



Susan Montee, CPA
Missouri State Auditor

September 2007

Pulaski 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 4 years in counties, such as Pulaski, 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.

Numerous recommendations made in the prior audit report were not implemented and are included in this report. The county made little effort to implement many of the prior recommendations.

Actual disbursements exceeded budgeted amounts for several funds and 2006 amendments of the COPS Universal Hiring Grant Fund and Sheriff Special Equipment Fund resulted in deficit budgeted fund balances.

The county and health center do not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and expenditures were overstated by approximately \$246,000 and \$72,000 for the years ended December 31, 2006 and 2005, respectively.

The 911 Emergency Service Board did not always document the evaluation of bid proposals and the basis and justification for awarding bids for the purchase of equipment funded through the State Domestic Preparedness Equipment Support Program. In addition, a final report for the grant program was not filed with the Department of Public Safety, State Emergency Management Agency (SEMA), administering agency.

The poor financial condition of the General Revenue Fund, which was noted in our prior report, has continued to deteriorate. In addition, the cash balance of the Special Road and Bridge Fund has declined significantly since 2005 and is also in weak financial condition. The 2007 budget reflects projected ending fund balances of \$29 and \$-0- for the General Revenue Fund and Special Road and Bridge Fund, respectively. The County Commission indicated that various events in 2007 will provide new or additional revenues that were not anticipated.

The county solicited bids for numerous items; however, they did not always document the evaluation of bid proposals and the basis and justification for awarding bids. Examples noted for which the justification for awarding bids was not documented include the purchase of two motor graders with a total cost of \$353,748, a skid loader costing \$25,000, and interior painting of the courthouse costing \$75,680.

(over)

YELLOW SHEET

Timesheets and accumulated leave balances are not submitted to the County Clerk for Sheriff department employees. The Sheriff provides a summary report to the County Clerk's office indicating salaries of full-time employees and number of hours worked and hourly rates for part-time employees. In addition, the vacation leave policy followed by the Sheriff's office is different from the leave policy in the County Personnel Policies Manual for law enforcement personnel.

Concerns were noted related to the monitoring of property taxes. The delinquent tax books are printed by the County Collector, and the County Clerk does not perform tests to verify the totals of the delinquent tax book. In addition, although the County Clerk maintains an account book that summarizes the County Collector's financial information, discrepancies between the account book and the annual settlements were not documented or investigated.

Recordkeeping and disposal of property obtained through the Department of Defense (DOD) Excess Property Program did not appear to be in accordance with DOD procedures. Also, the county does not have a written policy and effective monitoring procedures regarding vehicle usage.

Numerous concerns were noted with the former County Collector's accounting controls and procedures. Inadequate controls over monies received included failure to reconcile receipts to deposits, deposit monies intact, and perform a documented review of reversing entries. In addition, the former County Collector did not prepare formal bank reconciliations, reconcile liabilities to cash balances, or resolve old outstanding checks. There were errors and inconsistencies in amounts reported on the annual settlements. Prior audits of the County Collector's office have noted similar weaknesses in the internal control and record keeping procedures.

The report also includes comments related to the County Assessor's and former County Collector's salaries, computer security and the lack of an emergency contingency plan for computers, and the County Treasurer's, Public Administrator's, Prosecuting Attorney's, Sheriff's, Assessor's, and 911 Emergency Service Board's accounting controls and procedures.

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PULASKI COUNTY, MISSOURI

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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 Pulaski County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Pulaski County, Missouri, as of and for the years ended December 31, 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 Pulaski 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 Pulaski County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 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 June 14, 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 Pulaski 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

June 14, 2007

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Peggy Schler, CPA
In-Charge Auditor: Robyn Vogt
Audit Staff: Michelle Franken
Jason Kunau
Janielle Arens
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 Pulaski County, Missouri

We have audited the financial statements of various funds of Pulaski County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 14, 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 Pulaski 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.

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.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Pulaski County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and 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 responses of Pulaski 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 Pulaski 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.



Susan Montee, CPA
State Auditor

June 14, 2007

Financial Statements

Exhibit A-1

PULASKI 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	\$ 125,274	2,942,556	3,062,346	5,484
Special Road and Bridge	161,732	1,347,678	1,481,478	27,932
Assessment	57,486	243,823	218,337	82,972
Law Enforcement Training	3,188	9,222	8,949	3,461
Prosecuting Attorney Training	491	1,545	1,424	612
Courthouse Sales Tax	2,504,238	105,663	127,445	2,482,456
Prosecuting Attorney User Fee	8,070	47,173	38,338	16,905
Prosecuting Attorney Delinquent Tax	3,097	3,092	4,723	1,466
Recorder User Fee	20,140	23,348	27,363	16,125
Crisis Center	11,035	20,092	20,291	10,836
Civil Fees	13,486	53,388	58,832	8,042
Criminal Investigation	7,782	5,928	7,930	5,780
Family Reunion	599	33	460	172
Election Services	21,623	92,895	103,901	10,617
Tourism Tax	9,989	383,628	383,059	10,558
Recorder Technology	19,320	13,059	14,852	17,527
Timbers NID	21,484	14,772	13,261	22,995
Country Hills NID	13,660	6,542	5,807	14,395
Northwood NID	29,306	22,197	18,658	32,845
Dye Estates NID	14,045	3,926	3,701	14,270
Eagle Point NID	9,253	6,436	5,804	9,885
Highway H NID	150,136	91,454	95,450	146,140
Northlake NID	5,337	8,006	7,143	6,200
White Oaks NID	3,803	7,453	8,188	3,068
LEPC-Chemical Preparedness	6,829	3,369	637	9,561
Sheriff Revolving	8,100	4,834	837	12,097
Inmate Security	13,147	6,850	4,024	15,973
LEPC-Hazardous Material Preparedness	2,856	1,627	1,049	3,434
Vest Grant	671	19	690	0
COPS Universal Hiring Grant	11,099	151,225	162,324	0
Homeland Security Overtime Grant	1,246	798	2,044	0
County Law Enforcement Restitution	1,335	28,967	19,966	10,336
Sheriff Special Equipment	747	8,599	6,213	3,133
Collector Maintenance	10,254	29,710	31,392	8,572
Circuit Clerk Court Operations	25	133	0	158
GIS	0	141,245	76,227	65,018
911 Emergency Service Board	239,205	884,505	882,858	240,852
Senate Bill 40 Board	139,818	220,337	128,921	231,234
Senior Citizens Services Board	58,885	128,056	121,244	65,697
Law Library	1,333	15,510	16,091	752
Family Court	13,634	26,646	5,278	35,002
Circuit Clerk Interest	10,568	6,780	10,165	7,183
Time Payment Fee	1,483	5,222	0	6,705
Passport Fees	6,008	48,922	48,313	6,617
Highway H Maintenance	0	2,407	0	2,407
Total	\$ 3,741,817	7,169,670	7,236,013	3,675,474

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

Exhibit A-2

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

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 131,689	2,820,588	2,827,003	125,274
Special Road and Bridge	138,538	1,375,536	1,352,342	161,732
Assessment	40,810	227,315	210,639	57,486
Law Enforcement Training	2,549	8,686	8,047	3,188
Prosecuting Attorney Training	601	1,467	1,577	491
Courthouse Sales Tax	2,545,954	104,050	145,766	2,504,238
Prosecuting Attorney User Fee	9,748	37,689	39,367	8,070
Prosecuting Attorney Delinquent Tax	2,733	4,785	4,421	3,097
Recorder User Fee	24,237	24,634	28,731	20,140
Crisis Center	9,296	11,035	9,296	11,035
Civil Fees	6,931	53,698	47,143	13,486
Criminal Investigation	7,587	8,428	8,233	7,782
Family Reunion	803	34	238	599
Election Services	19,716	3,245	1,338	21,623
Tourism Tax	9,550	330,743	330,304	9,989
Recorder Technology	19,064	13,439	13,183	19,320
Timbers NID	20,898	13,333	12,747	21,484
Country Hills NID	11,471	8,166	5,977	13,660
Northwood NID	27,990	19,842	18,526	29,306
Dye Estates NID	14,519	3,340	3,814	14,045
Eagle Point NID	8,937	6,290	5,974	9,253
Highway H NID	152,339	89,478	91,681	150,136
Northlake NID	5,770	7,009	7,442	5,337
White Oaks NID	3,313	8,917	8,427	3,803
LEPC-Chemical Preparedness	4,368	2,954	493	6,829
Sheriff Revolving	8,410	4,157	4,467	8,100
Inmate Security	7,094	6,053	0	13,147
LEPC-Hazardous Material Preparedness	1,326	1,541	11	2,856
Vest Grant	1,691	1,138	2,158	671
City/County Homeland Security Grant	0	38,340	38,340	0
MOSMART Grant	9,982	7,693	17,675	0
COPS Universal Hiring Grant	2,932	167,567	159,400	11,099
Homeland Security Overtime Grant	0	2,755	1,509	1,246
County Law Enforcement Restitution	0	1,335	0	1,335
Sheriff Special Equipment	0	5,819	5,072	747
Collector Maintenance	13,101	25,157	28,004	10,254
Circuit Clerk Court Operations	0	25	0	25
911 Emergency Service Board	259,450	1,075,890	1,096,135	239,205
Senate Bill 40 Board	88,354	195,417	143,953	139,818
Senior Citizens Services Board	56,536	114,715	112,366	58,885
Law Library	1,478	13,113	13,258	1,333
Family Court	0	17,430	3,796	13,634
Circuit Clerk Interest	14,514	8,823	12,769	10,568
Time Payment Fee	908	2,629	2,054	1,483
Passport Fees	0	6,090	82	6,008
Total	\$ 3,685,187	6,880,388	6,823,758	3,741,817

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

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 7,157,026	7,167,263	10,237	6,999,518	6,856,834	(142,684)
DISBURSEMENTS	7,696,614	7,236,013	460,601	7,260,610	6,819,642	440,968
RECEIPTS OVER (UNDER) DISBURSEMENTS	(539,588)	(68,750)	470,838	(261,092)	37,192	298,284
CASH, JANUARY 1	3,741,793	3,741,817	24	3,685,320	3,684,384	(936)
CASH, DECEMBER 31	3,202,205	3,673,067	470,862	3,424,228	3,721,576	297,348
GENERAL REVENUE FUND						
RECEIPTS						
Sales taxes	1,813,213	1,763,726	(49,487)	1,776,872	1,706,584	(70,288)
Intergovernmental	481,282	410,634	(70,648)	567,400	370,967	(196,433)
Charges for services	630,100	659,526	29,426	610,350	559,433	(50,917)
Interest	6,800	6,794	(6)	7,400	6,642	(758)
Other	83,500	19,101	(64,399)	71,000	110,573	39,573
Transfers in	82,784	82,775	(9)	48,839	66,389	17,550
Total Receipts	3,097,679	2,942,556	(155,123)	3,081,861	2,820,588	(261,273)
DISBURSEMENTS						
County Commissior	95,574	95,574	0	92,223	91,930	293
County Clerk	102,718	93,713	9,005	98,800	99,335	(535)
Elections	110,850	89,480	21,370	55,116	31,329	23,787
Buildings and grounds	77,894	77,894	0	74,550	71,688	2,862
Employee fringe benefit	203,868	182,934	20,934	206,982	197,652	9,330
County Treasurer	46,723	46,092	631	46,248	46,960	(712)
County Collector	96,056	94,887	1,169	92,698	93,398	(700)
Ex Officio Recorder of Deed	43,784	41,110	2,674	59,384	54,797	4,587
Circuit Clerk	57,038	55,294	1,744	61,898	53,141	8,757
Associate Circuit Court	1,700	586	1,114	1,700	613	1,087
Associate Circuit (Probate)	4,500	1,295	3,205	5,750	1,380	4,370
Court administration	90,863	60,906	29,957	67,511	63,471	4,040
Public Administrator	67,920	66,308	1,612	65,850	64,380	1,470
Sheriff	800,391	811,257	(10,866)	866,648	732,725	133,923
Jail	514,761	514,761	0	342,631	365,721	(23,090)
Prosecuting Attorney	224,758	220,362	4,396	255,665	246,026	9,639
Juvenile Offices	106,443	86,484	19,959	108,443	72,295	36,148
County Coroner	39,171	48,421	(9,250)	36,950	34,799	2,151
Tax Increment Financing Commission	55,000	46,322	8,678	49,000	52,130	(3,130)
Extension Council	10,000	10,000	0	20,000	20,000	0
Insurance	85,000	83,402	1,598	75,000	83,835	(8,835)
Postage	42,000	18,659	23,341	42,000	37,991	4,009
Telephone	48,500	37,347	11,153	56,000	54,806	1,194
Computer	1,000	10,473	(9,473)	10,000	9,722	278
Public Defender	12,350	11,934	416	7,354	7,354	0
Front door security	16,810	16,384	426	15,288	16,290	(1,002)
MRPC dues	9,048	13,395	(4,347)	0	3,016	(3,016)
Audit	0	0	0	15,000	15,100	(100)
Other	17,200	11,841	5,359	44,710	43,344	1,366
Transfers out	138,430	215,231	(76,801)	116,006	157,606	(41,600)
Emergency Fund	92,930	0	92,930	92,456	4,169	88,287
Total Disbursements	3,213,280	3,062,346	150,934	3,081,861	2,827,003	254,858
RECEIPTS OVER (UNDER) DISBURSEMENTS	(115,601)	(119,790)	(4,189)	0	(6,415)	(6,415)
CASH, JANUARY 1	125,274	125,274	0	131,689	131,689	0
CASH, DECEMBER 31	9,673	5,484	(4,189)	131,689	125,274	(6,415)

Exhibit B

PULASKI 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)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	472,043	436,980	(35,063)	415,099	389,760	(25,339)
Intergovernmental	684,401	697,199	12,798	789,000	787,721	(1,279)
Charges for services	25,000	54,800	29,800	43,900	51,936	8,036
Interest	9,000	13,276	4,276	5,000	8,867	3,867
Other	8,500	6,993	(1,507)	1,000	21,246	20,246
Transfers in	138,430	138,430	0	116,006	116,006	0
Total Receipts	1,337,374	1,347,678	10,304	1,370,005	1,375,536	5,531
DISBURSEMENTS						
Salaries	551,461	548,812	2,649	557,786	529,163	28,623
Employee fringe benefit	128,973	118,634	10,339	117,788	109,591	8,197
Supplies	184,390	326,939	(142,549)	123,000	157,616	(34,616)
Insurance	26,000	27,820	(1,820)	28,000	23,992	4,008
Road and bridge materials	113,150	135,466	(22,316)	241,200	219,938	21,262
Equipment repairs	50,000	53,829	(3,829)	65,000	89,255	(24,255)
Equipment purchases	229,200	236,828	(7,628)	171,581	157,847	13,734
Other	24,200	3,150	21,050	65,650	64,940	710
Transfers out	30,000	30,000	0	0	0	0
Total Disbursements	1,337,374	1,481,478	(144,104)	1,370,005	1,352,342	17,663
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(133,800)	(133,800)	0	23,194	23,194
CASH, JANUARY 1	161,732	161,732	0	138,539	138,538	(1)
CASH, DECEMBER 31	161,732	27,932	(133,800)	138,539	161,732	23,193
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	221,178	237,848	16,670	211,480	223,648	12,168
Interest	3,800	5,975	2,175	3,400	3,667	267
Total Receipts	224,978	243,823	18,845	214,880	227,315	12,435
DISBURSEMENTS						
Assessor	217,916	218,337	(421)	213,898	210,639	3,259
Total Disbursements	217,916	218,337	(421)	213,898	210,639	3,259
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,062	25,486	18,424	982	16,676	15,694
CASH, JANUARY 1	57,486	57,486	0	40,810	40,810	0
CASH, DECEMBER 31	64,548	82,972	18,424	41,792	57,486	15,694
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,600	2,979	379	3,000	2,797	(203)
Charges for services	5,800	6,042	242	6,500	5,737	(763)
Interest	100	201	101	50	152	102
Total Receipts	8,500	9,222	722	9,550	8,686	(864)
DISBURSEMENTS						
Sheriff	11,000	8,949	2,051	12,000	8,047	3,953
Total Disbursements	11,000	8,949	2,051	12,000	8,047	3,953
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500)	273	2,773	(2,450)	639	3,089
CASH, JANUARY 1	3,188	3,188	0	2,549	2,549	0
CASH, DECEMBER 31	688	3,461	2,773	99	3,188	3,089

Exhibit B

PULASKI 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)
PROSECUTING ATTORNEY TRAINING FUND						
RECEIPTS						
Charges for service:	1,535	1,509	(26)	1,575	1,440	(135)
Interest	25	36	11	25	27	2
Total Receipts	1,560	1,545	(15)	1,600	1,467	(133)
DISBURSEMENTS						
Prosecuting Attorney	1,700	1,424	276	1,700	1,577	123
Total Disbursements	1,700	1,424	276	1,700	1,577	123
RECEIPTS OVER (UNDER) DISBURSEMENTS	(140)	121	261	(100)	(110)	(10)
CASH, JANUARY 1	491	491	0	602	601	(1)
CASH, DECEMBER 31	351	612	261	502	491	(11)
COURTHOUSE SALES TAX FUND						
RECEIPTS						
Sales taxes	0	179	179	0	57	57
Interest	103,000	105,484	2,484	95,000	103,993	8,993
Total Receipts	103,000	105,663	2,663	95,000	104,050	9,050
DISBURSEMENTS						
Capital Equipment/Repairs	400,000	87,767	312,233	200,000	111,862	88,138
Salaries and employee fringe benefit	0	39,678	(39,678)	0	33,904	(33,904)
Total Disbursements	400,000	127,445	272,555	200,000	145,766	54,234
RECEIPTS OVER (UNDER) DISBURSEMENTS	(297,000)	(21,782)	275,218	(105,000)	(41,716)	63,284
CASH, JANUARY 1	2,504,238	2,504,238	0	2,545,954	2,545,954	0
CASH, DECEMBER 31	2,207,238	2,482,456	275,218	2,440,954	2,504,238	63,284
PROSECUTING ATTORNEY USER FEE FUND						
RECEIPTS						
Charges for service:	30,000	43,190	13,190	36,500	37,238	738
Interest	360	686	326	500	451	(49)
Other	0	3,297	3,297	0	0	0
Total Receipts	30,360	47,173	16,813	37,000	37,689	689
DISBURSEMENTS						
Prosecuting Attorney	6,256	6,244	12	16,200	11,865	4,335
Transfers out	32,082	32,094	(12)	27,502	27,502	0
Total Disbursements	38,338	38,338	0	43,702	39,367	4,335
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,978)	8,835	16,813	(6,702)	(1,678)	5,024
CASH, JANUARY 1	8,070	8,070	0	9,748	9,748	0
CASH, DECEMBER 31	92	16,905	16,813	3,046	8,070	5,024

Exhibit B

PULASKI 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)
PROSECUTING ATTORNEY DELINQUENT FUND						
RECEIPTS						
Intergovernmental	3,500	3,004	(496)	3,020	4,639	1,619
Interest	110	76	(34)	50	146	96
Transfers in	0	12	12	0	0	0
Total Receipts	3,610	3,092	(518)	3,070	4,785	1,715
DISBURSEMENTS						
Prosecuting Attorney	6,707	4,723	1,984	5,000	4,421	579
Total Disbursements	6,707	4,723	1,984	5,000	4,421	579
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,097)	(1,631)	1,466	(1,930)	364	2,294
CASH, JANUARY 1	3,097	3,097	0	2,733	2,733	0
CASH, DECEMBER 31	0	1,466	1,466	803	3,097	2,294
RECORDER USER FUND						
RECEIPTS						
Charges for service:	19,160	22,401	3,241	20,000	23,740	3,740
Interest	894	947	53	800	894	94
Total Receipts	20,054	23,348	3,294	20,800	24,634	3,834
DISBURSEMENTS						
Ex Officio Recorder of Deed	30,000	14,363	15,637	30,000	18,364	11,636
Transfers out	0	13,000	(13,000)	0	10,367	(10,367)
Total Disbursements	30,000	27,363	2,637	30,000	28,731	1,269
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,946)	(4,015)	5,931	(9,200)	(4,097)	5,103
CASH, JANUARY 1	20,140	20,140	0	24,237	24,237	0
CASH, DECEMBER 31	10,194	16,125	5,931	15,037	20,140	5,103
CRISIS CENTER FUND						
RECEIPTS						
Intergovernmental	9,256	9,256	0	8,570	0	(8,570)
Charges for service:	10,600	10,373	(227)	9,000	10,633	1,633
Interest	350	463	113	300	402	102
Total Receipts	20,206	20,092	(114)	17,870	11,035	(6,835)
DISBURSEMENTS						
Payments to Crisis Center	20,291	20,291	0	17,900	9,296	8,604
Total Disbursements	20,291	20,291	0	17,900	9,296	8,604
RECEIPTS OVER (UNDER) DISBURSEMENTS	(85)	(199)	(114)	(30)	1,739	1,769
CASH, JANUARY 1	11,035	11,035	0	9,296	9,296	0
CASH, DECEMBER 31	10,950	10,836	(114)	9,266	11,035	1,769

Exhibit B

PULASKI 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)
<u>CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services:	50,000	50,000	0	50,000	50,433	433
Interest	500	746	246	20	757	737
Other	0	2,642	2,642	0	2,508	2,508
Total Receipts	50,500	53,388	2,888	50,020	53,698	3,678
DISBURSEMENTS						
Sheriff	63,500	58,832	4,668	56,000	45,926	10,074
Transfers out	0	0	0	0	1,217	(1,217)
Total Disbursements	63,500	58,832	4,668	56,000	47,143	8,857
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,000)	(5,444)	7,556	(5,980)	6,555	12,535
CASH, JANUARY 1	13,486	13,486	0	6,931	6,931	0
CASH, DECEMBER 31	486	8,042	7,556	951	13,486	12,535
<u>CRIMINAL INVESTIGATION FUND</u>						
RECEIPTS						
Charges for services:	8,400	5,503	(2,897)	14,000	8,082	(5,918)
Interest	300	425	125	50	346	296
Total Receipts	8,700	5,928	(2,772)	14,050	8,428	(5,622)
DISBURSEMENTS						
Sheriff	15,000	7,930	7,070	21,000	7,938	13,062
Transfers out	0	0	0	0	295	(295)
Total Disbursements	15,000	7,930	7,070	21,000	8,233	12,767
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,300)	(2,002)	4,298	(6,950)	195	7,145
CASH, JANUARY 1	7,782	7,782	0	7,587	7,587	0
CASH, DECEMBER 31	1,482	5,780	4,298	637	7,782	7,145
<u>FAMILY REUNION FUND</u>						
RECEIPTS						
Charges for services:	0	0	0			
Interest	20	33	13			
Total Receipts	20	33	13			
DISBURSEMENTS						
Other	400	460	(60)			
Total Disbursements	400	460	(60)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(380)	(427)	(47)			
CASH, JANUARY 1	599	599	0			
CASH, DECEMBER 31	219	172	(47)			

Exhibit B

PULASKI 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)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	90,732	90,732	0	0	1,238	1,238
Charges for service:	200	888	688	300	1,072	772
Interest	100	1,275	1,175	250	935	685
Total Receipts	91,032	92,895	1,863	550	3,245	2,695
DISBURSEMENTS						
County Clerk	111,000	103,901	7,099	19,184	1,338	17,846
Total Disbursements	111,000	103,901	7,099	19,184	1,338	17,846
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,968)	(11,006)	8,962	(18,634)	1,907	20,541
CASH, JANUARY 1	21,623	21,623	0	19,716	19,716	0
CASH, DECEMBER 31	1,655	10,617	8,962	1,082	21,623	20,541
<u>TOURISM TAX FUND</u>						
RECEIPTS						
Lodging taxes	382,659	383,059	400	350,000	330,304	(19,696)
Interest	400	569	169	1,000	439	(561)
Total Receipts	383,059	383,628	569	351,000	330,743	(20,257)
DISBURSEMENTS						
Payments to tourism board	383,059	383,059	0	360,000	330,304	29,696
Total Disbursements	383,059	383,059	0	360,000	330,304	29,696
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	569	569	(9,000)	439	9,439
CASH, JANUARY 1	9,989	9,989	0	9,550	9,550	0
CASH, DECEMBER 31	9,989	10,558	569	550	9,989	9,439
<u>RECORDER TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service:	12,200	11,932	(268)	11,000	12,555	1,555
Interest	800	1,127	327	750	884	134
Total Receipts	13,000	13,059	59	11,750	13,439	1,689
DISBURSEMENTS						
Ex Officio Recorder of Deed	14,852	14,852	0	14,000	13,183	817
Total Disbursements	14,852	14,852	0	14,000	13,183	817
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,852)	(1,793)	59	(2,250)	256	2,506
CASH, JANUARY 1	19,320	19,320	0	19,064	19,064	0
CASH, DECEMBER 31	17,468	17,527	59	16,814	19,320	2,506

Exhibit B

PULASKI 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)
<u>TIMBERS NID FUND</u>						
RECEIPTS						
Charges for service:	12,300	13,581	1,281	13,000	12,274	(726)
Interest	1,050	1,191	141	900	1,059	159
Total Receipts	13,350	14,772	1,422	13,900	13,333	(567)
DISBURSEMENTS						
Bond repayment	16,000	12,791	3,209	16,000	12,277	3,723
Transfers out	0	470	(470)	0	470	(470)
Total Disbursements	16,000	13,261	2,739	16,000	12,747	3,253
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,650)	1,511	4,161	(2,100)	586	2,686
CASH, JANUARY 1	21,484	21,484	0	20,898	20,898	0
CASH, DECEMBER 31	18,834	22,995	4,161	18,798	21,484	2,686
<u>COUNTRY HILLS NID FUND</u>						
RECEIPTS						
Charges for service:	6,500	5,811	(689)	5,438	7,530	2,092
Interest	640	731	91	500	636	136
Total Receipts	7,140	6,542	(598)	5,938	8,166	2,228
DISBURSEMENTS						
Bond repayment	6,700	5,632	1,068	6,700	5,802	898
Transfers out	0	175	(175)	0	175	(175)
Total Disbursements	6,700	5,807	893	6,700	5,977	723
RECEIPTS OVER (UNDER) DISBURSEMENTS	440	735	295	(762)	2,189	2,951
CASH, JANUARY 1	13,660	13,660	0	11,471	11,471	0
CASH, DECEMBER 31	14,100	14,395	295	10,709	13,660	2,951
<u>NORTHWOOD NID FUND</u>						
RECEIPTS						
Charges for service:	18,400	20,465	2,065	19,500	18,353	(1,147)
Interest	1,400	1,732	332	1,200	1,489	289
Total Receipts	19,800	22,197	2,397	20,700	19,842	(858)
DISBURSEMENTS						
Bond repayment	21,000	18,423	2,577	21,000	18,291	2,709
Transfers out	0	235	(235)	0	235	(235)
Total Disbursements	21,000	18,658	2,342	21,000	18,526	2,474
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,200)	3,539	4,739	(300)	1,316	1,616
CASH, JANUARY 1	29,306	29,306	0	27,990	27,990	0
CASH, DECEMBER 31	28,106	32,845	4,739	27,690	29,306	1,616

Exhibit B

PULASKI 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)
<u>DYE ESTATES NID FUND</u>						
RECEIPTS						
Charges for service:	2,700	3,302	602	2,700	2,700	0
Interest	645	624	(21)	600	640	40
Total Receipts	<u>3,345</u>	<u>3,926</u>	<u>581</u>	<u>3,300</u>	<u>3,340</u>	<u>40</u>
DISBURSEMENTS						
Bond repayment	4,200	3,606	594	4,200	3,719	481
Transfers out	0	95	(95)	0	95	(95)
Total Disbursements	<u>4,200</u>	<u>3,701</u>	<u>499</u>	<u>4,200</u>	<u>3,814</u>	<u>386</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(855)	225	1,080	(900)	(474)	426
CASH, JANUARY 1	14,045	14,045	0	14,520	14,519	(1)
CASH, DECEMBER 31	<u>13,190</u>	<u>14,270</u>	<u>1,080</u>	<u>13,620</u>	<u>14,045</u>	<u>425</u>
<u>EAGLE POINT NID FUND</u>						
RECEIPTS						
Charges for service:	5,700	5,836	136	5,500	5,799	299
Interest	480	600	120	400	491	91
Total Receipts	<u>6,180</u>	<u>6,436</u>	<u>256</u>	<u>5,900</u>	<u>6,290</u>	<u>390</u>
DISBURSEMENTS						
Bond repayment	6,500	5,689	811	6,500	5,859	641
Transfers out	0	115	(115)	0	115	(115)
Total Disbursements	<u>6,500</u>	<u>5,804</u>	<u>696</u>	<u>6,500</u>	<u>5,974</u>	<u>526</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(320)	632	952	(600)	316	916
CASH, JANUARY 1	9,253	9,253	0	8,937	8,937	0
CASH, DECEMBER 31	<u>8,933</u>	<u>9,885</u>	<u>952</u>	<u>8,337</u>	<u>9,253</u>	<u>916</u>
<u>HIGHWAY H NID FUND</u>						
RECEIPTS						
Charges for service:	82,095	82,833	738	87,000	82,095	(4,905)
Interest	7,400	8,621	1,221	5,000	7,383	2,383
Total Receipts	<u>89,495</u>	<u>91,454</u>	<u>1,959</u>	<u>92,000</u>	<u>89,478</u>	<u>(2,522)</u>
DISBURSEMENTS						
Bond repayment	90,000	43,278	46,722	90,000	39,506	50,494
Road maintenance	50,000	49,997	3	50,000	50,000	0
Transfers out	2,175	2,175	0	2,175	2,175	0
Total Disbursements	<u>142,175</u>	<u>95,450</u>	<u>46,725</u>	<u>142,175</u>	<u>91,681</u>	<u>50,494</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(52,680)	(3,996)	48,684	(50,175)	(2,203)	47,972
CASH, JANUARY 1	150,136	150,136	0	152,339	152,339	0
CASH, DECEMBER 31	<u>97,456</u>	<u>146,140</u>	<u>48,684</u>	<u>102,164</u>	<u>150,136</u>	<u>47,972</u>

Exhibit B

PULASKI 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)
<u>NORTHLAKE NID FUND</u>						
RECEIPTS						
Charges for service:	6,500	7,400	900	8,800	6,533	(2,267)
Interest	470	606	136	450	476	26
Total Receipts	6,970	8,006	1,036	9,250	7,009	(2,241)
DISBURSEMENTS						
Bond repayment	10,000	6,963	3,037	10,000	7,262	2,738
Transfers out	0	180	(180)	0	180	(180)
Total Disbursements	10,000	7,143	2,857	10,000	7,442	2,558
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,030)	863	3,893	(750)	(433)	317
CASH, JANUARY 1	5,337	5,337	0	5,770	5,770	0
CASH, DECEMBER 31	2,307	6,200	3,893	5,020	5,337	317
<u>WHITE OAKS NID FUND</u>						
RECEIPTS						
Charges for service:	7,513	6,927	(586)	7,000	8,471	1,471
Interest	440	526	86	425	446	21
Total Receipts	7,953	7,453	(500)	7,425	8,917	1,492
DISBURSEMENTS						
Bond repayment	10,000	8,063	1,937	10,000	8,302	1,698
Transfers out	0	125	(125)	0	125	(125)
Total Disbursements	10,000	8,188	1,812	10,000	8,427	1,573
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,047)	(735)	1,312	(2,575)	490	3,065
CASH, JANUARY 1	3,803	3,803	0	3,313	3,313	0
CASH, DECEMBER 31	1,756	3,068	1,312	738	3,803	3,065
<u>LEPC-CHEMICAL PREPAREDNESS FUND</u>						
RECEIPTS						
Intergovernmental	2,717	2,975	258	3,000	2,719	(281)
Interest	235	394	159	20	235	215
Total Receipts	2,952	3,369	417	3,020	2,954	(66)
DISBURSEMENTS						
Mileage and training	3,000	637	2,363	4,000	493	3,507
Total Disbursements	3,000	637	2,363	4,000	493	3,507
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48)	2,732	2,780	(980)	2,461	3,441
CASH, JANUARY 1	6,827	6,829	2	4,368	4,368	0
CASH, DECEMBER 31	6,779	9,561	2,782	3,388	6,829	3,441

Exhibit B

PULASKI 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)
<u>SHERIFF REVOLVING FUND</u>						
RECEIPTS						
Charges for service:	3,900	4,290	390	24,000	3,776	(20,224)
Interest	300	544	244	50	381	331
Total Receipts	4,200	4,834	634	24,050	4,157	(19,893)
DISBURSEMENTS						
Sheriff	10,000	837	9,163	31,000	4,467	26,533
Total Disbursements	10,000	837	9,163	31,000	4,467	26,533
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,800)	3,997	9,797	(6,950)	(310)	6,640
CASH, JANUARY 1	8,100	8,100	0	8,410	8,410	0
CASH, DECEMBER 31	2,300	12,097	9,797	1,460	8,100	6,640
<u>INMATE SECURITY FUND</u>						
RECEIPTS						
Charges for service:	5,600	5,983	383	3,500	5,609	2,109
Interest	500	867	367	160	444	284
Total Receipts	6,100	6,850	750	3,660	6,053	2,393
DISBURSEMENTS						
Sheriff	11,000	4,024	6,976	0	0	0
Total Disbursements	11,000	4,024	6,976	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,900)	2,826	7,726	3,660	6,053	2,393
CASH, JANUARY 1	13,147	13,147	0	7,094	7,094	0
CASH, DECEMBER 31	8,247	15,973	7,726	10,754	13,147	2,393
<u>LEPC-HAZARDOUS MATERIAL PREPAREDNESS FUND</u>						
RECEIPTS						
Intergovernmental	1,431	1,431	0	1,200	1,431	231
Interest	110	196	86	40	110	70
Total Receipts	1,541	1,627	86	1,240	1,541	301
DISBURSEMENTS						
Other	2,500	1,049	1,451	2,500	11	2,489
Total Disbursements	2,500	1,049	1,451	2,500	11	2,489
RECEIPTS OVER (UNDER) DISBURSEMENTS	(959)	578	1,537	(1,260)	1,530	2,790
CASH, JANUARY 1	2,856	2,856	0	1,326	1,326	0
CASH, DECEMBER 31	1,897	3,434	1,537	66	2,856	2,790
<u>VEST GRANT FUND</u>						
RECEIPTS						
Interest	19	19	0	0	59	59
Transfers in	0	0	0	1,079	1,079	0
Total Receipts	19	19	0	1,079	1,138	59
DISBURSEMENTS						
Sheriff	690	690	0	2,770	2,158	612
Total Disbursements	690	690	0	2,770	2,158	612
RECEIPTS OVER (UNDER) DISBURSEMENTS	(671)	(671)	0	(1,691)	(1,020)	671
CASH, JANUARY 1	671	671	0	1,691	1,691	0
CASH, DECEMBER 31	0	0	0	0	671	671

Exhibit B

PULASKI 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)
<u>CITY/COUNTY HOMELAND SECURITY GRANT FUND</u>						
RECEIPTS						
Intergovernmental				0	30,886	30,886
Interest				0	254	254
Other				0	6,200	6,200
Transfers in				62,620	1,000	(61,620)
Total Receipts				62,620	38,340	(24,280)
DISBURSEMENTS						
Sheriff				62,620	38,340	24,280
Total Disbursements				62,620	38,340	24,280
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>MOSMART GRANT FUND</u>						
RECEIPTS						
Intergovernmental				7,693	7,584	(109)
Interest				0	109	109
Total Receipts				7,693	7,693	0
DISBURSEMENTS						
Other				17,675	290	17,385
Transfers out				0	17,385	(17,385)
Total Disbursements				17,675	17,675	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(9,982)	(9,982)	0
CASH, JANUARY 1				9,982	9,982	0
CASH, DECEMBER 31				0	0	0
<u>COPS UNIVERSAL HIRING GRANT FUND</u>						
RECEIPTS						
Intergovernmental	104,194	74,282	(29,912)	113,526	128,108	14,582
Interest	425	142	(283)	0	459	459
Transfers in	35,000	76,801	41,801	53,510	39,000	(14,510)
Total Receipts	139,619	151,225	11,606	167,036	167,567	531
DISBURSEMENTS						
Salaries and employee fringe benefit	162,324	162,324	0	167,036	159,400	7,636
Total Disbursements	162,324	162,324	0	167,036	159,400	7,636
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,705)	(11,099)	11,606	0	8,167	8,167
CASH, JANUARY 1	11,099	11,099	0	2,932	2,932	0
CASH, DECEMBER 31	(11,606)	0	11,606	2,932	11,099	8,167

Exhibit B

PULASKI 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)
<u>HOMELAND SECURITY OVERTIME GRANT FUND</u>						
RECEIPTS						
Intergovernmental	0	787	787	23,967	1,132	(22,835)
Interest	15	11	(4)	0	23	23
Transfers in	1,000	0	(1,000)	7,989	1,600	(6,389)
Total Receipts	1,015	798	(217)	31,956	2,755	(29,201)
DISBURSEMENTS						
Salaries and employee fringe benefit	2,261	2,044	217	31,956	1,509	30,447
Total Disbursements	2,261	2,044	217	31,956	1,509	30,447
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,246)	(1,246)	0	0	1,246	1,246
CASH, JANUARY 1	1,246	1,246	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	1,246	1,246
<u>COUNTY LAW ENFORCEMENT RESTITUTION FUND</u>						
RECEIPTS						
Charges for service:	600	28,541	27,941	1,335	1,325	(10)
Interest	10	426	416	0	10	10
Total Receipts	610	28,967	28,357	1,335	1,335	0
DISBURSEMENTS						
Law enforcement	0	19,966	(19,966)	0	0	0
Total Disbursements	0	19,966	(19,966)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	610	9,001	8,391	1,335	1,335	0
CASH, JANUARY 1	1,335	1,335	0	0	0	0
CASH, DECEMBER 31	1,945	10,336	8,391	1,335	1,335	0
<u>SHERIFF SPECIAL EQUIPMENT FUND</u>						
RECEIPTS						
Interest	20	93	73	0	24	24
Donations	2,980	8,506	5,526	5,819	5,795	(24)
Total Receipts	3,000	8,599	5,599	5,819	5,819	0
DISBURSEMENTS						
Sheriff	6,213	6,213	0	5,819	5,072	747
Total Disbursements	6,213	6,213	0	5,819	5,072	747
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,213)	2,386	5,599	0	747	747
CASH, JANUARY 1	747	747	0	0	0	0
CASH, DECEMBER 31	(2,466)	3,133	5,599	0	747	747

Exhibit B

PULASKI 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)
<u>COLLECTOR MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services:	26,000	28,778	2,778	23,000	23,732	732
Interest	700	755	55	300	693	393
Other	750	177	(573)	0	732	732
Total Receipts	27,450	29,710	2,260	23,300	25,157	1,857
DISBURSEMENTS						
County Collector	32,750	27,392	5,358	23,800	21,004	2,796
Transfers out	4,000	4,000	0	7,000	7,000	0
Total Disbursements	36,750	31,392	5,358	30,800	28,004	2,796
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,300)	(1,682)	7,618	(7,500)	(2,847)	4,653
CASH, JANUARY 1	10,254	10,254	0	13,101	13,101	0
CASH, DECEMBER 31	954	8,572	7,618	5,601	10,254	4,653
<u>CIRCUIT CLERK COURT OPERATIONS FUND</u>						
RECEIPTS						
Charges for services:	25	129	104	25	25	0
Interest	0	4	4	0	0	0
Total Receipts	25	133	108	25	25	0
DISBURSEMENTS						
Circuit Clerk	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	25	133	108	25	25	0
CASH, JANUARY 1	25	25	0	0	0	0
CASH, DECEMBER 31	50	158	108	25	25	0
<u>GIS FUND</u>						
RECEIPTS						
Lease/purchase proceed:	141,245	140,000	(1,245)			
Interest	0	1,245	1,245			
Total Receipts	141,245	141,245	0			
DISBURSEMENTS						
Assessor	76,227	76,227	0			
Total Disbursements	76,227	76,227	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	65,018	65,018	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	65,018	65,018	0			

Exhibit B

PULASKI 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)
<u>911 EMERGENCY SERVICE BOARD FUND</u>						
RECEIPTS						
Sales taxes	917,564	880,025	(37,539)	912,001	851,313	(60,688)
Intergovernmental	0	0	0	0	199,538	199,538
Charges for services	1,752	1,752	0	499	1,752	1,253
Lease/purchase proceeds	0	0	0	0	22,088	22,088
Other	0	2,728	2,728	0	1,199	1,199
Total Receipts	919,316	884,505	(34,811)	912,500	1,075,890	163,390
DISBURSEMENTS						
Salaries and employee fringe benefit	531,500	527,600	3,900	512,500	483,622	28,878
Office expense:	147,000	105,213	41,787	134,000	96,460	37,540
Building and equipment	200,000	221,003	(21,003)	220,000	463,915	(243,915)
Repairs	5,000	5,658	(658)	10,000	16,777	(6,777)
Other	35,816	23,384	12,432	36,000	35,361	639
Total Disbursements	919,316	882,858	36,458	912,500	1,096,135	(183,635)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,647	1,647	0	(20,245)	(20,245)
CASH, JANUARY 1	239,205	239,205	0	259,450	259,450	0
CASH, DECEMBER 31	239,205	240,852	1,647	259,450	239,205	(20,245)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	189,900	203,705	13,805	170,572	182,165	11,593
Intergovernmental	6,050	7,159	1,109	6,050	7,744	1,694
Interest	3,000	9,317	6,317	3,000	5,508	2,508
Other	0	156	156	0	0	0
Total Receipts	198,950	220,337	21,387	179,622	195,417	15,795
DISBURSEMENTS						
Salaries	5,600	6,000	(400)	3,600	3,600	0
Office expenditure:	4,700	10,013	(5,313)	4,500	1,776	2,724
Building Fund	25,000	0	25,000	25,000	0	25,000
Contractual services	158,941	112,908	46,033	136,363	138,577	(2,214)
Total Disbursements	194,241	128,921	65,320	169,463	143,953	25,510
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,709	91,416	86,707	10,159	51,464	41,305
CASH, JANUARY 1	139,818	139,818	0	88,354	88,354	0
CASH, DECEMBER 31	144,527	231,234	86,707	98,513	139,818	41,305
<u>SENIOR CITIZENS SERVICES BOARD FUND</u>						
RECEIPTS						
Property taxes	106,999	124,470	17,471	112,162	111,238	(924)
Intergovernmental	0	133	133	382	1,205	823
Interest	2,000	3,453	1,453	800	2,272	1,472
Total Receipts	108,999	128,056	19,057	113,344	114,715	1,371
DISBURSEMENTS						
Office expenditures:	400	124	276	446	1,065	(619)
Contractual services	129,400	121,120	8,280	126,500	111,301	15,199
Total Disbursements	129,800	121,244	8,556	126,946	112,366	14,580
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,801)	6,812	27,613	(13,602)	2,349	15,951
CASH, JANUARY 1	58,885	58,885	0	56,536	56,536	0
CASH, DECEMBER 31	38,084	65,697	27,613	42,934	58,885	15,951

Exhibit B

PULASKI 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)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	13,000	15,510	2,510	12,000	13,113	1,113
Interest	0	0	0	0	0	0
Total Receipts	13,000	15,510	2,510	12,000	13,113	1,113
DISBURSEMENTS						
Law books/Internet access:	13,300	16,091	(2,791)	13,200	13,258	(58)
Total Disbursements	13,300	16,091	(2,791)	13,200	13,258	(58)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	(581)	(281)	(1,200)	(145)	1,055
CASH, JANUARY 1	1,333	1,333	0	1,478	1,478	0
CASH, DECEMBER 31	1,033	752	(281)	278	1,333	1,055
<u>FAMILY COURT FUND</u>						
RECEIPTS						
Charges for service:	15,000	26,180	11,180			
Interest	120	466	346			
Total Receipts	15,120	26,646	11,526			
DISBURSEMENTS						
Circuit Court	20,000	5,278	14,722			
Total Disbursements	20,000	5,278	14,722			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,880)	21,368	26,248			
CASH, JANUARY 1	13,634	13,634	0			
CASH, DECEMBER 31	8,754	35,002	26,248			
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	9,000	6,780	(2,220)	10,000	8,823	(1,177)
Total Receipts	9,000	6,780	(2,220)	10,000	8,823	(1,177)
DISBURSEMENTS						
Circuit Clerk	10,000	10,165	(165)	18,000	12,769	5,231
Total Disbursements	10,000	10,165	(165)	18,000	12,769	5,231
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	(3,385)	(2,385)	(8,000)	(3,946)	4,054
CASH, JANUARY 1	10,546	10,568	22	15,447	14,514	(933)
CASH, DECEMBER 31	9,546	7,183	(2,363)	7,447	10,568	3,121
<u>TIME PAYMENT FEE FUND</u>						
RECEIPTS						
Charges for service:	2,000	5,222	3,222	1,800	2,629	829
Interest	0	0	0	0	0	0
Total Receipts	2,000	5,222	3,222	1,800	2,629	829
DISBURSEMENTS						
Circuit Clerk	3,000	0	3,000	1,500	2,054	(554)
Total Disbursements	3,000	0	3,000	1,500	2,054	(554)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	5,222	6,222	300	575	275
CASH, JANUARY 1	1,483	1,483	0	908	908	0
CASH, DECEMBER 31	483	6,705	6,222	1,208	1,483	275

Exhibit B

PULASKI 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)
PASSPORT FEES FUND						
RECEIPTS						
Charges for services	15,000	48,922	33,922			
Total Receipts	<u>15,000</u>	<u>48,922</u>	<u>33,922</u>			
DISBURSEMENTS						
Circuit Clerk	15,000	48,313	(33,313)			
Total Disbursements	<u>15,000</u>	<u>48,313</u>	<u>(33,313)</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	609	609			
CASH, JANUARY 1	6,008	6,008	0			
CASH, DECEMBER 31	<u>\$ 6,008</u>	<u>6,617</u>	<u>609</u>			

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

Notes to the Financial Statements

PULASKI COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Pulaski County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the 911 Emergency Service Board, the Senate Bill 40 Board, or the Senior Citizens Services Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

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

C. Budgets and Budgetary Practices

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

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Family Reunion Fund	2005
Family Court Fund	2005
Passport Fees Fund	2005

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>
Law Library Fund	2006 and 2005
Special Road and Bridge Fund	2006
Assessment Fund	2006
Family Reunion Fund	2006
County Law Enforcement Restitution Fund	2006
Circuit Clerk Interest Fund	2006
Passport Fees Fund	2006
911 Emergency Service Board Fund	2005
Time Payment Fee Fund	2005

Although Section 50.740, RSMo, requires a balanced budget, deficit balances were budgeted in the COPS Universal Hiring Grant Fund and the Sheriff Special Equipment Fund for the year ended December 31, 2006.

D. Published Financial Statements

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

However, the county's published financial statements for the years ended December 31, 2006 and 2005, did not include the Law Library Fund, the Family Court Fund, the Circuit Clerk Interest Fund, the Time Payment Fee Fund, and the Passport Fees Fund.

In addition, for the Senate Bill 40 Board Fund and the Senior Citizens Services Board Fund, the county's published financial statement for the year ended December 31, 2006, included only those amounts that passed through the County Treasurer.

2. Cash

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

Deposits

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

The county's deposits at December 31, 2006 and 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance, by collateral securities held by a correspondent bank in the county's name, by commercial insurance provided through a surety bond, or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

The 911 Emergency Service Board's, the Senate Bill 40 Board's, and the Senior Citizens Services Board's deposits at December 31, 2006 and 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by a correspondent bank in the board's 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 depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

3. Contingent Liability

As of December 31, 2006, various legal counsel of the county indicated the county is currently named in four suits. However, in their opinion, the lawsuits will not have a material effect on the financial statements.

4. Prior Period Adjustments

The Circuit Clerk Interest Fund's cash balance at January 1, 2005, as previously stated has been decreased by \$933 to reflect the actual beginning cash balance.

The 911 Emergency Service Board Fund's, the Senate Bill 40 Board Fund's, the Senior Citizens Services Board Fund's, and the Time Payment Fee Fund's cash balances of \$259,450, \$88,354, \$56,536, and \$908, respectively, at January 1, 2005, were not previously reported but have been added.

Supplementary Schedule

Schedule

PULASKI COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2006	2005
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Social Services -				
10.550	Food Donation	N/A	\$ 545	398
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5185 ERS045-6185 ERS045-7185	0 123,603 38,540	107,608 35,200 0
	Program Total		<u>162,143</u>	<u>142,808</u>
10.559	Summer Food Service Program for Children	ERS146-5185 ERS146-6185	0 420	140 0
	Program Total		<u>420</u>	<u>140</u>
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	98,574	0
U.S. DEPARTMENT OF DEFENSE				
Passed through state Department of Public Safety				
12.AAG	Drug Interdiction and Counter Drug Activities	N/A	14,430	0
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Social Services				
14.231	Emergency Shelter Grants Program	ERO1640769	9,256	0
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grant	2003UMWX0280 2003OMWX0184	70,183 747	108,910 1,172
	Program Total		<u>70,930</u>	<u>110,082</u>
Passed through Missouri Sheriff's Association				
16	Domestic Cannabis Eradication/Suppression Program	N/A	821	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	4,407	4,148

Schedule

PULASKI COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2006	2005
GENERAL SERVICES ADMINISTRATION				
Passed through state				
Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	34	0
Office of Secretary of State				
39.011	Election Reform Payment	N/A	12,781	2,528
ELECTIONS ASSISTANCE COMMISSION				
Passed through state Office of Secretary of State				
90.401	Help America Vote Act Requirements Payment	N/A	87,750	5,703
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.268	Immunization Grants	N/A	33,324	19,042
			2,975	15,759
	Program Total		36,299	34,801
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH050032044 AOC06380190 DH060031071 DH050038004 ES161 DH0601P0006	0 3,500 9,349 0 8,425 4,048	3,500 0 0 6,667 10,435 0
	Program Total		25,322	20,602
Department of Social Services -				
93.563	Child Support Enforcement	N/A	33,111	27,553
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-5185S AOC06380190 PGA067-5185C PGA067-6185C	0 2,900 0 1,944	1,735 525 1,315 0
	Program Total		4,844	3,575
Department of Social Services -				
93.617	Voting Access for Individuals with Disabilities-Grants to States	N/A	2,982	0
Department of Health and Senior Services				
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-5185M AOC06380190	0 29,306	22,504 7,400
	Program Total		29,306	29,904

Schedule

PULASKI COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2006	2005
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.004	State Domestic Preparedness Equipment Support Program	2004-GE-T4-0049	0	30,886
		2003-MU-T3-0003	0	199,538
	Program Total		<u>0</u>	<u>230,424</u>
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disaster)	FEMA 1412-DR-MO	0	108,881
97.067	Homeland Security Grant Program	2005-GE-T5-0022	32,000	0
	Total Expenditures of Federal Award:		\$ <u>625,955</u>	<u>721,547</u>

N/A - Not applicable

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

Notes to the Supplementary Schedule

PULASKI COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

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

The schedule includes all federal awards administered by Pulaski County, Missouri, except for the programs accounted for in the Pulaski County Public Housing Agency Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended December 31, 2006 and 2005.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

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

Services. Amounts for Drug Interdiction and Counter Drug Activities (CFDA number 12.AAG) and 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 Center through the state Department of Health and Senior Services. Amounts for the Homeland Security Grant Program (CFDA number 97.067) represent the original acquisition cost of equipment received.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$9,256 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the year ended December 31, 2006.

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 Pulaski County, Missouri

Compliance

We have audited the compliance of Pulaski County, Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 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.

In our opinion, Pulaski County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 06-2 and 06-3.

Internal Control Over Compliance

The management of Pulaski County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with 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. We do not consider any of the significant deficiencies referred to above to be material weaknesses.

The responses of Pulaski 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 Pulaski County, Missouri; federal awarding agencies and pass-through entities; and other applicable government

officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Susan Montee". The signature is written in a cursive style with a large, sweeping initial 'S'.

Susan Montee, CPA
State Auditor

June 14, 2007

Schedule

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

Noncompliance material to the financial statements noted? x yes no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
16.710	Public Safety Partnership and Community Policing Grants
97.004	State Domestic Preparedness Equipment Support Program
Dollar threshold used to distinguish between Type A	

not be consistently applied to all county funds.

The overspending in the Special Road and Bridge Fund appears to primarily be a result of higher than anticipated costs for road and bridge supplies such as gas, oil, and asphalt. Disbursements of the 911 Emergency Service Board Fund exceeded the budgeted amount in 2005 due to a federal grant project which was not budgeted.

Case law provides that strict compliance with county budget law is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, receipt of additional funding, 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. In addition, amendments made after disbursements have exceeded the budget do not allow for the budget to be used as an effective management tool.

- B. The 2006 budget amendment for the COPS Universal Hiring Grant Fund and the Sheriff Special Equipment Fund resulted in deficit budgeted fund balances of \$11,606 and \$2,466, respectively. Although the budget amendments for these funds reflected an increase in budgeted disbursements, the budget amendments did not consider an increase in budgeted receipts, resulting in a deficit budgeted fund balance for the respective funds.

Counties are not authorized to have deficit fund balances. Sections 50.610 and 50.740, RSMo, require balanced budgets, and Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting. When preparing county budgets and budget amendments, the County Commission should carefully review the summary of available resources, estimated revenues, and appropriations to ensure a balanced budget is maintained.

WE RECOMMEND:

- A. The County Commission, 911 Emergency Service Board, 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. Budget amendments should be addressed prior to incurring excess disbursements.
- B. Discontinue deficit budgeting.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

A&B. *The County Commission indicated they will implement the recommendations and will continue to monitor and amend the budget for revenues and expenditures.*

A. *The 911 Emergency Service Board Director responded that due to a federal grant award, money was received but not anticipated. Future budgets will be amended to show influxes and will be closely monitored.*

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.

06-2. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children

Pass-Through Entity	
Identifying Number:	ERS045-7185, ERS045-6185, ERS045-5185
Award Years:	2006 and 2005
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Pass-Through Entity	
Identifying Number:	2003UMWX0280 and 2003OMWX0184
Award Years:	2006 and 2005
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	97.004
Program Title:	State Domestic Preparedness Equipment Support Program
Pass-Through Entity	
Identifying Number:	2004-GE-T4-0049 and 2003-MU-T3-0003
Award Year:	2005
Questioned Costs:	Not applicable

The county and health center do 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 overstated by approximately \$246,000 and \$72,000 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. The most significant error occurred as the result of reporting \$300,000 for the Community Development Block Grants/State's Program in 2006; however, the county did not expend any federal monies for this program until 2007. Expenditures of the Schools and Roads-Grants to States Program of approximately \$98,600 were not reported for 2006 and the Health Center Administrator failed to report the Immunization Grants Program vaccines totaling approximately \$33,300 and \$19,000 for 2006 and 2005, respectively. Monies received by other entities of approximately \$65,000 and \$16,000 were included on the 2006 and 2005 SEFA, respectively. In addition, the pass-through entity identifying numbers were not indicated for most programs on the 2006 and 2005 SEFA. The audited SEFA was adjusted to correct these errors.

Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

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

A similar condition was noted in the prior report.

WE AGAIN RECOMMEND the County Commission, County Clerk, and Health Center Administrator work to ensure the SEFA is complete and accurate.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated they will implement procedures to help ensure all federal expenditures are reported correctly.

The Health Center Administrator responded that the health center will:

- *Work with the county to ensure adequate procedures are in place to track federal awards for the preparation of the SEFA.*
- *Be more diligent in reporting expenditures of federal grants correctly to include the Immunization Grants Program.*
- *Be more diligent in identifying pass-through numbers for all programs.*

- *Work with the County Commission in ensuring the SEFA is complete and accurate.*

06-3. Federal Grant Purchases and Reimbursements

Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	97.004
Program Title:	State Domestic Preparedness Equipment Support Program
Pass-Through Entity	
Identifying Number:	2004-GE-T4-0049 and 2003-MU-T3-0003
Award Year:	2005
Questioned Costs:	Not applicable

The 911 Emergency Service Board did not always document the evaluation of bid proposals and the basis and justification for awarding bids for the purchase of equipment funded through the State Domestic Preparedness Equipment Support Program. In addition, a final report for the grant program was not filed with the administering agency. The board expended \$199,538 through the State Domestic Preparedness Equipment Support Program in 2005. Of this amount, \$124,010 was used for a Computer Aided Dispatch (CAD) system and \$75,528 was used to purchase a radio tower system and related radio equipment.

- A. The board did not always document the evaluation of bid proposals and the basis and justification for awarding bids. In 2004 bids were obtained for the purchase of the CAD system. Documentation included in the board's expenditure records indicate three bids were received for the system and that the vendor with the highest bid was selected. According to the 911 Director, that vendor was selected because only their CAD system was compatible with other existing systems being used by the 911. However, no documentation was provided to support the board's review of the proposals or justification for the decisions made.

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 board has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in the board's business. Documentation of the various proposals received, the board's selection process and criteria, including a summary of the basis and justification for awarding the bid, and bid specifications designed to encourage competitive bidding, should be retained to demonstrate compliance with the law and support decisions made.

- B. A final report was not filed with the Department of Public Safety, State Emergency Management Agency (SEMA), the administering agency. The Terms and Conditions for the grant program require the grantee to file a program report at the end of the

grant period or upon completion of spending and specify information that should be included. Future awards and fund draw downs may be withheld if these reports are delinquent. According to SEMA personnel, a final program report had not been filed by the board.

WE RECOMMEND the 911 Emergency Service Board:

- A. Maintain adequate bid documentation, including justification for all decisions made.
- B. Ensure all required federal reports are submitted to SEMA.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The 911 Emergency Service Board Director responded:

- A. *Advertisements for bid and board justification will be attached to the board minutes.*
- B. *Two final reports (one for CAD and one for radio/communications) were submitted and mailed to SEMA, separately. We will consider resubmitting the final reports.*

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

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

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Pulaski County, Missouri, on the applicable finding in the prior audit report issued for the two years ended December 31, 2004.

04-1. County Budgets

Actual expenditures exceeded budgeted expenditures of various funds by approximately \$35,000 and \$200,000 during the years ended December 31, 2004 and 2003, respectively.

Recommendation:

The Commission ensure that disbursements are not authorized in excess of budgeted expenditures by reviewing the budgetary status reports before authorizing disbursements. The County officers should also review the budgetary status reports for their office to alleviate spending in excess of their budget.

If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved.

Status:

Not implemented. See finding number 06-1.

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

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

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

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

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

04-2. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	State Department of Health and Senior Services
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants and Children
Pass-Through Entity	
Identifying Number:	ERS045-4185
Award Year:	2004 and 2003
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2004 and 2003
Questioned Costs:	Not applicable

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	97.036
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	1412-DR
Award Year:	2004 and 2003
Questioned Costs:	Not applicable

The County did not include some funds because they had not been identified as federal awards. The County also did not include the expenditures when the revenues had been received in a previous year. In total, federal expenditures were understated by approximately \$332,000 and \$284,000 for 2004 and 2003, respectively.

Recommendation:

The County Clerk should prepare a complete and accurate schedule of federal expenditures annually. The County Clerk's office should consult with the grantor agencies to determine if funds are considered to be federal monies, so no federal programs are omitted from the schedule. The amounts reported should be reconciled with the County's general ledger.

Status:

Not implemented. See finding number 06-2.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Pulaski County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 14, 2007. We also have audited the compliance of Pulaski County, Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 14, 2007.

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

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

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

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

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

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned

Costs. These MAR findings resulted from our audit of the financial statements of Pulaski County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Pulaski County's responses to the findings also are presented in this MAR. We did not audit the county's responses and, accordingly, we express no opinion on them.

1.	Financial Condition
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The poor financial condition of the General Revenue Fund, which was noted in our prior report, has continued to deteriorate. In addition, the cash balance of the Special Road and Bridge Fund has declined significantly since 2005 and is also in weak financial condition.

A. The cash balance of the county's General Revenue Fund has continued to decline through 2006 and is projected to be only \$29 at December 31, 2007. The following table reflects a trend of disbursements exceeding receipts:

	Year Ended December 31,				
	2007 Projected	2006 Actual	2005 Actual	2004 Actual	2003 Actual
General Revenue Fund					
Cash Balance, January 1	\$ 5,484	125,274	131,689	207,537	232,437
Receipts	3,096,868	2,942,556	2,820,588	3,062,989	2,798,437
Disbursements	3,102,323	3,062,346	2,827,003	3,138,837	2,823,337
Cash Balance, December 31	\$ 29	5,484	125,274	131,689	207,537

Although receipts have increased from 2005 to 2006 and are projected to increase further in 2007, these increases have not kept pace with the increase in operating costs. For example, in 2006, disbursements related to the Jail increased by \$149,040 primarily due to higher than anticipated costs for boarding of prisoners. Overall, costs to fund the Sheriff's department and Jail operations have fluctuated from 2002 to 2006; however, total costs in 2006 were approximately \$330,000 higher than total costs in 2002. In addition to the increased costs for boarding of prisoners, increases have occurred in salaries for deputies, jailers, and dispatchers, as well as vehicle expenses and prisoner meals.

The termination of federal grant programs, including the Public Safety Partnership and Community Policing Grants, will further affect the disbursements of the Sheriff's department and the General Revenue Fund in 2007. The county will now be solely responsible for paying the full salaries of some law enforcement officers whose salaries had been partially paid during 2004 through 2006 using federal grant monies. For 2004, 2005, and 2006, the county received \$72,058, \$128,108, and \$74,282, in

federal grant proceeds, respectively, through the Public Safety Partnership and Community Policing Grants program.

Additionally, a potentially significant liability exists for the county as a result of accumulated vacation leave and compensatory time balances for personnel of the Sheriff's office. Some deputies had accumulated vacation leave and/or compensatory time balances in excess of 400 hours. These excessive balances represent a large liability for the county which could require significant cash resources upon payment (see MAR finding number 3).

Another area for consideration is the administrative service fee transfer from the Special Road and Bridge Fund to the General Revenue Fund. An administrative transfer was not made from 2003 to 2005; however, a transfer of \$30,000 was made in 2006. Section 50.515, RSMo, allows the county to impose a fee to generate reimbursement sufficient to recoup actual disbursements made from the General Revenue Fund for the administrative services to the fund, and shall not exceed five percent of the Special Road and Bridge Fund budget. The county budgeted a transfer of \$30,000 for 2007. However, given the weak financial condition of the Special Road and Bridge Fund as discussed below, the county should carefully consider the impact of this transfer.

Some help for the county is that capital expenditures are paid from the Courthouse Sales Tax Fund which had a balance of approximately \$2.5 million at December 31, 2006. However, expenditures paid from the General Revenue Fund are operating expenditures which cannot be paid from the Courthouse Sales Tax Fund.

- B. The cash balance of the Special Road and Bridge Fund increased from 2003 to 2005, but then significantly decreased from 2005 to 2006 and is projected to be \$0 at December 31, 2007. The following table reflects the changes in the Special Road and Bridge Fund's cash balance:

Special Road and Bridge Fund	Year Ended December 31,				
	2007 Projected	2006 Actual	2005 Actual	2004 Actual	2003 Actual
Cash Balance, January 1	\$ 27,932	161,732	138,538	31,180	382,080
Receipts	1,331,310	1,347,678	1,375,536	1,325,699	1,159,478
Disbursements	1,359,242	1,481,478	1,352,342	1,218,341	1,510,378
Cash Balance, December 31	\$ 0	27,932	161,732	138,538	31,180

Since 2003, disbursements for employee salaries and fringe benefits have steadily increased. From 2005 to 2006, significant increases were incurred for supplies and equipment purchases. The County Commission has reduced planned disbursements in 2007 for supplies and equipment purchases; however, other costs, such as road and bridge materials and equipment repairs, are expected to increase.

Actual disbursements exceeded budgeted disbursements by \$144,104 for the year ended December 31, 2006. The majority of the budget overspending was due to actual costs for supplies, specifically gas and oil. Total actual costs for supplies increased from \$157,616 in 2005 to \$326,939 in 2006. The County Commission has budgeted total costs for supplies at \$174,520 for 2007, a 47 percent decrease compared to actual costs in 2006.

Additionally, the Special Road and Bridge Fund has outstanding liabilities at December 31, 2006, consisting of several lease purchase agreements totaling approximately \$397,000. These lease purchase agreements originated between August 2004 and April 2006 to assist the county in purchasing new equipment, including motor graders, vehicles, and a tractor. Repayment on these lease purchase agreements consist of payments continuing for the next one to five years. Payments due in 2007 are included in the budgeted amounts.

The county is facing serious financial problems and, as a result, it is essential to address the situation both in the immediate and long-term future. To improve the financial condition of the county's General Revenue Fund, the County Commission should review disbursements and reduce discretionary spending where possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize receipts from all sources.

WE RECOMMEND the County Commission continue to closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the General Revenue Fund and the Special Road and Bridge Fund. The County Commission should perform long-term planning and ensure receipts are maximized and discretionary disbursements are closely monitored.

AUDITEE'S RESPONSE

The County Commission indicated they have encouraged monitoring of discretionary funds by other officials and have urged them to use these funds rather than depending on General Revenue funding. In addition, with higher than expected sales tax revenues and a new Lowes store, they anticipate approximately \$60,000 in additional sales tax revenues for the General Revenue Fund that were not reflected on the budget. Also, the Missouri Department of Transportation performed an inventory of county road miles during 2007. Based on increased county road miles, which will result in increased CART monies, and reassessment, they anticipate an additional \$150,000 in new revenues for the Road and Bridge Fund in 2008. The County Commission indicated they will continue to closely monitor the county's financial condition; this is being done monthly and more extensively, quarterly.

The county does not have adequate procedures regarding the procurement of major purchases and professional services. While a review of County Commission minutes and bid files indicated the county solicited bids for numerous items, the county did not always document the evaluation of bid proposals and the basis and justification for awarding bids. Examples of some of these purchases include the following:

- In June 2005, the county purchased two motor graders with a total cost of \$353,748. The county was given \$150,000 for the trade in of two used motor graders and the remaining \$203,748 was financed through a lease purchase agreement. Bids were solicited by telephone and bid documentation was on file from two vendors. The County Commission indicated the bids were considered for initial cost, trade-in value, warranty amounts, and buy-back value. The County Commission also stated they generally purchase motor graders from one vendor because they have better customer service, perform equipment testing at no charge, and have a more professional reputation; however, such justification for awarding the bid was not publicly documented. In addition, the evaluation of the buy-back and trade-in factors were not documented.
- The County Commission approved the purchase of a skid loader and trailer in January 2006. The County Clerk indicated bids were not advertised for these purchases; rather, bids were solicited by telephone contact to various vendors. Documentation included in the county's bid files indicate two bids were received for each item. The County Commission awarded the bid for the trailer to the lowest bidder; however, the purchase of the skid loader was awarded to the higher of the two bids for \$25,000, which was approximately \$2,000 more than the lower bid. No documentation was included in the bid files or the County Commission minutes to support why the purchase was not awarded to the lowest bidder. In addition, the County Clerk indicated the vendor awarded the bids is owned by an individual who is also employed by the county as a supervisor in the county's road and bridge department. Given the employee's position, selecting other than the lowest bid may result in the appearance of a conflict of interest.
- In May 2005, the county advertised for bids for the painting of the interior of the courthouse. According to County Commission minutes, one bid was received in June 2005 for the project. This bid was not accepted and the minutes indicate more than one bid was needed.

Rather than advertising for bids a second time, the County Clerk indicated telephone contact was made to various vendors requesting a bid. Additional bids were submitted and the County Commission reviewed these bids on August 1, 2005. The following bids were received: \$81,500, \$75,680, \$52,705 (two coats) or \$28,633 (one coat), and \$33,364. The County Commission accepted the bid for \$75,680. According to the County Commission minutes, the former Presiding Commissioner stated he believed a few bids were too low and he did not believe the job could be done at that price. The

minutes also indicate a completion date of sixty days was expected; however, a completion date was included as a requirement in the initial bid advertisement and none of the bid proposals appeared to include a completion date.

Although the County Commission minutes include some discussion regarding why the lowest bids were not accepted, this discussion does not appear to adequately support the decisions made.

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 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, the county's selection process and criteria, including a summary of the basis and justification for awarding the bid, and bid specifications designed to encourage competitive bidding, should be retained to demonstrate compliance with the law and support decisions made.

WE RECOMMEND the County Commission perform a competitive procurement process for all major purchases and maintain documentation to support all bids received and the justification for all decisions made. In addition, the County Commission should refrain from entering into business transactions with related parties which may result in the appearance of a conflict of interest.

AUDITEE'S RESPONSE

The County Commission indicated reasons do exist for instances when the lowest bid was not accepted. For example, additional features on the equipment, or better buy-back and customer service offered by certain vendors. Regarding the painting bid, the County Commission indicated they did not believe that based on the square footage of the courthouse, the job could be done at the lower bids. The County Commission indicated they will implement more documentation during the bidding process.

3. Personnel Policies and County Officials' Compensation

Timesheets for Sheriff's office employees are not submitted to the County Clerk and leave policies for Sheriff's office employees differ from the leave policies stated in the County Personnel Policies Manual. In addition, the effective dates of salary increases given to the former County Collector and Assessor do not appear to comply with state law.

- A. Timesheets and records of accumulated leave balances are not submitted to the County Clerk's office by Sheriff's department employees. Although timesheets are submitted to the Sheriff's office by each employee, the Sheriff provides a summary report to the County Clerk's office indicating salaries of full-time employees and

number of hours worked and hourly rates for part-time employees. Balances of vacation leave, sick leave, holiday leave, and compensatory time are maintained by the Sheriff's office. According to a summary report of leave balances provided by the Sheriff, as of August 2007, approximately 25 employees had accumulated vacation leave and compensatory time balances totaling approximately 3,900 hours and 3,700 hours, respectively.

Centralized time and leave records help ensure that employees comply with county policy, better document compliance with the Fair Labor Standards Act (FLSA), and aid in determining final pay for employees leaving county employment. In addition, this documentation provides the County Commission with information to monitor potential leave liabilities.

- B. The vacation leave policy followed by the Sheriff's office is different from the leave policy in the County Personnel Policies Manual for law enforcement personnel. The policy for Sheriff's office employees was adopted by the former Sheriff effective January 1, 2001, and continues to be followed by the current Sheriff. The Sheriff's policy allows his employees to accumulate a maximum of 320 vacation hours while the county policy allows a maximum of 40 hours of vacation leave. In addition, as reflected in the July 28, 2003, County Commission minutes, the County Commission adopted a policy which allows employees of the Sheriff's Department to accumulate up to 480 hours of compensatory time; however, the County Personnel Policies Manual for law enforcement personnel has not been updated accordingly.

Although this issue was noted in our prior report, the County Commission appeared unfamiliar with the leave policies currently being followed by the Sheriff's office. The County Commission and Sheriff should work together to adopt one official vacation leave policy for the Sheriff's employees and the County Personnel Policies Manual for law enforcement personnel should be revised accordingly for all changes.

- C. The effective dates of salary increases given to the former County Collector and Assessor do not appear to comply with state law. Increases resulting from changes in the county's assessed valuation were made effective January 1, 2007, for the former County Collector, and in 2006 (retroactive to January 1, 2005), for the Assessor, rather than on these officials' dates of incumbency as provided by law. Thus, it appears increases in salary should not have taken effect until March 1, 2007, and September 1, 2005, for the new County Collector and the Assessor, respectively. Because of this improper timing, the former County Collector and Assessor may have been overpaid \$992 and \$342, respectively.

A January 2006, legal opinion obtained from the Prosecuting Attorney indicated there would be an automatic increase in the 2005 newly elected office holders' salaries to conform with an increase in assessed valuation. However, this opinion does not specifically address the differing terms of office. The County Clerk indicated this was an oversight.

Section 50.333.8, RSMo, provides for salaries to be adjusted each year on the

official's year of incumbency for assessed valuation changes that affect the maximum allowable compensation for that office. The county should evaluate whether the timing of these salary increases resulted in overpayments and rectify the situation as appropriate.

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

WE RECOMMEND the County Commission:

- A. Work with the Sheriff to ensure timesheets and records of leave earned, used, and accumulated are filed with the County Clerk.
- B. Work with the Sheriff to adopt a vacation leave policy for the Sheriff's employees. The County Personnel Policies Manual for law enforcement personnel should be updated to include all revised leave policies.
- C. And the Salary Commission consult with legal counsel and review this situation to ensure the actions taken were in accordance with state law. If overpayments are determined, pursue repayments or offset amounts against future salary payments as appropriate.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They will work with the Sheriff to ensure receipt of timesheets and leave records.*
- B. *They will update the manual to reflect the change of policy noted in the minutes of July 28, 2003. They will work with the Sheriff to adopt a vacation leave policy and will update the manual accordingly.*
- C. *The Assessor has agreed to repay the overpayment and they will contact the former County Collector regarding the overpayment.*

The Sheriff responded:

- A. *A July 28, 2003, meeting of the Pulaski County Commission mentioned that according to the settlement agreement in the lawsuit filed by Sheriff J.T. Roberts against Pulaski County that the Sheriff could retain his department's time sheets. I relied on this information.*

I would also like to note for the record that at this time there is legal uncertainty as to the status of the Commissioned Deputies working for the department. We are not certain if they are 171 hour FLSA exempt officers or 40 hour a week employees. All working Deputies in the department are currently tracked in accordance with the 171 exempt FLSA record keeping systems. I have received advice from counsel that until such time as completed court cases have resolved the exact nature of the current Missouri law that I should continue

the 171 standard.

With the assistance of one of my reserve Deputies who has an accounting degree, we devised an Excel worksheet that tracks the Commissioned deputies under the 171 standard and a second worksheet that tracks the civilian employees under the 40 hour weekly standard. Thus a disk can be made at any time with the latest time records. I have no objection to providing the County with these records. We are currently working on a revision of the Excel worksheet for 2008 that will allow us to print a summary report of all accumulated hours for each employee in each pay period.

- B. *The perceived conflict between the Sheriff's operational procedure on vacation and the County Personnel Manual should be resolved. I agree with the suggestion that the County Personnel Manual be revised to reflect only one policy for the Sheriff's Department with regard to vacation.*

4. County Procedures

Concerns were noted related to the monitoring of property taxes. In addition, various county employees who handle monies are not bonded and the county's annual published financial statements did not include financial information for some funds. Also, proper procedures were not followed regarding the disposition of federal property items. Controls over county vehicles are in need of improvement.

- A. The County Clerk does not prepare or verify the accuracy of the delinquent tax books. In addition, neither the County Commission nor the County Clerk provides an adequate review of the County Collector's annual settlement.

- 1) The delinquent tax books are printed by the County Collector and the County Clerk does not perform tests to verify the totals of the delinquent tax book.

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

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

- 2) The County Clerk maintains an account book that summarizes property tax amounts that the County Collector is charged with collecting (original property tax bills and subsequent additions to the tax books) and the

corresponding credits for these amounts (monthly tax collections, abatements, protested taxes, and delinquent taxes). The County Clerk indicated the account book was compared to the County Collector's annual settlements and discrepancies were noted; however, these discrepancies were not documented or investigated.

Reconciling the account book to the County Collector's records and investigating discrepancies would enable the County Clerk to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements. Had a complete reconciliation been performed and discrepancies investigated, the County Clerk or County Commission may have detected reporting errors in the former County Collector's settlements (see MAR finding number 7). Such procedures are intended to establish checks and balances related to the collection of property taxes.

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

- B. Various county employees who handle monies are not bonded, including employees of the Sheriff's office, Public Administrator's office, and County Clerk's office. These officials indicated the employees were covered by the elected officials bond; however, there is no evidence to support this. In addition, the County Clerk indicated she contacted the bonding company and was told the bonds cover only named employees.

As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

- C. The county's annual published financial statements did not include financial information for the Law Library Fund, Family Court Fund, Circuit Clerk Interest Fund, Time Payment Fee Fund, Passport Fees Fund, and Pulaski County Public Housing Authority Fund in 2006 and 2005. In addition, the county's annual published financial statements included only those amounts that passed through the County Treasurer for the Health Center Fund in 2006 and 2005 and for the Senate Bill 40 Board Fund and the Senior Citizens Services Board Fund in 2006.

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 published financial statements are needed to adequately inform the citizens of the county's financial activities and show compliance with statutory requirements.

- D. Record keeping and disposal of property obtained by the former and current Sheriffs through the Department of Defense (DOD) Excess Property Program do not appear to be in accordance with DOD procedures. The DOD Excess Property Program provides for the transfer of excess federal property to other agencies to be used in law enforcement activities. This program is administered by the state Department of Public Safety (DPS) which coordinates the transfer of property from the DOD to local agencies.
- 1) Neither the former nor the current Sheriff provided an inventory listing of federal property items to the County Clerk. Maintaining adequate property records is necessary to ensure effective internal controls. Program guidelines provide that the county must maintain records for all property acquired through the program. Further, physical inventories of the property should be performed to ensure the accuracy of the records, to ensure all property items are accounted for, and to deter and detect theft.
 - 2) In January 2006, the County Commission approved the sale of some property items obtained through this program to the former Sheriff. A boat, motor, boat trailer, and two cargo trailers were sold at the cost of \$1 per item in lieu of paying a bill received from the former Sheriff for storage of these items totaling \$4,245. There is no evidence the county requested or received approval from DPS prior to disposing of this property as required by DOD Excess Property Program guidelines. As a result, it does not appear the County Commission had the authority to sell these property items.

In addition to noncompliance with DOD guidelines, there was no documentation of the estimated value of the property. The county received a bill dated October 10, 2005, totaling \$4,245 (\$5 per day for the boat, motor, and boat trailer and for each of the cargo trailers for January 2005 through September 2005 and 10 days of October 2005) from the former Sheriff for storage of the boat, motor, boat trailer, and two cargo trailers. The bill indicated the property had been abandoned on the former Sheriff's property since January 1, 2005, and stated that he had informed the County Commission, County Clerk, and Sheriff in March 2005 that if the items were not removed a storage fee would be charged. There was no evidence provided that the county had asked the former Sheriff to store the property. The January 2006 minutes include an entry that an Associate Commissioner indicated the property was junk and had been stored on the former Sheriff's property.

- E. The county does not have a written policy and effective monitoring procedures regarding vehicle usage. Sheriff's office deputies and road and bridge department supervisors are allowed to use county vehicles to commute to and from work. However, the county does not have a written policy addressing the use of vehicles for commuting purposes. In addition, vehicle logs were not maintained and the amount of personal (commuting) mileage is not included on employee W-2 forms as a fringe benefit.

The Internal Revenue Services (IRS) reporting guidelines provide that personal commuting mileage is a reportable fringe benefit. The county may be subject to penalties and/or fines for failure to report all taxable benefits. A formal written county vehicle policy is needed to inform county officials and employees of the proper use of county vehicles, outline vehicle usage log documentation requirements, address and define personal use of vehicles, and identify applicable IRS guidelines and reporting requirements.

Without adequate vehicle usage logs, the county cannot effectively monitor the use of vehicles or determine that maintenance and fuel costs for vehicles are reasonable and represent legitimate and appropriate expenses.

Vehicle usage logs should include trip information (i.e., employee, dates used, beginning and ending odometer readings, destination, and purpose) and operating costs information (fuel and maintenance). These logs should be reviewed by a supervisor to ensure vehicles are used in compliance with county policies and evaluate operating costs. In addition, information on the logs should be reconciled to fuel and maintenance billings received by the county. The Sheriff and the Assessor indicated they implemented the usage of vehicle logs effective March 2007 and April 2007, respectively.

Conditions similar to Parts A.2. and C. were noted in our prior report.

WE RECOMMEND:

- A.1. The County Clerk verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
 2. The County Clerk and County Commission perform a review of the County Collector's annual settlements using the County Clerk's account book. Any discrepancies should be investigated and resolved.
- B. The County Commission and other officials review current bonds and ensure there is adequate bond coverage for all county employees with access to monies.
- C. The County Commission ensure all required information is presented in the county's annual published financial statements.
- D.1. The Sheriff provide a listing of all inventory received from the DOD Excess Property Program to the County Clerk and ensure an annual physical inventory of this property is performed and documented.
 2. The Sheriff and the County Commission ensure proper disposal authority is received prior to disposing of property acquired through the DOD Excess Property Program. In addition, the County Commission should work with the DPS to resolve this matter.

- E. The County Commission adopt a written policy regarding proper and allowable use of county vehicles. Usage logs should be maintained on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred. In addition, the County Commission should ensure the county complies with IRS reporting requirements related to personal commuting mileage.

AUDITEE'S RESPONSE

The County Clerk indicated:

- A.1. *She will implement a policy to review the delinquent tax books prepared by the County Collector and will review delinquent taxes to ensure they have not been previously paid.*
- 2. *She is now reconciling the account book with records of the County Collector on a monthly basis, and will implement the recommendation to review the annual settlement when it is prepared.*

The County Commission indicated:

- B. *They will review the bonding capacity of county employees and will determine the cost effectiveness of additional bonding. They will request recommendations from the office holders to determine the amount of monies handled by employees and which employees warrant bonding.*
- C. *They will obtain the necessary information to ensure the required funds are included in the published financial statements.*
- D. *They were not aware that the property was DOD federal property. They will request an inventory listing from the Sheriff of property acquired from DPS. They will also request a copy of the procedures to properly dispose of DOD property and will make an inquiry to DPS about this issue.*
- E. *They will take the recommendation under advisement and will consult legal counsel and a tax accountant before decisions are made.*

The Sheriff responded:

- D.1. Since taking office on January 1, 2005, my representative or I have signed for relatively few items from the DOD program. We thought we were sending the acquisition paperwork to the County Clerk's office along with the invoices that we get from the state property surplus center. If we did not do this it was a simple oversight and copies will be provided immediately. We are in the process of an inventory at this time. Once the inventory has been completed we will invite the County Clerk to check the inventory. With regard to the property that the Pulaski County Commission sold to the former Sheriff, had the Commission consulted with me prior to the sale of this property I could have told them it was federal property and could not be sold.*
- 2. The Sheriff's office will comply with the correct disposal procedures for the DOD property acquired since January 1, 2005. All records of property acquired before that date will have to be obtained from the official in charge of the DOD program. The Sheriff's office will then have to locate that property. Only then could we begin disposal procedures. This will be a most difficult, if not impossible task, since there are many items that we are aware of without documents.*

5. Computer Operations and Controls
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Computer systems passwords are not updated periodically. In addition, a formal emergency contingency plan does not exist for the county's computers.

- A. The security of a password system is dependent upon keeping passwords confidential. Although most offices require the use of passwords to access various programs, 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.

Passwords are an effective, simple control to provide protection against improper access to computer systems and data. When properly managed in a controlled environment, passwords can provide effective security.

- B. The county does not have a formal emergency contingency plan for its computers. As a result, the county has not made a formal arrangement for the use of backup facilities in the event of a disaster. Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major

benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the official's degree of reliance on data processing, the need for contingency planning is evident.

WE RECOMMEND the County Commission:

- A. Work with other officials to require passwords for all employees which are confidential and periodically changed to prevent unauthorized access to the county's computer systems and data.
- B. Work with other officials to develop a formal contingency plan for the various computer systems.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They will notify all office holders in the courthouse to secure the computer passwords and upon departure of employees, change passwords for safekeeping.*
- B. *They will take the recommendation under advisement and will attempt to develop a formal contingency plan.*

6. County Treasurer's Accounting Controls and Procedures

Procedures have not been established to resolve old outstanding checks and the County Treasurer's bond is insufficient. In addition, monies held in the Surplus Tax Fund for more than three years have not been distributed.

- A. Procedures have not been established to resolve old outstanding checks. At December 31, 2006, two hundred checks totaling \$3,763 were over one year old. Several of these checks dated back to 2001. One outstanding check dated August 2004, for \$1,410, was issued to an area newspaper and 107 of the checks were for \$6 each. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, amounts should be disbursed in accordance with state law.

- B. The County Treasurer's bond was insufficient to cover school monies received. The County Treasurer currently has a \$700,000 bond which is described as a special

bond. If this bond was obtained to secure the school monies collected by the County Treasurer, the bond was approximately \$500,000 less than the amount required in January 2006 and 2007. Approximately \$4.8 million of school monies were received by the County Treasurer in January 2005.

Section 54.160, RSMo, requires the County Treasurer to give additional bond for school monies sufficient to secure the monies that come into her hands, but cannot be required to give more than one-fourth of the amount collected during the same month of the year immediately preceding her election.

- C. No monies have been distributed from the Surplus Tax Fund to various school districts since at least 2003. As of December 21, 2006, the balance of the Surplus Tax Fund was \$60,801.

Section 140.230, RSMo, requires surplus monies from land tax sales be held by the treasurer for a period of three years. At that time the monies shall be distributed to the various school districts within the county. No record was available in the County Treasurer's office that would identify the length of time monies had been held and when distribution would be appropriate.

WE RECOMMEND the County Treasurer:

- A. Establish procedures to investigate checks outstanding for a considerable time. If the payees cannot be located, the monies should be distributed in accordance with state law.
- B. And the County Commission ensure the County Treasurer is adequately bonded.
- C. And the County Collector review the activity of the Surplus Tax Fund. All amounts which have been held for more than three years should be disbursed to the schools. In addition, the County Treasurer should maintain a liability listing for the Surplus Tax Fund and ensure all future distributions from the fund are made on a timely basis.

AUDITEE'S RESPONSE

The County Treasurer responded:

- A. *There was difficulty in coordinating with the County Clerk's office the turnover of outdated/stale checks due to their problems with the electronic financial program and the affect it would have on the County Clerk's financial records. I was instructed not to turn over monies until consideration could be given to implementing a system that would be effective with their office and financial program. Since that time, I have made periodic inquiries with the County Clerk's office as to the procedure to utilize that would not adversely affect their financial program. To date, I have not received a response or any suggestions as to any implementation procedure that would adversely affect their financial*

program. I, therefore, will disburse the monies in accordance with statute. Outstanding/stale checks will be transferred from each respective fund to the "unclaimed fees" fund line. Each fund will reflect the name, check number, and amount by line item. Once each fund is totaled, that amount will be transferred to the "unclaimed fee" fund on paper (ledger entry-excel spreadsheet), not by receipt or electronic posting. I will provide a copy of the same to the County Clerk's office and request that a check for the total sum of all funds be issued from the "Unclaimed Fees" Fund to the State Treasurer's office.

- B. I will increase my bond to exceed the amount of monies received in December and January, which are the largest turn over of monies due to real estate and property tax. The other ten months of the year my bond exceeds the monies received. I have discussed with a bonding company the feasibility of having a rider for those short periods of time that turnovers exceed my bond, as opposed to an increased bond for the entire year. This would be more cost effective for tax payers.
- C. Historically the County Clerk's office has maintained the Surplus Fund (as a 500 fund line). This established procedure existed long before I took office. I did not have exclusive authority to maintain or issue checks because of the security system established in the financial program. In fact, the only authority I had with this fund was to post receipts to this fund line. All checks in the past have been generated from the County Clerk's office by issue of warrant only. I did not and have not ever issued any checks in the Surplus Fund, until July, 2007 when the County Commission issued an Order/Resolution, GIVING me the authority and clearance, and directing me to issue checks from the Surplus Fund, without warrant. This had never previously been done. Pursuant to the County Commission Order, I met with the newly elected County Collector and we established procedures regarding the Surplus monies. However, the disbursements of the Surplus Fund cannot be made to the school districts until I receive the apportionments prepared by the County Clerk's office, directing me as to the amount of money each school district is to receive. Since the issuance of the County Commission Order, I have received a request from the County Collector to issue monies to individuals. Checks were issued from my office on the same day of the request. Since the Commission Order and the fact that the County Clerk's office will no longer be issuing checks, I have implemented procedures to ensure that all monies requested of me to be paid out by the County Collector will be issued in a timely manner, along with any apportionments received by the County Clerk's office.

The current County Collector responded:

- C. In July, while preparing for the 2007 Delinquent Tax Sale, I spoke with the County Treasurer and asked who was keeping track of the surplus money that should be distributed to the school systems after 3 years. She was unaware of this procedure and said she did not have the authority to distribute from that account. I then spoke with the County Clerk and she was not aware of the need to distribute the surplus money to the schools either. I told the County Clerk that I would prepare spreadsheets with the information needed to determine the amount of surplus that should have already been distributed and what should still be in the account. She indicated that the Commission would give the Treasurer the authority to distribute from this account. On August 6, 2007, I gave the County Treasurer

spreadsheets with the information she needed to set up her own system to keep track of the surplus money. After the August 27, 2007 Delinquent Tax Sale I transferred the 2007 surplus amount to the Treasurer and provided a spreadsheet with the surplus per parcel sold so she could include this information on her spreadsheet. The Treasurer told me on August 30, 2007 that the CD renews the first part of September, and she will distribute the appropriate funds to the schools at that time.

7. County Collector's Accounting Controls and Procedures

Numerous concerns were noted with the former County Collector's accounting controls and procedures. Inadequate controls over monies received included failure to reconcile receipts to deposits, deposit monies intact, and perform a documented review of reversing entries. In addition, the former County Collector did not prepare formal bank reconciliations, reconcile liabilities to cash balances, or resolve old outstanding checks. There were errors and inconsistencies in amounts reported on the annual settlements. Prior audits of the County Collector's office have noted similar weaknesses in the internal control and record keeping procedures.

In June 2004, the former County Collector contacted our office concerning possible missing receipts. Subsequent to contacting our office, he performed a comparison of daily abstract reports and bank deposits and identified amounts deposited which were less than receipts recorded on the daily abstract reports. Criminal charges were filed and a distribution was received from the bonding company related to a misappropriation of at least \$21,000 which was detected in June 2004; however, no significant action was taken by the former County Collector to remedy the conditions or implement the prior audit recommendations regarding accounting controls. The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. Collections totaled approximately \$13.1 million and \$11.7 million for the years ended February 28, 2007 and 2006, respectively.

- A. Internal controls and procedures related to monies received by the former County Collector were not adequate as follows:
- 1) Receipts were not adequately reconciled to daily deposits. One accounting clerk was responsible for totaling daily collections and comparing these monies to the daily abstract, and a second accounting clerk was responsible for preparing the deposit. However, it does not appear the daily receipt report was reconciled to the daily deposit. We noted instances where the daily receipt report did not agree to the daily deposit, and in other instances, it was necessary to consider several adjustments, such as refunds and reversals, before the daily receipt report agreed to the daily deposit. We also noted deposits were not made intact as cash refunds were given for overpayments of taxes paid by check.

In addition, the former County Collector maintained a schedule which reported the daily abstracts of collections and the daily deposit totals. However, it does not appear the two totals were compared or reconciled. As a result, differences between the daily abstract reports and the daily deposit were not identified and investigated.

- 2) A documented review of entries made to the computer system to reverse previously recorded receipts was not performed. Although a report of reversing entries was printed from the computer system, an independent and documented review was not performed to ensure the validity of the reversal and to ensure adequate documentation was provided to support the reversal. The former County Collector indicated only he and the Deputy Collector could perform reversing entries and that he did perform reviews of reversal reports.

A reversing entry was made on July 31, 2006, to reverse a previously recorded receipt as a result of the check being returned as non-sufficient funds (NSF). With this reversing entry, the taxes were reported as being unpaid. Restitution on the NSF check was made in September 2006; however, this receipt was not abstracted and the taxes continued to be reported as unpaid. In February 2007, payment was again made by the taxpayer's bank and the receipt was recorded in the computer system, resulting in a duplicate payment of \$4,446. The former County Collector did not appear to be aware that the February 2007 payment was a duplicate payment. Had a reconciliation of receipts to deposits and a review of the reversing entry been performed, the former County Collector may have realized an overpayment had been made.

Internal controls would be improved by reconciling daily receipt reports, daily abstracts of collections, and daily deposits. Failure to adequately reconcile accounting records increases the risk that errors or irregularities will not be detected in a timely manner. In addition, to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies should be deposited intact daily and all refunds should be made by check. A documented review of all receipt reversing entries should be performed by the County Collector or someone independent of the receipting and recording duties to ensure their propriety. Further, adequate documentation should be retained to support all such entries.

- B. Formal bank reconciliations were not prepared for the five bank accounts maintained by the former County Collector and monthly listings of liabilities were not prepared and reconciled to cash balances.

The former County Collector indicated he reconciled the bank account monthly; however, no documented reconciliations were provided. There was no outstanding check list or book balance maintained for any of the bank accounts. As a result, there was no information available to perform a bank reconciliation which could then be used to reconcile monthly listings of liabilities.

Following the end of the former County Collector's term of office, four bank accounts were closed and the balances transferred into one account. As of April 30, 2007, we determined the reconciled bank balance of the remaining account was approximately \$9,900 which exceeded identified liabilities by approximately \$6,600. Identified liabilities consisted of approximately \$300 in accrued interest earnings and \$3,000 in undistributed fees, some of which had been in the account since December 2005. In July 2007, \$4,446 of the excess balance was subsequently identified as a duplicate payment (see part A above).

Adequate reconciliations between liabilities and reconciled cash balances are necessary to ensure the cash balance is properly identified and monies are sufficient to meet liabilities. The former County Collector distributed the accrued interest earnings to the current County Collector's bank account, the undistributed fees to the Collector Maintenance Fund, and the unidentified monies to the State Treasurer on June 1, 2007. The current County Collector is preparing documented monthly bank reconciliations and reconciling cash balances to liabilities.

- C. Procedures were not established by the former County Collector to resolve old outstanding checks. At April 30, 2007, twenty-six checks totaling \$2,140 were over one year old. Several of these checks were over seven years old. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, amounts should be disbursed in accordance with state law. The former County Collector resolved the old outstanding checks on June 1, 2007, by disbursing these monies to the State Treasurer.

- D. The annual settlements prepared by the former County Collector for the years ended February 28, 2007 and 2006, contained errors and inconsistencies in amounts reported which resulted in differences between collections, distributions, and unidentified tax book differences. The following problems were found.

- Railroad and Utility Tax collections and Private Car Tax collections of \$658,475 and \$27,811, respectively, were not reported on the annual settlement for the year ended February 28, 2007, and, as a result, total collections were understated \$686,286. In addition, Private Car Tax collections were not reported on the annual settlement for the year ended February 28, 2006, resulting in understated collections of \$24,848.
- Collections and refunds of protested taxes of \$12,396 and \$1,078, respectively, were not reported on the annual settlement for the year ended February 28, 2007; as a result, credits of protested taxes were understated \$13,474.
- Distributions to school districts for the year ended February 28, 2006, were

understated by \$25,650, due to a mathematical error in totaling the distributions.

- Inconsistencies were noted in the reporting of real estate and personal property tax collections, delinquent tax credits, delinquent penalties, and interest on investments for the years ended February 28, 2007 and 2006.

Incomplete and/or inaccurate annual settlement information reduces the effectiveness of the settlement as a mechanism for accounting for all monies the collector was charged with collecting.

Adjustments affecting distributions to the various political subdivisions resulting from the errors noted above are reflected in the amounts presented in the History, Organization, and Statistical Information section of the audit report.

- E. Due to insufficient procedures when preparing the monthly settlements, collections of \$12,097 due to the Dixon R-1 School District were improperly distributed to the General Revenue Fund. This error was due to information being entered incorrectly by the former County Collector when preparing the December 2005 monthly settlement spreadsheet. This monthly spreadsheet is prepared manually by entering amounts from the monthly abstract of collections report. Rather than withholding a one-percent commission of \$122, the former County Collector withheld commissions of \$12,219, resulting in the overpayment to the General Revenue Fund of \$12,097.

This error could have been detected had an adequate review of the monthly settlements and the monthly distribution records been performed to ensure all distributions were reasonable. These records should be reviewed for possible irregularities and significant fluctuations over time to determine if additional inaccuracies occurred in distributions.

Conditions similar to Parts A.1., A.2., B, and C were noted in prior reports.

WE RECOMMEND the new County Collector:

- A.1. Adopt procedures to adequately reconcile daily receipts to deposits, including a comparison of receipt reports, daily abstracts of collections, and daily deposits. Any errors or irregularities should be investigated and resolved in a timely manner. In addition, deposit all monies intact and write checks for refunds of overpayments.
2. Perform a documented review of all receipt reversing entries to ensure their propriety and ensure adequate documentation is maintained to support all reversing entries.
- B. Continue to prepare documented bank reconciliations on a monthly basis and comparing listings of liabilities to the reconciled bank balance.
- C. Ensure procedures are established to investigate checks outstanding for a considerable time. If the payees cannot be located, the monies should be distributed in accordance with state law.

- D. Ensure complete and accurate annual settlements are prepared.
- E. Ensure adequate reviews of the monthly settlements and monthly distributions are performed. In addition, the Dixon R-1 School District should be paid \$12,097 from the General Revenue Fund.

AUDITEE'S RESPONSE

The new County Collector responded:

- A.1. *We implemented daily reconciliation procedures starting the first day of my tenure. Each clerk has their assigned drawer and is responsible for balancing it at the end of the day. One clerk will print and total the abstract while the other clerk reconciles the daily deposit to the drawer summaries. Tapes from the individual drawers, daily receipts and abstracts are then attached to the abstract and drawer summaries. A summary tape is run and attached to the documents above showing reconciliation of the daily receipts, abstract and deposit. Deposits are made the same day after the daily reconciliation is complete. The daily information is then entered in our daily spreadsheet that must reconcile also. This daily spreadsheet information flows to our monthly reports and will eventually flow to our annual settlement. We are accepting payment for the exact amount only, resulting in no refund checks.*
- 2. *We have implemented a procedure to address reversals. As an example, when a reversal is necessary in drawer #1, I will do the reversal with documentation and the clerk for drawer #2 will review and sign off on this transaction. This system of independent review will be used for all drawers. At the end of the month I will print the monthly report and perform a final monthly review of all reversals. An account paid with an NSF check will not be reversed; the check will show as a liability on the bank reconciliation until the check is paid.*
- B. *We prepare documented monthly bank reconciliations as you have stated. Only two bank accounts were opened when I took over the office, one each for daily deposits and protested taxes; Quicken was installed and is used as the bank account record keeping system. Every month each transaction is entered and a monthly reconciliation report is generated, which compares the listing of liabilities to the reconciled bank balance. We also reference the daily spreadsheet and monthly settlement as an additional method of reconciliation.*
- C. *I stated earlier that we would accept payment for the exact amount due only. This policy limits our exposure to outstanding refund checks. If we have an outstanding check, it will be listed on our monthly reconciliation report for two months. We will then contact the payee to see if the check needs to be reissued. If the payee cannot be located, the monies will be distributed in accordance with state law.*
- D. *I understand the importance of this report as a mechanism for accounting for all monies the collector is charged with collecting. Although we have not had the opportunity to prepare an annual settlement, I anticipate this procedure will go smoothly due to the accounting*

system we have implemented. The information in the records are kept daily and monthly and will flow through to our annual settlement.

- E. The spreadsheet for the monthly settlement and distribution amounts is formatted to calculate the distribution amounts to the various entities. The monthly settlement and distribution spreadsheet, implemented since my taking office, facilitates quick and accurate reviews, and acts as a safeguard against errors in calculation such as the previous collector's Dixon R-1 School District error.*

The County Commission indicated:

- E. They will discuss with the County Collector how to handle this issue.*

8. Public Administrator's Accounting Controls and Procedures

Concerns were noted with annual settlements including, one that was not accurately filed by the former Public Administrator, some that were not filed by the current Public Administrator timely, and others that were not approved by the Associate Circuit Judge in a timely manner. In addition, some fees received by the former Public Administrator appeared to be excessive and were not supported by approved court orders.

The Public Administrator acts as the court-appointed personal representative for wards of the Associate Circuit Division (Probate Court) and is responsible for receiving, disbursing, and accounting for the assets of those individuals. Annually, the Public Administrator is required to file an annual settlement with the Probate Court which reflects a detailed list of assets held as well as financial activity for the year. During the two years ended December 31, 2006, the Public Administrator had responsibility for approximately 80 wards. Although the current Public Administrator took office on January 1, 2005, the former Public Administrator was responsible for completing annual settlements for some wards during 2005.

- A. A review of the annual settlements filed by the former and current Public Administrators identified the following concerns:
 - 1) All assets owned by a ward were not reported on an annual settlement prepared by the former Public Administrator. The annual settlement filed on January 6, 2005, by the former Public Administrator reported an ending inventory balance of approximately \$46,000. However, this inventory balance did not include over \$200,000 in savings bonds, certificates of deposit, and other personal property owned by the ward. For settlements to accurately present the activity and status of a particular case, all assets should be properly reflected on the settlements.

- 2) Annual settlements were not always filed in a timely manner. Eight of the seventeen annual settlements reviewed that were filed by the current Public Administrator were filed one to seven months after the due date.

Section 473.540, RSMo, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative.

- 3) Some annual settlements filed with the court by the current Public Administrator were not approved by the Associate Circuit Judge in a timely manner. As a result, fees requested for some cases have not been paid to the General Revenue Fund. One annual settlement, which requested fees totaling \$5,000 was submitted to the court in August 2006, had not been approved as of May 2007. In addition, two other annual settlements filed in April 2006 and December 2006 were not yet approved and requested fees of \$2,167 and \$1,381, respectively. The Associate Circuit Judge indicated he generally approves the annual settlements shortly after receiving them; however, in these instances he wanted to review the fees requested in more detail, but had not yet done so.

The preparation of complete and timely annual settlements, as well as the timely approval of annual settlements, is necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

- B. Some fees received by the former Public Administrator appeared to be excessive or were not supported by approved court orders. The former Public Administrator was paid based on fees withheld from cases administered by her. The current Public Administrator elected to receive a salary in lieu of fees and all fees withheld from cases are now paid to the General Revenue Fund.

Most estates handled by the former and current Public Administrators are charged a fee of \$540 annually (\$45 per month). For one case reviewed we noted fees varied from the \$540 with no documentation to support the change in fee amount. In addition, fees were retained by the former Public Administrator from this ward on three occasions during 2005 for \$540, \$300, and \$600, for a total of \$1,440; however, a court order supported only \$600 in fees. No documentation was provided to the court to support how the fee amounts were determined or why fees were charged on more than one occasion.

The Probate Court reviewed all annual settlements filed by the former Public Administrator to determine any excessive fees that may have been taken. In May 2006, an attorney was appointed by the court for the purpose of recovering assets wrongfully taken. The Associate Circuit Judge indicated this could include excess fees for any cases.

A written policy should be developed detailing the fee basis used to determine the fees paid by an estate. Adequate justification and documentation should be maintained to support any fees taken in excess of amounts allowed in the policy. In addition, the current Public Administrator and Associate Circuit Judge should continue to ensure all fees are supported by approved court orders. Fees not taken within the annual settlement period should be tracked and documented. Without such a policy and without consistent application of fees, there is no assurance that estates are handled equitably or that fees are properly calculated.

Conditions similar to Parts A.2. and B. were noted in a prior report.

WE RECOMMEND:

- A.1. The current Public Administrator ensure all assets owned by the wards are accurately recorded on the annual settlement.
2. The Public Administrator ensure all annual settlements are filed in a timely manner.
3. The Associate Circuit Judge ensure all annual settlements are approved in a timely manner.
- B. The Associate Circuit Judge develop written guidelines for withholding fees from the estates, including the method for determining the amount to be withheld, the required supporting documentation, and the approval process. In addition, the Associate Circuit Judge should continue to monitor inconsistencies noted in fees taken by the former Public Administrator until all issues are resolved.

AUDITEE'S RESPONSE

The current Public Administrator responded:

A.1

&2. After taking office on January 1, 2005, I entered the Public Administrator's office for the first time and found empty file cabinets, computers with no files or even word processing programs and no information on any wards. I spent the next year finding and reviewing records, to include medical records on the wards that had been entrusted to my care. After accurately preparing files on my wards, I had been told in state training that the court gives notice that settlements are due, but on reviewing the statutes, I discovered that it is not required. I immediately worked with the court to file the settlements. I continued reviewing all files for accuracy while working with the county commission in order to purchase a program for Public Administrators. We purchased a program that is used by most Public Administrators in the state that took the bulk of two years equipment budget to buy. Since acquiring all records and loading them into the program along with our internal procedures, all settlements from my office have been on time, complete, accurate and approved by the judge. I will continue to work with the judge to ensure all settlements are accurate and filed in a timely manner.

The Associate Circuit Judge responded:

- A.3. *Four cases were mentioned out of the thousands of cases and hearings I handle yearly. I do intend to ensure that all annual settlements are approved in a timely manner, consistent with my duty to safeguard funds for the Ward.*
- B. *He will develop written guidelines for collecting fees from estates, now that the current Public Administrator has elected to collect her salary from the county, and in accordance with Missouri law. The Court will continue to monitor all matters and issues concerning the former Public Administrator until those issues are resolved. On May 25, 2006, the Judge held a public hearing on these issues, following the two year prosecution of the former Deputy Public Administrator. At that hearing, the Court appointed Albert Crump, a respected Probate Attorney of this Circuit, to pursue all issues regarding the former Public Administrator, including filing lawsuits, which he has done. The auditors were furnished his contact information several months ago to independently verify these matters.*

9. Prosecuting Attorney's Accounting Controls and Procedures

Prosecuting Attorney procedures related to accounting duties, processing and depositing of receipts, and bank reconciliations are in need of improvement. The Prosecuting Attorney's office collected fees and restitution on bad checks totaling approximately \$272,900 and \$312,400 during the years ended December 31, 2006 and 2005, respectively.

- A. Cash custody and accounting duties were not adequately segregated. One accounting clerk was responsible for all accounting duties, including receiving and recording bad check complaints and payments, and depositing and disbursing monies. After discussing our concerns with the current Prosecuting Attorney, steps were taken to implement the segregation of duties. The receptionist is now responsible for issuing receipt slips for all monies received and the accounting clerk accounts for the numerical sequence of receipt slips and enters the receipts into the computer system. In addition, the Prosecuting Attorney reviews all deposits and disbursements.

Effective January 2007, the current Prosecuting Attorney took office. The former Prosecuting Attorney's accounting clerk no longer works for the office. As a result, the accounting duties and procedures in effect for the former Prosecuting Attorney and the extent of supervisory review could not be determined.

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

- B. Receipts are not immediately posted to the computer system or deposited intact and on a timely basis. Receipts are posted to the accounting records at the time the deposit is prepared; however, deposits are not made timely. A cash count performed on March 1, 2007, included eight payments, with corresponding check dates or

receipt slip dates in December 2006 and January 2007, totaling \$855, which had not been included in previous deposits.

Because of the cash count results, additional follow up was performed to determine the disposition of these monies. We were able to account for the disposition of all monies, with the exception of one payment dated February 3, 2007, for \$50. This payment was no longer on hand; however, the Prosecuting Attorney's office could not provide a record or explanation as to the disposition of this receipt.

A review of deposits made in August and September, 2006, noted additional instances of deposits not being made in a timely manner by the former Prosecuting Attorney. A deposit made on August 1, 2006, for \$19,024, included receipts collected between July 7, 2006 and July 31, 2006. The next deposit was not made until September 8, 2006, for \$21,500.

To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be posted to the accounting records in a timely manner. In addition, deposits should be made intact on a timely basis.

- C. Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied when the monies are deposited. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

- D. Monthly reconciliation procedures are not adequate. Bank reconciliations are not consistently performed, and for the former Prosecuting Attorney's bank account, old outstanding checks were not resolved, and monthly listings of liabilities were not prepared and reconciled to cash balances.
 - 1) Bank reconciliations are not consistently performed. The last bank reconciliation performed on the former Prosecuting Attorney's bank account was for November 2006. The current Prosecuting Attorney opened a new bank account in January 2007. Bank reconciliations were not performed on this account until April 2007.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement and to detect and correct errors timely.

- 2) Procedures have not been established to resolve old outstanding checks. According to the November 2006 bank reconciliation prepared on the former Prosecuting Attorney's account, checks totaling \$14,354 were over one year old, with \$7,308 dating back to 2003. The former Prosecuting Attorney did not maintain an itemized listing of outstanding checks; rather, totals were indicated by year for 2003 through 2005 and by month for 2006.

An itemized outstanding check listing was available to support the April 2007 bank reconciliation prepared for the account opened by the current Prosecuting Attorney.

While conducting audit work, we also observed numerous checks for restitution had been returned as undeliverable: however, no follow up action appears to have been taken by the former Prosecuting Attorney. On March 12, 2007, a cash count of these checks identified 119 checks totaling \$9,561 had been returned. These checks were dated between 2001 and 2006. Many of the envelopes for these checks had not been opened prior to our review.

Old outstanding checks create additional and unnecessary record keeping responsibilities. Procedures should be established to routinely investigate checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, amounts should be disbursed in accordance with state law.

- 3) Monthly listings of open items (liabilities) were not prepared and, consequently, liabilities were not reconciled to cash balances. Listings of open items were not available for the bank account maintained by the former Prosecuting Attorney. The November 30, 2006, reconciliation reflected a reconciled cash balance of \$30,431.

Two bank accounts which had been opened prior to the former Prosecuting Attorney's term in office were noted in our prior audit as containing unidentified monies. These unidentified balances were not disposed of until April 2007, when the current Prosecuting Attorney closed the two accounts and unidentified monies totaling \$25,121 were distributed to the State's Unclaimed Property Section.

Listings of open items are also not compared to reconciled cash balances of the current Prosecuting Attorney's bank account. As of May 25, 2007, the reconciled bank balance was \$63, which was not identified to open items.

Reconciling the bank balances to an open items listing is necessary to ensure underlying records are in balance and that sufficient cash is available to pay all liabilities. The Prosecuting Attorney should investigate any differences noted and take appropriate action.

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

WE RECOMMEND the new Prosecuting Attorney:

- A. Continue to segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.

- B. Ensure all receipts are posted to the accounting system in a timely manner and deposit all monies intact on a timely basis.
- C. Restrictively endorse checks and money orders immediately upon receipt.
- D.1. Ensure bank reconciliations are prepared on monthly basis for each account.
 - 2. Establish procedures to investigate checks outstanding for a considerable time. If the payees cannot be located, the monies should be distributed in accordance with state law.
 - 3. Prepare open items listings monthly and reconcile the listings to account balances. Unidentified monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

The new Prosecuting Attorney responded:

- A. *This office now segregates money as indicated in paragraph A. As Prosecutor, I personally review the records and sign all checks for disbursement. These reviews of records are documented with my initials. Special security measures have been implemented in the office such as a lock box for placement of money and receipts when they are secured.*
- B. *Receipts are now posted daily by the secretary and the bad checks and restitution clerk credits said amounts to the appropriate account and deposits said money almost every day. Any amount that is not deposited is locked in a secure area for next day deposit. I review the receipt books and check the receipts against the deposits to confirm that all monies are accounted for.*

For clarification, the bad check and restitution clerk was hired in February 2007, after the 2007 budget was approved. Because I was not sure what personnel assets I would be able to acquire, my hands were tied until the budget. Once hired, on February 12, 2007, she traveled to Kansas City, Missouri, for special training on the Bounceback program. The bad check and restitution clerk then discovered that our system did not contain an essential update to the system for reconciling our checks.

The bad checks and restitution clerk cleaned and is still cleaning up a mess. She had bundles of returned mail to process, with hundreds of returned checks, which could have been received but for the prior administration's failure to properly document the victims' addresses or even to use the most basic of common sense in tracking down these persons to ensure they were compensated, by picking up the telephone and calling them on the phone for their address. The \$855, about which the auditors referred, was money payable to the Prosecuting Attorney, but for which we had no records. This office normally, cannot receive any payments for restitution or on paid checks without a judgment and court order. Sometimes people make payments for their friends or relatives. If the name on the receipt

and check is different than the name of the offender and the payment comes in the mail to us without information such as a copy of the order, it takes time to properly credit it to the appropriate party. Because there was no copy of the court order attached with payment, the bad checks and restitution clerk was required to do research to find an order. Because of the backlog, the bad checks and restitution clerk, was unable to timely process those receipts any quicker than she did. Ultimately, all money save a fifty dollar check was acknowledged by the auditors as being accounted for. I believe that the unaccounted \$50 was a check which was supposed to have been paid to the Circuit Clerk's office but was erroneously paid to us. Around that time frame, the bad checks and restitution Clerk brought such a check to the Circuit Clerk's office but failed to make a copy of that check. To ensure this does not happen again, she now prepares a cover letter and for our records, she makes a copy of all checks turned over to the Circuit Clerk's office along with a copy of the cover letter. The fact that this was the only noted discrepancy, bears testimony to how well the bad checks and restitution clerk has performed in this position.

- C. The Secretary receives and receipts any and all money received in this office from a special receipt book which specifically identifies this money was receipted in our office. Each receipt is numerically numbered and each book contains over 150 receipts. Both the receptionist and the bad checks and restitution clerk in this office are bonded. Checks and money orders received are now restrictively endorsed when received by the bad checks and restitution clerk. Before doing this, she checks with Bounceback to ensure they are payments for restitution or bad checks. If they are, the checks are immediately endorsed with "For Deposit Only AC PA#xxx" stamp. The checks are later personally signed by me. Any money that cannot be immediately identified as constituting repayment for bad checks or restitution are locked away until they can be properly accounted for.*
- D.1. Bank reconciliations are now performed monthly. They were not performed in the beginning of 2007, because we had no employee in that position until February 2007 and once hired, we were focused on trying to fix the backlog. However, before checks were written or disbursed, the bad checks and restitution clerk ensured the money written matched what was in the account. The bad checks and restitution clerk now reconciles the bank account within three days of receipt of the monthly bank statement.*
- 2. This office is dedicated to ensuring victims receive their court ordered restitution. Time permitting, the bad checks and restitution clerk goes through the checks which were returned in the mail to the previous administration in her ongoing attempt to find correct addresses. She maintains a record of each check that is reissued, much like she had done with the other \$9,561 which we have been able to successfully return to its rightful owners. Per RSMo, if after six months, we have been unable to locate the proper owner, we will cut a check in that amount and forward to the State, along with the name and all pertinent information so that this can be advertised on the lost money account.*
- 3. This office will prepare an open items listing monthly and reconcile said listing to account balances. Unidentified money will be disposed of in accordance with State law. It should be noted that the \$63 is not an open item in account. It is entered into Bounceback as an adjustment. This is earned interest and balances with the bank statement.*

Controls and procedures of the Sheriff's office need improvement. Duties over cash custody and record keeping are not adequately segregated, receipt slips are not issued for paper service fees immediately upon receipt and monies are not deposited intact. Disbursements are not always made in a timely manner, bank reconciliations are not always prepared timely, and procedures have not been established to follow up on outstanding checks. The Sheriff's office collected approximately \$148,200 and \$141,200 for the years ended December 31, 2006 and 2005, respectively.

- A. The duties of cash custody and record keeping are not adequately segregated. The office manager is primarily responsible for recording transactions, preparing deposits, disbursing monies, and preparing bank reconciliations. Although the Sheriff does review all checks and the monthly disbursement report, receipts are not periodically reconciled to deposits by someone independent of the receipting function. As a result, there is no assurance all monies collected have been properly accounted for and deposited.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. 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, including reconciliations of receipts to deposits, should be performed and documented.

- B. Receipt slips are not issued immediately upon receipt for some monies received and monies are not always deposited intact or on a timely basis. Fees for paper service are frequently received prior to delivery of the papers; however, receipt slips are not issued and the monies are not deposited until the papers have been delivered. These fees are recorded on pre-numbered forms and all checks are restrictively endorsed at the time of receipt; however, some checks dated over one month old had not been deposited. Deposits are generally made once or twice a week.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipt slips should be issued immediately upon receipt, all monies received should be deposited intact, and the composition of receipts should be reconciled to the composition of deposits.

- C. Disbursements are not always made in a timely manner. The records reflect the Sheriff's office collected a total of \$2,400 from the Social Security Administration from August 2004 to July 2005; however, these monies were not disbursed to the County Treasurer until September 2005.

State law requires that all fees collected by the Sheriff be distributed monthly. Timely disbursements of fees collected are necessary to provide adequate controls over account balances and increase the likelihood that discrepancies are detected in a timely manner.

- D. Monthly bank reconciliations are not always prepared timely. Bank reconciliations for January, February, and March 2007 were completed in April 2007 for the Sheriff's bank accounts. Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement and to detect and correct errors timely.
- E. Procedures have not been established to resolve checks outstanding for a considerable length of time. At December 31, 2006, 41 checks over one year old totaling \$2,387 were noted. Several of these checks date back to 2001. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, amounts should be disbursed to the State's Unclaimed Property Section as required by state law.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews, including reconciliations of receipts to deposits, are performed and documented.
- B. Ensure receipt slips are issued for all monies immediately upon receipt, all monies are deposited intact on a timely basis, and the composition of receipts is reconciled to the composition of deposits.
- C. Ensure all monies received are disbursed in a timely manner.
- D. Reconcile all bank accounts monthly.
- E. Establish procedures to investigate checks outstanding for a considerable time. If the payees cannot be located, the monies should be distributed in accordance with applicable statutory provisions.

AUDITEE'S RESPONSE

- A. *The office has only two employees. To the extent possible this policy was implemented the same day the audit team made the recommendation. Each deposit completed by one person is checked for accuracy and initialed by the second person.*

- B. *The accounts are zero balanced every month. This is possible because the incoming checks on the civil papers are not deposited until the papers have been served and the fee earned by the department. Then the checks are sent to the bank to be cashed.*

The security procedures in effect at this time start when a check is first received. It is stamped, "for deposit only J.B. King Pulaski County Sheriff". A numbered receipt is issued for the check. The check is then stored in a locked desk, two people have the key, the desk is inside a double locked room, only three people have the key, and the room is inside a controlled access area of the Sheriff's Department. Each check is logged and the status of any check can be known within a few minutes. Right now the checks are logged in several ways and we are looking at establishing a single log method to simplify the process.

- C. *All monies will be disbursed as soon as we receive the bank statement and can reconcile the account. This will be monthly.*
- D. *The reconciliation of the accounts will be done as quickly as possible. Unfortunately due to a lack of personnel the Deputy who handles this job must also be used for other tasks such as inmate transport, which take her out of the office. These transports frequently take a full day. Thus she falls behind on daily tasks. We will relieve her of as many additional duties as possible so she may concentrate on her duties related to the finance issues.*
- E. *The Deputy who handles this job could not remember the correct procedure for the "stale" or old checks and waited for the audit team to advise her of the correct procedure. The checks in question have already been distributed according to statutory provisions and one bank account associated with these "stale" checks has been closed. A new policy requiring a special report on any outstanding check over six months old has been established. This report will be sent to the Sheriff for review.*

11.

Assessor's Accounting Controls and Procedures

Controls over monies received by the Assessor are in need of improvement. Prenumbered rediform receipt slips rather than official prenumbered receipt slips are issued for monies received. Receipts are not maintained in a secure location; rather, receipts are kept in an envelope which is accessible to all employees. In addition, restrictive endorsement is not applied to checks until the monies are transmitted to the County Treasurer. Although monies are generally transmitted on a monthly basis, in one instance receipts accumulated for approximately three months before being remitted to the County Treasurer for deposit. Approximately \$1,900 and \$2,500 was transmitted to the County Treasurer during the years ended December 31, 2006 and 2005, respectively, from the sale of maps, property cards, and property reports.

To ensure proper accountability of all monies received, official prenumbered receipt slips should be issued as payments are received, the method of payment should be consistently indicated on all receipt slips, and the composition of monies received should be reconciled to the composition of monies transmitted to the County Treasurer. In addition, to adequately safeguard receipts, all checks should be restrictively endorsed immediately upon receipt and all monies should be maintained in a secure location and transmitted to the County Treasurer in a timely manner.

WE RECOMMEND the Assessor issue official prenumbered receipt slips immediately upon receipt for all monies received. In addition, all checks should be restrictively endorsed immediately upon receipt. Monies should be maintained in a secure location and transmitted to the County Treasurer in a timely manner.

AUDITEE'S RESPONSE

The County Assessor indicated he will obtain prenumbered official receipt slips and checks are now restrictively endorsed upon receipt. Receipts are maintained in a location accessible to all employees because all employees are responsible for collecting receipts. Receipts will be stored in the vault overnight and only monies to make change will be kept in the office. All other receipts will be kept in a secure location. The one instance when monies were not transmitted timely was due to a personal reason; otherwise, monies are transmitted monthly.

12. 911 Emergency Service Board
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Concerns were noted with board meeting minutes including not documenting reasons for closing meetings, failure to maintain minutes of closed meetings, and failure of board members to sign open session meeting minutes. In addition, improvement is needed regarding the collection of map receipts and regarding payroll and compensation procedures and reports.

- A. Reasons for closing meetings and the corresponding vote to close the meeting are not always documented and minutes of closed meetings held by the 911 Emergency Service Board are not taken. In addition, board minutes maintained for open session meetings are not signed by board members.
 - 1) The board held several closed sessions during 2006 and 2005. Open session minutes typically indicate the meeting is being closed, but the specific reason and a vote to close the meeting are not documented. In addition, minutes for the closed session are not taken. Without minutes of closed session, 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.
 - 2) Board minutes prepared by the board's secretary for open session meetings

are not signed by any board member to attest to their completeness and accuracy. The minutes should be signed to provide an independent attestation that the minutes are a complete and correct record of the matters discussed and actions taken during the board meetings.

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session and requires minutes be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made. In addition, minutes of open and closed meetings should be signed by the board members to show that the minutes have been reviewed and accurately reflect the discussions held and actions taken in the previous meeting.

- B. Procedures related to the collection of map receipts need improvement. Deposits are not made intact; rather, cash receipts are replaced with employees' personal checks. The 911 Director prefers not to accept cash receipts; however, cash is occasionally collected by an employee. When this occurs, the employee will keep the cash and replace it with a personal check.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies received should be deposited intact and the composition of receipts should be reconciled to the composition of deposits.

- C. Improvement is needed over the board's procedures for reporting compensation to the Internal Revenue Service (IRS).

- 1) Payroll and accounting records are not properly monitored nor reconciled with amounts reported on Forms W-3 and Employer's Quarterly Federal Tax Returns (Forms 941). As a result, it is unclear if the correct amount of payroll taxes was reported. During our review of these forms we noted the following differences:

- Total compensation per the 2005 Form W-3 was \$6,273 less than the total reported on the 2005 Forms 941. The amounts reported on the 2006 forms agreed.
- Total compensation reported on the 2006 and 2005 Forms W-3 and Forms 941 is not reconciled to the year to date totals reflected in the accounting records. The 2005 Forms W-3 and 941 reported total compensation of \$368,240 and \$374,513, respectively, and the accounting records reflect total compensation of approximately \$390,000.

The board contracts with an accountant to process payroll checks and prepare payroll reports. However, there appears to be no review of the payroll records maintained by the accountant and there is no reconciliation of the payroll records with the accounting records maintained by the 911 Director. The 911 Director could not explain these differences.

The failure to review and reconcile payroll records increases the risk that errors or irregularities will occur and not be detected on a timely basis. The board should review the payroll reports prepared by the accountant and reconcile those reports with the accounting records maintained by the 911 Director. Any discrepancies should be investigated and resolved.

- 2) The board has no procedures in place to ensure Forms 1099 are filed with the IRS when required. As a result, the board did not file Forms 1099 for payments made to the board's secretaries and the board's accountant for services totaling \$1,825 and \$1,800, respectively, during 2006. Sections 6041 through 6051 of the Internal Revenue Code require payments of \$600 or more for professional services or for services performed as a trade or business by non employees (other than corporations) be reported to the federal government on Forms 1099.

WE RECOMMEND the 911 Emergency Service Board:

- 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. In addition, open and closed session minutes should be signed to attest to their accuracy.
 - B. Require all monies to be deposited intact and ensure the composition of receipts is reconciled to the composition of deposits. In addition, the board should discontinue allowing employees to replace cash receipts with personal checks.
 - C.1. Ensure all payroll records are reviewed and reconciled to accounting records. Any discrepancies should be investigated and resolved.
2. Ensure IRS Forms 1099 are prepared and submitted as required.

AUDITEE'S RESPONSE

The 911 Emergency Service Board Director responded:

- A. *Closed minutes are now being kept with approved minutes being signed. The Board conducts a vote to close an open meeting with time, statute, and purpose of closed session documented in the minutes.*
- B. *A triplicate receipt book has been put into place, with only checks being accepted.*

- C.1. *The CPA's records will be reviewed and reconciled to accounting records.*
2. *The CPA will submit and prepare all required 1099 forms.*

Follow-Up on Prior Audit Findings

PULASKI COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Pulaski County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2002; the audit report issued June 2004 on the Public Administrator of Pulaski County; and the audit report issued January 2005 on the County Collector of Pulaski County. 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. General Revenue Disbursements

The financial condition of the county's General Revenue Fund declined through 2001 due primarily to a large increase in disbursements in 2001. Two factors contributed to the significant increase in the disbursements of the General Revenue Fund during 2001 and early 2002 including various lawsuits filed by county officials and an increase in the cost of boarding prisoners. It appeared the county incurred significant costs for attorney fees and board of prisoners because the county officials did not work together and resolve their differences.

Recommendation:

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

Status:

Partially implemented. Although no instances of inappropriate disbursements were noted, the financial condition of the General Revenue Fund has continued to decline. See MAR finding number 1.

2. County Officials' Compensation

- A. The county did not hold a salary commission meeting to approve a \$11,193 annual increase in the County Treasurer's salary effective with the start of a new term of office on January 1, 2003.
- B. The Sheriff's salary was increased by \$1,000 in January 2002 based on Section 57.403, RSMo, which was in effect prior to the establishment of the salary commission. There was no evidence that the county held a salary commission meeting and the county did not obtain a written opinion from the Prosecuting Attorney to support the salary increase.

- C. Based on Section 50.333.13, RSMo, in August 1997, Pulaski County's former Associate County Commissioners salaries were each increased.

Based upon a May 2001, Supreme Court decision, the raises given to each of the Associate County Commissioner, totaling approximately \$19,000 for the period September 1, 1997 to December 31, 2000, should have been repaid. Although the County Commission indicated they reviewed this matter with the former Prosecuting Attorney, no plan had been developed for obtaining repayment of the salary overpayments.

Recommendation:

The County Commission:

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

Status:

- A. Not implemented. The County Commission responded in our prior audit report that they acted on the advice of the former Prosecuting Attorney and believed their actions were in accordance with state law. As a result, no further action was taken. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. Effective January 1, 2005, the current Sheriff does not receive the additional compensation. Although salary commission minutes include the decisions of the salary commission, the decisions are not always clearly documented. Written legal opinions have been provided by the Prosecuting Attorney to support some decisions of the salary commission. Although not repeated in the current MAR, our recommendation remains as stated above. In addition, salary increases provided to the County Assessor and County Collector do not appear to be in accordance with state law. See MAR finding number 3.
- C. Not implemented. There is no evidence a written legal opinion was received from the Prosecuting Attorney and no plan for obtaining repayment has been developed. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Expenditures and Related Matters

- A. Interest of approximately \$29,000 should have been paid from the Special Road and Bridge Fund to the General Revenue Fund if the county had followed the terms of an August 17, 1998, County Commission order related to a \$270,000 loan from the General Revenue Fund to the Special Road and Bridge Fund.
- B. The county had not calculated its actual costs related to the collection of county tourism taxes, nor did the county have any justification for the significant changes to the percentage of taxes remitted to the county by the Pulaski County Convention and Visitors Bureau. Also, there did not appear to be any statutory authority for the county to retain a collection fee for tourism taxes.
- C. In May 2001, the County Commission authorized the turnover of approximately \$12,000 of unidentified and unclaimed monies to the General Revenue Fund. However, there appeared to be no statutory authority to transfer unidentified or unclaimed monies to the General Revenue Fund, and it appeared the unclaimed monies should have been remitted to the state Unclaimed Property Section.
- D. The County Treasurer did not properly disburse monies received in 2002 for private car taxes received from the state.
- E. During 2002, the county deposited into the Civil Fees Fund \$3,164 more than allowed by state law.
- F. During the year ended December 31, 2002, approximately \$5,600 of insurance expenditures paid from the Special Road and Bridge Fund was for insurance coverage on county owned computer equipment. Information provided by the insurance agent did not provide adequate documentation to properly pro-rate these costs to other funds.
- G. The County Commission approved payments to the Probate Clerk without requiring or retaining any documentation to support the propriety of the payments. In addition to her regular salary paid by the state, the Probate Clerk was paid \$2,700 annually for performing one hour per-day of genealogy work.

Recommendation:

The County Commission:

- A. Develop policies to ensure a sufficient cash flow is available to meet current needs. If interfund loans are needed, the County Commission should develop a system to track interfund loans to ensure the loans are properly repaid. In addition, the County Commission should calculate the amount of interest that should have been paid on

this loan and transfer that amount from the Special Road and Bridge Fund to the General Revenue Fund.

- B. Review this situation with the Prosecuting Attorney to ensure monies collected for the tourism tax are being handled correctly.
- C. Review the county's procedures for disposing of unclaimed and unidentified monies and ensure applicable state laws are followed. The county should review the \$12,100 turned over to General Revenue Fund and determine if any of this money should be remitted to the state Unclaimed Property Section.
- D. Review the county's procedures for disbursing private car tax collections and ensure applicable state laws are followed.
- E. Review the monies collected and deposited in the Civil Fees Fund and determine if any of these monies should be remitted to the General Revenue Fund.
- F. Reimburse the Special Road and Bridge Fund for the amount paid for insurance coverage that was not related to road and bridge purposes, and ensure all future expenditures from the Special Road and Bridge Fund comply with state law.
- G. Review the payments to the Probate Clerk and ensure adequate documentation is maintained to support the propriety of these payments.

Status:

- A. Partially implemented. The County Commission responded in our prior audit that a transfer of \$30,000 from the Special Road and Bridge Fund to the General Revenue Fund for administrative costs sufficiently compensated the General Revenue Fund for the amount of interest that was owed on this loan. As a result, no further action was taken. No interfund loans were noted during the two years ended December 31, 2006; however, the financial condition of the General Revenue Fund and the Special Road and Bridge Fund have declined indicating sufficient cash flow may not be available to meet future needs. See MAR finding number 1.
- B. Not implemented. There is no evidence this situation was reviewed with the Prosecuting Attorney. In the prior audit report the County Commission indicated they would document the county's administrative costs; however, the county has not calculated and documented its actual administrative costs related to collection of tourism taxes. Effective September 2004, the County Collector began handling the collection of county tourism taxes and the percentage of taxes remitted to the county has remained at one percent. At December 31, 2006, the balance of the Tourism Tax Fund maintained by the County Treasurer was \$10,559. Although not repeated in the current MAR, our recommendation remains as stated above.

- C. Not implemented. In the prior audit report the County Commission indicated they would follow up and take appropriate action on the recommendation; however, no evidence was provided to indicate the county reviewed whether any of the \$12,100 turned over to the General Revenue Fund should have been remitted to the state Unclaimed Property Section. Although not repeated in the current MAR, our recommendation remains as stated above. Additional unclaimed monies consisting of old outstanding checks were noted which should be resolved. See MAR finding number 6.
- D. Implemented.
- E. Implemented. A transfer of \$3,164 was made from the Civil Fees Fund to the General Revenue Fund in 2003 and fees credited to the Civil Fees Fund are monitored annually.
- F. Partially implemented. While no evidence was provided to support a reimbursement to the Special Road and Bridge Fund, insurance costs are now charged to the various county funds based on the actual property associated with each fund. Although not repeated in the current MAR, our recommendation remains as stated above.
- G. This recommendation is no longer applicable. The Probate Clerk no longer receives the additional compensation.

4. Published Financial Statements

The annual published financial statements of the county did not include financial activity of the Law Library Fund, Circuit Clerk Interest Fund, Family Court Fund, and Pulaski County Public Housing Agency Fund, and included only those amounts that passed through the County Treasurer for the Health Center Fund, Senate Bill 40 Board Fund, 911 Emergency Services Board Fund, and Senior Citizens Services Board Fund.

Recommendation:

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

Status:

Not implemented. See MAR finding number 4.

5. County Procedures

- A. Vehicle usage logs were not maintained for county owned vehicles.
- B. The County Clerk did not prepare minutes for the closed session meetings of the County Commission. In addition, it was not evident that the final disposition of matters discussed in closed meetings was made public.
- C. The County Clerk did not reconcile amounts in the account book to the County Collector's records, and the total charges did not agree to the total credits.
- D. The County Clerk and the County Treasurer maintained the majority of the county's accounting records on both computerized and manual records.

Recommendation:

The County Commission:

- A. Require usage logs to be maintained on all county vehicles which identify the vehicle operator, dates of use, miles driven, destination and purpose of trips, and the fuel and maintenance expenses incurred.
- B. Ensure minutes are prepared, approved, and retained for all closed meetings, and the final disposition of matters discussed in closed meetings is made public as required by state law.
- C. Require the County Clerk maintain a complete and accurate account book that includes all information regarding property tax charges and credits. The County Clerk and County Commission should make use of this account book to verify the County Collector's annual settlements.
- D. Review all current computerized and manual accounting records and determine if any duplicate records and work can be discontinued.

Status:

- A. Partially implemented. Effective March 2007 and April 2007, the Sheriff's office and the Assessor's office, respectively, started maintaining usage logs for county vehicles. The Eastern District Associate Commissioner indicated a log book would be used in county vehicles and the Western District Associate Commissioner indicated he would consider implementing a usage log. See MAR finding number 4.
- B. Partially implemented. The reason for entering into closed session is now documented in the regular meeting minutes and minutes are maintained for closed sessions. However, instances were noted in which the final disposition of matters discussed in closed meetings and the results of votes taken are not made public. The

County Commission indicated that since January 2007 votes are no longer taken in closed session. Although not repeated in the current MAR, our recommendation remains as stated above.

- C. Partially implemented. An account book is maintained by the County Clerk. However, discrepancies noted during a comparison of the account book with the County Collector's annual settlement were not documented or investigated. See MAR finding number 4.
- D. Not implemented. Computerized and manual accounting records are still maintained by the County Clerk and the County Treasurer. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Personnel Policies and Procedures

- A. Time sheets for the Sheriff department's employees were maintained by the Sheriff and were not submitted to the County Clerk.
- B.1. Some employees had accumulated more vacation hours than allowed by county policy.
 - 2. The Sheriff had adopted leave policies for his employees effective January 1, 2001, which were different from the leave policies in the County Personnel Policies Manual for law enforcement personnel.

Recommendation:

The County Commission:

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

Status:

- A. Not implemented. See MAR finding number 3.
- B.1. Partially implemented. While improvement was noted in the number of employees with accumulated vacation hours in excess of county policy, two instances were noted for which employees accumulated more than the maximum number of vacation leave hours allowed. However, the excess amounts were minimal. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Partially implemented. In the July 28, 2003, County Commission minutes a policy was adopted to allow employees of the Sheriff's Department to accumulate up to 480 hours of compensatory time; however, this change was not reflected in the County Personnel Policies Manual. In addition, the vacation policy used by the Sheriff continues to be different from the County Personnel Policies Manual for law enforcement personnel. See MAR finding number 3.

7. Neighborhood Improvement Districts

- A. The county had not documented its administrative costs to support a \$5 per lot fee.
- B. At December 31, 2002 the H Highway NID Fund had an ending balance of \$223,117, while the bond debt balance was \$400,000. Because the interest rate on the bonds is higher than the amount the county earned on its deposits, the county should have considered early retirement of some of these bonds.

Recommendation:

The County Commission:

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

Status:

- A. Not implemented. In the prior audit report the County Commission agreed with the recommendation and indicated the county's administrative costs would be documented in the future; however, no documentation was maintained. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented. An additional bond principal payment of \$40,000 was made in 2003. At December 31, 2006, the balance of the Highway H NID Fund was \$146,140; therefore, additional early retirement of a portion of the general obligation bonds may be possible. Although not repeated in the current MAR, our recommendation remains as stated above. In addition, the County Commission should review all NID Funds to determine whether early payment of bonds should be made and to ensure sufficient funding will be available to make future bond payments.

8. Prosecuting Attorney's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.

- B. Formal bank reconciliations had not been performed since June 30, 2002, for the Prosecuting Attorney's three bank accounts.
- C. At June 30, 2002, fifty-two checks written on the bank accounts totaling approximately \$6,900 had been outstanding for over one year.
- D. Monthly listings of open items (liabilities) were not prepared and, consequently, liabilities were not reconciled to cash balances.
- E. Receipts were not deposited intact on a timely basis. In addition, employees were allowed to cash personal checks from receipts.
- F.1. Formal bank reconciliations for the Law Library account were not prepared.
 - 2. Monies received monthly from the Circuit Court for the Law Library Fund were not deposited timely.

Recommendation:

The Prosecuting Attorney:

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

Status:

- A-D. Not implemented. See MAR finding number 9.

- E. Partially implemented. No instances of cashing personal checks for employees were noted. However, receipts were not always deposited in a timely manner. See MAR finding number 9.
- F.1. Not implemented. Monthly bank reconciliations were not prepared for the Law Library Fund. Although not repeated in the current MAR, our recommendation remains as stated above.
 - 2. Partially implemented. Law library receipts for 2006 and 2005 were deposited monthly by the former Prosecuting Attorney. However, January and February 2007 law library checks issued by the court had not been deposited by the current Prosecuting Attorney as of the end of March. Although not repeated in the current MAR, our recommendation remains as stated above.

9. Public Administrator's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B.1. Annual settlements were not filed in a timely manner.
 - 2. There were 21 instances where the Public Administrator withheld fees from various estates, totaling approximately \$10,600, prior to filing the annual settlement, and therefore, prior to approval by the Associate Circuit Judge.
 - 3. During the two years ended December 31, 2002, the Public Administrator listed fees on monthly reports and received payment for estate fees of approximately \$14,400 that had not been withheld from the estates and turned over to the county.

Recommendation:

The Public Administrator:

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

Status:

- A. Implemented. Direct deposit, when possible, is now used for most receipts. All invoices are reviewed by the current Public Administrator prior to payment and disbursements are processed by the current Public Administrator and the accounting clerk. The current Public Administrator performs monthly bank reconciliations for each ward. The accounting clerk prepares the annual settlements which are reviewed and approved by the current Public Administrator. In addition, the Probate Clerk reviews the annual settlements and compares the ending bank statement balance to the balance of the annual settlement. The Probate Clerk also reviews bank statements for unusual items. The annual settlements are also reviewed by the Associate Circuit Judge.
- B.1. Not implemented. See MAR finding number 8.
- 2. Partially implemented. Effective January 1, 2005, the current Public Administrator began not withholding fees until the annual settlement was filed and approved by the Associate Circuit Judge. However, instances were noted where the former Public Administrator withheld fees prior to approval by the Associate Circuit Judge. See MAR finding number 8.
- 3. Effective January 1, 2005, the current Public Administrator elected to receive a salary in lieu of fees.

10. County Collector's Accounting Controls and Procedures

- A. The County Collector had not established effective controls over monies received for tax payments in his office. The method of payment (cash, check, money order, etc.) was not always indicated on the paid tax receipts and the composition of receipts was not reconciled to the daily deposits. In addition, while each paid tax receipt was given a sequential receipt number when paid, the sequence of the numbers was not accounted for to ensure each payment was listed on the daily ledger. The computerized accounting system allowed employees to void or reverse receipt information that was originally entered; however, there was no accounting or audit trail for these voids and reversing entries, which allowed for unaccountable gaps in the numerical sequence of paid tax receipt numbers.
- B.1. Bank reconciliations were not prepared for the deposit and protested accounts. In addition, bank reconciliations were prepared for the disbursement account only during the non-peak tax months of March through September.
- 2. The County Collector did not have adequate policies and procedures in place to ensure the insufficient funds (NSF) checks were collected or added back to the tax books.
- 3. At February 28, 2003, sixteen checks written on the disbursement account totaling \$3,900 had been outstanding for over one year. Some of these checks dated back to 1994.

- C. At February 28, 2003, the County Collector had an unidentified balance totaling approximately \$3,800 in the bank accounts.
- D. The County Collector had not prepared annual settlements since 1996.

Recommendation:

The County Collector:

- A. Account for the numerical sequence of numbers assigned to paid tax receipts, indicate the method of payment on all paid tax receipts, and reconcile receipts to the daily deposits. In addition, the County Collector should ensure changes are made to the computerized accounting system to provide for proper documentation and/or audit trails of void and reversing receipt entries.
- B.1. Prepare monthly bank reconciliations for all bank accounts. Any discrepancies should be investigated and resolved immediately.
 - 2. Maintain adequate records of NSF checks and remit all checks to the Prosecuting Attorney for collection in a timely manner. In addition, amounts which remain uncollected should be added back to the tax books and adjusted from future distributions to the taxing authorities, as applicable.
 - 3. Follow up on old outstanding checks and reissue them or dispose of unclaimed amounts in accordance with state law. Procedures should be established to periodically investigate checks outstanding for a considerable time.
- C. Attempt to identify liabilities for all amounts in the bank account. Any amounts remaining unidentified should be distributed to the political subdivisions in the county on a pro-rata basis.
- D. Prepare and file annual settlements annually as required by state law.

Status:

- A. Partially implemented. The method of payment is indicated on paid tax receipts. The computer system assigns a sequential transaction number to the paid tax receipt as it is posted to the system. However, receipts are not adequately reconciled to daily deposits. In addition, although documentation of reversals is maintained, no review of this documentation is performed. See MAR finding number 7
- B.1,3
&C. Not implemented. See MAR finding number 7.

- B2. Partially implemented. Uncollected amounts are added back to the tax books and adjusted from future distributions to the taxing authorities; however, NSF checks are not remitted to the Prosecuting Attorney for collection. Although not repeated in the current MAR, our recommendation remains as stated above.
- D. Implemented. The County Collector prepared annual settlements for the years ended February 28, 2007, 2006, and 2005; however, errors and inconsistencies were noted. See MAR finding number 7.

11. Sheriff's Accounting Controls and Procedures

- A. Sheriff's personnel indicated that invoices received for boarding of prisoners outside the county jail were reviewed by a deputy to ensure the prisoners on the billings were county inmates, but the invoices were not reviewed to ensure the number of days billed agreed to the county's records of number of days incarcerated.
- B. Vending machine commissions received by the Sheriff's office were not deposited in a bank account or turned over to the County Treasurer, and the Sheriff did not maintain a ledger to account for receipts, disbursements, and cash balances. It appeared these monies were used for travel advances to deputies, flowers for funerals, employee Christmas dinners, and undercover drug buys.
- C. The Sheriff had an old bank account with a balance of \$877 at December 31, 2002. Of this amount, \$37 consisted of interest earnings, \$296 consisted of miscellaneous fees, and \$544 consisted of 28 checks written on the account which had been outstanding for over one year.
- D. Receipts were not deposited on a timely basis.

Recommendation:

The Sheriff:

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

Status:

- A. Implemented.
- B. Implemented. Approximately \$3,400 in vending machine commissions were turned over to the County Treasurer on July 22, 2005. These monies were deposited to the newly established Sheriff Special Equipment Fund. Vending machines commissions are now remitted to the County Treasurer on a monthly basis.

C&D. Not implemented. See MAR finding number 10.

12. Circuit Clerk's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. At December 31, 2002, fifty-two checks totaling \$7,149 on the Circuit Clerk's various bank accounts had been outstanding for more than one year.
- C. The Circuit Clerk's office maintained an old bank account with a balance of \$126,008 at December 31, 2002, which was established by a former Circuit Clerk. Of this balance, \$123,033 had not been reconciled to open items (liabilities). It appeared that little or no attempt had been made to identify the amounts in this account to open items since 1997.

Recommendation:

The Circuit Clerk:

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

Status:

- A. Implemented. The duties of receiving, recording, depositing, and disbursing monies are handled by different employees. In addition, the Circuit Clerk reviews the daily deposit and the monthly bank reconciliations.

- B. Partially implemented. As of April 30, 2007, thirty-seven checks totaling \$2,474 have been outstanding for more than one year. The Circuit Clerk's office is currently investigating these checks in an effort to close the bank account. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented. Some monies were resolved and the remaining unresolved monies were turned over to the state. The bank account was closed in March 2006.

13. 911 Emergency Services Board

- A. In December 2002, the 911 Emergency Services Board paid Christmas bonuses to its employees totaling \$1,200. In addition, these payments were not included in the county payroll records, were not subject to the proper withholdings, and were not reported on the employees' W-2 forms.
- B. No documentation was prepared of the cost of providing dispatching services to entities. There was no documentation to show that the amounts charged were reasonable to cover the cost of providing these services.

Recommendation:

The 911 Emergency Service Board:

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

Status:

- A. Implemented.
- B. Not implemented. A cost analysis was not performed; however, the 911 Emergency Service Board no longer provides dispatching services for the Pulaski County Sheriff's Department. The 911 Emergency Service Board currently receives a total of \$1,752 annually from three local municipalities for services. Although not repeated in the current MAR, our recommendation remains as stated above.

14. Senate Bill 40 Board

In October 2001, the Senate Bill 40 Board purchased land and a building for \$50,239 next to an existing group home for the purpose of expanding the group home. The board did not prepare or obtain formal written plans for the use of the land and building prior to purchase. This property had not been utilized by the Senate Bill 40 Board as planned and was vacant.

In addition, the board chairman indicated the seller of the property had obtained an appraisal of the property (indicated an appraised value of \$50,000) and another board member had seen a copy of the appraisal; however, the seller apparently would not provide a copy of the appraisal to the board.

Recommendation:

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

Status:

Not implemented. The Board indicated they purchased the property to use for a new group home; however, a formal documented plan has not been prepared. No other purchases of real property were noted. Although not repeated in the current MAR, our recommendation remains as stated above.

PULASKI COUNTY
PUBLIC ADMINISTRATOR

1. Misappropriated Funds and Unauthorized Transactions

At least \$42,622 was disbursed from various accounts of the Public Administrator for the apparent personal benefit of the former accounting clerk. This clerk also made unauthorized transfers among various accounts of at least \$98,377. The accounting records indicated \$13,675 was received but never deposited into various accounts, which may have represented additional misappropriations. Overdraft and other bank service fees of at least \$945 were incurred on various accounts.

Recommendation:

The Public Administrator continue working with law enforcement authorities and the Probate Court regarding any criminal prosecution and obtain full reimbursement of the misappropriated funds. In addition, the Public Administrator should return the improperly transferred monies to the proper accounts and determine if applicable wards are entitled to receive any lost state and federal aid, follow up and take appropriate action on the recorded receipts that were not deposited, and determine if the bank charges can be recovered and returned to the applicable accounts. Finally, the Public Administrator should continue to review all of her estates to identify and correct any additional misappropriations, errors, and omissions and prepare and file corrected or amended annual settlements.

Status:

Partially implemented. Following investigation by the Missouri State Highway Patrol, criminal charges were filed. On April 21, 2006, the former accounting clerk of the Public

Administrator's office, entered a plea of guilty to 28 separate counts of stealing, all class C felonies. She was given a suspended sentence, placed on five years of supervised probation, and paid restitution of \$50,000 which was deposited in a separate bank account maintained by the current Public Administrator. This \$50,000 has yet to be disbursed to the applicable wards. In August 2006, a civil suit was filed in circuit court on behalf of various plaintiffs against the bonding company, the former clerk, and another individual for additional amounts, "...representing the funds which the Plaintiffs were unlawfully deprived of...". Although not repeated in the current MAR, our recommendation remains as stated above.

2. Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Checks were not always issued in numerical sequence for various estates, and several check numbers were not recorded on the check registers or otherwise accounted for. In addition, there were numerous other errors and omissions on the check registers and checks that were actually voided were not always properly defaced and retained.
- C. Some annual settlements prepared by the Public Administrator's office were not complete or accurate.
- D. Some annual settlements were approved by the Probate Court even though corresponding bank statements and canceled checks were not filed with the court.
- E. The Public Administrator's current and former accounting clerks were not bonded.

Recommendation:

The Public Administrator:

- A. Adequately segregate accounting duties or continue to periodically perform and document reviews of the accounting records and bank reconciliations.
- B. Issue checks numerically, account for the numerical sequence, and ensure all check amounts and information are accurately recorded in the check registers. In addition, all voided checks should be properly defaced and maintained.
- C. Prepare annual settlements which accurately report all estate receipts and disbursements.
- D. File all bank statements and canceled checks with the annual settlements. In addition, the Probate Judge should require bank statements and canceled checks be filed and compared to the annual settlements to help ensure the settlements are complete and accurate prior to approving them.
- E. Obtain bond coverage for all employees with access to assets.

Status:

- A. Implemented. Direct deposit, when possible, is now used for most receipts. All invoices are reviewed by the current Public Administrator prior to payment being made. Disbursements are processed by the current Public Administrator and the accounting clerk. The current Public Administrator performs monthly bank reconciliations for each ward. The accounting clerk prepares the annual settlements which are reviewed and approved by the current Public Administrator. In addition, the Probate Clerk reviews the annual settlements and compares the ending bank statement balance to the balance of the annual settlement. The Probate Clerk also reviews bank statements for unusual items. The annual settlements are also reviewed by the Associate Circuit Judge.
- B. Partially implemented. Checks are issued numerically, accounted for, and accurately recorded in the check register. However, voided checks are not retained. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. Although no problems were noted with the reporting of receipts and disbursements of the annual settlements reviewed, one annual settlement prepared by the former Public Administrator did not accurately report all assets owned by a ward. See MAR finding number 8.
- D. Implemented. Bank statements, including canceled checks, are filed with the annual settlements. The Probate Clerk indicated she compares the ending bank statement balance to the balance of the annual settlement and reviews bank statements for unusual items. In addition, the Associate Circuit Judge indicated he reviews the annual settlements and compares the bank statements to the annual settlements on a test basis.
- E. Not implemented. Although the current Public Administrator indicated the accounting clerk is covered by the elected officials bond, there is no evidence to support this. See MAR finding number 4.

PULASKI COUNTY
COUNTY COLLECTOR

1. Missing Receipts

At least \$21,737 in tax receipts were recorded in daily abstract reports for the period March 1, 2003 through June 30, 2004; however, those receipts were not included in bank deposits.

Recommendation:

The County Collector take the necessary action to recover the missing receipts and work with law enforcement authorities regarding any criminal prosecution.

Status:

Implemented. Following investigation by the Missouri State Highway Patrol, criminal charges were filed. On September 13, 2005, the former chief deputy collector, entered a plea of guilty to the charge of stealing, a class C felony. She was given a suspended imposition of sentence of five years, placed on probation, and ordered to serve eighty hours of community service. A distribution of \$33,676 was received from the bonding company.

2. Accounting Controls and Procedures

- A. During the audit period, accounting duties were not adequately segregated.
- B. Receipts were not adequately reconciled to daily deposits, and monthly bank reconciliations were not prepared.
- C. The County Collector did not reconcile the cash balances to liabilities.
- D. The County Collector had identified \$26,468 in accounting entries which represented reversals of original tax receipt entries, and a legitimate reason for those reversing entries could not be provided.
- E. The County Collector had not prepared annual settlements since 1996.

Recommendation:

The County Collector:

- A. Adequately segregate accounting duties. If duties cannot be adequately segregated, at a minimum, the County Collector should compare monies received with deposits and should perform periodic reviews of all the accounting records to ensure their accuracy.
- B. Adopt procedures to adequately reconcile daily receipts to deposits, including a comparison of daily abstract reports to deposits, and prepare monthly bank reconciliations for all accounts. Any errors or omissions should be investigated and resolved in a timely manner.
- C. Reconcile liabilities to the cash balances on a monthly basis and investigate any differences.
- D. Ensure documented independent reviews are performed of all receipt reversing entries and retain adequate documentation to support all such entries.

E. Prepare and file annual settlements as required by state law.

Status:

A-C. Not implemented. See MAR finding number 7.

D. Partially implemented. Reversal reports are maintained. The former County Collector indicated he reviewed reversal report; however, no documentation of reviews was maintained. See MAR finding number 7.

E. Implemented. The County Collector prepared annual settlements for the years ending February 28, 2007, 2006, and 2005.

STATISTICAL SECTION

History, Organization, and
Statistical Information

PULASKI COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

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

Pulaski County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 482 miles of county roads and 35 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

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

		Year Ended December 31,					
		2006	2005	2004	2003	1985*	1980**
		(in millions)					
Real estate***	\$	232.1	211.2	173.7	162.9	48.5	22.2
Personal property		57.5	52.4	48.3	48.7	12.5	7.4
Railroad and utilities		14.6	14.1	13.3	12.3	6.2	5.4
Total	\$	304.2	277.7	235.3	223.9	67.2	35.0

* First year of statewide reassessment.

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

***Includes Tax Increment Financing.

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

		Year Ended December 31,			
		2006	2005	2004	2003
Special Road and Bridge Fund	\$.1826	.1542	.1673	.1608
Health Center Fund		.0748	.0748	.0794	.0793
Senate Bill 40 Board Fund		.0748	.0748	.0794	.0793
Senior Citizens Services Board Fund		.0467	.0467	.0496	.0495

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to

penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2007	2006	2005	2004
State of Missouri	\$ 92,816	83,031	72,972	68,249
Special Road and Bridge Fund	546,323	424,262	401,503	369,401
Assessment Fund	153,374	137,962	120,848	91,521
Health Center Fund	224,920	201,625	186,892	175,002
Senate Bill 40 Board Fund	224,920	201,625	186,892	175,002
School districts	8,651,927	7,782,565	6,867,712	6,424,810
Private Car Tax	27,622	24,567	18,326	25,603
Tax Sale Surplus & Advertising	23,854	8,855	16,120	4,523
Library district	404,864	363,472	334,738	314,102
Ambulance districts	817,962	731,692	677,456	634,352
Fire protection districts	434,166	403,177	369,033	345,056
Senior Citizens Services				
Board Fund	137,296	122,947	114,089	106,781
Tax Increment Financing				
Commission	396,713	364,163	350,914	338,079
Neighborhood Improvement				
Districts	147,574	147,284	150,229	103,365
Cities	109,663	101,785	90,182	79,450
County Clerk	164	349	436	409
Other	387	385	539	366
County Employees' Retirement	62,722	52,399	57,325	55,333
Collector Maintenance Fund	30,266	24,726	28,503	25,439
Guest Transit Tax (Tourism)	397,871	345,471	173,403	0
Commissions and fees:				
General Revenue Fund	213,719	202,012	173,158	155,827
Total	\$ 13,099,123	11,724,354	10,391,270	9,492,670

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				%
	2007	2006	2005	2004	
Real estate	93	92	92	84	
Personal property	87	89	89	86	
Railroad and utilities	100	98	100	97	

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

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Emergency 911	.0025	None	None	

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:	\$				
Tony Crismon, Presiding Commissioner		30,513	30,513	30,513	30,513
Bill Farnham, Associate Commissioner		29,105	28,413		
Gary Carmack, Associate Commissioner				28,413	28,413
Dennis Thornsberry, Associate Commissioner		29,105	28,413	28,413	28,413
Diana Linnenbringer, County Clerk		43,050	43,050	43,050	43,050
Laura Kriebs, Prosecuting Attorney (1)		94,000	96,000	96,000	96,000
J.B. King, Sheriff		48,300	48,300		
J.T. Roberts, Sheriff				49,300	49,300
Barbara M. Shackelford, County Treasurer		43,050	43,050	43,050	43,050
Mikel Hartness, County Coroner		15,750	13,650	13,650	13,650
Loretta Rouse, Public Administrator (2)		44,096	43,050		
Paula Long Weber, Public Administrator (3)				55,454	50,649
George Berry, County Collector, year ended February 28 (29),	44,042	43,050	43,050	43,050	
Roger Harrison, County Assessor (4), year ended August 31,		44,603	43,738	43,815	43,950
Don Mayhew, County Surveyor (5)					

- (1) Effective January 1, 2003, Prosecuting Attorney became a full-time position.
- (2) Effective January 1, 2005, the Public Administrator elected to receive a salary in lieu of fees.
- (3) Includes salary of \$10,500 and fees received from probate cases.
- (4) Includes \$688, \$688, \$765, and \$900, respectively, in annual compensation received from the state.
- (5) Compensation on a fee basis.

State-Paid Officials:

Rachelle Beasley, Circuit Clerk and Ex Officio Recorder of Deeds	49,470	48,500	47,900	47,300
David G. Warren, Associate Circuit Judge	96,000	96,000	96,000	96,000
Colin Long, Associate Circuit Judge (6)	96,000	96,000	11,467	
Tracy L. Storie, Associate Circuit Judge (7)			84,533	96,000

- (6) Started effective November 18, 2004.
- (7) Resigned as Associate Circuit Judge effective November 17, 2004, to become Circuit Judge.

In August 2004, the county entered into a \$182,250 lease purchase agreement with Caterpillar Financial Services Corporation to finance the cost of two motor graders. Principal and interest payments totaling \$5,360 are due monthly for 35 months and the lease purchase agreement carries an interest rate of 3.75 percent. The lease purchase agreement is to be paid in full by 2007. The remaining amount due on the lease at December 31, 2006, including principal and interest, was \$37,525.

In July 2005, the county entered into a \$204,048 lease purchase agreement with Caterpillar Financial Services Corporation to finance the cost of two motor graders. Principal and interest payments totaling \$3,786 are due monthly for 60 months and the lease purchase agreement carries an interest rate of 4.30 percent. The remaining amount due on the lease at December 31, 2006, including principal and interest, was \$162,779.

In August 2005, the county entered into a \$44,379 lease purchase agreement with Deere Credit, Inc. to finance the cost of a tractor. Principal and interest payments totaling \$1,329 are due monthly for 36 months and the lease purchase agreement carries an interest rate of 5.25 percent. The remaining amount due on the lease at December 31, 2006, including principal and interest, was \$25,256.

In March 2006, the county entered into a \$75,957 lease purchase agreement with the Bank of Crocker to finance the cost of three trucks. Principal and interest payments totaling \$2,262 are due monthly for 36 months. The remaining amount due on the lease at December 31, 2006, including principal and interest, was \$63,342.

In April 2006, the county entered into a \$109,636 lease purchase agreement with Caterpillar Financial Services Corporation to finance the cost of a motor grader. Principal and interest payments totaling \$2,087 are due monthly for 60 months and the lease purchase agreement carries an interest rate of 5.35 percent. The remaining amount due on the lease at December 31, 2006, including principal and interest, was \$108,503.

In September 2006, the county entered into a \$140,000 lease purchase agreement with Citizens Bank of Newburg to finance equipment purchases for the Assessor's Office. Principal and interest payments totaling \$32,609 are due annually for five years and the lease purchase agreement carries an interest rate of 5.3 percent. The remaining amount due on the lease at December 31, 2006, including principal and interest was \$163,043.

The county has established nine neighborhood improvement districts (NIDS). General obligation bonds which were issued to finance the projects had remaining principal due at December 31, 2006, totaling \$509,000 for eight of the NIDS. Although these are general obligation bonds, special assessments were levied on the property located in the districts to pay the debt principal and interest. Principal and interest payments are made from the eight NID funds.

On May 12, 2004, the Pulaski County 911 Emergency Service Board entered into a \$51,657 lease purchase agreement with Kansas State Bank of Manhattan to finance the costs of equipment. Principal and interest payments totaling \$990 are due monthly and the lease

purchase agreement did not identify the interest rate. The lease purchase agreement is to be paid in full by 2009 and has a computed interest rate of approximately 5.7 percent. The remaining principal and interest due on the lease at December 31, 2006, was \$24,935 and \$1,802, respectively.

In July 2004, the Pulaski County 911 Emergency Service Board entered into a \$297,893 lease purchase agreement with Security Bank of Pulaski County to finance the cost of equipment. Principal and interest payments are due annually for seven years and the lease purchase agreement carries an interest rate of 5.445 percent. The remaining principal and interest due on the lease at December 31, 2006, was \$223,738 and \$37,838, respectively.

In July 2004, the Pulaski County 911 Emergency Service Board entered into a \$278,000 lease purchase agreement with the Bank of Crocker to finance furniture, appliances, and equipment. Principal and interest payments totaling \$3,865 are due monthly for 84 months and the lease purchase agreement carries an interest rate of 4.5 percent. The remaining principal and interest due on the lease at December 31, 2006, was \$191,746 and \$20,832, respectively.

In August 2004, the Pulaski County 911 Emergency Service Board entered into a \$738,000 lease purchase agreement with the Bank of Crocker to finance the costs of acquiring land and acquiring, constructing, and installing facilities and equipment to be used for providing 911 emergency telephone services in Pulaski County. Principal and interest payments are due annually for 20 years and the lease purchase agreement carries an interest rate of 4.5 percent. The remaining principal due on the lease at December 31, 2006, was approximately \$692,000.

In August, 2004, the Pulaski County 911 Emergency Service Board entered into a \$125,447 lease purchase agreement with GE Capital Corporation to finance the costs of equipment and software. Principal and interest payments totaling \$2,417 are due monthly for 60 months and the lease purchase agreement carries an interest rate of 5.85 percent. The remaining principal and interest due on the lease at December 31, 2006, was \$71,441 and \$5,895, respectively.