,500	7,260	(240)	8,000	7,149	(851)
Interest	450	879	429	500	466	(34)
Other	0	0	0	0	1,723	1,723
Total Receipts	27,950	16,265	(11,685)	20,500	36,548	16,048
DISBURSEMENTS						
Payments to Crisis Center	29,231	9,231	20,000	21,446	36,656	(15,210)
Total Disbursements	29,231	9,231	20,000	21,446	36,656	(15,210)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,281)	7,034	8,315	(946)	(108)	838
CASH, JANUARY 1	10,663	10,663	0	10,771	10,771	0
CASH, DECEMBER 31	9,382	17,697	8,315	9,825	10,663	838
CIVIL FEES FUND						
RECEIPTS						
Charges for service:	50,000	53,164	3,164	50,000	48,297	(1,703)
Interest	0	486	486	50	72	22
Total Receipts	50,000	53,650	3,650	50,050	48,369	(1,681)
DISBURSEMENTS						
Prisoner meals	0	0	0	50,000	48,370	1,630
Attorney fees	0	43,824	(43,824)	0	0	0
Supplies	50,000	5,634	44,366	0	0	0
Total Disbursements	50,000	49,458	542	50,000	48,370	1,630
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	4,192	4,192	50	(1)	(51)
CASH, JANUARY 1	0	0	0	1	1	0
CASH, DECEMBER 31	0	4,192	4,192	51	0	(51)

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
CRIMINAL INVESTIGATION FUND						
RECEIPTS						
Charges for services:	10,000	7,725	(2,275)	8,000	9,034	1,034
Interest	900	983	83	800	915	115
Total Receipts	10,900	8,708	(2,192)	8,800	9,949	1,149
DISBURSEMENTS						
Sheriff	22,000	12,572	9,428	22,000	11,331	10,669
Total Disbursements	22,000	12,572	9,428	22,000	11,331	10,669
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,100)	(3,864)	7,236	(13,200)	(1,382)	11,818
CASH, JANUARY 1	20,582	20,582	0	21,964	21,964	0
CASH, DECEMBER 31	9,482	16,718	7,236	8,764	20,582	11,818
FAMILY REUNION FUND						
RECEIPTS						
Intergovernmental	1,200	823	(377)	0	1,554	1,554
Interest	50	55	5	25	43	18
Total Receipts	1,250	878	(372)	25	1,597	1,572
DISBURSEMENTS						
Other	1,200	562	638	668	1,054	(386)
Total Disbursements	1,200	562	638	668	1,054	(386)
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	316	266	(643)	543	1,186
CASH, JANUARY 1	1,186	1,186	0	643	643	0
CASH, DECEMBER 31	1,236	1,502	266	0	1,186	1,186
SEWER GRANT FUND						
RECEIPTS						
Intergovernmental	300,000	0	(300,000)	7,000	361,749	354,749
Total Receipts	300,000	0	(300,000)	7,000	361,749	354,749
DISBURSEMENTS						
Construction projects	300,000	0	300,000	7,022	361,749	(354,727)
Total Disbursements	300,000	0	300,000	7,022	361,749	(354,727)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(22)	0	22
CASH, JANUARY 1	22	22	0	22	22	0
CASH, DECEMBER 31	22	22	0	0	22	22

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for service:	9,000	4,375	(4,625)	2,000	4,166	2,166
Interest	100	436	336	0	244	244
Total Receipts	<u>9,100</u>	<u>4,811</u>	<u>(4,289)</u>	<u>2,000</u>	<u>4,410</u>	<u>2,410</u>
DISBURSEMENTS						
Elections	10,000	883	9,117	1,700	1,660	40
Total Disbursements	<u>10,000</u>	<u>883</u>	<u>9,117</u>	<u>1,700</u>	<u>1,660</u>	<u>40</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	3,928	4,828	300	2,750	2,450
CASH, JANUARY 1	7,434	7,434	0	4,684	4,684	0
CASH, DECEMBER 31	<u>6,534</u>	<u>11,362</u>	<u>4,828</u>	<u>4,984</u>	<u>7,434</u>	<u>2,450</u>
<u>TOURISM TAX FUND</u>						
RECEIPTS						
Lodging taxes	260,000	303,343	43,343	185,000	219,632	34,632
Charges for service:	19,000	0	(19,000)	0	2,834	2,834
Interest	1,200	1,108	(92)	1,000	900	(100)
Total Receipts	<u>280,200</u>	<u>304,451</u>	<u>24,251</u>	<u>186,000</u>	<u>223,366</u>	<u>37,366</u>
DISBURSEMENTS						
Payments to tourism board	260,000	308,827	(48,827)	185,000	216,046	(31,046)
Attorney fees:	20,000	0	20,000	0	0	0
Total Disbursements	<u>280,000</u>	<u>308,827</u>	<u>(28,827)</u>	<u>185,000</u>	<u>216,046</u>	<u>(31,046)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	(4,376)	(4,576)	1,000	7,320	6,320
CASH, JANUARY 1	25,454	25,454	0	18,134	18,134	0
CASH, DECEMBER 31	<u>25,654</u>	<u>21,078</u>	<u>(4,576)</u>	<u>19,134</u>	<u>25,454</u>	<u>6,320</u>
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service:	7,000	10,599	3,599			
Interest	25	379	354			
Total Receipts	<u>7,025</u>	<u>10,978</u>	<u>3,953</u>			
DISBURSEMENTS						
Ex Officio Recorder of Deed	10,000	0	10,000			
Total Disbursements	<u>10,000</u>	<u>0</u>	<u>10,000</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,975)	10,978	13,953			
CASH, JANUARY 1	3,644	3,644	0			
CASH, DECEMBER 31	<u>669</u>	<u>14,622</u>	<u>13,953</u>			

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TIMBERS NID FUND</u>						
RECEIPTS						
Property taxes	12,500	12,910	410	25,021	11,944	(13,077)
Interest	900	1,040	140	768	878	110
Total Receipts	13,400	13,950	550	25,789	12,822	(12,967)
DISBURSEMENTS						
Bond repayment	14,500	12,627	1,873	14,474	12,005	2,469
Transfers out	940	470	470	0	470	(470)
Total Disbursements	15,440	13,097	2,343	14,474	12,475	1,999
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,040)	853	2,893	11,315	347	(10,968)
CASH, JANUARY 1	16,316	16,316	0	15,970	15,970	0
CASH, DECEMBER 31	14,276	17,169	2,893	27,285	16,316	(10,968)
<u>COUNTRY HILLS NID FUND</u>						
RECEIPTS						
Property taxes	5,100	7,497	2,397	13,024	5,083	(7,941)
Interest	500	677	177	511	532	21
Total Receipts	5,600	8,174	2,574	13,535	5,615	(7,920)
DISBURSEMENTS						
Bond repayment	5,800	6,320	(520)	5,200	5,434	(234)
Transfers out	350	175	175	0	175	(175)
Total Disbursements	6,150	6,495	(345)	5,200	5,609	(409)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(550)	1,679	2,229	8,335	6	(8,329)
CASH, JANUARY 1	10,478	10,478	0	10,472	10,472	0
CASH, DECEMBER 31	9,928	12,157	2,229	18,807	10,478	(8,329)
<u>NORTHWOOD NID FUND</u>						
RECEIPTS						
Property taxes	22,000	18,209	(3,791)	20,800	19,168	(1,632)
Interest	100	1,495	1,395	1,091	1,280	189
Total Receipts	22,100	19,704	(2,396)	21,891	20,448	(1,443)
DISBURSEMENTS						
Bond repayment	20,000	18,354	1,646	18,379	17,966	413
Transfers out	470	235	235	0	235	(235)
Total Disbursements	20,470	18,589	1,881	18,379	18,201	178
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,630	1,115	(515)	3,512	2,247	(1,265)
CASH, JANUARY 1	21,334	21,334	0	19,087	19,087	0
CASH, DECEMBER 31	22,964	22,449	(515)	22,599	21,334	(1,265)

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DYE ESTATES NID FUND</u>						
RECEIPTS						
Property taxes	2,500	3,473	973	11,704	2,108	(9,596)
Interest	760	750	(10)	600	757	157
Total Receipts	3,260	4,223	963	12,304	2,865	(9,439)
DISBURSEMENTS						
Bond repayment	3,500	2,948	552	2,644	3,005	(361)
Transfers out	190	95	95	0	95	(95)
Total Disbursements	3,690	3,043	647	2,644	3,100	(456)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(430)	1,180	1,610	9,660	(235)	(9,895)
CASH, JANUARY 1	13,734	13,734	0	13,969	13,969	0
CASH, DECEMBER 31	13,304	14,914	1,610	23,629	13,734	(9,895)
<u>EAGLE POINT NID FUND</u>						
RECEIPTS						
Property taxes	7,000	5,493	(1,507)	8,280	5,506	(2,774)
Interest	500	568	68	494	543	49
Total Receipts	7,500	6,061	(1,439)	8,774	6,049	(2,725)
DISBURSEMENTS						
Bond repayment	7,500	6,373	1,127	6,166	6,544	(378)
Transfers out	230	115	115	0	115	(115)
Total Disbursements	7,730	6,488	1,242	6,166	6,659	(493)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(230)	(427)	(197)	2,608	(610)	(3,218)
CASH, JANUARY 1	10,372	10,372	0	10,982	10,982	0
CASH, DECEMBER 31	10,142	9,945	(197)	13,590	10,372	(3,218)
<u>H HIGHWAY NID FUND</u>						
RECEIPTS						
Property taxes	88,000	36,272	(51,728)	37,835	37,564	(271)
Interest	10,000	10,110	110	12,000	9,887	(2,113)
Maintenance assessmen	0	43,950	43,950	0	2,906	2,906
Total Receipts	98,000	90,332	(7,668)	49,835	50,357	522
DISBURSEMENTS						
Bond repayment	46,950	45,222	1,728	45,860	46,758	(898)
Road maintenance	50,000	0	50,000	50,000	50,000	0
Other	0	0	0	0	43	(43)
Transfers out	2,300	2,175	125	2,300	2,300	0
Total Disbursements	99,250	47,397	51,853	98,160	99,101	(941)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,250)	42,935	44,185	(48,325)	(48,744)	(419)
CASH, JANUARY 1	180,182	180,182	0	228,926	228,926	0
CASH, DECEMBER 31	178,932	223,117	44,185	180,601	180,182	(419)

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>NORTHLAKE NID FUND</u>						
RECEIPTS						
Property taxes	8,100	6,810	(1,290)	18,378	7,966	(10,412)
Interest	400	469	69	791	420	(371)
Total Receipts	<u>8,500</u>	<u>7,279</u>	<u>(1,221)</u>	<u>19,169</u>	<u>8,386</u>	<u>(10,783)</u>
DISBURSEMENTS						
Bond repayment	8,190	7,345	845	8,190	7,586	604
Transfers out	360	180	180	0	180	(180)
Total Disbursements	<u>8,550</u>	<u>7,525</u>	<u>1,025</u>	<u>8,190</u>	<u>7,766</u>	<u>424</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	(246)	(196)	10,979	620	(10,359)
CASH, JANUARY 1	9,545	9,545	0	8,925	8,925	0
CASH, DECEMBER 31	<u>9,495</u>	<u>9,299</u>	<u>(196)</u>	<u>19,904</u>	<u>9,545</u>	<u>(10,359)</u>
<u>WHITE OAKS NID FUND</u>						
RECEIPTS						
Property taxes	10,000	7,309	(2,691)	9,875	769	(9,106)
Interest	0	709	709	726	675	(51)
Total Receipts	<u>10,000</u>	<u>8,018</u>	<u>(1,982)</u>	<u>10,601</u>	<u>1,444</u>	<u>(9,157)</u>
DISBURSEMENTS						
Bond repayment	10,000	8,394	1,606	24,672	272	24,400
Transfers out	250	125	125	0	0	0
Total Disbursements	<u>10,250</u>	<u>8,519</u>	<u>1,731</u>	<u>24,672</u>	<u>272</u>	<u>24,400</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(250)	(501)	(251)	(14,071)	1,172	15,243
CASH, JANUARY 1	15,243	15,243	0	14,071	14,071	0
CASH, DECEMBER 31	<u>14,993</u>	<u>14,742</u>	<u>(251)</u>	<u>0</u>	<u>15,243</u>	<u>15,243</u>
<u>911 EMERGENCY SERVICES BOARD FUND</u>						
RECEIPTS						
Telephone surcharges:	327,703	337,522	9,819	303,510	305,213	1,703
Charges for service:	46,200	66,900	20,700	42,000	42,000	0
Interest	1,000	808	(192)	1,600	1,327	(273)
Other	0	2,200	2,200	0	508	508
Total Receipts	<u>374,903</u>	<u>407,430</u>	<u>32,527</u>	<u>347,110</u>	<u>349,048</u>	<u>1,938</u>
DISBURSEMENTS						
Salaries	272,800	236,682	36,118	260,293	247,368	12,925
Office expense:	31,100	42,561	(11,461)	39,067	40,822	(1,755)
Equipment	36,265	33,784	2,481	23,617	34,019	(10,402)
Other	7,235	13,318	(6,083)	7,025	9,617	(2,592)
Total Disbursements	<u>347,400</u>	<u>326,345</u>	<u>21,055</u>	<u>330,002</u>	<u>331,826</u>	<u>(1,824)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	27,503	81,085	53,582	17,108	17,222	114
CASH, JANUARY 1	20,579	20,579	0	3,357	3,357	0
CASH, DECEMBER 31	<u>48,082</u>	<u>101,664</u>	<u>53,582</u>	<u>20,465</u>	<u>20,579</u>	<u>114</u>

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SENATE BILL 40 BOARD FUND						
RECEIPTS						
Property taxes	153,290	166,093	12,803	144,902	150,248	5,346
Intergovernmental	50	25	(25)	49	704	655
Interest	5,000	4,952	(48)	9,954	7,085	(2,869)
Other	5,800	4,655	(1,145)	5,800	5,443	(357)
Total Receipts	164,140	175,725	11,585	160,705	163,480	2,775
DISBURSEMENTS						
Salaries	3,000	3,450	(450)	3,000	2,925	75
Office expenditures:	4,500	2,168	2,332	4,500	1,224	3,276
Sheltered workshop building loan	25,000	25,000	0	25,000	125,000	(100,000)
Transportation payments	1,200	0	1,200	1,200	833	367
Real property purchase	0	0	0	0	50,239	(50,239)
Contractual services	98,108	100,231	(2,123)	96,108	81,168	14,940
Total Disbursements	131,808	130,849	959	129,808	261,389	(131,581)
RECEIPTS OVER (UNDER) DISBURSEMENTS	32,332	44,876	12,544	30,897	(97,909)	134,356
CASH, JANUARY 1	73,670	93,850	20,180	190,159	191,758	1,599
CASH, DECEMBER 31	106,002	138,726	32,724	221,056	93,850	135,955
SENIOR CITIZENS SERVICES BOARD FUND						
RECEIPTS						
Property taxes	95,567	99,229	3,662	88,650	89,480	830
Intergovernmental	400	16	(384)	500	438	(62)
Interest	1,500	1,750	250	2,500	2,016	(484)
Total Receipts	97,467	100,995	3,528	91,650	91,934	284
DISBURSEMENTS						
Office expenditures:	5,556	1,872	3,684	5,556	1,802	3,754
Contractual services	99,000	92,742	6,258	99,706	88,357	11,349
Total Disbursements	104,556	94,614	9,942	105,262	90,159	15,103
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,089)	6,381	13,470	(13,612)	1,775	15,387
CASH, JANUARY 1	43,008	43,008	0	41,233	41,233	0
CASH, DECEMBER 31	35,919	49,389	13,470	27,621	43,008	15,387
LAW LIBRARY FUND						
RECEIPTS						
Charges for service:	10,000	10,810	810	10,000	10,082	82
Total Receipts	10,000	10,810	810	10,000	10,082	82
DISBURSEMENTS						
Law Library	10,000	14,440	(4,440)	10,000	8,597	1,403
Total Disbursements	10,000	14,440	(4,440)	10,000	8,597	1,403
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(3,630)	(3,630)	0	1,485	1,485
CASH, JANUARY 1	6,200	7,145	945	4,340	5,660	1,320
CASH, DECEMBER 31	\$ 6,200	\$ 3,515	(2,685)	\$ 4,340	\$ 7,145	\$ 2,805

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

Notes to the Financial Statements

PULASKI COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Pulaski 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 Senate Bill 40 Board, the Senior Citizens Services Board, or the 911 Emergency Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

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

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Family Court	2002 and 2001
Circuit Clerk Interest	2002 and 2001
Collector Maintenance	2002
Recorder Technology	2001

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Tourism Tax	2002 and 2001
Country Hills NID	2002 and 2001
Road and Bridge Sales Tax	2002
Prosecuting Attorney User Fees	2002
Prosecuting Attorney Delinquent Tax	2002
Law Library	2002
Crisis Center	2001
Family Reunion	2001
Sewer Grant	2001
Dye Estates NID	2001
Eagle Point NID	2001
H Highway NID	2001
911 Emergency Services Board	2001
Senate Bill 40 Board	2001

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

A deficit budget balance is presented for the Special Road and Bridge Fund for the year ended December 31, 2002. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year property taxes not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2002 and 2001, did not include the Law Library Fund, the Circuit Clerk Interest Fund, and the Family Court Fund.

In addition, for the Senate Bill 40 Board Fund and the Senior Citizens Services Board Fund for the years ended December 31, 2002 and 2001, and for the 911 Emergency Services Board Fund for the year ended December 31, 2002, the county's published financial statements included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

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

The county's, the Senate Bill 40 Board's, the 911 Emergency Services Board's, and the Senior Citizens Services Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depositary insurance or by collateral securities held by county's or board's custodial banks in the county's or board's names.

3. Subsequent Event

On April 8, 2003, the citizens of Pulaski County passed a county sales tax of one quarter cent (\$.0025) per \$1 of retail sales for the purpose of providing central dispatching of emergency services (911 emergency services). In conjunction with the passage of this sales tax, the citizens repealed the telephone tariff which currently funds 911 emergency services and generates annual revenues of approximately \$350,000. The telephone tariff will expire and the sales tax will take effect on October 1, 2003, and the sales tax is expected to generate annual revenues of approximately \$700,000.

4. Prior Period Adjustment

The Recorder User Fee Fund's cash balance at January 1, 2001, as previously stated has been increased by \$14,000 to reflect a disbursement recorded in 2000 that was subsequently voided in 2001. The beginning budgeted cash balance for the year ended December 31, 2001, was also increased by this amount.

Supplementary Schedule

Schedule

PULASKI COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31, 2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS045-3185W	\$ 126,538	159,729
10.559	Summer Food Service Program for Childre	ERS 146-2185	600	480
Office of Administration				
10.665	Schools and Roads - Grants to State	N/A	83,935	113,978
U.S. DEPARTMENT OF DEFENSE				
Passed through state Department of Public Safety				
12. unkown	Surplus Property	N/A	0	874
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Progran	98-PF-26	0	361,749
Department of Social Services				
14.231	Emergency Shelter Grants Program	ER01640525	6,802	27,210
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.607	Bulletproof Vest Partnership Progran	N/A	0	4,000
Passed through:				
State Department of Public Safety				
16.554	National Criminal History Improvement Progran	N/A	0	12,862
Missouri Sheriff's Association				
16.unknown	Domestic Cannabis Eradication/Suppression Progran	N/A	1,050	1,535
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through State Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,048	1,928

Schedule

PULASKI COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2002	2001
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	8	60
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through State Department of Public Safety				
83.544	Public Assistance Grant	1412-DR	124,719	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local; Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	N/A	0	1,000
93.268	Immunization Grants	PGA064-3185A	12,450	30,066
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	N/A	3,631	2,955
Department of Social Services -				
93.563	Child Support Enforcement	N/A	30,773	31,369
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-2185C	4,145	4,460
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-20044	9,995	6,595
93.945	Assistance Programs for Chronic Disease Prevention and Control	C906267001	25,000	0
93.991	Preventive Health and Health Services Block Grant	DH030029001	20,997	26,184
93.994	Maternal and Child Health Services Block Grant to the State	ERS146-2185M	43,726	42,533
Total Expenditures of Federal Award:			\$ 496,417	829,567

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule

Notes to the Supplementary Schedule

PULASKI COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

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

The schedule includes all federal awards administered by Pulaski County, Missouri, except for the programs accounted for in the Pulaski County Public Housing Agency Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended December 31, 2002 and 2001.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

Amounts for the Donation of Federal Surplus Property program (CFDA number 39.003) and the Surplus Property program (CFDA number 12.Unknown) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268), the Preventive Health and Health Services Block Grant (CFDA number 93.991), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$6,802 and \$27,210 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the years ended December 31, 2002 and 2001, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Pulaski County, Missouri

Compliance

We have audited the compliance of Pulaski County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

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

In our opinion, Pulaski County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weaknesses.

This report is intended for the information and use of the management of Pulaski County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

May 15, 2003 (fieldwork completion date)

Schedule

PULASKI COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

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

Noncompliance material to the financial statements noted? x yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

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

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

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

Identification of major programs:

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

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, SW 2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted, and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

A similar condition was noted in a prior report.

WE RECOMMEND the County Commission and the Senate Bill 40 Board adopt procedures to periodically compare budgeted and actual disbursements and ensure the county and applicable officials do not authorize disbursements in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budgets should be formally amended.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We agree and will amend budgets in the future when necessary.

Section III - Federal Award Findings and Questioned Costs

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

02-2.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads - Grants to States
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2002 and 2001
Questioned Costs:	Not Applicable

Federal Grantor: U.S. Department of Housing and Urban Development
Pass-Through Grantor: State Department of Economic Development
Federal CFDA Number: 14.228
Program Title: Community Development Block Grants/State's Program
Pass-Through Entity
Identifying Number: 98-PF-26
Award Year: 2001
Questioned Costs: Not Applicable

Federal Grantor: Federal Emergency Management Agency
Pass-Through Grantor: State Department of Public Safety
Federal CFDA Number: 83.544
Program Title: Public Assistance Grants
Pass-Through Entity
Identifying Number: 1412-DR
Award Year: 2002
Questioned Costs: Not Applicable

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

The county does not have procedures in place to adequately track federal awards for preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA did not include expenditures related to numerous federal grants. In total, federal expenditures were understated by approximately \$53,000 and \$188,000 for 2002 and 2001, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator to ensure all federal awards are properly accounted for on the SEFA.

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

A similar condition was noted in a prior report.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as a part of the annual budgets. The County Commission should take steps to ensure other departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We agree and will present more accurate information in the future. We have already appointed a grants coordinator.

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

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

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

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

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

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

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

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2000

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass- Through Entity	
Identifying Number:	ERS045-1185
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads - Grants to States
Pass- Through Entity	
Identifying Number:	Not Applicable
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable

Federal Grantor: U.S. Department of Justice
Pass-Through Grantor: Not Applicable
Federal CFDA Number: 16.710
Program Title: Public Safety Partnership and Community Policing Grants
Pass- Through Entity
Identifying Number: Not Applicable
Award Years: 2000 and 1999
Questioned Costs: Not Applicable

The county did not have procedures in place to adequately track federal awards for preparation of the schedule of federal awards (SEFA). For the years ended December 31, 2000 and 1999, the county's SEFA contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget. The County Commission should take steps to ensure other offices properly track federal awards, or consider appointing a county-wide grants coordinator.

Status:

Not implemented. See finding number 02-2.

00-2. Emergency Shelter Grants Program

Federal Grantor: U.S. Department of Housing and Urban Development
Pass-Through Grantor: State Department of Social Services
Federal CFDA Number: 14.231
Program Title: Emergency Shelter Grants Program
Pass- Through Entity
Identifying Number: ERO1640386
Award Years: 2000 and 1999
Questioned Costs: \$14,200

The county did not have a written agreement with the Pulaski County Crisis Center to ensure that funds provided for the Emergency Shelter Grants program were used in accordance with the grant requirements.

Recommendation:

The County Commission enter into a written agreement with the Crisis Center regarding the use of Emergency Shelter Grant monies.

Status:

Implemented.

00-3. Local Law Enforcement Block Grants Program

Federal Grantor:	U.S. Department of Justice
Pass- Through Grantor:	Not Applicable
Federal CFDA Number:	16.592
Program Title:	Local Law Enforcement Block Grants Program
Pass- Through Entity	
Identifying Number:	Not Applicable
Award Year:	1999
Questioned Costs:	\$17,630

The county did not adequately monitor the expenditures or comply with applicable federal regulations for the Local Law Enforcement Block Grants program. The county did not separately account for these funds to ensure they were spent for allowable purposes.

Recommendation:

The County resolve the questioned costs with the U.S. Department of Justice and ensure appropriate federal regulations are followed for future federal awards.

Status:

Partially implemented. On March 3, 2003, the county contacted the grantor agency regarding the questioned costs and are waiting on the grantor agency's reply. Although this finding is not repeated in the current Schedule of Findings and Questioned Costs, the County Commission should continue to work with the grantor agency to resolve the questioned costs.

Findings - Two Years Ended December 31, 1998

98-1. Emergency Shelter Grants Program

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Social Services
Federal CFDA Number:	14.231
Program Title:	Emergency Shelter Grants Program
Pass- Through Entity	
Identifying Number:	ERO1640156
Award Years:	1998 and 1997
Questioned Costs:	\$18,200

The county did not have a written agreement with the Pulaski County Crisis Center to ensure that funds provided for the Emergency Shelter Grants program were used in accordance with the grant requirements.

Recommendation:

The County Commission enter into a written agreement with the Crisis Center regarding the use of Emergency Shelter Grant monies.

Status:

Implemented.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Pulaski County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 15, 2003. We also have audited the compliance of Pulaski County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 15, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

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

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

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

Because the Health Center Board and the Pulaski County Public Housing Agency are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

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

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Pulaski 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.	General Revenue Disbursements
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The financial condition of the county's General Revenue Fund declined through 2001 due primarily to a large increase in disbursements in 2001. The following chart shows the General Revenue Fund's receipts, disbursements, and cash balances for the past five years.

		2002	2001	2000	1999	1998
Cash Balance, January 1	\$	63,259	332,676	423,242	473,745	500,542
Receipts		2,698,414	2,441,214	2,244,700	2,212,057	2,312,578
Disbursements		(2,529,236)	(2,710,631)	(2,335,266)	(2,262,560)	(2,339,375)
Cash Balance, December 31		232,437	63,259	332,676	423,242	473,745

The county's 2003 budget projects an estimated cash balance of \$221,437, at December 31, 2003.

Two factors contributed to the significant increase in the disbursements of the General Revenue Fund during 2001 and early 2002 as follows:

- A. In 2001, various lawsuits were filed by county officials, which among other things, sought clarification of certain statutory authority and duties of the Sheriff and other county officials. Before the lawsuits went to trial, the Sheriff, Presiding Commissioner, County Clerk, County Treasurer, and 911 Board Chairman signed a settlement agreement on September 12, 2002. The county spent approximately \$114,000 in attorney fees and associated costs related to the lawsuit (approximately \$52,000 was spent in 2001). These costs were paid from the General Revenue Fund. (The Sheriff incurred approximately \$138,000 in attorney fees related to the lawsuit which are being paid from the Civil Fees Fund.)
- B. The cost of boarding prisoners significantly increased during 2001, as follows:

		2002	2001	2000	1999	1998
Board of prisoner costs	\$	244,324	241,816	25,243	10,265	6,241

Prisoner attendance records indicate while the number of prisoners housed in the county jail prior to 2001 routinely exceeded the jail's maximum capacity, little was done to alleviate the overcrowding. Starting in April 2001, the Sheriff indicated he made an effort to keep the number of prisoners housed in the county jail at or below the maximum capacity, so more prisoners needed to be sent to other jails. As a result, significant increases in county prisoners housed in jails located outside the county caused the significant increase in board of prisoner costs. However, while the total number of county prisoners did increase after 2000, prisoner attendance records

indicate the county jail was not fully utilized during 2002 and 2001, and prisoners were housed in other jails every day that there was room in the county jail.

The maximum capacity of the county jail is 28 prisoners, and a circuit court order requires the Sheriff to keep an extra spot open if a prisoner needs to be moved to the jail on short notice. The daily prisoner count indicates the county jail was at 25 prisoners or less 32 percent and 41 percent of the time for the years ended December 31, 2002 and 2001, respectively, and on a few occasions, 20 or fewer prisoners were housed in the county jail for several consecutive days. The cost of boarding a prisoner outside the county jail is normally \$30 per day while the county's out-of-pocket costs are much lower for prisoners kept in the county jail. Thus, it appears the cost for boarding of prisoners could have been decreased if the county jail's capacity was maximized before prisoners were boarded outside the county.

In addition, the jail was not utilized as a full-time facility for approximately two weeks in February 2002. For a period of 18 consecutive days, the daily prisoner count indicates no prisoners were housed in the county jail and all prisoners were housed in other jails. The Sheriff indicated only prisoners who were scheduled to appear in court were kept at the jail during the day and all other prisoners were housed in other jails. The Sheriff indicated this was done because county officials had tried to reduce the budget of his employees' salaries by a total of approximately \$22,000 (out of a total salary budget of approximately \$400,000) and he could not staff the jail on a 24-hour basis. As a result, the county incurred approximately \$15,000 in additional costs to house county prisoners in other jails.

While the county continues to incur significant costs for board of prisoners, additional attorney fees have not been incurred since 2002. It appears the county incurred significant costs on attorney fees and board of prisoners because the county officials did not work together and resolve their differences. County officials indicated that cutbacks were made to other items beginning in 2002, such as employee fringe benefits, because of the unavailability of money in the General Revenue Fund.

WE RECOMMEND the County Commission and Sheriff work together to ensure county funds are spent in a prudent manner. In addition, the County Commission should continue to monitor the financial condition of the General Revenue Fund.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The jail has been currently operating at capacity, and the current commissioners and county clerk have a good working relationship with the sheriff.

The Sheriff provided the following response:

I recognize and agree with the need to maximize the use of the jail, and have attempted to do this since I have been Sheriff. One of the difficulties with doing this, which has been discovered during

this audit, is that we only take a jail population count at approximately 5:30 a.m., which is the time when the jail population is at its lowest. We have discovered that this procedure produces an inaccurate method of determining the jail population and does not reflect the need to transport prisoners. I have instituted a new policy of taking the jail population at approximately 5:30 a.m. each day, and again at noon, and an additional time, immediately prior to the last prisoner transport of the day.

This procedure will allow the Sheriff and the county in the future to accurately track the number of prisoners, and more accurately determine the reasons for transportation. The jail population ebbs and flows throughout the course of each day, with prisoners being added throughout a 24-hour period, and released by the court or upon bond.

I was unable to safely utilize the county jail other than as a holding facility during an approximate 18-day period in February 2002, due to a decision by the Circuit Court which had the effect of reducing the Sheriff's available salary funds by \$22,000 from the salary funds which had been spent during 2001. Because of the decrease in available salary funds, I had to lay off two jailers, which left an insufficient staff to safely run a 24-hour jail facility. This situation was shortly resolved when Circuit Judge Wiggins held a public hearing and restored the funds, which allowed me to rehire sufficient staff to safely use the jail as a 24-hour facility. It is not anticipated that this misunderstanding will occur in the future.

2. County Officials' Compensation

- A. The County Treasurer's salary was increased \$11,193 annually, effective with the start of a new term of office on January 1, 2003. The county did not hold a salary commission meeting to approve this increase. The former Prosecuting Attorney indicated an opinion that he had previously issued was still valid and that the County Treasurer was entitled to the raise without specific approval of the salary commission. However, Section 50.333, RSMo 2000, provides that the county salary commission shall set the salaries of all elected officials.

House Bill 2137, effective August 28, 2002, provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo 2000, appears to authorize salary commissions to meet only in odd-numbered years.

As a result, without salary commission approval, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- B. The Sheriff's salary was increased by \$1,000 in January 2002 based on Section 57.403, RSMo 2000, which states a sheriff in a third class county shall receive an additional \$1,000 per year for the performance of certain duties. However, this statute was in effect prior to the establishment of the salary commission, and the current applicability of this statute is questionable. In addition, there is no evidence

that the county held a salary commission meeting and the county did not obtain a written opinion from the Prosecuting Attorney to support the salary increase.

- C. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in August 1997, Pulaski County's former Associate County Commissioners salaries were each increased approximately \$5,800 yearly, according to information from the former 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 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 statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioner, totaling approximately \$19,000 for the period September 1, 1997 to December 31, 2000, should be repaid. Although the County Commission indicated they reviewed this matter with the former Prosecuting Attorney, no plan has been developed for obtaining repayment of the salary overpayments.

The County Commission should review these matters with the Prosecuting Attorney to ensure the proper amounts were paid to the applicable officials and to obtain repayment from the former Associate County Commissioners. Also, the County Commission should ensure all future salary commission decisions are thoroughly documented and all future officials' salaries are supported by actions of the County Salary Commission.

WE RECOMMEND the County Commission:

- A. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.
- B. Ensure salary commission minutes clearly document all decisions made and all future elected officials' salaries are supported by actions of the salary commission. In addition, written legal opinions should be obtained from the Prosecuting Attorney to support the decisions of the salary commission.
- C. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

A. *We acted on the advice of the former Prosecuting Attorney and believe our actions were in accordance with state law.*

B&C. *We will seek advice from the current Prosecuting Attorney and take appropriate action.*

3. Expenditures and Related Matters
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A. By order of the County Commission, a loan of \$270,000 was made from the General Revenue Fund to the Special Road and Bridge Fund on August 17, 1998. The loan was to be repaid within six months or when sufficient monies were available in the Special Road and Bridge Fund, along with interest at the rate which the county's money market account was earning. The former County Clerk indicated the loan was needed to cover general operating costs of the Special Road and Bridge Fund. The loan was repaid in twenty-four equal monthly installments during 2001 and 2002; however, no interest was paid. Based on the county's money market interest rates in 1998, it appears interest of approximately \$29,000 should have been paid from the Special Road and Bridge Fund to the General Revenue Fund if the county had followed the terms of the August 17, 1998 order.

The county should adopt policies to ensure a sufficient cash flow is available to meet current needs. If interfund loans are necessary, the county should develop a system to track the loans to ensure the loans are properly repaid.

B. The County Treasurer handles the collection of county tourism taxes from the various lodging establishments in the county. Collections in 2002 and 2001 were \$303,343 and \$219,632, respectively. These monies are accounted for in the Tourism Tax Fund and are paid monthly to the Pulaski County Convention and Visitors Bureau which provides tourism services for the county. The Pulaski County Convention and Visitors Bureau remits to the county's General Revenue Fund a percentage of the total tourism taxes. The percentage was three percent prior to June 1, 2001, ten percent from June 1, 2001 to November 1, 2002, and one percent since November 1, 2002. Total amounts remitted to the General Revenue Fund were \$23,478 and \$15,823 during 2002 and 2001, respectively.

These remittances are intended to cover the county's costs to collect and account for the tourism taxes; however, the county has not calculated its actual costs nor does the county have any justification for the significant changes to the percentage of taxes remitted. Also, there does not appear to be any statutory authority for the county to retain a collection fee for tourism taxes.

Similar conditions were noted in our two prior reports. While the County Commission indicated it would document the county's related administrative costs in response to our prior findings, no action has been taken by the County Commission.

- C. In May 2001, the County Commission authorized the turnover of approximately \$12,000 of unidentified and unclaimed monies to the General Revenue Fund. These unidentified and unclaimed monies were turned over to the County Treasurer from other county officials, such as the Circuit Clerk, Sheriff, and Prosecuting Attorney. However, there appears to be no statutory authority to transfer unidentified or unclaimed monies to the General Revenue Fund, and it appears unclaimed monies should be remitted to the state Unclaimed Property Section. Sections 447.500 through 447.595, RSMo, apply to the Uniform Disposition of Unclaimed Property which requires unclaimed property to be remitted to the Unclaimed Property Section of the State Treasurer's Office. The county should review these sections of state law and take appropriate action.
- D. The County Treasurer did not properly disburse monies received in 2002 for private car taxes received from the state which represent taxes collected by the state on private railroad cars. The county received approximately \$21,000 in 2002 and disbursed the entire amount to the school districts. Section 137.1021, RSMo 2000, requires that seventy percent of the monies be disbursed to the school districts within in the county and the remaining thirty percent to be disbursed to the General Revenue Fund.
- E. During 2002, the county deposited into the Civil Fees Fund \$3,164 more than allowed by state law. Section 57.280, RSMo 2000, provides that a maximum of \$50,000 annually in civil fees collected by the Sheriff be deposited into the Civil Fees Fund, and any excess collections be deposited into the General Revenue Fund. It appears that neither the Sheriff or the County Treasurer monitored for compliance with state law, and the County Treasurer deposited all civil fees turned over by the Sheriff into the Civil Fees Fund. The County Commission should review this situation and authorize the transfer of amounts to the General Revenue Fund that exceeded the statutory maximum.
- F. During the year ended December 31, 2002, the County Commission authorized expenditures totaling \$24,791 from the Special Road and Bridge Fund for property insurance. Approximately \$5,600 of this amount was for insurance coverage on county owned computer equipment. Although the county normally pro-rates insurance costs to the various county funds, it appears information provided by the insurance agent did not provide adequate documentation to properly pro-rate these costs.
- Section 137.555, RSMo 2000, requires the Special Road and Bridge Fund to be used only for road and bridge purposes. The county should review the insurance costs related to computer equipment and reimburse the Special Road and Bridge Fund for amounts not related to road and bridge purposes.
- G. The County Commission approved payments to the Probate Clerk without requiring or retaining any documentation to support the propriety of the payments. In addition to her regular salary paid by the state, the Probate Clerk is paid \$2,700 annually (\$225 per month) for performing one hour per-day of genealogy work. The Probate

Clerk does not prepare a timesheet to document the amount of time spent on genealogy work. The County Commission should review these payments and ensure adequate documentation is maintained to support these payments.

WE RECOMMEND the County Commission:

- A. Develop policies to ensure a sufficient cash flow is available to meet current needs. If interfund loans are needed, the County Commission should develop a system to track interfund loans to ensure the loans are properly repaid. In addition, the County Commission should calculate the amount of interest that should have been paid on this loan and transfer that amount from the Special Road and Bridge Fund to the General Revenue Fund.
- B. Review this situation with the Prosecuting Attorney to ensure monies collected for the tourism tax are being handled correctly.
- C. Review the county's procedures for disposing of unclaimed and unidentified monies and ensure applicable state laws are followed. The county should review the \$12,100 turned over to General Revenue Fund and determine if any of this money should be remitted to the state Unclaimed Property Section.
- D. Review the county's procedures for disbursing private car tax collections and ensure applicable state laws are followed.
- E. Review the monies collected and deposited in the Civil Fees Fund and determine if any of these money should be remitted to the General Revenue Fund.
- F. Reimburse the Special Road and Bridge Fund for the amount paid for insurance coverage that was not related to road and bridge purposes, and ensure all future expenditures from the Special Road and Bridge Fund comply with state law.
- G. Review the payments to the Probate Clerk and ensure adequate documentation is maintained to support the propriety of these payments.

AUDITEE'S RESPONSE

- A. *In 2002, we transferred \$30,000 from the Special Road and Bridge Fund to the General Revenue Fund for administrative costs. Because we were under no obligation to make this transfer, we believe this sufficiently compensates the General Revenue Fund for the amount of interest that was owed on this loan.*
- B. *We will document the county's costs for administering the tourism tax in the future and compute the percentage of taxes to be retained based on the amount of administrative costs.*
- C&F. *We will follow up on these and take appropriate action.*

D&E. *We agree and have already implemented these recommendations.*

G. *We agree and plan to implement this recommendation.*

4. Published Financial Statements
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The annual published financial statements of the county did not include financial activity of the Law Library Fund, Circuit Clerk Interest Fund, Family Court Fund, and Pulaski County Public Housing Agency Fund, and included only those amounts that passed through the County Treasurer for the Health Center Fund, Senate Bill 40 Board Fund, 911 Emergency Services Board Fund, and Senior Citizens Services Board Fund. Section 50.800, RSMo 2000, requires published financial statements to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds.

For the published financial statements to adequately inform the citizens of the county's financial activity, all monies received and disbursed by the county and all other required information should be included in the level of detail required by law.

WE RECOMMEND the County Commission ensure all required financial information for all county funds is properly reported in the published financial statements.

AUDITEE'S RESPONSE

We agree and plan to implement this recommendation.

5. County Procedures

A. The county owns 27 vehicles that are used for road and bridge, assessment, and law enforcement purposes. Logs, which document vehicle usage, are not maintained. Without adequate vehicle usage logs, the county cannot effectively monitor the cost of operating and maintaining the vehicles or ensure that vehicles are used for official business only. These logs should indicate at a minimum, the date used, beginning/ending odometer reading, destination/purpose, and the employee utilizing the vehicle, as well as fuel and maintenance costs for each vehicle.

B. The County Clerk does not prepare minutes for the closed session meetings of the County Commission. The County Commission held numerous closed sessions during the two years ended December 31, 2002, and while the regular meeting minutes did appear to disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meetings. In addition, it is not evident that the final disposition of matters discussed in closed meeting is made public. Section 610.021, RSMo Cumulative Supplement 2002, allows the County Commission to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters, and requires the

final vote and disposition of certain matters discussed in closed meetings to be made public.

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

- C. The County Clerk maintains an account book that summarizes property tax amounts that the County Collector is charged with collecting and the corresponding credits for these amounts. The charges include the original property tax bills and subsequent additions to the tax books. Credits include monthly tax collections, abatements, amounts paid in protest and unpaid delinquent taxes. At the end of February when the delinquent tax books are run, the total charges and credits should equal; however, the County Clerk does not reconcile the amounts in the account book to the County Collector's records, and the total charges do not agree to the total credits. Keeping an accurate account book and reconciling to the County Collector's records would enable the County Clerk to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate.

Section 51.150(2), RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and County Commission to verify the County Collector's records and annual settlements.

- D. The County Clerk and the County Treasurer maintain the majority of the county's accounting records on both computerized and manual records. These duplicate records include fund receipts and disbursement ledgers, check registers, and payroll records. Maintaining accounting records both manually and on computer increases the workload of the County Clerk's and County Treasurer's offices and appears to be an unnecessary expense to the county.

WE RECOMMEND the County Commission:

- A. Require usage logs to be maintained on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred.
- B. Ensure minutes are prepared, approved, and retained for all closed meetings, and the final disposition of matters discussed in closed meetings is made public as required by state law.
- C. Require the County Clerk maintain a complete and accurate account book that includes all information regarding property tax charges and credits. The County

Clerk and County Commission should make use of this account book to verify the County Collector's annual settlements.

- D. Review all current computerized and manual accounting records and determine if any duplicate records and work can be discontinued.

AUDITEE'S RESPONSE

- A. *We will take this under advisement.*
- B. *This has already been implemented.*
- C. *We agree and the County Clerk has started maintaining a more accurate account book.*
- D. *The current County Clerk and Treasurer have been reviewing all accounting records and will work toward eliminating unnecessary and duplicate records.*

6. Personnel Policies and Procedures

- A. Time sheets for the Sheriff department's employees are maintained by the Sheriff and are not submitted to the County Clerk. Centralized records help ensure that employees' vacation leave, sick leave, and overtime records are accurate and comply with county policy, better document compliance with the Fair Labor Standards Act (FLSA), and aid in determining final pay for employees leaving county employment.
- B. The County Commission has established written personnel policies regarding vacation and sick leave, and compensatory time for all county employees. During our review of leave records, we noted the following concerns:
 - 1. Some employees have accumulated more vacation hours than allowed by county policy. The County Personnel Policies Manual states that employees can accumulate and carry-forward 40 hours of vacation leave beyond their anniversary date. On December 31, 2002, 13 of 32 (41 percent) full-time employees had carried forward more than the maximum 40 hours of vacation leave on their anniversary date. The County Commission should ensure all employees comply with the vacation leave policy.
 - 2. The Sheriff has adopted leave policies for his employees effective January 1, 2001, which are different from the leave policies in the County Personnel Policies Manual for law enforcement personnel. The Sheriff's policy allows his employees to accumulate a maximum of 320 vacation hours, while the county policy allows a maximum of 40 hours.

In addition, the County Personnel Policies Manual states that law enforcement employees will be paid overtime after accumulating a maximum of 20 hours of compensatory time. The Sheriff's policy allows his employees

to accumulate a maximum of 480 hours of compensatory time as allowed by the FLSA; however, it is unclear if this policy applies to both law enforcement and regular (civilian) employees. The FLSA allows compensatory time to be accrued to a maximum of 480 hours for law enforcement personnel and 240 hours for most other employees.

The County Commission and Sheriff should work together to adopt one official set of leave policies for the Sheriff's employees. These policies should clearly define the distinction between the Sheriff's law enforcement and civilian employees. Additionally, the officials should evaluate whether they want to use the Sheriff's approach of allowing the large accrual of vacation leave and compensatory time or use the county's approach of paying overtime after the accumulation of only 20 hours of compensatory time.

WE RECOMMEND the County Commission:

- A. Work with the Sheriff to ensure time records and records of leave earned, used, and accumulated are maintained in a central location for all county employees.
- B.1. Ensure employees are not allowed to accumulate vacation leave above the maximum established by county personnel policies.
- 2. Work with the Sheriff to adopt one set of leave policies for the Sheriff's employees.

AUDITEE'S RESPONSE

The County Commission provided the following response:

- A. *We will discuss this with the Sheriff.*
- B.1. *We agree and have implemented this recommendation.*
- B.2. *We will change the county personnel policy for law enforcement employees to agree to the Sheriff's policy.*

The Sheriff provided the following response:

I have met with the current County Commission. The matter covered in Part A is one of the subjects of prior litigation, and that issue was resolved by an agreement between the parties, that the Sheriff would continue to be the central custodian of his employees' timesheets, and that he would provide the County Clerk with a detailed summary of all accumulated hours of work, a running total of the use and accrual of sick leave, vacation leave, holiday leave, and compensatory time worked, on each payday. There was an actual form which was agreed to be used, and approved by the Circuit Court, and that has been used to the satisfaction of the County Clerk, County Commission, and Sheriff. The reasoning behind this agreement is that the Sheriff, as the direct supervisor of his employees, is in the best position to monitor and control this information, because how an employee is utilized may

effect an employee's FLSA rights as to whether the employee is an exempt or non-exempt FLSA law enforcement employee. The Sheriff is uniquely in possession of this information. The Sheriff and the County Commission are working together to adopt and document a uniform set of policies which will reflect the differences between law enforcement employees and the general employees of the county. I adopted the FLSA policies for the benefit of the county. If I utilized the same personnel policies as the county, with regard to my employees, the cost of overtime paid after 20 hours would be prohibitive.

7.

Neighborhood Improvement Districts

Since 1996, the Pulaski County Commission has established eight neighborhood improvement districts (NIDs) pursuant to a petition or public vote from the residents in the proposed districts. The NIDs were established to develop certain roads in the respective districts. Temporary notes were issued by the County Commission to fund each project's construction. General obligation special assessment bonds were issued to pay off the temporary notes related to these various projects. These bonds are to be paid off over periods up to fifteen years.

While the County Commission is ultimately responsible for the repayment of the general obligation bonds, the bonds are intended to be repaid through the collection of special assessments on the benefited properties within each district. Two payment options were developed by the County Commission. The options allowed property owners to pay the assessments in one lump sum or allocate the special assessment and related interest costs over payment periods of up to fifteen years.

The following concerns were noted regarding the NIDs:

- A. The county started receiving administrative fees in 2001, totaling \$3,570 in both 2002 and 2001. The administrative fees represent \$5 per lot on each lot within the eight NIDs. Section 67.453, RSMo 2000, allows work done by the county in the administration and supervision of NID improvements to be included in the overall costs assessed to NID property owners. However, the county has not documented its administrative costs to support the \$5 per lot fee. The County Commission should document its administrative costs and collect additional amounts from the landowners or refund any excess amounts received, as applicable.
- B. At December 31, 2002 the H Highway NID Fund had an ending balance of \$223,117, while the bond debt balance was \$400,000. A portion of the fund balance represents monies that were received from property owners as a lump sum payment for their assessment after the permanent general obligation bonds were issued. Bond documents indicate that as of March 2003, bonds can be retired early without penalty. Because the interest rate on the bonds is higher than the amount the county earns on its deposits, the county should consider early retirement of some of these bonds. The County Commission should review the fund balance and determine what portion of the available funds could be used for early retirement of the bonds.

WE RECOMMEND the County Commission:

- A. Document the administrative costs incurred by the county and charged to the NIDs. Any additional unreimbursed costs should be collected from the landowners, and any excess amounts collected should be refunded to landowners.
- B. Review the balance of the H Highway NID Fund and determine the feasibility of early retirement of a portion of the general obligation bonds.

AUDITEE'S RESPONSE

- A. *We agree and will document the county's administrative costs in the future.*
- B. *We agree and have already made an additional \$40,000 bond principal payment.*

8. Prosecuting Attorney's Accounting Controls and Procedures

The Prosecuting Attorney's office collected bad check and other restitution and fees totaling approximately \$417,000 and \$399,000 for the years ended December 31, 2002 and 2001, respectively. Administrative fees are remitted to the County Treasurer monthly. Our review of the Prosecuting Attorney's accounting controls and procedures indicated the following concerns:

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

Internal controls would be improved by segregating the duties of receiving and recording complaints and payments from the duties of depositing and disbursing monies and following up on amounts due. If duties cannot be adequately segregated, at a minimum, someone independent should periodically review the accounting 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. Formal bank reconciliations have not been performed since June 30, 2002 for the Prosecuting Attorney's three bank accounts. The Prosecuting Attorney indicated the clerk responsible for the preparation of the bank reconciliation fell behind in her duties and left the position before the bank reconciliations were prepared. Monthly bank reconciliations are necessary to ensure bank and book records are in agreement and to ensure errors are detected and corrected in a timely manner. The current Prosecuting Attorney opened a new bank account effective January 1, 2003, and bank reconciliations have been prepared for that account.

A similar condition was noted in a prior report.

- C. At June 30, 2002, fifty-two checks written on the bank accounts totaling approximately \$6,900 had been outstanding for over one year. These old outstanding checks create additional and unnecessary record keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, monies should be disposed of as provided by state law. In addition, procedures should be established to periodically investigate checks outstanding for a considerable time.
- D. Monthly listings of open items (liabilities) are not prepared and, consequently, liabilities are not reconciled to cash balances. As of June 30, 2002, the last time a bank reconciliation was prepared, the reconciled balances of the three bank accounts totaled \$48,759, which was not identified to open items. Our prior audit at December 31, 1998, noted approximately \$30,000 of unidentified monies. It appears the amount of unidentified monies in the bank accounts has continued to grow and little effort has been made to identify these monies. The total bank balances of the three accounts totaled \$86,693 at December 31, 2002.

Preparation of monthly open items listings, in conjunction with reconciliations to book and bank balances, is necessary to ensure the cash balance is sufficient to cover liabilities and allow for timely correction of errors. Unidentified balances should be disposed of as provided by state law.

A similar condition was noted in a prior report.

- E. Receipts are not deposited intact on a timely basis. During the two years ended December 31, 2002, deposits were made approximately four to five times per month and averaged approximately \$6,500. In addition, employees are allowed to cash personal checks from receipts.

To adequately safeguard assets and reduce the risk of theft or misuse of funds, personal checks should not be cashed with official receipts, and all receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- F. The Prosecuting Attorney is the custodian of the Law Library Fund. Our review of the Law Library Fund noted the following concerns:
1. Formal bank reconciliations for the Law Library account are not prepared. The balance recorded on the check register at December 31, 2002, was understated by approximately \$875, and periodic bank reconciliations should have detected this error. Monthly bank reconciliations are necessary to ensure bank and book records are in agreement and to ensure errors are detected and corrected in a timely manner.
 2. Monies received monthly from the Circuit Court for the Law Library Fund are not deposited timely. On more than one occasion, monies were held for 3

or 4 months before deposit. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited immediately upon receipt.

Similar conditions were noted in a prior report.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B. Prepare bank reconciliations on a monthly basis.
- C. Follow up on old outstanding checks and reissue them or dispose of unclaimed amounts in accordance with state law. Procedures should be established to periodically investigate checks outstanding for a considerable time.
- D. Prepare monthly listings of open items and reconcile the listings to cash balances. Unidentified monies should be disposed of in accordance with state law.
- E. Deposit receipts intact daily or when accumulated receipts exceed \$100, and discontinue the practice of cashing personal checks for employees.
- F.1. Prepare monthly bank reconciliations for the Law Library Fund and resolve any differences between the bank and book balances.
 - 2. Deposit the monthly checks received for the Law Library Fund immediately upon receipt.

AUDITEE'S RESPONSE

- A. *I agree and will document my review of the accounting records.*
- B. *The prior office manager who was responsible for all accounting duties was relieved of her duties on January 2, 2003. The position remained vacant for three months because I was unable to find a qualified individual. Since April 1, 2003, I have had three different people in this position. The current employee is performing an excellent job. We are still working on catching up on the reconciliations from 2002.*
- C&D. *We have already located applicable individuals and reissued some of these checks. We will have the two inactive accounts closed by December 31, 2003. It appears the majority of the funds in the two inactive accounts belong to unknown people due to prior inadequate methods of recording unpaid restitution. Our goal is to have the former Prosecuting Attorney's active account closed by December 31, 2004. We will make an attempt to locate all known unpaid victims one last time prior to turning over the funds as unclaimed, unless we have records indicating two prior attempts were made, in which case we will automatically turn over to the state as unclaimed. Regarding any returned or outstanding*

checks on my new account, we will attempt to locate and reissue checks on a monthly basis and turn over unclaimed amounts a minimum of one time per year.

Furthermore, we will prepare and maintain a monthly open items list for proper reconciliation.

- E. We only accept money orders and cashier's checks. They are immediately stamped "for deposit only" upon receipt. Deposits are currently made once per week. All receipts are kept in a locked cabinet within our office prior to being deposited. Due to staffing and time constraints, daily depositing is currently not feasible; however, we will consider increasing the frequency of deposits when current office staff are completely trained in their current duties. As of January 2003, no cash is accepted and no employee is allowed to cash personal checks from receipts.*
- F. I now make all law library deposits either the day of or the day after receipt from the circuit clerk's office. The check register balance of the law library fund has been corrected and monthly bank reconciliations are being performed.*

9. Public Administrator's Accounting Controls and Procedures

The Public Administrator acts as the court-appointed personal representative for wards of the Associate Circuit Division (Probate Court) and is responsible for receiving, disbursing, and accounting for the assets of those individuals. Annually, the Public Administrator is required to file an annual settlement with the Probate Court which reflects a detailed list of assets held as well as financial activity for the year. During the two years ended December 31, 2002, the Public Administrator had responsibility for approximately 100 wards. The following concerns were noted:

- A. Accounting duties are not adequately segregated. Currently all accounting duties, including receiving, recording, depositing, and disbursing monies for each of the cases are performed by one clerk. While the Public Administrator indicated she reviews the bank reconciliations periodically, there is no documentation of this review.

Internal controls would be improved by segregating the duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be adequately segregated, at a minimum, the Public Administrator should periodically review the case records, compare monies received with deposits, and ensure records appear accurate. 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. A review of the annual settlements filed by the Public Administrator indicated the following problems:

1. Annual settlements are not filed in a timely manner. During the audit period, at least 49 annual settlements were filed as much as three months late, including 11 settlements that were over one year late.

Sections 473.540 and 475.270, RSMo 2000, require the Public Administrator to file with the court an annual settlement for each ward. Failure to file settlements on a timely basis for review by the Associate Circuit Judge increases the risk that errors or misuse of funds could go undetected.

2. Most estates handled by the Public Administrator are charged a fee of \$45 per month, and it is the policy of the court that these fees be paid out after the annual settlement is filed and approved by the Associate Circuit (Probate) Judge. The fees are turned over to the county and disbursed to the Public Administrator as her official compensation. Our review noted 21 instances where the Public Administrator withheld fees from various estates, totaling approximately \$10,600, prior to filing the annual settlement, and therefore, prior to approval by the Associate Circuit Judge.
3. Monthly the Public Administrator prepares reports of fees, which list fees for all estates with anniversary dates during the month. This report is turned over to the County Clerk and used to determine the Public Administrator's monthly compensation and to prepare required payroll reports. During the two years ended December 31, 2002, the Public Administrator listed and received payment for estate fees of approximately \$14,400 that had not been withheld from the estates and turned over to the county. Failure to turn over estate fees prior to requesting reimbursement from the county could result in possible misuse of county funds. The Public Administrator should ensure all fees are turned over to the county before compensation payments are requested.

The Public Administrator and Probate Court need to establish procedures to better monitor and follow up on the timely filing of annual settlements and to ensure fees are not paid from estates prior to the judge's approval. In addition, the county should adopt procedures to ensure the Public Administrator turns over fees before they are paid to her as compensation.

WE RECOMMEND the Public Administrator:

- A. Adequately segregate accounting duties or periodically perform and document reviews of the accounting records.

- B.1. File annual settlements on a timely basis as required by state law.
2. Discontinue the practice of withholding estate fees prior to the annual settlement being filed and approved by the Associate Circuit Judge.
3. Turn over applicable fees to the county before the corresponding compensation is paid to the Public Administrator.

AUDITEE'S RESPONSE

I did get behind on annual settlements and I did miss a few by not receiving notice of them. I have no excuse except that when an emergency or a client needs my attention, I will always take care of them first.

There was a time when the Probate Clerk was ill and the settlements were not being reconciled by the Probate Office. This resulted in me not receiving a paycheck, so the County Commission told me to turn in my accounts due each month and then when settlements were approved by the Judge to turn them over to the County Treasurer. We discontinued doing this as of March 1, 2003.

I have already brought all my settlements up-to-date. No fees are released to me until court approval is obtained and turned over to the County Treasurer. Everything is receipted and reviewed by me monthly and documented.

10. County Collector's Accounting Controls and Procedures
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The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28, 2003 and 2002, the County Collector collected property taxes totaling approximately \$9.1 and \$8.5 million, respectively. Improvements are needed in the internal control and accounting procedures used by the County Collector, as follows:

- A. The County Collector has not established effective controls over monies received for tax payments in his office. While tax receipts are recorded on a daily ledger and are deposited daily, procedures are not adequate to ensure all receipts are properly recorded and deposited intact.

The method of payment (cash, check, money order, etc.) is not always indicated on the paid tax receipts and the composition of receipts is not reconciled to the daily deposits. In addition, while each paid tax receipt is given a sequential receipt number when paid, the sequence of the numbers is not accounted for to ensure each payment is listed on the daily ledger. The computerized accounting system allows employees to void or reverse receipt information that was originally entered; however, there is no accounting or audit trail for these voids and reversing entries, which allows for unaccountable gaps in the numerical sequence of paid tax receipt numbers.

Reconciliations, along with accounting for the numerical sequence of receipts, and indicating the method of payment on the paid tax receipts, would help the County Collector ensure all tax payments have been properly processed, recorded, and deposited in the bank account.

B. The County Collector maintains a deposit bank account which is interest bearing and all deposits are made into this account. When the County Collector needs to disburse property taxes, he transfers money from this account to a disbursement bank account, which is also interest bearing. A bank account for protested taxes is also maintained.

1. Bank reconciliations are not prepared for the deposit and protested accounts. In addition, bank reconciliations are prepared for the disbursement account only during the non-peak tax months of March through September.

Monthly bank reconciliations are necessary to ensure bank and book records are in agreement and to ensure errors are detected and corrected in a timely manner. Without maintaining and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded.

2. The County Collector does not have adequate policies and procedures in place to ensure the insufficient funds (NSF) checks are collected or added back to the tax books. The checks that remain uncollected, notices from the bank, and notices of checks turned over to the Prosecuting Attorney for collection are placed in a box. This box contained documentation for approximately \$2,965 in NSF checks which were not collected at February 28, 2003. The County Collector's collection efforts were not always documented, and some checks were not turned over to the Prosecuting Attorney for collection in a timely manner. Four NSF checks, which had been returned prior to December 31, 2002, had not been turned over to the Prosecuting Attorney.

In addition, the County Collector does not always add the amounts back to the tax books for NSF checks remaining uncollected. In many instances, the funds have already been disbursed to the various political subdivisions even though the amounts were not actually received. In these cases, the County Collector needs to add the amounts back to the tax books and reduce future distributions to the political subdivisions for the amount of NSF checks remaining uncollected.

3. At February 28, 2003, sixteen checks written on the disbursement account totaling \$3,900 had been outstanding for over one year. Some of these checks date back to 1994. These old outstanding checks create additional and unnecessary record keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, monies should be disposed of as provided by state law. In addition, procedures should be

established to periodically investigate checks outstanding for a considerable time.

- C. At February 28, 2003, the County Collector had an unidentified balance totaling approximately \$3,800 in the bank accounts. The unidentified balance fluctuates each month as a result of errors made in processing tax payments. As noted in our prior audit reports, some tax payments were not entered in the computer system and distributed, and are unidentified in the bank accounts. The County Collector indicated he periodically identifies some of these amounts and distributes them to the applicable taxing authorities, and therefore, the unidentified balance has gradually decreased over the past several years. Had the County Collector performed the reconciliations noted in B above, these errors could have been detected and corrected more timely rather than waiting several years to make the correction.
- D. The County Collector has not prepared annual settlements since 1996. Section 139.160, RSMo 2000, requires settlements to be filed with the County Commission by the first Monday in March.

To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector file annual settlements on a timely basis. In addition, timely annual settlements are an essential part of the checks and balances system established by state law.

Failure to adequately perform basic accounting procedures and reconciliations, and prepare annual settlements severely lessens the County Collector's ability to adequately account for property taxes that are statutorily charged to him to collect. Timely action should be taken to correct these deficiencies. Although these problems were noted in previous audits, little attempt was apparently made to implement these recommendations.

WE AGAIN RECOMMEND the County Collector:

- A. Account for the numerical sequence of numbers assigned to paid tax receipts, indicate the method of payment on all paid tax receipts, and reconcile receipts to the daily deposits. In addition, the County Collector should ensure changes are made to the computerized accounting system to provide for proper documentation and/or audit trails of void and reversing receipt entries.
- B.1. Prepare monthly bank reconciliations for all bank accounts. Any discrepancies should be investigated and resolved immediately.
- 2. Maintain adequate records of NSF checks and remit all checks to the Prosecuting Attorney for collection in a timely manner. In addition, amounts which remain uncollected should be added back to the tax books and adjusted from future distributions to the taxing authorities, as applicable.

3. Follow up on old outstanding checks and reissue them or dispose of unclaimed amounts in accordance with state law. Procedures should be established to periodically investigate checks outstanding for a considerable time.
- C. Attempt to identify liabilities for all amounts in the bank account. Any amounts remaining unidentified should be distributed to the political subdivisions in the county on a pro-rata basis.
- D. Prepare and file annual settlements annually as required by state law.

AUDITEE'S RESPONSE

- A. *I have recently implemented a new computerized accounting system which should take care of these problems and allow for an audit trail of void and reversing receipt entries.*
- B. *I agree and will implement these recommendations.*
- C. *I agree and will continue to attempt to identify all liabilities.*
- D. *The new accounting system that was recently installed should help in the preparation of annual settlements.*

11.	Sheriff's Accounting Controls and Procedures
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The Sheriff's office collected approximately \$168,500 and \$158,600 for the years ended December 31, 2002 and 2001, respectively, in various fees. The Sheriff's accounting controls and procedures should be improved as follows:

- A. The Sheriff's office receives billing invoices for the boarding of prisoners outside the county jail. Sheriff's personnel indicated the invoices are reviewed by a deputy to ensure the prisoners on the billings are county inmates, but the invoices are not reviewed to ensure the number of days billed agrees to the county's records of number of days incarcerated. Our review of two billing invoices noted that the county was billed for three inmates who were either not county inmates or were housed in the county jail.

Without adequate procedures to monitor board of prisoner invoices, the Sheriff cannot ensure either the reasonableness or propriety of the invoices. This could result in overpayments for prisoner incarceration costs. The monthly invoices should be reconciled to the county's prisoner attendance records.

- B. The Sheriff's office received approximately \$2,150 and \$1,100 for the years ended December 31, 2002 and 2001, respectively, for vending machine commissions. These monies are not deposited in a bank account or turned over to the County Treasurer, and the Sheriff does not maintain a ledger to account for receipts, disbursements, and cash balances. The monies are kept in a locked file cabinet in the

Sheriff's office. The Sheriff keeps a file of invoices and other documentation, and it appears these monies are used for travel advances to deputies, flowers for funerals, employee Christmas dinners, and undercover drug buys. This fund was established in 2000 and had a cash balance of approximately \$2,300 on February 19, 2003.

The vending machines are operated by the Sheriff for the benefit of the county prisoners and office employees, and these monies should be turned over to the county. If the Sheriff needs a petty cash fund for official duties, such as travel advances and undercover drug buys, a fund should be established at a constant amount and should be reimbursed by replenishment checks upon warrants approved by the County Commission. Ledgers to account for all petty cash receipts and disbursements should be maintained. Expenditures which are not necessary for the operation of the Sheriff's office, such as flowers for funerals and employee Christmas dinners, should be discontinued.

- C. The Sheriff has an old bank account with a balance of \$877 at December 31, 2002. Of this amount, \$37 consists of interest earnings, \$296 consists of miscellaneous fees, and \$544 consists of 28 checks written on the account which have been outstanding for over one year. The interest and fees should be disbursed to the County Treasurer, and an attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, monies should be disposed of as provided by state law and the account should be closed.
- D. Receipts are not deposited on a timely basis. During the two years ended December 31, 2002, deposits were made approximately two to three times a week and averaged approximately \$1,000. To adequately safeguard receipts and reduce the risk of theft or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100.

WE RECOMMEND the Sheriff:

- A. Establish procedures to ensure all invoices for board of prisoners are reviewed for reasonableness and propriety.
- B. Transmit vending machine commissions to the County Treasurer for deposit into the county treasury. If a petty cash fund is needed, it should be maintained at a constant amount and records of all petty cash receipts and disbursements should be maintained. Expenditures which are not necessary for the operation of the Sheriff's office should be discontinued.
- C. Attempt to resolve the old outstanding checks. In addition, the balance of this bank account should be disbursed and the account closed.
- D. Deposit all receipts daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

- A. *All invoices will be checked against the jail list to ensure all expenses incurred are accurate and accounted for.*
- B. *The vending machine monies will be deposited into the county treasury in a pre-determined and earmarked account.*
- C. *The outstanding account was closed on August 14, 2003, and all outstanding checks are accounted for.*
- D. *Deposits will be made on a timely basis as suggested.*

12. Circuit Clerk's Accounting Controls and Procedures

The Circuit Clerk's office collected approximately \$1.2 million and \$1.3 million for the years ended December 31, 2002 and 2001, respectively, in various fees, which includes the Associate Circuit Division. Review of the Circuit Clerk's controls and procedures disclosed the following concerns:

- A. Accounting duties are not adequately segregated. Currently most accounting duties, including receiving, depositing, and disbursing monies, preparing bank reconciliations, and maintaining the accounting records are performed by one clerk for the circuit account. While the Circuit Clerk indicated she reviews bank deposits, bank reconciliations, and disbursement reports, there is no documentation of this review.

Internal controls would be improved by segregating the duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be adequately segregated, at a minimum, someone independent should periodically review the records. 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. At December 31, 2002, fifty-two checks totaling \$7,149 on the Circuit Clerk's various bank accounts had been outstanding for more than one year. These old outstanding checks create additional and unnecessary record-keeping responsibilities. An attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued, if possible. If the payee cannot be located, the monies should be disposed of as provided by state law. In addition, procedures should be established to periodically investigate checks outstanding for a considerable time.

A similar condition was noted in a prior report.

- C. The Circuit Clerk's office maintains an old bank account with a balance of \$126,008 at December 31, 2002. This account was established by a former Circuit Clerk and \$123,033 of this balance has not been reconciled to open items (liabilities). It appears that little or no attempt has been made to identify the amounts in this account to open items since 1997. The Circuit Clerk should attempt to identify the balances in these accounts and disburse amounts to the appropriate parties. Amounts that cannot be identified and remain unclaimed should be disposed of as provided by state law.

WE RECOMMEND the Circuit Clerk:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B. Attempt to resolve the old outstanding checks and establish procedures to periodically investigate checks outstanding for a considerable time.
- C. Attempt to identify the monies held in the old bank accounts and disburse the monies to the appropriate parties so the accounts can be closed. Amounts which cannot be identified and remain unclaimed should be disposed of as provided by state law.

AUDITEE'S RESPONSE

- A. *In the past to segregate duties, I would review the bank reconciliations prepared by my deputy clerks. In the future when I review these bank reconciliations, I will sign and date them to document that I have completed the review.*
- B. *In the past, my caseload has been so great that I have not been able to work on the outstanding check list. Pulaski County has the third highest weighted workload according to the Office of the State Courts Administrator. I have scheduled this task to be completed by December 31, 2003.*
- C. *The accounts opened since I became Circuit Clerk in November 2000 do have an open items list and all funds are identified and accounted for. I am currently working on the previous Circuit Clerk's account to identify the funds and disburse the monies appropriately. I have scheduled this task to be completed by December 31, 2003.*

13. 911 Emergency Services Board

The 911 Emergency Services Board provides 911 county emergency dispatching services. In addition the board provides central dispatching for the Sheriff's Department and other entities located in Pulaski County. Our review noted the following concerns:

- A. In December 2002, the 911 Emergency Services Board paid Christmas bonuses to its employees totaling \$1,200. These payments represent additional compensation in the form of a bonus for services previously rendered and, as such, appear to violate

Article III, Section 39 of the Missouri Constitution. In addition, these payments were not included in the county payroll records, were not subject to the proper withholdings, and were not reported on the employees' W-2 forms.

- B. The 911 Emergency Services Board entered into written contracts with six entities, including the county, to provide dispatching services. The board received \$66,900 for these services in 2002. No documentation was prepared of the cost of providing dispatching services to these entities, and therefore, there is no documentation to show that the amounts charged are reasonable to cover the cost of providing these services while not being excessive. The board should review the costs of providing dispatching services, including any indirect costs, and establish an appropriate billing rate for all entities receiving services.

WE RECOMMEND the 911 Emergency Service Board:

- A. Discontinue the practice of paying employee bonuses.
- B. Perform and document cost analyses of providing dispatching services to other entities and establish rates for providing these services based on the analyses.

AUDITEE'S RESPONSE

- A. *We agree and this practice has been discontinued.*
- B. *We agree and will prepare the appropriate cost studies.*

14.

Senate Bill 40 Board

In October 2001, the Senate Bill 40 Board purchased land and a building for \$50,239 located in the City of Crocker next to an existing group home for the purpose of expanding the group home. The board did not prepare or obtain formal written plans for the use of the land and building prior to purchase. This property has not been utilized by the Senate Bill 40 Board as planned and is currently vacant. The board chairman indicated there were three clients planned to locate in the proposed new group home, but at least two of them could no longer be residents so the new home was not opened. The board subsequently discussed plans for leasing the property; however, no formal plans were prepared or finalized. The board should either develop formal plans for the use of this property or consider selling the property.

In addition, the board chairman indicated the seller of the property had obtained an appraisal of the property (indicated an appraised value of \$50,000) and another board member had seen a copy of the appraisal; however, the seller apparently will not provide a copy of the appraisal to the board. The County Assessor appraised this property as residential property for \$22,700 immediately prior to the board's purchase of this property, which is less than half of the purchase price. Independent appraisals should be obtained prior to the purchase of real property to ensure fair value is paid for the property.

WE RECOMMEND the Senate Bill 40 Board establish a formal plan for the use of the property or consider selling the property. In addition, independent appraisals should be obtained, and copies of the appraisals retained, prior to all real property purchases.

AUDITEE'S RESPONSE

We agree and will prepare formal plans for the property.

Follow-Up on Prior Audit Findings

PULASKI 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 Pulaski County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendation is not repeated, the county should consider implementing this recommendation.

1. Budgetary Practices

- A. Formal budgets were not prepared for various county funds.
- B. Warrants were issued in excess of approved budgeted amounts for various funds.
- C. The County Commission budgeted a deficit balance for the 911 Emergency Service Fund for 1998.

Recommendation:

The County Commission:

- A. Ensure budgets are prepared for all county funds.
- B. Not authorize disbursements in excess of budgeted expenditures.
- C. Discontinue deficit budgeting.

Status:

- A. Not implemented. Formal budgets were not prepared for the Family Court Fund and the Circuit Clerk Interest Fund for 2002 and 2001, the Collector Maintenance Fund for the year ended December 31, 2002, and the Recorder Technology Fund for the year ended December 31, 2001. Although not repeated in the current report, our recommendation remains as stated above.
- B. Not implemented. See finding number 02-1.
- C. Implemented.

2. Collateral Securities

Collateral securities pledged by the county's depository bank were insufficient to cover monies in the custody of the County Treasurer and the County Collector.

Recommendation:

The County Treasurer and County Collector ensure collateral securities pledged by the depositary bank are sufficient to protect monies at all times.

Status:

Implemented.

3. Tourism Tax Collection Fees

The County Commission retained a collection fee of 10 percent from the county's lodging tax to promote tourism. There was no statutory authority for the county to retain this collection fee and the county had no documentation to show that this amount represented the county's actual collection costs.

Recommendation:

The County Commission review this situation with the Prosecuting Attorney to ensure monies collected for the tourism tax are being handled correctly.

Status:

Not implemented. See MAR finding number 3.

4. County Collector's Controls and Procedures

A.1. The County Collector did not reconcile deposits to the daily abstract of taxes paid.

2. The County Collector did not account for the numerical sequence of tax receipts or reconcile paid tax receipts to the daily abstract.

3. No procedures were in place to ensure mail was processed sequentially or in a timely manner.

4. The County Collector did not maintain the change fund at a constant amount.

5. No records were kept for partial payments received, and partial payments were held and were not deposited into bank account until the taxes were paid in full.

B.1. The County Collector did not prepare monthly bank reconciliations.

2. The County Collector did not have policies or procedures in place or sufficient records to account for checks returned by the bank due to insufficient funds.

- C. Approximately \$26,000 of unidentified funds were in the bank accounts.
- D. Annual settlements were not filed with the County Clerk.

Recommendation:

The County Collector:

- A.1. Reconcile daily cash collections to the daily abstract of taxes paid from the computer system.
 - 2. Account for the numerical sequence of numbers assigned to paid tax receipts and reconcile paid tax receipts to daily cash collections.
 - 3. Establish procedures to ensure the processing of collections received in the mail is performed in a timely manner.
 - 4. Maintain the change fund at a constant amount.
 - 5. Not accept partial payments of taxes. If partial payments are accepted, the County Collector should keep adequate records of partial payments.
- B.1. Reconcile all bank accounts monthly and agree reconciled bank balances to all liabilities of the office.
 - 2. Maintain adequate records of insufficient fund checks and remit all insufficient funds checks to the Prosecuting Attorney for collection.
- C. Attempt to identify liabilities for all amounts in the bank account. Any amounts remaining unidentified should be distributed to the political subdivisions in the county on a pro-rata basis.
- D. File annual settlements in a timely manner.

Status:

A.1,
A.3-5. Implemented.

A.2&
B-D. Not implemented. See MAR finding number 10.

5. Circuit Clerk's Controls and Procedures

- A. The Circuit Clerk did not reconcile open items listings to the bank balance for the civil fees account.
- B. Formal bank reconciliations for the civil fees account were not prepared on a timely basis.
- C. The Circuit Clerk did not routinely follow up on old outstanding checks. Checks totaling \$2,003 on the civil fees account had been outstanding for more than one year.

Recommendation:

The Circuit Clerk:

- A. Prepare monthly listings of open items and reconcile such listings to the cash balance. Any differences should be investigated and resolved.
- B. Ensure formal bank reconciliations are prepared on a monthly basis and review the reconciliations for propriety.
- C. Adopt procedures to routinely follow up on old outstanding checks. Any remaining unclaimed amounts should be disbursed in accordance with state law.

Status:

A&B. Implemented.

C. Not implemented. See MAR finding number 12.

6. Prosecuting Attorney's Procedures

- A. The Prosecuting Attorney did not prepare bank reconciliations, open items listings, or maintain a book balance. There was approximately \$30,000 of unidentified monies in the bank accounts.
- B.1. The Prosecuting Attorney did not prepare bank reconciliations for the Law Library Fund.
 - 2. Monies received from the Circuit Court for the Law Library Fund were not deposited in a timely manner.
 - 3. The Prosecuting Attorney did not maintain original invoices to support any disbursements from the Law Library Fund.

Recommendation:

The Prosecuting Attorney:

- A. Prepare monthly bank reconciliations and open items listings, and reconcile them to the cash balance. Any discrepancies should be investigated and resolved.
- B.1. Prepare monthly bank reconciliations for the Law Library Fund and reconcile them to the cash balance. Any discrepancies should be investigated and resolved immediately.
 - 2. Deposit receipts for the Law Library Fund daily or when accumulated receipts exceed \$100.
 - 3. Retain original invoices to support all disbursements made from the Law Library Fund.

Status:

A, B.1

&B.2 Not implemented. See MAR finding number 8.

B.3 Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

PULASKI COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Pulaski was named after Polish Count Casimir Pulaski, a Revolutionary War General. Pulaski County is a county-organized, third-class county and is part of the 25th Judicial Circuit. The county seat is Waynesville.

Pulaski 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 approximately 427 miles of county roads and 35 county 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 important to the county's citizens.

The county's population was 42,011 in 1980 and 41,165 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 147.9	143.2	131.4	122.8	48.5	22.2
Personal property	46.5	43.6	41.9	38.9	12.5	7.4
Railroad and utilities	12.7	13.0	13.3	14.0	6.2	5.4
Total	\$ 207.1	199.8	186.6	175.7	67.2	35.0

* First year of statewide reassessment.

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

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

	Year Ended December 31,			
	2002	2001	2000	1999
Special Road and Bridge Fund	\$.1976	.2000	.1842	.2200
Health Center Fund	.0788	.0802	.0802	.0800
Senate Bill 40 Board Fund	.0788	.0802	.0802	.0800
Senior Citizens Services Board Fund	.0492	.0500	.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),			
	2003	2002	2001	2000
State of Missouri	65,146	64,413	58,787	53,474
General Revenue Fund	365	276	340	1,615
Special Road and Bridge Fund	420,645	413,446	356,349	382,707
Assessment Fund	87,879	82,442	73,362	69,239
Health Center Fund	166,312	163,608	149,256	140,134
Senate Bill 40 Board Fund	166,312	163,608	149,256	140,134
School districts	6,052,655	5,682,024	5,083,224	4,771,066
Library district	297,667	290,675	267,867	251,823
Ambulance districts	602,239	581,610	531,089	509,435
Fire protection districts	323,728	311,726	291,832	275,397
Senior Citizens Services Board Fund	101,349	97,518	89,148	85,527
Tax Increment Financing Commission	432,803	270,521	240,377	201,430
Neighborhood Improvement Districts	100,444	143,794	87,940	79,864
Cities	73,453	65,678	49,808	55,732
County Clerk	363	374	398	422
County Employees' Retirement	57,049	55,160	55,826	52,418
Collector Maintenance Fund	12,217	0	0	0
Commissions and fees:				
General Revenue Fund	153,319	144,374	130,623	121,751
Total	\$ 9,113,945	8,531,247	7,615,482	7,192,168

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	89	86	86	86 %
Personal property	87	89	89	89
Railroad and utilities	99	100	100	98

Pulaski 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	2003	2002	2001	2000	1999
County-Paid Officials:					
Harold York, Presiding Commissioner	\$	30,513	30,513	30,513	28,400
Gary Carmack, Associate Commissioner		28,413	28,413		
Dennis Thornsberry, Associate Commissioner		28,413	28,413		
Bland R. Smith, Associate Commissioner				28,413	26,400
Art Helms, Associate Commissioner				28,413	26,400
Stephanie Leuthen, County Clerk		43,050	43,050	43,050	40,000
Michael V. Headrick, Prosecuting Attorney		53,025	53,025	53,025	48,500
J.T. Roberts, Sheriff		49,300	48,300	48,300	45,000
Joyce M. Thomas, County Treasurer		31,857	31,857	31,857	29,600
Mikel Hartness, County Coroner		13,650	13,650		
Gary Carmack, County Coroner				13,650	12,000
Paula Long Weber, Public Administrator (1)		53,373	46,804	41,243	40,417
George Berry, County Collector, year ended February 28 (29),	43,050	43,050	43,050	40,000	
Roger Harrison, County Assessor (2), year ended August 31,		43,950	43,950	43,950	40,900
John H. Mackey, County Surveyor (3)					

- (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:					
Rachelle Beasley, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	47,300	13,673	
Nancy E. Doolin, Circuit Clerk and Ex Officio Recorder of Deeds				32,454	44,292
David Gregogry Warren, Associate Circuit Judge		96,000	96,000	97,382	87,235
Tracie L. Storie, Associate Circuit Judge		96,000	96,000	97,382	87,235