



**VERNON COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

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

**Report No. 2004-93
December 17, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Vernon, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Vernon 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 budgets of the Special Road and Bridge Fund did not present a reasonable estimate of the fund's expenditures, and did not allow for proper monitoring and use of the budget as a management tool. During the audit period, the county transferred approximately \$115,000 from the Special Road and Bridge Fund to the General Revenue Fund for administrative service fees. State law allows the County Commission to impose an administrative service fee based on a percentage of budgeted expenditures of the Special Road and Bridge Fund. Had more reasonable budget estimates or actual disbursements been used, the amounts transferred would have been approximately \$34,000 less. The County Commission should review its budgeting procedures for the Special Road and Bridge Fund as well as reevaluate the amounts being transferred annually for the administrative service fee.
- The Sheriff should reconcile jail commissary purchases to amounts turned over to the county treasury to ensure such amounts accurately reflect the commissary purchases by the inmates. The Sheriff should also adopt policies and procedures to routinely follow up on old outstanding checks, adequately segregate accounting duties, deposit receipts daily, and maintain more accurate records of amounts billed and collected for board of prisoners.

The audit also includes recommendations regarding compensation for certain county officials and recommendations to improve accounting controls and procedures for the Prosecuting Attorney and Circuit Clerk.

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

YELLOW SHEET

VERNON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Vernon 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 Vernon County, Missouri, as of and for the years ended December 31, 2003 and 2002. 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 Vernon 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, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 19, 2004, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. 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 Vernon County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

August 19, 2004 (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:	Susan Cessac
Audit Staff:	Cindy Elliott
	Terese Summers, CPA
	Gary Raines
	Sara Bull



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 Vernon County, Missouri

We have audited the financial statements of various funds of Vernon County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 19, 2004. 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 Vernon County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Vernon 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 Vernon 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

August 19, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

VERNON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 335,750	1,940,460	2,056,342	219,868
Special Road and Bridge	497,574	1,200,994	1,045,084	653,484
Assessment	4,869	187,474	192,318	25
Law Enforcement Training	383	4,429	3,821	991
Sheriff Discretionary	11,623	31,043	42,662	4
Prosecuting Attorney Training	4,026	2,101	2,532	3,595
Prosecuting Attorney Bad Check	3,603	24,627	19,425	8,805
Sewer	44,035	5,265	11,509	37,791
Local Emergency Planning Commission	14,713	7,587	4,274	18,026
Shelter	56	4,995	4,983	68
Election Service	3,656	2,349	14	5,991
Tax Maintenance	2,365	18,702	5,273	15,794
Recorder Users	89,395	18,939	20,700	87,634
Prosecuting Attorney Tax Collection	2,326	2,030	1,446	2,910
Victim Impact Panel	8,442	1,739	3,319	6,862
Inmate Security	0	302	0	302
Health Center	272,674	485,480	456,726	301,428
Circuit Clerk Interest	27,062	2,223	16,375	12,910
Law Library	28,571	11,794	10,717	29,648
Drug Court	4,203	11,821	9,213	6,811
Circuit Court Remodeling	92,266	51	92,317	0
Total	\$ 1,447,592	3,964,405	3,999,050	1,412,947

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

Exhibit A-2

VERNON 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	\$ 455,926	1,887,132	2,007,308	335,750
Special Road and Bridge	282,663	1,875,981	1,661,070	497,574
Assessment	2,325	212,493	209,949	4,869
Law Enforcement Training	789	4,109	4,515	383
Sheriff Discretionary	11,016	40,581	39,974	11,623
Prosecuting Attorney Training	3,923	1,456	1,353	4,026
Prosecuting Attorney Bad Check	8,456	17,722	22,575	3,603
Sewer	40,796	5,751	2,512	44,035
Local Emergency Planning Commission	13,951	5,998	5,236	14,713
Shelter	52	4,011	4,007	56
Election Service	7,054	5,229	8,627	3,656
Water Block Grant	0	300,000	300,000	0
Elevator Grant	0	111,419	111,419	0
Tax Maintenance	0	2,365	0	2,365
Recorder Users	87,271	19,124	17,000	89,395
Prosecuting Attorney Tax Collection	7,456	257	5,387	2,326
Victim Impact Panel	6,794	2,023	375	8,442
Health Center	222,830	504,682	454,838	272,674
Circuit Clerk Interest	26,190	2,896	2,024	27,062
Law Library	25,767	12,180	9,376	28,571
Drug Court	1,279	6,479	3,555	4,203
Circuit Court Remodeling	49,335	105,277	62,346	92,266
Total	\$ 1,253,873	5,127,165	4,933,446	1,447,592

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

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,271,386	3,952,533	(318,853)	5,366,172	5,013,044	(353,128)
DISBURSEMENTS	4,916,842	3,897,520	1,019,322	6,029,321	4,867,545	1,161,776
RECEIPTS OVER (UNDER) DISBURSEMENTS	(645,456)	55,013	700,469	(663,149)	145,499	808,648
CASH, JANUARY 1	1,351,123	1,351,123	0	1,203,259	1,203,259	0
CASH, DECEMBER 31	705,667	1,406,136	700,469	540,110	1,348,758	808,648
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	321,600	289,020	(32,580)	292,049	311,282	19,233
Sales taxes	831,900	813,087	(18,813)	772,000	808,534	36,534
Intergovernmental	406,009	353,037	(52,972)	325,360	288,729	(36,631)
Charges for service:	285,464	323,832	38,368	265,400	313,089	47,689
Interest	6,000	2,605	(3,395)	20,000	6,761	(13,239)
Other	47,045	92,666	45,621	64,340	75,593	11,253
Transfers in	66,213	66,213	0	75,150	83,144	7,994
Total Receipts	1,964,231	1,940,460	(23,771)	1,814,299	1,887,132	72,833
DISBURSEMENTS						
County Commissior	91,754	90,855	899	91,441	90,686	755
County Clerk	169,953	167,263	2,690	162,353	161,201	1,152
Elections	22,973	19,603	3,370	54,850	50,392	4,458
Buildings and grounds	131,688	107,293	24,395	140,180	112,249	27,931
Employee fringe benefit	213,101	200,244	12,857	194,600	182,088	12,512
County Treasurer	70,860	66,310	4,550	70,657	68,921	1,736
Recorder of Deeds	88,786	84,172	4,614	88,739	82,935	5,804
Circuit Clerk	88,565	79,769	8,796	82,900	76,884	6,016
Court administration	35,130	18,470	16,660	35,900	27,242	8,658
Public Administrator	47,100	46,186	914	47,175	46,359	816
Sheriff	468,233	441,976	26,257	404,651	390,748	13,903
Jail	239,829	237,374	2,455	227,214	216,771	10,443
Prosecuting Attorney	147,961	146,940	1,021	129,199	117,559	11,640
Juvenile Officer	169,134	135,079	34,055	230,666	171,511	59,155
County Coroner	27,800	25,762	2,038	26,320	26,142	178
Public health and welfare service	2,000	2,000	0	2,000	2,000	0
Insurance and bonds	34,000	32,582	1,418	31,500	31,371	129
Univeristy Extension Service	38,000	38,000	0	38,000	38,000	0
Other	116,104	68,197	47,907	96,339	67,185	29,154
Transfers out	20,421	17,648	2,773	35,792	26,000	9,792
Emergency Func	58,019	30,619	27,400	54,232	21,064	33,168
Total Disbursements	2,281,411	2,056,342	225,069	2,244,708	2,007,308	237,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(317,180)	(115,882)	201,298	(430,409)	(120,176)	310,233
CASH, JANUARY 1	335,750	335,750	0	455,926	455,926	0
CASH, DECEMBER 31	18,570	219,868	201,298	25,517	335,750	310,233

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	110,000	108,217	(1,783)	104,282	108,633	4,351
Intergovernmental	1,356,052	1,066,173	(289,879)	2,182,344	1,745,663	(436,681)
Interest	4,500	4,595	95	13,000	4,589	(8,411)
Other	11,221	22,009	10,788	11,150	17,096	5,946
Total Receipts	1,481,773	1,200,994	(280,779)	2,310,776	1,875,981	(434,795)
DISBURSEMENTS						
Salaries	204,000	178,602	25,398	200,000	182,071	17,929
Employee fringe benefit	56,253	53,611	2,642	51,100	40,213	10,887
Supplies	40,153	31,500	8,653	26,000	34,254	(8,254)
Insurance	17,500	15,571	1,929	12,500	13,993	(1,493)
Road and bridge materials	61,000	55,484	5,516	67,500	75,529	(8,029)
Equipment repairs	30,000	28,345	1,655	30,000	24,035	5,965
Rentals	1,000	627	373	1,000	5,558	(4,558)
Equipment purchases	206,500	201,667	4,833	69,500	34,968	34,532
Construction, repair, and maintenance	692,812	186,949	505,863	1,545,538	964,303	581,235
Payment to township:	300,000	240,000	60,000	300,000	220,000	80,000
Other	31,200	3,515	27,685	31,200	2	31,198
Transfers out	49,213	49,213	0	70,150	66,144	4,006
Total Disbursements	1,689,631	1,045,084	644,547	2,404,488	1,661,070	743,418
RECEIPTS OVER (UNDER) DISBURSEMENTS	(207,858)	155,910	363,768	(93,712)	214,911	308,623
CASH, JANUARY 1	497,574	497,574	0	282,663	282,663	0
CASH, DECEMBER 31	289,716	653,484	363,768	188,951	497,574	308,623
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	176,207	169,203	(7,004)	178,021	179,149	1,128
Charges for services	6,000	0	(6,000)	3,000	2,250	(750)
Interest	350	201	(149)	2,200	369	(1,831)
Other	750	422	(328)	1,200	4,725	3,525
Transfers in	24,021	17,648	(6,373)	35,792	26,000	(9,792)
Total Receipts	207,328	187,474	(19,854)	220,213	212,493	(7,720)
DISBURSEMENTS						
Assessor	212,197	192,318	19,879	222,538	209,949	12,589
Total Disbursements	212,197	192,318	19,879	222,538	209,949	12,589
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,869)	(4,844)	25	(2,325)	2,544	4,869
CASH, JANUARY 1	4,869	4,869	0	2,325	2,325	0
CASH, DECEMBER 31	0	25	25	0	4,869	4,869

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,186	1,233	47	1,500	1,340	(160)
Charges for service:	2,700	3,060	360	2,500	2,655	155
Interest	14	6	(8)	15	14	(1)
Other	100	130	30	200	100	(100)
Total Receipts	4,000	4,429	429	4,215	4,109	(106)
DISBURSEMENTS						
Sheriff	4,300	3,821	479	5,000	4,515	485
Total Disbursements	4,300	3,821	479	5,000	4,515	485
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	608	908	(785)	(406)	379
CASH, JANUARY 1	383	383	0	789	789	0
CASH, DECEMBER 31	83	991	908	4	383	379
<u>SHERIFF DISCRETIONARY FUND</u>						
RECEIPTS						
Charges for service:	41,200	30,969	(10,231)	34,000	34,410	410
Interest	200	74	(126)	500	219	(281)
Other	0	0	0	300	5,952	5,652
Total Receipts	41,400	31,043	(10,357)	34,800	40,581	5,781
DISBURSEMENTS						
Sheriff	48,597	42,662	5,935	45,650	39,974	5,676
Total Disbursements	48,597	42,662	5,935	45,650	39,974	5,676
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,197)	(11,619)	(4,422)	(10,850)	607	11,457
CASH, JANUARY 1	11,623	11,623	0	11,016	11,016	0
CASH, DECEMBER 31	4,426	4	(4,422)	166	11,623	11,457
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,400	749	(651)	1,100	654	(446)
Interest	50	23	(27)	200	53	(147)
Other	0	1,329	1,329	750	749	(1)
Total Receipts	1,450	2,101	651	2,050	1,456	(594)
DISBURSEMENTS						
Prosecuting Attorney	2,750	2,532	218	2,400	1,353	1,047
Total Disbursements	2,750	2,532	218	2,400	1,353	1,047
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,300)	(431)	869	(350)	103	453
CASH, JANUARY 1	4,026	4,026	0	3,923	3,923	0
CASH, DECEMBER 31	2,726	3,595	869	3,573	4,026	453

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY BAD CHECK FUND						
RECEIPTS						
Charges for service:	18,000	24,576	6,576	18,000	17,628	(372)
Interest	100	51	(49)	450	94	(356)
Total Receipts	18,100	24,627	6,527	18,450	17,722	(728)
DISBURSEMENTS						
Prosecuting Attorney	19,500	19,425	75	23,672	22,575	1,097
Total Disbursements	19,500	19,425	75	23,672	22,575	1,097
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	5,202	6,602	(5,222)	(4,853)	369
CASH, JANUARY 1	3,603	3,603	0	8,456	8,456	0
CASH, DECEMBER 31	2,203	8,805	6,602	3,234	3,603	369
SEWER FUND						
RECEIPTS						
Property taxes:	4,900	4,810	(90)	4,000	4,899	899
Interest	500	455	(45)	2,000	852	(1,148)
Total Receipts	5,400	5,265	(135)	6,000	5,751	(249)
DISBURSEMENTS						
Repair and maintenance	49,435	11,509	37,926	46,796	2,512	44,284
Total Disbursements	49,435	11,509	37,926	46,796	2,512	44,284
RECEIPTS OVER (UNDER) DISBURSEMENTS	(44,035)	(6,244)	37,791	(40,796)	3,239	44,035
CASH, JANUARY 1	44,035	44,035	0	40,796	40,796	0
CASH, DECEMBER 31	0	37,791	37,791	0	44,035	44,035
LOCAL EMERGENCY PLANNING						
COMMISSION FUND						
RECEIPTS						
Intergovernmental	5,800	7,469	1,669	6,000	5,820	(180)
Interest	170	118	(52)	400	178	(222)
Total Receipts	5,970	7,587	1,617	6,400	5,998	(402)
DISBURSEMENTS						
Civil defense	20,683	4,274	16,409	10,000	5,236	4,764
Total Disbursements	20,683	4,274	16,409	10,000	5,236	4,764
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,713)	3,313	18,026	(3,600)	762	4,362
CASH, JANUARY 1	14,713	14,713	0	13,951	13,951	0
CASH, DECEMBER 31	0	18,026	18,026	10,351	14,713	4,362

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHELTER FUND</u>						
RECEIPTS						
Charges for service:	3,700	4,984	1,284	4,200	3,994	(206)
Interest	15	11	(4)	25	17	(8)
Total Receipts	<u>3,715</u>	<u>4,995</u>	<u>1,280</u>	<u>4,225</u>	<u>4,011</u>	<u>(214)</u>
DISBURSEMENTS						
Domestic violence shelte	3,771	4,983	(1,212)	4,277	4,007	270
Total Disbursements	<u>3,771</u>	<u>4,983</u>	<u>(1,212)</u>	<u>4,277</u>	<u>4,007</u>	<u>270</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56)	12	68	(52)	4	56
CASH, JANUARY 1	56	56	0	52	52	0
CASH, DECEMBER 31	<u>0</u>	<u>68</u>	<u>68</u>	<u>0</u>	<u>56</u>	<u>56</u>
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Charges for service:	2,500	2,312	(188)	6,000	5,125	(875)
Interest	100	37	(63)	25	104	79
Total Receipts	<u>2,600</u>	<u>2,349</u>	<u>(251)</u>	<u>6,025</u>	<u>5,229</u>	<u>(796)</u>
DISBURSEMENTS						
County Clerk	6,256	14	6,242	13,000	8,627	4,373
Total Disbursements	<u>6,256</u>	<u>14</u>	<u>6,242</u>	<u>13,000</u>	<u>8,627</u>	<u>4,373</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,656)	2,335	5,991	(6,975)	(3,398)	3,577
CASH, JANUARY 1	3,656	3,656	0	7,054	7,054	0
CASH, DECEMBER 31	<u>0</u>	<u>5,991</u>	<u>5,991</u>	<u>79</u>	<u>3,656</u>	<u>3,577</u>
<u>WATER BLOCK GRANT FUND</u>						
RECEIPTS						
Intergovernmental				300,000	300,000	0
Total Receipts				<u>300,000</u>	<u>300,000</u>	<u>0</u>
DISBURSEMENTS						
Water district				300,000	300,000	0
Total Disbursements				<u>300,000</u>	<u>300,000</u>	<u>0</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>ELEVATOR GRANT FUND</u>						
RECEIPTS						
Intergovernmental				111,419	111,419	0
Total Receipts				<u>111,419</u>	<u>111,419</u>	<u>0</u>
DISBURSEMENTS						
Elevator constructor				111,419	111,419	0
Total Disbursements				<u>111,419</u>	<u>111,419</u>	<u>0</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	9,000	18,641	9,641			
Interest	25	61	36			
Total Receipts	9,025	18,702	9,677			
DISBURSEMENTS						
Ex Officio County Collector	9,000	5,273	3,727			
Total Disbursements	9,000	5,273	3,727			
RECEIPTS OVER (UNDER) DISBURSEMENTS	25	13,429	13,404			
CASH, JANUARY 1	2,365	2,365	0			
CASH, DECEMBER 31	2,390	15,794	13,404			
<u>RECORDER USERS FUND</u>						
RECEIPTS						
Charges for service:	15,000	18,219	3,219	10,000	17,917	7,917
Interest	1,200	720	(480)	2,500	1,207	(1,293)
Total Receipts	16,200	18,939	2,739	12,500	19,124	6,624
DISBURSEMENTS						
Recorder of Deeds	33,000	3,700	29,300	33,000	0	33,000
Transfer out	17,000	17,000	0	17,000	17,000	0
Total Disbursements	50,000	20,700	29,300	50,000	17,000	33,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(33,800)	(1,761)	32,039	(37,500)	2,124	39,624
CASH, JANUARY 1	89,395	89,395	0	87,271	87,271	0
CASH, DECEMBER 31	55,595	87,634	32,039	49,771	89,395	39,624
<u>PROSECUTING ATTORNEY TAX COLLECTION FUND</u>						
RECEIPTS						
Intergovernmental	5,000	2,030	(2,970)	750	257	(493)
Total Receipts	5,000	2,030	(2,970)	750	257	(493)
DISBURSEMENTS						
Prosecuting Attorney	0	1,446	(1,446)	0	5,387	(5,387)
Total Disbursements	0	1,446	(1,446)	0	5,387	(5,387)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,000	584	(4,416)	750	(5,130)	(5,880)
CASH, JANUARY 1	2,326	2,326	0	7,456	7,456	0
CASH, DECEMBER 31	7,326	2,910	(4,416)	8,206	2,326	(5,880)
<u>VICTIM IMPACT PANEL FUND</u>						
RECEIPTS						
Charges for service:	1,500	1,739	239	2,200	2,023	(177)
Total Receipts	1,500	1,739	239	2,200	2,023	(177)
DISBURSEMENTS						
Domestic violence shelte	5,000	3,319	1,681	1,000	375	625
Total Disbursements	5,000	3,319	1,681	1,000	375	625
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	(1,580)	1,920	1,200	1,648	448
CASH, JANUARY 1	8,442	8,442	0	6,794	6,794	0
CASH, DECEMBER 31	4,942	6,862	1,920	7,994	8,442	448

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>INMATE SECURITY FUND</u>						
RECEIPTS						
Charges for service:	500	302	(198)			
Total Receipts	500	302	(198)			
DISBURSEMENTS						
Sheriff	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	302	(198)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	500	302	(198)			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	210,000	206,922	(3,078)	213,000	211,116	(1,884)
Intergovernmental	206,694	211,467	4,773	203,000	227,364	24,364
Charges for service:	57,000	54,039	(2,961)	53,600	51,664	(1,936)
Interest	8,000	6,657	(1,343)	14,500	7,174	(7,326)
Other	7,150	6,395	(755)	13,750	7,364	(6,386)
Total Receipts	488,844	485,480	(3,364)	497,850	504,682	6,832
DISBURSEMENTS						
Salaries and benefits	358,256	344,177	14,079	372,155	340,786	31,369
Office expenses	102,900	99,259	3,641	107,834	104,041	3,793
Equipment	5,000	7,296	(2,296)	5,000	2,154	2,846
Mileage and training	8,688	5,994	2,694	12,054	7,857	4,197
Emergency expense	14,000	0	14,000	14,000	0	14,000
Total Disbursements	488,844	456,726	32,118	511,043	454,838	56,205
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	28,754	28,754	(13,193)	49,844	63,037
CASH, JANUARY 1	272,674	272,674	0	222,830	222,830	0
CASH, DECEMBER 31	272,674	301,428	28,754	209,637	272,674	63,037
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	2,150	2,223	73	2,500	2,896	396
Total Receipts	2,150	2,223	73	2,500	2,896	396
DISBURSEMENTS						
Circuit Clerk	15,000	16,375	(1,375)	20,000	2,024	17,976
Total Disbursements	15,000	16,375	(1,375)	20,000	2,024	17,976
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,850)	(14,152)	(1,302)	(17,500)	872	18,372
CASH, JANUARY 1	27,062	27,062	0	26,190	26,190	0
CASH, DECEMBER 31	14,212	12,910	(1,302)	8,690	27,062	18,372

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	11,800	11,508	(292)	11,000	11,830	830
Interest	400	286	(114)	500	350	(150)
Total Receipts	<u>12,200</u>	<u>11,794</u>	<u>(406)</u>	<u>11,500</u>	<u>12,180</u>	<u>680</u>
DISBURSEMENTS						
Law library	10,467	10,717	(250)	13,330	9,376	3,954
Total Disbursements	<u>10,467</u>	<u>10,717</u>	<u>(250)</u>	<u>13,330</u>	<u>9,376</u>	<u>3,954</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,733	1,077	(656)	(1,830)	2,804	4,634
CASH, JANUARY 1	28,571	28,571	0	25,767	25,767	0
CASH, DECEMBER 31	<u>\$ 30,304</u>	<u>29,648</u>	<u>(656)</u>	<u>23,937</u>	<u>28,571</u>	<u>4,634</u>

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

Notes to the Financial Statements

VERNON 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 Vernon 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, or the Heath Center 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 a formal budget for the Drug Court Fund and Circuit Court Remodeling Fund for the years ended December 31, 2003 and 2002, and the Tax Maintenance Fund for the year ended December 31, 2002.

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Tax Collection Fund	2003 and 2002
Shelter Fund	2003
Circuit Clerk Interest Fund	2003
Law Library Fund	2003

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, 2003 and 2002, did not include the Drug Court Fund and the Circuit Court Remodeling Fund.

2. Cash

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

Cash includes both deposits and investments. 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 deposits and investments. 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. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's deposits at December 31, 2003, and the county's and Health Center Board's deposits at December 31, 2002, and were entirely covered by federal depository insurance or by collateral securities held by the county's or the Health Center Board's custodial bank in the county's or Health Center Board's name.

Of the Health Center Board's bank balance at December 31, 2003, \$290,437 was covered by federal depository insurance or by collateral securities held by the Health Center Board's custodial bank in the Health Center Board's name, and \$47,074 was uninsured and uncollateralized.

Investments

The only investment of the various funds was a money market fund with a reported amount of \$111,466 at December 31, 2002. State law apparently does not authorize the investment of county monies in money market funds.

3. Prior Period Adjustment

The Circuit Clerk Interest Fund's cash balance at January 1, 2002, as previously stated has been increased by \$5,756 to reflect revenues not previously reported.

The Drug Court Fund's cash balance of \$1,279 at January 1, 2002, was not previously reported, but has been added.

The Circuit Court Remodeling Fund's cash balance of \$49,335 at January 1, 2002, was not previously reported, but has been added.

Supplementary Schedule

Schedule

VERNON 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,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Social Services -				
10.550	Food Donation	N/A	\$ 1,090	1,740
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants and Children	ERS0453209 ERS0452209	66,895 0	0 55,205
	Program Total		<u>66,895</u>	<u>55,205</u>
10.559	Summer Food Service Program for Children	ERS1462209I	130	60
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State's Program	2000-PF-10 2000-PF-34	0 0	111,419 300,000
	Program Total		<u>0</u>	<u>411,419</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.523	Juvenile Accountability Incentive Block Grant	02-JAIBG-LG-30	1,736	2,275
16.540	Juvenile Justice and Delinquency Prevention - Allocation to State	02-JFJ4-26	1,793	10,449
16.575	Crime Victim Assistance	2001VOCA0055 2000VOCA0087	8,153 2,894	2,791 7,617
	Program Total		<u>11,047</u>	<u>10,408</u>
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	48,500	0
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,245	1,200

Schedule

VERNON 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,	
			2003	2002
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO108(30)	26,605	0
		BRO108(29)	2,159	28,921
		BRO108(28)	71,983	281,205
		BRO108(27)	0	308,460
	Program Total		<u>100,747</u>	<u>618,586</u>
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	HEMP2004	2,110	0
		HEMP2003	2,110	0
		HEMP2002	0	2,506
	Program Total		<u>4,220</u>	<u>2,506</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.544	Public Assistance Grants [†]	FEMA-1412-DR-MO	4,210	133,544
83.552	Emergency Management Performance Grants*	N/A	4,274	5,235
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 Childhoc Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Childre	ERS146-3209T	1,875	0
93.268	Immunization Grants	PGA064-2209A	8,050	6,175
		N/A	50,083	51,427
	Program Total		<u>58,133</u>	<u>57,602</u>
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	DH030510019	6,631	0
Department of Social Services -				
93.563	Child Support Enforcemen	N/A	23,147	12,623
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA0673209	3,715	0
		PGA0672209	0	3,820
	Program Total		<u>3,715</u>	<u>3,820</u>

Schedule

VERNON 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,	
			2003	2002
Department of Social Services -				
93.667	Social Services Block Grant	ERO172062	21,115	17,324
		ERO172111	10,718	10,951
	Program Total		<u>31,833</u>	<u>28,275</u>
Department of Health and Senior Services				
93.994	Maternal and Child Health Services Block Grant to the State	ERS1463209	20,189	5,064
		ERS1462209	0	15,122
		N/A	522	553
	Program Total		<u>20,711</u>	<u>20,739</u>
	Total Expenditures of Federal Award:		<u>\$ 391,932</u>	<u>1,375,686</u>

* The CFDA number for this program changed to 97.036 in October 2003.

** The CFDA number for this program changed to 97.042 in October 2003.

N/A - Not applicable

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

Notes to the Supplementary Schedule

VERNON 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 Vernon County, Missouri.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

Amounts for Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services.

Amounts for Immunization Grants (CFDA number 93.268) and 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

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

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 Vernon County, Missouri

Compliance

We have audited the compliance of Vernon 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, 2003 and 2002. 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, Vernon 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, 2003 and 2002.

Internal Control Over Compliance

The management of Vernon 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.

Our consideration of the internal control over compliance 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 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Vernon 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

August 19, 2004 (fieldwork completion date)

Schedule

VERNON COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2003 AND 2002

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? _____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are not considered to be a material weakness? _____ yes x 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? _____ yes x no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

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

VERNON 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, 2001, 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

VERNON 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.

01-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-108-26, BRO-108-27, BRO-108-28
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

The county's procedures for tracking federal assistance needed improvement. The schedule of expenditures of federal awards (SEFA) contained several errors and omissions. In addition, the Health Center inaccurately reported the value of vaccines received from the state because the Health Center received this information after the county's deadline for submitting the SEFA with the county's budget.

Recommendation:

The County Clerk implement procedures to ensure more accurate information about federal grants is received from elected officials and the SEFA is complete and accurate. In addition, the Health Center Administrator report to the County Clerk the actual value of vaccines received from the state when the final reports are received so that the SEFA may be amended appropriately.

Status:

Implemented.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Vernon County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 19, 2004. We also have audited the compliance of Vernon 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, 2003 and 2002, and have issued our report thereon dated August 19, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. 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.

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.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Vernon County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Officials' Compensation

The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999. The County Assessor receives compensation from the City of Nevada for assessment services and the county has not obtained a legal opinion regarding this matter.

- A. Section 50.333.13 RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases to associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Vernon County's Associate County Commissioners' salaries were increased approximately \$8,060 yearly, according to the salary commission minutes.

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 statutes section are unconstitutional. On June 5, 2001, that 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.

The raise amounts for both 1999 and 2000 were initially paid into an escrow account pending the outcome of the court case; however, in November 2000, the county decided to pay the amounts held in escrow to the commissioners. At that time, the county obtained an opinion from the Prosecuting Attorney which concluded that the raises were legal; however, the Supreme Court case mentioned above was issued in 2001, subsequent to the legal opinion prepared by the Prosecuting Attorney. The Associate County Commissioners have made no repayments of the raise amounts and the county has taken no action to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$16,120 for the two years ended December 31, 2000, should be repaid.

- B. The county has a written agreement with the City of Nevada in which the city pays the County Assessor \$200 per month for the assessment of property located within

the city limits. The contract is renewed annually and signed by the presiding commissioner, the assessor, and applicable city officials.

Section 50.332, RSMo 2000, allows county officials, with the approval of the County Commission, to perform services for cities that the applicable official normally provides to the county, and that the applicable official may receive additional compensation from the city for these services. However, the county has not reviewed this matter with legal counsel to ensure there are no legal concerns with the terms of the contract and the compensation paid to the County Assessor.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Request legal counsel to review the contract between the City of Nevada and the County Assessor.

AUDITEE'S RESPONSE

- A. *We believe the raises were given in good faith and were based on the legislation in effect at that time. We were cautious in our actions at that time, as the money was initially put in an escrow account. In addition, the money was not paid to the associate commissioners until an applicable circuit court case was decided in another county, and our legal counsel indicated that the payment of this compensation was allowable. During recent contact with legal counsel, the issue of statute of limitations was brought to our attention. We will obtain additional legal advice before making a final decision regarding repayment.*
- B. *We have obtained a verbal legal opinion which affirms the legality of the contract between the City of Nevada and the County Assessor. We will request our legal counsel to prepare a written opinion on this matter.*

2. Special Road and Bridge Fund Budgets
--

As similarly discussed in a prior report, the county has been significantly overestimating the amounts budgeted for Special Road and Bridge Fund expenditures for several years. As Exhibit B illustrates, budgeted expenditures exceeded actual expenditures during the years ended December 31, 2003 and 2002, by \$644,547 and \$743,418, respectively. Part of the reason for the significant difference between budgeted and actual expenditures appears to be due to delays in the start or completion of anticipated bridge projects. In addition, it appears some new bridge projects are budgeted in full even if only a portion of the project will be completed in the budget year. The uncompleted portion of projects are budgeted again in the subsequent year.

Such budgeting procedures do not allow for proper monitoring and use of the budget as a management tool. Additionally, having a larger budget has allowed the county to transfer \$49,213 and \$66,144 during the years ended December 31, 2003 and 2002, respectively to the General Revenue Fund. Section 50.515, RSMo 2000, authorizes the county to impose an administrative service fee on the Special Road and Bridge Fund. The fee is statutorily limited to a maximum of three percent of the budget of the Special Road and Bridge Fund (amended to five percent, effective August 28, 2004). Because estimates of expenditures for the Special Road and Bridge Fund are significantly in excess of actual expenditures, the amounts transferred to the General Revenue fund during 2002 and 2003 were approximately \$34,000 higher than they would have been had the transfers been based on actual expenditures or more reasonable budgeted amounts.

Budgets that do not reasonably estimate the actual activity of the Special Road and Bridge Fund do not present an accurate financial position of the fund and result in more monies being transferred to the General Revenue Fund than would otherwise occur. The County Commission should review its budgeting procedures as well as reevaluate the amounts being transferred annually for the administrative service fee.

WE RECOMMEND the County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to 3 percent (5 percent effective August 28, 2004) of actual or reasonable budgeted expenditures of that fund.

AUDITEE'S RESPONSE

The amounts budgeted for bridge projects and the time frames are based on estimates provided by the engineer. Unexpected delays are the main reason that projects budgeted for completion in a current year are completed in the subsequent year. We will continue to try to budget these projects as accurately as possible with the information that is available to us at budget preparation time. In addition, we will review our procedures for computing the administrative service fee and consider amending the budgets when there are significant differences between actual and budgeted expenditures.

3.

Sheriff's Accounting Controls and Procedures

Accounting duties are not adequately segregated, receipts are not deposited in a timely manner, checks and money orders are not endorsed immediately upon receipt, and procedures to bill other entities for board of prisoners should be improved. The Sheriff's office handled receipts of approximately \$90,000 and \$103,000 for the years ended December 31, 2003 and 2002, respectively.

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

accounting records. There is no documentation that independent reviews of deposits and accounting records are performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be segregated, at a minimum, periodic independent or supervisory reviews of reconciliations between receipts and deposits and bank reconciliations should be performed and documented.

- B. Receipts are not deposited on a timely basis and checks and money orders are not endorsed immediately upon receipt. Deposits are made approximately twice a week and average approximately \$1,000. For example, receipts totaling \$2,212 were held up to six days before being deposited on December 8, 2003. Endorsements are applied at the time deposits are prepared. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and checks and money orders should be endorsed immediately upon receipt.
- C. The Sheriff's office houses prisoners for other entities (primarily counties) in the county jail and bills the various entities for these services. Payments are made directly to the County Treasurer.

The Sheriff's office does not maintain a log or other record to track billings and payments received, and has not established formal policies for follow-up collection efforts for unpaid billings. A log of amounts billed to and collected from the various entities should be used to track amounts due and to ensure all outstanding amounts are received in a timely manner. Formal policies and procedures should be established for billing and collecting, and for follow-up on delinquent billings.

Similar conditions were also noted in prior reports.

WE AGAIN RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100, and restrictively endorse checks and money orders immediately upon receipt.
- C. Establish procedures to ensure the cost of boarding prisoners for other entities is properly billed and a log or other records are maintained of amounts billed and collected.

AUDITEE'S RESPONSE

- A. *Due to staff turnover, it has been difficult to segregate the duties. The addition of a new computerized accounting system will improve our records and will allow for better segregation of duties.*
- B. *We have attempted to make daily deposits, but the accounting clerks have non-accounting related duties and their workload sometimes precludes them from making daily deposits.*
- C. *Our new accounting system should allow for better and more accurate records of amounts due, billed, and collected.*

4. Jail Commissary Controls and Procedures

Procedures to routinely follow up on old outstanding checks have not been established, and the amounts turned over to the county for commissary sales are not reconciled to the applicable accounting records.

The Sheriff's department maintains a separate checking account for personal monies of inmates. These monies are used by the inmates to purchase candy, soda, stamps, and various other products from the commissary. A card is maintained for each inmate which reflects monies received on the inmate's behalf, purchases made from the commissary, and the available cash balance. A commissary order form is filled out for each prisoner purchase, and the total amount purchased is recorded on the prisoner's account card. Purchases for the replenishment of commissary inventory are made from the county's General Revenue Fund and proceeds from commissary sales are paid to the County Treasurer monthly for credit to the General Revenue Fund. Our review noted the following concerns:

- A. The Sheriff has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the commissary account included twenty-two checks totaling \$255 that had been outstanding more than one year. These old outstanding checks create additional and unnecessary record keeping responsibilities.

The Sheriff should adopt procedures to routinely follow up on checks outstanding for a considerable time and reissue checks if the payees can be located. If payees cannot be located, the Sheriff should dispose of the monies in accordance with state law. Various statutory provisions including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

- B. At the end of each month, the balances in each prisoner account as recorded on the prisoner account cards are totaled, and that amount is deducted from the reconciled bank balance of the commissary account to determine the amount of money to transmit to the General Revenue Fund. The Sheriff withholds \$100 from the amount

transmitted which is kept in the commissary account to cover any errors and for refunds made to the inmates upon their release.

This reconciliation method provides no assurances that all monies have been appropriately accounted for since reconciliation of prisoner commissary purchases per the commissary order forms to the amount turned over to the County Treasurer is not performed. To ensure the money turned over to the County Treasurer is accurate, the projected turnover amount should be agreed to the total purchases noted on commissary order forms used during the month; with any differences identified and resolved prior to the turnover being made.

Similar conditions were noted in a prior report.

WE AGAIN RECOMMEND the Sheriff:

- A. Establish procedures to routinely investigate and reissue checks outstanding for a considerable time. Any remaining unclaimed monies should be disposed of in accordance with state law.
- B. Ensure the amount turned over to the County Treasurer monthly for the commissary account agrees to total purchases noted on commissary order forms used for that month. Any differences identified should be reviewed and resolved prior to the turnover being made.

AUDITEE'S RESPONSE

- A. *We will review outstanding checks at least once a year and turn over unclaimed money to the state.*
- B. *We will agree the purchases made by the inmates to the amounts turned over to the county.*

5. Prosecuting Attorney's Accounting Controls and Procedures

Checks and money orders are not restrictively endorsed immediately upon receipt, an adequate system has not been established to account for all bad check complaints filed and their ultimate disposition, and a backup of computerized bad check information is not performed. The Prosecuting Attorney's office handled bad check fees totaling approximately \$24,000 and \$18,000 for the years ended December 31, 2003 and 2002, respectively.

- A. Money orders and cashier's checks payable to the Prosecuting Attorney are not restrictively endorsed immediately upon receipt; rather endorsement is applied when the deposit is prepared, which is approximately 2-3 times per week. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all money

orders and cashier's checks should be restrictively endorsed immediately upon receipt.

- B. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks has not been established. Currently, Vernon County merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. The Prosecuting Attorney's office enters the information from the complaint form into the computer file. The bad check data file is not maintained in a manner that bad check complaint forms can be accounted for. In addition, procedures have not been established to ensure all bad check complaint forms are accounted for properly and that all bad check complaints are entered on the computer system.

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

- C. Backup of computerized bad check information is not performed. The computerized records are at risk of loss due to equipment failure or other electronic disaster. A backup disk should be periodically prepared to provide a means of recreating destroyed master disks. Backup disks should be stored off-site to provide increased assurance that any lost data can be recreated.

Similar conditions were also noted in our prior report.

WE AGAIN RECOMMEND the Prosecuting Attorney:

- A. Restrictively endorse checks and money orders immediately upon receipt.
- B. Implement procedures to adequately account for bad checks received as well as the ultimate disposition, through the use of sequential numbers assigned to each bad check complaint form and a log to account for the numerical sequence and disposition of each bad check.
- C. Ensure computerized bad check records are backed up on disk and these disks are stored in a secure, off-site location.

AUDITEE'S RESPONSE

- A. *We will implement this recommendation.*
- B. *We have a request for proposal for new software to be in place by March 31, 2005. This new software will allow us to implement this recommendation.*
- C. *The new system to be in place by March 31, 2005, will allow us to more readily backup all data. In addition, we plan to implement digital imaging technology by July 1, 2005, which will allow us to copy all documents electronically, including images of all bad checks.*

6. Circuit Clerk's Accounting Controls and Procedures
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Procedures to routinely follow up on old outstanding checks and accrued case costs should be improved. The Circuit Clerk's office handled receipts totaling approximately \$651,000 and \$796,000 for the years ended December 31, 2003 and 2002, respectively.

- A. The Circuit Clerk has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, eighty-two checks totaling \$6,610 had been outstanding for more than one year. One of these checks was issued to an attorney for \$2,966. These old outstanding checks create additional and unnecessary record keeping responsibilities.

The Circuit Clerk should adopt procedures to routinely follow up on checks outstanding for a considerable time and reissue checks if the payees can be located. If payees cannot be located, the Circuit Clerk should dispose of the monies in accordance with state law. Various statutory provisions including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

Similar conditions were noted in prior reports.

- B. Summary listings of accrued costs owed to the court are not periodically prepared and reviewed for accuracy. Per our request, the Circuit Clerk prepared a listing of accrued costs from its computerized accounting system as June 2004, which totaled approximately \$984,637. The Circuit Clerk maintains manual case files of accrued costs and the court has adopted procedures to follow up on amounts due; however, complete and accurate summary listings of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and help ensure collection efforts are made on a timely basis.

WE RECOMMEND the Circuit Clerk:

- A. Establish procedures to routinely investigate and reissue checks outstanding for a considerable time. Any remaining unclaimed monies should be disposed of in accordance with state law.
- B. Periodically prepare summary listings of accrued costs to ensure amounts due the court are accurately recorded and to help ensure timely collection efforts are made for all amounts due.

AUDITEE'S RESPONSE

- A. *Unclaimed property must now be held for three years before it can be turned over to the state. We have recently turned over all amounts that are more than three years old and we will periodically follow up on all outstanding checks to ensure they are voided and turned over to the state as needed. We have contacted the attorney regarding the \$2,966 check, who indicated it is being held pending the disposition of the related probate case.*
- B. *We will periodically compare the accrued cost listings on the computerized JIS system to the case files to help ensure collection efforts are made on all applicable cases. It has been difficult to collect on many of these cases, and we have started turning over cases to the debt collection agency which has been contracted by the Office of State Courts Administrator.*

Follow-Up on Prior Audit Findings

VERNON 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 Vernon County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Computer Controls

- A. Passwords were not changed on a periodic basis to ensure confidentiality.
- B. The county did not have a formal emergency contingency plan for its computer system.

Recommendation:

The County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Develop a formal contingency plan for the county's computer system.

Status:

- A. Not implemented. Passwords were changed once during the current audit period but are not changed on a regular basis. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

2. Sheriff's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B.1. Receipts were not deposited on a timely basis.
 - 2. Receipt slips were not always issued immediately upon receipt and receipts were not always posted to the cash control ledger on a timely basis.
 - 3. The method of payment as recorded on receipt slips was not reconciled to the composition of bank deposits.

4. Checks and money orders were not restrictively endorsed immediately upon receipt.
- C. Procedures did not exist to ensure the cost of boarding prisoners for other entities was properly billed, and the log to track billings was not accurate and complete. Written procedures were not established for pursuing collection of delinquent amounts.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B.1. Deposit all monies intact daily or when accumulated receipts exceed \$100.
 2. Issue prenumbered receipt slips immediately upon receipt for all monies received and post the receipts to the cash control ledger on a timely basis.
 3. Reconcile the composition of receipts slips to the composition of bank deposits.
 4. Restrictively endorse checks and money orders immediately upon receipt.
- C. Establish procedures to ensure the cost of boarding prisoners for other entities is properly billed and the log maintained on these billings is accurate and complete. Written procedures should also be established and implemented for pursuing collections of delinquent amounts.

Status:

- A., B.1.,
B.4
&C. Not implemented. See MAR finding number 3.

- B.2&
B.3. Implemented.

3. Jail Commissary Controls and Procedures

- A. Receipt slips were not issued for some monies received.
- B. Receipts were not deposited on a timely basis.
- C. The method of payment as recorded on receipt slips was not reconciled to the composition of bank deposits.

- D. Follow up on outstanding checks was not done timely.
- E. Commissary order forms filled out by prisoners were not always signed by them.
- F. The monthly turnover of commissary proceeds to the General Revenue Fund was not agreed to the total purchases noted on the commissary order forms used during the month.

Recommendation:

The Sheriff:

- A. Issue prenumbered receipt slips immediately upon receipt for all monies received.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Reconcile the composition of receipt slips to the composition of bank deposits.
- D. Establish procedures to investigate checks outstanding for a considerable time. Any remaining unclaimed monies should be disposed of in accordance with state law.
- E. Ensure prisoners sign all commissary order forms.
- F. Ensure the amount turned over to the County Treasurer monthly for the commissary account agrees to total purchases noted on commissary order forms used for that month. Any differences identified should be reviewed and resolved prior to the turnover being made.

Status:

A-C
&E. Implemented.

D&F. Not implemented. See MAR finding number 4.

4. Prosecuting Attorney's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Checks and money orders received made payable to the Prosecuting Attorney were not restrictively endorsed immediately upon receipt.
- C. Receipts were not deposited on a timely basis.

- D. Monthly bank reconciliations were not prepared from August 1998 to December 1999.
- E. An adequate system to account for all bad checks received as well as the subsequent disposition of these bad checks had not been established.
- F. Backup of computerized bad check information was not performed.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Restrictively endorse checks and money orders made payable to the Prosecuting Attorney immediately upon receipt.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Prepare complete and accurate bank reconciliations.
- E. Implement procedures to adequately account for bad checks received as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form and a log to account for the numerical sequence and ultimate disposition of each bad check.
- F. Ensure computerized bad check records are backed up on disk and these disks are stored in a secure, off-site location.

Status:

A., C

&D. Implemented.

B., E

&F. Not implemented. See MAR finding number 5.

5. Circuit Clerk's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated in the probate division.
- B. The method of payment as recorded on receipt slips was not reconciled to the composition of bank deposits.

- C. Follow up on outstanding checks on the child support account was not done in a timely manner.
- D. Open items listings for the general account included items totaling \$14,700 for cases which dated back to 1997 and prior.

Recommendation:

The Circuit Clerk:

- A. Adequately segregate accounting duties or ensure periodic reviews are performed and documented.
- B. Reconcile the composition of receipt slips to the composition of bank deposits.
- C. Establish procedures to investigate checks outstanding for a considerable time. Any remaining unclaimed monies should be disposed of in accordance with state law.
- D. Establish procedures to routinely review the status of old open items. Any unclaimed monies should be disposed of in accordance with state law.

Status:

A., B
&D. Implemented.

C. Not implemented. See MAR finding number 6.

6. Assessor's Accounting Controls and Procedures

- A. Receipt slips were not prenumbered nor issued for some monies received.
- B. The method of payment as recorded on receipt slips was not reconciled to the composition of bank deposits.

Recommendation:

The Assessor:

- A. Issue prenumbered receipt slips for all monies received.
- B. Reconcile the composition of receipt slips to the composition of transmittals.

Status:

- A. Partially implemented. Receipt slips are now prenumbered but are not issued for some monies received. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

7. Health Center's Accounting Controls and Procedures

- A. Receipt slips were only issued when requested by the payor. The method of payment was not always recorded on the receipts ledger and the composition of receipts was not reconciled to bank deposits.
- B. Personal checks were cashed from health center receipts.

Recommendation:

The Health Center:

- A. Issue prenumbered receipt slips for all monies received, account for the numerical sequence of those receipt slips, ensure the method of payment is consistently and correctly recorded on the receipt slips issued and reconcile the composition of receipt slips to the composition of the bank deposits.
- B. Deposit all receipts intact and discontinue the practice of cashing personal checks.

Status:

A&B. Implemented.

8. Special Road and Bridge Fund Budgets

The budgets of the Special Road and Bridge Fund did not present a reasonable estimate of expenditures. Having larger budgets allowed the county to transfer large amounts to the General Revenue Fund for administrative service fees.

Recommendation:

The County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to 3 percent of actual or reasonable budgeted expenditures of the fund.

Status:

Not implemented. See MAR finding number 2.

STATISTICAL SECTION

History, Organization, and
Statistical Information

VERNON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1855, the county of Vernon was named after Miles Vernon, a state senator. Vernon County is a township-organized, third-class county and is part of the Twenty-Eight Judicial Circuit. The county seat is Nevada.

Vernon 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, 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 and townships maintain approximately 998 miles of county roads and 252 county bridges.

The county's population was 19,806 in 1980 and 20,454 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2003	2002	2001	2000	1985*	1980**
		(in millions)					
Real estate	\$	120.5	115.4	112.6	105.9	68.1	36.3
Personal property		64.2	68.4	72.3	72.1	20.6	14.9
Railroad and utilities		18.1	18.4	21.6	23.6	14.5	13.2
Total	\$	202.8	202.2	206.5	201.6	103.2	64.4

* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$.1633	.1330	.1496	.1281
Health Center Fund		.1000	.1000	.1000	.1000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 60,695	59,741	61,293	59,422
General Revenue Fund	349,701	288,850	323,190	280,243
Special Road and Bridge Fund	101,065	100,389	102,494	100,151
Assessment Fund	99,840	96,025	91,168	86,666
Health Center Fund	200,241	196,664	201,579	193,260
Ambulance district	291,023	285,163	283,125	274,483
School districts	6,957,903	6,722,121	6,767,183	6,583,962
Sewer Fund	4,438	4,628	4,397	4,175
Township general revenue	193,818	190,713	190,808	184,797
Township road and bridge	523,876	511,372	506,173	487,424
Township special road and bridge	253,244	249,391	251,930	242,439
Surtax	281,278	264,526	285,206	284,015
Cities	680,289	626,608	40,629	39,820
County Clerk	464	424	394	416
County Employees' Retirement	54,977	48,764	42,931	39,631
Tax Maintenance Fund	19,480	4,970	0	0
Commissions and fees:				
General Revenue Fund	64,639	57,599	60,806	61,833
Township Collectors	78,377	76,453	70,470	68,004
Total	\$ 10,215,348	9,784,401	9,283,776	8,990,741

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2004	2003	2002	2001	
Real estate	90.4	90.4	91.2	90.9	%
Personal property	90.0	90.6	92.8	92.1	
Railroad and utilities	100.0	99.3	98.7	100.0	

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

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

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

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Charles E. Johnson, Presiding Commissioner		29,390	29,390	29,390	29,390
Neal F. Gerster, Associate Commissioner (1)		27,390	27,390	27,390	35,450
Bonnie M. McCord, Associate Commissioner (1)		27,390	27,390	27,390	35,450
Doug Shupe, Recorder of Deeds		41,500	41,500	41,500	41,500
Tammi S. Beach, County Clerk		41,500			
Wava Halcomb, County Clerk			41,500	41,500	41,500
Lynn M. Ewing III, Prosecuting Attorney		96,000	51,000	51,000	51,000
Ron Peckman, Sheriff		46,000	46,000	46,000	
Mickey D. Mason, Sheriff					39,000
David L. Ferry, County Coroner		14,000	14,000	14,000	7,500
Virginia Habjan, Public Administrator (2)		41,500	41,500	41,500	46,363
Phil Couch, County Treasurer and Ex Officio Collector, year ended March 31 (3)	46,816	42,378	41,500	41,500	
Cherie K. Roberts, County Assessor (4), year ended August 31,		44,800	44,800	44,800	1,428
Jeannie Marie Reed, County Assessor (4), year ended August 31,					33,233

(1) 2000 amounts include \$8,060 for 1999 that was held in an escrow account pending a lawsuit filed in Laclede County regarding associate commissioner compensation.

(2) Includes fees received from probate cases in 2000.

(3) Includes \$5,316 and \$878 of commissions earned for collecting city property taxes for the years ended March 31, 2004 and 2003, respectively.

(4) Includes \$900 annual compensation received from the state. Also includes \$225 per month for the term ended August 31, 2000, and \$200 per month for subsequent terms received from the City of Nevada for assessment of property within the city.

State-Paid Officials:

Vickie Erwin, Circuit Clerk		47,300	47,300	47,300	46,127
Gerald D. McBeth, Associate Circuit Judge		96,000	96,000	96,000	97,382