



Claire McCaskill

Missouri State Auditor

December 2005

Laclede County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Laclede 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 Laclede 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 county does not adequately track or report federal assistance on the schedule of expenditures of federal awards (SEFA) which could result in the loss of federal funds. During the years ended December 31, 2004 and 2003, the SEFA schedule, prepared by the County Clerk, contained numerous errors and omissions totaling \$262,135 and \$114,586, respectively.
- The county did not always solicit bids or retain documentation for some purchases, including a 911 system upgrade, food for the jail, rock, asphalt, road equipment repair, a fuel truck, and grader blades. Further, the County Commission, Circuit Clerk, and Circuit Judge approved additional compensation to several county and state employees for services previously rendered. These payments appear to represent compensation in the form of a bonus, which is prohibited by the Missouri Constitution. Additionally, the county has failed to pay the Missouri Office of Prosecuting Attorneys (MOPS) for the Prosecuting Attorney Retirement Fund since November 2001, and as a result, owes MOPS \$13,113.
- Budgets for several county funds include plans to expend the entire cash balance, which is not a true estimate of the expenditures and cash balance. Also, the county has imposed a half-cent sales tax restricted for community development and has distributed these revenues to various entities within the county; however, documentation of how the monies were spent has not yet been obtained. The County Commission indicated that they have procedures in place to obtain this documentation, but have not reached this point in the process.
- Actions of the salary commission in approving an annual raise for the County Treasurer were not supported by a written legal opinion. Some county officials elected to take a salary less than the authorized amount and, as a result, the county has underpaid these officials. Also, minutes are not prepared to document matters discussed in closed meetings of the County Commission.
- Weaknesses existed in the office of the Public Administrator. Income tax refund and

YELLOW SHEET

property tax credit checks received by the Public Administrator on behalf of wards are often held for extended periods of time and not deposited timely to ensure wards remain eligible for Medicaid benefits. On August 18, 2005, a total of \$9,057 in checks were being held by the Public Administrator. There were numerous examples where checks were held up to one year before being deposited into the ward's bank account. In addition, one annual settlement filed by the Public Administrator erroneously included a \$36,000 certificate of deposit, settlements are not always filed timely, and a default charge of \$726 was paid from a ward's estate. Several of the Public Administrator's wards earn wages; however, the Public Administrator does not consistently report this income and does not have a court order detailing how wages should be accounted for properly. Additionally, duties are not adequately segregated and no supervisory review is periodically performed and documented.

- Sheriff Commissary procedures have not improved from the prior audit. Receipt slips are not reconciled to deposit amounts, voided receipt slips are not retained, and bank reconciliations are not performed monthly. Additionally, the Inmate Trust bank account balance is not reconciled to the total of the individual inmate balances plus any remaining commissary proceeds. As of January 2005, liabilities exceeded the balance of the Inmate Trust bank account by \$1,224. Further, accounting and bookkeeping duties are not adequately segregated. The Sheriff also cashed a check for \$700 from proceeds from the sale of advertising space on calendars and retained the cash for drug investigations. Such accountable fees should have been turned over to the county treasury.
- The County Collector incorrectly calculated the allocation of penalties collected on delinquent taxes, resulting in \$12,000 due from the General Revenue Fund to the County Employee's Retirement Fund (CERF).
- The Prosecuting Attorney does not always deposit bad check receipts timely and the composition of deposits is not reconciled to the composition of receipts recorded in the bad check system.
- The Circuit Clerk has not established formal procedures to ensure all accrued costs pertaining to criminal cases are adequately pursued. As of August 31, 2005, uncollected accrued case costs totaled over \$2.9 million. Also, the Circuit Clerk does not have procedures in place to follow up on old open items or outstanding checks, which totaled approximately \$60,000 and \$8,753, respectively, as of December 31, 2004.

Also included in the audit were recommendations related to the lack of written agreements, various Sheriff Funds handled outside the county disbursement process, cash management procedures for the receipt and distribution of federal project monies, a road maintenance plan, the Health Center, and the Developmentally Disabled Board.

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LACLEDE COUNTY, MISSOURI

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FINANCIAL SECTION

STATE AUDITOR'S REPORT



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 Laclede 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 Laclede County, Missouri, as of and for the years ended December 31, 2004 and 2003. 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 more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Laclede County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

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 Laclede 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, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 1, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing 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, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Laclede 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

December 1, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Donna Christian, CPA, CGFM
In-Charge Auditor: Rachel A. Simons, CPA
Audit Staff: Monte Davault
Amber Curbow
Jason Ashley



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Laclede County, Missouri

We have audited the financial statements of various funds of Laclede County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 1, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Laclede 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 an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Laclede County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Laclede County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, 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

December 1, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

LACLEDE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 772,465	3,877,454	3,685,406	964,513
Special Road and Bridge	63,625	1,319,060	1,257,529	125,156
Assessment	52,472	256,543	239,500	69,515
Law Enforcement Training	20,215	8,752	6,765	22,202
Prosecuting Attorney Training	694	2,127	0	2,821
Prosecuting Attorney Bad Check	101,507	47,525	59,284	89,748
Enhanced 911	319,068	450,888	411,281	358,675
Law Enforcement Sales Tax	1,187,001	1,839,920	1,540,233	1,486,688
Recorder's User Fee	24,814	22,738	19,026	28,526
Prosecuting Attorney Law Enforcement	611	9	0	620
Sheriff Discretionary	36,659	90,468	63,428	63,699
Peace Officers Standard Training	3,648	3,505	5,391	1,762
Shelter Abuse	8,608	31,850	29,270	11,188
Capital Improvement	411,506	13,270	0	424,776
Health Insurance	14,737	409,130	404,882	18,985
Election Services	8,717	23,188	3,618	28,287
Recorder Technical	26,373	10,856	0	37,229
Prosecuting Attorney Delinquent Tax	27,263	4,155	0	31,418
Circuit Interest	5,726	2,439	30	8,135
Law Library	96,396	19,881	10,037	106,240
Tax Maintenance	14,047	35,625	24,435	25,237
Juvenile Assessment	3,618	1,016	0	4,634
Sheriff Revolving	0	9,959	2,138	7,821
Developmentally Disabled Board	1,070	231,910	227,662	5,318
Health Center	205,819	622,141	595,545	232,415
Family Access	114	1	0	115
Time Payment	6	1,091	0	1,097
Total	\$ 3,406,779	9,335,501	8,585,460	4,156,820

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

Exhibit A-2

LACLEDE 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	\$ 847,433	3,527,524	3,602,492	772,465
Special Road and Bridge	52,761	1,238,191	1,227,327	63,625
Assessment	32,509	256,501	236,538	52,472
Law Enforcement Training	24,025	5,784	9,594	20,215
Prosecuting Attorney Training	1,199	1,391	1,896	694
Prosecuting Attorney Bad Check	99,938	59,421	57,852	101,507
Enhanced 911	207,440	432,286	320,658	319,068
Law Enforcement Sales Tax	1,057,857	1,715,322	1,586,178	1,187,001
Recorder's User Fee	48,543	25,455	49,184	24,814
Prosecuting Attorney Law Enforcement	926	11	326	611
Sheriff Discretionary	25,301	49,904	38,546	36,659
Peace Officers Standard Training	9,270	2,966	8,588	3,648
Shelter Abuse	4,761	31,168	27,321	8,608
Capital Improvement	417,465	19,041	25,000	411,506
Health Insurance	19,239	354,529	359,031	14,737
Election Services	10,091	1,763	3,137	8,717
Recorder Technical	14,445	11,928	0	26,373
Prosecuting Attorney Delinquent Tax	25,133	2,130	0	27,263
Circuit Interest	3,886	2,688	848	5,726
Law Library	85,460	19,294	8,358	96,396
Tax Maintenance	96	31,907	17,956	14,047
Juvenile Assessment	2,748	870	0	3,618
Developmentally Disabled Board	21,208	230,789	250,927	1,070
Health Center	132,185	679,388	605,754	205,819
Family Access	112	2	0	114
Time Payment	0	20	14	6
Total	\$ 3,144,031	8,700,273	8,437,525	3,406,779

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

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 9,229,738	9,330,254	100,516	8,500,738	8,698,121	197,383
DISBURSEMENTS	10,823,178	8,585,460	2,237,718	9,943,918	8,437,511	1,506,407
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,593,440)	744,794	2,338,234	(1,443,180)	260,610	1,703,790
CASH, JANUARY 1	3,365,096	3,379,396	14,300	3,110,783	3,118,786	8,003
CASH, DECEMBER 31	1,771,656	4,124,190	2,352,534	1,667,603	3,379,396	1,711,793
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	304,000	320,661	16,661	272,500	330,355	57,855
Sales taxes	1,700,046	1,821,818	121,772	1,650,000	1,700,046	50,046
Intergovernmental	552,148	594,066	41,918	585,980	446,863	(139,117)
Charges for services	823,250	967,280	144,030	774,989	872,786	97,797
Interest	18,313	16,352	(1,961)	15,000	18,313	3,313
Other	103,311	109,736	6,425	108,036	110,230	2,194
Transfers in	47,541	47,541	0	48,931	48,931	0
Total Receipts	3,548,609	3,877,454	328,845	3,455,436	3,527,524	72,088
DISBURSEMENTS						
County Commissioner	109,080	104,597	4,483	112,150	106,083	6,067
County Clerk	107,536	105,568	1,968	107,536	106,803	733
Elections	105,370	95,715	9,655	27,870	27,694	176
Buildings and ground:	398,085	358,629	39,456	430,506	390,395	40,111
Employee fringe benefit:	170,000	127,176	42,824	154,600	149,632	4,968
County Treasurer	59,126	58,197	929	57,076	56,187	889
County Collector	96,249	89,320	6,929	96,249	96,249	0
Recorder of Deeds	100,340	99,766	574	100,340	98,102	2,238
Circuit Clerk	47,984	47,601	383	47,022	45,217	1,805
Associate Circuit Court	16,000	10,332	5,668	16,000	14,124	1,876
Court administrator	33,785	13,557	20,228	32,938	16,170	16,768
Public Administrator	74,080	72,445	1,635	73,100	72,778	322
Sheriff	453,804	437,312	16,492	474,367	447,012	27,355
Jail	618,600	610,280	8,320	602,800	602,731	69
Prosecuting Attorney	211,810	211,615	195	210,910	210,030	880
Juvenile Officer	105,314	56,720	48,594	104,547	78,493	26,054
County Coroner	25,100	23,815	1,285	25,300	19,810	5,490
Postage	45,350	45,350	0	46,350	39,003	7,347
Mail clerk	6,436	6,436	0	6,436	6,436	0
Public health and welfare service:	2,000	291	1,709	2,850	2,002	848
Insurance and bonds	45,000	45,787	(787)	50,000	40,935	9,065
University extension	38,200	38,200	0	37,430	37,430	0
Other	105,158	108,356	(3,198)	124,708	109,650	15,058
Debt service	343,000	352,443	(9,443)	321,930	320,231	1,699
Transfers out	516,000	565,898	(49,898)	524,500	509,295	15,205
Emergency Function	106,242	0	106,242	104,000	0	104,000
Total Disbursements	3,939,649	3,685,406	254,243	3,891,515	3,602,492	289,023
RECEIPTS OVER (UNDER) DISBURSEMENTS	(391,040)	192,048	583,088	(436,079)	(74,968)	361,111
CASH, JANUARY 1	772,465	772,465	0	847,433	847,433	0
CASH, DECEMBER 31	381,425	964,513	583,088	411,354	772,465	361,111

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	19,400	19,573	173	18,400	2,469	(15,931)
Intergovernmental	1,354,950	946,383	(408,567)	928,310	876,726	(51,584)
Interest	1,000	1,256	256	430	1,297	867
Other	1,500	2,848	1,348	3,500	52,699	49,199
Transfers in	349,000	349,000	0	305,000	305,000	0
Total Receipts	1,725,850	1,319,060	(406,790)	1,255,640	1,238,191	(17,449)
DISBURSEMENTS						
Salaries	500,986	502,201	(1,215)	492,807	488,033	4,774
Employee fringe benefit:	88,500	66,817	21,683	78,600	77,196	1,404
Supplies	132,000	152,416	(20,416)	100,000	118,630	(18,630)
Insurance	19,100	15,968	3,132	17,000	19,020	(2,020)
Road and bridge materials	120,000	90,804	29,196	100,000	73,245	26,755
Equipment repairs	112,000	136,122	(24,122)	95,000	80,227	14,773
Rentals	1,500	1,475	25	1,500	1,002	498
Equipment purchase:	105,591	101,987	3,604	140,529	144,763	(4,234)
Construction, repair, and maintenance	489,930	23,288	466,642	75,310	63,813	11,497
Distribution to special road districts	70,600	64,573	6,027	70,600	63,318	7,282
Other	33,000	28,709	4,291	61,478	39,997	21,481
Transfers out	73,400	73,169	231	60,000	58,083	1,917
Total Disbursements	1,746,607	1,257,529	489,078	1,292,824	1,227,327	65,497
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,757)	61,531	82,288	(37,184)	10,864	48,048
CASH, JANUARY 1	63,625	63,625	0	52,761	52,761	0
CASH, DECEMBER 31	42,868	125,156	82,288	15,577	63,625	48,048
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	242,013	243,235	1,222	244,032	248,325	4,293
Interest	1,515	1,447	(68)	847	1,515	668
Other	6,600	11,861	5,261	6,170	6,661	491
Total Receipts	250,128	256,543	6,415	251,049	256,501	5,452
DISBURSEMENTS						
Assessor	225,032	210,648	14,384	238,574	208,876	29,698
Transfers out	30,000	28,852	1,148	29,325	27,662	1,663
Total Disbursements	255,032	239,500	15,532	267,899	236,538	31,361
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,904)	17,043	21,947	(16,850)	19,963	36,813
CASH, JANUARY 1	52,472	52,472	0	32,509	32,509	0
CASH, DECEMBER 31	47,568	69,515	21,947	15,659	52,472	36,813

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	5,431	8,418	2,987	7,330	5,415	(1,915)
Interest	369	334	(35)	170	369	199
Total Receipts	<u>5,800</u>	<u>8,752</u>	<u>2,952</u>	<u>7,500</u>	<u>5,784</u>	<u>(1,716)</u>
DISBURSEMENTS						
Sheriff	26,015	6,765	19,250	31,525	9,594	21,931
Total Disbursement:	<u>26,015</u>	<u>6,765</u>	<u>19,250</u>	<u>31,525</u>	<u>9,594</u>	<u>21,931</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(20,215)</u>	<u>1,987</u>	<u>22,202</u>	<u>(24,025)</u>	<u>(3,810)</u>	<u>20,215</u>
CASH, JANUARY 1	20,215	20,215	0	24,025	24,025	0
CASH, DECEMBER 31	<u>0</u>	<u>22,202</u>	<u>22,202</u>	<u>0</u>	<u>20,215</u>	<u>20,215</u>
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,260	2,102	842	1,400	1,377	(23)
Interest	14	25	11	25	14	(11)
Total Receipts	<u>1,274</u>	<u>2,127</u>	<u>853</u>	<u>1,425</u>	<u>1,391</u>	<u>(34)</u>
DISBURSEMENTS						
Prosecuting Attorney	1,500	0	1,500	2,000	1,896	104
Total Disbursement:	<u>1,500</u>	<u>0</u>	<u>1,500</u>	<u>2,000</u>	<u>1,896</u>	<u>104</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(226)</u>	<u>2,127</u>	<u>2,353</u>	<u>(575)</u>	<u>(505)</u>	<u>70</u>
CASH, JANUARY 1	694	694	0	1,199	1,199	0
CASH, DECEMBER 31	<u>468</u>	<u>2,821</u>	<u>2,353</u>	<u>624</u>	<u>694</u>	<u>70</u>
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	50,000	45,918	(4,082)	50,000	57,969	7,969
Interest	1,300	1,607	307	400	1,452	1,052
Total Receipts	<u>51,300</u>	<u>47,525</u>	<u>(3,775)</u>	<u>50,400</u>	<u>59,421</u>	<u>9,021</u>
DISBURSEMENTS						
Prosecuting Attorney	118,091	25,923	92,168	117,297	24,787	92,510
Transfers out	34,716	33,361	1,355	33,041	33,065	(24)
Total Disbursement:	<u>152,807</u>	<u>59,284</u>	<u>93,523</u>	<u>150,338</u>	<u>57,852</u>	<u>92,486</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(101,507)</u>	<u>(11,759)</u>	<u>89,748</u>	<u>(99,938)</u>	<u>1,569</u>	<u>101,507</u>
CASH, JANUARY 1	101,507	101,507	0	99,938	99,938	0
CASH, DECEMBER 31	<u>0</u>	<u>89,748</u>	<u>89,748</u>	<u>0</u>	<u>101,507</u>	<u>101,507</u>

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ENHANCED 911 FUND</u>						
RECEIPTS						
Charges for service:	423,000	445,122	22,122	378,812	427,906	49,094
Interest	4,000	5,766	1,766	1,102	4,380	3,278
Total Receipts	427,000	450,888	23,888	379,914	432,286	52,372
DISBURSEMENTS						
Salaries	226,543	219,731	6,812	209,030	207,841	1,189
Equipment	114,700	103,321	11,379	38,053	36,170	1,883
Telephone	53,860	45,367	8,493	53,860	38,606	15,254
Training	6,500	3,797	2,703	5,230	4,175	1,055
Uniforms	900	1,083	(183)	0	0	0
Transfers out	52,000	37,982	14,018	45,360	33,866	11,494
Total Disbursement:	454,503	411,281	43,222	351,533	320,658	30,875
RECEIPTS OVER (UNDER) DISBURSEMENTS	(27,503)	39,607	67,110	28,381	111,628	83,247
CASH, JANUARY 1	319,068	319,068	0	207,440	207,440	0
CASH, DECEMBER 31	291,565	358,675	67,110	235,821	319,068	83,247
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales tax	1,700,000	1,821,483	121,483	1,650,000	1,700,003	50,003
Interest	15,000	18,437	3,437	5,000	15,319	10,319
Total Receipts	1,715,000	1,839,920	124,920	1,655,000	1,715,322	60,322
DISBURSEMENTS						
Bonds payment:	1,303,000	1,291,086	11,914	1,366,006	1,350,923	15,083
Payment reserve	924,000	0	924,000	679,485	0	679,485
Professional services:	5,000	0	5,000	5,000	3,589	1,411
Salaries and fringe benefit:	47,400	47,347	53	47,400	47,384	16
Utility and upkeep	232,000	197,945	34,055	200,000	180,182	19,818
Contingency	10,000	499	9,501	10,000	1,040	8,960
Transfers out	3,336	3,356	(20)	3,036	3,060	(24)
Total Disbursement:	2,524,736	1,540,233	984,503	2,310,927	1,586,178	724,749
RECEIPTS OVER (UNDER) DISBURSEMENTS	(809,736)	299,687	1,109,423	(655,927)	129,144	785,071
CASH, JANUARY 1	1,187,001	1,187,001	0	1,057,857	1,057,857	0
CASH, DECEMBER 31	377,265	1,486,688	1,109,423	401,930	1,187,001	785,071
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Intergovernmental	3,981	3,981	0	0	3,870	3,870
Charges for service:	20,000	18,338	(1,662)	15,000	21,047	6,047
Interest	538	419	(119)	300	538	238
Total Receipts	24,519	22,738	(1,781)	15,300	25,455	10,155
DISBURSEMENTS						
Recorder	35,000	11,490	23,510	54,500	41,648	12,852
Transfers out	7,536	7,536	0	7,536	7,536	0
Total Disbursement:	42,536	19,026	23,510	62,036	49,184	12,852
RECEIPTS OVER (UNDER) DISBURSEMENTS	(18,017)	3,712	21,729	(46,736)	(23,729)	23,007
CASH, JANUARY 1	24,814	24,814	0	48,543	48,543	0
CASH, DECEMBER 31	6,797	28,526	21,729	1,807	24,814	23,007

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY LAW ENFORCEMENT FUND						
RECEIPTS						
Interest	3	9	6	3	11	8
Total Receipts	3	9	6	3	11	8
DISBURSEMENTS						
Other	614	0	614	929	326	603
Total Disbursement:	614	0	614	929	326	603
RECEIPTS OVER (UNDER) DISBURSEMENTS	(611)	9	620	(926)	(315)	611
CASH, JANUARY 1	611	611	0	926	926	0
CASH, DECEMBER 31	0	620	620	0	611	611
SHERIFF DISCRETIONARY FUND						
RECEIPTS						
Intergovernmental	38,083	38,083	0	0	0	0
Charges for services:	49,550	51,733	2,183	49,823	49,476	(347)
Interest	450	652	202	177	428	251
Total Receipts	88,083	90,468	2,385	50,000	49,904	(96)
DISBURSEMENTS						
Sheriff	118,310	63,428	54,882	75,301	37,156	38,145
Transfers out	5,789	0	5,789	1,390	1,390	0
Total Disbursement:	124,099	63,428	60,671	76,691	38,546	38,145
RECEIPTS OVER (UNDER) DISBURSEMENTS	(36,016)	27,040	63,056	(26,691)	11,358	38,049
CASH, JANUARY 1	36,016	36,659	643	25,301	25,301	0
CASH, DECEMBER 31	0	63,699	63,699	(1,390)	36,659	38,049
PEACE OFFICERS STANDARD TRAINING FUND						
RECEIPTS						
Intergovernmental	2,917	3,460	543	3,247	2,883	(364)
Interest	83	45	(38)	77	83	6
Total Receipts	3,000	3,505	505	3,324	2,966	(358)
DISBURSEMENTS						
Training	6,648	5,391	1,257	12,594	8,588	4,006
Total Disbursement:	6,648	5,391	1,257	12,594	8,588	4,006
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,648)	(1,886)	1,762	(9,270)	(5,622)	3,648
CASH, JANUARY 1	3,648	3,648	0	9,270	9,270	0
CASH, DECEMBER 31	0	1,762	1,762	0	3,648	3,648
SHELTER ABUSE FUND						
RECEIPTS						
Intergovernmental	24,000	20,670	(3,330)	37,848	22,321	(15,527)
Charges for services:	8,500	10,753	2,253	4,500	8,533	4,033
Interest	300	427	127	10	314	304
Total Receipts	32,800	31,850	(950)	42,358	31,168	(11,190)
DISBURSEMENTS						
Domestic violence shelte:	32,600	29,270	3,330	42,848	27,321	15,527
Total Disbursement:	32,600	29,270	3,330	42,848	27,321	15,527
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	2,580	2,380	(490)	3,847	4,337
CASH, JANUARY 1	8,608	8,608	0	4,761	4,761	0
CASH, DECEMBER 31	8,808	11,188	2,380	4,271	8,608	4,337

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENT RESERVE FUND</u>						
RECEIPTS						
Interest	6,900	6,270	(630)	700	7,041	6,341
Transfers ir	7,000	7,000	0	17,000	12,000	(5,000)
Total Receipts	13,900	13,270	(630)	17,700	19,041	1,341
DISBURSEMENTS						
Capital expenditures	0	0	0	0	25,000	(25,000)
Total Disbursement:	0	0	0	0	25,000	(25,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,900	13,270	(630)	17,700	(5,959)	(23,659)
CASH, JANUARY 1	411,506	411,506	0	417,465	417,465	0
CASH, DECEMBER 31	425,406	424,776	(630)	435,165	411,506	(23,659)
<u>HEALTH INSURANCE FUND</u>						
RECEIPTS						
Interest	5,000	5,037	37	100	5,428	5,328
Other	64,640	57,478	(7,162)	70,100	46,075	(24,025)
Transfers ir	356,072	346,615	(9,457)	333,257	303,026	(30,231)
Total Receipts	425,712	409,130	(16,582)	403,457	354,529	(48,928)
DISBURSEMENTS						
Health insurance premium	421,000	404,882	16,118	407,112	359,031	48,081
Total Disbursement:	421,000	404,882	16,118	407,112	359,031	48,081
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,712	4,248	(464)	(3,655)	(4,502)	(847)
CASH, JANUARY 1	14,737	14,737	0	19,239	19,239	0
CASH, DECEMBER 31	19,449	18,985	(464)	15,584	14,737	(847)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	15,000	15,000	0	0	0	0
Charges for service:	4,000	7,999	3,999	1,300	1,610	310
Interest	100	189	89	40	153	113
Total Receipts	19,100	23,188	4,088	1,340	1,763	423
DISBURSEMENTS						
Election expense	21,000	3,618	17,382	4,000	3,137	863
Total Disbursement:	21,000	3,618	17,382	4,000	3,137	863
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900)	19,570	21,470	(2,660)	(1,374)	1,286
CASH, JANUARY 1	8,717	8,717	0	10,091	10,091	0
CASH, DECEMBER 31	6,817	28,287	21,470	7,431	8,717	1,286
<u>RECORDER TECHNICAL FUND</u>						
RECEIPTS						
Charges for service:	14,000	10,386	(3,614)	9,800	11,614	1,814
Interest	350	470	120	62	314	252
Total Receipts	14,350	10,856	(3,494)	9,862	11,928	2,066
DISBURSEMENTS						
Recorder	0	0	0	0	0	0
Total Disbursement:	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,350	10,856	(3,494)	9,862	11,928	2,066
CASH, JANUARY 1	26,373	26,373	0	14,445	14,445	0
CASH, DECEMBER 31	40,723	37,229	(3,494)	24,307	26,373	2,066

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT INTEREST FUND</u>						
RECEIPTS						
Interest	9,000	2,439	(6,561)	7,000	2,688	(4,312)
Total Receipts	9,000	2,439	(6,561)	7,000	2,688	(4,312)
DISBURSEMENTS						
Equipment	9,000	30	8,970	10,000	848	9,152
Total Disbursement:	9,000	30	8,970	10,000	848	9,152
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,409	2,409	(3,000)	1,840	4,840
CASH, JANUARY 1	5,726	5,726	0	3,886	3,886	0
CASH, DECEMBER 31	5,726	8,135	2,409	886	5,726	4,840
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	17,000	18,334	1,334	16,000	17,955	1,955
Interest	1,300	1,547	247	500	1,339	839
Total Receipts	18,300	19,881	1,581	16,500	19,294	2,794
DISBURSEMENTS						
Law library	114,696	10,037	104,659	101,960	8,358	93,602
Total Disbursement:	114,696	10,037	104,659	101,960	8,358	93,602
RECEIPTS OVER (UNDER) DISBURSEMENTS	(96,396)	9,844	106,240	(85,460)	10,936	96,396
CASH, JANUARY 1	96,396	96,396	0	85,460	85,460	0
CASH, DECEMBER 31	0	106,240	106,240	0	96,396	96,396
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	31,500	35,526	4,026	27,750	31,846	4,096
Interest	55	99	44	250	61	(189)
Total Receipts	31,555	35,625	4,070	28,000	31,907	3,907
DISBURSEMENTS						
Collector	24,460	24,435	25	19,500	17,956	1,544
Total Disbursement:	24,460	24,435	25	19,500	17,956	1,544
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,095	11,190	4,095	8,500	13,951	5,451
CASH, JANUARY 1	14,047	14,047	0	96	96	0
CASH, DECEMBER 31	21,142	25,237	4,095	8,596	14,047	5,451
<u>JUVENILE ASSESSMENT FUND</u>						
RECEIPTS						
Charges for service:	800	995	195	715	856	141
Interest	0	21	21	16	14	(2)
Other			0			0
Total Receipts	800	1,016	216	731	870	139
DISBURSEMENTS						
Other	4,418	0	4,418	3,464	0	3,464
Total Disbursement:	4,418	0	4,418	3,464	0	3,464
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,618)	1,016	4,634	(2,733)	870	3,603
CASH, JANUARY 1	3,618	3,618	0	2,748	2,748	0
CASH, DECEMBER 31	0	4,634	4,634	15	3,618	3,603

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF REVOLVING FUND</u>						
RECEIPTS						
Charges for service:	9,000	9,880	880			
Interest	0	79	79			
Total Receipts	9,000	9,959	959			
DISBURSEMENTS						
Sheriff	9,000	2,138	6,862			
Total Disbursement:	9,000	2,138	6,862			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	7,821	7,821			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	7,821	7,821			
<u>DEVELOPMENTALLY DISABLED BOARD FUND</u>						
RECEIPTS						
Property taxes	231,734	231,734	0	230,599	230,599	0
Intergovernmental	134	134	0	112	112	0
Interest	42	42	0	78	78	0
Total Receipts	231,910	231,910	0	230,789	230,789	0
DISBURSEMENTS						
Contract services	226,300	226,300	0	249,800	249,800	0
Insurance and bond	1,154	1,154	0	1,000	1,000	0
Office expenditures	208	208	0	127	127	0
Total Disbursement:	227,662	227,662	0	250,927	250,927	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,248	4,248	0	(20,138)	(20,138)	0
CASH, JANUARY 1	1,070	1,070	0	21,208	21,208	0
CASH, DECEMBER 31	5,318	5,318	0	1,070	1,070	0
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	300,000	320,196	20,196	300,000	321,338	21,338
Intergovernmental	237,225	243,290	6,065	271,710	280,397	8,687
Charges for service:	33,000	40,203	7,203	30,000	48,888	18,888
Interest	2,000	5,204	3,204	2,500	4,835	2,335
Other	10,520	13,248	2,728	13,800	23,930	10,130
Total Receipts	582,745	622,141	39,396	618,010	679,388	61,378
DISBURSEMENTS						
Salaries	447,583	441,311	6,272	448,596	418,722	29,874
Office expenditures	142,000	94,416	47,584	104,000	105,504	(1,504)
Equipment	16,000	7,125	8,875	12,000	12,476	(476)
Mileage and training	17,000	8,420	8,580	18,000	9,934	8,066
Other	13,000	6,283	6,717	27,700	22,838	4,862
Building project	35,013	35,013	0	30,000	30,000	0
Contingency	14,000	2,977	11,023	13,000	6,280	6,720
Total Disbursement:	684,596	595,545	89,051	653,296	605,754	47,542
RECEIPTS OVER (UNDER) DISBURSEMENTS	(101,851)	26,596	128,447	(35,286)	73,634	108,920
CASH, JANUARY 1	192,162	205,819	13,657	124,182	132,185	8,003
CASH, DECEMBER 31	90,311	232,415	142,104	88,896	205,819	116,923

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

Notes to the Financial Statements

LACLEDE 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 Laclede County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board or the Developmentally Disabled 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, 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 Prosecuting Attorney Delinquent Tax, Family Access and the Time Payment Funds for the years ended December 31, 2004 and 2003.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Capital Improvement Fund in 2003.

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Sheriff Discretionary Fund for the year ended December 31, 2003.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, 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, 2004 and 2003, did not include the Family Access Fund or the Time Payment Fund. The Health Center Board and the Developmentally Disabled Board published their financial statements separately from the county.

2. Cash

Section 110.270, RSMo, 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, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

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

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance, collateral securities held by the Board's custodial bank in the Board's name, or by insurance provided through a surety bond.

The Developmentally Disabled Board's deposits at December 31, 2004 and 2003, were entirely covered by the federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name.

3. Prior Period Adjustments

The Recorder Technical Fund's and Tax Maintenance Fund's cash balances of \$14,445 and \$96, respectively, at January 1, 2003, was not previously reported but have been added.

The Circuit Clerk Interest Fund's cash balance at January 1, 2003, as previously stated has been increased by \$3,188 to reflect a certificate of deposit held by the Circuit Clerk that was not previously reported.

Supplementary Schedule

Schedule

LACLEDE 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,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5153	\$ 32,282	0
		ERS045-4153	63,995	17,807
		ERS045-3153W	0	58,590
	Program Total		<u>96,277</u>	<u>76,397</u>
10.559	Summer Food Service Program for Children	ERS146-5131I	260	0
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	128,957	13,519
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO1640641	13,576	0
		ERO1640578	669	17,436
		ERO1640510	0	2,633
	Program Total		<u>14,245</u>	<u>20,069</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety				
16.007	Office for Domestic Preparedness Fiscal Year 200 State Homeland Security Grant Program	2003-MU-T3-0003	32,294	0
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SD-2004-18	35,906	0
		SD-2003-08	0	47,323
	Program Total		<u>35,906</u>	<u>47,323</u>
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2003LBBX1896	5,789	0
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,093	700

Schedule

LACLEDE 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,	
			2004	2003
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-053(7)	12,654	32,456
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	7,200	4,640
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Propert	N/A	1,108	1,461
39.110	Help America Vote Ac	N/A	3,800	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.268	Immunization Grants	PGA064-3153A	650	1,700
		N/A	61,562	40,193
	Program Total		<u>62,212</u>	<u>41,893</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH040022040	5,082	0
		DH060001006	1,500	0
		DH030510009	0	6,700
	Program Total		<u>6,582</u>	<u>6,700</u>
Department of Social Services -				
93.563	Child Support Enforcemen	N/A	856	743
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA067-5153S	570	0
		PGA067-4153S	2,170	525
		PGA067-2153S	0	1,820
		PGA067-3153C	0	565
	Program Total		<u>2,740</u>	<u>2,910</u>
Department of Health and Senior Services				
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	ERS161-50049	5,146	0
		ERS161-40001	14,267	3,434
		ERS161-30010	0	9,637
	Program Total		<u>19,413</u>	<u>13,071</u>

Schedule

LACLEDE 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,	
			2004	2003
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-4153S	6,793	0
		ERS146-4153S	19,465	6,488
		ERS146-3153M	0	19,629
		ERS175-3034F	0	7,213
		N/A	0	383
	Program Total		<u>26,258</u>	<u>33,713</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.042	Emergency Management Performance Grants	EMK-2004-GR-4003	584	0
		EMK-2003-GR-3003	0	3,000
	Program Total		<u>584</u>	<u>3,000</u>
97.051	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	0	6,000
	Total Expenditures of Federal Award:		<u>\$ 458,228</u>	<u>304,595</u>

* These expenditures include awards made under CFDA number 83.552

N/A - Not applicable

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

Notes to the Supplementary Schedule

LACLEDE 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 Laclede County, Missouri.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Immunization Grants (CFDA number 93.268) 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

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

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 Laclede County, Missouri

Compliance

We have audited the compliance of Laclede 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, 2004 and 2003. 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, Laclede 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, 2004 and 2003. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

Internal Control Over Compliance

The management of Laclede 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 04-1.

A material weakness is a reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

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



Claire McCaskill
State Auditor

December 1, 2005 (fieldwork completion date)

Schedule

LACLEDE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weakness identified? yes no
- Reportable condition identified that is not considered to be a material weakness? yes none reported

Noncompliance material to the financial statements noted?

yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes no
- Reportable condition identified that is not considered to be a material weakness? 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?

yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads-Grants to States
93.268	Immunization Grants

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

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

04-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity Identifying Number:	ERS045-5153, ERS045-4154, ERS045-3153W
Award Years:	2004 and 2003
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads-Grants to States
Pass-Through Entity Identifying Number:	N/A
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	93.268
Program Title:	Immunization Grants
Pass-Through Entity	
Identifying Number:	N/A
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

The county does not adequately track or report federal assistance on the schedule of expenditures of federal awards (SEFA) which could result in the loss of federal funds. Section .310(b) of Circular A-133, Audits of States, Local Governments, and Non- Profit Organizations, requires the auditee to prepare a 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.

During the years ended December 31, 2004 and 2003, the county's SEFA contained numerous errors and omissions. Programs totaling \$262,135 and \$114,586 for the years ended December 31, 2004 and 2003, respectively, were omitted from the county's SEFA and many of the programs did not agree to county expenditure records. Based upon the SEFA prepared by the County Clerk it appeared a single audit was not required; however, further review concluded that the county's federal expenditures exceeded the threshold amounts required for a single audit. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's Office as part of the annual budget.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will continue to work to ensure all federal expenditures are reported on the schedule. We will omit the Health Center, as they will provide their own separate schedule.

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

LACLEDE 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, 2002, 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

LACLEDE 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.

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Laclede County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 1, 2005. We also have audited the compliance of Laclede 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, 2004 and 2003, and have issued our report thereon dated December 1, 2005.

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, 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 Laclede 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 other matters, if applicable) 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. County Expenditures

The county did not always properly solicit bids or document sole source vendors for certain purchases. Bonuses were paid to some county and state employees, and the county has not made the required payments to the Prosecuting Attorney Retirement Fund since November 2001. Additionally, the county did not obtain written agreements for monies distributed to the county library or the rental of county office space. Some county funds are processed by the Treasurer and by-pass the county's normal disbursement procedures. Further, the county has not established procedures to ensure minimal time lapses between its receipt of federal project monies and the distribution of those monies to the contractors.

- A. The county did not always solicit bids or retain bid documentation for some purchases. Although the County Commission indicated some items were purchased from sole source providers (i.e. aware of no other vendor providing the good or service, or no other vendor in the county provides the good or service), documentation for not properly bidding was not retained. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item or Services</u>	<u>Cost</u>
911 system upgrade	\$ 95,300
Food for the jail (annually)	92,800
Rock and asphalt (annually)	82,500
Road equipment repair	24,300
Fuel truck	15,000
Grader blades	12,900

Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- B. The County Commission and other elected officials approved additional compensation to some employees for services already rendered.
 - 1. Upon the request of the Circuit Clerk, the County Commission approved payments to two Circuit Clerk employees totaling \$2,000 in November 2004 from the General Revenue Fund. Further, in January 2005 the County

Recorder authorized payments and transferred \$3,000 to the General Revenue Fund from the Recorder User's Fee Fund for additional 2004 salary payments to his employees.

There is no indication in the payroll records that these payments were compensation for additional hours worked. Although the payments to these employees were processed through the county's payroll system with the appropriate tax withholdings, they appear to represent additional compensation in the form of a bonus for services previously rendered.

2. In January 2005, the Circuit Judge authorized the Prosecuting Attorney to make two payments from the Law Library fund of \$599 each to two state-paid Circuit Court secretaries for maintaining the law library in 2004. Time records were not maintained to document any extra work performed outside normal work hours to support these payments. Further, according to the Circuit Judge the amount was set at \$599 to avoid reporting the payments on IRS Form 1099-MISC which is required for all payments of \$600 or more.

These payments appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray, which states "...a governmental agency deriving its power from the Constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officials after the service has been rendered."

- C. The county has not made the required payments to the Missouri Office of Prosecuting Attorneys (MOPS) for the Prosecuting Attorney Retirement Fund since November 2001 and, as a result, owes MOPS \$13,113 as of September 2005. Section 56.807 requires counties to make monthly payments to the MOPS for the Prosecuting Attorney's Retirement Fund.
- D. The County Commission did not obtain written agreements for the distribution of funds to the county library or for office space rented to a consulting company.
 1. The county distributed \$25,000 to the Laclede County Library in 2004 for new building construction; however, a written agreement documenting the specific use of the funds, or services to be provided was not obtained. Without a written agreement that clearly indicates the governmental purpose being provided there is no assurance monies are being spent properly.
 2. A written agreement was not prepared to specify the details of a rental agreement between the County Commission and a local consulting company. The county rents office space in the county annex building to a consulting company providing probation and parole services for \$800 a month. If office space is available, the county should ensure the rental rate is comparable to other similar space, and obtain a written agreement to specify the rights and

consideration involved including the length of the lease, conditions under which the lease may be canceled, and rental rates.

Written agreements are necessary to quantify the services to be performed and the consideration to be paid for the services, provide a means for the county to monitor compliance with the contract terms, and protect the county in the event of a dispute over the terms of the agreement. In addition, Section 432.070, RSMo, requires all contracts to be in writing.

- E. Beginning in 2001, expenditures from various Sheriff's funds are disbursed directly by the County Treasurer rather than handled through the county's regular disbursement process which involves the county's purchasing agent, the County Clerk, and the County Commission. These funds include the Law Enforcement Training, Sheriff Discretionary, Peace Officers Standards Training and Sheriff Revolving Funds. Monies received by these funds include civil and criminal fees, court fees, and in 2004, grant funds totaling \$37,799. Further, the county is ultimately responsible to ensure that adequate internal controls are exercised over these grant funds.

While expenditures from some of these funds are at the Sheriff's discretion, by not processing expenditures through the county's implemented disbursement procedures, the Treasurer has accepted additional responsibility for any disbursements from these funds. It would be more appropriate to handle all the disbursements through the county's expenditure process currently in place.

- F. The county has not established cash management procedures to ensure minimal time lapses between its receipt of federal project monies and the distribution of such monies to contractors. The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program. We noted that each of the four reimbursements received by the county in 2004 and 2003 were held for various time periods prior to disbursement. One payment totaling \$21,878 was held for 24 business days. Three other payments totaling \$23,232 were held for 5 to 8 business days. While the liability was incurred prior to reimbursement, payment was not made to the contractor in a timely manner.

Section .300(c) of Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires the auditee to, "comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs". Section XII of the Missouri Department of Transportation (MoDOT) Local Public Agency Manual provides that local agencies must develop cash management procedures to ensure payment is made to the contractor/consultant within two business days of receipt of funds from MoDOT.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain

documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official County Commission minutes should reflect the necessitating circumstances.

- B. The Circuit Clerk, County Recorder, and the Circuit Judge discontinue the practice of paying employee bonuses.
- C. Pay \$13,113 to the Missouri Office of Prosecution Services and make monthly payments as required by state law.
- D. Written agreements should be prepared which specifically address the services to be provided and/or compensation to be paid. Additionally, procedures should be developed to adequately monitor the terms of the agreement.
- E. Work with the Sheriff and County Treasurer to ensure all expenditures, including grant funds, are processed through the county's regular disbursement process.
- F. Establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with MoDOT requirements.

AUDITEE'S REPOSE

The County Commission provided the following responses:

- A. *Most of these expenditures were either sole source or emergency purchases and in the future we will ensure these type of purchases are documented in the Commission minutes.*
- B. *Bonuses will not be paid to county employees, as per the Constitution.*
- C. *The Prosecuting Attorney paid the balance due from the Prosecuting Attorney Bad Check Fund.*
- D. *Written agreements will be obtained.*
- E. *We will consider your recommendation.*
- F. *We will do a better job of monitoring when monies are received and subsequent payments to contractors.*

The Sheriff provided the following responses:

- A. Food for the jail is purchased from several different vendors to ensure the lowest price. Monthly sales and specials are utilized. In the future we will retain this documentation. Due to seasonal changes in food prices, a yearly bid on individual types of food would not be practical. This would also require a yearly menu to ensure all ingredients for the year were bid. A tri-monthly bid from several vendors would not be practical.*

- E. These are funds to be spent at my discretion.*

The Circuit Judge provided the following response:

- B. In December 2004, the Laclede County Bar Association conducted their yearly business meeting. At the meeting there was discussion and many concerns related to the upkeep of the county law library. The law library throughout the course of a year received numerous updates and new materials. All law libraries require attention throughout the year to keep current materials in their proper places and dispose of out-dated materials. It is a time consuming undertaking. It was the Bar Association's concern that someone is designated to take care of the law library and make sure that it stays current and uncluttered. In the past this has been a problem for our law library. A law library that is not updated or that is cluttered with pocket parts is not useful.*

In 488.429, RSMo the statute provides in part, ". . . and said fund shall be applied and expended under the direction and order of the judges of the circuit court, en banc, of any such county for the maintenance and upkeep of the law library maintained by the bar association in any such county". This use of the law library money is clearly appropriate pursuant to the statute. The personnel who received this money are state employees and were directed to work in the library on their personal time. It is clear that they have been careful to follow the directive.

You also referenced the amount. Originally, the Bar Association recommended that the personnel receive as compensation, approximately \$1,200 per person on a yearly basis. This was discussed and there was a concern related to the additional paperwork and the process of IRS Form 1099. Ultimately the Bar Association and the personnel agreed to a lesser amount of \$599. The parties agreed that this amount represents a fair and appropriate amount for the work involved.

Lastly, you have referred to this expenditure as a bonus. I must respectfully disagree. The clear intent of all parties involved was to compensate two qualified people to provide a necessary service for the law library. It is clear that the law library has benefited from their efforts and the employees were fairly compensated.

Pursuant to your recommendations I have directed the two people involved to document the extra work performed outside normal work hours to support these payments. This directive will take effect immediately.

The Circuit Clerk provided the following response:

B. *The money was budgeted for the employees' salary.*

The Recorder provided the following response:

B. *We will discontinue paying bonuses.*

The Treasurer provided the following response:

E. *I will meet with the Commissioners and the Sheriff to work out a solution.*

2. County Budgets and Sales Tax Revenue
--

Several county funds budgeted to use all available resources and did not accurately reflect the anticipated cash balance. In addition, the county has not yet followed up on sales tax revenues restricted for community development, that has been distributed to various entities within the county.

A. The approved budget document for several county funds did not adequately reflect the anticipated financial condition for the two years ended December 31, 2004. For some funds, expenditures were budgeted to use substantially all available resources. Actual cash balances of funds projecting a zero cash balance were as follows:

<u>Fund</u>	<u>Year Ended December 31,</u>	
	<u>2004</u>	<u>2003</u>
Law Enforcement Training	\$ 22,202	20,215
Prosecuting Attorney Bad Check	89,748	101,507
Sheriff Discretionary	63,699	N/A
Peace Officers Standard Training	1,762	3,648
Law Library	106,240	96,396
Juvenile Assessment	4,634	N/A

Given the large balances of some of these funds, the county has not developed plans for how these funds will be used and the budgets do not properly reflect the spending plans.

In addition, the Sheriff Discretionary Fund's budget for 2003 projected a zero cash balance; however, the budget was amended to increase expenditures by \$1,390 without increasing revenues, resulting in a deficit balance.

To be of maximum assistance to the county and to adequately inform the public, the budgets should accurately reflect the anticipated receipts, expenditures, and ending cash balance. The practice of routinely budgeting to spend the majority of all available resources decreases the effectiveness of the budget as a management

planning tool and as a control over expenditures. Further, Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting. Deficit budgeting must be avoided to ensure the county operates within its available means.

- B. The county has distributed sales tax revenues to various entities within the county and has not yet obtained documentation of how the monies were spent. Beginning in January 2005, the county imposed a half cent general sales tax restricted for county development, which according to the ballot includes providing funding for law enforcement, road construction and maintenance, emergency management and disaster preparedness services, federal election requirements, and economic development.

Entities within the county applied with the County Commission for a portion of the sales tax revenue indicating how the monies would be spent for county development. Based upon the applications, the County Commission approved funding amounts for each entity. Through October 2005, the county has distributed \$146,738 to various political subdivisions and nonprofit organizations, and \$906,735 to the county General Revenue and Road and Bridge Funds. These distributions were computed based on the ratio of funding and sales tax revenue to date. The County Commission indicated that they will request documentation from each entity on how these sales tax monies were spent. As of November 23, 2005, the County Commission has not yet received completed documentation on how the funds were used. Since the County Commission intends on distributing additional sales tax revenues to these entities, documentation should be obtained at least annually to ensure county sales tax monies are spent in accordance with the applications submitted.

WE RECOMMEND the County Commission:

- A. Ensure county budgets reasonably estimate receipts and disbursements to the anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending balances.
- B. Obtain documentation, at least annually, from each entity receiving the community development sales tax revenue to ensure these monies are spent on approved items in accordance with the applications submitted.

AUDITEE'S REPOSE

The County Commission provided the following responses:

- A. *The funds listed are special funds spent at the discretion of the Sheriff and Prosecuting Attorney; however, we will continue to work with these officials when approving those budgets.*
- B. *We have procedures now in place to obtain documentation from these entities; however, we have not reached that point in the process.*

The Sheriff provided the following response:

- A In a lawsuit between the prior Sheriff and the County Commission to force the release of discretionary funds, this was recommended to counter the County Clerk's and the Commissioner's refusal to amend the budget for unforeseen emergency purchases. The P.O.S.T. required classes change yearly, not with the budget cycle, and would require budget revisions. There is not a list of schools, to include location and cost, from which budget could be drawn.*

The Circuit Clerk provided the following response:

- A. The Juvenile Assessment Fund is only paid out by court order. I budget the entire fund balance so the monies would be available if court ordered Juvenile Assessment funds need to be paid out.*

The Prosecuting Attorney provided the following response:

- A. My office has been told in the past that the county will not amend the budget during the year. Accordingly, we budget the full amount of the Prosecuting Attorney Bad check Fund and the Law Library Fund so that the office can meet unexpected expenditures without the county having to amend the budget. While it may decrease the effectiveness of the budget as a management tool, I believe budgeting the full amount of the funds avoids conflict among county offices and ensures that vendors are paid on time.*

3. Official's Salaries and Closed Minutes
--

A written legal opinion was not obtained regarding the County Treasurer's salary increase, and some county officials waived a salary increase and, as a result, were underpaid. Also, minutes are not maintained for closed session meetings of the County Commission.

- A.** Actions of the salary commission in approving a raise for the County Treasurer were not supported by a written legal opinion. The County Treasurer's salary was increased \$13,180 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held in November 2002 approved this increase.

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, appears to authorize salary commissions to meet only in odd-numbered years and there was no written documentation supporting whether the meeting complied with Section 50.333. As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

- B. Some county officials elected to take a salary less than the authorized amount and, as a result, the county has underpaid these officials. In 1999, the Salary Commission voted to adjust officials' salaries based on any assessed valuation increases at the beginning of an official's term. In 2003, county officials received salary increases based on an increased assessed valuation and statutory salary schedules; however, the Assessor, Recorder of Deeds and Coroner declined this annual salary increase for 2003, but then accepted the increase in 2004. The Associate County Commissioners declined the salary increase for 2003 and 2004, but accepted the increase at the beginning of their new term in 2005. Additionally, the Presiding Commissioner accepted the salary increase in 2003, but later declined the increase for 2004. There is no documentation indicating why the salary was declined in one year, but not the other years. As a result of these reduced salary amounts, the county has underpaid the Assessor (\$2,000), Recorder of Deeds (\$2,000), Coroner (\$1,000), Associate County Commissioners (\$2,640 each), and the Presiding Commissioner (\$1,320) based on the salary schedules applicable to those officeholders. The county should review this situation and consider paying the officials' the unpaid salary.

In *Reed v. Jackson County*, 142 SW2d 862, 865 (Mo 1940) the Missouri Supreme Court stated, "To permit public officers elected or appointed to receive by agreement or otherwise, a less compensation for their services than fixed by law, would be contrary to "public policy" of the state." Further, the Laclede County Salary Commission has the authority to set salaries of the county's elected officials. Section 50.333.8 RSMo, states that the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment.

- C. Minutes are not prepared to document matters discussed in closed meetings. The County Commission occasionally holds closed session meetings, and while the regular meeting minutes disclose the reason for entering into closed session, minutes are not maintained for the closed portion of the meetings.

Section 610.021, RSMo, allows the County Commission to close meetings to the extent they relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained.

WE RECOMMEND the County Commission:

- A. Review the situation to ensure the actions taken were in accordance with state law.
- B. Review this situation and consider paying the salary due to the officials.
- C. Ensure minutes are prepared and retained for all closed meetings.

AUDITEE'S REPOSE

The County Commission provided the following responses:

- A. This is another example of a poorly written, poorly timed law that was passed by the legislation and acted on.*
- B. Due to previous litigation, the midterm raises were not accepted. Because of the financial status of the county, some officials chose to waive assessed valuation increases against the verbal advice of the Prosecuting Attorney.*
- C. Closed meeting minutes are now maintained.*

The Treasurer provided the following response:

- A. All salary adjustment decisions are made by the Laclede County Salary Commission. The Salary Commission met, discussed the issue, voted and approved it.*

4. Road Maintenance Plan

A formal maintenance plan for county roads and bridges has not been prepared annually. While the County Commission indicated that they discuss road maintenance throughout the year, no plan is documented. During each of the years ended December 31, 2004 and 2003, Special Road and Bridge Fund disbursements exceeded \$1.2 million. A formal maintenance plan should be prepared in conjunction with the annual budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan could be included in the budget message and be approved by the County Commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of roads and bridges throughout the year.

WE RECOMMEND the County Commission prepare and document a maintenance plan at the beginning of the year and periodically update the plan throughout the year. In addition, the County Commission should review the progress made in the repair and maintenance of roads and bridges to make appropriate decisions on future projects.

AUDITEE'S REPOSE

The County Commission provided the following response:

We are currently working on a plan for 2006.

Checks received on the behalf of wards are held and not deposited for extended periods of time to ensure wards remain eligible for Medicaid benefits. The cash balances reported on annual settlements are not adequately compared to bank and accounting records, annual settlements are not always filed timely, and a default charge was paid on one estate for late payment of funeral expenses. Additionally, Form 1099-MISC was not issued as required, and payroll checks earned by wards are not handled and reported consistently. Further, accounting duties are not adequately segregated and there are no documented supervisory reviews.

The Public Administrator handled estates worth approximately \$1.3 million during the two years ended December 31, 2004. The Public Administrator is the court appointed personal representative for wards of the Circuit Court-Probate Division. She is responsible for properly receiving, disbursing, and accounting for the assets of those individuals.

- A. Income tax refund and property tax credit checks received by the Public Administrator on behalf of wards are held for extended periods of time and not deposited timely. On August 18, 2005 we counted a total of \$9,057 in state and federal income tax checks and property tax credit checks held by the Public Administrator. These checks dated as far back as April 8, 2005, over 4 months earlier. In addition, a review of various ward's estates noted numerous examples where checks were held up to one year before being deposited. According to the Public Administrator, checks are often held (for future legal expenses and county fees) so a ward's estate assets remain below Medicaid eligibility limits to ensure the ward remains eligible for Medicaid benefits. A log is maintained by the Public Administrator indicating the date these checks are received, to help ensure the check is deposited prior to the check becoming void (after one year). Although the Public Administrator indicated checks were only held for Medicaid eligible wards, we noted three instances where tax refund checks were held for over six months for wards who were not eligible for Medicaid.

To adequately 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. In addition, Section 208.210(1), RSMo, requires recipients to notify county welfare offices if they possess property which affects their right to receive benefits. Further, Section 208.210(2), RSMo, provides, "...if during the life, or upon the death, of any person who is receiving or has received benefits, it is found that the recipient or his spouse was possessed of any property or income in excess of the amount reported that would affect his needs or right to receive benefits, or if it be shown such benefits were obtained through misrepresentation, nondisclosure of material facts, or through mistake of fact, the amount of benefits, without interest, may be recovered from him or his estate by the division of family services as a debt due the state".

- B. One annual settlement (of fifteen cases reviewed) filed by the Public Administrator with the probate court included a certificate of deposit valued at approximately \$36,000 which belonged to a different ward of the Public Administrator. This certificate of deposit was included on annual settlements for two wards. Although the Public Administrator and the probate court indicated that they compare the amounts reported on the annual settlements to bank and accounting records, this error was not detected. As a result, the cash balance of one estate was overstated by approximately \$36,000. For settlements to accurately present the activity and status of a particular case, cash balances should be compared to bank account balances.
- C. The Public Administrator does not always file annual settlements for her estates in a timely manner. For example, an annual settlement due in May 2005 has not been filed with the probate court as of November 2005.

Section 473.540, RSMo, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative. Timely annual settlements are necessary to allow the court to properly oversee the administration of these estates.

- D. Our review of the expenses of the various estates identified the following:
 - 1. Funeral expenses totaling \$7,992 for one estate included a default charge of \$726 which was paid by the Public Administrator. These expenses were incurred in June 2002 but not paid until March 2003. Funds were available to pay these charges when they were due; however, it appears arrangements were not made with the funeral home to avoid the default charge until funds were released by the court. Further, the Public Administrator indicated that default charges are not typically paid and this was paid in error.
 - 2. Compensation paid from an estate to an employee of the Public Administrator's office for cleaning was not reported on Form 1099-MISC. The Public Administrator's clerk is a county employee and assists the Public Administrator with bookkeeping and other duties, as necessary. The Public Administrator issued a check from the estate's bank account to the clerk for \$913 for cleaning a house, which time records indicate was performed outside her regular duties. However, a Form 1099-MISC was not issued for the compensation.

Sections 6041 and 6051 of the Internal Revenue Code requires an IRS Form 1099-MISC be completed for every payee other than corporations receiving \$600 or more in aggregate during a calendar year for services performed as a trade or business by non employees.

- E. The Public Administrator has several wards that are employed and earn a paycheck; however, this income is not reported and accounted for consistently for each ward.

For example, one ward (of 5 reviewed) was allowed to keep her entire paycheck and the Public Administrator obtained a court order from the judge indicating the income did not have to be reported on her annual settlement. However, the Public Administrator did not have court orders for the other four wards. For these four wards she deposited the payroll checks and then issued a check to the ward for half of the check amount to be used for spending money. Wage amounts reported on income tax returns exceeded wages reported on the annual settlements for three of the four wards compared. For example, five paychecks earned by one ward, totaling \$1,050 were not deposited by the Public Administrator or reported on the annual settlement. According to the Public Administrator these five checks were cashed and retained by the ward.

To ensure all wards are treated equitably and ensure the Judge is in agreement with the handling of income, court orders should be obtained indicating how earned income should be accounted for and disbursed to the ward. Additionally, the Public Administrator's responsibility to report wages on the annual settlements should be determined and documented by the court.

- F. Accounting duties are not adequately segregated and a supervisory review is not performed and documented. All accounting duties, including receiving, recording, disbursing monies, and reconciling the bank accounts are performed by the accounting clerk. While the Public Administrator indicated she periodically reviews ward files, accounting records, and bank reconciliations, these reviews are not documented.

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 continue to periodically review the accounting records and bank reconciliations, comparing monies received with deposits, and document such review. The 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.

WE RECOMMEND the Public Administrator:

- A. Discontinue the practice of holding checks and contact the Department of Social Services, Family Support Division to determine whether any monies are due to the state. In addition, monies should be deposited intact daily or when accumulated receipts exceed \$100.
- B. And the Probate Court compare annual settlement account balances to bank and accounting records to ensure annual settlements are accurate prior to filing.
- C. And the Probate Court ensure settlements are filed timely.
- D.1. Make arrangements as necessary to avoid default charges until funds are released by the court in decedent estates.
 - 2. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.
- E. Obtain court orders indicating how earned income should be accounted for and disbursed to the ward and determine what wages are to be reported on the annual settlements.
- F. Adequately segregate accounting duties or continue to periodically perform and document reviews of the accounting records and bank reconciliations.

AUDITEE'S REPOSE

The Public Administrator provided the following responses:

- A. *The action to retain these funds was for the benefit of the wards and for the county. The Public Administrator does not retain any of these fees for herself. The county fees do not go away just because someone does not have the money to pay them, they accumulate. It is the taxpayers of Laclede County, as well as my wards, that I am looking out for. We were in the process of discontinuing the practice of holding checks; however, the tax returns were filed electronically and the funds were received before planned. It will not happen next year. The \$9,057 has been deposited and credited to each ward's account.*
- B. *The \$36,000 mistake was taken care of in court on December 8, 2005. This is the first time in six years that I know of that this attorney's office made a mistake on a settlement. I did not catch it, and the probate court did not catch it. We would have caught it with the next settlement, or the next time the Public Administrator's bond was due, or before any disbursements were made from the estate.*

- C. *Except for the one noted above with the \$36,000 mistake, I am not aware of any others that have not been filed in a timely manner. If I cannot get a settlement done on time, then I ask for a continuance, which the court usually grants because they know that my office is understaffed. I work 12 to 15 hour days just to get the work done.*
- DI. *The claim for the default charge was filed and the court approved it. The attorney's office did not know to object to the default charge, and it slipped by. Paying default charges are typically not allowed. We will monitor all claims for any future problems.*
2. *We will issue 1099's in the future. In this particular estate, the house had a lot of cash in it, so it was very important to have someone in there that was an honest individual that could collect the money before someone else entered the home to steal it. The judge was very aware of everything and aware of the money that was recovered.*
- E. *I did not change the way payroll checks had been handled by the prior Public Administrator because I wanted things to be consistent in the lives of these wards who are mentally ill and don't always handle change well. I did not hire an attorney to petition the court to get permission to pay one-half of the amount of the payroll checks to the wards. The court sees it on their settlements where we deposited the money, and then paid half of it back to them. The court has not questioned me about this practice since the court is aware these wards are indigent, and we should not have to pay an attorney to tell us what is the right thing to do.*

The example cited above with \$1,050 in payroll checks not accounted for represents a ward under a limited guardian/conservatorship. I may have been in error in managing this estate in the beginning because I didn't understand the limitations of a limited conservatorship. According to court documents I was to give the ward all the left over money at the end of the month. It didn't make sense for me to take all his payroll checks and then turn around and give him all the money at the end of the month. I consulted with my attorney, and the ward's family, and it was later decided that the ward's mother become his guardian and conservator. So, by allowing him to cash some of his payroll checks was an order of the limited conservatorship. The other wards mentioned above just cashed their paychecks because they knew they could get away with it at the time. This will happen, and it is out of my control. The only reason we got a court order for the one ward to keep her payroll checks was because she wanted to spend all her money. The court order was a way to show her that she can have those funds to blow, but the bulk of her estate will be protected from unnecessary spending and expenses. Now when she wants to go shopping, if she blows her payroll check, she knows there will not be more money until she gets paid again.

The court has approved the annual settlements of all these wards each year. The Judge and I will discuss this recommendation.

- F. *I continually monitor the wards accounts, but there is no way for me to document my review of the computerized records. I do an annual review when I review and sign the annual settlements. As I stated above, this office is understaffed. I have requested additional funds for more help, and have been turned down by the County Commission. For the past six years I have been working 12 to 15 hour days--that is the workload of two people. I cannot*

take on any more duties than what I am currently doing. We are a team and work as a team. I do not and cannot micromanage someone who knows their job and does a good job. We are not perfect and do make mistakes, but those mistakes are usually caught and corrected. No monies are unaccounted for. I have honest employees who would not steal from these wards, and in fact have in the past given of themselves through time and money to help them. The ward's estate are protected by the county and estate bonds if this was ever an issue.

The Probate Judge provided the following responses:

A. This issue was first brought to my attention in late August 2005. In my August 30, 2005 written response to your questions, I stated that the Public Administrator had deposited the checks your office had identified. The Probate Court has requested the Public Administrator follow the recommendation of the Auditor and this practice has already been implemented.

B&C. The Probate Court follows Sections 473.450 and 473.543 RSMo, concerning the filing of settlements. However, it appears a mistake was made in regards to the file you reviewed. On December 8, 2005 the attorney for the Public Administrator on the estate in question filed the necessary documents to correct any errors. I provided you with a copy of those documents on December 8, 2005. I anticipate receiving the settlement on December 29, 2005.

Additionally, I believe your office is encouraging the Public Administrator and Probate Court to have a better record of the continuances granted. As I indicated, it is my practice to log those continuances on the Court's docket sheet. I intend to prepare separate written orders when a more lengthy continuance is needed on a particular case. For example, more time is usually needed when a ward dies and a decedent estate file must be opened. The Probate Court will continue to follow the law and the recommendations of the Auditor concerning the filing of the annual settlements.

D. The Probate Court would intend to implement a policy on the handling of payroll checks by the Public Administrator. On cases involving wards that are employed, the Court's file would contain a written order that states how the monies are to be handled by the Public Administrator. I will review each file with the Public Administrator as soon as possible to ensure an order is in each file.

6.

Sheriff Accounting Controls and Procedures

Several deficiencies were noted in the internal controls and accounting procedures used by the Sheriff's department regarding the commissary process. Receipts are not deposited timely, bank reconciliations are not performed, and a balance is not maintained in the checkbook register. The inmate balances are not reconciled to the commissary bank account balances and the profits and losses from the sale of commissary items are not tracked. Also, accounting duties for the civil and bond accounts and the commissary bank account are not adequately segregated and seized property records need improvement.

A. The Sheriff's department received approximately \$70,000 per year during 2004 and 2003 in personal monies for inmates to purchase food and personal items from the commissary. The inmate and commissary monies are maintained in the same bank account (Inmate Trust Account). Prior to May 2005, commissary services were purchased by the Sheriff's department from local vendors based on inmate orders. At that time, the Sheriff's department began using an independent vendor to fill commissary orders.

1. Receipt slips issued for monies received from inmates are not reconciled to amounts deposited, deposits are not made timely or intact, and voided receipt slips are not retained. For example, the receipt ledger for commissary monies received from July 3, 2005 through July 18, 2005, totaled \$3,164, but only \$3,024 was deposited. Based upon our review of the receipt ledger, the \$140 difference appears to represent cash receipts. Additionally, several other cash receipts recorded on the receipt ledger were voided during this time period, but the voided receipt slips were not retained. As a result, it is unclear if all funds received were accounted for properly.

To properly safeguard cash receipts and reduce the risk of loss, theft, or misuse of funds, all commissary monies received should be deposited intact daily or when accumulated receipts exceed \$100 and composition of deposits should be reconciled to the composition of receipt slips. In addition, all copies of voided receipt slips should be retained.

2. Bank reconciliations are not performed monthly and a balance is not maintained in the checkbook register. Without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner.
3. The Inmate Trust Account is not reconciled to the total of the individual inmate balances and any remaining commissary proceeds. Inmate balances are maintained on computer files, but the balances have not been reconciled to the total in the bank account. To reconcile, the Sheriff's department must maintain records to account for the commissary activity (sales, purchases, and any residual profit). As of January 2005, the Inmate Trust Account bank balance was \$5,730; however, the inmate balances totaled \$6,954, resulting in liabilities exceeding the bank balance by \$1,224. According to the Sheriff, the additional liability is the result of unauthorized purchases made from the commissary account for additional items for indigent and trustee prisoners, of which he was unaware were being purchased at the time. Reconciliation between receipts, disbursements, and individual inmate balances are necessary to ensure all monies received are accounted for properly and errors in recording amounts in inmate and commissary accounts are detected.

4. The Sheriff does not have a system for tracking the profit and loss from the sales of commissary items and all monies earned from the sale of commissary items are retained in the commissary account. The Sheriff currently uses an independent vendor for purchasing commissary items for inmates, of which the Sheriff receives a 25% profit. To adequately account for the commissary account, records should be maintained in a manner to allow for the tracking of profit and loss on all sales from the commissary. The profits from the commissary account should be deposited into the county treasury. Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.

B. Accounting and bookkeeping duties are not adequately segregated. The bookkeeper responsible for the bond and civil accounts and the jailer responsible for the commissary account are responsible for receipting, recording, and depositing monies received and preparing and signing checks. There is no independent review of the accounting records and reconciliations.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are properly safeguarded. If proper segregation cannot be achieved due to the limited staff available, the Sheriff should at least compare bank deposits to receipts.

C. The Sheriff has custody of 4 vehicles and 1 RV that are not listed on any seized property records. In addition, at least one seized property item on the Sheriff's records was not in the location indicated. The Sheriff maintains records over seized property related to various court cases. One handgun we reviewed was not in the location the seized property listing indicated, but was later located in a Sheriff deputies' filing cabinet. Although the evidence tag on the handgun indicated the deputy took custody of this gun, the seized property records did not indicate the handgun was removed from the seized property room.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. All seized property items and the applicable case numbers should be properly recorded on evidence property forms.

D. In 2005, the Sheriff received a check for \$700 representing proceeds from the sale of advertising space on calendars. This check was cashed and the cash was retained and used by the Sheriff for various drug investigations. However, these monies represent county funds and should be turned over to the County Treasurer. If the Sheriff needs cash for investigative work, the funds should be requested from the County Treasurer through the county's budget process.

There is no authority for the Sheriff to maintain control over county monies and expend such monies without the authorization of the County Commission. The

Sheriff should ensure any future calendar sale proceeds are remitted to the County Treasurer.

- E. The Sheriff's department does not maintain documentation of the number of prisoner meals served or periodically calculate the cost per meal. As noted in MAR 1., the Sheriff does not solicit bids for food purchased for prisoner meals, and without calculating the cost per meal prepared, the Sheriff cannot ensure the cost is reasonable. Further, some Sheriff department employees are provided meals at no cost from the jail, and the county's personnel policy does not address whether employees of the Sheriff's department are to be provided meals by the county.

Adequate records of prisoner meals served are necessary to ensure that county assets are not misused and that expenditures for prisoner meals are reasonable. In addition, a written personnel policy addressing meals provided to employees is necessary to provide assurance all employees are treated equitably and to prevent misunderstandings.

Conditions similar to Parts A-C. were noted in our prior report.

WE RECOMMEND the Sheriff:

- A.1. Deposit all inmate and commissary monies intact daily or when accumulated receipts exceed \$100, reconcile receipts and deposits (in total and by composition), and retain all copies of voided receipt slips.
 2. Prepare monthly bank reconciliation and maintain a check register with a running balance.
 3. Maintain records for the commissary account and reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis.
 4. Develop records to adequately track profits and losses on the commissary operations and turn all profits over to the County Treasurer as accountable fees.
- B. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Ensure all items, including vehicles, are included on the seized property listing. Further, maintain a complete and accurate listing of all seized property and ensure the listing is updated when the location of an item is changed.
- D. Turn over calendar commissions to the County Treasurer. Cash needed for investigative work should be requested from the County Treasurer through the county's budget process.

- E. Maintain documentation of prisoner meals served, cost per meal, and review whether sheriff department employees should be provided meals at the county's expense and if necessary, update the county personnel policy.

AUDITEE'S REPOSE

The Sheriff provided the following responses:

- A. *I assigned an employee to handle the commissary account. I chose this employee because of her previous experience with bookkeeping. Just prior to the audit this employee was replaced, at her request, and a new employee assigned. At that time I learned of numerous management decisions, which had been made without my knowledge or consent. I also learned that the records were not current and monies being expended without my authorization. Numerous changes have been made to reverse the unauthorized decision. Until November 2005, Keefe was paying 10%. The monies made from the Commissary sales are used to purchase Indigent Packs for prisoners and other items as needed to benefit the prisoners. It is not practical to make deposits on a daily basis. Deposits will be made as often as practical. Profit and loss records and expenditures for prisoner needs will be maintained. Those responsible for these functions have been advised.*
- B. *The Civil and Bond accounts have always been reviewed by an independent person. A clerk who has no funds under her control has now been assigned to check the bond, civil, and commissary accounts monthly. A clerk without financial responsibilities has been assigned to monitor the monthly accounts reconciliation. These reviews will be documented.*
- C. *The weapon was removed from evidence for court and the record was not properly maintained. The deputy has been told to properly maintain the records. Vehicles seized are listed in the narrative and vehicle sections of the reports and have not been listed as evidence. Seized vehicles will now be listed in the evidence record. Vehicles will now be listed under evidence.*
- D. *The Calendar funds were used for the DARE program. With the termination of the DARE program the funds were placed in a fund which is used for drug investigations. There is a record of all expenditures from this fund. This will be discussed with the Commissioners.*
- E. *There is a log kept by the kitchen of all prisoner meals served. The formula we use to compare meal costs is money spent, divided by prisoner days X 3 meals a day. Using this formula we checked our costs with surrounding counties last year and had the lowest average cost per meal. This unwritten policy to allow meals to employees was discussed with the Commissioners.*

Amounts collected for penalties were incorrectly distributed and bids were not solicited as required by state law. Additionally, as a result of misappropriated monies in 2002 and 2001 some taxes shown as unpaid on the delinquent tax books, have actually been paid and the tax books should be adjusted. The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28, 2005 and 2004, the County Collector collected property taxes totaling approximately \$14.9 million and \$14.0 million, respectively.

- A. The County Collector incorrectly calculated the allocation of penalties collected on delinquent taxes, resulting in errors in amounts distributed. The County Collector collects a seven percent additional commission on all delinquent and back tax payments. Two-sevenths of the amount collected is to be paid into the General Revenue Fund, three-sevenths into the County Employees' Retirement Fund (CERF), and two-sevenths into the Collector's Tax Maintenance Fund. Since August 2002, errors have been made on the Collector's spreadsheet used to compute this distribution, resulting in approximately \$12,000 due from the General Revenue Fund to CERF.

Additionally, the Collector inflates surtax collections for schools prior to computing commissions and withholdings paid to the General Revenue and Assessment funds, respectively. For the fiscal year ended February 28, 2005, the Collector erroneously used the same ratio to inflate all school districts resulting in approximately \$3,700 due back to the school districts from the General Revenue and Assessment Funds.

These errors may have been detected had test calculations and a more adequate review of the distribution records been performed.

- B. The County Collector did not solicit bids as required. The Collector receives a 2% fee on all delinquent tax collections for additional administration and operation costs of the office. These funds are deposited into a Tax Maintenance Fund, held by the Collector, and expended at the Collector's discretion. In 2004, the Collector spent approximately \$10,600 from the Tax Maintenance Fund for computer hardware and maintenance. Section 50.660, RSMo, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of 90 days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.
- C. As a result of misappropriated monies in 2002 and 2001, some taxes shown as unpaid on the delinquent tax books, have actually been paid and the tax book is

overstated. In 2002, the Collector identified several taxpayers that had paid tax receipts, but were shown as delinquent in the property tax system. Approximately \$4,102 was identified as taxes paid, but not recorded, deposited, or distributed to taxing jurisdictions. The Collector has turned over documentation to the Prosecuting Attorney, charges were filed in July 2003, and a trial has been set in 2006. The Collector has adjusted the tax book for \$1,391 related to personal property taxes, but has not adjusted the tax books for the remaining \$2,711 in real estate taxes. As a result, the delinquent tax book remains overstated. The Collector should review the delinquent tax books and take necessary steps to ensure the tax book is not overstated.

WE RECOMMEND the County Collector:

- A. Recalculate commissions and withhold from or make adjustments to the various political subdivisions' future distributions to correct the errors noted. In the future, the County Collector should ensure adequate reviews of monthly distributions are performed, and make the appropriate adjustments to future disbursements to correct errors.
- B. Solicit bids for all purchases in accordance with state law.
- C. Obtain a court order from the County Commission to adjust the tax books accordingly, and along with the Prosecuting Attorney continue to attempt to recoup the misappropriated taxes.

AUDITEE'S REPOSENSE

The Collector provided the following responses:

- A. *The Collector's office agrees with the finding and corrected the matter, with the assistance of the State Auditor's office, before the completion of the audit.*
- B. *This was the first audit conducted since the Tax Maintenance Fund was established in 2002. The Collector's office did follow the published bid process when purchasing the item known to exceed the minimum amount. While I agree this is the law, it does inhibit any additional purchases from the same vendor for 90 days and we feel it is redundant to publish for bids after the fact.*
- C. *I have done everything possible to aid in the prosecution of this misappropriation. The case is tied up in the legal system. The State Auditor was one of the first agencies notified by the Collector's office when the matter was identified.*

8. Prosecuting Attorney Controls and Procedures
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Bad check receipts are not always deposited timely and deposits are not reconciled to

receipts recorded in the bad check system. The Prosecuting Attorney's office collected court-ordered restitution and bad check related restitution and fees in 2004 and 2003 of approximately \$326,000 and \$387,000, respectively.

- A. Bad check receipts are not deposited timely, as deposits are made approximately once or twice a week and frequently exceed \$3,200. For example, a cash count identified \$3,349 of bad check receipts on hand dating back to July 20, 2005, but were not deposited until 6 business days later on July 28, 2005.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- B. The composition of deposits is not reconciled to the composition of receipts recorded in the bad check system. As a result, there is no assurance that receipt composition is deposited intact. To ensure all receipts are properly accounted for, the composition of recorded receipts should be reconciled to the composition of bank deposits.

WE RECOMMEND the Prosecuting Attorney:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- B. Reconcile deposits to the bad check receipt reports.

AUDITEE'S REPOSE

The Prosecuting Attorney provided the following response:

A&B. We will implement immediately.

9. Circuit Clerk Accounting Procedures

Improvement is needed in pursuing accrued case costs, disbursing open items (liabilities), and following up on outstanding checks. The Circuit Clerk's office handles receipts in the form of cash and checks for court costs, fines, and bonds which are deposited into the Circuit

and Associate Court Fee Accounts. Records maintained by the Circuit Clerk indicate receipts were approximately \$1.4 million during each of the years ended December 31, 2004 and 2003.

- A. Formal procedures have not been established to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) pertaining to criminal cases are adequately pursued. When a case is closed and the costs determined, the Circuit Clerk prepares and sends a cost bill to the defendant. In addition, the Circuit Clerk maintains an electronic spread sheet for cases where amounts are still due and provides this to Probation and Parole officers. The Circuit Clerk relies on Probation and Parole officers to ensure individuals are making payments to the court as required.

As of August 31, 2005, uncollected accrued case costs totaled over \$2.9 million. Several cases reviewed had outstanding balances due and payments had not been made as required by the court orders. Additional follow up efforts were not documented and appropriate action has not been taken by the court to collect these costs from the defendants. Examples include:

- One case with accrued boarding costs totaling \$19,100 has not been paid; however, the court has discharged the defendant's probation. There is no evidence in the case file of further efforts by the Circuit Clerk to pursue monies due.
- One case with accrued medical costs totaling \$24,982 has not been paid, and no further effort by the Circuit Clerk to pursue monies due is documented in the case file.

Various statutes including Sections 483.550, 488.020 and 546.870 RSMo, provide guidance on collecting accrued case costs. The court does not always use various options available to collect unpaid monies, including periodic rebillings, show cause orders, and requesting the Circuit Judge to issue warrants. Ineffective monitoring of cases with accrued costs and the failure to utilize available options in a timely manner can result in lost revenues to the County.

- B. The Circuit Clerk does not have procedures in place to follow up on old open items (liabilities). The Circuit Clerk maintains individual bank accounts for Circuit and Associate division cases. Open items listings are prepared for these accounts on a monthly basis; however, some open items have been held for several years. As of December 31, 2004, approximately \$60,000 of open items relate to court cases dating back to 1999 and prior.

The status of old open items should be routinely reviewed to determine if any disbursement is necessary. If disbursement is possible but proper payees cannot be located, the monies should be disposed of in accordance with state law. Various statutory provisions including Sections 50.470 through 50.490, RSMo and Sections

447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

- C. The Circuit Clerk has not established procedures to periodically follow up on outstanding checks. At December 31, 2004, the circuit and associate court bank accounts had 102 outstanding checks totaling \$8,753 that were over 6 months old with some dating back to August 2000. One of these checks was issued to an insurance company on December 31, 2002 for \$4,816. Although the Circuit Clerk has made some attempt to locate the payees of the old outstanding checks, these checks have not been reissued or disposed of as unclaimed fees. 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.

WE RECOMMEND the Circuit Clerk:

- A. Establish adequate procedures to monitor and collect accrued costs.
- B. Adopt procedures to periodically follow up on old open items, and any unclaimed or unidentified monies should be disposed of in accordance with state law.
- C. Attempt to locate the payees of the old outstanding checks, reissue checks if possible and any remaining unclaimed amounts should be disbursed in accordance with state law. Further, establish procedures to routinely investigate and reissue checks outstanding for a considerable time.

AUDITEE'S REPNSE

The Circuit Clerk provided the following responses:

- A. *I disagree that this office has not pursued the collection of these unpaid court costs. I believe it is the responsibility of the probation and parole officers to ensure funds are collected. This office has procedures in place to track all amounts due, and this information is provided to the probation and parole officers. Additionally, for defendants who are sentenced to the DOC, a bill of costs has been sent to the state and a portion of the amount due is collected from the state. The \$2.9 million has not been reduced for the amount received from the state. We continue to reflect this as due in an effort to re-coup these costs for the state.*

As of November 2005, the Circuit Clerk's office has converted to the Statewide Judicial Information System. This system will allow us to print a variety of reports documenting accrued costs, and we are now eligible to participate in the Missouri State Offset Program and the Missouri Debt Collection Program for the collection of accrued costs.

- B. *The open items have been greatly reduced, and will further be reduced as put into the JIS system. The system can track what has been paid out and what has not. The open items for cases 1999 and prior have been reduced to \$7,147.30. The remainder open items should be for deposits on pending civil cases or bonds held in criminal cases. We are also working on reducing open items dated from 2000 to current.*
- C. *We have followed up on the outstanding checks, by contacting the payee by letter and requesting them to respond within 30 days or the check would be turned over to unclaimed funds. The outstanding checks were voided and reissued if requested or turned over to unclaimed funds. We will, each month, check for outstanding checks beyond six months old and follow-up by the same procedure.*

10. Health Center Accounting Controls and Procedures

Receipt slips are not issued for some monies received, time sheets are not always signed by employees or their supervisors, and the capital asset listing is incomplete. Also, beginning cash balances on the Health Center's budget were understated.

- A. Receipt slips are not issued for all monies received and cash receipts are not deposited intact. Receipt slips are only issued upon request for adult vaccines and donations and, as a result, there is no detailed accounting record to document fluctuations of receipts. Amounts recorded for adult vaccines and donations, decreased from approximately \$15,100 to \$6,500 (57% decrease) from 2003 to 2004; however, the Health Center Administrator could not adequately explain this fluctuation. Additionally, personal checks are periodically cashed with health center receipts and varying amounts of cash receipts are withheld from each deposit for a change fund. In addition, checks are restrictively endorsed when the deposit is prepared, rather than immediately upon receipt.

To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly. To ensure all receipts are deposited intact, the method of payment received should be recorded on the receipt slips, and the composition of receipt slips should be reconciled to the composition of deposits. In addition, the practice of cashing personal checks should be discontinued and a change fund should be set up and maintained at a constant amount.

- B. Time sheets are not always signed by employees or their supervisors. Time sheets are prepared by the employee and while the Health Center Administrator indicated they are reviewed for accuracy, this review is not documented. Without employee and supervisory review of time sheets and a signature to indicate the review, the board cannot be assured that the time records are accurate. Time sheets should be prepared by the employee, and approved by the applicable supervisor to provide additional assurance that all information recorded is accurate.

- C. The listing for the Health Center's capital assets lacks the necessary information for some assets, such as make, model, identification number, acquisition by fund, acquisition date, and the date and method of disposal. Further, several assets were not added to the listing, including a laptop computer. Property items were not always properly numbered, tagged, or otherwise identified, an annual inventory of all capital assets is not conducted, and the asset additions are not periodically reconciled to the asset purchases.

Adequate capital assets records are necessary to secure better internal controls over property and provide a basis for determining insurance coverage. Inventories and proper tagging of property are necessary to ensure asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets. Property control tags should also be affixed to all capital asset items to help improve accountability and to ensure that assets are properly identified as belonging to the health center. If properly performed, an annual inventory could help detect items not recorded on the inventory records.

- D. Accrued interest on certificates of deposit (CDs) is not recorded in the accounting records, and as a result, interest revenue reported on the Health Center's budget was understated for 2004 and 2003. The Health Center Administrator only records interest earned on CDs when a CD is cashed in rather than recording interest periodically as reported by the bank. Accumulated interest has not been recorded in years past and has not been included in the beginning cash balance of the Health Center's budget. As a result, beginning cash balances reported on the Health Center's budget were understated \$13,657 and \$8,003, for the years ended December 31, 2004 and 2003, respectively.

Budgets should include all interest income to fairly present the Health Center's financial position. To be of maximum benefit to the Board of Trustees and to adequately inform the public, the budgets should accurately reflect beginning available resources, anticipated revenues and expenditures, and actual revenues and expenditures.

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

WE RECOMMEND the Health Center Board of Trustees:

- A. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits. In addition, receipts should be deposited intact and the practice of cashing personal checks should be discontinued.
- B. Ensure timesheets are signed by all employees and approval of the timesheet

documented.

- C. Maintain capital asset records with a detailed description of each item to include acquisition/disposition dates, make, model, serial number, cost, property tag numbers, and method of disposition. In addition, ensure property tags are affixed to all assets, perform annual physical inventories of Health Center property, and ensure fixed asset additions are periodically reconciled to the fixed asset purchases.
- D. Report all interest earned on CDs as interest income in the year earned and reconcile the budgets to the bank account balances to ensure beginning cash balances are accurately reflected.

AUDITEE'S RESPONSE

The Health Center Board provided the following responses:

- A. *A pre-numbered receipt form will be developed and utilized for our deposit record. Monies will be counted and entered onto this form at the end of each workday. These forms will then be used for accountability of deposits. Implementation date: January 01, 2006. No personal checks will be accepted for cashing purposes. In regards to the decrease of adult vaccine and donation income from 2003 to 2004; the Missouri Department of Health & Senior Services began offering adult Hepatitis A & B vaccine at no charge to the client in 2004. Prior to this, these vaccines were ordered as requested and charged to the client. Likewise, our donation income relies solely on what the clients wish to give for services provided. During the 2004 influenza season, we received only a minimal supply of vaccine; therefore, causing our largest donation revenue to be extremely low. All checks will be restrictively endorsed upon immediate receipt.*
- B. *While not documented on the time sheet, employee work time is reviewed by the time keeper, prior to payroll completion. The "Laclede County Health Department Employee Time Sheet" has been revised to include a staff and time-keeper signature of review. Implementation date January 01, 2006.*
- C. *The updated capital asset record has been finalized, with copy provided to auditor on-site, prior to November 28, 2005. This record consists of: Item Description, Serial Number, Site Location, Tag Number, Purchase Date/Price, and Method of Disposition. Also included is a total asset value of equipment. This record is now maintained in both paper and electronic version for easier update and review.*
- D. *Interest earned on un-cashed CD's will be included as interest income on the annual budget, submitted to the county/state.*

11. Developmentally Disabled Board Budgetary Procedures
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The Developmentally Disabled board amended their budgets for the two years ended December 31, 2004 so that budgeted amounts would agree to all actual line item revenues

and expenditures. An amendment was submitted on January 13, 2005 for the 2004 budget to increase revenues by \$1,230 and decrease expenditures by \$4,000, and the 2003 budget amendment was submitted January 20, 2004 to increase revenues and expenditures \$5,673 and \$49,000, respectively.

Section 50.622 RSM, allows budget amendments if additional sources of revenue are received which could not be estimated when the budget was adopted, and requires the Developmentally Disabled board to follow the same procedures required for adopting the original budget, including holding a public hearing. By amending the budget so that it would reflect no variances in the revenue and expenditure categories, the effectiveness of the budget as a management tool was decreased. To be of maximum benefit to the board and the taxpayers, a complete and accurate budget is needed which reflects anticipated revenues and expenditures and the related variances between those estimates and the board's actual financial activity.

WE RECOMMEND the Developmentally Disabled Board discontinue amending the budget after the year end to agree budgeted amounts to actual revenues and expenditures. Further, when budget amendments are necessary, they should be made prior to incurring the actual expenditures.

AUDITEE'S RESPONSE

The Developmentally Board provided the following response:

A similar error was discovered in the 2002 audit. At that time I understood the budget was to be amended and show actual receipt and expenditures of the S.B. 40 Board. I now know this was incorrect. I have asked the County Clerk to assist me with preparation of the 2006 budget.

About five years ago Circuit Judge Mary Dickerson ruled the tax levy passed by the voters was intended to fund a Sheltered Workshop for the handicapped. Since Laclede Industries is the only such facility in the county all the funds derived from the tax levy are to go to Laclede Industries, less operating expenses of the S.B. 40 Board. Less than two percent (2%) of the tax revenue is used by the S.B. 40 Board for such things as liability insurance, publishing legal notices, office supplies and postage. I have looked at the budget as an estimate. It is impossible to exactly estimate revenues from the tax levy; therefore, funds to the workshop will vary. I am sure with the help of the County Clerk these past mistakes will not occur in the coming years.

Follow-Up on Prior Audit Findings

LACLEDE 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 Laclede County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. Any 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. Expenditures

- A. Bids were not always solicited for purchases in accordance with state law.
- B. The County Commission obtained legal services without soliciting proposals or documenting their basis for their decision. Additionally, an advance fee for legal services was paid without adequate supporting documentation.
- C. Mid-term salary increases for two associate commissioners were determined to be unconstitutional. In 1999, the Associate Commissioner's salaries were each increased, and based on the Supreme Court ruling the salary increase amounts should be repaid.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and/or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Document the basis for selection of providers of professional services and enter into written agreements for such services and determine whether the advance fee was appropriate.
- C. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Partially implemented. Although no advance payment of fees was noted, written agreements for services were not always obtained. See MAR finding number 1.

- C. Partially implemented. The County Commission determined that the former Associate Commissioners were each overpaid \$10,763; however, agreed upon a reduced amount of \$3,073 each to be repaid to the county. Based upon a written legal opinion from the County Prosecuting Attorney, the County Commission agreed to offset the excess compensation for mileage incurred by the former Associate Commissioners that was not previously reimbursed (\$1,200). In addition, the County Commission agreed to offset the repayment further for a salary increase allowance of 3 percent per year (\$6,490). The former Associate Commissioners repaid the county in March 2002.

2. County Budgets and Financial Reporting

- A. The budget for several county funds did not reasonably estimate receipts and disbursements.
- B. The Sheriff Discretionary Fund projected a negative cash balance at December 31, 1999.
- C. Expenditures of federal awards were not accurately tracked, resulting in an inaccurate SEFA.
- D. The annual published financial statements of the county did not include all county funds.

Recommendation:

The County Commission:

- A. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending cash balances.
- B. Ensure projected expenditures are not incurred in excess of available monies.
- C. Prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's Office as part of the annual budget.
- D. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A&B. Not implemented. See MAR finding number 2.
- C. Not implemented. See finding number 04-1.

- D. Partially implemented. Financial statements were published for all county funds except the Prosecuting Attorney Delinquent Tax, Time Payment and Family Access Funds. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Procedures

- A. Collateral securities pledged by the county's depository banks to cover deposits of the County Treasurer and County Collector were insufficient during January 2001.
- B. Unclaimed fees were turned over to the General Revenue fund rather than being remitted to the state.

Recommendation:

The County Commission:

- A. Ensure adequate collateral securities are pledged to protect county funds. This can be done by monitoring bank activity and providing timely notice to the depository bank of the need for additional collateral securities to be pledged.
- B. Review the county's procedures for turning over unidentified amounts to state Unclaimed Property.

Status:

- A. Implemented. The County Treasurer and County Collector's deposits were adequately covered by collateral securities pledged by the county's depository bank for the two years ended December 31, 2004.
- B. Implemented. The Treasurer receipts jury duty checks back into the General Revenue Fund, but all other unclaimed monies are remitted to the state.

4. Property Tax Books and Contracts

- A. The County Clerk did not prepare the current or back tax books as required by state law.
- B. The County Collector and the county's contract with cities' to collect taxes did not specifically define the amount of penalties to be collected on delinquent city taxes and how the penalties were to be distributed.

Recommendations:

The County Commission:

- A. Ensure the current and back tax books are prepared by the County Clerk in accordance with state law.
- B. And the Collector amend the contracts with the cities to specifically define the amount of penalties to be collected on delinquent city taxes and how the penalties are to be distributed. The penalty amounts should be based on applicable state laws and city ordinances.

Status:

- A. Implemented. The County Clerk enters the tax levies and prints current and back tax books from the property tax system.
- B. Implemented. The Collector obtained a new contract with the city of Lebanon that specifically defines a 7% penalty on delinquent taxes. The contract allocates 2% to the county and 5% to the Collector however, penalties are not distributed to CERF or the Tax Maintenance Fund. In addition, a city ordinance was passed outlining the penalty amounts.

5. Sheriff Accounting Controls and Procedures

- A.1. Monies received from inmates were not deposited on a timely basis or intact and a reconciliation between receipts and deposits was not performed. Money orders received from inmates were sometimes cashed from other commissary receipts, and monies on hand were used to purchase items for the commissary.
- 2. Monthly bank reconciliations were not prepared and a check register with a running balance was not maintained. In addition, there were no procedures to routinely follow up on old outstanding checks..
- 3. Records were not maintained for the commissary account and individual prisoner and commissary balances were not reconciled to the total of the monies in the bank account.
- 4. Accounting duties were not adequately segregated and supervisory reviews were not performed and documented.
- 5. Prenumbered receipt slips were not issued for all monies received and copies of voided receipt slips were not retained.

- B.1. A written contract between the telephone company providing telephone services to county prisoners and the Sheriff was not reviewed and approved by the County Commission.
- 2. Telephone commissions were not always turned over to the County Treasurer for deposit into the General Revenue Fund. In addition, monies were being disbursed without County Commission approval.
- C. Seized property items were not always marked with prenumbered property tags and the seized property listing did not appear complete.
- D. Accounting duties relating to civil fees and bond receipts were not adequately segregated, and supervisory reviews were not performed and documented.

Recommendations:

The Sheriff:

- A.1. Deposit all inmate and commissary monies intact daily or when accumulated receipts exceed \$100. In addition, a reconciliation between receipt and deposits (in total and by composition) should be performed. Receipts should not be used for cashing money orders or purchasing items for the commissary.
- 2. Prepare monthly bank reconciliations and maintain a check register with a running balance. In addition, attempt to locate the payees of the old outstanding checks and reissue checks if possible. Procedures should be adopted to routinely follow up on old outstanding checks.
- 3. Maintain records for the commissary account and reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis.
- 4. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- 5. Issue prenumbered official receipt slips for all monies received and retain all copies of voided receipt slips.
- B.1. Work with the County Commission and obtain a written contract between the telephone company and the County Commission.
- 2. Turn over all future telephone commissions to the County Treasurer for deposit into the General Revenue Funds and disburse monies only when approved by the County Commission.

- C. Mark all seized property with prenumbered property tags and identify the property to specific cases. In addition, a complete inventory listing of all seized property should be maintained and kept updated for both additions and dispositions.
- D. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

Status:

A1-5.

&D. Not implemented. See MAR finding number 6.

B1. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Implemented. Telephone commissions are remitted to the General Revenue Fund monthly.

C. Partially implemented. Seized property inventory records are maintained; however, records are not always updated for additions and dispositions. See MAR finding number 6.

6. Court Accounting Controls and Procedures

A. Criminal cost reimbursement requests were not prepared and submitted to the state in an orderly and/or timely basis.

B. Copy monies were not receipted and remitted to the County Treasurer each month, but were used for various office expenses.

C. Procedures were not established to routinely follow up on old open items.

Recommendations:

The Circuit Clerk:

A. Prepare and submit criminal cost reimbursement requests to the state on an orderly and/or timely basis.

B. Ensure all copy monies are receipted, deposited to the Circuit Clerk's fee account, and remitted to the County Treasurer at least monthly.

C. Establish procedures to routinely follow up on older open items and dispose of them in accordance with state law.

Status:

A&B. Implemented. The Circuit Clerk prepares and submits criminal cost reimbursements to the state monthly and copy monies are periodically received and deposited and are remitted to the County Treasurer monthly.

C. Not implemented. See MAR finding number 9.

7. Health Center

A. The Health Center Board did not have a written depository agreement with its bank.

B. The health center's certificates of deposits were not adequately covered by collateral securities in January 2000.

C. Established leave policies were not always followed when the Health Center Board allowed one employee to take annual and sick leave beyond his accumulated balance.

D. Budgets prepared by the board did not adequately reflect the board's anticipated financial condition for the two years ended December 31, 2000.

Recommendations:

The Health Center Board:

A. Enter into a written depository agreement with any bank which holds board monies.

B. Monitor bank balances to ensure the bank pledges adequate securities at all times in accordance with state law.

C. Follow established leave policies or review and amend those policies as warranted.

D. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that the budget document presents a reasonable estimate of the board's financial plan and ending cash balance.

Status:

A,B
&C. Implemented.

D. Partially implemented. The Health Center does not report accrued interest earned on certificates of deposit. As a result, the beginning cash balance was understated for the two years ended December 31, 2004. See MAR finding number 10.

STATISTICAL SECTION

History, Organization, and
Statistical Information

LACLEDE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1849, the county of Laclede was named after Pierre Laclede, founder of St. Louis. Laclede County is a county-organized, third-class county and is part of the Twenty-Sixth Judicial Circuit. The county seat is Lebanon.

Laclede 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 712 miles of county roads and 25 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 24,323 in 1980 and 32,513 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	210.9	206.2	201.7	181.7	78.0	36.7
Personal property		84.2	84.6	84.1	86.9	30.8	13.7
Railroad and utilities		16.7	15.5	16.0	17.5	8.2	6.3
Total	\$	311.8	306.3	301.8	286.1	117.0	56.7

* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$.0606	.0840	.0840	.0644
Health Center Fund		.1000	.1000	.1000	.1000
Developmentally Disabled Board Fund *		.0663	.0662	.0655	.0650

* The county also collected and distributed property taxes, levied at \$.0655, .0625, .0600, and .0600, directly to Laclede Early Education Program (LEEP) in 2004, 2003, 2002, and 2001, respectively.

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),			
	2005	2004	2003	2002
State of Missouri	\$ 100,451	96,025	94,972	92,528
General Revenue Fund	278,615	324,960	320,662	254,659
Special Road and Bridge Fund	1,190,130	1,041,045	961,906	1,092,187
Assessment Fund	181,662	135,205	130,215	131,944
Health Center Fund	330,658	316,976	313,379	304,894
Developmentally Disabled Board	240,681	229,465	226,862	220,329
LEEP	204,751	188,110	177,123	171,149
School districts	10,298,840	9,837,724	9,249,683	8,984,268
Library district	449,684	429,866	421,126	406,799
Ambulance district	7,875	8,345	8,073	8,118
Fire protection district	184,734	183,150	174,566	169,684
Whispering Oaks NID	10,131	10,314	9,659	10,719
Lake Shore NID	6,566	8,376	7,062	6,723
Downtown Business	22,591	23,624	22,283	22,406
Refunds	95,483	913	1,421	10,245
Cities	883,743	811,200	786,901	752,121
County Clerk	28,821	27,405	28,350	25,093
Tax Sale Surplus	10,598	3,987	8,360	6,278
Tax Maintenance	39,172	28,525	14,705	0
County Employees' Retirement	72,490	61,127	57,969	55,974
Commissions and fees:				
General Revenue Fund	255,195	236,852	220,746	213,861
County Collector	16,516	13,421	13,326	11,956
Total	\$ 14,909,387	14,016,615	13,249,349	12,951,935

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				%
	2005	2004	2003	2002	
Real estate	92.8	90.7	91.3	91.3	
Personal property	89.4	88.5	90.2	88.9	
Railroad and utilities	100.0	100.0	100.0	100.0	

Laclede 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	%
Law Enforcement*	.0050	2004	None	

* The law enforcement sales tax expired in 2004; however, a general sales tax (\$.0500), restricted for community development, passed with collection beginning January 1, 2005 and expiring in 2008.

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

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Lowell Morgan, Presiding Commissioner		30,380	31,700	30,380	30,380
Joe Pickering, Associate Commissioner		28,380	28,380	28,380	28,380
Glenn Raef, Associate Commissioner		28,380	28,380	28,380	28,380
Lynn Stowe, Recorder of Deeds (1)		45,000	43,000	N/A	N/A
Glenda Mott, County Clerk		45,000	45,000	43,000	43,000
Jon Morris, Prosecuting Attorney		55,000	55,000	51,000	51,000
Richard Wrinkle, Sheriff		50,000	50,000	48,000	48,000
Jean Cook, County Treasurer		45,000	45,000	31,820	31,820
Louis Bealer, County Coroner		16,000	15,000	15,000	15,000
Sherry Shamel, Public Administrator			45,000	45,000	43,000
Steve Pickering, County Collector (2), year ended February 28 (29),	61,516	58,421	58,326	54,956	
Johnny North, County Assessor (3), year ended August 31,		45,756	43,900	43,900	43,900
Robert Shotts, County Surveyor (4)		N/A	N/A	N/A	N/A

- (1) The Laclede County Commission approved separating the offices of the Recorder of Deeds and the Circuit Clerk. The newly elected Recorder of Deeds took office in January 2003.
- (2) Includes \$16,516, \$13,421, \$13,326 and \$11,956, respectively, of commissions earned for collecting city property taxes.
- (3) Includes \$765 in annual compensation received from the state in 2004. Includes \$900 annual compensation received from the state in 2003, 2002, and 2001.
- (4) Compensation on a fee basis.

State-Paid Officials:

Wanda Tyre, Circuit Clerk	47,900	47,300	N/A	N/A
Lynn Stowe, Circuit Clerk and Ex Officio Recorder of Deeds	N/A	N/A	47,300	47,300
Greg Kays, Associate Circuit Judge	96,000	96,000	96,000	96,000
Christine Hutson, Associate Circuit Judge	N/A	4,000	96,000	96,000
Larry Winfrey, Associate Circuit Judge	96,000	92,000	N/A	N/A