



Susan Montee, CPA  
Missouri State Auditor

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September 2007

Dunklin County, Missouri

Years Ended  
December 31, 2006 and 2005



Office of  
Missouri State Auditor  
Susan Montee, CPA

September 2007

**IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every four years in counties, such as Dunklin, 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 the Missouri Constitution.**

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Budgetary procedures are in need of improvement. Budgets were not prepared for several county funds, actual disbursements exceeded budgeted amounts for several funds, and budgets for some funds did not include budgeted beginning and ending fund balances. In addition, the county budget documents contained incorrect amounts and numerous misclassifications. The county's annual published financial statements did not include financial information for several county funds. Similar conditions were noted in our prior audit report; however, the county has not taken the necessary actions to improve these areas.

Dunklin County is required by federal regulations to prepare a Schedule of Expenditures of Federal Awards (SEFA) each year. The county still does not have adequate procedures in place to track federal awards for the preparation of the schedule and the SEFA contained several errors.

The county's controls and procedures for the Help America Vote Act Requirements Payments program were not adequate to ensure compliance with federal requirements. Monies were not paid out on a timely basis, equipment purchased was not added to the county's capital asset records, interest earned on monies was not tracked and credited to the program, the level of effort requirements were not calculated and monitored, disbursements were not tracked by grant categories, program reports were not accurate and timely, equipment purchased was not properly bid, and the county did not ensure the vendor complied with federal guidelines.

Concerns regarding the property tax system noted in prior reports still exist. The County Collector-Treasurer has not prepared or filed annual settlements in compliance with state law for the last eight years. An annual settlement for the year ended February 28, 2006, was prepared upon our request but was inaccurate. In 2007, the County Collector-Treasurer will be collecting all county property taxes, due to the elimination of township collectors. For the County Clerk and County Commission to properly verify tax collections, it is imperative that the Collector-Treasurer file accurate and timely annual settlements. In addition, the Collector-Treasurer is unable to reconcile the liabilities to the reconciled cash balance. At February 28, 2007, the bank balance exceeded liabilities by

(over)

YELLOW SHEET

\$36,592. It appears that \$22,400 of this balance has been carried since the prior audit report, but part of the difference may be due to tax collections deposited but not abstracted and distributed. The Collector-Treasurer does not reconcile daily deposits to the daily abstract of taxes entered into the computer and does not reconcile these amounts to the monthly abstract used to distribute monies.

The County Assessor does not maintain adequate records to account for monies received and some receipts were not transmitted to the county timely and intact. It appears that between April 2004 and August 2005 four checks totaling \$96 may have been deposited into the Assessor's personal account and thirteen additional checks totaling \$643 were not deposited into the county funds and may have been cashed. The Assessor indicated these monies were used for various supplies for the office; however, no records of these purchases were maintained or available. In August 2005, the County Commission and Prosecuting Attorney questioned these issues and the Assessor indicated she subsequently changed her procedures. The amount of transmittals to the county increased from 2005 to 2006 by 59 percent from \$3,184 to \$5,053. Other problems noted concerning the Assessor's office included not issuing prenumbered receipts for all monies received, not noting the method of payment for all receipts, not reconciling receipts to the actual transmittals to the county, not transmitting monies on a timely basis, and not maintaining adequate records for outstanding copy and fax fees.

The county did not always solicit bids or retain bid documentation for some purchases. The county did not have written contracts with some vendors and adequate supporting documentation was not obtained for some disbursements.

Improvements are needed to the records and procedures of the commissary account maintained by the Sheriff for personal monies of inmates and commissary purchases. Accounting duties are not adequately segregated and monies received were not deposited in a timely manner. Differences on bank reconciliations are not investigated and cleared and no monthly listing of open items is prepared. At December 31, 2006, the open items listing prepared at our request exceeded the reconciled bank balance by \$1,704. Various fees are charged to prisoners and are not paid to the county. The Sheriff's Revolving Fund was maintained by the Sheriff contrary to state law.

The county is subsidizing the cost to house other political subdivisions' prisoners. The county was charging the cities in the county \$4 per day per prisoner, except the city of Kennett which was charged a flat \$600 per month. These fees are insufficient to recover all jail costs.

The audit also includes recommendations to improve records and procedures for transfers between, and balances of certain funds, payroll records and procedures, meeting minutes and agendas, computer access, and capital assets. Additional concerns regarding controls were noted for the Health Center, Senate Bill 40 Board, Circuit Clerk, Prosecuting Attorney, Public Administrator, and Juvenile Office.

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FINANCIAL SECTION

State Auditor's Reports



**SUSAN MONTEE, CPA**  
**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 Dunklin 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 Dunklin County, Missouri, as of and for the years ended December 31, 2006 and 2005. 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 Dunklin County, Missouri, as of December 31, 2006 and 2005, 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 Dunklin 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, 2006 and 2005, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 10, 2007, 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 Dunklin 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.



Susan Montee, CPA  
State Auditor

May 10, 2007

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA  
Audit Manager: Alice M. Fast, CPA  
In-Charge Auditor: Julie Vollmer, CPA  
Audit Staff: Julie M. Moore  
Zeb Tharp  
Jeanette M. Samson  
Matthew Schulenberg  
Katie Twiehaus



**SUSAN MONTEE, CPA**  
**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 Dunklin County, Missouri

We have audited the financial statements of various funds of Dunklin County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 10, 2007. 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 Dunklin County, Missouri, we considered the county's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize,

record, process, or report financial data reliably in accordance with applicable accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiency described as finding number 06-1 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the county's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency referred to above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Dunklin 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 06-1.

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

The response of Dunklin County, Missouri, to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the county's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the management of Dunklin County, Missouri, 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.



Susan Montee, CPA  
State Auditor

May 10, 2007

## Financial Statements

Exhibit A-1

DUNKLIN COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2006

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,717,732	3,355,662	3,329,954	1,743,440
Special Road and Bridge	823,760	927,253	940,777	810,236
Assessment	289	329,634	304,385	25,538
Law Enforcement Sales Tax	1,341,579	1,465,076	1,364,787	1,441,868
Johnson Grass	185,296	15,004	13,426	186,874
Recorders' User	86,695	22,689	13,901	95,483
Prosecuting Attorney Training	146	2,042	1,619	569
Law Enforcement Training	13,717	4,591	6,084	12,224
Criminal Investigation	46,954	7,742	8,201	46,495
Emergency 911	9,537	139,657	121,991	27,203
Victims of Domestic Violence	1,096	1,134	1,201	1,029
Domestic Violence Shelters	9,875	3,481	10,000	3,356
Prosecuting Attorney Bad Check	109,193	82,014	45,912	145,295
County Clerk Discretionary	14,367	3,466	3,714	14,119
Sheriff's Civil Fees	50,000	29,492	7,574	71,918
Law Enforcement Restitution	11,428	45,811	15,667	41,572
Levee and Drainage Districts	117,157	24,393	21,695	119,855
Juvenile Grant Diversion I	1,664	64,317	59,749	6,232
Juvenile Grant Diversion II	0	42,388	38,206	4,182
Juvenile Pilot Grant	1,354	80,111	81,465	0
Senate Bill 40	200,896	309,248	285,842	224,302
Health Department	448,702	882,049	1,008,355	322,396
Tax Maintenance	59,888	24,712	300	84,300
Law Library	17,240	11,888	11,097	18,031
Bootheel Regional Planning	0	134,573	134,573	0
Hazardous Training Material	3,132	115	0	3,247
Prosecuting Attorney Delinquent Tax	23,764	5,894	575	29,083
Chemical Emergency Preparation	15,166	5,544	20,710	0
MODOT Seed Grant	2,151	0	0	2,151
Local Law Enforcement Block Grant	0	9,113	9,113	0
Local Law Enforcement Block Grant II	908	0	908	0
Interpretive Grant	7,122	0	718	6,404
Crime Victims Compensation	37,120	1,369	0	38,489
Sheriff Revolving	10,934	3,658	500	14,092
Drug Court	1,303	3,718	4,570	451
Circuit Clerk Time Payment	40	0	0	40
Associate Circuit Interest	436	0	436	0
Passport Fee	0	2,190	1,156	1,034
Family Treatment Court	0	35,528	33,801	1,727
Off System Bridge	0	57,342	56,364	978
Circuit Clerk Interest	0	436	400	36
<b>Total</b>	<b>\$ 5,370,641</b>	<b>8,133,334</b>	<b>7,959,726</b>	<b>5,544,249</b>

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

Exhibit A-2

DUNKLIN 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	\$ 1,863,592	2,918,050	3,063,910	1,717,732
Special Road and Bridge	867,510	972,897	1,016,647	823,760
Assessment	0	329,810	329,521	289
Law Enforcement Sales Tax	625,472	1,513,932	797,825	1,341,579
Johnson Grass	80,542	116,759	12,005	185,296
Recorders' User	75,405	22,417	11,127	86,695
Prosecuting Attorney Training	302	727	883	146
Law Enforcement Training	15,835	4,615	6,733	13,717
Criminal Investigation	47,094	860	1,000	46,954
Emergency 911	30,327	172,399	193,189	9,537
Victims of Domestic Violence	2,397	1,060	2,361	1,096
Domestic Violence Shelters	8,348	3,888	2,361	9,875
Prosecuting Attorney Bad Check	87,797	53,244	31,848	109,193
County Clerk Discretionary	2,020	22,506	10,159	14,367
Sheriff's Civil Fees	50,000	31,073	31,073	50,000
Law Enforcement Restitution	3,401	19,324	11,297	11,428
Levee and Drainage Districts	113,323	25,959	22,125	117,157
Juvenile Grant Diversion I	6,157	57,570	62,063	1,664
Juvenile Grant Diversion II	0	42,261	42,261	0
Juvenile Pilot Grant	8,763	72,496	79,905	1,354
Senate Bill 40	181,585	294,488	275,177	200,896
Health Department	364,093	910,274	825,665	448,702
Tax Mainenance	39,951	21,626	1,689	59,888
Law Library	20,818	11,350	14,928	17,240
Bootheel Regional Planning	0	43,610	43,610	0
Hazardous Training Material	3,075	57	0	3,132
Prosecuting Attorney Delinquent Tax	20,355	4,169	760	23,764
Chemical Emergency Preparation	11,136	4,030	0	15,166
MODOT Seed Grant	2,151	0	0	2,151
Local Law Enforcement Block Grant	8,927	0	8,927	0
Local Law Enforcement Block Grant II	0	908	0	908
Interpretive Grant	7,122	0	0	7,122
Crime Victims Compensation	35,262	1,858	0	37,120
Sheriff Revolving	8,804	3,038	908	10,934
Drug Court	2,317	8,756	9,770	1,303
Circuit Clerk Time Payment	0	40	0	40
Associate Circuit Interest	436	0	0	436
Passport Fee	0	960	960	0
Homeless Challenge Grant	0	6,465	6,465	0
Dunklin County Teen Court	556	0	556	0
Total	\$ 4,594,873	7,693,476	6,917,708	5,370,641

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

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 7,492,737	7,861,966	369,229	7,244,659	7,619,585	374,926
DISBURSEMENTS	8,023,489	7,684,805	338,684	7,034,436	6,845,752	188,684
RECEIPTS OVER (UNDER) DISBURSEMENTS	(530,752)	177,161	707,913	210,223	773,833	563,610
CASH, JANUARY 1	5,251,325	5,251,325	0	4,490,557	4,494,732	4,175
CASH, DECEMBER 31	4,720,573	5,428,486	707,913	4,700,780	5,268,565	567,785
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	45,000	16,901	(28,099)	40,250	50,866	10,616
Sales taxes	1,375,000	1,336,230	(38,770)	1,345,000	1,343,131	(1,869)
Intergovernmental	576,800	678,846	102,046	499,400	649,118	149,718
Charges for services	576,000	592,385	16,385	572,598	548,662	(23,936)
Interest	75,000	52,897	(22,103)	56,000	34,110	(21,890)
Other	54,300	92,092	37,792	59,150	112,902	53,752
Transfers in	329,000	586,311	257,311	367,650	179,261	(188,389)
Total Receipts	3,031,100	3,355,662	324,562	2,940,048	2,918,050	(21,998)
DISBURSEMENTS						
County commissior	198,273	226,401	(28,128)	197,712	230,084	(32,372)
County clerk	147,500	147,219	281	146,500	145,829	671
Elections	96,000	295,008	(199,008)	59,000	45,042	13,958
Buildings and grounds	383,817	342,837	40,980	312,800	214,054	98,746
Employee fringe benefit	497,000	448,782	48,218	480,000	505,619	(25,619)
County treasurer	94,656	92,249	2,407	91,138	93,500	(2,362)
Recorder of deeds	94,288	93,119	1,169	92,326	90,771	1,555
Circuit clerk	20,900	31,572	(10,672)	16,730	15,987	743
Associate circuit court	5,330	1,038	4,292	11,300	8,433	2,867
Associate circuit (probate)	38,800	44,829	(6,029)	42,900	42,381	519
Court administration	12,700	16,859	(4,159)	12,700	21,574	(8,874)
Public administrator	120,328	109,446	10,882	122,420	117,425	4,995
Sheriff	492,765	651,510	(158,745)	478,344	466,348	11,996
Jail	459,076	374,722	84,354	462,594	476,771	(14,177)
Prosecuting attorney	206,014	206,347	(333)	201,776	201,669	107
Juvenile officer	93,700	87,578	6,122	88,800	79,029	9,771
County coroner	28,880	31,026	(2,146)	27,350	27,598	(248)
Paternity unit	94,329	89,960	4,369	93,335	90,197	3,138
Public health and welfare service	6,100	5,770	330	37,600	183,353	(145,753)
Transfers out	34,564	0	34,564	0	8,246	(8,246)
Emergency func	90,933	33,682	57,251	88,250	0	88,250
Total Disbursements	3,215,953	3,329,954	(114,001)	3,063,575	3,063,910	(335)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(184,853)	25,708	210,561	(123,527)	(145,860)	(22,333)
CASH, JANUARY 1	1,717,732	1,717,732	0	1,863,592	1,863,592	0
CASH, DECEMBER 31	1,532,879	1,743,440	210,561	1,740,065	1,717,732	(22,333)

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	935,349	906,866	(28,483)	908,522	929,569	21,047
Interest	5,000	20,387	15,387	5,000	10,037	5,037
Transfers in	0	0	0	0	33,291	33,291
Total Receipts	940,349	927,253	(13,096)	913,522	972,897	59,375
<b>DISBURSEMENTS</b>						
Construction, repair, and maintenance	970,000	895,434	74,566	865,000	973,291	(108,291)
Transfers out	47,017	45,343	1,674	45,675	43,356	2,319
Total Disbursements	1,017,017	940,777	76,240	910,675	1,016,647	(105,972)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(76,668)	(13,524)	63,144	2,847	(43,750)	(46,597)
CASH, JANUARY 1	823,760	823,760	0	867,510	867,510	0
CASH, DECEMBER 31	747,092	810,236	63,144	870,357	823,760	(46,597)
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	261,544	259,134	(2,410)	301,636	291,463	(10,173)
Charges for services	35,000	35,000	0	0	35,000	35,000
Interest	200	447	247	350	163	(187)
Other	3,000	5,053	2,053	2,000	3,184	1,184
Transfers in	34,564	30,000	(4,564)	36,656	0	(36,656)
Total Receipts	334,308	329,634	(4,674)	340,642	329,810	(10,832)
<b>DISBURSEMENTS</b>						
Assessor	334,597	304,385	30,212	340,642	329,521	11,121
Total Disbursements	334,597	304,385	30,212	340,642	329,521	11,121
RECEIPTS OVER (UNDER) DISBURSEMENTS	(289)	25,249	25,538	0	289	289
CASH, JANUARY 1	289	289	0	0	0	0
CASH, DECEMBER 31	0	25,538	25,538	0	289	289
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales tax	1,350,000	1,335,144	(14,856)	1,300,000	1,339,478	39,478
Intergovernmental	0	0	0	0	90,000	90,000
Interest	60,000	68,422	8,422	20,000	25,967	5,967
Other	60,000	61,510	1,510	60,000	58,487	(1,513)
Total Receipts	1,470,000	1,465,076	(4,924)	1,380,000	1,513,932	133,932
<b>DISBURSEMENTS</b>						
Construction	500,000	21,744	478,256	0	0	0
Utilities	25,000	38,120	(13,120)	8,000	12,990	(4,990)
Maintenance	50,000	6,290	43,710	7,500	6,980	520
Debt service	716,295	743,326	(27,031)	700,000	777,855	(77,855)
Patrol Cars	60,000	53,584	6,416	0	0	0
Insurance	7,000	1,723	5,277	0	0	0
Transfers out	250,000	500,000	(250,000)	250,000	0	250,000
Total Disbursements	1,608,295	1,364,787	243,508	965,500	797,825	167,675
RECEIPTS OVER (UNDER) DISBURSEMENTS	(138,295)	100,289	238,584	414,500	716,107	301,607
CASH, JANUARY 1	1,341,579	1,341,579	0	625,472	625,472	0
CASH, DECEMBER 31	1,203,284	1,441,868	238,584	1,039,972	1,341,579	301,607

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>JOHNSON GRASS FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	15,000	8,154	(6,846)	90,000	113,361	23,361
Interest	3,500	6,850	3,350	1,000	3,398	2,398
Total Receipts	18,500	15,004	(3,496)	91,000	116,759	25,759
<b>DISBURSEMENTS</b>						
Chemicals and spraying	17,700	13,127	4,573	16,000	11,696	4,304
Office expenses	7,000	299	6,701	600	309	291
Total Disbursements	24,700	13,426	11,274	16,600	12,005	4,595
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,200)	1,578	7,778	74,400	104,754	30,354
CASH, JANUARY 1	185,296	185,296	0	80,542	80,542	0
CASH, DECEMBER 31	179,096	186,874	7,778	154,942	185,296	30,354
<b><u>RECORDERS' USER FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	19,000	19,409	409	22,000	20,919	(1,081)
Interest	1,500	3,280	1,780	500	1,498	998
Total Receipts	20,500	22,689	2,189	22,500	22,417	(83)
<b>DISBURSEMENTS</b>						
Recorder	35,000	13,901	21,099	25,000	11,127	13,873
Total Disbursements	35,000	13,901	21,099	25,000	11,127	13,873
RECEIPTS OVER (UNDER) DISBURSEMENTS	(14,500)	8,788	23,288	(2,500)	11,290	13,790
CASH, JANUARY 1	86,695	86,695	0	75,405	75,405	0
CASH, DECEMBER 31	72,195	95,483	23,288	72,905	86,695	13,790
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	750	717	(33)	800	716	(84)
Interest	12	16	4	5	11	6
Transfers in	3,500	1,309	(2,191)	600	0	(600)
Total Receipts	4,262	2,042	(2,220)	1,405	727	(678)
<b>DISBURSEMENTS</b>						
Prosecuting attorney	1,300	1,619	(319)	1,700	883	817
Total Disbursements	1,300	1,619	(319)	1,700	883	817
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,962	423	(2,539)	(295)	(156)	139
CASH, JANUARY 1	146	146	0	302	302	0
CASH, DECEMBER 31	3,108	569	(2,539)	7	146	139

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,542	1,378	(164)	1,514	1,542	28
Charges for services	2,427	2,781	354	3,290	2,804	(486)
Interest	265	432	167	138	269	131
Total Receipts	4,234	4,591	357	4,942	4,615	(327)
<b>DISBURSEMENTS</b>						
Training	11,850	6,084	5,766	7,775	6,733	1,042
Total Disbursements	11,850	6,084	5,766	7,775	6,733	1,042
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,616)	(1,493)	6,123	(2,833)	(2,118)	715
CASH, JANUARY 1	13,717	13,717	0	15,835	15,835	0
CASH, DECEMBER 31	6,101	12,224	6,123	13,002	13,717	715
<b><u>CRIMINAL INVESTIGATION FUND</u></b>						
<b>RECEIPTS</b>						
Interest	900	1,542	642	0	860	860
Transfers in	0	6,200	6,200	0	0	0
Total Receipts	900	7,742	6,842	0	860	860
<b>DISBURSEMENTS</b>						
Law enforcement	0	6,201	(6,201)	0	1,000	(1,000)
Transfers out	0	2,000	(2,000)	0	0	0
Total Disbursements	0	8,201	(8,201)	0	1,000	(1,000)
RECEIPTS OVER (UNDER) DISBURSEMENTS	900	(459)	(1,359)	0	(140)	(140)
CASH, JANUARY 1	46,954	46,954	0	47,094	47,094	0
CASH, DECEMBER 31	47,854	46,495	(1,359)	47,094	46,954	(140)
<b><u>EMERGENCY 911 FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	150,000	138,790	(11,210)	157,000	171,814	14,814
Interest	400	867	467	700	585	(115)
Total Receipts	150,400	139,657	(10,743)	157,700	172,399	14,699
<b>DISBURSEMENTS</b>						
Salaries	21,000	11,404	9,596	32,000	26,023	5,977
Employee fringe benefit	8,000	8,172	(172)	0	303	(303)
Office expense:	57,500	74,429	(16,929)	2,500	437	2,063
Postage	0	0	0	2,500	777	1,723
Telephone	0	0	0	32,000	52,179	(20,179)
Equipment	34,000	2,580	31,420	2,500	760	1,740
Equipment rental	0	0	0	39,000	44,930	(5,930)
Mileage	3,500	881	2,619	2,500	0	2,500
Equipment maintenance & repair	0	0	0	2,000	0	2,000
Mapping and addressing	3,000	525	2,475	3,000	0	3,000
Transfers out	24,000	24,000	0	60,000	67,780	(7,780)
Total Disbursements	151,000	121,991	29,009	178,000	193,189	(15,189)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(600)	17,666	(39,752)	(20,300)	(20,790)	(490)
CASH, JANUARY 1	9,537	9,537	0	30,327	30,327	0
CASH, DECEMBER 31	8,937	27,203	(39,752)	10,027	9,537	(490)

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>VICTIMS OF DOMESTIC VIOLENCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	4,000	1,105	(2,895)	1,000	1,010	10
Interest	20	29	9	18	50	32
Total Receipts	4,020	1,134	(2,886)	1,018	1,060	42
<b>DISBURSEMENTS</b>						
Domestic violence shelter	5,000	1,201	3,799	993	2,361	(1,368)
Total Disbursements	5,000	1,201	3,799	993	2,361	(1,368)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(980)	(67)	913	25	(1,301)	(1,326)
CASH, JANUARY 1	1,096	1,096	0	10,745	2,397	(8,348)
CASH, DECEMBER 31	116	1,029	913	10,770	1,096	(9,674)
<b><u>DOMESTIC VIOLENCE SHELTERS FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	2,500	3,379	879	0	3,693	3,693
Interest	0	102	102	0	195	195
Total Receipts	2,500	3,481	981	0	3,888	3,888
<b>DISBURSEMENTS</b>						
Domestic violence shelter	5,000	10,000	(5,000)	4,277	2,361	1,916
Total Disbursements	5,000	10,000	(5,000)	4,277	2,361	1,916
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500)	(6,519)	(4,019)	(4,277)	1,527	5,804
CASH, JANUARY 1	9,875	9,875	0	10,745	8,348	(2,397)
CASH, DECEMBER 31	7,375	3,356	(4,019)	6,468	9,875	3,407
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	50,000	77,232	27,232	45,000	51,428	6,428
Interest	1,500	4,782	3,282	800	1,816	1,016
Total Receipts	51,500	82,014	30,514	45,800	53,244	7,444
<b>DISBURSEMENTS</b>						
Prosecuting attorney	46,900	44,603	2,297	50,600	31,848	18,752
Transfers out	0	1,309	(1,309)	600	0	600
Total Disbursements	46,900	45,912	988	51,200	31,848	19,352
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,600	36,102	31,502	(5,400)	21,396	26,796
CASH, JANUARY 1	109,193	109,193	0	87,797	87,797	0
CASH, DECEMBER 31	113,793	145,295	31,502	82,397	109,193	26,796

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>COUNTY CLERK DISCRETIONARY FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	16,000	20,062	4,062
Charges for services	850	50	(800)	400	402	2
Interest	0	515	515	10	312	302
Transfers in	0	2,901	2,901	0	1,730	1,730
<b>Total Receipts</b>	<b>850</b>	<b>3,466</b>	<b>2,616</b>	<b>16,410</b>	<b>22,506</b>	<b>6,096</b>
<b>DISBURSEMENTS</b>						
Election salary	1,500	1,762	(262)	1,500	45	1,455
Employee fringe benefit	100	0	100	0	5	(5)
Supplies	500	538	(38)	500	3,535	(3,035)
Tuition and training	2,000	1,414	586	2,000	1,849	151
Computer equipment	0	0	0	0	4,725	(4,725)
<b>Total Disbursements</b>	<b>4,100</b>	<b>3,714</b>	<b>386</b>	<b>4,000</b>	<b>10,159</b>	<b>(6,159)</b>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,250)	(248)	3,002	12,410	12,347	(63)
CASH, JANUARY 1	14,367	14,367	0	2,020	2,020	0
CASH, DECEMBER 31	11,117	14,119	3,002	14,430	14,367	(63)
<b>SHERIFF'S CIVIL FEES FUND</b>						
<b>RECEIPTS</b>						
Charges for services	28,800	27,130	(1,670)	30,000	29,870	(130)
Interest	1,200	2,362	1,162	15	1,203	1,188
<b>Total Receipts</b>	<b>30,000</b>	<b>29,492</b>	<b>(508)</b>	<b>30,015</b>	<b>31,073</b>	<b>1,058</b>
<b>DISBURSEMENTS</b>						
Office supplies	20,000	7,574	12,426	21,000	9,271	11,729
Transfers out	10,000	0	10,000	10,000	21,802	(11,802)
<b>Total Disbursements</b>	<b>30,000</b>	<b>7,574</b>	<b>22,426</b>	<b>31,000</b>	<b>31,073</b>	<b>(73)</b>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	21,918	21,918	(985)	0	985
CASH, JANUARY 1	50,000	50,000	0	50,000	50,000	0
CASH, DECEMBER 31	50,000	71,918	21,918	49,015	50,000	985
<b>LAW ENFORCEMENT RESTITUTION FUND</b>						
<b>RECEIPTS</b>						
Charges for services	20,000	42,679	22,679	25,000	19,324	(5,676)
Interest	0	1,132	1,132	0	0	0
Transfers in	0	2,000	2,000	0	0	0
<b>Total Receipts</b>	<b>20,000</b>	<b>45,811</b>	<b>25,811</b>	<b>25,000</b>	<b>19,324</b>	<b>(5,676)</b>
<b>DISBURSEMENTS</b>						
Equipment	5,000	844	4,156	5,000	2,182	2,818
Mileage, meals, and lodging	2,500	685	1,815	2,500	210	2,290
Tuition	2,000	1,225	775	1,000	1,585	(585)
Maintenance and supplies	3,000	583	2,417	3,000	420	2,580
Other	9,700	2,000	7,700	11,700	6,900	4,800
Bootheel drug task force salary	0	4,130	(4,130)	0	0	0
Transfers out	0	6,200	(6,200)	0	0	0
<b>Total Disbursements</b>	<b>22,200</b>	<b>15,667</b>	<b>6,533</b>	<b>23,200</b>	<b>11,297</b>	<b>11,903</b>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,200)	30,144	32,344	1,800	8,027	6,227
CASH, JANUARY 1	11,428	11,428	0	3,401	3,401	0
CASH, DECEMBER 31	9,228	41,572	32,344	5,201	11,428	6,227

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LEVEE AND DRAINAGE DISTRICTS FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	25,000	20,214	(4,786)	25,000	23,896	(1,104)
Interest	1,310	4,179	2,869	1,030	2,063	1,033
Total Receipts	26,310	24,393	(1,917)	26,030	25,959	(71)
<b>DISBURSEMENTS</b>						
Drainage district #48	7,100	10,145	(3,045)	8,100	11,150	(3,050)
Drainage district #12	75	0	75	50	75	(25)
Drainage district #2	50	0	50	0	0	0
Levee #4	4,075	4,650	(575)	4,000	4,075	(75)
Levee #7	7,325	6,900	425	6,200	6,825	(625)
Total Disbursements	18,625	21,695	(3,070)	18,350	22,125	(3,775)
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,685	2,698	(4,987)	7,680	3,834	(3,846)
CASH, JANUARY 1	117,157	117,157	0	113,323	113,323	0
CASH, DECEMBER 31	124,842	119,855	(4,987)	121,003	117,157	(3,846)
<b><u>JUVENILE GRANT DIVERSION I FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	62,000	64,317	2,317	0	57,570	57,570
Total Receipts	62,000	64,317	2,317	0	57,570	57,570
<b>DISBURSEMENTS</b>						
Juvenile office	62,500	59,749	2,751	57,279	62,063	(4,784)
Total Disbursements	62,500	59,749	2,751	57,279	62,063	(4,784)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	4,568	5,068	(57,279)	(4,493)	52,786
CASH, JANUARY 1	1,664	1,664	0	0	6,157	6,157
CASH, DECEMBER 31	1,164	6,232	5,068	(57,279)	1,664	58,943
<b><u>JUVENILE GRANT DIVERSION II FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	42,000	42,388	388	0	35,960	35,960
Transfers in	0	0	0	0	6,301	6,301
Total Receipts	42,000	42,388	388	0	42,261	42,261
<b>DISBURSEMENTS</b>						
Juvenile office	40,100	38,206	1,894	35,921	42,261	(6,340)
Total Disbursements	40,100	38,206	1,894	35,921	42,261	(6,340)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,900	4,182	2,282	(35,921)	0	35,921
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	1,900	4,182	2,282	(35,921)	0	35,921

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>JUVENILE PILOT GRANT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	79,406	79,330	(76)	0	72,496	72,496
Transfers in	0	781	781	0	0	0
Total Receipts	79,406	80,111	705	0	72,496	72,496
<b>DISBURSEMENTS</b>						
Juvenile office	80,360	81,465	(1,105)	77,583	79,905	(2,322)
Total Disbursements	80,360	81,465	(1,105)	77,583	79,905	(2,322)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(954)	(1,354)	(400)	(77,583)	(7,409)	70,174
CASH, JANUARY 1	1,354	1,354	0	0	8,763	8,763
CASH, DECEMBER 31	400	0	(400)	(77,583)	1,354	78,937
<b><u>SENATE BILL 40 FUND</u></b>						
<b>RECEIPTS</b>						
Property tax	292,000	293,888	1,888	295,000	289,036	(5,964)
Interest	3,000	7,551	4,551	1,700	3,167	1,467
Intergovernmental	0	738	738	0	2,285	2,285
Other	0	7,071	7,071	0	0	0
Total Receipts	295,000	309,248	14,248	296,700	294,488	(2,212)
<b>DISBURSEMENTS</b>						
Office expense	3,550	2,895	655	3,000	3,117	(117)
Cotton boll sheltered workshop	153,643	153,643	0	150,000	150,000	0
Mental health trust fund	122,000	129,304	(7,304)	122,060	122,060	0
Total Disbursements	279,193	285,842	(6,649)	275,060	275,177	(117)
RECEIPTS OVER (UNDER) DISBURSEMENTS	15,807	23,406	7,599	21,640	19,311	(2,329)
CASH, JANUARY 1	200,896	200,896	0	181,585	181,585	0
CASH, DECEMBER 31	216,703	224,302	7,599	203,225	200,896	(2,329)

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>HEALTH DEPARTMENT FUND</u></b>						
<b>RECEIPTS</b>						
Property tax	290,000	294,675	4,675	290,000	289,138	(862)
Intergovernmental	422,599	386,025	(36,574)	399,927	369,047	(30,880)
Charges for service:	76,600	85,680	9,080	65,000	70,916	5,916
Interest	12,900	13,052	152	9,000	7,386	(1,614)
Other	102,499	102,617	118	174,000	173,787	(213)
<b>Total Receipts</b>	<b>904,598</b>	<b>882,049</b>	<b>(22,549)</b>	<b>937,927</b>	<b>910,274</b>	<b>(27,653)</b>
<b>DISBURSEMENTS</b>						
Salaries	444,000	443,819	181	453,000	447,927	5,073
Benefits	143,600	134,792	8,808	151,700	153,436	(1,736)
Office expense	45,429	44,538	891	37,300	41,251	(3,951)
Equipment and supplies	279,820	277,702	2,118	166,000	93,937	72,063
Travel and training	20,400	20,343	57	20,100	20,894	(794)
Contract services	1,920	1,880	40	1,900	1,920	(20)
Janitorial maintenance	26,200	25,713	487	18,700	17,056	1,644
Rent	4,800	4,800	0	40,300	10,607	29,693
Utilities	13,900	13,324	576	13,700	13,111	589
Other	38,730	41,444	(2,714)	22,430	25,526	(3,096)
<b>Total Disbursements</b>	<b>1,018,799</b>	<b>1,008,355</b>	<b>10,444</b>	<b>925,130</b>	<b>825,665</b>	<b>99,465</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(114,201)</b>	<b>(126,306)</b>	<b>(12,105)</b>	<b>12,797</b>	<b>84,609</b>	<b>71,812</b>
CASH, JANUARY 1	448,702	448,702	0	364,093	364,093	0
CASH, DECEMBER 31	334,501	322,396	(12,105)	376,890	448,702	71,812
<b><u>TAX MAINTENANCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	0	24,712	24,712	0	21,626	21,626
<b>Total Receipts</b>	<b>0</b>	<b>24,712</b>	<b>24,712</b>	<b>0</b>	<b>21,626</b>	<b>21,626</b>
<b>DISBURSEMENTS</b>						
Collector	11,000	300	10,700	7,351	1,689	5,662
<b>Total Disbursements</b>	<b>11,000</b>	<b>300</b>	<b>10,700</b>	<b>7,351</b>	<b>1,689</b>	<b>5,662</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(11,000)</b>	<b>24,412</b>	<b>35,412</b>	<b>(7,351)</b>	<b>19,937</b>	<b>27,288</b>
CASH, JANUARY 1	59,888	59,888	0	39,951	39,951	0
CASH, DECEMBER 31	48,888	84,300	35,412	32,600	59,888	27,288
<b><u>LAW LIBRARY</u></b>						
<b>RECEIPTS</b>						
Charges for service:				14,000	11,350	(2,650)
<b>Total Receipts</b>				<b>14,000</b>	<b>11,350</b>	<b>(2,650)</b>
<b>DISBURSEMENTS</b>						
Office expense				13,625	14,928	(1,303)
<b>Total Disbursements</b>				<b>13,625</b>	<b>14,928</b>	<b>(1,303)</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>				<b>375</b>	<b>(3,578)</b>	<b>(3,953)</b>
CASH, JANUARY 1				20,818	20,818	0
CASH, DECEMBER 31				21,193	17,240	(3,953)

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

Notes to the Financial Statements

DUNKLIN 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 Dunklin 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 Johnson Grass Board, the Health Department Board, the Senate Bill 40 Board, or the Emergency 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 following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2006
Bootheel Regional Planning Fund	2006 and 2005
Hazardous Training Material Fund	2006 and 2005
Prosecuting Attorney Delinquent Tax Fund	2006 and 2005
Chemical Emergency Preparation Fund	2006 and 2005
MODOT Seed Grant Fund	2006 and 2005
Local Law Enforcement Block Grant Fund	2006 and 2005
Local Law Enforcement Block Grant II Fund	2006 and 2005

Interpretive Grant Fund	2006 and 2005
Crime Victims Compensation Fund	2006 and 2005
Sheriff Revolving Fund	2006 and 2005
Drug Court Fund	2006 and 2005
Circuit Clerk Time Payment Fund	2006 and 2005
Associate Circuit Interest Fund	2006 and 2005
Passport Fee Fund	2006 and 2005
Homeless Challenge Grant Fund	2005
Dunklin County Teen Court Fund	2005
Family Treatment Court Fund	2006
Off System Bridge Fund	2006
Circuit Clerk Interest Fund	2006

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>
General Revenue Fund	2006 and 2005
Special Road and Bridge Fund	2005
Prosecuting Attorney Training Fund	2006
Criminal Investigation Fund	2006 and 2005
Emergency 911 Fund	2005
Victims of Domestic Violence Fund	2005
Domestic Violence Shelters Fund	2006
County Clerk Discretionary Fund	2005
Sheriff's Civil Fees Fund	2005
Levee and Drainage Districts Fund	006 and 2005
Juvenile Grant Diversion I Fund	2005
Juvenile Grant Diversion II Fund	2005
Juvenile Pilot Grant Fund	2006 and 2005
Senate Bill 40 Fund	2006 and 2005
Law Library Fund	2005

Although Section 50.740, RSMo, requires a balanced budget, deficit balances were budgeted in the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Juvenile Grant Diversion I Fund	2005
Juvenile Grant Diversion II Fund	2005
Juvenile Pilot Fund	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 following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Senate Bill 40 Fund	2006 and 2005
Tax Maintenance Fund	2006 and 2005
Law Library Fund	2006 and 2005
Sheriff Revolving Fund	2006 and 2005
Drug Court Fund	2006 and 2005
Circuit Clerk Time Payment Fund	2006 and 2005
Associate Circuit Interest Fund	2006 and 2005
Passport Fee Fund	2006 and 2005
Circuit Clerk Interest Fund	2006

In addition, the Health Department published their financial statements separately from the county's statements. However, the Health Department's published financial statements for the years ended December 31, 2006 and 2005, did not disclose disbursement detail by vendor for the Health Department.

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. Cash includes both deposits and investments.

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 depositories 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 depository 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 depository bank fails, Dunklin County will not be

able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's, Health Department Board's, and Senate Bill 40 Board's deposits at December 31, 2006 and 2005, 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 or the boards' custodial bank in the county's or the boards' name.

### 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, 2006 and 2005, 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. Prior Period Adjustments

The Local Law Enforcement Block Grant Fund's cash balance at January 1, 2005, as previously stated has been increased by \$8,927 to reflect the cash balance shown in the county's records.

The following funds' cash balances at January 1, 2005, were not previously reported but have been added:

<u>Fund</u>	<u>Balance</u>
Juvenile Pilot Grant Fund	\$ 8,763
Senate Bill 40 Fund	181,585
Health Department Fund	364,093
Law Library Fund	20,818
Sheriff Revolving Fund	8,804
Drug Court Fund	2,317
Associate Circuit Interest Fund	436

Supplementary Schedule

Schedule

DUNKLIN 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,	
			2006	2005
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Social Services -				
10.550	Food Donation	N/A	\$ 720	1,867
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5134 ERS045-6134 ERS-0457134	0 105,883 37,064	113,602 33,576 0
	Program Total		<u>142,947</u>	<u>147,178</u>
10.559	Summer Food Service Program for Children	ERS046-6134i ERD146-43051	2,450 0	0 2,520
	Program Total		<u>2,450</u>	<u>2,520</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State' Program	2004-PF-46	134,573	43,610
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.585	Family Drug Implementation Grant	2006-DC-BX-0002	34,029	0
Passed through state Department of Public Safety				
16.523	Juvenile Accountability Incentive Block Grant	03-JBBX-0037	0	8,014
16.738	Local Law Enforcement Block Grants Program	2005-LBGJ-029 2003-UBBX-2393	8,179 0	0 8,927
	Program Total		<u>8,179</u>	<u>8,927</u>
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-BO35(31) BRO-BO35(32)	31,145 25,219	0 0
	Program Total		<u>56,364</u>	<u>0</u>

Schedule

DUNKLIN 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,	
			2006	2005
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	0	302
ELECTIONS ASSISTANCE COMMISSION				
Passed through state Office of Secretary of State				
90.401	Help America Vote Act Requirements Payment	N/A	214,440	4,702
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.268	Immunization Grants	N/A	2,975	2,850
		N/A	57,338	42,351
	Program Total		<u>60,313</u>	<u>45,201</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH06031023	8,351	0
		AOCO7380048	6,184	0
		DH050032058	2,369	3,500
		AOC06380178	0	985
	Program Total		<u>16,904</u>	<u>4,485</u>
Department of Social Services -				
93.563	Child Support Enforcement	N/A	125,100	116,269
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	AOC06380178	3,120	525
		PGA067-51348	0	2,635
	Program Total		<u>3,120</u>	<u>3,160</u>
Department of Social Services -				
93.569	Homeless Challenge	SS60206	6,465	6,465
93.945	Assistance Programs for Chronic Disease Prevention and Control	DH060028001	2,066	0
93.994	Maternal and Child Health Services Block Grant to the States	AOC06380178	32,684	7,772
		ERS146-5134M	0	23,033
	Program Total		<u>32,684</u>	<u>30,805</u>

Schedule

DUNKLIN 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,	
			2006	2005
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.004	State Domestic Preparedness Equipment Support Program	N/A	0	152,845
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disaster)	N/A	4,249	0
97.042	Emergency Management Performance Grant	N/A	1,067	4,732
Total Expenditures of Federal Award:			\$ <u>845,670</u>	<u>581,082</u>

N/A - Not applicable

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

Notes to the Supplementary Schedule

DUNKLIN 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 Dunklin County, Missouri.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

Amounts for the Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on the prices provided by the state Department of Social Services. Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Immunization Grants (CFDA number 93.268) include

both cash disbursements and the original acquisition cost of vaccines obtained by the Health Department 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, 2006 and 2005.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

State Auditor's Report



**SUSAN MONTEE, CPA**  
**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 Dunklin County, Missouri

Compliance

We have audited the compliance of Dunklin County, Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2005. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

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

As described in finding number 06-3 in the accompanying Schedule of Findings and Questioned Costs, Dunklin County, Missouri, did not comply with requirements regarding activities allowed or unallowed, allowable costs, cash management, equipment management, level of effort, procurement, suspension and debarment, program income, and reporting that are applicable to its

Help America Vote Act Requirements Payments program. Compliance with such requirements is necessary, in our opinion, for Dunklin County, Missouri, to comply with the requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, Dunklin County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2005. The results of our auditing procedures also disclosed another 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 06-2.

### Internal Control Over Compliance

The management of Dunklin 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described as finding numbers 06-2 and 06-3 in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over compliance.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the county's internal control. Of the significant deficiencies referred to above, we consider finding numbers 06-2 and 06-3 to be material weaknesses.

The responses of Dunklin County, Missouri, to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the county's responses and, accordingly, we express no opinion on them.

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

A handwritten signature in black ink, appearing to read "Susan Montee".

Susan Montee, CPA  
State Auditor

May 10, 2007

Schedule

DUNKLIN COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2006 AND 2005

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

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to the financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unqualified for all major programs, except CFDA Number 90.401, which was qualified

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

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
90.401	Help America Vote Act Requirements Payments
93.563	Child Support Enforcement

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.

<b>06-1.                    Budgetary Procedures and Published Financial Statements</b>
---

Budgets were not prepared for several county funds, actual disbursements exceeded the budget in several funds, and the budgets for some funds did not reasonably reflect the anticipated financial activity and balances. In addition, the county budget documents contained incorrect amounts and numerous misclassifications. Furthermore, published financial statements are in need of improvement.

A. Budgetary procedures need improvement. The following problems regarding budgets were noted:

1. The County Commission and various elected officials did not ensure that budgets were prepared for several county funds. Receipts of approximately \$271,400 and \$73,900 and disbursements of approximately \$274,900 and \$72,000 were not budgeted for the years 2006 and 2005, respectively.

The County Clerk and County Commission did not ensure a budget was prepared for some of the funds held by the County Treasurer. For the funds held by other officials, the County Clerk did not request budgets for these funds. The county has not complied with statutory provisions and cannot effectively monitor disbursements or fund balances without a comprehensive budget document.

Sections 50.525 to 50.745, RSMo (the county budget law), requires counties to prepare annual budgets for all funds, describes details to be provided in

budget documents, provides timeframes for the completion of certain aspects of the budgetary process, and prohibits the expenditure of public funds without an approved budget that has been filed with the State Auditor's office. By preparing or obtaining budgets for all county funds, the County Commission and other county officials present a complete financial plan to the county citizens, can more effectively monitor and evaluate all county financial resources, can ensure compliance with statutory provisions, and can prepare complete financial statements.

2. Actual disbursements exceeded budgeted amounts for several funds, as follows:

Fund	Year Ended December 31,	
	2006	2005
General Revenue	\$ 114,001	335
Special Road and Bridge	N/A	105,972
Prosecuting Attorney Training	319	N/A
Criminal Investigation	8,201	1,000
Emergency 911	N/A	15,189
Victims of Domestic Violence	N/A	1,368
County Clerk Discretionary	N/A	6,159
Sheriff's Civil Fees	N/A	73
Levee and Drainage Districts	3,070	3,775
Juvenile Grant Diversion I	N/A	4,784
Juvenile Grant Diversion II	N/A	6,340
Juvenile Pilot Grant	1,105	2,322
Law Library	N/A	3,953

The County Commission receives budget to actual comparison reports monthly from the County Clerk. However, the monthly reports are not complete because some budgeted lines are not included. As a result, the County Commission can not use these monthly reports for monitoring purposes.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), 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.

3. The County Commission's budget preparation procedures do not ensure that the budget documents reasonably reflect the anticipated financial activity and balances of the Juvenile Grant Diversion I Fund, Juvenile Grant Diversion II Fund, Juvenile Pilot Grant Fund, and Tax Maintenance Fund. The County Commission and Clerk did not provide the officials responsible for these funds with the proper budget forms and, therefore, neither the actual beginning balances nor the projected ending balances were included in the budgets for the years ended December 31, 2005. In addition, the budget for the year ended December 31, 2005 did not include any receipt estimates, resulting in a deficit budget balance for the various juvenile funds presented for that year.

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

- B. The county does not have procedures in place to ensure the county's budget documents accurately present financial activities of the county. The county budget documents contained incorrect amounts and numerous misclassifications. Adjustments have been discussed with the County Clerk and made to the audited financial statements. During our review of the budgets, the following concerns were noted:

- Several funds had unidentified adjustments reflected on the 2006 cash reconciliation of the 2007 budget summary page. These adjustments were necessary to make the cash balance agree to the county's records. The total net adjustments resulted in the various fund balances being reduced by \$2,618. At our request, the County Clerk investigated these adjustments and discovered that the adjustments were caused by incorrect reports being used for the budget.
- The county does not reverse transactions when they are initially recorded in the incorrect fund. As a result, the actual receipt and disbursement amounts for these funds were overstated. For example, the receipts and disbursements for the General Revenue Fund in 2005 were overstated by approximately \$725,000 due to the railroad and utility monies being incorrectly shown in this fund.
- The county budgets contained numerous misclassifications for both budgeted and actual receipt amounts, such as transfers classified as intergovernmental receipts and charges for services receipts classified as other receipts. For example, 2005 actual public administrator fees of \$117,838 were classified as intergovernmental revenues instead of charges for services. The budgeted

and actual disbursement amounts on the county budgets also included numerous misclassifications because transfers were not reported separately.

To be of maximum assistance to the County Commission and to adequately inform citizens of the county's operations and financial position, the budgets need to be accurate. A thorough review process should be implemented to ensure budget documents are accurate and complete prior to approval. Adjustments have been discussed with the County Clerk and made to the audited financial statements receipts and disbursements.

- C. The county's annual published financial statements did not include financial information for several county funds and were not published on or before the first Monday in March of each year. Receipts of approximately \$355,850 and \$340,260, and disbursements of \$304,300 and \$303,430 were omitted from the 2006 and 2005 annual published financial statements, respectively. The significant unpublished fund was the Senate Bill 40 Fund.

The county's published financial statements also did not include the bonded debt of the county. At December 31, 2006, the principal and interest balance of the county's bonded debt was \$14.5 million. In addition, the 2006 and 2005 annual financial statements were published on May 10, 2007 and April 4, 2006, respectively.

Section 50.800, RSMo, provides details regarding the various information required to be provided in the county's annual published financial statements, and requires that receipts, disbursements, and beginning and ending balance information be presented for all county funds. Complete and timely published financial statements are needed to adequately inform the citizens of the county's financial activities and show compliance with statutory requirements.

Conditions similar to A1, A3, and C were noted in our prior report.

**WE RECOMMEND** the County Commission:

- A.1. And other county officials ensure budgets are prepared for all county funds.
  - 2. And other county officials review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
  - 3. Ensure the budgets include actual beginning balances, reasonable estimates of receipts and disbursements, and projected ending balances.
- B. Ensure proper compilation and review procedures are in place to ensure the budget document presents accurate and complete financial information.
- C. Ensure all required information is presented in the county's annual published

financial statements in a timely manner.

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

*The County Commission and County Clerk provided the following responses:*

- A.1. *All county funds will be budgeted beginning in 2008.*
- 2. *The County Clerk is currently changing the monthly reports to include all budgetary information. This will enable the County Commission to monitor budgets.*
- 3. *They will require the officials to submit budgets on the provided forms beginning in 2008.*
- B. *They will ensure the budget document is accurate and complete.*
- C. *They will try to publish all of the financial statements in a timely manner.*

**Section III - Federal Award Findings and Questioned Costs**

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

<b>06-2.</b>	<b>Schedule of Expenditures of Federal Awards</b>
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Numbers:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERS045-5134, ERS045-6134, and ERS-0457134
Award Years:	2006 and 2005
Questioned Costs:	Not Applicable
Federal Grantor:	Elections Assistance Commission
Pass-Through Grantor:	Office of Secretary of State
Federal CFDA Numbers:	90.401
Program Title:	Help America Vote Act Requirements Payments
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Years:	2006 and 2005
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Social Services

Federal CFDA Numbers: 93.563  
Program Title: Child Support Enforcement  
Pass-Through Entity  
Identifying Number: Not Applicable  
Award Years: 2006 and 2005  
Questioned Costs: Not Applicable

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. Expenditures were understated by \$184,300 and overstated by \$42,050 for the years ended December 31, 2006 and 2005, respectively.

Section .310(b) of Circular A-133, *Audits of States, 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. For example, in 2006 the County Clerk failed to include federal monies of \$214,440 for the Help America Vote Act Requirements Payments Program. In 2006 and 2005, the County Clerk also failed to include federal monies of \$125,100 and \$116,269, respectively, for Child Support Enforcement. In both 2006 and 2005, other monies including state grants and non grant money totaling over \$150,000 each year were also incorrectly included on the SEFA. In addition, the County Clerk failed to include the required pass-through grantor's number on most of the programs that were reported.

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.

A similar condition was noted in our two prior reports.

**WE AGAIN RECOMMEND** the County Commission and County Clerk prepare a complete and accurate schedule of expenditures of federal awards. In addition, the County Commission and County Clerk should ensure that the correct contract numbers are included on the schedule.

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

*The County Commission and County Clerk provided the following response:*

*They will try to prepare an accurate SEFA for 2007.*

**06-3. Help America Vote Act Grant Requirements Payments Grants**

Federal Grantor:	Elections Assistance Commission
Pass-Through Grantor:	Office of Secretary of State
Federal CFDA Numbers:	90.401
Program Title:	Help America Vote Act Requirements Payments
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Years:	2006 and 2005
Questioned Costs:	\$208,540

The county's controls and procedures did not comply with requirements regarding cash management, equipment management, program income, level of effort, activities allowed and unallowed, allowable costs, reporting, and procurement, suspension and debarment, that are applicable to the Help America Vote Act (HAVA) Requirements Payments program. Dunklin County HAVA disbursements for 2006 and 2005 were \$219,142.

A. The county did not pay out the accessible and second chance voting equipment monies as required in the HAVA contract. The county received \$214,440 of HAVA accessible and second chance voting equipment monies on October 19, 2006, but did not disburse these monies until November 30, 2006, 42 days after their receipt. This was for equipment received in June 2006.

The county contracts with the Missouri Secretary of State (SOS) for election improvements and equipment under the Help America Vote Act. Section .300(c) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to “comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs”. The contract requires monies for accessible and second chance voting equipment to be disbursed within thirty days of receipt of monies.

B. The county does not have adequate procedures for capital assets purchased through the HAVA program. Voting equipment received in June 2006 was not added to the county capital asset records until January 2007. The SOS instructed the county to do so after a monitoring visit. In addition, the value of the voting equipment on the capital asset records was \$19,060 less than the purchase price. See MAR finding number 7 regarding recommendations for overall county capital assets.

Grants Common Rule §105-71.132 specifies that states will use, manage, and dispose of equipment acquired under a grant in accordance with state laws and procedures. Section 49.093, RSMo, requires counties to account for personal property costing \$1,000 or more.

- C. The county does not have controls for HAVA program income. All HAVA monies are required to be placed in an interest bearing account. The HAVA monies were deposited in the General Revenue Fund and County Clerk Discretionary Fund which are both interest bearing. However, the county has not determined the amount of HAVA interest monies earned.

According to federal guidelines, HAVA interest monies should be calculated and tracked by the various allowable disbursement categories.

- D. The county does not have procedures to ensure the level of effort for election related activities required by federal regulations has been maintained. Public Law 107-252 §254a7 requires the county to maintain funds for election related activities that are not reimbursed at a level no less than the level they expended in the fiscal year ended prior to November 2000. Although it appears the county has maintained the required level of effort, the County Clerk apparently did not know what this level was, and did not have procedures in place to ensure compliance by the county, as this was not monitored.
- E. The county does not have procedures to track disbursements by the categories required by the HAVA grant guidelines. The HAVA grant is awarded for various categories that restrict the use of the grant monies. The county tracks the HAVA disbursements in total instead of by specific categories. By not tracking the disbursements by the specific categories that are required by the grant guidelines, the county can not ensure that the disbursements are allowable per the federal regulations.
- F. The county has not prepared accurate or timely HAVA program reports to submit to the SOS. The SOS requires that each county receiving HAVA monies prepare financial reports. The County Clerk was unable to provide supporting documentation for the 2005 reports submitted to the SOS. Although the SOS had sent letters inquiring about the accuracy of the 2005 reports, the County Clerk had not resolved these issues with the SOS as of May 10, 2007. Although the 2006 reports were due 90 days after the end of the county's fiscal year, these reports had not been filed with the SOS as of May 10, 2007. By not preparing and filing accurate or timely reports, the SOS could stop all grant payments and deny future grants to the county.

- G. The county's procedures for procurement, suspension and debarment for HAVA disbursements are not adequate. When purchasing voting equipment totaling \$208,540, the county did not ensure that the vendor had not been suspended or debarred according to the federal list. In addition, the county did not solicit bids or perform other price comparison procedures for applicable HAVA purchases.

Federal grant guidelines require the purchase of goods to be properly bid and the vendor should be neither suspended nor debarred. As a result, we have questioned costs of \$208,540.

**WE RECOMMEND** the County Commission and County Clerk:

- A. Ensure HAVA monies relating to accessible and second chance voting are disbursed within thirty days of the receipt of goods.
- B. Ensure capital assets purchased through the HAVA program are accounted for properly.
- C. Establish procedures to track and account for interest earned on HAVA monies, and ensure that the monies are used as required by federal grant regulations.
- D. Establish procedures to ensure the level of effort for election activities is maintained as required by HAVA guidelines.
- E. Establish procedures to track HAVA disbursements by the specific categories as required by federal regulations.
- F. Prepare and file accurate HAVA reports to the SOS timely as required by HAVA grant guidelines.
- G. Establish procedures to follow federal guidelines regarding procurement, suspension, and debarment and resolve the questioned costs with the SOS.

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

*The County Commission and County Clerk provided the following responses:*

- A. *Any future grant receipts will be disbursed within the grant guidelines.*
- B. *This has been implemented.*
- C. *They will work with the Secretary of State on determining the interest monies already earned on HAVA monies. In the future, any interest earned on HAVA monies will be tracked.*

- D. The County Clerk will establish procedures to ensure the level of effort required by HAVA guidelines is met.*
- E. Procedures have been established to track disbursements by category.*
- F. This has now been done.*
- G. This will be done in the future and they will work with the SOS to resolve the questioned costs.*

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

DUNKLIN 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 Dunklin County, Missouri, on the applicable finding in the prior audit report issued for the two years ended December 31, 2004.

04-1. Omission of Budgetary Information

The county did not have adequate procedures to ensure budgets were prepared for all county funds.

Recommendation:

The County Commission along with other applicable officials ensure budgets are prepared for all county funds as required by state law.

Status:

Not implemented. See finding number 06-1.

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

DUNKLIN 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, 2004, 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

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

We have audited the financial statements of various funds of Dunklin County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 10, 2007. We also have audited the compliance of Dunklin County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 10, 2007.

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 referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Dunklin County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and other matters 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.* Dunklin County's responses to the findings are also presented in the MAR. We did not audit the county's responses and, accordingly, we express no opinion on them.

<b>1. Transfers and County Funds</b>
--------------------------------------

The county's procedures for transfers involving the Sheriff's Civil Fees Fund are in need of improvement. The county also has incorrectly handled various funds including the Hopkins School Fund, Crime Victims Compensation Fund, and Schools Fund. In addition, the County Clerk does not ensure township boards' financial statements are published as required by state law.

- A. The county did not have documentation to support how it complied with state law regarding transfers from the Sheriff's Civil Fees Fund (SCFF) to the General Revenue Fund. Section 57.280, RSMo, provides that a maximum of \$50,000 annually in civil fees collected by the Sheriff be deposited into the SCFF, and any excess collections be deposited into the General Revenue Fund. Although annual receipts did not exceed \$50,000, any year end balance of the SCFF exceeding \$50,000 was transferred to General Revenue from 2003 through 2005. In 2006, the county did not make any transfers from the SCFF.
  
- B. The Hopkins School Fund maintained by the County Collector-Treasurer was for a federal grant received on behalf of the Southeast Scenic Byway Corporation (SSBY), a separate legal entity. Although these monies were not county funds, the County Clerk prepared the checks which were signed by the County Clerk, Presiding Commissioner, and Treasurer. There was no written agreement between the county and the SSBY; however, the prior County Clerk was also the Chairman of the SSBY. Monies handled by the county for the SSBY totaled approximately \$113,000 and \$140,000 in 2006 and 2005, respectively. The county also did not maintain adequate supporting documentation, bid documentation, and written agreements with vendors for the Hopkins School disbursements. At our request, the county was able to obtain some of this documentation from other sources.

Monies received on behalf of other separate entities should not be in the custody of the county without a written agreement outlining the duties and responsibilities of both parties. Section 432.070, RSMo, requires contracts of political subdivisions to be in writing.

- C. Prior to December 2005, a portion of the Crime Victim's Compensation (CVC) fee collected by the court was improperly turned over to the county. The Circuit Clerk indicated the court stopped disbursing these monies to the county when they realized these were not county monies. The county deposited these fees into a Crime Victims Compensation Fund and at December 31, 2006, the fund had a balance of \$38,489. Section 595.045.2, RSMo, requires the CVC fees be disbursed by the court to the

state. To ensure compliance with state law, the court should request the county to turn these monies over to the state.

- D. The County Collector-Treasurer did not distribute the portion of the fine monies which were credited to the Schools Fund in 2005 and 2006. At December 31, 2006, the Schools Fund had a balance of \$17,174. The County Collector-Treasurer indicated she overlooked disbursing these monies to the various school districts.

Section 166.131, RSMo, provides for the annual distribution of penalties, forfeitures, and fines to various school districts in the same proportion that the September membership bears to the sum of the September membership of all the districts in the county.

- E. The County Clerk does not ensure township boards' financial statements are published as required by state law. While the county provided approximately \$1.9 million of CART monies in 2005 and 2006 to the various townships and has a contract with each township, there is no provision in the contracts that requires the townships to submit their published financial statements to the county. Section 231.290, RSMo, requires the County Clerk to ensure a detailed account of their financial activity, along with an inventory of the township's property, is published in a local newspaper and filed with the County Clerk.  
A similar condition was noted in the prior report.

**WE RECOMMEND** the County Commission:

- A. Review transfers made from the Sheriff's Civil Fees Fund to the General Revenue Fund to ensure they comply with state law.
- B. Enter into contracts when appropriate and ensure that contracts contain adequate details and protections for the county. In addition, the County Commission should ensure only county funds are held in the custody of the County Collector-Treasurer and disbursed through the county's disbursement system.
- C. And Circuit Clerk remit CVC fees to the state.
- D. And County Collector-Treasurer ensure future fines are apportioned annually in accordance with applicable statutory and constitutional provisions.
- E. And the County Clerk ensure all townships publish financial statements in a local paper in accordance with state law.

## **AUDITEE'S RESPONSE**

*The County Commission and County Clerk provided the following responses:*

- A. They will work with the Sheriff to ensure transfers from the Sheriff's Civil Fees Fund to the General Revenue Fund are proper and adequately documented.*
- B. The county will no longer receive monies that are not county funds.*
- C. They will consult with the Circuit Clerk regarding this fund.*
- D. They will monitor the fund to ensure all monies are disbursed once a year.*
- E. They will ensure the published financial statements are received before CART monies are disbursed to the townships.*

*The Circuit Clerk provided the following response:*

- C. She will look into these monies which were transmitted to the county.*

*The County Collector-Treasurer provided the following response:*

- D. These fine monies have now been distributed to the schools.*

<b>2. County Disbursements</b>
--------------------------------

The county does not have adequate procedures regarding the procurement of major purchases and professional services. Uniform allowances received by the Sheriff's department employees were not reported on employees' W-2 forms.

- A. While a review of commission meeting minutes and bid files indicated the county bid numerous items, the county did not always solicit bids, or bid documentation was not always retained for various purchases. In addition, neither the county commission meeting minutes nor the disbursement records contained adequate documentation of the county's efforts to compare prices (i.e., phone contacts, inquiries) or reasons to support sole source purchase determinations.*

We had concerns related to the following purchases in 2006:

<u>Item or Services</u>	<u>Cost</u>
Appraisal services	\$ 37,193
Portable radios	31,727
Radios in vehicles	27,991
Aerial photography services	22,500
Mailing services	22,100
Vehicles	13,138

The County Commission indicated each officeholder is individually responsible for bidding their office purchases and that they are not required to submit bid documentation to the County Clerk. The various officeholders indicated that not bidding the above purchases was an oversight.

In addition to the above items, we noted other instances in which the county is not adequately bidding and/or documenting factors related to purchases:

- A computer aided dispatch system purchased by the Emergency 911 Board totaled approximately \$8,600 and \$100,900, during 2005 and 2006, respectively. Although the Emergency 911 Board indicated the purchase was advertised; documentation of this advertisement was not retained.
- Food purchased from one vendor by the Sheriff's department totaled approximately \$62,200 and \$75,600, during 2005 and 2006, respectively. Although the Sheriff indicated he solicits prices via phone calls; documentation of these calls is not retained.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. If the County Commission and County Clerk wish to delegate responsibility for compliance with this state law to the various officials, they need to establish adequate procedures to ensure compliance.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the county's selection process and criteria should be retained to demonstrate compliance with the law and support decisions made.

- B. The county did not always enter into written contracts when appropriate. During 2005 and 2006, the county did not have contracts for payments totaling approximately \$57,300 for remodeling services, \$23,700 for spraying services,

\$22,500 for aerial photography services, and \$22,100 for mailing services. The County Commission indicated each officeholder is responsible for entering into applicable contracts for their office. The County Commission does not require contracts to be submitted to the County Clerk.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. If the County Commission and County Clerk wish to delegate responsibility for compliance with this state law to the various officials, they need to establish adequate procedures to ensure compliance.

- C. Supporting documentation related to some disbursements was insufficient and acknowledgment (or verification) of receipt of goods or services is not required prior to paying invoices. Detailed credit card receipts are not retained by the county and there is no evidence that these receipts were compared to the periodic billings. Credit card disbursements totaled approximately \$44,800 in 2005 and 2006. Billings also did not always include adequate detail. The county paid \$37,193 for appraisal services based on billings which only contained the total charge for professional fees and did not detail the hours, hourly rate, or tasks performed.

These monies represent public funds and officials have a fiduciary responsibility to ensure disbursements are appropriate and reasonable, and supported with adequate documentation. Without obtaining and properly reviewing adequate documentation, the county cannot determine the validity and propriety of the disbursements. Proper reviews of billings by officials or employees most knowledgeable of the transactions, comparison of receipts or records of individual transactions to overall month-end billings, and verification of receipt, are necessary to ensure the county is paying for legitimate goods or services.

- D. Annual uniform allowances of \$300 are paid to Sheriff's department deputies and uniform allowances of \$150 are paid to jail employees. These allowances totaled approximately \$8,700 and \$8,550 for the years ended December 31, 2006 and 2005, respectively. Employees are not required to submit invoices or an itemized expense report to support the allowance, nor are uniform allowances reported on W-2 forms.

Internal Revenue Service Regulations 1.62-2(h) and 31.3401(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Therefore, these allowances should be considered gross income to the employees. Alternatively, the County Commission could require employees to submit documentation of actual uniform expenses as they are incurred.

**WE RECOMMEND** the County Commission:

- A. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- B. Enter into contracts when appropriate and ensure that contracts contain adequate details and protections for the county.
- C. Ensure there is adequate documentation to support all disbursements from county funds and establish effective disbursement review procedures to ensure payments are only made for legitimate goods and services.
- D. Require the Sheriff's department employees to submit reports of uniform expenses or report these allowances as other income on the employees' W-2 forms.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk provided the following responses:*

- A&B. They will require the various officials to submit bid documentation and contracts to the County Clerk.*
- C. They are now requiring adequate supporting documentation and receipt of goods for all disbursements.*
- D. They will discuss this with the Sheriff and make changes in 2008.*

<b>3. Payroll Records and Procedures</b>
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Centralized records of time sheets, vacation leave, sick leave or compensatory time earned, taken, or accumulated are not maintained by the County Clerk and, as a result, disagreements arose on the payment of accumulated leave to terminated employees. In addition, Sheriff's department employees were incorrectly paid and timesheets prepared by county employees did not always indicate actual hours worked.

During the two years ended December 31, 2006, Dunklin County disbursed over \$1.8 million for payroll costs. The County Commission is responsible for approving payroll related disbursements, and the County Clerk is responsible for maintaining adequate records to support these disbursements.

- A. Centralized records of time sheets, vacation leave, sick leave or compensatory time earned, taken, or accumulated are not maintained by the County Clerk. These records are supposed to be maintained by each individual office; however, adequate

records are not maintained by some offices and the balances are not reported to the County Clerk. In some offices, the employees maintain their own records and do not report the information to their respective official.

Upon termination, employees are paid their accumulated vacation leave balance. However, since centralized records do not exist, the county relies on any records maintained by the employee and/or official. In two instances concerning terminated

employees, records maintained by the official did not agree to records maintained by employees. The County Commission approved a compromise amount between the two numbers.

Centralized records are needed to ensure that employees are meeting expectations of county employment, that policies are being uniformly followed, and that potential leave and/or compensatory time liabilities are being monitored. In addition, such records are needed in the event disputes arise and to demonstrate compliance with the federal Fair Labor Standards Act (FLSA).

- B. Sheriff's department deputies' timesheets had errors and, as a result, deputies were overpaid. Deputies are paid overtime for time worked in excess of 171 hours in a 28 day cycle as required by the Fair Labor Standards Act (FLSA). The time sheet for the 28 day cycle is generated from a computer system in which the beginning and ending dates of the desired 28 day period are entered. For the 28 day cycle, any hours worked in excess of 171 are paid to the deputy at the rate of time and one-half.

Although the Chief Deputy indicated he reviews the time sheet for the current and previous period, overlapping dates were reported on three employees' time sheets. The overlapping dates resulted in hours worked on the same dates being counted twice in the pay calculations. These extra dates resulted in hours in excess of the 171 hours allowed and overtime totaling \$264 being incorrectly paid.

It appears that timesheets for Sheriff's department employees are not being reviewed in adequate detail to ensure proper payment.

- C. Timesheets prepared by county employees did not always indicate actual hours worked. Timesheets must be submitted two days prior to the last County Commission meeting of the month for employees to be paid on that date. When submitting the timesheets, employees show actual hours worked through the date they are submitting their timesheet and estimate the hours they will work during the remainder of the month. No documentation was available to indicate that the hours actually worked were ever compared to the hours previously estimated.

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.

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

Similar conditions were noted in our previous audit report.

**WE AGAIN RECOMMEND** the County Commission:

- A. Require centralized payroll records be maintained by the County Clerk's office.
- B. Ensure timesheets are reviewed in adequate detail to ensure overlapping dates are not reported.
- C. Develop payroll procedures to ensure county employees are paid based on actual hours worked.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk provided the following responses:*

- A. *The County Clerk now maintains centralized leave records.*
- B. *The County Clerk's office is now monitoring for overlapping dates on timesheets.*
- C. *They will have officials sign the timesheets to indicate that they have ensured employees actual time worked agrees with the timesheet.*

*The Sheriff provided the following response:*

- B. *A program change has been made so this will no longer occur.*

Reasons for closing meetings and the corresponding vote to close the meeting are not documented and minutes of closed meetings held by the County Commission are not taken. Meeting agendas do not clearly indicate issues to be discussed at meetings and meeting minutes are not signed. The county does not have a formal policy regarding public access to records. In addition, the county did not solicit bids or obtain written agreements for the renting of warehouse space in the new justice center.

- A. Open session minutes typically indicate that the meeting is being closed, but the specific reason and a vote to close the meeting are not always documented. In addition, 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 to 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. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made.

- B. One agenda was posted for the County Commission meetings at the beginning of the year showing the meeting dates and indicating the general items for discussion for the entire year. The agenda did not clearly indicate the detail of issues to be discussed at the meetings.

Section 610.020.1, RSMo, requires a tentative agenda and a meeting notice be posted for all open meetings of a public governmental body. To better inform the public, the agenda should include sufficient detail about the issues to be discussed.

- C. County Commission meeting minutes prepared by the County Clerk are not signed by anyone. The minutes should be signed by the County Clerk and then by the County Commission to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the commission meetings.

Section 51.120, RSMo, requires the County Clerk to keep an accurate record of the orders, rules, and proceedings of the County Commission. Approval not only ensures authenticity of official minutes, but also allows a review of the contents to

ensure that the minutes include all important information regarding the meetings held.

- D. The county does not have a formal policy regarding public access to records. A formal policy regarding access and obtaining copies of county records should establish a contact person, an address for mailing such requests, and a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making county records available to the public. Section 610.026, RSMo, allows the county to charge fees for copying public records, not to exceed the county's actual cost of document search and duplication.

- E. The county did not solicit bids or obtain a written agreement for the rental of space in the new justice center. The county's rental fee was not always received each month and fluctuated after improvements were made to the building by the renter. The county rented the space which resulted in the county earning \$53,000 and \$57,300 in 2006 and 2005, respectively.

The county should solicit bids for the rental of this space to ensure a fair value is received. Section 432.070, RSMo, requires all county contracts to be in writing. Written contracts are necessary to ensure all parties are aware of their duties, rights, and responsibilities and to provide protection to all parties.

**WE RECOMMEND** the County Commission:

- A. Ensure the vote to close a session is documented in open minutes, along with the reason for closing the session, and minutes are taken for all closed sessions.
- B. Ensure tentative agendas for all County Commission meetings include sufficient detail about the issues to be discussed.
- C. Ensure commission meeting minutes are signed by the County Clerk upon preparation and the County Commission upon approval.
- D. Develop a formal policy regarding procedures to obtain public access to, or copies of, public county records.
- E. Request bids for rental property. In addition, the County Commission should enter into a contract and ensure the contract contains adequate details and protections for the county.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk provided the following responses:*

A,B

&C. *These recommendations have now been implemented.*

D. *The county will look into developing this policy.*

E. *The county now has a written agreement for rental of space in the justice center. If the space becomes available again, the county will solicit bids prior to renting it.*

**5.**

## **Computer Controls**

Computer systems and data are vulnerable to unauthorized use, modification, or destruction due to not limiting access and not keeping passwords confidential.

- A. Access to various records on the computer system is not adequately limited. One file in the computer program includes both the County Clerk's and County Collector-Treasurer's financial records. In February 2006, the County Collector-Treasurer entered an account code incorrectly and it posted to the County Clerk's General Revenue Fund records.

To establish individual responsibility and to help preserve the integrity of computer systems and data files, access should be limited to authorized individuals through the use of access controls. Unauthorized access can result in the deletion or alteration of data files and programs.

- B. The security of a password system is dependent upon keeping passwords confidential. However, passwords are not periodically changed to help ensure they remain known only to the assigned user and to reduce the risk of compromised passwords. As a result, there is less assurance passwords are effectively limiting access to computer systems and data files to only those individuals who need access to perform their job responsibilities.

Passwords should be unique and confidential, changed periodically to reduce the risk of unauthorized use, and used to restrict individuals' access to only those computer systems and data files they need to accomplish their jobs.

A similar condition was noted in our prior audit.

**WE RECOMMEND** the County Commission:

- A. Ensure access to various files is limited to only authorized individuals.
- B. Require passwords for all employees which are confidential and periodically changed to prevent unauthorized access to the county's computer systems and data.

**AUDITEE’S RESPONSE**

*The County Commission and County Clerk provided the following responses:*

- A. *They will look into limiting access to various files.*
- B. *They will ensure passwords are changed at least once a year.*

<b>6. County Property Records and Procedures</b>
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The County Clerk’s procedures to account for county property are not sufficient. The County Clerk has no procedures to identify property purchases throughout the year and has not updated the overall county property record in nine years. County employees have also given computer parts away to other organizations, and/or thrown them away without obtaining written authorization for disposal from the County Commission. In addition, an annual inventory of all general capital assets has not been performed, and tags identifying property items as county property are not being assigned and affixed to the items. As of the end of 2006, the county property, not including vehicles and buildings, was valued at an aggregate value of approximately \$978,000 on the county insurance policy.

Based on the recordkeeping and reporting problems noted above, it is clear that the county has not complied with statutory provisions. This lack of county property records increases the possibility of theft occurring without detection. In addition, property items could be purchased or disposed of without proper modifications to the county’s insurance coverage.

Section 49.093, RSMo, requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records. Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging of county property items are necessary to evaluate the accuracy of the records, and deter and detect theft.

Although we have noted similar conditions in three prior reports, the former County Clerk did not make implementation of those recommendations a priority.

**WE AGAIN RECOMMEND** the County Clerk work with other county departments to ensure physical inventories are conducted and reports submitted, implement a procedure for tagging and tracking property purchases throughout the year, and follow up on discrepancies identified during the annual physical inventory process. In addition, the County Commission should approve all dispositions of county property.

**AUDITEE’S RESPONSE**

*The County Commission and County Clerk provided the following response:*

*The County Clerk has developed up to date inventory records. The County Commission will develop a disposition policy before the end of the year.*

**7.**

**Property Tax Controls and Procedures**

The property tax system's controls and procedures are not sufficient. The County Collector-Treasurer does not file annual settlements and neither the County Clerk nor the County Commission adequately reviews the activities of the County Collector-Treasurer. Procedures

related to open items listings, receipts, and surtax are in need of improvement. The office processes approximately \$2.2 million annually in property taxes, fees, and commissions. Beginning in 2007, the County Collector-Treasurer will be collecting approximately \$13.5 million due to the elimination of processing of property tax receipts by township collectors.

A. The County Collector-Treasurer is required by Section 139.160, RSMo, to file an annual settlement with the County Clerk by the first Monday in March of each year. The Collector-Treasurer has not prepared or filed annual settlements for the last eight years. An annual settlement for the year ended February 28, 2006, was prepared upon our request in February 2007. Various amounts on the settlement were inaccurate, some activity was not included, and the annual settlement did not balance.

For the County Clerk and County Commission to properly verify the various tax books and tax collections, it is imperative the Collector-Treasurer file annual settlements on a timely basis. In addition, timely annual settlements are an essential part of the checks and balances system established by state law.

B. Neither the County Commission nor the County Clerk adequately reviews the activities of the County Collector-Treasurer. 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 any review of procedures are performed by the County Clerk. As noted in A above, the Collector-Treasurer has not prepared or filed annual settlements with the county.

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-Treasurer, 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 Collector-Treasurer each year is complete and accurate and could also

be used by the County Clerk and County Commission to verify the annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

- C. The County Collector-Treasurer is unable to reconcile the monthly listings of open items (liabilities) to the cash balance. Although the Collector-Treasurer prepares a monthly listing of open items, she was unable to determine the reason for the difference between the reconciled cash balance, undistributed property and real estate tax collections, and other identified liabilities.

Reconciled Cash Balance, February 28, 2007	\$ 492,556
Less: Undistributed Personal and Real Estate Collections	54,667
Undistributed Surtax	280,446
Undistributed Drainage and Levee Collections	1,058
Undistributed Interest	4,587
Undistributed Assessment Fund Withholdings	24,807
Undistributed Merchant Licenses and Publication Fees	2,475
Protested Taxes	1,854
Tax Maintenance Fund balance	86,070
Unidentified Balance, February 28, 2007	\$ <u>36,592</u>

The County Collector-Treasurer does not ensure the total undistributed collections on the monthly settlement agree with these collections on the monthly listing of open items. As a result of an inadequate reconciliation of open items, there are unidentified monies which are not being distributed to the various political subdivisions. It appears that \$22,400 of the unidentified balance was noted in the prior audit report.

Monthly reconciliations of the cash balances to liabilities are necessary to ensure the cash balances are sufficient to cover liabilities. Without the preparation of such reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded.

- D. The County Collector-Treasurer does not print a daily abstract from the property tax computer program to reconcile to the daily deposits. The deposits are also not reconciled to the monthly abstract from the property tax computer program which is used to determine the disbursement amounts. After the Collector-Treasurer printed the daily abstracts for March 2006 at our request, it was determined the deposits were \$67 more than the daily abstracts and the daily abstracts were \$190 more than the monthly abstract. As a result, it appears not all deposits are being abstracted. These differences appear to have caused the unidentified balance to continue to increase since the prior audit report (see part C above).

To properly reconcile receipts to deposits and ensure all monies are being properly

recorded and deposited, a daily abstract should be generated and reconciled to the daily receipts. The daily abstracts should also be reconciled to the monthly abstract. Without these reconciliations, the County Collector-Treasurer has no assurance that all transactions have been properly recorded.

- E. Assessment fund withholdings are not disbursed on a timely basis. Although the County Collector-Treasurer deducts the additional one-quarter percent assessment fees on property taxes, these monies are not disbursed monthly to the Assessment Fund. Instead the Collector-Treasurer holds the monies in her account until the Assessment Fund needs the monies. In both 2006 and 2005, annual distributions totaled \$35,000. At February 28, 2007, there was approximately \$25,000 of assessment withholdings in the account.

Section 137.720, RSMo, requires a percentage of all ad valorem property tax collections allocable to each taxing authority be deducted from the collections of taxes each year and be deposited into the assessment fund of the county. Timely disbursement of fees collected is also necessary to provide adequate controls over account balances.

- F. The County Collector-Treasurer continues to distribute surtax collections using percentages calculated for distributing the 1985 collections and has not recalculated the surtax distribution percentages each year as required by state law. As a result, political subdivisions may not have received the proper allocation of surtax collections.

Section 139.600(3), RSMo, outlines the procedures to be followed to calculate the percentages for the second and each succeeding year the surtax is imposed. Surtax collections are to be distributed to the various political subdivisions based on percentages derived from a combination of their share of the 1984 merchants' and manufacturers' taxes and the current assessed valuation for their Subclass 3 commercial property for each year compared to the 1985 assessed valuation.

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

**WE RECOMMEND:**

- A. The County Collector-Treasurer prepare and file accurate, complete, and timely annual settlements as required by state law.
- B. The County Commission and County Clerk monitor property tax system activities and perform a thorough review of the County Collector-Treasurer's annual settlements.
- C. The County Collector-Treasurer prepare a monthly listing of liabilities, reconcile this listing to the reconciled bank balances, investigate any unreconciled differences, and make the appropriate adjustments to correct any differences noted.

- D. The County Collector-Treasurer generate daily abstracts, reconcile daily abstracts to daily receipts and monthly abstracts, and ensure all receipts are abstracted and distributed on a timely basis.
- E. The County Collector-Treasurer disburse assessment fees monthly.
- F. The County Collector-Treasurer ensure future distributions of surtax collections take into consideration the current year's assessed valuation of subclass 3 commercial property for each political subdivision as required by state law.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk provided the following response:*

- B. *The County Clerk is now maintaining an account book. This will be used to review the annual settlement.*

*The County Collector-Treasurer provided the following responses:*

- A. *She will try to prepare an annual settlement.*
- C. *She will prepare a detailed open items list each month. She will try to ensure the unidentified difference remains consistent. When the unidentified difference is consistent, she will consult with the Prosecuting Attorney on how to disburse these monies.*
- D. *She will print daily abstracts and reconcile them to deposits. The daily abstracts will be reconciled to the monthly abstracts.*
- E. *Assessment fund withholdings will be transmitted more frequently.*
- F. *She was not aware that this changed every year. The county will recalculate this every year.*

<b>8. Health Department Controls and Procedures</b>
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The Health Department procedures related to receipts, disbursements, payroll, and property records need improvement. The Health Department also has not entered into a written agreement with its depository bank and collateral securities pledged were insufficient. In addition, the board's financial statements did not list disbursements by vendor as required by state law.

- A. The composition of receipt slips issued is not reconciled to the composition of deposits. It appears the Health Department incorrectly indicated the method of payment on some receipt slips. Checks and money orders are also not restrictively endorsed immediately upon receipt.

Without reconciling the composition of the receipt slips issued to the composition of deposits, the Health Department cannot ensure all monies collected are ultimately recorded and deposited. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.

B. Disbursement records and procedures need improvement.

1. While a review of Health Department minutes and bid files indicated the Health Department bid numerous items, the Health Department did not always solicit bids or bid documentation was not always retained for various purchases as discussed below. Neither the Health Department minutes nor the disbursement records contained adequate documentation of the Health Department's efforts to compare prices (i.e., phone contacts, inquiries) or reasons to support sole source purchase determinations.

- The Health Department did not advertise for flu vaccine purchases which totaled approximately \$12,300 in 2005. The Health Department Administrator indicated this was a sole source purchase. However, this was not documented.
- Although a \$34,000 disbursement for a walking trail was advertised for bids, the Health Department did not document why the bid which was \$6,378 less was not accepted. The Health Department personnel indicated the company with the low bid did not return phone calls regarding this bid.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the Health Department has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the Health Department's selection process and criteria should be retained to demonstrate compliance with the law and support decisions made.

2. The Health Department did not always enter into written contracts when appropriate. During 2005 and 2006, the Health Department did not have contracts for payments totaling approximately \$1,400 for doctor services, \$2,200 for accounting services, and \$10,400 for rent.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts, signed by the parties involved, should specify the

services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

3. Supporting documentation related to some disbursements was insufficient. The only supporting documentation for some disbursements was the vendor estimate rather than an actual invoice. Based on the vendor estimate, the Health Department paid one company approximately \$4,450 for a generator and \$12,900 for remodeling.

To ensure the validity and propriety of disbursements and compliance with statutory provisions, adequate supporting documentation should be obtained for all payments to vendors.

4. The Health Department's accounts payable process does not provide adequate controls to ensure that goods and services have been received prior to payment. Acknowledgment of receipt of goods or services is not required prior to paying invoices. For example, the Health Department paid approximately \$12,900 for remodeling services without acknowledging receipt of goods or services.

Proper reviews of billings by employees most knowledgeable of the transactions, comparison of receipts or records of individual transactions to overall month-end billings, and verification of receipt, are necessary to ensure the Health Department is paying for legitimate goods or services.

- C. Timesheets prepared by employees did not always indicate actual hours worked. Timesheets must be submitted two days prior to the date paid. When submitting the timesheets, employees indicate actual hours worked through the date they are submitting their timesheet and estimate the hours they will work for the remainder of the pay period. No documentation was available to indicate that the hours actually worked were compared to the hours estimated.

The practice of paying 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 Health Department Board should consider implementing payroll procedures that ensure employees are paid only for actual hours worked.

- D. The Health Department's procedures to account for Health Department property are not sufficient and property records are not complete. As of the end of 2006, the Health Department property, not including buildings, was valued at approximately \$116,500 on the insurance policy.

- Property purchases are not reconciled to additions per the property records.

- Although there were discrepancies noted during the Health Department's physical inventory, the Health Department had not followed up on these discrepancies. A printer was still included on the property records although this item had last been noted in the inventory in 2003.
- The Health Department does not have formal procedures for disposing of property. Written authorization was not obtained from the Health Department Administrator and the date and method of disposition were not recorded on the inventory records.

Adequate property records and monitoring procedures by the Health Department Administrator are necessary to ensure compliance with Section 49.093, RSMo, and provide adequate internal controls over Health Department property. The comparison of periodic inventories to overall Health Department property records could potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Procedures to promptly identify, tag, and insure new property items are necessary to properly protect Health Department assets.

- E. The Health Department has not entered into a written agreement with its depository bank and collateral securities pledged by the department's depository bank to cover deposits were insufficient by approximately \$152,100 during January 2006. The high balance period was primarily due to deposits of property tax monies.

The Health Department should enter into a written agreement with its depository bank. Section 110.020, RSMo, requires the value of securities pledged to be at all times not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of bank failure. Also, written agreements should require that deposits in excess of FDIC limits be secured by bank assets pledged to the Health Department. In addition, the bank service agreement provisions should include, but not be limited to, any bank fees for check printing, checking account services, and interest rate for invested funds. A written depository agreement helps the Health Department and bank understand and comply with the requirements of any banking arrangement.

- F. The Health Department Board's published financial statements did not list disbursements by vendor. Section 50.800, RSMo, requires detailed lists of disbursements by vendor. For the published financial statements to adequately inform the citizens of the Health Department Board's financial activities, all information required by law should be included.

Conditions similar to C and D were noted in our prior report.

**WE RECOMMEND** the Health Department Board:

- A. Ensure the composition of the receipt slips is reconciled to deposits. In addition, the Health Department Board should ensure checks and money orders are restrictively endorsed immediately upon receipt.
- B.1. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
  - 2. Enter into contracts when appropriate and ensure that contracts contain adequate details and protections for the Health Department.
  - 3. Require adequate supporting documentation for all disbursements.
  - 4. Establish effective disbursement review procedures to ensure payments are only made for legitimate goods and services.
- C. Develop payroll procedures which require all employees to be paid based on actual hours worked.
- D. Implement a procedure for tracking new property items throughout the year, modify insurance coverage promptly, and follow up on discrepancies identified during the annual physical inventory process. The Health Department Board should establish a formal procedure for dispositions.
- E. Ensure all deposits are adequately secured and enter into a written agreement with the depository bank.
- F. Ensure published financial statements include all information required by state law.

**AUDITEE'S RESPONSE**

*The Health Department Administrator provided the following responses:*

- A. *The staff has been informed to make sure that the cash and checks on the receipts match what are on the deposit form, not just that the total amount of the deposit matches the sum of all receipts. The staff has also been reminded to make sure all checks are endorsed immediately upon receipt.*
- B.1. *Due to the limited number of vendors, the flu vaccine is not bid out. If we run the open for bid notice in the paper, only one would bid on it and would just cost us more money. We have to pre-order it months before delivery in order to get it in time for the flu season. There are only two manufacturers of the flu vaccine in the world and one of those has had major problems in the last few years. We purchase the flu vaccine directly from one manufacturer that has the best quality and on time delivery record. The price has always been equal to or better than any other source for the flu vaccine.*

*The walking trail was put on the Campbell Housing Authority property. Since we did not own or have control of the property, the Campbell Housing Authority bid out the work for the walking trail. Their board decided to not go with the lowest bid because of their knowledge of the quality of work by the lowest bidder. They wanted to make sure the walking trail would last for years. They knew if they went with the lowest bidder that the walking trail would have ended up costing more in a few years because of the repair work that would have needed to be done.*

2. *The Health Department will get a written contract with the noted parties.*
  3. *The wrong paperwork was used in paying the contractor. The invoice and the estimate were the same amount. The staff has been informed to make sure the invoice is used for payments and not the estimate.*
  4. *Although the supporting documentation was insufficient, it is clear that the new windows were installed. The staff has been informed to make sure to document that the work has been completed before paying invoices in the future.*
- C. *Part-time employees must turn in their hours worked two days before the end of the pay period because of the Quickbooks direct deposit. The part-time employees estimated the hours they will work on the last two days. The actual hours are checked against the paid hours to make sure they match. If for some reason they do not match (i.e. they get sick and can't come to work), a correction is made the next pay period. The only thing that was not done correctly was that no one documented that they checked the hours worked against the hours paid. The staff was informed to document when the paid hours are checked against the actual hours worked.*
- D. *The inventory will be rechecked and updated in the next couple of months.*
- They will work with their insurance agent to make sure \$116,500 is enough coverage for Health Department property not including buildings.*
- A formal policy will be put in place and a new form, with the required information, will be used to document the disposal of property in the future.*
- E. *The insufficiency happened because of the deposit of a large sum of tax collections. It was corrected in just a few days. They receive most of the tax collection revenue in December and January. They will work more closely with the bank to make sure this does not happen in the future. They will also work with the bank to update their contract with the bank to include items noted.*
- F. *They will include the list of disbursements by vendor in future published financial statements.*

<b>9. Senate Bill 40 Board Controls and Procedures</b>
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The Senate Bill 40 (SB40) Board has not established procedures to ensure the actual amounts in the annual budgets are accurate and that actual disbursements do not exceed budgeted amounts. The SB40 Board also has not requested bids or funding proposals for sheltered workshop services. In addition, the SB40 Board has not entered into a written agreement with its depository bank and collateral securities pledged were insufficient.

- A.1. The SB40 Board has not established procedures to ensure actual receipts, disbursements, and year-end cash balances reported in the annual budgets agree to internal accounting records or to the reconciled bank balances at year end. While the internal accounting records agreed with the reconciled bank balances, the numbers entered onto the actual budget form were incorrect. The 2006 actual receipts and disbursements shown in the 2007 budget were understated by \$7,071 and \$6,648, respectively. The 2005 actual disbursements were also understated by \$117 in the 2006 budget. Apparently no one reviewed the budgetary information and noted these errors. Adjustments have been discussed with the SB40 President and made to the audited financial statements receipts and disbursements in order for the ending balances to agree to the bank.

For the annual budgets to present the SB40 Board's complete financial activity, all monies received and disbursed in a calendar year should be reflected in the SB40 Fund's budget document and agreed to the year-end reconciled bank balance.

2. Actual disbursements exceeded budgeted amounts for both 2006 and 2005 for the Senate Bill 40 Fund by \$6,649 and \$117, respectively. It appears these amounts were not noted by the board due to the incorrect reporting on the budget document as noted above.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), 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.

- B. The SB40 Board has not requested bids or funding proposals for providing sheltered workshop services. The sheltered workshop submits an annual budget request to the SB40 Board each year. After the SB40 Board approves the request, a written agreement is entered into for these services and the approved amount is disbursed to the sheltered workshop at the beginning of the year. During 2006 and 2005, the SB40 Board paid the sheltered workshop approximately \$302,000. This was not documented as being a sole source purchase and the monies were paid prior to receiving the services. By requesting bids or funding proposals for services, the SB40 Board would be able to make a better-informed decision to ensure necessary

services are obtained from the best qualified organization at the lowest and best costs.

The SB40 Board should consider requesting bids or funding proposals for services, and establishing a policy which defines the requirements for approving requests for funds to ensure fair and equitable treatment is extended to all organizations.

- C. The SB40 Board has not entered into a written agreement with its depository bank and collateral securities pledged by the depository bank to cover deposits were insufficient by approximately \$68,156 during January 2006. The high balance period was primarily due to deposits of property tax monies.

The SB40 Board should enter into a written agreement with its depository bank. Section 110.020, RSMo, requires the value of securities pledged to be at all times not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of bank failure. Also, written agreements should require that deposits in excess of FDIC limits be secured by bank assets pledged to the SB40 Board. In addition, the bank service agreement provisions should include, but not be limited to, any bank fees for check printing, checking account services, and interest rate for invested funds. A written depository agreement helps the SB40 Board and bank understand and comply with the requirements of any banking arrangement.

A similar condition was noted in our prior report.

**WE RECOMMEND** the Senate Bill 40 Board:

- A.1. Ensure all financial information is properly reflected in the annual budget document.
- 2. Review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's Office.
- B. Request bids or funding proposals and pay for services as they are received.
- C. Ensure all deposits are adequately secured and enter into a written agreement with the depository bank.

**AUDITEE'S RESPONSE**

*The Senate Bill 40 Board President provided the following responses:*

- A.1. *They will ensure the actual amounts on the budget are correct.*
- 2. *In the future, the budget will be amended prior to exceeding the budget.*

- B. *They believe this is a sole source purchase. They will post requests for funding proposals for these services in public places.*
- C. *They will do this.*

<b>10. Assessor Accounting Controls and Procedures</b>
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The Assessor transmitted \$5,053 and \$3,184 in 2006 and 2005, respectively, to the County Treasurer from the sale of maps, public record information requests, and photocopies. The Assessor does not maintain adequate records to account for monies received. All receipts are not transmitted intact and on a timely basis, and cash and check receipts totaling \$739 were not transmitted to the County Treasurer. Prenumbered receipt slips are not issued for all monies received and the composition of receipt slips is not reconciled to the composition of transmittals. In addition, recordkeeping and monitoring procedures related to outstanding copy fees are not adequate.

Similar conditions were noted in our last two audit reports and the previous Assessor indicated in the last report that the recommendations had been or would be implemented. A new Assessor took office in November 2003. Although the new Assessor indicated she had improved her procedures after items noted in A were brought to her attention, we still noted several areas of concerns regarding the processing of receipts.

- A. Some cash and check receipts were not transmitted to the County Treasurer. It appears that four checks totaling \$96 were deposited into the Assessor's personal account and thirteen additional checks totaling \$643 were not deposited into the county funds and may have been cashed. These checks were received from April 2004 through August 2005. The Assessor indicated these monies were used for various supplies for the office; however, no records of these purchases were maintained or available. The Assessor stated that she changed her procedures and no longer withheld monies from transmittals after she was questioned about this by the County Commission and Prosecuting Attorney in August 2005. As noted above, the amount of transmittals to the county increased significantly in 2006 after this practice was supposedly stopped. However, we noted small amounts of cash received in August and September 2006 totaling \$7.50 were also not transmitted. The Assessor indicated that she thought the cash receipts were possibly used for postage purchases; however, no record of these purchases was maintained.

Transmitting receipts to the County Treasurer intact is necessary to ensure proper recording and accountability of receipts and to lessen the possibility of loss or misuse of funds. These monies represent accountable fees which should be turned over to the county. Section 50.370, RSMo, requires every county official who receives fees for official services to pay such monies to the county treasury. There is no statutory authority for the Assessor to expend these monies except as provided for in the county budget and made through the County Commission's normal disbursement process. Disbursements for supplies from the Assessment Fund for Assessor's office

supplies totaled \$6,728, \$8,314, and \$10,027 for 2006, 2005, and 2004.

As a result of potential conflict, the Prosecuting Attorney has turned the investigation of the monies not transmitted over to the State Attorney General to determine any further action to be taken.

- B. Prenumbered receipt slips are not issued for some monies received. In addition, the method of payment is not always noted on the receipt slip and the composition of receipt slips is not reconciled to the composition of transmittals to the County Treasurer. To adequately account for receipts and reduce the risk of loss or misuse of funds, prenumbered receipt slips should be issued for all monies received immediately upon receipt. The receipts slips should indicate the method of payment (i.e. cash, checks, or money orders), the receipt slip numbers should be accounted for, and the composition should be reconciled to the transmittal to the County Treasurer.
- C. Monies received are not transmitted to the County Treasurer in a timely manner. In one instance, receipts were held for over 13 days before transmittal. To reduce the risk of loss or misuse of funds, transmittals should be made on a timely basis. Transmittals should be more frequent if significant amounts of cash are collected.
- D. Recordkeeping and monitoring procedures related to outstanding copy fees are not adequate. The Assessor allows certain companies to maintain open accounts for copies of records or faxes.
  - The Assessor tracks the amounts owed on a log sheet for copies made in her office and bills the companies when the page is full. In some instances, it may take several months to a year to fill up a page. If payment is not received, the Assessor does not initiate any further collection procedures. There were four instances of fees still owed from 2004. In addition, some companies were allowed to charge additional copies even though they had outstanding balances. Several companies indicated they were not aware they owed monies or that they owed different amounts.
  - The Assessor tracks the amounts owed for faxed information requests on a separate ledger page for each company. The Assessor indicates the balance due from the company on the cover sheet that is faxed to the company; however, if payment is not received, no further collection procedures are initiated. Upon research, it was found that amounts received are sometimes not posted to the ledger or are incorrectly posted to the wrong company. These errors went undetected by the Assessor because no follow-up procedures are performed on outstanding balances.

Unpaid fees could remain uncollected because of inadequate monitoring procedures which might eventually result in lost revenue. Without the active and timely pursuit of unpaid fees, revenues to the county could be lost.

Conditions similar to A, B, and C were noted in our prior report. In addition, given the weaknesses noted, the risk of mishandling of fees going undetected is increased.

**WE RECOMMEND** the Assessor:

- A. Transmit all monies to the County Treasurer intact. All supplies should be purchased through the county's normal disbursement process.
- B. Require prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. In addition, the Assessor should ensure the method of payment is recorded on the receipt slips and the composition of receipt slips is reconciled to transmittals.
- C. Transmit all monies on a timely basis.
- D. Establish procedures to adequately record and monitor outstanding fees.

**AUDITEE'S RESPONSE**

*The Assessor provided the following responses:*

*A-C. These have now been implemented.*

*D. She has sent billings to companies that owe monies. If a company is delinquent, the Assessor's office no longer allows them to make any additional charges.*

<b>11. Sheriff Accounting Controls and Procedures</b>
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The Sheriff's procedures related to the commissary, Sheriff's Revolving Fund, boarding of prisoners, and seized property are in need of improvement.

- A. The Sheriff's commissary account is used for personal monies of inmates and commissary purchases made by the inmates. The Sheriff's department records the receipts for each inmate in the commissary computer program provided by an independent vendor. The vendor is then contacted by the inmates to make commissary purchases which are recorded in the commissary computer program. The Sheriff's department is billed for inmate purchases and receives a check for the commissary profit. The Sheriff's commissary account processes approximately \$90,000 annually in monies received from inmates for the commissary. The Sheriff's controls and procedures for the commissary account need improvement.

1. Accounting duties have not been adequately segregated in the Sheriff's department. One clerk prepares checks, signs checks, and prepares bank reconciliations. There are no documented reviews of the accounting records performed by the Sheriff.

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.

2. Monies received are not always deposited in a timely manner. Monies are normally collected each business day, but deposits are approximately ten times per month. For example, a deposit made on May 15, 2005 included nine days collections, totaling approximately \$1,790 and included approximately \$1,760 in cash. In addition, the numerical sequence of receipt slips is not accounted for properly and the composition of receipt slips issued is not reconciled to the composition of deposits.

To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be more frequent if significant amounts of cash are collected. Without issuing and accounting for prenumbered receipt slips for all monies collected and reconciling the composition of the receipts slips to the composition of deposits, the Sheriff's department cannot ensure all monies collected are ultimately recorded and deposited.

3. Although bank reconciliations are prepared, the bank reconciliations are not complete and the bank balance is not reconciled to a monthly listing of open items (liabilities). Differences on the bank reconciliation are not investigated and cleared. During the two years ended December 31, 2006, the differences fluctuated each month and at December 31, 2006, the reconciled bank balance was \$154 more than the book balance. In addition, the Sheriff has not prepared open items listings for the commissary account. At our request, the Sheriff's department attempted to prepare an open items listing. After several attempts to generate the correct open items list, the final listing prepared for December 31, 2006, totaled \$1,858 more than the book balance.

The commissary account balance also includes the booking fees, toilet paper fees, and commissary profit from the previous bank account which have not been remitted to the county. The Sheriff's department was unable to determine these amounts or whether these county charges were included as open items. These fees would increase the shortage noted above. In addition, some commissary accounts remain active and continue to be liabilities even though the inmates are no longer in the county jail.

Reconciling the accounting records to the bank account and an open items listing ensures that the records are in balance and sufficient funds are available for the payment of all liabilities. Differences should be reviewed monthly and appropriate adjustments should be made to correct the records.

In addition, an attempt should be made to locate any inmates with commissary account balances that are no longer prisoners of the county jail. If proper disposition of the unidentified monies cannot be determined and the inmate cannot be located, various statutory provisions provide for the disposition of unclaimed monies. Also, routine procedures should be established to investigate inmate balances unclaimed for a considerable time.

4. A \$1 booking fee is to be allocated from the inmate's commissary account balance at the time of incarceration. A \$0.55 toilet paper fee is also charged when an inmate requests toilet paper even if they do not have any available monies. The booking fee and toilet paper fee are county fees that should be credited to the General Revenue Fund (see 3 above). The Sheriff's department personnel indicated the booking fee was charged to offset the time, effort, and expense of booking inmates and the toilet paper fee was charged due to inmates using it inappropriately. However, the Sheriff could not provide any statutory authority authorizing the collection of these fees. Sheriff's department personnel indicated the \$1 booking fee is not consistently charged to all inmates due to an oversight.

B. The controls and procedures regarding the Sheriff's Revolving Fund need improvement.

1. The Sheriff's department receives monies for concealed weapon permits and deposits these to the Sheriff's Revolving Fund account. As of December 31, 2006, concealed weapon permit receipts totaling \$14,092 were maintained in the account. These monies should be deposited into the county treasury and handled like other county funds.

Section 50.370, RSMo, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.

2. Monies received are not always deposited in a timely manner. Monies are normally collected each business day, but deposits are normally made only once a month. For example, a deposit made on March 29, 2006 included eight days collections, totaling approximately \$434. In addition, the numerical sequence of receipt slips is not accounted for.

To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be more frequent if significant amounts of cash are collected. Without accounting for prenumbered receipt slips for all monies

collected, the Sheriff's department cannot ensure all monies collected are ultimately recorded and deposited.

- C. The county is subsidizing the cost to house other political subdivisions' prisoners by establishing a billing rate that is not sufficient to recover all jail costs. The Sheriff's department houses prisoners for various cities within the county and bills the cities for these services. The billing rate for the cities is \$4 a day, except for the city of Kennett, which is billed a flat rate of \$600 a month. The total prisoner days for all of the cities were 2,482 and 3,166 in 2006 and 2005, respectively. However, in its most recent report of prisoner incarceration costs submitted to the State Office of Administration, the county calculated its daily prisoner cost to be approximately \$21. In addition, no written agreement existed between Dunklin County and the various cities for these services.

The County Commission and Sheriff should periodically review the costs of operating the jail, including any indirect costs, and establish an appropriate billing rate for all political subdivisions housing prisoners in the county jail. In addition, Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts are necessary to outline the terms of arrangements, specify services to be provided and the related funding, and help ensure the reasonableness and propriety of such disbursements.

- D. Seized property records and procedures need improvement.

1. A complete inventory listing of seized property was not maintained for the two years ended December 31, 2006. The Sheriff's department does not include items too large to store in the evidence room. For example, a seized truck stored at a local towing business was not included on the listing of seized property. In addition, periodic inventories of the property on hand are not conducted.

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

2. Procedures have not been implemented to periodically review cases and dispose of related seized property items. As a result, numerous items for which the related cases have been disposed in court are being stored. Property is on hand dating back to the late 1990s.

Section 542.301, RSMo, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure.

Conditions similar to A2, A4, A5, C, and D were noted in our prior report.

**WE RECOMMEND** the Sheriff:

- A.1. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
  2. Deposit all monies intact on a timely basis. In addition, the Sheriff should require the numerical sequence of receipt slips be accounted for properly and ensure the composition of receipt slips is reconciled to deposits.
  3. Reconcile the accounting records to the bank accounts and a monthly listing of open items and investigate and correct identified differences. The Sheriff should discontinue the practice of maintaining county charges and commissary profit outside the county treasury. Furthermore, the Sheriff should establish procedures to ensure released inmates receive the balance of their commissary account and establish routine procedures to investigate inmate balances unclaimed for a considerable time.
  4. Review the charging of booking and toilet paper fees with the Prosecuting Attorney to ensure the fees are appropriate. If determined appropriate, the Sheriff should ensure all inmates are charged the fees on a consistent basis.
- B. Discontinue the practice of maintaining concealed weapon permit receipts outside the county treasury. These monies should be turned over to the county treasury on a periodic and timely basis.
- C. And the County Commission periodically review the cost of boarding prisoners and establish a billing rate for other political subdivisions that is sufficient to recover the costs of housing prisoners in the Dunklin County jail. In addition, the county should enter into a written contract with all cities detailing the responsibilities of each party involved.
- D.1. Maintain a complete inventory record of all seized property including information such as a description, persons involved, current location, case number, and disposition of such property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
  2. Adopt procedures to periodically follow up on seized property items and obtain written authorization to dispose of the items upon final disposition of the cases.

## **AUDITEE'S RESPONSE**

*The Sheriff provided the following responses:*

- A.1. These duties have now been segregated.*
- 2. He is currently looking into a new vendor who will provide a computer system to account for the numerical sequence of receipt slips. Deposits are now being made more timely. The composition of receipts will also be reconciled to deposits.*
- 3. He is currently looking for a new vendor to provide computer software to be able to do this.*
- 4. These fees will be turned over to the county once a month. He believes these fees are allowable per Section 221.070, RSMo.*
- B.1. These monies have now been turned over to the county.*
- 2. Deposits are now being made more timely. The numerical sequence of receipt slips is now being accounted for.*
- C. This was increased to \$20 a day beginning on June 1, 2007. He is trying to get the various cities to sign written contracts for housing of prisoners.*
- D1*
- &2. He is working on improving seized property procedures as they move to the new Justice Center.*

<b>12. Circuit Clerk Accounting Controls and Procedures</b>
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Circuit Clerk procedures related to accounting duties, receipts, open items, old bank accounts, and accrued costs are in need of improvement. The Associate Circuit Division, Probate Division, and Circuit Clerk's office were consolidated in January 2006 and a new Circuit Clerk took office in September 2006. The Circuit Court processes approximately \$500,000 annually in civil and criminal case fees, fines, and bonds.

- A. Accounting duties have not been adequately segregated in the court. One deputy clerk prepares and signs checks, and prepares bank reconciliations. There are no documented reviews of the accounting records performed by the Circuit Clerk.*

Internal controls would be improved by segregating the duties of disbursing monies and preparing bank reconciliations. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Monies received are not always deposited intact or in a timely manner. Although deposits are generally prepared twice a week, some of the cashier sessions (which are opened for each clerk) are not closed when the deposit is prepared. Cashier sessions are not included in a deposit until the clerk closes the session. Four cashier sessions were noted that had not been closed timely. This resulted in receipts being held for several days before being deposited including one cashier session not deposited until 10 days after it was opened.

To reduce the risk of loss or misuse of funds, cashier sessions should be closed daily and deposits should be made intact on a timely basis. Deposits should be more frequent if significant amounts of cash are collected.

- C. Open items records and procedures need improvement.

1. The court has not adequately reviewed the status of old open items. The December 31, 2006 open items listing included approximately 290 cases and totaled over \$89,000. Approximately 75 of these cases originated prior to 2003 with some cases dating as far back as 1997. Some of these cases have not had activity for several years.

The failure to routinely review open items and prorate available monies when appropriate increases the volume of cases which must be monitored and deprives the state, county or others the use of those monies. A procedure to routinely review open items and make more timely disbursements should be implemented. If disbursement is possible but proper payees cannot be located, the monies should be disposed of in accordance with state law. In addition, the court needs to perform a comprehensive review of old open items and dispose of monies as appropriate.

2. The Circuit Clerk's reconciled account balance has exceeded identified open items by approximately \$2,473 since at least December 31, 2004. There is no documentation that the court has attempted to resolve the difference. Any unidentified monies remaining in the account should be disposed of in accordance with state law.

- D. The Circuit Clerk maintains three old bank accounts which have had no activity for several years. Two of these accounts from the Probate Division have not had activity since 2003 and 2001 with balances of \$1,964 and \$166, respectively, at December 31, 2006. The Circuit Clerk also has a separate bank account for a case with \$3,707 of interest monies at December 31, 2006 although a motion had been made in 1999 to disburse the interest monies. No attempt has been made by the Circuit Clerk to identify or properly dispose of the monies in this account.

The Circuit Clerk should attempt to identify the monies held in the old bank accounts and obtain written authorization from the court to dispose of the monies and close the accounts.

A similar condition was noted in our prior report.

- E. While a listing of accrued costs owed to the court is maintained in the Circuit Clerk's computer system, the Justice Information System (JIS), the Circuit Clerk was not aware this information was available or that a report could be generated. At our request, the Circuit Clerk contacted the Office of State Courts Administrator and generated the report. As of January 2, 2007, the Circuit Clerk's accrued cost balance which was over 60 days overdue was approximately \$911,700. The Circuit Clerk should periodically generate a list of accrued costs and review it for accuracy and completeness. In addition, the Circuit Court has not taken advantage of the various statutory provisions intended to improve debt collections.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible. Establishing procedures to ensure cases are updated or removed from the accrued cost list as appropriate would help ensure the list is complete and accurate.

**WE RECOMMEND** the Circuit Clerk:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Establish procedures to ensure all cashier sessions are closed daily and deposit all monies intact on a timely basis.
- C.1. Routinely review open items and disburse or dispose of monies as appropriate.
  - 2. Identify and appropriately distribute the unidentified balance. Any unidentified monies remaining in the account should be disposed of in accordance with state law.
- D. Attempt to identify the monies held in the old bank accounts and obtain written authorization from the court to dispose of the monies and close the accounts.
- E. Establish procedures to monitor and collect accrued costs.

**AUDITEE'S RESPONSE**

*The Circuit Clerk provided the following responses:*

- A. *This has been implemented.*
- B. *She is reviewing the open cashiers sessions and ensures all cashier sessions are closed at least once a week. If a cashier session includes cash or exceeds \$100, the cashier session is closed and deposited.*

- C.1. *She is working on reviewing open items and disbursing inactive open items.*
- 2. *She will look into how to distribute these monies.*
- D. *These monies have been disbursed and the old accounts have been closed.*
- E. *She is working on ensuring the accrued cost list is accurate. After the accrued cost list has been reviewed, she plans on taking advantage of the various collection alternatives available to the court.*

<b>13. Prosecuting Attorney Accounting Controls and Procedures</b>
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The Prosecuting Attorney's Office procedures related to open items listings, outstanding checks, accrued restitution, and receipts are in need of improvement. The Prosecuting Attorney's Office processed approximately \$380,000 annually in bad check fees and restitution.

- A. Monthly listings of open items (liabilities) for bad check receipts are not accurately prepared and reconciled to the cash balance. At our request, the Prosecuting Attorney prepared an open items listing as of April 24, 2007. However, the book balance exceeded the open items listing by \$7,863.

A complete and accurate listing of open items should be prepared monthly and reconciled to the cash balance to ensure records are in balance and sufficient funds are available for the payment of all liabilities. Further, the Prosecuting Attorney should attempt to determine the reasons for the differences and, if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

- B. The April 24, 2007 open items listing included \$519 of interest which had not been turned over to the county since 2001. In addition, the cost of checks and deposit slips are taken from the Prosecuting Attorney's bank account. For example, \$26 was taken from this account for deposit slips in January 2005. Since the cash balance is not reconciled with an open items listing, the Prosecuting Attorney does not know if he is using interest monies or merchants' monies for bank fees.

Transmitting receipts to the County Treasurer intact is necessary to ensure proper recording and accountability of receipts and to lessen the possibility of loss or misuse of funds. Interest earned represents an accountable fee which should be turned over to the county. Section 50.370, RSMo, requires every county official who receives fees for official services to pay such monies to the county treasury. There is no statutory authority for the Prosecuting Attorney to expend these monies for bank fees except as provided for in the county budget and made through the County Commission's normal disbursement process.

- C. The Prosecuting Attorney does not adequately follow-up on old outstanding checks. At December 31, 2006, there were 42 checks totaling approximately \$2,025 which had been outstanding for more than one year.

Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- D. Summary listings of court-ordered restitution owed to the Prosecuting Attorney are prepared, but follow up procedures related to unpaid restitution need improvement. As of February 26, 2007, unpaid restitution totaled approximately \$448,739. The Prosecuting Attorney indicated that some of this unpaid restitution is not collectible. For example, the restitution could be owed from defendants who are in correctional facilities. The Prosecuting Attorney should take appropriate steps to determine if amounts are uncollectible.

The lack of timely write offs of old inactive case balances increases the volume of cases which must be monitored and controlled, putting a greater burden on limited personnel resources.

- E. The Prosecuting Attorney's procedures for receipts need improvement.

- Prenumbered receipt slips are not issued for delinquent tax monies received and monies received are not always transmitted in a timely manner. Delinquent tax monies are usually transmitted two to three times a month. These receipts are kept in an unsecured location in the Prosecuting Attorney's office prior to transmittal.
- Money orders received for bad checks and restitution are not restrictively endorsed immediately upon receipt.

To adequately account for collections and reduce the risk of loss or misuse of funds, prenumbered receipt slips should be issued for all monies received immediately upon receipt. The receipt slips should indicate the method of payment (i.e. cash, checks, or money orders), be accounted for, and the composition should be reconciled to the turnover. In addition, checks and money orders should be restrictively endorsed immediately upon receipt and deposits or transmittals should be made intact on a timely basis.

Conditions similar to C and E were noted in our prior report.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Prepare a monthly listing of open items and reconcile it to the cash balance. Any excess monies should be disposed of in accordance with state law.
- B. Periodically disburse interest and receive reimbursement for bank fees through the county's normal disbursement process.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- D. Periodically review listings of unpaid court-ordered restitution, and adopt procedures to periodically write off uncollectible amounts.
- E. Require prenumbered receipt slips be issued for all monies received and transmit all monies intact on a timely basis. The Prosecuting Attorney should also restrictively endorse checks and money orders immediately upon receipt and keep them in a secure location until transmitted.

**AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following responses:*

- A. *The Prosecuting Attorney's office is now preparing open items listings. He will investigate unidentified monies.*
- B. *Interest monies will be turned over to the county's Prosecuting Attorney Bad Check Fund. He has received reimbursement from the county for bank fees.*
- C. *This will be done.*
- D. *He attempts to follow up on unpaid restitution. The Prosecuting Attorney's office will make a note on the uncollectible unpaid restitution accounts.*
- E. *This has been implemented.*

<b>14. Public Administrator Accounting Controls and Procedures</b>
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The Public Administrator's disbursement and record keeping procedures need improvement. The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. At December 31, 2006, the Public Administrator handled approximately 156 cases. A new Public Administrator took office January 1, 2007.

- A. The Associate Circuit (Probate) Judge does not require the Public Administrator to

submit supporting documentation for disbursements. The only supporting documentation filed with the Public Administrator's settlements is the checking account bank statement for the last date on the settlement. For two of the settlements reviewed, the current Public Administrator and prior Public Administrator could not locate bank statements, bank reconciliations, and canceled checks to support the annual settlements. The current and prior public administrators disagree on what happened to these records.

Section 473.543, RSMo, requires the Public Administrator to have supporting documentation for all disbursements in excess of \$75 and indicates the court may require supporting documentation for disbursements of less than \$75. Without such documentation, it is difficult for the Probate Court to assess the validity and reasonableness of costs charged to and paid by wards of the Public Administrator. Consideration should be given to requiring such supporting documentation be filed with the court. Record retention is necessary to ensure the validity of transactions and provide an audit trail. Section 109.270, RSMo, states that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- B. Some annual settlements prepared by the Public Administrator's office were not complete or accurate. Outstanding check amounts, payees, and check numbers were not reported on the annual settlements. Original copies of voided checks were also not maintained or reported on the annual settlement. In addition, receipts and cash balances for certificates of deposit were not always accurately reported on some annual settlements. The reported cash balances on these annual settlements did not agree to the Public Administrator's records or the bank balance. If the Probate Court had adequately reviewed the settlements (see part A above), these problems may have been identified.

To ensure the financial activity of the estates is accurately reported to the Probate Court, all receipts and disbursements should be accurately recorded on the annual settlements. In addition, voided checks should be properly mutilated and retained.

- C. The prior Public Administrator entered into verbal agreements for various estates for care of the wards. Adequate supporting documentation, indicating detail such as hours worked and costs incurred, was not always obtained prior to payment for these services. Although compensation paid to these individuals for services and rent exceeded \$600, it was not reported on Form 1099-MISC.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts are necessary to outline the terms of arrangements, specify services to be provided and the related funding, and help ensure the reasonableness and propriety of such disbursements. Adequate supporting documentation should also be obtained for all disbursements to ensure the validity and propriety of disbursements. Further, Sections 6042 and 6051 of the Internal Revenue Code requires an IRS Form 1099-MISC be completed for every payee other than corporations receiving \$600 or

more in aggregate during a calendar year for services performed as a trade or business by non-employees.

Conditions similar to A and B were noted in our prior report.

**WE RECOMMEND** the Public Administrator:

- A. Retain financial records in a secure location to prevent misplacement or loss. In addition, the Associate Circuit Judge should consider requiring adequate documentation to be filed with the annual settlement.
- B. Prepare annual settlements which accurately report all estate receipts, disbursements, and cash balances. In addition, the Public Administrator should maintain the original copies of voided checks.
- C. Enter into a written contract with all service providers detailing the responsibilities of each party involved. In addition, the Public Administrator should obtain adequate supporting documentation for all disbursements and issue IRS Forms 1099-MISC as required by the Internal Revenue Code.

**AUDITEE'S RESPONSE**

*The Public Administrator provided the following response:*

- A. *In the future, she will ensure all financial records can be located.*
- B. *She will change procedures to ensure all annual settlements are accurate and voided checks are properly accounted for.*
- C. *She will do this in the future.*

*The Probate Judge provided the following response:*

*A&B. For wards that have investments, he will require the ending bank statements, bank reconciliations, and cancelled checks. On other cases, the Probate Court will request additional documentation on a test basis. The Probate Court will more closely review the settlements especially the turn over settlements.*

<b>15. Juvenile Office Accounting Controls and Procedures</b>
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The Juvenile Office's procedures related to accounting duties, processing of monies, and accrued costs are in need of improvement. The Juvenile Office processes court ordered restitution payments received from juveniles. The Chief Juvenile Officer estimated that less than \$1,200 is received a year.

- A. Accounting duties have not been adequately segregated in the Juvenile Office. One clerk collects monies, records transactions, and prepares transmittals. There are no documented reviews of the accounting records performed by the Chief Juvenile Officer or other independent employee.

Internal controls would be improved by segregating the duties of receiving and transmitting 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. Prenumbered receipt slips are not issued for monies received. The clerk makes copies of the money orders received and records the payments in the individual case files.

Without issuing and accounting for prenumbered receipt slips for all monies collected, the Juvenile Office cannot ensure all monies collected are ultimately recorded and transmitted.

- C. Upon receipt, money orders for restitution are forwarded directly to the victim. The Juvenile Office does not obtain documentation from the victim to document their receipt of the restitution.

To reduce the risk of loss, theft or misuse of funds, the Juvenile Office should request documentation of receipt for all restitution monies forwarded to victims.

- D. The Juvenile Office did not maintain a summary listing of court ordered restitution accounts receivable. Because cases with accrued restitution are not filed separately, the Juvenile Office indicated it would be too time consuming to prepare a summary listing.

A complete and accurate listing of accrued court ordered restitution would allow the Juvenile Office to more easily review the amounts due and to take appropriate steps to ensure amounts owed are collected or to determine if amounts are uncollectible.

**WE RECOMMEND** the Juvenile Office:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Require prenumbered receipt slips be issued for all monies received.
- C. Obtain documentation from the victim when restitution is turned over to them.
- D. Prepare a listing of accrued court ordered restitution. Any uncollectible accrued court ordered restitution should be written off following review and approval by the Judge.

**AUDITEE'S RESPONSE**

*The Chief Juvenile Officer provided the following response:*

*A-D. The recommendations have been implemented.*

## Follow-Up on Prior Audit Findings

DUNKLIN 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 Dunklin County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2002. 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 and Published Financial Statements

- A. The County Commission approved expenditures in excess of available monies.
- B. The County Commission budgeted deficit balances for several funds.
- C. The county's annual published financial statements did not include financial activity for several county funds, including the Senate Bill 40 Board Fund and the Health Center Fund, as required.
- D. The County Clerk did not ensure township road boards' financial statements were prepared and published as required by state law.

Recommendation:

The County Commission:

- A. Refrain from approving expenditures in excess of available monies to ensure all funds are maintained with a positive cash balance.
- B. Refrain from budgeting a deficit to ensure all funds do not project a negative cash balance.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- D. And the County Clerk ensure all townships publish financial statements in a local paper in accordance with state law.

Status:

- A. Implemented.
- B-C. Not implemented. See finding number 06-1.
- D. Not implemented. See MAR finding number 1.

2. County Expenditures

- A. The 911 Board authorized payment for the leasing of a vehicle by the 911 Coordinator. A cost analysis was not done by the 911 Board to determine the cost of leasing a vehicle versus the cost of reimbursing for mileage.
- B. The Sheriff authorized payment from the Sheriff's Civil Fees Fund for an employee Christmas party. This payment was supported by a memo prepared by the Sheriff which was reviewed and approved by the County Commission.

Recommendation:

The County Commission:

- A. And the 911 Board ensure all expenditures of county monies are a necessary and prudent use of public funds.
- B. And the Sheriff ensure all expenditures of county monies are a necessary and prudent use of public funds.

Status:

A&B. No similar disbursements were noted during the audit period.

3. Personnel Policies and Procedures

- A. Timesheets prepared by county employees did not always indicate actual hours worked.
- B. The County Clerk did not maintain records of vacation leave, sick leave, or compensatory time earned, taken or accumulated.
- C. Errors and inconsistencies were noted on the Sheriff's department deputies timesheets in how the total hours worked were computed.
- D. The county paid occupational performance awards to county employees.
- E. Inadequate procedures regarding employment terminations resulted in two employees being overpaid.

Recommendation:

The County Commission:

- A. Develop payroll procedures to ensure county employees are paid based on actual hours worked.
- B. Ensure a balance of leave accumulated and taken for each employee is centrally maintained by the County Clerk.
- C. Ensure timesheets are reviewed in adequate detail.
- D. Discontinue the practice of paying bonuses to employees.
- E. Develop procedures to inform the payroll clerk of all employment terminations. In addition, procedures should be developed to ensure all payroll modifications are accurately processed by the computer system.

Status:

A,B

&C. Not implemented. See MAR finding number 3.

D&E. Implemented.

4. General Fixed Assets

The County Clerk had not updated the inventory listing of fixed assets held by county officials since 1998. In addition, an annual inventory of all general fixed assets and quarterly inspections of county owned land and building had not been performed, and most fixed assets were not properly numbered, tagged, or otherwise identified as county owned property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset dispositions, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed.

Status:

Not implemented. See MAR finding number 6.

5. Computer Controls

- A. Passwords were not changed on a periodic basis to ensure confidentiality.
- B. The county did not have a formal contingency plan for the computer system in case of emergency.
- C. Backup disks were not stored at an off-site location.

Recommendation:

The County Commission:

- A. Ensure passwords are periodically changed and remain confidential.
- B. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.
- C. Ensure backup disks are prepared and stored in a secure, off-site location.

Status:

- A. Not implemented. See MAR finding number 5.

B&C. Implemented.

6. Board of Prisoners

- A. The county established billing rates that were not sufficient to recover all costs. In addition, no written agreement existed between Dunklin County and the city of Kennett for these services.
- B. The Sheriff had not established a formal policy for billing other counties and there was no set fee that the Sheriff charged other counties for housing their prisoners. In addition, the Sheriff did not maintain a log of amounts billed to or collected from other counties.

Recommendation:

The Sheriff:

- A. And the County Commission periodically review the cost of boarding prisoners and establish a billing rate for other political subdivisions that is sufficient to recover costs of housing prisoners in the Dunklin County jail. In addition, the county should obtain written agreements with the city of Kennett for the boarding of inmates.

- B. Establish and implement procedures regarding the billing of prisoners housed from other counties. In addition, maintain a log of amounts billed to and collected from the various counties for boarding of prisoners as a means to track and follow-up on amounts due to the county.

Status:

- A. Not implemented. See MAR finding number 11.
- B. The county has verbal agreements to not bill other counties for boarding of prisoners. As a result, the county has not paid other counties for boarding of prisoners during the audit period. While county personnel indicated the amount of time prisoners held by or for other counties is not significant, this information is not monitored. Although not repeated in the current report, our recommendation remains as stated above.

7. County Treasurer's Accounting Controls and Procedures

- A. The method of payment (cash, check, and money order) was not consistently indicated on the receipt slips.
- B. Checks and money orders were not restrictively endorsed immediately upon receipt.
- C. Deposits were not always made on a timely basis.
- D. The County Treasurer did not adequately follow up on old outstanding checks.
- E.1. Several receipts were not split between the Prosecuting Attorney Delinquent Tax Fund and the General Revenue Fund but were fully deposited into the General Revenue Fund. As a result, \$2,886 was due from the General Revenue Fund to the Prosecuting Attorney Delinquent Tax Fund.
- 2. The county deposited state Peace Officer Standards and Training (POST) monies totaling \$1,106 into the Hazardous Training Fund in 2001. County personnel could not provide an explanation as to why the POST monies were deposited into the Hazardous Training Fund or had no controls in place to ensure these monies would be spent in accordance with state law.

Recommendation:

The County Treasurer:

- A. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits.
- B. Restrictively endorse checks and money orders immediately upon receipt.

- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E.1. Transfer \$2,886 from the General Revenue Fund to the Prosecuting Attorney Delinquent Tax Fund.
- 2. Transfer \$1,106 from the Hazardous Training Fund to the Law Enforcement Training Fund.

Status:

A,B,  
C&

E. Implemented.

D. Not implemented. At December 31, 2006, there were nine checks totaling \$1,218 that had been outstanding for over one year. Although not repeated in the current report, our recommendation remains as stated above.

8. Assessor's Accounting Controls and Procedures

- A. Prenumbered receipt slips were not issued for monies received.
- B. Receipts were not transmitted to the County Treasurer on a timely basis.
- C. Receipts were not transmitted to the County Treasurer intact as cash was withheld to make change. In addition, receipts totaling over \$132 were used to purchase postage stamps, office supplies, and flowers.
- D. Checks were not restrictively endorsed immediately upon receipt.

Recommendation:

The Assessor:

- A. Issue official prenumbered receipt slips for all monies received and account for the numerical sequence. Indicate the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of monies transmitted.
- B. Transmit all monies to the County Treasurer intact daily or when accumulated receipts exceed \$100.
- C. Determine if a change fund is needed. If a change fund is needed it should be maintained at a constant amount. In addition, make all purchases through the county

expenditure process.

- D. Restrictively endorse checks immediately upon receipt.

Status:

- A-C. Not implemented. See MAR finding number 10.

- D. Implemented.

9. Ex-Officio County Collector's Accounting Controls and Procedures

- A. Receipts collected for copies and information requests were not deposited intact with property tax collections of the Ex-Officio County Collector. In addition, checks received for copies and information requests were not restrictively endorsed immediately upon receipt.
- B. Monthly listings of liabilities were not prepared and reconciled to cash balances. Several errors occurred during the audit period and were not detected in a timely manner because of the lack of such reconciliations.
- C. The Ex-Officio County Collector accepted partial payments from taxpayers who were unable to pay their tax bill in full. The Ex-Officio County Collector did not deposit these receipts until the tax bill was paid in full.
- D. The Ex-Officio County Collector had not distributed interest earned on bank deposits since March 2001.
- E. The Ex-Officio County Collector had not prepared or filed annual settlements for the years ended February 28 (29), 2003, 2002, 2001, and 2000.
- F. Due to insufficient reviews of the monthly settlements and monthly distributions, errors that occurred which resulted in improper distributions of monies went undetected.

Recommendation:

The Ex-Officio County Collector:

- A. Deposit all monies received intact daily and restrictively endorse checks immediately upon receipt.

- B. Reconcile monthly listings of liabilities to the reconciled bank balance and attempt to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law. In addition, disburse \$39,246 to the General Revenue Fund and \$13,072 to the Assessment Fund.
- C. Deposit all partial payments into her official bank account. Furthermore, the Ex-Officio County Collector should reconsider the practice of accepting partial payments. If the decision is made to continue this practice, proper records should be maintained and all partial payment accounts should be closed on a timely basis.
- D. Allocate interest in accordance with state statutes and Attorney General's opinions.
- E. Ensure annual settlements are completed annually and filed with the County Commission as required by statute.
- F. Ensure adequate reviews of the monthly settlements and monthly distributions are performed. In addition, review the improper distributions and make the appropriate adjustments to the various funds.

Status:

- A. Partially implemented. Checks are restrictively endorsed immediately upon receipt. However, the Ex Officio County Collector deposits copies and information request receipts on a weekly basis. Although not repeated in the current report, our recommendation remains as stated above.
- B&E. Not implemented. See MAR finding number 7.
- C. Implemented. The Ex Officio County Collector no longer accepts partial payments.
- D. Partially implemented. Interest earned on bank deposits is being distributed based on the surtax percentages and not in accordance with Attorney General's opinions. Although not repeated in the current report, our recommendation remains as stated above.
- F. Implemented.

10. Associate Circuit Division's Accounting Controls and Procedures

- A. The Associate Circuit Clerk did not generate a bank reconciliation report each month to review in conjunction with the bank statement. Documentation was also not received from the Office of the State Courts Administrator (OSCA) pertaining to the completed bank reconciliation. The bank reconciliation obtained at our request included numerous adjustments to reconcile the bank balance with the Associate Circuit Division's accounting system.
- B. The Associate Circuit Division did not adequately follow up on old outstanding

checks.

- C. The Associate Circuit Clerk did not retain any documentation to support how monthly disbursement amounts were determined.
- D. The Associate Circuit Division did not account for the numerical sequence of receipt slips and the composition of receipts per the daily accounting records were not always reconciled to the composition of the deposits.

Recommendation:

The Associate Circuit Clerk:

- A. Prepare and vouch monthly bank reconciliations. Also, investigate the adjustments being made to the bank reconciliations and attempt to resolve all amounts.
- B. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- C. Retain records in a secure location in accordance with state law to provide assurance that all transactions are valid and proper.
- D. Account for the numerical sequence of receipt slips and reconcile the composition of receipts to the composition of bank deposits.

Status:

The Associate Circuit Division, Probate Division, and Circuit Clerk's office were consolidated in January 2006.

A&

- C. Implemented.
- B. Partially implemented. The December 2006 bank reconciliation for the Circuit Clerk's office included some immaterial checks that had been outstanding for more than one year. Although not repeated in the current report, our recommendation remains as stated above.
- D. Partially implemented. The composition of receipts was reconciled to deposits after the various court divisions consolidated in January 2006. However, the Circuit Clerk is still not ensuring all receipt slips are included when deposits are prepared. See MAR finding number 12.

11. Probate Division's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B.1. Bank reconciliations were not always prepared on a monthly basis for the Probate Division bank accounts.
  - 2. Monthly listings of open items were not prepared and reconciled to the balance of the bank accounts. Due to these procedures not being performed, unidentified balances were not detected in the juvenile restitution account and the old Probate Division account.
  - 3. The Probate Division was unable to provide documentation to support the disbursement of interest monies totaling \$338 from the savings account.
- C. Deposits were not always made on a timely basis.
- D. Fees received were not always disbursed to the state and the County Treasurer monthly.

Recommendation:

The Associate Circuit Judge:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B.1. Prepare bank reconciliations for all accounts on a monthly basis. In addition, ensure a complete and accurate open items list is maintained and reconciled to the cash balance monthly. Any discrepancies should be promptly investigated and resolved.
  - 2. Attempt to identify the unidentified balances of the old Probate Division bank accounts. Any monies remaining unidentified should be disposed of in accordance with state law.
  - 3. Investigate the handling of the monies withdrawn from the savings account and ensure proper documentation is retained regarding all transactions and operations of the Probate Division.
- C. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- D. Remit fees on a monthly basis.

Status:

The Probate Division, Associate Circuit Division, and Circuit Clerk's office were consolidated in January 2006.

A,B.2

&C. Not implemented. See MAR finding number 12.

B.1

&D. Implemented.

B.3. Partially implemented. Documentation has been retained for all court transactions. However, the handling of the previous monies withdrawn from the savings account has not been investigated. Although not repeated in the current report, our recommendation remains as stated above.

12. Prosecuting Attorney's Accounting Controls and Procedures

A. Money orders were not always transmitted or deposited on a timely basis.

B. The Prosecuting Attorney did not adequately follow up on old outstanding checks.

C.1. Contributions were collected for the Criminal Investigation Fund and were used for law enforcement purposes. By accepting contributions, it was possible that fines and penalties which might otherwise have been assessed and credited to the county school fund were not collected and distributed in accordance with an established formula designed to benefit all schools within the county.

2. The Prosecuting Attorney did not make the judge aware of the contribution when presenting the plea bargain to the court.

Recommendation:

The Prosecuting Attorney:

A. Transmit or deposit all monies intact daily or when accumulated receipts exceed \$100.

B. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

C. And the Associate Circuit Judge determine whether requiring contributions as part of a plea bargain is acceptable. If this practice is continued, the Prosecuting Attorney and the Associate Circuit Judge should establish guidelines for how contribution amounts are determined.

Status:

A&B. Not implemented. See MAR finding number 13.

C. Implemented. Although there previously was no authority to collect plea bargain contributions, these fees are now collected pursuant to Section 50.565, RSMo, which was effective in August 2004. These monies are now deposited in the Law Enforcement Restitution Fund.

13. Public Administrator's Accounting Controls and Procedures

A. The Public Administrator indicated she performed monthly bank reconciliations for each ward; however, the reconciliations were done on the computer system and the reconciliations were not printed. Thus, no documentation of the reconciliations was maintained.

B.1. Bank statements were filed with the Public Administrator's settlements; however, vouchers or invoices supporting disbursements were not submitted for review by the Probate Court.

2. The Public Administrator used local attorneys to prepare the annual settlements. The attorney's prepared the annual settlements using bank statements and canceled checks. By not using the Public Administrator's records, checks that had been issued, but had not cleared the bank were not included, causing an overstatement of assets and an understatement of expenditures.

Recommendation:

The Public Administrator:

A. Retain documentation of monthly bank reconciliations.

B.1. Submit supporting documentation for all disbursements made on behalf of wards to the Probate Court for review. In addition, the Associate Circuit Judge should require adequate documentation to be filed or made available to support all settlement transactions.

2. Prepare annual settlements using book records to ensure a complete and accurate account of all transactions is provided. In addition, the Associate Circuit Judge should require the numerical sequence of checks issued be reviewed to ensure that all checks are adequately accounted for.

Status:

- A. Partially implemented. The Public Administrator does print the monthly bank reconciliations. However, the Public Administrator does not print the list of outstanding checks. Although not repeated in the current report, our recommendation remains as stated above.
- B. Not implemented. See MAR finding number 14.

14. Recorder of Deeds' Accounting Controls and Procedures

Monies were not deposited intact as cash refunds were made for overpayments of fees paid by check. In addition, receipts were not deposited on a timely basis.

Recommendation:

The Recorder of Deeds deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, refunds should be made by check.

Status:

Partially implemented. The Recorder of Deeds deposits monies intact and daily. Although the Recorder continues to make small cash refunds, the refunds are noted on the Recorder's receipt records. Although not repeated in the current report, our recommendation remains as stated above.

15. Sheriff's Accounting Controls and Procedures

- A.1. While an inventory listing of seized property was maintained, the listing did not appear complete or accurate. In addition, periodic inventories of the property on hand were not conducted.
  - 2. Procedures had not been implemented to periodically review cases and dispose of related seized property items.
- B.1. The Sheriff and his deputies were apparently receiving duplicate payment of mileage costs when serving civil papers.
  - 2. No procedures were performed to monitor outstanding paper service fees or to follow up on past due paper service fees.

Recommendation:

The Sheriff:

- A.1. Maintain a complete inventory listing of all seized property which is updated for both additions and dispositions. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
2. Adopt procedures to periodically follow up on seized property items and obtain written authorization to dispose of the items upon final disposition of the cases.
- B.1. Discontinue reimbursing mileage costs for civil paper service from the Sheriff's fee account. All paper service fees should be remitted to the County Treasurer.
2. Issue receipt slips for civil paper service fees immediately upon receipt and deposit them in the bank account. Any refunds should be made by check.
3. Establish adequate procedures to monitor and collect unpaid paper service fees.

Status:

- A. Not implemented. See MAR finding number 11.
- B. Implemented.

16. Sheriff's Commissary Accounting Controls and Procedures

- A. The numerical sequence of receipt slips was not accounted for to ensure all monies receipted were properly deposited. In addition, voided receipt slips were not always retained.
- B. Monthly listings of open items (liabilities) were not reconciled to cash balances. There appeared to be a shortage of \$7,481 in the commissary account.
- C. Several inmates had closed accounts indicating that the inmate had been released from the county jail but the balance of their commissary account was not claimed.
- D. Inmates were charged a \$1 booking fee at the time of incarceration. However, the Sheriff could not provide any statutory authority authorizing the collection of this fee. The \$1 booking fee was not consistently charged to all inmates: however, no explanation was provided as to why.
- E. Profit earned on commissary sales was not adequately monitored and turned over to the General Revenue Fund in a timely manner.

Recommendation:

The Sheriff:

- A. Account for the numerical sequence of receipt slips and retain all copies of voided receipt slips.
- B. Work with the commissary vendor to reconcile liabilities of the commissary account, including individual inmate balances, to the total monies on deposit in the commissary account on a monthly basis.
- C. Attempt to resolve unclaimed balances of closed inmate accounts and establish routine procedures to investigate inmate balances unclaimed for a considerable time.
- D. Review the charging of booking fees with the Prosecuting Attorney to ensure the fee is appropriate. If determined appropriate, ensure all inmates are charged the \$1 commissary booking fee on a consistent basis.
- E. Establish procedures to consistently monitor the profit earned on commissary sales and ensure all profit earnings are disbursed to the General Revenue Fund in a timely manner.

Status:

- A-D. Not implemented. See MAR finding number 11.
- E. Implemented.

17. Health Center Procedures

- A. Accounting duties were not adequately segregated.
- B.1. The Health Center budget was not sufficiently detailed. Several budgeted and actual receipts and/or disbursements were reported in category total only with no descriptive classifications for the categories.
  - 2. Disbursements and year-end cash balances reported on the Health Center's annual budgets did not agree to the Health Center's internal accounting records or the total reconciled bank balances at year-end.
  - 3. The Health Center did not have adequate procedures to monitor budgeted and actual expenditures. As a result, expenditures exceeded board approved budgets.
- C. Timesheets prepared by the employees did not always indicate actual hours worked.
- D.1. Property records did not include all information applicable to the item. Information such as acquisition dates and cost were not indicated for several items on the

property control record.

2. The Health Center did not have formal procedures for disposing of Health Center owned property.

Recommendation:

The Health Center Board of Trustees:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B.1. Include detailed classifications of receipts and disbursements in the budgets.
  2. Ensure all financial information is properly reflected in the annual budget document.
  3. Not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- C. Develop payroll procedures which require all employees to be paid based on actual hours worked.
- D.1. Ensure property control records include a detailed description of each fixed asset as to acquisition date and cost.
  2. Establish a formal method of disposing of general fixed assets. At a minimum, written authorization for all property dispositions should be obtained and date and method of disposition should be recorded on the general fixed asset records.

Status:

A,B.1

&3. Implemented.

B.2 Not implemented. Although adjustments to the financial information in the budget were necessary, these adjustments were not material. Although not repeated in the current report, our recommendation remains as stated above.

C&D. Not implemented. See MAR finding number 8.

18. Senate Bill 40 Board Procedures

The Senate Bill 40 Board did not have adequate procedures to monitor and ensure monies in their various bank accounts were sufficiently collateralized.

Recommendation:

The Senate Bill 40 Board develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

Status:

Not implemented. See MAR finding number 9.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

DUNKLIN COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1845, the county of Dunklin was named after Daniel Dunklin, a former governor of Missouri. Dunklin County is a township-organized, third-class county and is part of the Thirty-Fifth Judicial Circuit. The county seat is Kennett.

Dunklin 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 108 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 townships maintain approximately 790 miles of county roads.

The county's population was 36,324 in 1980 and 33,155 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2006	2005	2004	2003	1985*	1980**
		(in millions)					
Real estate	\$	192.9	190.0	184.7	182.8	112.8	49.6
Personal property		75.6	73.0	70.6	71.4	22.9	12.8
Railroad and utilities		22.2	23.6	23.9	22.1	16.7	17.8
Total	\$	290.7	286.6	279.2	276.3	152.4	80.2

\* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2006	2005	2004	2003
General Revenue Fund	\$	.0000	.0000	.0000	.0000
Johnson Grass Fund		.0000	.0000	.0500	.0500
Health Department Fund		.1000	.1000	.1000	.1000
Senate Bill 40 Board Fund		.1000	.1000	.1000	.1000

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

	Year Ended February 28 (29),			
	2007	2006	2005	2004
State of Missouri	\$ 87,040	85,149	*	*
General Revenue Fund	6,758	6,761	*	*
Township	283,907	277,617	*	*
Library district	716,848	701,231	*	*
Health Department Fund	286,740	280,503	*	*
Ambulance district	377,340	369,084	*	*
Township road and bridge	794,225	775,935	*	*
School districts	9,810,105	9,293,523	*	*
Senate Bill 40 Board Fund	286,697	280,399	*	*
Johnson Grass	1,898	8,425	*	*
County Employees' Retirement	64,920	62,094	*	*
Levee and Drainage Districts	22,003	21,766	*	*
Surtax	344,805	329,482	*	*
Cities	41,424	38,548	*	*
Assessment Fund	194,283	181,544	*	*
Tax Maintenance Fund	30,457	29,433	*	*
Commissions and fees:				
General Revenue Fund	65,801	64,425	*	*
Ex Officio County Collector	414	449	*	*
Township Collectors	90,860	87,305	*	*
Total	\$ 13,506,525	12,893,673	0	0

\* The Ex Officio County Collector did not prepare annual settlements for the years ended February 28 (29), 2005 and 2004, and this information was not summarized by the county.

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2007	2006	2005	2004
Real estate	91.0	91.4	92.1	92.1
Personal property	88.3	88.5	88.0	88.8
Railroad and utilities	100.0	83.0	95.8	96.0

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	^
Law Enforcement	.0050	None	None

^ The ballot indicated the present property tax rate would be reduced to 10 cents per \$100 assessed valuation.

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

Officeholder	2007	2006	2005	2004	2003
County-Paid Officials:	\$				
Don Collins, Presiding Commissioner		30,380	30,380	30,380	30,380
Jeanie Moore Herbst, Associate Commissioner		28,380	28,380	28,380	28,380
Patrick McHaney, Associate Commissioner		28,380	28,380	28,380	28,380
Susan Luce, Recorder of Deeds		43,000	43,000	43,000	43,000
Charles O. Isbell, County Clerk		43,000	43,000	43,000	43,000
Stephen P. Sokoloff, Prosecuting Attorney		53,000	53,000	53,000	53,000
Robert Holder, Sheriff		48,000	48,000	48,000	48,000
Jack Adkins, County Coroner		15,000	15,000	15,000	15,000
Wanda Stampley, Public Administrator		43,000	43,000	43,000	43,000
Nina Breedon Rhew, Treasurer and Ex Officio County Collector (1), year ended March 31,	43,414	43,449	43,414	43,551	
Brenda C. Discuss, County Assessor (2), year ended August 31,		43,688	43,516	36,833	0
Donna Truelove Abmeyer, County Assessor (2), year ended August 31,		0	0	3,744	43,900

(1) Includes \$414, \$449, \$414, and \$551 for year ended 2007, 2006, 2005, and 2004, respectively, of commissions earned for collecting drainage property taxes.

(2) Includes \$688, \$516, \$191, and \$900 annual compensation received from the state in 2006, 2005, 2004, and 2003, respectively. When Donna Truelove resigned in September 2003, her deputy was appointed to be the County Assessor. The compensation shown above for Brenda C. Discuss is only the salary paid for being the County Assessor.

State-Paid Officials:

Paula Gargus, Circuit Clerk	16,813	0	0	0
Judith L. Vavak, Circuit Clerk	32,657	48,500	47,850	47,300
Daniel J. Crawford, Associate Circuit Judge	96,000	96,000	96,000	96,000
John Beaton, Associate Circuit Judge (Probate)	96,000	96,000	96,000	96,000

The county entered into a lease agreement with UMB Bank (the "Trustee") on December 1, 2004. The terms of the agreement call for the Trustee to provide funding for the costs of acquiring, constructing, furnishing, and equipping the justice center and for the county to lease

the justice center from the Trustee for lease payments equal to the amount due to retire the Trustee's indebtedness. Certificate of Participation bonds totaling \$9,260,000 were issued by the Trustee, on December 1, 2004, on behalf of the county. Construction was essentially completed during 2006 and the lease is scheduled to be paid off in 2024. The repayments began in May 2005. The remaining principal and interest due at December 31, 2006, was \$12,863,218. The lease payments are anticipated to be paid with revenue generated from the county's law enforcement sales tax which was passed in August 2003.

The county entered into a lease agreement valued at \$1,250,000 with Kennett National Bank (the "Bank") on March 1, 2006. The terms of the agreement call for the Bank to provide funding for the remainder of the costs of acquiring, constructing, furnishing, and equipping the justice center and for the county to lease the justice center from the Bank for lease payments. Construction was essentially completed during 2006 and the lease is scheduled to be paid off in 2021. The repayments will begin in January 2007. The remaining principal and interest due at December 31, 2006, was \$1,678,936. The lease is anticipated to be paid with revenue generated from the county's law enforcement sales tax which was passed in August 2003.