



Claire McCaskill

Missouri State Auditor

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September 2006

Monroe County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2006

**IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Monroe, that do not have a county auditor. In addition to a financial 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.**

The county's Enhanced 911 Fund is experiencing a declining financial condition. Disbursements have exceeded receipts by a total of \$74,167 during 2004 and 2005, leaving an ending balance of \$7,536 at December 31, 2005. The budget for 2006 indicates that disbursements will exceed receipts by an additional \$5,400. The Enhanced 911 Board also has outstanding liabilities at December 31, 2005, totaling \$36,652 for a lease/purchase of computer equipment and past due phone service charges. The board needs to consider alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the fund.

The Enhanced 911 Board's budgets did not include actual beginning balances and projected ending balances, and actual disbursements exceeded the budgeted amounts by \$65,920 during 2004 and 2005. A 911 dispatch employee was provided payroll advances, and the board spent \$1,389 on certain trinkets which were given away at elementary and high schools and which do not appear necessary for 911 operations. Minutes of open board meetings do not document the reasons for going into closed session, and the board did not document how some items discussed in closed session complied with the Sunshine Law.

The county made two land purchases, totaling \$74,500, without obtaining independent appraisals. In addition, the county does not have policies regarding the use of cellular phones and has not evaluated the cost of providing county-owned cellular phones versus reimbursing certain officials for the use of their personal phones.

The county's personnel and payroll procedures need to be improved to ensure actual time worked is recorded on employees' timesheets, county policy is followed for awarding overtime and compensatory time, employee leave balances are accurate, and the county's policy for compensating Sheriff's deputies complies with the Fair Labor Standards Act.

The audit also included findings regarding budgets and collateral securities, the property tax system, and controls and procedures of the Public Administrator, Prosecuting Attorney, Sheriff, and Handicapped Board.

**All reports are available on our Web site: [www.auditor.mo.gov](http://www.auditor.mo.gov)**

YELLOW SHEET

MONROE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

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

To the County Commission  
and  
Officeholders of Monroe 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 Monroe County, Missouri, as of and for the years ended December 31, 2005 and 2004. 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 Monroe County, Missouri, as of December 31, 2005 and 2004, 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 Monroe 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, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 29, 2006, 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 Monroe 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

June 29, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	David Gregg
Audit Staff:	Jennifer L. Carter
	James A. Samek
	Ali Arabian



**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 Monroe County, Missouri

We have audited the financial statements of various funds of Monroe County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 29, 2006. 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 Monroe 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

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 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. Our consideration of the internal control over

financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 05-1, to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Monroe 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

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

June 29, 2006 (fieldwork completion date)

## Financial Statements

Exhibit A-1

MONROE COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 177,305	1,400,388	1,334,973	242,720
Special Road and Bridge	408,413	1,483,892	1,580,738	311,567
Assessment	2,886	131,739	122,249	12,376
Law Enforcement Training	3,562	4,517	4,248	3,831
Prosecuting Attorney Training	104	828	588	344
Mark Twain Reservoir	596,567	38,845	22,540	612,872
Recorders	11,990	8,860	6,716	14,134
Pleasant View Economic Development	15,988	11,671	18	27,641
Domestic Violence	5	288	0	293
Election Machine	16,081	1,959	2,000	16,040
Sheriff Civil Fees	12,184	17,458	13,515	16,127
Prosecuting Attorney Bad Check	12,321	3,238	4,699	10,860
Election Services	2,423	906	2,164	1,165
Prosecuting Attorney Delinquent Sales Tax	3,538	1,235	1,112	3,661
Local Emergency Planning Commission	11,769	6,556	451	17,874
Collectors Tax Maintenance	5,119	10,396	7,166	8,349
Election Improvement	15,046	162	15,000	208
County Law Enforcement Restitution	0	7,879	0	7,879
Handicapped Board	14,443	87,054	90,848	10,649
Enhanced 911	33,566	283,537	309,567	7,536
Associate Judge Interest	3,618	449	0	4,067
Circuit Clerk Interest	2,093	1,482	2,178	1,397
DARE Program	63	335	0	398
Total	\$ 1,349,084	3,503,674	3,520,770	1,331,988

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

Exhibit A-2

MONROE 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	\$ 181,445	1,362,110	1,366,250	177,305
Special Road and Bridge	501,279	1,285,747	1,378,613	408,413
Assessment	1,071	117,027	115,212	2,886
Law Enforcement Training	2,748	4,362	3,548	3,562
Prosecuting Attorney Training	228	717	841	104
Mark Twain Reservoir	591,015	34,782	29,230	596,567
Recorders	11,229	9,318	8,557	11,990
Pleasant View Economic Development	52,921	40,003	76,936	15,988
Domestic Violence	0	281	276	5
Election Machine	11,379	7,702	3,000	16,081
Sheriff Civil Fees	7,392	21,658	16,866	12,184
Prosecuting Attorney Bad Check	13,982	2,232	3,893	12,321
Election Services	1,267	3,805	2,649	2,423
Prosecuting Attorney Delinquent Sales Tax	1,435	2,184	81	3,538
Local Emergency Planning Commission	11,399	2,830	2,460	11,769
Collectors Tax Maintenance	4,232	8,845	7,958	5,119
Election Improvement	0	15,046	0	15,046
Handicapped Board	25,603	85,855	97,015	14,443
Enhanced 911	81,703	259,616	307,753	33,566
Associate Judge Interest	3,252	366	0	3,618
Circuit Clerk Interest	1,459	924	290	2,093
DARE Program	150	30	117	63
Total	\$ 1,505,189	3,265,440	3,421,545	1,349,084

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

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,737,935	3,503,339	(234,596)	3,362,275	3,250,364	(111,911)
DISBURSEMENTS	4,343,818	3,520,770	823,048	3,861,842	3,421,428	440,414
RECEIPTS OVER (UNDER) DISBURSEMENTS	(605,883)	(17,431)	588,452	(499,567)	(171,064)	328,503
CASH, JANUARY 1	1,301,012	1,349,021	48,009	1,397,733	1,505,039	107,306
CASH, DECEMBER 31	695,129	1,331,590	636,461	898,166	1,333,975	435,809
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	287,450	300,502	13,052	282,200	286,941	4,741
Sales and use taxes	483,000	482,958	(42)	487,050	482,060	(4,990)
Intergovernmental	292,570	300,137	7,567	272,683	270,525	(2,158)
Charges for services	179,212	193,222	14,010	183,452	183,009	(443)
Interest	5,600	11,679	6,079	4,650	5,751	1,101
Other	72,400	83,797	11,397	92,995	104,665	11,670
Transfers in	31,481	28,093	(3,388)	29,378	29,159	(219)
Total Receipts	1,351,713	1,400,388	48,675	1,352,408	1,362,110	9,702
DISBURSEMENTS						
County Commissior	102,611	98,556	4,055	74,329	70,904	3,425
County Clerk	108,288	106,315	1,973	82,148	80,429	1,719
Elections	20,000	19,395	605	45,000	50,418	(5,418)
Buildings and grounds	100,933	92,687	8,246	83,071	66,986	16,085
Employee fringe benefit	2,000	0	2,000	203,900	198,909	4,991
County Treasurer	36,678	35,865	813	28,175	27,203	972
County Collector	84,702	86,248	(1,546)	67,439	63,729	3,710
Recorder of Deeds	57,542	58,217	(675)	43,790	43,191	599
Circuit Clerk	24,134	22,503	1,631	20,130	22,361	(2,231)
Associate Circuit Court	12,049	5,567	6,482	10,825	7,919	2,906
Court administration	6,602	3,866	2,736	6,560	4,489	2,071
Public Administrator	23,719	21,832	1,887	21,335	21,366	(31)
Sheriff	393,847	390,495	3,352	305,950	316,485	(10,535)
Jail	40,196	41,837	(1,641)	80,000	41,222	38,778
Prosecuting Attorney	92,322	88,810	3,512	73,560	67,585	5,975
Juvenile Offices	48,156	21,510	26,646	48,161	20,847	27,314
County Coroner	18,789	16,866	1,923	12,100	8,802	3,298
Enhanced 911	85,333	85,333	0	85,333	85,333	0
Other	166,022	133,971	32,051	135,295	134,072	1,223
Transfers out	20,500	5,100	15,400	39,000	34,000	5,000
Emergency Func	42,800	0	42,800	41,600	0	41,600
Total Disbursements	1,487,223	1,334,973	152,250	1,507,701	1,366,250	141,451
RECEIPTS OVER (UNDER) DISBURSEMENTS	(135,510)	65,415	200,925	(155,293)	(4,140)	151,153
CASH, JANUARY 1	177,305	177,305	0	181,445	181,445	0
CASH, DECEMBER 31	41,795	242,720	200,925	26,152	177,305	151,153

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	196,127	201,329	5,202	196,300	195,504	(796)
Sales taxes	87,000	86,348	(652)	83,500	86,903	3,403
Intergovernmental	1,395,971	1,132,551	(263,420)	1,059,940	965,908	(94,032)
Interest	10,864	13,804	2,940	6,600	8,864	2,264
Other	28,256	49,860	21,604	21,925	28,568	6,643
Total Receipts	1,718,218	1,483,892	(234,326)	1,368,265	1,285,747	(82,518)
<b>DISBURSEMENTS</b>						
Salaries	315,000	286,930	28,070	292,420	290,845	1,575
Employee fringe benefit	127,160	106,611	20,549	128,400	101,752	26,648
Supplies	93,110	82,577	10,533	81,560	83,892	(2,332)
Insurance	30,000	29,184	816	26,000	28,045	(2,045)
Road and bridge materials	295,500	244,562	50,938	276,000	279,591	(3,591)
Equipment repairs	30,000	26,939	3,061	30,000	27,984	2,016
Equipment purchases	180,000	150,448	29,552	185,000	125,719	59,281
Construction, repair, and maintenance	3,000	823	2,177	2,150	1,046	1,104
Bridge projects	854,962	600,683	254,279	539,000	388,161	150,839
Transfers out	51,981	51,981	0	51,578	51,578	0
Emergency Fund	40,000	0	40,000	45,000	0	45,000
Total Disbursements	2,020,713	1,580,738	439,975	1,657,108	1,378,613	278,495
RECEIPTS OVER (UNDER) DISBURSEMENTS	(302,495)	(96,846)	205,649	(288,843)	(92,866)	195,977
CASH, JANUARY 1	408,413	408,413	0	501,279	501,279	0
CASH, DECEMBER 31	105,918	311,567	205,649	212,436	408,413	195,977
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	125,600	124,300	(1,300)	104,000	105,103	1,103
Interest	800	765	(35)	540	208	(332)
Other	1,226	1,574	348	1,255	716	(539)
Transfers in	3,000	5,100	2,100	16,000	11,000	(5,000)
Total Receipts	130,626	131,739	1,113	121,795	117,027	(4,768)
<b>DISBURSEMENTS</b>						
Assessor	128,295	122,249	6,046	121,804	115,212	6,592
Total Disbursements	128,295	122,249	6,046	121,804	115,212	6,592
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,331	9,490	7,159	(9)	1,815	1,824
CASH, JANUARY 1	2,886	2,886	0	1,071	1,071	0
CASH, DECEMBER 31	5,217	12,376	7,159	1,062	2,886	1,824

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,450	1,185	(265)	1,250	1,303	53
Charges for service:	2,900	3,234	334	2,300	2,864	564
Interest	45	98	53	40	45	5
Other	0	0	0	0	150	150
Total Receipts	4,395	4,517	122	3,590	4,362	772
<b>DISBURSEMENTS</b>						
Sheriff	4,347	4,248	99	5,700	3,548	2,152
Total Disbursements	4,347	4,248	99	5,700	3,548	2,152
RECEIPTS OVER (UNDER) DISBURSEMENTS	48	269	221	(2,110)	814	2,924
CASH, JANUARY 1	3,562	3,562	0	2,748	2,748	0
CASH, DECEMBER 31	3,610	3,831	221	638	3,562	2,924
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	700	811	111	600	713	113
Interest	4	17	13	3	4	1
Total Receipts	704	828	124	603	717	114
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	700	588	112	700	841	(141)
Total Disbursements	700	588	112	700	841	(141)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4	240	236	(97)	(124)	(27)
CASH, JANUARY 1	104	104	0	228	228	0
CASH, DECEMBER 31	108	344	236	131	104	(27)
<b><u>MARK TWAIN RESERVOIR FUND</u></b>						
<b>RECEIPTS</b>						
Interest	4,555	13,845	9,290	0	9,782	9,782
Other	150,771	0	(150,771)	0	0	0
Transfers in	25,000	25,000	0	25,000	25,000	0
Total Receipts	180,326	38,845	(141,481)	25,000	34,782	9,782
<b>DISBURSEMENTS</b>						
Equipment	25,000	22,540	2,460	25,000	26,507	(1,507)
Road projects	5,000	0	5,000	25,000	2,723	22,277
Other	188,464	0	188,464	6,000	0	6,000
Total Disbursements	218,464	22,540	195,924	56,000	29,230	26,770
RECEIPTS OVER (UNDER) DISBURSEMENTS	(38,138)	16,305	54,443	(31,000)	5,552	36,552
CASH, JANUARY 1	596,567	596,567	0	591,015	591,015	0
CASH, DECEMBER 31	558,429	612,872	54,443	560,015	596,567	36,552

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECORDERS FUND</b>						
<b>RECEIPTS</b>						
Charges for services:	9,100	8,287	(813)	9,000	9,062	62
Interest	250	573	323	130	256	126
Total Receipts	9,350	8,860	(490)	9,130	9,318	188
<b>DISBURSEMENTS</b>						
Recorder of Deeds	6,850	6,716	134	10,000	8,557	1,443
Total Disbursements	6,850	6,716	134	10,000	8,557	1,443
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,500	2,144	(356)	(870)	761	1,631
CASH, JANUARY 1	11,990	11,990	0	11,229	11,229	0
CASH, DECEMBER 31	14,490	14,134	(356)	10,359	11,990	1,631
<b>PLEASANT VIEW ECONOMIC DEVELOPMENT FUND</b>						
<b>RECEIPTS</b>						
Interest	550	619	69	500	552	52
Other	2,552	11,052	8,500	40,052	16,451	(23,601)
Transfer in	17,500	0	(17,500)	23,000	23,000	0
Total Receipts	20,602	11,671	(8,931)	63,552	40,003	(23,549)
<b>DISBURSEMENTS</b>						
Land purchase	0	0	0	70,000	75,174	(5,174)
Other	36,000	18	35,982	8,000	1,762	6,238
Total Disbursements	36,000	18	35,982	78,000	76,936	1,064
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,398)	11,653	27,051	(14,448)	(36,933)	(22,485)
CASH, JANUARY 1	15,988	15,988	0	52,921	52,921	0
CASH, DECEMBER 31	590	27,641	27,051	38,473	15,988	(22,485)
<b>DOMESTIC VIOLENCE FUND</b>						
<b>RECEIPTS</b>						
Charges for services:	325	284	(41)	325	279	(46)
Interest	2	4	2	2	2	0
Total Receipts	327	288	(39)	327	281	(46)
<b>DISBURSEMENTS</b>						
Domestic violence shelter	325	0	325	327	276	51
Total Disbursements	325	0	325	327	276	51
RECEIPTS OVER (UNDER) DISBURSEMENTS	2	288	286	0	5	5
CASH, JANUARY 1	5	5	0	0	0	0
CASH, DECEMBER 31	7	293	286	0	5	5

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION MACHINE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	3,000	1,500	(1,500)	4,800	7,500	2,700
Interest	200	459	259	140	202	62
Total Receipts	<u>3,200</u>	<u>1,959</u>	<u>(1,241)</u>	<u>4,940</u>	<u>7,702</u>	<u>2,762</u>
<b>DISBURSEMENTS</b>						
Equipment rental	10,400	2,000	8,400	6,000	3,000	3,000
Total Disbursements	<u>10,400</u>	<u>2,000</u>	<u>8,400</u>	<u>6,000</u>	<u>3,000</u>	<u>3,000</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,200)	(41)	7,159	(1,060)	4,702	5,762
CASH, JANUARY 1	16,081	16,081	0	11,379	11,379	0
CASH, DECEMBER 31	<u>8,881</u>	<u>16,040</u>	<u>7,159</u>	<u>10,319</u>	<u>16,081</u>	<u>5,762</u>
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	22,000	17,158	(4,842)	21,000	21,576	576
Interest	40	300	260	100	82	(18)
Total Receipts	<u>22,040</u>	<u>17,458</u>	<u>(4,582)</u>	<u>21,100</u>	<u>21,658</u>	<u>558</u>
<b>DISBURSEMENTS</b>						
Sheriff	18,836	13,515	5,321	21,700	16,866	4,834
Total Disbursements	<u>18,836</u>	<u>13,515</u>	<u>5,321</u>	<u>21,700</u>	<u>16,866</u>	<u>4,834</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,204	3,943	739	(600)	4,792	5,392
CASH, JANUARY 1	12,184	12,184	0	7,392	7,392	0
CASH, DECEMBER 31	<u>15,388</u>	<u>16,127</u>	<u>739</u>	<u>6,792</u>	<u>12,184</u>	<u>5,392</u>
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	2,000	2,819	819	2,600	1,978	(622)
Interest	250	419	169	275	254	(21)
Total Receipts	<u>2,250</u>	<u>3,238</u>	<u>988</u>	<u>2,875</u>	<u>2,232</u>	<u>(643)</u>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	2,500	4,699	(2,199)	2,000	1,393	607
Transfers out	2,500	0	2,500	2,500	2,500	0
Total Disbursements	<u>5,000</u>	<u>4,699</u>	<u>301</u>	<u>4,500</u>	<u>3,893</u>	<u>607</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,750)	(1,461)	1,289	(1,625)	(1,661)	(36)
CASH, JANUARY 1	12,321	12,321	0	13,982	13,982	0
CASH, DECEMBER 31	<u>9,571</u>	<u>10,860</u>	<u>1,289</u>	<u>12,357</u>	<u>12,321</u>	<u>(36)</u>

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	900	858	(42)	4,400	3,701	(699)
Interest	29	48	19	0	29	29
Other	0	0	0	0	75	75
Total Receipts	929	906	(23)	4,400	3,805	(595)
<b>DISBURSEMENTS</b>						
Education	2,000	2,164	(164)	1,500	1,248	252
Equipment	1,000	0	1,000	2,000	0	2,000
Training	0	0	0	2,000	1,401	599
Total Disbursements	3,000	2,164	836	5,500	2,649	2,851
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,071)	(1,258)	813	(1,100)	1,156	2,256
CASH, JANUARY 1	2,423	2,423	0	1,267	1,267	0
CASH, DECEMBER 31	352	1,165	813	167	2,423	2,256
<b><u>PROSECUTING ATTORNEY DELINQUENT</u></b>						
<b><u>SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	2,140	1,146	(994)	300	2,145	1,845
Interest	40	89	49	30	39	9
Total Receipts	2,180	1,235	(945)	330	2,184	1,854
<b>DISBURSEMENTS</b>						
Transfers out	2,000	1,112	888	1,000	81	919
Total Disbursements	2,000	1,112	888	1,000	81	919
RECEIPTS OVER (UNDER) DISBURSEMENTS	180	123	(57)	(670)	2,103	2,773
CASH, JANUARY 1	3,538	3,538	0	1,435	1,435	0
CASH, DECEMBER 31	3,718	3,661	(57)	765	3,538	2,773
<b><u>LOCAL EMERGENCY PLANNING</u></b>						
<b><u>COMMISSION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	2,000	6,141	4,141	4,087	2,427	(1,660)
Interest	100	415	315	90	153	63
Other	0	0	0	0	250	250
Total Receipts	2,100	6,556	4,456	4,177	2,830	(1,347)
<b>DISBURSEMENTS</b>						
Travel and meals	1,500	0	1,500	1,500	350	1,150
Training	1,500	305	1,195	1,500	763	737
Office expense	800	146	654	800	146	654
Computer equipment	2,500	0	2,500	2,500	1,201	1,299
Resource materials	500	0	500	500	0	500
Total Disbursements	6,800	451	6,349	6,800	2,460	4,340
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,700)	6,105	10,805	(2,623)	370	2,993
CASH, JANUARY 1	11,769	11,769	0	11,399	11,399	0
CASH, DECEMBER 31	7,069	17,874	10,805	8,776	11,769	2,993

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>COLLECTORS TAX MAINTENANCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	8,400	10,000	1,600	8,000	8,741	741
Interest	100	396	296	48	104	56
Total Receipts	<u>8,500</u>	<u>10,396</u>	<u>1,896</u>	<u>8,048</u>	<u>8,845</u>	<u>797</u>
<b>DISBURSEMENTS</b>						
County Collector	9,000	7,166	1,834	7,950	7,958	(8)
Total Disbursements	<u>9,000</u>	<u>7,166</u>	<u>1,834</u>	<u>7,950</u>	<u>7,958</u>	<u>(8)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	3,230	3,730	98	887	789
CASH, JANUARY 1	5,119	5,119	0	4,232	4,232	0
CASH, DECEMBER 31	<u>4,619</u>	<u>8,349</u>	<u>3,730</u>	<u>4,330</u>	<u>5,119</u>	<u>789</u>
<b><u>ELECTION IMPROVEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Interest	100	162	62			
Total Receipts	<u>100</u>	<u>162</u>	<u>62</u>			
<b>DISBURSEMENTS</b>						
Equipment	15,100	15,000	100			
Total Disbursements	<u>15,100</u>	<u>15,000</u>	<u>100</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,000)	(14,838)	162			
CASH, JANUARY 1	15,046	15,046	0			
CASH, DECEMBER 31	<u>46</u>	<u>208</u>	<u>162</u>			
<b><u>COUNTY LAW ENFORCEMENT RESTITUTION FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	0	7,810	7,810			
Interest	0	69	69			
Other	2,500	0	(2,500)			
Total Receipts	<u>2,500</u>	<u>7,879</u>	<u>5,379</u>			
<b>DISBURSEMENTS</b>						
Equipment	1,000	0	1,000			
Total Disbursements	<u>1,000</u>	<u>0</u>	<u>1,000</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,500	7,879	6,379			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	<u>1,500</u>	<u>7,879</u>	<u>6,379</u>			

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>HANDICAPPED BOARD FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	0	86,544	86,544	91,500	85,633	(5,867)
Interest	0	85	85	235	76	(159)
Other	0	425	425	0	146	146
Total Receipts	0	87,054	87,054	91,735	85,855	(5,880)
<b>DISBURSEMENTS</b>						
Salaries	6,240	6,571	(331)	5,921	5,069	852
Office expense	875	622	253	781	824	(43)
Equipment	100	0	100	100	0	100
Mileage and training	500	1,011	(511)	2,100	694	1,406
Sheltered workshop	46,000	47,509	(1,509)	24,000	57,000	(33,000)
Other	37,950	35,135	2,815	57,850	33,428	24,422
Total Disbursements	91,665	90,848	817	90,752	97,015	(6,263)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(91,665)	(3,794)	87,871	983	(11,160)	(12,143)
CASH, JANUARY 1	0	14,443	14,443	0	25,603	25,603
CASH, DECEMBER 31	(91,665)	10,649	102,314	983	14,443	13,460
<b><u>ENHANCED 911 FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	194,400	190,788	(3,612)	194,300	175,894	(18,406)
Interest	800	262	(538)	1,000	776	(224)
Phone tax	81,000	90,791	9,791	84,000	82,245	(1,755)
Other	0	1,696	1,696	0	701	701
Total Receipts	276,200	283,537	7,337	279,300	259,616	(19,684)
<b>DISBURSEMENTS</b>						
Salaries	186,765	213,715	(26,950)	187,600	209,578	(21,978)
Employee fringe benefit	23,000	28,237	(5,237)	23,000	27,068	(4,068)
Contracted service:	1,500	0	1,500	1,500	0	1,500
Office expense:	50,535	57,869	(7,334)	49,700	50,545	(845)
Equipment	8,500	5,532	2,968	8,500	7,921	579
Mileage and training	5,400	4,214	1,186	5,400	12,641	(7,241)
Total Disbursements	275,700	309,567	(33,867)	275,700	307,753	(32,053)
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	(26,030)	(26,530)	3,600	(48,137)	(51,737)
CASH, JANUARY 1	0	33,566	33,566	0	81,703	81,703
CASH, DECEMBER 31	500	7,536	7,036	3,600	33,566	29,966
<b><u>ASSOCIATE JUDGE INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	400	449	49	250	366	116
Total Receipts	400	449	49	250	366	116
<b>DISBURSEMENTS</b>						
Associate Circuit Court	400	0	400	3,000	0	3,000
Total Disbursements	400	0	400	3,000	0	3,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	449	449	(2,750)	366	3,116
CASH, JANUARY 1	3,618	3,618	0	3,252	3,252	0
CASH, DECEMBER 31	3,618	4,067	449	502	3,618	3,116

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	1,275	1,482	207	450	924	474
Total Receipts	<u>1,275</u>	<u>1,482</u>	<u>207</u>	<u>450</u>	<u>924</u>	<u>474</u>
<b>DISBURSEMENTS</b>						
Circuit Clerk	2,000	2,178	(178)	1,600	290	1,310
Total Disbursements	<u>2,000</u>	<u>2,178</u>	<u>(178)</u>	<u>1,600</u>	<u>290</u>	<u>1,310</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(725)	(696)	29	(1,150)	634	1,784
CASH, JANUARY 1	2,093	2,093	0	1,459	1,459	0
CASH, DECEMBER 31	<u>\$ 1,368</u>	<u>1,397</u>	<u>29</u>	<u>309</u>	<u>2,093</u>	<u>1,784</u>

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

Notes to the Financial Statements

MONROE 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 Monroe 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 Handicapped Board, or the Enhanced 911 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 DARE Program Fund for the years ended December 31, 2005 and 2004, and the Election Improvement Fund for the year ended December 31, 2004.

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest	2005
Enhanced 911	2005 and 2004
Prosecuting Attorney Training	2004
Collectors Tax Maintenance	2004
Handicapped Board	2004

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Handicapped Board Fund for the year ended December 31, 2005.

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 did not include the DARE Program Fund for the years ended December 31, 2005 and 2004. In addition, the Handicapped Board and Enhanced 911 Board published their financial statements separately from the county's statements; however, the Handicapped Board did not publish a financial statement for the year ended December 31, 2004.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depositary bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depositary bank fails, Monroe County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not insured by the FDIC are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2005, \$1,451,414 was exposed to custodial credit risk because that amount was uncollateralized.

The county's deposits at December 31, 2004, were not exposed to custodial credit risk because they were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Enhanced 911 Board's and the Handicapped Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depositary insurance.

### Investments

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. At December 31, 2005 and 2004, the county had no such investments. 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.

### 3. Property Taxes

Through December 31, 2005, Monroe County collected \$135,550 in excess property taxes. Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Monroe County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

### 4. Prior Period Adjustments

The cash balances of the following funds at January 1, 2004, were not previously reported but have been added:

<u>Fund</u>	<u>Amount</u>
Recorders	\$11,229
Prosecuting Attorney Bad Check	13,982
Collectors Tax Maintenance	4,232
Handicapped Board	25,603
Enhanced 911	81,703
Associate Judge Interest	3,252
Circuit Clerk Interest	1,459
DARE Program	150

Supplementary Schedule

Schedule

MONROE 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,	
			2005	2004
<b>U. S. DEPARTMENT OF AGRICULTURE</b>				
Passed through state Department of Health and Senior Services				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS045-4169	0	28,292
		ERS045-5169	23,946	0
	Program Total		<u>23,946</u>	<u>28,292</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Passed through:				
State Department of Public Safety				
16.554	National Criminal History Improvement Program	N/A	3,364	0
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	837	387
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO 069(23)	227,998	9,400
		BRO 069(24)	2,391	92,638
		BRO 069(25)	31,198	171,445
		BRO 069(26)	172,283	24,571
		BRO 069(27)	13,627	0
		BRO 069(28)	22,559	0
	Program Total		<u>470,056</u>	<u>298,054</u>
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	3,788	2,426
<b>GENERAL SERVICES ADMINISTRATION</b>				
Passed through state				
Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	308	422
Office of Secretary of State				
39.011	Election Reform Payment	SC231-S5EL0000192	15,000	1,328
<b>ELECTION ASSISTANCE COMMISSION</b>				
Passed through state Office of Secretary of State				
90.401	Help America Vote Act Requirements Payment	SC-231-S5EL0000419	5,527	0

Schedule

MONROE 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,	
			2005	2004
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state Department of Health and Senior Services				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-5469L	1,000	0
93.268	Immunization Grants	N/A	32,569	33,895
93.283	Centers for Disease Control and Preventions - Investigations and Technical Assistance	ERS161	4,363	8,076
93.575	Child Care and Development Block Grant	PGA067-4169C PGA067-5169C	0 1,000	958 0
	Program Total		1,000	958
93.994	Maternal and Child Health Services Block Grant to the State	ERS146-4169M	17,488	14,870
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through State Department of Public Safety				
97.004	State Domestic Preparedness Equipment Support Program	2004-GE-T4-0049	24,300	0
97.051	State and Local All Hazards Emergency Operations Planning	N/A	0	5,700
	Total Expenditures of Federal Award:		\$ 603,546	394,408

N/A - Not applicable

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

Notes to the Supplementary Schedule

MONROE 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 Monroe 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 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 Maternal and Child Health Services Block Grant to the States (CFDA number 93.944) 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, 2005 and 2004.

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 Monroe County, Missouri

Compliance

We have audited the compliance of Monroe 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 its major federal program for the years ended December 31, 2005 and 2004. The county's major federal program is 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 its major federal program 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, Monroe County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2005 and 2004. 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 05-2.

#### Internal Control Over Compliance

The management of Monroe 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 05-2.

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 Monroe 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

June 29, 2006 (fieldwork completion date)

Schedule

MONROE COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2005 AND 2004

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified?   x   yes        no
- Reportable conditions identified that are not considered to be a material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements noted?   x   yes        no

Federal Awards

Internal control over major program:

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

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

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

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

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

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes      x   no

**Section II - Financial Statement Findings**

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

**05-1. County Sales Tax**

The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the Monroe County voters under the provisions of Section 67.505, RSMo.

Following are the calculations used in determining excess property tax revenues collected for the two years ended December 31, 2005:

		<u>Year Ended December 31,</u>	
		<u>2005</u>	<u>2004</u>
Actual sales tax revenues	\$	259,044	260,713
Required percentage of revenue reduction	X	<u>50%</u>	<u>50%</u>
Required property tax revenue reduction		<u>129,522</u>	<u>130,357</u>
Assessed Valuation		104,470,907	98,142,124
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X	<u>0.0836</u>	<u>0.0836</u>
Actual property tax revenue reduction		<u>87,338</u>	<u>82,047</u>
Excess property tax revenues collected		42,184	48,310
Excess property tax revenues collections from prior years		<u>93,366</u>	<u>45,056</u>
Excess at December 31,	\$	<u>135,550</u>	<u>93,366</u>

For 2004 and 2005, the county set the property tax rate without calculating the required rollback. The county has not adopted adequate procedures to monitor or assess the results of the actual tax rollbacks, and has not adequately considered the excess tax collections from prior years when computing the current year's rollback. As a result, property tax collections were not sufficiently offset by 50 percent of sales taxes collected, resulting in excess collections of approximately \$135,550 at December 31, 2005. The county set its 2006 property tax rate at \$.25 per \$100 assessed valuation, and has estimated that the 2006 rollback will reduce this excess by only approximately \$4,000. However, to fully offset the

prior year's excess collections, the 2006 rate should have been set at approximately \$.13 per \$100 assessed valuation. Although the county was aware of the excess tax collections from prior years when it set the 2006 tax rate, the county has apparently chosen not to significantly reduce the excess at this time. The county needs to consider the entire amount of this excess in collections when computing future property tax rollbacks.

**WE RECOMMEND** the County Commission reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reduction for excess property taxes collected in 2006 and prior years.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We will closely monitor this and reduce the excess over a period of time. For 2006, we did not have sufficient resources to fully reduce the excess.*

**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.

<b>05-2.</b>	<b>Schedule of Expenditures of Federal Awards</b>
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-069
Award Years:	2005 and 2004
Questioned Costs:	N/A

The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions. Total federal expenditures were overstated by \$309,700 and understated by \$2,870 for the years ended December 31, 2005 and 2004, respectively.

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

Expenditures relating to several federal grants were reported incorrectly or not included on the schedule. The most significant error occurred in 2005 when the County Clerk incorrectly

reported \$328,600 as federal expenditures for the Highway Planning and Construction program; however, this amount represented county matching funds. Other smaller errors were noted on various programs, including programs administered by the health center. The audited SEFA was adjusted to correct these errors. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

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

**WE RECOMMEND** the County Commission and County Clerk work to ensure the SEFA is complete and accurate.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We agree and will discuss this with the new county clerk who will take office on January 1, 2007.*

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

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

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Monroe County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2003.

03-1. Budgetary Practices

- A. The County Clerk included the purchase and redemption of certificates of deposit in receipts and disbursements in one county fund on the budget documents. Transfers between the checking accounts and the money market accounts were also shown as receipts in some county funds.
- B. The County Clerk did not properly use the correct receipt classification for some receipts in various county funds on the budget documents.

Recommendation:

The County Clerk:

- A. Discontinue the practice of including the purchase and redemption of certificates of deposit or the transfers between the money market accounts and the checking accounts in receipts and disbursements within the various funds on the budget documents.
- B. Properly classify receipts from the state as intergovernmental receipts and fees from officials as charges for services on the budget documents. The County Clerk should also ensure that all other receipts are properly classified on the budget documents.

Status:

A&B. Not implemented. See Management Advisory Report finding number 3.

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

MONROE 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, 2003, 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

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

We have audited the financial statements of various funds of Monroe County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 29, 2006. We also have audited the compliance of Monroe 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 its major federal program for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 29, 2006.

Because the Monroe County Health Center is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. 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 and the county board 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 Monroe County or of its compliance with the types of compliance requirements applicable to its major federal program 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*.

<b>1. County Expenditures</b>
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Professional appraisals were not obtained prior to real estate purchases, and the county does not have policies regarding cellular phones.

- A. On July 16, 2004, the county paid \$71,700 for the purchase of land in Monroe City for an economic development project which will be used for manufacturing plants, and on May 6, 2005, the county paid \$2,800 for the purchase of land next to the road and bridge garage to be used for parking for machinery. Independent appraisals were not obtained prior to these real estate purchases. The County Commission indicated they had compared prices of land in the area and believed that they received the best deal; however, these comparisons were not documented.

The land purchased in Monroe City was classified as agricultural land prior to the county's purchase, and the County Assessor's appraised value was significantly less than the amount paid by the county. County officials indicated that for property tax and assessment purposes, laws and regulations generally require that agricultural land be appraised much lower than its actual market value. Due to this change in the use of the land that was purchased, it would appear even more important to obtain an independent appraisal to ensure the purchase price closely represented the fair market value of the property.

Good business practice requires that major real estate purchases be formally and independently appraised to ensure a reasonable price is paid, and that discussions and reasons supporting the eventual purchase are documented.

- B. The county does not have formal policies regarding use of county cellular phones or monthly allowance payments to officials for use of their personal cellular phones for county business. In addition, the county has not evaluated the cost of providing county-owned cellular phones compared to reimbursing certain county officials for their personal phones. The county spent approximately \$4,400 for cellular phone usage in 2005.

The county provides cell phones to some officials and employees, pays one vendor directly for the use of an employee's personal cell phone, and reimburses some officials for the use of their personal cell phones. Billing details are not required for reimbursement to the applicable officials for the use of their personal cell phones,

and documentation is limited to the front page of the phone bill and provides no detail of the actual usage. Although one county official (County Assessor) reimburses the county for personal usage of his county-provided cell phone, the county does not review the bills for personal usage for the county-provided cell phones or for the personal cell phone bill which is paid directly to the vendor. In addition, the county has not reviewed the various methods of paying for cell phone service (county-provided phones vs. reimbursing for usage of personal phones) to determine which alternatives are the most cost efficient.

To ensure cellular phone expenditures are reasonable, the county should review the various methods of providing cell phone service and ensure the most cost-efficient methods are used. It would appear that using one vendor for all county cell phone service may reduce the overall costs to the county.

In addition, the county needs to adopt a written phone use policy. This policy should provide criteria for determining which employees need a cell phone, proper use of county phones (cellular or courthouse), and a reimbursement policy if the county commission authorizes personal use of a phone. In addition, effective review procedures should be implemented to monitor county phone usage and review detailed billings for propriety prior to approval for payment.

**WE RECOMMEND** the County Commission:

- A. Ensure independent appraisals are obtained for all future real estate purchases.
- B. Review the various methods of providing cell phone service to county officials and employees to ensure the most cost-efficient method is used. In addition, the County Commission should work with the other officials and departments to develop formal policies and procedures for phone usage and review detailed billings for propriety.

**AUDITEE'S RESPONSE**

- A. *In regard to the land purchase in Monroe City, we investigated numerous parcels of suitable available land and then compared price, zoning considerations, access to utilities and ease of ingress and regress to public roadways for larger trucks. After looking at all those considerations, we believe that the best possible location at the best possible price was chosen. In the future, we will obtain independent appraisals to substantiate the purchase price of any land purchases.*
- B. *We will develop a cell phone usage policy and review alternatives to ensure we are using the most cost effective method.*

Time sheets prepared by county employees do not always indicate actual hours worked and the county's written personnel policy is not being followed when determining overtime and compensatory time. In addition, centralized leave records are not always correct, and the Sheriff's department may not be complying with the Fair Labor Standards Act (FLSA).

- A. Time sheets prepared by county employees include estimated hours worked instead of actual hours worked for the last day of the pay period. The county's policy is to pay employees on the 15th and the last day of each month. Employees must have time sheets turned into the County Clerk's office one day in advance of the pay date to enable the payroll to be processed. When submitting the time sheets, employees indicate actual hours worked from the beginning of the pay period through the date they are submitting their time sheet and estimate the hours they will work during the last day of the pay period. No documentation was available to indicate that the hours actually worked were compared to the hours estimated. In addition, supervisors are not always documenting approval of employee's timesheets.

The practice of paying county employees for estimated hours may lead to errors, inconsistencies in the calculation of overtime and accumulated leave balances, and the potential for employees to be over/under paid. The County Commission should consider implementing payroll procedures that ensure employees are paid only for actual hours worked. If the county continues to use estimated hours worked for the last day of the pay period, the county should establish procedures to obtain documentation from the employees' supervisors for any differences between estimated and actual time worked, and make any applicable adjustments to the employees' pay or leave records when actual time worked is different from the estimated time worked.

Proper control over payroll requires documentation, such as time sheets prepared and signed by employees and approved by their supervisors, to provide evidence of actual time worked each month. In addition, the FLSA requires accurate records of actual time worked by employees be maintained.

- B. It does not appear that the county is following procedures as stated in the current personnel policy when determining overtime/compensatory time. The county's policy indicates that overtime compensation for time worked in excess of 40 hours within the workweek is computed at the rate of one and one-half times the number of hours worked in excess of 40 hours. In addition, the policy states that, "an employee must meet the 40 hour plus workweek (not simply exceed an 8 hour day) before being eligible for overtime compensation."

Some courthouse employees work a 37.5 hour workweek (7.5 hours per day). Our review noted instances where employees were accruing compensatory time for every

hour of time worked in excess of 7.5 hours per day and where employees were accruing compensatory time for hours worked in excess of 37.5 but less than 40 hours per week.

Adherence to the county's personnel policy regarding overtime/compensatory time is necessary to ensure compliance with the FLSA and to ensure the equitable treatment of all employees. In addition, the FLSA requires employers to keep accurate records of compensatory time earned, taken, or paid.

- C. Employees prepare records of their own leave balances, which are submitted to the County Clerk's office along with the employees' time sheets. The County Clerk prepares leave records for each employee based on the time sheets and leave information submitted by the employees. A comparison of time sheets and leave records prepared by county employees with the leave records maintained by the County Clerk noted discrepancies between the various records. While our review noted instances where it appears the County Clerk discovered and corrected some discrepancies, instances were noted where hours of leave earned and used per the County Clerk's records did not agree to the supporting time sheets. We also noted instances where the accumulated leave balances per the centralized leave records were not mathematically correct as beginning leave balances, plus leave earned, less leave taken, did not always agree to the ending leave balances.

It appears the County Clerk is not adequately comparing time sheets to leave records to ensure leave activity reported on the employee records is accurately posted to the centralized leave records. The activity reflected on employee time sheets and leave records should be carefully reviewed for consistency and mathematical accuracy to ensure that employee leave balances are correct. In addition, because time sheets may include estimated hours, the County Clerk should ensure that all leave activity is based on actual hours worked.

- D. The county's policy for compensating Sheriff's deputies may not be in accordance with the FLSA. The County Commission issued a memo indicating that beginning January 1, 2004, all full-time deputies were to be paid salary only, with no compensatory time or overtime pay. However, the FLSA indicates that overtime or compensatory time is required if more than 171 hours are worked in a 28 day period. It does not appear that the County Commission can circumvent the FLSA requirements by simply issuing such a memo.

Similar conditions were noted in our prior report. Although the County Commission's responses in the prior report indicated agreement with these findings, little corrective action has been taken to implement these recommendations.

**WE AGAIN RECOMMEND** the County Commission:

- A. Develop payroll procedures which require all county employees to be paid based on actual hours worked. In addition, the county should ensure all time sheets are approved and signed by each employee's supervisor.
- B. Ensure the county's personnel policy is followed when determining overtime/compensatory time.
- C. Ensure that employee leave earned, taken, and the accumulated balances are reported accurately, and require the County Clerk to properly maintain centralized annual, sick, and compensatory leave records.
- D. Compute overtime and compensatory time for law enforcement personnel based on 171 hours over a 28-day period as established in the FLSA.

**AUDITEE'S RESPONSE**

- A. *We will implement this recommendation and make applicable changes to our personnel policies.*
- B. *We agree, and employees will not be allowed to earn compensatory or overtime time until after they have worked 40 hours in a week.*
- C. *We agree and will try to do a better job of ensuring accurate records are maintained.*
- D. *We have already implemented this recommendation.*

<b>3. Budgets and Collateral Securities</b>
---

Some receipts and disbursements are not properly classified in the county's budgets, and the county did not ensure that sufficient collateral securities were pledged to protect county monies.

- A. The county needs to improve its procedures to ensure the county's budget documents accurately present the financial activities of the county. The county included the purchase and redemption of certificates of deposit as a receipt and disbursement in the Mark Twain Reservoir Fund. In addition, the proper receipt classification was not used for some receipts. For example, some fees from county officials were classified incorrectly as intergovernmental receipts or as other receipts rather than charges for service, and some state revenues were classified as other receipts rather than intergovernmental.

The county did not consistently record transfers between various funds. Some transfers between funds were classified as other receipts or disbursements. In addition, some disbursements classified as transfers out were actually distributions to other political subdivisions.

Adjustments have been made to the audited financial statements to correct these errors. Complete and accurate budgets are necessary to adequately inform the citizens of the county's financial activities.

Similar conditions were noted in prior reports.

- B. The county has not established adequate procedures to monitor collateral securities pledged by its depository banks, and as a result, county funds were not covered by collateral securities at various times during the audit period. The county changed its depository bank during 2005, and applicable county officials did not adequately monitor the collateral securities pledged by the new bank. Collateral securities pledged by the county's depository banks to cover deposits of the County Treasurer and County Collector were insufficient by approximately \$1,450,000 at December 31, 2005 and approximately \$3,300,000 and \$480,000 during January 2006 and 2005, respectively. The high balance periods were primarily due to deposits of property tax monies collected by the County Collector and disbursed to the County Treasurer.

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

**WE RECOMMEND** the County Commission:

- A. Adopt procedures to ensure receipts and disbursements are accurately presented and classified in the budgets.
- B. 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.

**AUDITEE'S RESPONSE**

- A. *We agree and will attempt to implement this in the future.*
- B. *We agree and will discuss this with the County Treasurer and County Collector to ensure the bank pledges sufficient collateral securities.*

Property tax system procedures and controls need improvement. The County Clerk does not prepare or verify the current and back tax books or maintain an account book with the County Collector. Neither the County Clerk or County Commission document that they verify the County Collector's settlements.

- A. The County Clerk does not prepare or verify the accuracy of the current or back tax books for real and personal property. The County Collector enters the tax rates, which are obtained from the County Clerk, and extends and prints the current tax books. The County Collector also prepares the back tax books. The County Clerk indicated she reviews individual tax entries on a test basis, but does not maintain documentation of her reviews. Further, the County Clerk does not perform tests to verify the totals of the current and back tax books.

Because the County Collector is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the accuracy of the property tax books.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and back tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, she should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. Failure to do so could result in errors or irregularities going undetected.

- B. Neither the County Commission nor the County Clerk provide an adequate review of the activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

An account book or other records which summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts, should be maintained by the County Clerk. Such records would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

Similar conditions were noted in prior reports.

**WE AGAIN RECOMMEND** the County Clerk:

- A. Prepare the current and back tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
- B. Maintain an account book or other records that summarize property tax system transactions and changes. In addition, the County Clerk and County Commission should monitor property tax system activities and perform a thorough review of the County Collector's annual settlements.

**AUDITTEE'S RESPONSE**

*The County Clerk and County Commission agree and will discuss this with the new county clerk who will take office on January 1, 2007, who will be advised to implement these recommendations.*

<b>5. Public Administrator's Controls and Procedures</b>
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The Public Administrator did not file some annual settlements when due, and annual settlements do not include some checks issued during the reporting period because only checks that have cleared the bank are reported. In addition, the Public Administrator does not properly document the calculation of fees charged to the wards' estates.

The Public Administrator acts as the court-appointed personal representative for wards or decedent estates of the Probate Court. During the two years ended December 31, 2005, the Public Administrator handled approximately 15 cases.

- A. A review of the annual settlements filed by the Public Administrator indicated the following concerns:

- 1) For 5 of the 15 cases handled by the Public Administrator, annual settlements were not prepared and filed during the year ended December 31, 2005. During the first six months of 2006, settlements were filed for 4 of these 5 cases, and the settlement for the remaining case was over 180 days past due. The Probate Judge indicated he monitors the due dates of annual settlements and verbally notifies the Public Administrator.

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.

- 2) The Public Administrator uses a local attorney who uses only bank statements and canceled checks to prepare the annual settlements. As a

result, several checks that had been issued but had not cleared the bank were not included, causing an overstatement of assets and understatement of expenditures.

Timely settlements that include complete and accurate reports of estate transactions and assets are necessary for the court to properly oversee the administration of these cases and lessen the possibility that errors or misuse of funds could go undetected.

- B. The former Public Administrator did not withhold any fees from estates, although state law allows for fees to be withheld and turned over to the county's General Revenue Fund when the Public Administrator receives a salary from the county. In addition, the current Public Administrator and the Probate Judge have not established policies and procedures to ensure fees are consistently charged to estates. The current Public Administrator charges fees which she believes each estate can afford, based on her judgment after considering the income and assets of each estate.

Our review of specific estates noted that fees are not consistently charged to each estate and some estates are charged no fees. No documentation was maintained or provided to the Probate Court to support how the fees were determined. In addition, there is no written policy detailing when a fee should be applied or when a different fee basis should be used to determine the fee charged to an estate.

Without a written policy identifying the types of income subject to fees and a consistent application of fees, there is less assurance that estates are handled equitably or that fees are properly calculated.

Similar conditions were noted in prior reports.

**WE AGAIN RECOMMEND** the Public Administrator:

- A. File annual settlements on a timely basis which include all checks issued during the reporting period.
- B. Work with the Probate Judge to develop written guidelines that identify the process for charging fees on the estates. Written documentation of fee calculations should be prepared and maintained for all annual settlements and submitted to the Probate Judge for approval.

**AUDITEE'S RESPONSE**

- A. *The Public Administrator and Probate Judge concur.*
- B. *The Public Administrator and Probate Judge will establish written guidelines to set rates for charging fees on probate conservator estates within thirty days.*

Accounting duties are not adequately segregated, receipt slips are not issued for monies received, and receipts are not deposited on a timely basis. Checks are issued to disburse restitution monies prior to depositing the restitution monies received. Monthly bank reconciliations are not performed, and a checkbook balance is not maintained. Some monies held in the Prosecuting Attorney's bank account should be identified and disbursed.

The Prosecuting Attorney collects bad check and court-ordered restitution, state delinquent taxes, and bad check fees, much of which is transmitted directly and not deposited into the Prosecuting Attorney's bank account. Deposits into the bank account totaled approximately \$12,000 and \$11,000 for the years ending December 31, 2005 and 2004, respectively.

- A. Cash custody and recordkeeping duties are not adequately segregated. The Prosecuting Attorney's administrative assistant collects monies, records transactions, prepares deposits and transmittals, and makes disbursements. There are no documented reviews of the accounting records performed by the Prosecuting Attorney.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Pre-numbered receipt slips are not issued for any monies received, and deposits are not made on a timely basis. Receipts are normally deposited once the administrative assistant has acquired several checks, and the majority of the receipts consist of restitution checks received from the courts. For example, for nine court-ordered restitution cases that we reviewed, the checks were deposited an average of 24 days after the courts issued the checks.

To adequately account for collections and reduce the risk of loss or misuse of funds, pre-numbered receipt slips should be issued for all monies received immediately upon receipt, and the receipt slip numbers should be accounted for properly. The receipt slips should distinguish between monies that are deposited and monies that are transmitted directly to the victims and/or County Treasurer, such as maintaining a receipts ledger which lists all receipts slips issued and summarizes the amounts deposited and transmitted. In addition, deposits should be made intact and on a timely basis.

- C. Restitution monies which are deposited into the Prosecuting Attorney's bank account are normally disbursed to the victims before the money is deposited. For nine of ten cases reviewed, checks were issued to the victims prior to depositing the related restitution receipts. In many of these instances, the checks also cleared the bank

prior to the deposit. As noted in Part E. below, the bank account currently has some unidentified and unclaimed money, which allows these checks to clear before the bank balance becomes a deficit.

To ensure that sufficient funds are available to cover checks issued, checks should not be issued until the corresponding deposits have been made.

- D. A record of the bank account balance is not recorded (such as a running checkbook balance), and bank reconciliations are not performed each month. To ensure bank activity and accounting records are in agreement, and to detect and correct errors timely, the account balance should be recorded in the accounting records on a current basis, and bank reconciliations should be performed and documented monthly.
- E. Over \$2,300 held in the Prosecuting Attorney's bank account needs to be identified and disbursed. Approximately \$1,640 has not been identified to specific cases, and \$730 has been identified to a specific case but has not been disbursed. The Prosecuting Attorney indicated that records from the prior officeholder were obtained and researched and monies were disposed of on many cases; however, as noted above, some monies have not been identified. The Prosecuting Attorney should continue to attempt to identify and disburse these monies. Any monies which remain unclaimed or unidentified should be disposed of in accordance with state law.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Require pre-numbered receipt slips be issued for all monies received and keep a ledger or log that indicates which receipts are deposited and which receipts are transmitted directly to the victims and/or County Treasurer. In addition, all monies should be deposited intact on a timely basis.
- C. Ensure all restitution monies are deposited prior to disbursing the monies to the victims.
- D. Ensure a current or running account balance is recorded, and perform and document bank reconciliations on a monthly basis.
- E. Continue to attempt to identify and disburse all monies in the bank account and dispose of unidentified and unclaimed monies in accordance with state law.

**AUDITEE'S RESPONSE**

*We will or have implemented these recommendations, except for issuing pre-numbered receipt slips.*

**7.**

**Sheriff's Controls and Procedures**

Receipt slips do not always indicate the method of payment and receipts are not deposited on a timely basis. The Sheriff's office collects various criminal and civil fees, bonds, and gun permits totaling approximately \$40,000 in 2005 and \$47,000 in 2004.

- A. The Sheriff's office receives cash, checks, and money orders; however, the receipt slips do not always indicate the method of payment received. To ensure receipts are handled properly, the method of payment should be indicated on each receipt slip and the composition of receipts should be reconciled to the composition of bank deposits.
- B. Receipts are not deposited on a timely basis. Receipts are deposited approximately six times per month. In one instance, a deposit in August 2005 totaling \$2,817 included receipts of \$1,567 which were held for four days before they were deposited. To adequately safeguard cash receipts and reduce the risk of loss or misuse of funds, receipts should be deposited on a more timely basis, such as daily if significant amounts of cash are collected.

Similar conditions were noted in prior reports.

**WE AGAIN RECOMMEND** the Sheriff:

- A. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- B. Deposit receipts on a timely basis.

**AUDITEE'S RESPONSE**

*We will implement these recommendations. Deposits will be made as soon as money is received and we will make notations as to cash and checks received.*

**8.**

**Handicapped Board**

Some disbursements are not recorded in the period that they are incurred. The budgets do not adequately project the financial condition of the Handicapped Board Fund, actual disbursements exceeded budgeted disbursements, and budgets are not filed with the State Auditor's Office. Financial statements were not always published and sent to the State Auditor's Office as required by state law. In addition, reasons for going into closed session are not documented and minutes of closed meetings are not kept.

- A. Some checks were issued in one reporting period and not recorded on the board's financial statements until the next reporting period. An example of this was a check for \$5,000 was issued on December 21, 2005, that was not recorded on the financial statement until February 15, 2006. To adequately show the financial condition of the board, all disbursements should be recorded in the period that they are incurred.
- B. As noted in a prior report, the board's budget preparation procedures do not ensure that the budget documents reasonably reflect the anticipated financial activity and balances of the Handicapped Board Fund. Neither the actual beginning balances nor the projected ending balances were included in the budgets for the years ended December 31, 2005 and 2004. In addition, the budget for the year ended December 31, 2005 did not include any receipt estimates, resulting in a deficit budget balance being presented for that year.

In addition, the board's budgets are not filed with the State Auditor's Office as required by state law. While the board indicated its budgets are filed with the County Clerk, it appears they were not forwarded to the State Auditor's Office.

To be of maximum assistance to the board and to adequately inform the public, the budgets should accurately reflect the actual beginning balances, receipts, disbursements, and projected ending balances.

- C. Actual disbursements exceeded the budgeted amounts by \$6,263 for the year ended December 31, 2004. Overspending occurred because the board agreed to provide the local sheltered workshop \$25,000 for operating a recycling center. No budget amendments were prepared when the board realized that anticipated actual expenditures would exceed budgeted amounts.

Case law provides strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- D. The board did not publish an annual financial statement for the year ended December 31, 2004, and the published financial statement for the year ended December 31, 2005 was not filed with the State Auditor's Office, as required by Sections 50.800 and 50.810, RSMo. To adequately inform the citizens of the board's financial activities and to comply with state law, the board should publish annual financial statements of the Handicapped Board Fund and file them with the State Auditor's Office.
- E. The board holds closed meeting sessions, and the open session minutes typically will indicate that the meeting is being closed, but the specific reasons to close the meeting

are not documented. In addition, votes or final actions, if any, taken by the board during closed sessions were not documented in the open meeting minutes, and minutes for the closed sessions are not taken. Without minutes of closed sessions, there is no record of the discussions held or support for the decisions made, and less assurance to the public that the various statutory provisions are being followed.

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session and requires minutes be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Finally, votes taken in closed session are required to be disclosed to the public, preferably as part of the open meeting minutes.

**WE RECOMMEND** the Handicapped Board:

- A. Record all disbursements in the period that they are incurred.
- B. Ensure the budgets include actual beginning balances, reasonable estimates of receipts and disbursements, and projected ending balances, and ensure the budgets are filed with the State Auditor's Office.
- C. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's Office.
- D. Publish annual financial statements and file them with the State Auditor's Office in accordance with state law.
- E. Ensure reasons for going into closed session are documented in the open meeting minutes, as well as any votes or final actions taken, and ensure that minutes are taken for closed sessions.

**AUDITEE'S RESPONSE**

*The Handicapped Board agrees and plans to implement these recommendations.*

<b>9. Enhanced 911 Board</b>
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The Enhanced 911 Fund is experiencing a declining financial condition. In addition, budgets do not include the projected ending fund balance, are not filed with the State Auditor's Office, and actual disbursements exceeded the budgeted amounts. An employee received payroll advances which appear to violate state law. Some purchases did not appear to be a prudent or necessary use of the Enhanced 911 funds. Open meeting minutes do not always

document the specific reasons for going into closed session, and the reasons for entering into closed session are not allowed by the Sunshine Law.

- A. The Enhanced 911 Fund is experiencing a declining financial condition. The following chart shows the Enhanced 911 Fund receipts, disbursements and cash balances for the two years ended December 31, 2005:

	2005	2004
Beginning balance, January 1	\$ 33,566	81,703
Receipts	283,537	259,616
Disbursements	(309,567)	(307,753)
Ending balance, December 31	\$ 7,536	33,566

As shown in the above table, the financial condition of the Enhanced 911 Fund has declined significantly since 2003. The 2006 budget indicates that disbursements will exceed receipts by \$5,400. While receipts have increased over the past few years, the increase in receipts has not kept pace with the increase in operating costs.

In addition, actual disbursements exceeded budgeted disbursements by \$33,867 and \$32,053 for the years ended December 31, 2005 and 2004, respectively. The majority of the budget overspending is due to actual salary payments exceeding the budgeted amounts.

The board also has some outstanding liabilities at December 31, 2005, including a lease/purchase balance of \$25,400 for computer equipment and \$11,252 for past due phone service charges. Cash flow problems resulted in bank overdraft fees of \$50 in November 2005. In an effort to increase revenues and improve the financial condition, the board placed a ¾-cent sales tax on the November 2005 ballot which would replace the phone tax that is currently collected to help fund the 911 system; however, this measure was not approved by the county voters.

Enhanced 911 Board is facing serious financial problems and, as a result, it is essential that the board address the situation both in the immediate and long-term future. Discretionary disbursements should be reviewed and options for maximizing revenues pursued.

- B. The board's budget preparation procedures do not ensure that the budget documents reasonably reflect the anticipated balances of the Enhanced 911 Fund. Neither the actual beginning balances nor the projected ending balances were included in the budgets for the years ended December 31, 2005 and 2004.

In addition, the board's budgets are not filed with the State Auditor's Office as required by state law. The board does not file its budgets with the County Clerk, who is responsible for filing the county budgets with the State Auditor's Office.

To be of maximum assistance to the board and to adequately inform the public, the budgets should accurately reflect the actual beginning balances and projected ending balances.

- C. As noted in Part A above, actual disbursements exceeded the budgeted amounts by \$33,867 and \$32,053 for the years ended December 31, 2005 and 2004, respectively. The overspending occurred mainly due to salary expenses being higher than anticipated. While the board receives monthly comparisons of budget and actual disbursements, the board did not prepare budget amendments when it was apparent that the actual disbursements would exceed the budgeted amounts.

Case law provides strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- D. Receipts are not recorded until they are deposited, and a current record of the Enhanced 911 Fund's cash balance is not maintained (such as a running checkbook balance). The board maintains one checking account for the deposit of all funds, and while monthly bank reconciliations are prepared on the back of the bank statements, the reconciled bank balance cannot be agreed to the accounting records because no other record is maintained of the cash balance. To ensure bank activity and accounting records are in agreement, and to detect and correct errors timely, receipts should be recorded immediately upon receipt, and the cash balance should be recorded in the accounting records on a current basis and agreed to the monthly bank reconciliations.
- E. A 911 dispatch employee was provided payroll advances of approximately \$1,400 in net pay in August 2005. The 911 coordinator indicated that employees are sometimes paid wages in advance when there are extenuating circumstances.

This payment appears to violate Article VI, Section 23 of the Missouri Constitution which prohibits any political subdivision of the state from granting or lending money to an individual. In addition, it is not prudent for a board to compensate employees in advance. Doing so could result in the board paying an individual for services not performed.

- F. In 2004 and 2005, the board spent a total of \$1,389 for mood pens and pencils, lollipops, and pocket calendars, which were given away at educational programs at elementary schools and high school job fairs. These disbursements do not appear necessary for the operation of the 911 system. Considering the declining financial condition noted above, the board has a fiduciary responsibility to ensure all disbursements are a prudent use of public funds and are necessary for 911 operations.

- G. The minutes of open board meetings do not document the specific reasons for closing the meeting. In addition, there was no documentation in the closed meeting minutes to indicate how some items discussed in closed session are allowed by the Sunshine Law. For example, in one closed meeting the board discussed the dispatcher dress code and an evaluation of the dispatch center.

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions.

Conditions similar to Parts C, D, and E.1 were noted in a prior report.

**WE RECOMMEND** the Enhanced 911 Board:

- A. Consider alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the Enhanced 911 Fund.
- B. Ensure the budgets include beginning actual and projected ending balances, and ensure the budgets are filed with the State Auditor's Office.
- C. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's Office.
- D. Ensure receipts are recorded immediately upon receipt and a current or running cash balance is recorded in the accounting records.
- E. Discontinue the practice of making payroll advances to employees.
- F. Ensure that all expenditures are a prudent use of taxpayer monies.
- G. Ensure meeting minutes document the reasons for going into closed session and only allowable specified subjects are discussed in closed session.

**AUDITEE'S RESPONSE**

- A. *The Board is addressing income issues and will work toward balancing the budget through increasing budgeted income items from participating agencies.*
- B. *The Board will include actual beginning and estimated ending balances and will send the budget directly to the State Auditor's Office.*
- C. *The Board will refrain from having disbursements exceed budgeted amounts and will amend the budget if this occurs.*
- D. *A check receipt log has been implemented as of July 31, 2006, and the bookkeeper will keep a running checkbook balance.*
- E. *Payroll advances will not be allowed.*
- F. *The Board will ensure that all expenditures are a prudent use of taxpayer monies.*
- G. *The Board will document in meeting minutes the reasons for closed sessions and only those topics will be discussed.*

## Follow-Up on Prior Audit Findings

MONROE 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 Monroe County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001. 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. Budgetary Practices

Actual disbursements exceeded budgeted amounts for various funds.

Recommendation:

The County Commission and other applicable officials should refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.

Status:

Partially implemented. Disbursements exceeded budgeted amounts for some funds controlled by certain elected officials during 2004 and 2005; however, these amounts were not significant. Although not repeated in the current report, our recommendation remains as stated above.

2. County Expenditures

- A. The county did not maintain adequate records of the number of meals provided to prisoners at the county jail, and did not reconcile prisoner log records to vendor invoices for the number of meals provided.
- B. Credit card purchases made by the Sheriff were not always supported by adequate documentation, were not always paid in a timely manner, and included some personal items not related to county business (although these costs were reimbursed to the county).
- C. Documentation was not sufficient for selecting a higher bid over the lowest bid for some purchases.

Recommendation:

The County Commission:

- A. Ensure the vendor invoice for prisoner meals agrees to prisoner meal records maintained by the county prior to payment.
- B. Ensure the approved policy regarding credit cards is adhered to by requiring all credit card expenditures be supported by receipts or vendor-provided invoices, all billings be submitted to the County Clerk's office in a timely manner to avoid late fees and finance charges, and the practice of charging personal expenses to a county credit card be discontinued.
- C. Maintain adequate documentation of bid awards, particularly in those cases where the lowest bid is not accepted.

Status:

A-C. Implemented.

3. Property Tax Controls

- A. The County Clerk did not maintain an account book with the County Collector.
- B. The County Clerk did not prepare the current or back tax books for real estate and personal property taxes or verify the tax book totals.

Recommendation:

The County Clerk:

- A. Establish and maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the County Collector's annual settlements.
- B. Prepare the current and back tax books or review the tax books for accuracy and document the procedures performed.

Status:

A&B. Not implemented. See MAR finding number 4.

4. Banking Procedures

At December 31, 2001, the County Treasurer maintained ten checking accounts, seven money market accounts, and two certificates of deposit. Because the seven money market accounts were earning the same rate of interest as the checking accounts, it did not appear the county was receiving any additional benefit to justify these additional accounts.

Recommendation:

The County Treasurer reduce the number of bank accounts maintained by the county.

Status:

Implemented.

5. Personnel and Payroll Procedures

- A. Time sheets prepared by county employees did not always indicate actual hours worked and were not always signed by the employee's supervisor.
- B. The county was not always following procedures as stated in the current personnel policy when determining overtime/compensatory time earned.
- C. Employee leave balances were not always correctly recorded on the centralized leave records.
- D.1. The county was not compensating Sheriff's department deputies for overtime and compensatory time as stated in the county's personnel policy.
  - 2. Sheriff's department deputies recorded hours worked in association with various law enforcement contracts on separate time sheets from the hours worked as a county deputy. The use of multiple time sheets resulted in the recording of overlapping hours, resulting in duplicate payment for some hours worked. In addition, hours worked in association with various law enforcement contracts were not considered when calculating total hours worked for overtime/compensatory time purposes.
- E. During 2000, three county employees received additional compensation of \$1,000 each from the Enhanced 911 Fund for performing accounting services related to the operation of this fund; however, there was no record of any additional time worked for this additional compensation.

Recommendation:

The County Commission:

- A. Develop payroll procedures which require all county employees to be paid based on actual hours worked. In addition, ensure all time sheets are approved and signed by each employee's supervisor.
- B. Ensure the county's personnel policy is followed when determining overtime/compensatory time. In addition, timesheets should accurately reflect the earning of any overtime/compensatory time.
- C. Ensure that employee leave earned, taken, and the accumulated balances are reported accurately and require the County Clerk to properly maintain centralized annual, sick and compensatory leave records.
- D.1. Compute overtime for law enforcement personnel based on 171 hours over a 28-day period as established in the FLSA and the county's personnel policy manual.
  - 2. Implement procedures to ensure that deputies who are serving in multiple capacities are not paid twice for the same hours. In addition, all hours worked should be considered when determining overtime compensation to be paid.
- E. Discontinue the practice of paying employee bonuses.

Status:

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

D.2.  
&E. Implemented.

6. County Officials' Salaries

- A. The Associate County Commissioners received mid-term salary increases of \$7,280 each in 1999 and 2000. In 2001, the Missouri Supreme Court ruled that these mid-term salary increases violated the Missouri Constitution.
- B. The Presiding Commissioner received a salary increase during the third year of a four-year term. In 2001, all elected officials, with the exception of the County Assessor, received a salary increase due to an increase in the county's assessed valuation, but there was no documentation to support the decisions.
- C. During 1999, 2000, and 2001, the County Clerk was underpaid \$1,000 in each of the three years compared to the salary amount approved by the 1997 salary commission.

Recommendation:

The County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Ensure salary commission minutes clearly document all decisions made and all future elected officials' salaries are supported by actions of the salary commission. In addition, written legal opinions should be obtained from the Prosecuting Attorney to support the decisions of the salary commission.
- C. Authorize payment of \$3,000 to the County Clerk for salary underpayments in 1999, 2000, and 2001. In addition, the County Commission should determine if any adjustments are necessary for salary payments made during 2002.

Status:

- A. Not implemented. The county's records were reviewed and no salaries had been repaid. The County Commission has taken no action on this matter. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. The county did not obtain legal opinions from the Prosecuting Attorney regarding the Presiding Commissioner's salary increase or the salary increases based on the increase in assessed valuation. Also, for the year ended February 28, 2002, the former County Collector received a salary increase of \$2,000 and was paid an additional \$642 to complete her annual settlement for the year ended February 28, 2002. Again, there was no documentation in the salary commission minutes nor opinions from the Prosecuting Attorney to support these salary increases for the former County Collector. Since 2003, salaries paid to the county officials appear to be properly documented in the salary commission minutes. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented.

7. Public Administrator's Procedures

- A. Annual settlements were not filed annually or within a reasonable period of time and were not always complete and accurate.
- B. Bank statements and vouchers or invoices supporting disbursements were not submitted for review by the Probate Court. In addition, the Associate Circuit Judge did not require the Public Administrator to submit supporting documentation for expenditures.

- C. The Public Administrator did not always make deposits or pay bills in a timely manner.
- D. The Public Administrator inconsistently charged fees depending on the availability of funds in the wards' estates. No documentation was maintained or provided to the Probate Court to support how the fees were determined, and there was no written guidelines regarding the methods of calculating fees.

Recommendation:

- A. The Public Administrator file complete and accurate annual settlements on a timely basis.

In addition, the Associate Circuit Judge should monitor cases assigned to the Public Administrator to ensure that settlements are being filed as required.

- B. The Public Administrator maintain supporting documentation for all disbursements made on behalf of wards.

In addition, the Associate Circuit Judge should require adequate documentation to be filed or made available to support all settlement transactions.

- C. The Public Administrator deposit receipts daily or when accumulated receipts exceed \$100, and ensure all bills are paid when due.
- D. The Public Administrator work with the Associate Circuit Judge to develop written guidelines that identify the process for charging fees on the estates. Written documentation of fee calculations should be prepared and maintained for all annual settlements and submitted to the Probate Court for approval.

Status:

A&D. Not implemented. See MAR finding number 5.

B&C. Implemented in 2005 by the current Public Administrator.

8. Sheriff's Controls and Procedures

- A. The Sheriff's office did not prepare formal bank reconciliations on a monthly basis.
- B. Accounting and bookkeeping duties were not adequately segregated.
- C.1. Receipt slips did not always indicate the method of payment.
  - 2. Receipts were not deposited on a timely basis.

Recommendation:

The Sheriff:

- A. Ensure formal bank reconciliations are prepared on a monthly basis.
- B. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C.1. Ensure the method of payment is indicated on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
  - 2. Deposit receipts daily or when accumulated receipts exceed \$100.

Status:

A&B. Implemented.

C.1.&

C.2. Not implemented. See MAR finding number 7.

9. Monroe County Board for the Handicapped

Budgets for the Handicapped Board Fund did not adequately reflect its anticipated financial condition.

Recommendation:

The Monroe County Board for the Handicapped estimate expenditures as closely as possible to the anticipated actual amounts so the budget documents present a reasonable estimate of the board's financial plan and ending cash balances.

Status:

Not implemented. See MAR finding number 8.

10. Enhanced 911 Board

- A. Some receipts were not recorded on the board's accounting records. A cumulative book balance was not maintained, and therefore, the accounting records were not reconciled to the bank balance.
- B. Actual disbursements exceeded the budgeted amounts and amendments to the budget were not made.
- C.1. Timesheets were not prepared by some employees.

2. Payroll calculations documented on employee time sheets were not always accurate.
3. The 911 coordinator was overpaid \$916 in June 2001, and only \$300 had been repaid as of May 2002.
4. The board's personnel policy did not adequately address how overtime pay should be calculated.
5. The board paid bonuses totaling \$600 to employees in December 2001.

Recommendation:

The Enhanced 911 Board:

- A. Post all receipts to the accounting records when received, maintain a cumulative book balance, reconcile the book balance to the bank balance on a monthly basis, and investigate any differences.
- B. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
- C.1. Ensure time sheets are prepared and maintained for all employees. The records should be prepared and signed by employees and approved by the applicable supervisor.
  2. Ensure payroll calculations are reviewed and approved by the applicable supervisor to ensure mathematical accuracy.
  3. Review the salary payments made to the 911 coordinator and develop a plan for obtaining repayment of the salary overpayment.
  4. Review and update the board's personnel policy to include detailed polices regarding overtime pay.
  5. Discontinue the practice of paying employee bonuses.

Status:

A, B,  
&C.1. Not implemented. See MAR finding number 9.

C.2,4,  
&5. Implemented.

C.3. Implemented. Salary overpayments were repaid from August 2002 through March 2003.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

MONROE COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1831, the county of Monroe was named after President James Monroe. Monroe County is a county-organized, third-class county and is part of the 10th Judicial Circuit. The county seat is Paris.

Monroe 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 670 miles of county roads and 157 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 9,716 in 1980 and 9,311 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	63.9	60.5	59.1	57.3	43.8	22.0
Personal property		28.7	26.4	25.0	25.5	10.5	8.3
Railroad and utilities		11.9	11.2	11.7	12.8	8.8	6.2
Total	\$	104.5	98.1	95.8	95.6	63.1	36.5

\* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.3000	.3000	.2900	.2776
Special Road and Bridge Fund *		.2799	.2799	.2794	.2756
Health Center Fund		.0900	.0900	.0900	.0900
Handicapped Board Fund		.0900	.0900	.0900	.1000

\* The county retains all tax proceeds from areas not within road districts. The county has two road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

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),			
	2006	2005	2004	2003
State of Missouri	\$ 31,171	29,503	28,917	28,670
General Revenue Fund	320,717	299,643	284,947	271,860
Special Road and Bridge Fund	288,981	272,985	267,465	261,820
Assessment Fund	77,852	72,029	55,050	55,050
Health Center Fund	92,683	87,667	86,189	85,819
Handicapped Board Fund	91,270	86,397	85,168	92,854
School districts	4,215,520	3,834,307	3,668,162	3,590,725
Monroe County Library District	243,716	207,392	214,806	171,713
Monroe County Ambulance District	277,316	259,174	257,309	252,259
Monroe City Ambulance District	96,842	93,758	90,429	91,416
Paris Rural Fire Protection District	54,494	49,615	48,189	46,999
Shelbina Fire Protection District	12,551	11,178	11,365	10,669
Madison-West Monroe Fire Protection District	66,384	62,091	61,406	59,211
Special road districts	124,169	121,305	116,185	120,632
Monroe County Nursing Home District	116,878	109,405	108,616	106,684
Salt River Nursing Home District	6,769	6,091	6,527	6,059
Cities	117,924	110,155	107,456	107,023
County Clerk	1,908	1,998	1,967	2,003
County Employees' Retirement	35,438	31,340	30,474	30,064
Collectors Tax Maintenance Fund	10,151	9,449	9,005	3,444
Commissions and fees:				
General Revenue Fund	99,433	92,929	88,245	87,395
Total	\$ 6,382,167	5,848,411	5,627,877	5,482,369

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2006	2005	2004	2003	
Real estate	95	96	96	95	%
Personal property	90	91	91	90	
Railroad and utilities	96	100	100	100	

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

	Rate	Expiration Date	Required Property Tax Reduction	%
General	\$ .0050	None	50	
General (1/3 general, 1/3 bridges, 1/3 law enforcement)	.0050	2008	None	
Use tax	.0100	None	None	

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

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Donald Simpson, Presiding Commissioner		24,967	24,967	24,967	
David L. Utterback, Presiding Commissioner					23,906
Mike Whelan, Associate Commissioner		22,967	21,906	21,906	21,906
Glenn E. Turner, Associate Commissioner		22,967	21,906	21,906	21,906
Merry Sue Meals, Recorder of Deeds (1)		27,000	27,000	27,000	
Sandy Carter, County Clerk (2)		34,473	34,473	34,473	34,892
Monty Platz, Prosecuting Attorney		40,866	9,568		
Michael P. Wilson, Prosecuting Attorney			30,650	40,866	36,462
Gary Tawney, Sheriff		39,837	39,350	39,350	39,350
Martha Cullifer, County Treasurer		25,025	25,025	25,025	21,877
James K. Reinhard, County Coroner		9,587	8,350	8,350	8,350
Marguerite Jones, Public Administrator		15,000			
Linden Vanlandingham, Public Administrator			20,000	11,667	
Angela Fields, Public Administrator (3)				8,333	20,225
Anita Dunkle, County Collector, year ended February 28 (29),	34,838	34,838	34,838		
Ann Ragsdale, County Collector, (4) year ended February 28 (29),			642	35,334	
Paul Quinn, County Assessor (5), year ended August 31,		36,688	36,765	36,233	34,900

(1) Separated from the Circuit Clerk's office in 2003.

(2) Includes \$3,000 in 2002 for underpayments from previous years.

(3) In addition to salary of \$20,000, fees received from probate cases were received in 2002.

(4) County Collector was paid \$642 to complete the 2003 annual settlement after her term expired.

(5) Includes \$688, \$765, \$900 and \$900 annual compensation received from the state for years ended August 31, 2005, 2004, 2003, and 2002 respectively.

State-Paid Officials:

Gayle Bierly, Circuit Clerk	48,500	47,850	47,300	47,300
Michael P. Wilson, Associate Circuit Judge	96,000	19,733		
Carroll M. Blackwell, Associate Circuit Judge		76,000	96,000	96,000