



Susan Montee, CPA  
Missouri State Auditor

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# Clark County



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June 2008  
Report No. 2008-38

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Office of  
Missouri State Auditor  
Susan Montee, CPA

June 2008

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

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The General Revenue Fund and the ½ Cent Sales Tax-Jail Operations Fund remain in poor financial condition. While receipts have generally increased, the county's spending has also increased. Although the County Commission has held steady or reduced disbursements in some areas, those changes have generally not kept pace with the changes in related receipts and have been offset somewhat by increased disbursements in other areas.

The county's budgetary practices are in need of improvement. Actual disbursements exceeded budgeted amounts for some funds and budgets were not prepared for several funds. In addition, the County Commission consistently budgeted a deficit fund balance for the ½ Cent Sales Tax-Jail Operations Fund. The approved budget documents indicate a zero balance for most funds at year end; however, several of the funds often end with a significant balance. Administrative service fee transfers from the Special Road and Bridge Fund to the General Revenue Fund were excessive given unreasonable budget estimates.

Controls and procedures over the Sheriff's Department need improvement. Cash custody and recordkeeping duties have not been adequately segregated and the civil process log is not updated to show when fees are received. Accounting records are not reconciled with the bank account balance monthly and procedures for handling old outstanding checks need improvement. Board bill procedures are not adequate and the Sheriff does not have written contracts with the surrounding counties for boarding prisoners. A cost analysis of the county preparing inmate meals versus outsourcing was not performed. Records and monitoring procedures for county vehicles used by Sheriff's deputies are not sufficient. Fees withheld from a partition sale were not calculated in accordance with state laws. Accounting procedures for inmate and commissary monies are in need of improvement.

Controls and procedures over the Associate Circuit Court are in need of improvement. Duties of receiving, recording, and depositing receipts are not adequately segregated, the numerical sequences of receipt slips and checks are not accounted for properly and manual receipt slips are not traced to the Justice Information System (JIS). In addition, monies received are not always deposited in a timely manner, bank reconciliations are not

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YELLOW SHEET

prepared on a timely basis and bonds posted by defendants who fail to make the required court appearances are not followed up on adequately. Also, the court could not provide legal authority for the collection of community service fees from defendants ordered to perform community service.

Controls and procedures over the Circuit Clerk's office need improvement. Accrued case costs are not actively monitored and pursued, bank reconciliations are not prepared on a timely basis and records and monitoring procedures for open items listings (liabilities) are not sufficient. Also, interest earned from the Circuit Clerk's general account is not transferred to the Circuit Clerk Interest Fund on a timely basis and some invoices were not maintained for purchases made from the Interest Fund.

The Prosecuting Attorney frequently reduces charges filed on traffic tickets by requiring the defendants to make a "donation" to the Clark County Youth Fund or Dollars for Scholars Fund as a condition of reducing the charges and entering into a plea bargain. The donations are distributed to various not-for-profit organizations and other political subdivisions; however, the Prosecuting Attorney does not make the judge aware of the donation when presenting the plea bargain to the court. While the Prosecuting Attorney indicated he believed the funds benefited the youth of the county, the Associate Circuit Judge said since the last audit, he had sent a letter to the Prosecuting Attorney requesting this practice cease.

Controls and procedures over the Drug Court need improvement. Prenumbered receipt slips are not used for monies received, the method of payment is not always noted on receipt slips issued, and the composition of the receipt slips is not reconciled to the composition of the deposits. Also, some concerns were noted regarding disbursements, including lack of bid documentation, not canceling invoices and potentially unreasonable expenses.

Also included in the report are recommendations related to county procedures, payroll and personnel procedures, county disbursements, capital assets, and computer controls. The audit also suggested improvements to the procedures of the Ex Officio Recorder of Deeds.

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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 Clark 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 Clark County, 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 Clark County, 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 Clark County, 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 January 30, 2008, 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 Clark County, 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

January 30, 2008

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Chris Vetter
Audit Staff:	Steven Re', CPA
	Julie M. Moore
	Zeb Tharp
	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 Clark County, Missouri

We have audited the financial statements of various funds of Clark County, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated January 30, 2008. 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 Clark County, 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 Clark County, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended for the information and use of the management of Clark County, 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

January 30, 2008

## Financial Statements

Exhibit A-1

CLARK 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	\$ (45,817)	981,922	956,133	(20,028)
Special Road and Bridge	85,888	1,108,523	1,162,761	31,650
Assessment	9,686	98,611	99,996	8,301
Law Enforcement Training	327	2,544	2,783	88
Prosecuting Attorney Training	132	638	839	(69)
1/2 Cent Sales Tax Road and Bridge	13,240	262,779	237,823	38,196
County Recorder	13,294	3,637	10,165	6,766
Prosecuting Attorney Bad Check	7,866	9,570	8,567	8,869
Domestic Violence	3,693	2,934	0	6,627
Community Service	18,270	19,708	20,180	17,798
Local Emergency Planning Commission	8,743	3,943	1,897	10,789
Domestic Violence Against Women	(3,273)	49,153	47,628	(1,748)
1/2 Cent Sales Tax-Jail Building	3,451	72	770	2,753
1/2 Cent Sales Tax-Jail Operating	(61,962)	259,013	295,398	(98,347)
Peace Officers Standards and Training	3,793	1,387	807	4,373
Law Enforcement Support (Canine)	2,982	0	0	2,982
Clark County Youth	878	20,023	16,970	3,931
Community Development Block Grant	1,006	9,497	10,503	0
Sheriff Civil Fees	3,038	3,619	5,334	1,323
Election Service	2,207	1,506	1,131	2,582
Drug Court	10,157	79,262	70,982	18,437
Recorder Automatic	692	3,396	2,340	1,748
Help America Vote Act	13,944	119,094	123,696	9,342
Tax Maintenance	11,439	7,642	9,055	10,026
Cemetery Trust	64,185	2,430	3,290	63,325
Local Law Enforcement Block Grant	0	8,640	8,640	0
Sheriff's Explorers	127	459	132	454
Associate Circuit Division Interest	1,423	316	422	1,317
Circuit Clerk Interest	2,201	2,175	1,872	2,504
Circuit Clerk Passport	690	2,860	1,110	2,440
Law Library	7,980	3,601	1,557	10,024
<b>Total</b>	<b>\$ 180,280</b>	<b>3,068,954</b>	<b>3,102,781</b>	<b>146,453</b>

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

Exhibit A-2

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

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (1,899)	979,759	1,023,677	(45,817)
Special Road and Bridge	105,935	1,576,511	1,596,558	85,888
Assessment	10,083	98,153	98,550	9,686
Law Enforcement Training	630	2,931	3,234	327
Prosecuting Attorney Training	(173)	729	424	132
1/2 Cent Sales Tax Road and Bridge	15,200	216,740	218,700	13,240
County Recorder	9,702	3,592	0	13,294
Prosecuting Attorney Bad Check	8,875	3,681	4,690	7,866
Domestic Violence	1,754	2,944	1,005	3,693
Community Service	11,643	25,433	18,806	18,270
Local Emergency Planning Commission	6,844	4,689	2,790	8,743
Domestic Violence Against Women	(3,326)	47,029	46,976	(3,273)
1/2 Cent Sales Tax-Jail Building	4,350	181	1,080	3,451
1/2 Cent Sales Tax-Jail Operating	(27,279)	290,541	325,224	(61,962)
Peace Officers Standards and Training	4,864	1,380	2,451	3,793
Law Enforcement Support (Canine)	2,982	0	0	2,982
Clark County Youth	3,704	21,356	24,182	878
Community Development Block Grant	1,006	0	0	1,006
Sheriff Civil Fees	0	5,289	2,251	3,038
Election Service	2,441	860	1,094	2,207
Drug Court	9,833	121,531	121,207	10,157
Recorder Automatic	5,263	2,103	6,674	692
Help America Vote Act	15,017	6,489	7,562	13,944
Tax Maintenance	8,535	6,981	4,077	11,439
Cemetery Trust	64,185	2,441	2,441	64,185
Revere Fire Department Grant	0	41,514	41,514	0
Sheriff's Explorers	26	141	40	127
Associate Circuit Division Interest	1,027	396	0	1,423
Circuit Clerk Interest	1,660	621	80	2,201
Circuit Clerk Passport	0	690	0	690
Law Library	6,578	3,325	1,923	7,980
<b>Total</b>	<b>\$ 269,460</b>	<b>3,468,030</b>	<b>3,557,210</b>	<b>180,280</b>

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

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,566,485	3,057,113	(509,372)	3,678,857	3,418,902	(259,955)
DISBURSEMENTS	3,673,751	3,094,398	579,353	3,873,559	3,511,212	362,347
RECEIPTS OVER (UNDER) DISBURSEMENTS	(107,266)	(37,285)	69,981	(194,702)	(92,310)	102,392
CASH, JANUARY 1	103,674	103,674	0	195,984	195,984	0
CASH, DECEMBER 31	(3,592)	66,389	69,981	1,282	103,674	102,392
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	278,250	279,532	1,282	266,800	264,293	(2,507)
Sales taxes	227,000	221,482	(5,518)	240,000	216,741	(23,259)
Intergovernmental	61,104	97,946	36,842	169,156	98,111	(71,045)
Charges for services	302,100	270,329	(31,771)	263,300	275,804	12,504
Interest	3,000	1,377	(1,623)	3,300	1,842	(1,458)
Other	29,700	24,348	(5,352)	32,550	23,464	(9,086)
Transfers in	86,908	86,908	0	99,504	99,504	0
Total Receipts	988,062	981,922	(6,140)	1,074,610	979,759	(94,851)
DISBURSEMENTS						
County Commissioner	90,691	85,343	5,348	91,779	89,751	2,028
County Clerk	69,590	67,565	2,025	69,670	68,016	1,654
Elections	26,200	23,173	3,027	7,900	6,510	1,390
Buildings and grounds	42,973	39,305	3,668	42,022	42,006	16
Employee fringe benefit	3,263	3,407	(144)	3,537	3,181	356
County Treasurer	33,859	33,830	29	34,238	33,451	787
County Collector	76,370	75,064	1,306	76,935	76,134	801
Circuit Clerk/Ex Officio Recorder of Deed	32,413	28,390	4,023	34,231	33,437	794
Associate Circuit Court	4,000	3,617	383	6,116	2,895	3,221
Court administration	5,416	3,665	1,751	5,416	3,586	1,830
Public Administrator	17,007	16,926	81	16,697	16,812	(115)
Sheriff	319,891	347,331	(27,440)	379,048	344,898	34,150
Prosecuting Attorney	77,291	75,776	1,515	78,280	75,248	3,032
Juvenile Offices	14,359	9,583	4,776	11,341	14,334	(2,993)
County Coroner	12,927	14,920	(1,993)	12,927	11,738	1,189
Court reporter	250	349	(99)	500	231	269
COPS in Schools	32,708	34,966	(2,258)	58,748	60,034	(1,286)
COPS Universal	130	593	(463)	21,160	19,167	1,993
Other	51,096	89,222	(38,126)	47,148	50,971	(3,823)
Transfers out	3,108	3,108	0	37,442	37,442	0
Emergency Fund	28,703	0	28,703	37,576	33,835	3,741
Total Disbursements	942,245	956,133	(13,888)	1,072,711	1,023,677	49,034
RECEIPTS OVER (UNDER) DISBURSEMENTS	45,817	25,789	(20,028)	1,899	(43,918)	(45,817)
CASH, JANUARY 1	(45,817)	(45,817)	0	(1,899)	(1,899)	0
CASH, DECEMBER 31	0	(20,028)	(20,028)	0	(45,817)	(45,817)

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	448,600	459,951	11,351	448,400	440,168	(8,232)
Intergovernmental	1,007,415	560,059	(447,356)	1,160,635	1,114,087	(46,548)
Charges for services	6,300	6,693	393	6,000	6,174	174
Interest	4,200	3,482	(718)	6,000	3,212	(2,788)
Other	22,500	78,338	55,838	23,116	12,870	(10,246)
Total Receipts	1,489,015	1,108,523	(380,492)	1,644,151	1,576,511	(67,640)
<b>DISBURSEMENTS</b>						
Salaries	332,000	327,808	4,192	376,191	331,888	44,303
Employee fringe benefit	143,097	128,276	14,821	146,114	126,604	19,510
Supplies	131,560	102,633	28,927	90,700	129,333	(38,633)
Insurance	41,000	31,881	9,119	37,473	37,959	(486)
Road and bridge materials	270,650	267,229	3,421	271,654	214,726	56,928
Equipment repairs	40,000	51,617	(11,617)	55,000	28,119	26,881
Equipment purchases	20,000	21,340	(1,340)	50,000	8,375	41,625
Construction, repair, and maintenance	505,000	81,683	423,317	618,000	617,629	371
Other	16,600	38,298	(21,698)	17,450	14,421	3,029
Transfers out	74,996	111,996	(37,000)	87,504	87,504	0
Total Disbursements	1,574,903	1,162,761	412,142	1,750,086	1,596,558	153,528
RECEIPTS OVER (UNDER) DISBURSEMENTS	(85,888)	(54,238)	31,650	(105,935)	(20,047)	85,888
CASH, JANUARY 1	85,888	85,888	0	105,935	105,935	0
CASH, DECEMBER 31	0	31,650	31,650	0	85,888	85,888
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	98,000	97,202	(798)	89,500	97,234	7,734
Interest	375	445	70	550	354	(196)
Other	650	964	314	750	565	(185)
Total Receipts	99,025	98,611	(414)	90,800	98,153	7,353
<b>DISBURSEMENTS</b>						
Assessor	103,746	99,996	3,750	99,601	98,550	1,051
Total Disbursements	103,746	99,996	3,750	99,601	98,550	1,051
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,721)	(1,385)	3,336	(8,801)	(397)	8,404
CASH, JANUARY 1	9,686	9,686	0	10,083	10,083	0
CASH, DECEMBER 31	4,965	8,301	3,336	1,282	9,686	8,404
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	3,173	2,544	(629)	3,800	2,931	(869)
Total Receipts	3,173	2,544	(629)	3,800	2,931	(869)
<b>DISBURSEMENTS</b>						
Sheriff	3,500	2,783	717	4,430	3,234	1,196
Total Disbursements	3,500	2,783	717	4,430	3,234	1,196
RECEIPTS OVER (UNDER) DISBURSEMENTS	(327)	(239)	88	(630)	(303)	327
CASH, JANUARY 1	327	327	0	630	630	0
CASH, DECEMBER 31	0	88	88	0	327	327

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services:	850	638	(212)	1,200	729	(471)
Total Receipts	850	638	(212)	1,200	729	(471)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	982	839	143	1,027	424	603
Total Disbursements	982	839	143	1,027	424	603
RECEIPTS OVER (UNDER) DISBURSEMENTS	(132)	(201)	(69)	173	305	132
CASH, JANUARY 1	132	132	0	(173)	(173)	0
CASH, DECEMBER 31	0	(69)	(69)	0	132	132
<b><u>1/2 CENT SALES TAX ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	225,000	221,482	(3,518)	225,000	216,740	(8,260)
Other	0	4,297	4,297	0	0	0
Transfers in	0	37,000	37,000	0	0	0
Total Receipts	225,000	262,779	37,779	225,000	216,740	(8,260)
<b>DISBURSEMENTS</b>						
Leased equipment	106,328	106,356	(28)	100,200	95,036	5,164
Rock	120,000	119,555	445	128,000	111,664	16,336
Transfers out	11,912	11,912	0	12,000	12,000	0
Total Disbursements	238,240	237,823	417	240,200	218,700	21,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,240)	24,956	38,196	(15,200)	(1,960)	13,240
CASH, JANUARY 1	13,240	13,240	0	15,200	15,200	0
CASH, DECEMBER 31	0	38,196	38,196	0	13,240	13,240
<b><u>COUNTY RECORDER FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services:	3,600	3,478	(122)	4,100	3,476	(624)
Interest	150	159	9	100	116	16
Total Receipts	3,750	3,637	(113)	4,200	3,592	(608)
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deed	17,044	10,165	6,879	13,902	0	13,902
Total Disbursements	17,044	10,165	6,879	13,902	0	13,902
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,294)	(6,528)	6,766	(9,702)	3,592	13,294
CASH, JANUARY 1	13,294	13,294	0	9,702	9,702	0
CASH, DECEMBER 31	0	6,766	6,766	0	13,294	13,294

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	3,600	9,425	5,825	3,900	3,591	(309)
Interest	125	145	20	150	90	(60)
Total Receipts	<u>3,725</u>	<u>9,570</u>	<u>5,845</u>	<u>4,050</u>	<u>3,681</u>	<u>(369)</u>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	8,380	8,567	(187)	12,925	4,690	8,235
Total Disbursements	<u>8,380</u>	<u>8,567</u>	<u>(187)</u>	<u>12,925</u>	<u>4,690</u>	<u>8,235</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(4,655)</u>	<u>1,003</u>	<u>5,658</u>	<u>(8,875)</u>	<u>(1,009)</u>	<u>7,866</u>
CASH, JANUARY 1	7,866	7,866	0	8,875	8,875	0
CASH, DECEMBER 31	<u>3,211</u>	<u>8,869</u>	<u>5,658</u>	<u>0</u>	<u>7,866</u>	<u>7,866</u>
<b><u>DOMESTIC VIOLENCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	3,200	2,934	(266)	450	2,944	2,494
Total Receipts	<u>3,200</u>	<u>2,934</u>	<u>(266)</u>	<u>450</u>	<u>2,944</u>	<u>2,494</u>
<b>DISBURSEMENTS</b>						
Domestic violence shelte	6,893	0	6,893	2,204	1,005	1,199
Total Disbursements	<u>6,893</u>	<u>0</u>	<u>6,893</u>	<u>2,204</u>	<u>1,005</u>	<u>1,199</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(3,693)</u>	<u>2,934</u>	<u>6,627</u>	<u>(1,754)</u>	<u>1,939</u>	<u>3,693</u>
CASH, JANUARY 1	3,693	3,693	0	1,754	1,754	0
CASH, DECEMBER 31	<u>0</u>	<u>6,627</u>	<u>6,627</u>	<u>0</u>	<u>3,693</u>	<u>3,693</u>
<b><u>COMMUNITY SERVICE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	26,000	19,616	(6,384)	25,000	25,348	348
Other	90	92	2	0	85	85
Total Receipts	<u>26,090</u>	<u>19,708</u>	<u>(6,382)</u>	<u>25,000</u>	<u>25,433</u>	<u>433</u>
<b>DISBURSEMENTS</b>						
Salary and fringe benefit:	40,000	14,784	25,216	33,000	17,092	15,908
Equipment purchases:	0	4,196	(4,196)	0	514	(514)
Contract labor	1,200	1,200	0	1,200	1,200	0
Other	3,160	0	3,160	2,443	0	2,443
Total Disbursements	<u>44,360</u>	<u>20,180</u>	<u>24,180</u>	<u>36,643</u>	<u>18,806</u>	<u>17,837</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(18,270)</u>	<u>(472)</u>	<u>17,798</u>	<u>(11,643)</u>	<u>6,627</u>	<u>18,270</u>
CASH, JANUARY 1	18,270	18,270	0	11,643	11,643	0
CASH, DECEMBER 31	<u>0</u>	<u>17,798</u>	<u>17,798</u>	<u>0</u>	<u>18,270</u>	<u>18,270</u>

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>LOCAL EMERGENCY PLANNING COMMISSION FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	10,000	3,943	(6,057)	9,480	3,688	(5,792)
Other	0	0	0	2,520	1,001	(1,519)
Total Receipts	10,000	3,943	(6,057)	12,000	4,689	(7,311)
<b>DISBURSEMENTS</b>						
Other	18,743	1,897	16,846	18,844	2,790	16,054
Total Disbursements	18,743	1,897	16,846	18,844	2,790	16,054
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,743)	2,046	10,789	(6,844)	1,899	8,743
CASH, JANUARY 1	8,743	8,743	0	6,844	6,844	0
CASH, DECEMBER 31	0	10,789	10,789	0	8,743	8,743
<b>DOMESTIC VIOLENCE AGAINST WOMEN FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	61,156	49,153	(12,003)	53,581	47,029	(6,552)
Total Receipts	61,156	49,153	(12,003)	53,581	47,029	(6,552)
<b>DISBURSEMENTS</b>						
Salaries and fringe benefit:	39,648	38,277	1,371	38,295	37,808	487
Travel	15,354	7,893	7,461	10,139	6,733	3,406
Equipment purchases:	932	0	932	958	0	958
Supplies	1,949	1,458	491	863	1,910	(1,047)
Other	0	0	0	0	525	(525)
Total Disbursements	57,883	47,628	10,255	50,255	46,976	3,279
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,273	1,525	(1,748)	3,326	53	(3,273)
CASH, JANUARY 1	(3,273)	(3,273)	0	(3,326)	(3,326)	0
CASH, DECEMBER 31	0	(1,748)	(1,748)	0	(3,273)	(3,273)
<b>1/2 CENT SALES TAX-JAIL BUILDING FUND</b>						
<b>RECEIPTS</b>						
Sales taxes	200	0	(200)	800	106	(694)
Interest	85	72	(13)	250	75	(175)
Other	0	0	0	50	0	(50)
Total Receipts	285	72	(213)	1,100	181	(919)
<b>DISBURSEMENTS</b>						
Jail	3,736	770	2,966	5,450	1,080	4,370
Total Disbursements	3,736	770	2,966	5,450	1,080	4,370
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,451)	(698)	2,753	(4,350)	(899)	3,451
CASH, JANUARY 1	3,451	3,451	0	4,350	4,350	0
CASH, DECEMBER 31	0	2,753	2,753	0	3,451	3,451

Exhibit B

CLARK COUNTY, MISSOURI

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>1/2 CENT SALES TAX-JAIL OPERATING FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	227,000	221,428	(5,572)	240,000	216,715	(23,285)
Intergovernmental	600	600	0	6,000	600	(5,400)
Charges for service:	36,000	36,000	0	36,000	36,000	0
Other	0	985	985	0	2,028	2,028
Transfers in	0	0	0	35,198	35,198	0
<b>Total Receipts</b>	<b>263,600</b>	<b>259,013</b>	<b>(4,587)</b>	<b>317,198</b>	<b>290,541</b>	<b>(26,657)</b>
<b>DISBURSEMENTS</b>						
Salaries and fringe benefit:	190,703	197,151	(6,448)	180,341	203,082	(22,741)
Office expenditure:	31,800	28,064	3,736	33,100	35,122	(2,022)
Equipment purchases:	6,000	5,048	952	6,400	8,759	(2,359)
Meals	27,000	23,072	3,928	26,500	25,278	1,222
Insurance	12,000	14,318	(2,318)	17,000	27,627	(10,627)
Utilities	14,800	14,541	259	13,300	13,922	(622)
Other	12,010	13,204	(1,194)	13,278	11,434	1,844
<b>Total Disbursements</b>	<b>294,313</b>	<b>295,398</b>	<b>(1,085)</b>	<b>289,919</b>	<b>325,224</b>	<b>(35,305)</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(30,713)</b>	<b>(36,385)</b>	<b>(5,672)</b>	<b>27,279</b>	<b>(34,683)</b>	<b>(61,962)</b>
<b>CASH, JANUARY 1</b>	<b>(61,962)</b>	<b>(61,962)</b>	<b>0</b>	<b>(27,279)</b>	<b>(27,279)</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>(92,675)</b>	<b>(98,347)</b>	<b>(5,672)</b>	<b>0</b>	<b>(61,962)</b>	<b>(61,962)</b>
<b><u>PEACE OFFICERS STANDARDS AND TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,407	1,387	(20)	1,800	1,380	(420)
<b>Total Receipts</b>	<b>1,407</b>	<b>1,387</b>	<b>(20)</b>	<b>1,800</b>	<b>1,380</b>	<b>(420)</b>
<b>DISBURSEMENTS</b>						
Training	5,200	807	4,393	6,664	2,451	4,213
<b>Total Disbursements</b>	<b>5,200</b>	<b>807</b>	<b>4,393</b>	<b>6,664</b>	<b>2,451</b>	<b>4,213</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(3,793)</b>	<b>580</b>	<b>4,373</b>	<b>(4,864)</b>	<b>(1,071)</b>	<b>3,793</b>
<b>CASH, JANUARY 1</b>	<b>3,793</b>	<b>3,793</b>	<b>0</b>	<b>4,864</b>	<b>4,864</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>0</b>	<b>4,373</b>	<b>4,373</b>	<b>0</b>	<b>3,793</b>	<b>3,793</b>
<b><u>LAW ENFORCEMENT SUPPORT (CANINE) FUND</u></b>						
<b>RECEIPTS</b>						
Donations	0	0	0	1,500	0	(1,500)
<b>Total Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>0</b>	<b>(1,500)</b>
<b>DISBURSEMENTS</b>						
Sheriff	2,982	0	2,982	4,482	0	4,482
<b>Total Disbursements</b>	<b>2,982</b>	<b>0</b>	<b>2,982</b>	<b>4,482</b>	<b>0</b>	<b>4,482</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(2,982)</b>	<b>0</b>	<b>2,982</b>	<b>(2,982)</b>	<b>0</b>	<b>2,982</b>
<b>CASH, JANUARY 1</b>	<b>2,982</b>	<b>2,982</b>	<b>0</b>	<b>2,982</b>	<b>2,982</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>0</b>	<b>2,982</b>	<b>2,982</b>	<b>0</b>	<b>2,982</b>	<b>2,982</b>

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CLARK COUNTY YOUTH FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services:	25,000	20,023	(4,977)	33,000	21,356	(11,644)
Total Receipts	<u>25,000</u>	<u>20,023</u>	<u>(4,977)</u>	<u>33,000</u>	<u>21,356</u>	<u>(11,644)</u>
<b>DISBURSEMENTS</b>						
Youth organizations	25,878	16,970	8,908	36,704	24,117	12,587
Other	0	0	0	0	65	(65)
Total Disbursements	<u>25,878</u>	<u>16,970</u>	<u>8,908</u>	<u>36,704</u>	<u>24,182</u>	<u>12,522</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(878)</u>	<u>3,053</u>	<u>3,931</u>	<u>(3,704)</u>	<u>(2,826)</u>	<u>878</u>
CASH, JANUARY 1	878	878	0	3,704	3,704	0
CASH, DECEMBER 31	<u>0</u>	<u>3,931</u>	<u>3,931</u>	<u>0</u>	<u>878</u>	<u>878</u>
<b><u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	9,500	9,497	(3)	9,500	0	(9,500)
Total Receipts	<u>9,500</u>	<u>9,497</u>	<u>(3)</u>	<u>9,500</u>	<u>0</u>	<u>(9,500)</u>
<b>DISBURSEMENTS</b>						
NEMO Regional Planning	3,050	4,050	(1,000)	3,050	0	3,050
Steel and concrete	6,450	6,453	(3)	6,450	0	6,450
Other	1,006	0	1,006	1,006	0	1,006
Total Disbursements	<u>10,506</u>	<u>10,503</u>	<u>3</u>	<u>10,506</u>	<u>0</u>	<u>10,506</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(1,006)</u>	<u>(1,006)</u>	<u>0</u>	<u>(1,006)</u>	<u>0</u>	<u>1,006</u>
CASH, JANUARY 1	1,006	1,006	0	1,006	1,006	0
CASH, DECEMBER 31	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,006</u>	<u>1,006</u>
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services:	3,800	3,283	(517)	3,600	3,651	51
Other	4,562	336	(4,226)	1,000	1,638	638
Total Receipts	<u>8,362</u>	<u>3,619</u>	<u>(4,743)</u>	<u>4,600</u>	<u>5,289</u>	<u>689</u>
<b>DISBURSEMENTS</b>						
Sheriff	11,400	5,334	6,066	4,600	2,251	2,349
Total Disbursements	<u>11,400</u>	<u>5,334</u>	<u>6,066</u>	<u>4,600</u>	<u>2,251</u>	<u>2,349</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(3,038)</u>	<u>(1,715)</u>	<u>1,323</u>	<u>0</u>	<u>3,038</u>	<u>3,038</u>
CASH, JANUARY 1	3,038	3,038	0	0	0	0
CASH, DECEMBER 31	<u>0</u>	<u>1,323</u>	<u>1,323</u>	<u>0</u>	<u>3,038</u>	<u>3,038</u>

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	2,000	1,476	(524)	1,500	834	(666)
Interest	45	30	(15)	0	26	26
Total Receipts	2,045	1,506	(539)	1,500	860	(640)
<b>DISBURSEMENTS</b>						
County Clerk	4,252	1,131	3,121	3,941	1,094	2,847
Total Disbursements	4,252	1,131	3,121	3,941	1,094	2,847
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,207)	375	2,582	(2,441)	(234)	2,207
CASH, JANUARY 1	2,207	2,207	0	2,441	2,441	0
CASH, DECEMBER 31	0	2,582	2,582	0	2,207	2,207
<b><u>DRUG COURT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	195,600	68,605	(126,995)	149,417	115,106	(34,311)
Charges for service:	10,000	10,057	57	10,000	5,925	(4,075)
Other	500	600	100	0	500	500
Total Receipts	206,100	79,262	(126,838)	159,417	121,531	(37,886)
<b>DISBURSEMENTS</b>						
Salaries and fringe benefit:	43,000	41,711	1,289	42,000	40,237	1,763
Travel	8,750	577	8,173	9,000	3,234	5,766
Equipment and supplies:	9,200	1,861	7,339	22,750	9,457	13,293
Drug testing	18,000	1,016	16,984	18,500	12,245	6,255
Therapy and assessment:	50,000	24,660	25,340	60,000	48,761	11,239
Evaluator	6,500	1,157	5,343	17,000	7,273	9,727
Total Disbursements	135,450	70,982	64,468	169,250	121,207	48,043
RECEIPTS OVER (UNDER) DISBURSEMENTS	70,650	8,280	(62,370)	(9,833)	324	10,157
CASH, JANUARY 1	10,157	10,157	0	9,833	9,833	0
CASH, DECEMBER 31	80,807	18,437	(62,370)	0	10,157	10,157
<b><u>RECORDER AUTOMATIC FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	2,200	3,396	1,196	2,500	2,103	(397)
Total Receipts	2,200	3,396	1,196	2,500	2,103	(397)
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deed	2,892	2,340	552	7,763	6,674	1,089
Total Disbursements	2,892	2,340	552	7,763	6,674	1,089
RECEIPTS OVER (UNDER) DISBURSEMENTS	(692)	1,056	1,748	(5,263)	(4,571)	692
CASH, JANUARY 1	692	692	0	5,263	5,263	0
CASH, DECEMBER 31	0	1,748	1,748	0	692	692

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>HELP AMERICA VOTE ACT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	119,000	118,875	(125)	0	6,323	6,323
Interest	200	219	19	200	166	(34)
Total Receipts	119,200	119,094	(106)	200	6,489	6,289
<b>DISBURSEMENTS</b>						
Equipment purchases:	133,144	119,297	13,847	15,217	7,385	7,832
Training	0	0	0	0	177	(177)
Other	0	4,399	(4,399)	0	0	0
Total Disbursements	133,144	123,696	9,448	15,217	7,562	7,655
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,944)	(4,602)	9,342	(15,017)	(1,073)	13,944
CASH, JANUARY 1	13,944	13,944	0	15,017	15,017	0
CASH, DECEMBER 31	0	9,342	9,342	0	13,944	13,944
<b><u>TAX MAINTENANCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services:	7,000	7,457	457	7,648	6,891	(757)
Interest	100	185	85	52	90	38
Total Receipts	7,100	7,642	542	7,700	6,981	(719)
<b>DISBURSEMENTS</b>						
County Collector	18,439	9,055	9,384	16,235	4,077	12,158
Total Disbursements	18,439	9,055	9,384	16,235	4,077	12,158
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,339)	(1,413)	9,926	(8,535)	2,904	11,439
CASH, JANUARY 1	11,439	11,439	0	8,535	8,535	0
CASH, DECEMBER 31	100	10,026	9,926	0	11,439	11,439
<b><u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	7,776	7,776	0			
Transfers in	864	864	0			
Total Receipts	8,640	8,640	0			
<b>DISBURSEMENTS</b>						
Equipment purchases:	8,640	8,640	0			
Total Disbursements	8,640	8,640	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	\$ 0	0	0			

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

Notes to the Financial Statements

CLARK COUNTY  
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 Clark County, 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 or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

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

C. Budgets and Budgetary Practices

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

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2006 and 2005
Associate Circuit Division Interest Fund	2006 and 2005
Sheriff Explorers Fund	2006 and 2005
Circuit Clerk Interest Fund	2006 and 2005
Circuit Clerk Passport Fund	2006 and 2005
Cemetery Trust Fund	2006 and 2005
Revere Fire Department Grant 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>
General Revenue Fund	2006
Prosecuting Attorney Bad Check Fund	2006
½ Cent Sales Tax- Jail Operations Fund	2006 and 2005

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the ½ Cent Sales Tax- Jail Operations 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 did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Cemetery Trust Fund	2006 and 2005
Law Library Fund	2006 and 2005
Associate Circuit Division Interest Fund	2006 and 2005
Circuit Clerk Interest Fund	2006 and 2005
Circuit Clerk Passport Fund	2006 and 2005
Collector Tax Maintenance Fund	2006 and 2005
Sheriff Explorers Fund	2006 and 2005
Revere Fire Department Grant Fund	2005
Recorder Fund	2005

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, Clark 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 or by collateral securities held by the county's custodial bank in the county'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. Subsequent Event

In 2007, the county's legal counsel indicated a claim involving a sex discrimination suit against the county was settled for \$25,000; two-thirds of the amount was paid by the county and one-third was paid by the county's liability insurance carrier.

Supplementary Schedule

Schedule

CLARK COUNTY  
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 HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State' Program	2002-PF-27 2004-PF-06	\$ 10,503 0	0 41,514
			<u>10,503</u>	<u>41,514</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.585	Drug Court Discretionary Grant Program	2002-DC-BX-0022	70,982	121,207
16.710	Public Safety Partnership and Community Policing Grant	2002SHWX0191	34,965	60,034
Passed through:				
State Department of Public Safety				
16.588	Violence Against Women Formula Grant	2004-VAWA-0058 2003-VAWA-0049	47,628 0	0 46,976
			<u>47,628</u>	<u>46,976</u>
16.738	Edward Byrne Memorial Justice Assistance Grant Program	2005-LBGJ-019	7,776	0
Missouri Sheriffs' Association				
16	Domestic Cannabis Eradication/Suppression Program	N/A	868	1,391
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-023(18) BRO-023(19) BRO-023(20)	0 28,245 20,150	158,381 417,647 25,640
	Program Total		<u>48,395</u>	<u>601,668</u>
20.604	Safety Incentive Grants for Use of Seatbelt	GAC035 STEP	593	0
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	1,897	2,790
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Secretary of State				
39.011	Election Reform Payment	HAVA2002FED	3,814	783

Schedule

CLARK COUNTY  
 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
ELECTIONS ASSISTANCE COMMISSION				
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payment	HAVA2002FED	119,882	6,779
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	18,040
	Total Expenditures of Federal Award:		\$ <u>405,434</u>	<u>989,672</u>

N/A - Not applicable

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

Notes to the Supplementary Schedule

CLARK COUNTY  
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 Clark County.

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.

Because Clark County expended no noncash awards for the years ended December 31, 2006 and 2005, the schedule includes expenditures of cash awards only.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$41,514 to a subrecipient under the Community Development Block Grants/State's Program (CFDA number 14.228) during the year ended December 31, 2005.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

State Auditor's Report



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission  
and  
Officeholders of Clark County, Missouri

Compliance

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

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

In our opinion, Clark County, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2006 and 2005.

## Internal Control Over Compliance

The management of Clark County, 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.

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.

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.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the management of Clark County, 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

January 30, 2008

Schedule

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

Noncompliance material to the financial statements noted?  yes  no

Federal Awards

Internal control over major program:

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

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

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

Identification of major program:

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

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

Auditee qualified as a low-risk auditee?  yes  no

### **Section II - Financial Statement Findings**

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

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

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

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

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

Because Clark County did not obtain an audit of its financial statements for the two years ended December 31, 2004, this section does not report the status of any prior audit findings.

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

CLARK COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

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

The prior audit report issued for the two years ended December 31, 2004, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the financial statements of various funds of Clark County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated January 30, 2008. We also have audited the compliance of Clark County, Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2006 and 2005, and have issued our report thereon dated January 30, 2008.

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

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

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

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

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

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

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Clark County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance and 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*. Clark 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.

<b>1.</b>	<b>Financial Condition</b>
-----------	----------------------------

The General Revenue Fund and the ½ Cent Sales Tax-Jail Operations Fund remain in poor financial condition. The following table reflects the ending cash balances of these funds over the last five years:

	Ending Cash Balance, Year Ended December 31,				
	2007	2006	2005	2004	2003
General Revenue Fund	\$ 90,260	(20,028)	(45,817)	(1,899)	2,268
½ Cent Sales Tax-Jail Operations Fund	(80,770)	(98,347)	(61,962)	(27,279)	0

While receipts have generally increased, the county's spending has also increased. Spending has been greater than receipts due in part to settling two lawsuits, one in 2005 and the other in 2007, totaling approximately \$40,000 involving former Sheriff's Department deputies. The Sheriff's Department in the past received numerous grants to assist in funding operations; however, as the grants ended, operations did not decrease in the same manner. Also, raises were granted to elected officials beginning in 2003.

The county attempted to pass a ½ cent sales tax increase for the General Revenue Fund in 2005 and 2006. These proposed sales tax increases, while not approved by the voters, would have generated approximately \$220,000 to \$225,000 of additional revenue per year.

Prior to 2007, the Sheriff's Department operations were funded by the General Revenue Fund and the ½ Cent Sales Tax-Jail Operations Fund. In 2007, all Sheriff's Department operations were funded by the renamed ½ Cent Sales Tax-Jail Operations/Law Enforcement Fund; however the General Revenue Fund still has to subsidize this fund with annual transfers to cover increasing costs (\$150,000 in 2007 and \$200,000 is estimated for 2008).

The County Commission indicated they expect the ½ Cent Sales Tax-Jail Operations Fund to have a positive cash balance within three years by reducing expenditures. One way the commission has done this is to reduce the number of Sheriff's deputies from nine to three over the past several years. The 2008 budget estimates a negative cash balance of \$(9,745) for this fund; however, this increase appears to be mainly due to increased revenue expectations (including an additional \$50,000 from the General Revenue Fund). In 2007, the county began purchasing meals for inmates instead of preparing them at the jail in an attempt to reduce costs; however, the county could not provide documentation showing what kind of cost savings was expected (see MAR 8).

As noted in MAR 3, the county's budgetary practices are in need of improvement. Disbursements exceeded the budget in the General Revenue Fund in 2006 and in the ½ Cent Sales Tax-Jail Operations Fund in 2006 and 2005. While the County Commission has held steady or reduced disbursements in some areas, those changes have generally not kept pace with the changes in related receipts and have been offset somewhat by increased disbursements in other areas. The county continues to budget the General Revenue Fund down to a zero cash balance and consistently prepares a deficit budget for the 1/2 Cent Sales Tax Jail Operations Fund (see MAR 3).

Various restricted special revenue funds administered by elected officials have accumulated balances significantly in excess of historical actual disbursements. Consideration should be given to working with officials to use these monies to help fund respective official's expenses currently funded by the General Revenue Fund, within restrictions set forth by state law.

In order to be prepared for emergencies and make some needed capital improvements to county buildings, it is essential that the County Commission address the situation both in the immediate and long-term future. Discretionary disbursements should be reviewed, contracts closely monitored, and options for maximizing revenues pursued.

**WE RECOMMEND** the County Commission closely monitor the county's financial condition and take necessary steps to improve the financial condition of the General Revenue Fund and the ½ Cent Sales Tax-Jail Operations/Law Enforcement Fund. The County Commission should perform long term planning and take advantage of opportunities to maximize revenues and offset costs as allowed by state law.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk indicated:*

*We have been monitoring the financial condition closely and will continue to monitor and take steps to improve the financial condition.*

**2.**

**County Procedures**

The county's procedures for tax additions and abatements, annual published financial statements, and recording actions taken during commission meetings are in need of improvement. In addition, the County Treasurer does not properly follow up on old outstanding checks, many county officials do not file monthly fee reports with the County Clerk, the Assessor has not obtained bond coverage, and the county has not adopted a policy regarding access to public records.

- A. Controls over property tax additions and abatements are not adequate. The County Collector makes changes to the tax books after receiving information from the County Assessor for additions and abatements occurring throughout the year. The County Collector provides annual totals of abatements and additions to the County Clerk through a court order; however, neither the County Clerk nor the County Commission sign the court order showing approval of the abatements and additions.

Section 137.260 and 137.270, RSMo, assigns responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission.

The county's failure to follow control procedures established under statutory guidelines allows greater opportunity for errors or inappropriate transactions to occur. To comply with the statutes and provide for the proper segregation of duties, court orders should be prepared and approved periodically by the County Commission for property tax additions and abatements. The County Clerk should periodically reconcile all approved additions and abatements to actual changes made to the property tax system. Such procedures are essential to ensure that only appropriate correcting adjustments are made to the master property tax records.

- B. The annual published financial statements of the county did not include the financial activity of many of the county's funds. Section 50.800, RSMo, requires published financial statements to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statement to adequately inform the citizens of the county's financial activity, all monies received and disbursed by the county and all other required information should be included in the level of detail required by law. As noted in MAR finding number 3, most of these funds are also not budgeted.
- C. The commission meeting minutes do not always include sufficient detail of matters discussed or actions taken. Bid amounts are not always listed, which creates uncertainty as to whether the lowest and best bid was accepted. Also, the minutes did not document that a sole source provider was used for road stone and why bids were not solicited when the courthouse boiler had to be repaired in 2005. The county disbursed \$34,667 for the road stone and \$10,835 for the boiler repairs. In addition, it appears that many motions passed are not included in the minutes.

The Sunshine Law, Chapter 610, RSMo, requires governmental bodies to prepare and maintain minutes of open and closed meetings, and specifies details that must be recorded. Minutes are required to include, but not limited to, the date, time, place, members present, members absent, and a record of votes taken. In addition, the minutes should provide details regarding discussions that take place during meetings. Complete and accurate minutes are necessary to retain a record of the business conducted and actions taken by the commission.

- D. Procedures have not been established to routinely follow up on outstanding checks. At December 31, 2006, the County Treasurer's bank account had 29 outstanding checks totaling \$1,579 that were older than one year. These old outstanding checks create additional and unnecessary recordkeeping and responsibilities. In addition, as of December 2007, the County Treasurer had \$4,408 of unclaimed monies in the County's Unclaimed Fees Fund that has not been investigated or turned over to the state. The unclaimed monies are old outstanding checks transmitted in July and August 2006 from the Associate Court.

Procedures should be established to routinely investigate any 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 remaining unclaimed should be disposed of in accordance with state law.

- E. The County Clerk indicated that only the Circuit Clerk/Ex Officio Recorder of Deeds and the County Treasurer file monthly reports of fees collected with the County Commission. Section 50.370, RSMo, requires county officials to prepare and file with the County Commission monthly reports of fees collected.
- F. The Assessor has not obtained bond coverage as required by state law. The Assessor indicated she did not believe this bond was necessary because of the small amount of monies collected. Section 53.040, RSMo, requires bond coverage of at least \$1,000 for the Assessor. In addition, various county employees who handle money are not bonded. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees and officials handling monies should be adequately bonded.
- G. The county does not have a formal policy regarding public access to records. The County Clerk indicated she charges 25 cents per page for copies of county records; however, the county has no documentation showing how this rate complies with state law. A formal policy regarding access and obtaining copies of county records would establish guidelines for the county to make the records available to the public. This policy should establish a contact person, an address for mailing such requests, and a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making county records available to the public. Section 610.026, RSMo, indicates that the fees for copying public records shall not exceed ten cents per page for a paper copy not larger than nine by fourteen inches, with the hourly fee for duplicating time not to exceed the average hourly rate of pay for clerical staff of the public governmental body.

**WE RECOMMEND** the County Commission:

- A. Develop procedures to ensure any changes to the property tax system are properly approved and monitored.
- B. Ensure all required financial information for all county funds is properly reported in the published financial statements.
- C. Ensure the minutes list bid details when approving bids, including sole source providers and emergency situations, document any discussion, and show all motions in detail.
- D. And County Treasurer establish procedures to routinely follow up and reissue old outstanding checks. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- E. Require all county officials to file monthly reports of fees as required by state law.
- F. Ensure adequate bond coverage is obtained for all county employees and officials with access to monies.
- G. Develop a formal policy regarding procedures to obtain public access to, or copies of public county records and maintain documentation to support the fees charged.

**AUDITEE'S RESPONSE**

*The County Commission, County Clerk and Treasurer indicated:*

- A. *This recommendation has already been implemented.*
- B. *We will attempt to implement this recommendation.*
- C,D  
&F. *These recommendations will be implemented.*
- E. *The Treasurer will request these reports from the various officials.*
- G. *We will try to work on this recommendation.*

<b>3. Budgetary Practices</b>
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The county's budgetary practices are in need of improvement. The following problems were noted:

- A. Actual disbursements exceeded budgeted amounts for General Revenue in 2006. Actual disbursements exceeded budgeted amounts for the ½ Cent Sales Tax-Jail Operations Fund in 2006 and 2005, with the budgeted amount being exceeded by more than 10 percent in 2005. The exceeded amounts for these funds are as follows:

<u>Fund</u>	Year Ended December 31,	
	<u>2006</u>	<u>2005</u>
General Revenue	\$ 13,877	N/A
1/2 Cent Sales Tax-Jail Operations	1,094	35,305

The Deputy County Clerk monitors the budgets throughout the year by comparing the budget to actual expenditures on a monthly basis. During the second half of each year, the County Commission is given a monthly budget report showing the budget to actual expenditures and the percentage of the budgeted expenditures already used. The commission will then discuss any large variances with the appropriate county officials. No budget amendments were prepared when budgeted amounts were exceeded. The only budget amendment approved during the audit period was to account for two grants received in 2006 totaling \$4,104. The procedures in place are not sufficient to effectively manage the county budget.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office.

- B. The commission budgeted a deficit fund balance of (\$9,745), (\$34,327), and (\$92,675) for the ½ Cent Sales Tax-Jail Operations Fund for the years ended December 31, 2008, 2007, and 2006, respectively. In addition, the approved budget documents did not adequately project the anticipated balances of most funds for the two years ended December 31, 2006. The budgets indicate a zero balance for most funds at year end; however, several of these funds often end with a significant balance.

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

- C. The County Commission and various elected officials did not ensure budgets were prepared for seven funds in 2006 and eight funds in 2005. Receipts of approximately \$19,500 and \$57,400 and disbursements of approximately \$15,900 and \$54,300 were not budgeted for the years 2006 and 2005, respectively. The officials indicated they did not know a budget needed to be prepared. The county has not complied with statutory provisions and cannot effectively monitor disbursements or fund balances without a comprehensive budget document.

Sections 50.525 to 50.745, RSMo (the county budget law), requires counties to prepare annual budgets for all funds, describes details to be provided in budget documents, provides timeframes for the completion of certain aspects of the budgetary process, and prohibits the expenditure of public funds without an approved budget that has been filed with the State Auditor's Office. By preparing or obtaining budgets for all county funds, the County Commission and other county officials present a complete financial plan to the county citizens, can more effectively monitor and evaluate all county financial resources, can ensure compliance with statutory provisions, and can prepare complete financial statements.

- D. Administrative service fee transfers from the Special Road and Bridge Fund to the General Revenue Fund were excessive. During the years ended December 31, 2006 and 2005, the county made administrative service fee transfers of \$74,996 and \$87,504, respectively from the Special Road and Bridge Fund to the General Revenue Fund.

Section 50.515, RSMo, allows the county to impose an administrative service fee on the Special Road and Bridge Fund. The administrative service fee shall be imposed only to generate reimbursement sufficient to recoup actual disbursements made from the General Revenue Fund for related administrative services to the Special Road and Bridge Fund, and shall not exceed five percent (three percent prior to August 28, 2004) of the Special Road Bridge Fund budget.

Although administrative service fee transfers were equal to five percent of Special Road and Bridge Fund budgeted disbursements, the transfers exceeded five percent of actual disbursements for the two years ended December 31, 2006 and 2005, by a total of \$32,700. This situation resulted from unreasonable budget estimates for the Special Road and Bridge Fund.

**WE RECOMMEND** the County Commission:

- A. Review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's Office.

- B. Discontinue deficit budgeting and ensure a more reasonable estimate of each fund's year end balance is presented on the budget document.
- C. Ensure an annual budget is prepared for all county funds.
- D. Base administrative transfers on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk indicated:*

- A. *Budget amendments are for unexpected expenses, not just because additional monies are needed. We are trying to work on keeping within the budget.*
- B. *It is more efficient to budget to spend all of the funds to avoid budget amendments. We are working to get the 1/2 Cent Sales Tax- Jail Operation Fund under control and will then be able to cease deficit budgeting.*
- C. *We will try to obtain budgets from the officials.*
- D. *We will try to establish a more reasonable budget in the future.*

<b>4.</b>	<b>Payroll and Personnel Procedures</b>
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The County Clerk does not maintain centralized time sheets and leave records for employees of the Sheriff's Department. Some time sheets are not signed by employees and their supervisors. Also, the county does not have a written policy for overtime and compensatory time.

- A. Centralized records of time sheets, vacation leave, sick leave or compensatory time earned, taken, or accumulated by employees of the Sheriff's Department are not maintained by the County Clerk. The Sheriff maintains these records for his department and sends the County Clerk a report of time worked for all employees.

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

A similar condition was noted in our prior audit report.

- B. Some time sheets are not signed by employees and their supervisors. Time sheets should be signed by the employee and the employee's supervisor to indicate their agreement to the actual time reported each month.
- C. The county has not adopted an official personnel manual which details policies and procedures for county employees. Instead, many of the county policies are included in the county commission meeting minutes when approved and according to the commission, copies of the minutes containing these policies are given to all county employees. However, the county does not have a written policy for overtime and compensatory time. The FLSA requires the county to pay overtime or provide compensatory time at time and a half to any nonexempt employees who work more than 40 hours during a normal work week. In 2005, the county paid \$23,000 to a former Sheriff's deputy to settle a lawsuit over disputed compensatory time.

Failure to adopt an official personnel manual increases the likelihood of misunderstandings or unequal treatment of employees. The County Commission should have a written policy to ensure compliance with the FLSA, including a provision that overtime or compensatory time requires prior approval of the employee's supervisor. The FLSA also contains different overtime requirements for law enforcement personnel, so the county should consider adopting a separate overtime policy for sheriff's deputies.

A similar condition was noted in our prior audit report.

**WE RECOMMEND** the County Commission:

- A. Ensure the County Clerk maintains centralized time sheet and leave records for all county employees.
- B. Ensure all time sheets are signed by both the employee and the employee's supervisor.
- C. Develop a personnel policies and procedures manual which includes job descriptions and ensure it is distributed to all employees and establish a written overtime and compensatory time policy that is in compliance with the FLSA.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk indicated:*

- A. *We have requested these records, however the Sheriff indicated he was satisfied with the current procedures.*

B. *This recommendation has been implemented.*

C. *We will look into this recommendation.*

<b>5. Disbursements</b>
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The county did not always enter into written agreements, including a depository agreement with its local depository bank. In addition, uniform allowances for Sheriff's Department employees were not included as compensation on their W-2 forms and Form 1099-MISC was not completed for individuals that provided services for the county.

A. The county does not have a current written depository agreement with its local depository bank. The most recent depository agreement was dated 2001. A written depository agreement helps both the bank and the county understand and comply with the requirements of any banking arrangement. In addition the county did not enter into a written agreement for mapping services totaling \$2,483 and \$6,306 for 2006 and 2005, respectively.

Section 110.130, RSMo, requires the county to enter into agreements with the banks selected as depositories at least every four years. The depository agreement provisions should include, but not be limited to, bank fees for check printing, checking account services, interest charges for borrowed funds, and interest rates for invested funds.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

B. Annual uniform allowances are paid to Sheriff's Department deputies. These allowances totaled \$2,875 and \$3,200 for 2006 and 2005, respectively. Employees are not required to submit invoices or itemized expense reports to support the allowance, nor are uniform allowances reported on W-2 forms.

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

- C. The County Commission and Drug Court personnel do not have procedures in place to identify payments which require Forms 1099-MISC to be filed with the IRS. The following table lists the services and amounts paid to individuals for which a Form 1099-MISC should have been completed and filed with the IRS:

<u>Service</u>	<u>Year Ended December 31,</u>	
	<u>2006</u>	<u>2005</u>
Guardian Ad Litem attorney	\$ 5,283	10,487
Mapping	2,483	6,306
Psychological (for Drug Court)	3,300	4,200

Section 6041 through 6051 of the Internal Revenue Code require that nonwage payments of at least \$600 in one year to an individual or unincorporated business be reported to the federal government on Form 1099-MISC.

**WE RECOMMEND** the County Commission:

- A. Enter into written contracts in compliance with state law and ensure that contracts contain adequate details and protections for the county.
- B. Require the Sheriff's Department employees to submit reports of uniform expenses or report these allowances as other income on the employees' W-2 forms.
- C. And Associate Circuit Judge establish a procedure to evaluate payments and identify those requiring Form 1999-MISC to be filed with the IRS.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk indicated:*

- A. *We will implement this recommendation.*
- B. *We will begin putting these on the W-2's.*
- C. *We will try to do better with this recommendation.*

*The Associate Circuit Judge indicated:*

- C. *We have implemented the 1099 process for any future contracts. In the future, it should not be necessary for this because our funds are obtained from the state drug court commission and all invoices are processed with OSCA through Certificate of Compliances.*

Records and procedures to account for county and Drug Court property are not adequate and no written policies regarding the accounting and use of assets have been established. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. The County Clerk maintains a listing of Road and Bridge Department vehicles and equipment; however, this listing is primarily for insurance purposes, does not include all personal property costing \$1,000 or more, and does not include all necessary information. The Drug Court does not maintain a listing of assets. Other than the Road and Bridge Department, county offices are not performing and submitting annual physical inventory reports. Tags identifying property items as county or drug court property are not being assigned and affixed to items.

Section 49.093, RSMo, requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records. An explanation of material changes from the previous inventory is to be attached to department inventory reports.

Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Proper capital asset records should include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. These records should be updated for any property additions and dispositions as they occur. Physical inventories and proper tagging of county property items are necessary to evaluate the accuracy of the records, and deter and detect theft.

Similar conditions were noted in our previous report.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, and any other concerns associated with county property. Also, inventories and inspections should be performed by each county official, court, and the County Clerk. In addition, property tags should be affixed to capital assets.

#### **AUDITEE'S RESPONSE**

*The County Commission indicated:*

*We will try to implement this recommendation.*

Computer systems and data are vulnerable to unauthorized use, modification or destruction. Password, backup procedures, and computer security systems are not adequate in some county offices.

- A. Access to computer systems and data is not adequately restricted to only authorized users. The County Treasurer and the County Collector do not have user IDs or passwords in place. Although the County Clerk and the Assessor 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. An ineffective password system increases the risk of unauthorized access and changes to the computer systems and county data.

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 Clerk and County Treasurer do not prepare backups of financial and other data to prevent loss of information and to ensure that all essential information and computer systems can be recovered following a disaster or computer failure.

Backing up data files and systems is critical for system recovery and continuity of operations. Backups are used, for example, to restore files after a personal computer virus corrupts the files or after a computer hard drive fails. Frequency of backups depends upon how often data changes are performed and how important those changes are. The County Clerk and the County Treasurer should determine what backup schedule is appropriate. Normally, the primary contingency strategy for computer systems and data is regular backup and secure offsite storage. Regular backup procedures decrease the amount of work required to restore data to its original condition prior to the disruption. Storing backups offsite provides another level of assurance of access to data. The County Clerk, County Treasurer, and County Commission should determine how often backups should be stored offsite.

- C. A security system is not in place in the Assessor's office to detect or prevent incorrect log-on attempts. An unauthorized individual could try an infinite number of times to log on the system, and if successful, have unrestricted access to programs and data files. In addition, the County Clerk's, the County Treasurer's, and the County Collector's computers do not shutdown after a certain period of inactivity.

To help protect computer files, a security system should be implemented to stop incorrect log-on attempts after a certain number of tries and shutdown the system after a certain period of inactivity. Such a system should produce a log of the incorrect attempts which should be reviewed periodically by an authorized official.

**WE RECOMMEND** the County Commission:

- A. Work with the County Clerk, the County Treasurer, the County Collector, and the Assessor 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 the County Clerk and the County Treasurer to ensure data is backed up on a regular basis, ensure data is stored at a secure off-site location, and develop appropriate backup and restoration procedures.
- C. Work with the Assessor to implement a security system to detect and report incorrect log-on attempts after a certain number of tries and work with the County Clerk, the County Treasurer, and the County Collector to require their systems to shutdown after a certain period of inactivity.

**AUDITEE'S RESPONSE**

*The County Commission and County Clerk indicated:*

*A&C. We will look into these recommendations.*

*B. We have begun looking into this recommendation.*

*The County Collector indicated:*

*A&C. These recommendations have already been implemented.*

*The Assessor indicated:*

*A. I have already implemented this recommendation.*

*C. I will discuss this recommendation with our computer programmers.*

<b>8. Sheriff Accounting Controls and Procedures</b>
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Cash custody and recordkeeping duties have not been adequately segregated. The civil process log is not updated to show when fees are received. Accounting records are not reconciled with the bank account balance monthly and procedures for handling old outstanding checks are not in accordance with state law. In addition, board bill procedures

are not adequate and the Sheriff does not have written contracts with the surrounding counties for boarding prisoners. A cost analysis of the county preparing inmate meals versus outsourcing has never been performed. Records and monitoring procedures for county vehicles used by Sheriff's deputies are not sufficient. Also, fees withheld from a partition sale were not calculated in accordance with state laws.

The Sheriff's Department received approximately \$140,300 and \$112,700 from summons fees, bonds, gun permits, and other general receipts during 2006 and 2005, respectively.

- A. Cash custody and recordkeeping duties have not been adequately segregated. The office clerk receipts, deposits, prepares bank reconciliations, and writes checks. The Sheriff does not review any of the financial records. In addition, the numerical sequences of receipt slips and checks are not accounted for properly.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating 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. Without accounting for prenumbered receipt slips and checks, the Sheriff's Department cannot ensure all monies collected are ultimately recorded, deposited, and disbursed.

- B. A log for the serving of civil papers is maintained, but the log is not updated to show when payment of the fee is received. The civil process log lists the case number, the parties involved in the case, the party to be served, the amount of fees, the date papers were served, and the person who performed the paper service. A review of the civil process log for papers served from September 2006 through December 2006 showed 11 out of 13 entries, totaling \$214 were not marked paid. The entries should be marked paid as fees are received and the log reconciled to deposits to ensure all receipts are being deposited and not misappropriated.

- C. A one write ledger is maintained for fees collected, however, it is not compared to the reconciled bank account balance when the bank reconciliation is performed each month. The reconciled bank balance at December 31, 2006, was \$958. In addition, the clerk follows up on outstanding checks every six months. However, if the individual cannot be located, the check is voided and the amount added back into the checking account instead of turning the amounts over to unclaimed fees.

Reconciliation of accounting records to the balance of the bank account is necessary to ensure sufficient cash is available to pay all liabilities. The Sheriff's Department should then investigate any differences noted and take appropriate action. In addition, if the payees of old outstanding checks cannot be located, the checks should be voided and amounts remaining unclaimed should be disposed of in accordance with state law.

D. The Sheriff disbursed \$13,241 and \$26,475 in 2006 and 2005, respectively, to the County Treasurer from the collection of board bills. The Sheriff's Department houses inmates for other counties and bills them for these services. The following concerns were noted:

1. Board bill procedures are not adequate. When the Sheriff's Department bills an entity, a copy of the bill is put in a file. When payment is received, a copy of the receipt slip issued for the payment and the check received is placed in the file with the copy of the board bill. However, receipts are not matched with the bills in a timely manner, so the department does not know how much is owed to the Sheriff at any given time or how long some bills have gone unpaid. In addition, the Sheriff's Department does not bill other entities on a monthly basis for holding their inmates. The entities are billed when the inmate is released from jail, which could be in excess of a year. Considering the financial condition of the county, it is imperative that the Sheriff's Department take all steps necessary to collect board bills owed to the department in a timely manner and bill entities monthly to ensure more timely matching of revenues to expenses.

Formal reconciliations of prisoner board bills and payments received should be performed to ensure payments are received on a timely basis and second billings sent out if necessary. In addition, entities should be billed on a monthly basis.

2. The Sheriff has verbal agreements with Schuyler and Scotland counties for the boarding of inmates at the amount of \$35 per day. Section 432.070, RSMo, requires the county to have all contracts in writing. Written agreements should be prepared with all political subdivisions for services provided. The agreements should be updated periodically, clearly specify the arrangements between parties for the services provided, and be approved by the County Commission.

E. Prior to 2008, the county employed a cook to prepare meals for inmates. A decision was made to outsource inmate meals starting in 2008; however, a cost analysis comparing the cost of the county preparing the inmate meals versus outsourcing the meals has never been performed. In 2007, the county spent approximately \$43,200 on meals and the cook's salary. For 2008, the county has budgeted approximately \$97,800 for meals. Without a cost analysis, the county cannot ensure the costs of providing services are recovered or if the services are being provided in the most economical way.

F. Records and monitoring procedures for county vehicles used by Sheriff's deputies are not sufficient. The county owns seven vehicles utilized by the Sheriff's Department for county duties. Fuel is usually purchased at a local station and charged to the county, but petty cash is used for out-of-town trips. The Sheriff's

Department maintains mileage and fuel logs, which are entered into a computer system, but these logs are not compared to the fuel purchases, nor are they ever reviewed. Also, the fuel purchases from the petty cash fund and mileage from out-of-town trips are not entered in the computer system. The county spent approximately \$20,200 and \$21,700 in 2006 and 2005, respectively, on fuel for the Sheriff's Department.

Effective monitoring procedures include reviews of usage and fuel logs and comparison of log information to fuel purchases and maintenance charges. In addition, all fuel purchases from the petty cash fund and mileage from out-of-town trips should be properly recorded. Failure to account for fuel purchases could result in the loss, theft or misuse of city assets going undetected.

- G. The Sheriff withheld \$1,285 in accountable fees from a partition sale. The Sheriff indicated that he had relied on the individual's attorney to calculate the fees. Based on our calculation, the fees in this case should have been \$195. Section 528.610, RSMo, allows commissions of up to 2 percent on the first \$1,000 of the sales amount, 1 percent on all sums over \$1,000 but less than \$5,000, and ½ percent on all sums equal to or greater than \$5,000. This property sold for \$32,000, thus it appears the fee should have been \$195 ( $\$1,000 \times 2\% + \$4,000 \times 1\% + \$27,000 \times 1/2\%$ ). There was no documentation regarding the calculation of the fees in the case file.

To ensure all accountable fees are properly collected, the Sheriff's Department should calculate the Sheriff's fees on partition sales, retain supporting documentation, and ensure the proper fees are collected and distributed.

Conditions similar to A and D.1 were noted in our prior report.

**WE RECOMMEND** the Sheriff:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented. In addition, account for the numerical sequence of receipt slips and checks.
  - B. Ensure that the civil process log is updated each time payment for fees is received and reconcile the log to deposits.
  - C. Reconcile the accounting records to the account balance monthly, and investigate any differences. In addition, if payees of old outstanding checks cannot be located, the checks should be voided and disposed of in accordance with state law.
  - D.1. Bill entities on a monthly basis for housing inmates and compare board billings and the subsequent payments received on a regular basis to ensure payments are received timely and rebill any unpaid amounts.
2. And the County Commission obtain written contracts for all services.

- E. Perform a cost analysis to determine the most cost effective method of providing inmate meals.
- F. Periodically review fuel logs and reconcile them to fuel purchases. In addition, enter the cash fuel purchases and mileage for these vehicles into the computer system.
- G. Calculate all partition sale fees in accordance with state law.

**AUDITEE’S RESPONSE**

*The Sheriff indicated:*

*A,B,  
D1&F. These recommendations have already been implemented.*

*C. We will implement this recommendation.*

*D.2. I have attempted to get written contracts with those counties.*

*E. This was the commission's decision.*

*G. I relied on an attorney's calculation for this sale, I will calculate this myself from now on.*

*The County Commission indicated:*

*D. We will leave this to the Sheriff.*

*E. We now realize that we did not do enough of an analysis on this contract; however, our goal was not simply to save money but to gain more control over this area and the number of people who eat there. The number you have presented for 2008 was simply our estimate of the cost if the jail operated at full capacity at all times, which does not always happen. Currently, we feel that the costs this year are comparable to last year. We will continue to monitor the costs of this service compared to having someone prepare the food at the jail.*

<b>9.</b>	<b>Inmate Commissary Accounting Controls and Procedures</b>
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The Sheriff’s Department procedures for the inmate commissary are in need of improvement. Approximately \$200 a month is transferred from inmate funds for commissary purchases.

The Sheriff's Department maintains an envelope for each inmate with their funds in cash. Records of the receipts, disbursements, and balance are maintained by inmate. When monies are received on the behalf of an inmate, the amount received is posted to the inmate's account, and the cash is placed in that inmate's envelope. When an inmate makes a purchase from the commissary, a commissary order form is signed, the appropriate disbursement is

posted to their account, and the monies are removed from their envelope and placed in the commissary money bag. The inmate then receives their order, and monies in the commissary money bag are used to restock the commissary inventory.

The Sheriff keeps the commissary profits in a locked cabinet in the jailer's office. These profits are used to purchase inventory items and items for the jail. A ledger is maintained to track the profits and purchases. As of December 31, 2007, the Sheriff had approximately \$465 on hand.

- The Sheriff's Department does not maintain a bank account for inmate funds and cash is disbursed for commissary purchases.
- Prenumbered receipt slips are not issued for inmate monies received.
- The Sheriff maintains profits from the commissary fund outside the county treasury.
- Commissary order forms are not maintained. After the purchased items have been delivered to the inmate, the order forms are destroyed.
- Only the total transferred from the inmate's envelopes is recorded on the commissary ledger, not the amount per inmate. As a result, the transfers cannot be readily agreed to the inmate records.
- The Sheriff's Department does not periodically calculate the profit of items sold in the commissary to ensure the amounts received are reasonable.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, a bank account should be maintained for inmate monies and commissary profits, all receipts should be deposited intact on a timely basis, all disbursements should be made by check, and the account balance should be reconciled to the list of inmate balances and calculated profit monthly. The profits should then be transferred to the County Treasurer. To help ensure the accuracy of commissary account balances, procedures should be developed to ensure that order forms are maintained. In addition, prenumbered receipt slips should be issued for all monies received immediately upon receipt and the receipt slip numbers should be accounted for properly.

The selling price of all commissary items should be set at the same percentage over cost and the profit periodically compared to purchases to ensure the proper amount of profit is on hand. Any unusual fluctuations of profit should be investigated and any explanations should be documented to lessen the possibility of misuse, loss, or theft of commissary items going undetected.

**WE RECOMMEND** the Sheriff open and maintain a bank account for all inmate monies and ensure prenumbered receipt slips are issued for all inmate monies received and disbursements are made by check. The balance of the inmate account should be reconciled to the inmate records monthly and commissary profits should be transferred to the County

Treasurer. In addition, the selling price of all commissary items should be set at the same percentage above cost and profits should be periodically compared to purchases. Any unusual fluctuations should be investigated and explanations documented. Also, ensure commissary order forms are maintained for all purchases.

### **AUDITEE'S RESPONSE**

*The Sheriff indicated:*

*We will not turn over profit to the treasurer, but we will open a bank account for the Commissary profit. We will also look into opening a bank account for inmates monies. We have already started keeping order forms and we will implement all of the other recommendations.*

<b>10. Associate Court Accounting Controls and Procedures</b>
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The Associate Court's duties of receiving, recording, and depositing receipts are not adequately segregated. The numerical sequences of receipt slips and checks are not accounted for properly and manual receipt slips are not traced to the Justice Information System (JIS). Monies received are not always deposited in a timely manner. Bank reconciliations are not done on a timely basis. In addition, the Associate Circuit Court does not adequately follow-up on bonds posted by defendants who fail to make the required court appearances. Also, the court could not provide legal authority for the collection of community service fees from defendants ordered to perform community service.

The Associate Circuit Court processes monies for civil, criminal and probate cases, traffic tickets, and bonds. Receipts totaled approximately \$230,000 and \$300,000 for the years ended December 31, 2006 and 2005, respectively.

- A. The duties of receiving, recording, and depositing receipts are not adequately segregated. All employees collect monies, record transactions, prepare deposits, and disburse monies. There are no documented reviews of the employees' work by the Associate Circuit Clerk.

Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the employees' work should be performed and documented.

- B. The numerical sequence of receipt slips and checks are not accounted for properly. The JIS generates a prenumbered receipt slip or check each time a payment or disbursement is entered; however, no review is performed to account for the numerical sequences of these transactions. In addition, manual receipt slips are not traced to the JIS to ensure they were posted properly by someone independent of the receipt process. Periodically, when the JIS is down, manual receipt slips are issued

for monies collected and then posted by the same clerk to the JIS when the system is back online. No procedures are performed by the court to ensure that all manual receipt slips are posted to the JIS.

The receipt slip numbers and checks should be reviewed to ensure that all receipt slips and checks are accounted for adequately. In addition, without tracing the manual receipt slips to the JIS and accounting for prenumbered receipt slips and checks, the court cannot ensure all monies collected are ultimately recorded, deposited, and disbursed.

- C. Monies received are not always deposited in a timely manner. Monies are usually collected each business day, but deposits are normally made only two to five times per month. The average deposit for December 2006 and June 2005 was \$5,737 and \$7,214, respectively. One deposit in December 2006 included 15 days of receipts and a cash count performed on December 20, 2007, totaling \$5,690 included 13 days of receipts. Deposits should be made intact on a timely basis to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds. Deposits should be more frequent if significant amounts of cash are collected.
- D. Bank reconciliations are not prepared on a timely basis. As of February 2008, the bank reconciliation for December 2006 had not been received by the Associate Circuit Court. The Office of State Court Administrator (OSCA) has been performing the bank reconciliations for the court since March 2002. The most recent bank reconciliation completed as of February 2008 was for July 2006. The July 2006 bank reconciliation included numerous reconciling items, totaling \$707, that had not been investigated and could not be explained by the court.

The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. In addition, although OSCA provides support to the various courts across the state, it is ultimately the Associate Circuit Court's responsibility to perform bank reconciliations timely and to ensure differences are resolved timely. Failure to resolve differences and reconciling items timely increases the risk that other errors or misstatements will not be detected on a timely basis.

- E. The Associate Circuit Court does not adequately follow-up on bonds posted by defendants who fail to make the required court appearances. During a review of 15 case files, four instances totaling \$1,196 were noted where a bond was not forfeited when the defendant failed to appear on the court date. As of July 31, 2006, the court was holding approximately \$26,300 in bonds in its bank account.

Section 544.665, RSMo, provides that failure to appear results in forfeiture of any security which was given or pledged for a person's release. Bond forfeiture monies are to be distributed to the state's school building revolving fund according to Section

166.131, RSMo. The court's bond forfeiture procedures need to be improved to ensure the timely distribution of bond proceeds.

- F. A fee ranging from \$50 to \$150 is collected on cases in which the defendant is ordered to perform community service. The fee is at the judge's discretion and used to pay for community service supervisors. The court collected approximately \$19,600 and \$25,300 in community service fees in 2006 and 2005, respectively. The judge cited Section 559.021, RSMo, for the collection of the community service fee; however, fees collected by order of that statute are to be placed in a county law enforcement restitution fund and spent in accordance with Section 50.565, RSMo. The court should again review this fee to determine whether legal authority exists for the court to collect the fee. If the matter is not resolved by clear legal authority, the court should consider ending the collection of the fee.

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

**WE RECOMMEND** the Associate Circuit Judge:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Ensure the numerical sequence of receipt slips and checks are accounted for properly and develop procedures to ensure that manual receipts are posted to the JIS.
- C. Ensure all receipts are deposited intact on a timely basis.
- D. Ensure the accounting records are reconciled to the bank accounts on a timely basis. In addition, any differences and reconciling items identified should be resolved on a timely basis.
- E. Implement adequate procedures to forfeit bonds when appropriate.
- F. Determine whether clear legal authority exists to collect community service fees.

**AUDITEE'S RESPONSE**

*The Associate Circuit Judge indicated:*

- A. *The clerks have started reviewing each other's deposits to make sure that the actual cash and checks reconcile to the JIS generated reports. Also, the clerks are checking manual receipts carefully to see that all are recorded to JIS immediately.*
- B. *The numerical sequence of receipts is controlled completely and totally by the JIS computer program. The clerks do not have anything to do with that. But the clerks are looking at the JIS generated receipt reports to make sure the numbers are consecutive. All checks were*

*accounted for during the course of the audit. All manual receipts were traced to the JIS system, as well.*

- C. The clerks are making more timely deposits. It is difficult, but we think we have shown some improvement.*
- D. The bank reconciliations are being followed up on with OSCA. The Associate Clerk has requested OSCA's help repeatedly. The July 2006 bank reconciliation was off by less than \$1. There were negative adjustments of \$423 and positive adjustments of \$1,059.93. All adjustments were explained by the clerk. Within the next 30 days, a formal request will be made to OSCA to send an accounting specialist to Clark County to affect a permanent solution.*
- E. Bonds are followed up on defendants who have posted. If they do not appear on their court date, a warrant is issued. Bond forfeiture and judgment thereon is ordered upon application of the state.*
- F. The court does not collect community service fees except on old cases that were assessed by the court years prior to the request of the auditors not to assess these fees any longer. The only other cases that the court pays the community service fees on are ones where the defendant consents to the payment out of a posted bond. The community service fee is assessed by the judge depending upon the severity of the charge. For instance, DWI's are assessed 40 hours of work and the fee is \$1000. The judge sticks to the formula of \$2.50 per hour of work. The fund created by the county supports the salary of a supervisor, transportation and all tools necessary to perform the work. This program is modeled after a St. Louis County program that has operated over the last 30 years.*

<b>11. Circuit Clerk Accounting Controls and Procedures</b>
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Accrued case costs are not actively monitored and pursued. Bank reconciliations are not prepared on a timely basis and records and monitoring procedures for open items listings are not sufficient. Also, the interest earned from the Circuit Clerk's general account is not transferred to the Circuit Clerk Interest Fund on a timely basis. Some invoices are not maintained for purchases made from the interest fund.

The Circuit Clerk's office processes monies for civil and criminal fees, fines and bonds. Receipts totaled approximately \$213,000 and \$243,000 for the years ended December 31, 2006 and 2005, respectively. In 2005, the office also received approximately \$1,139,000 from the Missouri Department of Transportation for the purchase of right-of-ways for a road construction project and disbursed it to the various landowners.

- A. The Circuit Clerk does not actively monitor or pursue collection of accrued case costs in a timely manner. Follow up procedures are performed twice a year on civil cases with outstanding costs. For criminal cases, a fee bill is sent to the individual after they are released from jail; however, no follow up procedures are performed.*

The Circuit Clerk indicated she notifies the judge of criminal cases with unpaid costs before the individuals go off probation. Of four cases reviewed, one case owed approximately \$6,800 in court costs as of January 2008; however, he was released from probation in February 2007. As of January 2, 2008, accrued case costs (court costs, court ordered restitution, and fines on criminal cases) totaled approximately \$1.2 million.

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

- B. Bank reconciliations are not prepared on a timely basis. The bank reconciliation for December 2006 was not received by the Circuit Clerk until June 2007. The Office of the State Court Administrator (OSCA) has been performing the bank reconciliations for the Circuit Court since the conversion to the JIS in September 2001. The December 2006, bank reconciliation included six reconciling items totaling \$1,066 which have not been investigated and resolved. One reconciling item of \$500 has been on bank reconciliations since August 2002.

The preparation of bank reconciliations is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. In addition although the OSCA provides support to the various courts across the state, it is ultimately the Circuit Court's responsibility to perform bank reconciliations and follow-up on outstanding checks timely and to ensure differences are resolved timely. Failure to resolve differences and reconciling items timely increases the risk that other errors or misstatements will not be detected on a timely basis.

- C. Records and monitoring procedures for the monthly listings of open items are not sufficient as follows.
  - 1. The monthly listing of open items (liabilities) for December 2006 did not agree with the December 31, 2006, reconciled bank balance for the Circuit Clerk's JIS account. At December 31, 2006, the reconciled bank balance of the JIS account was \$51,828 while the open items listing prepared from the Circuit Clerk's accounting system (JIS) totaled \$52,758, indicating a potential shortage in the account of \$930. The Circuit Clerk could not explain this difference nor was the difference investigated.

Monthly listings of open items should be prepared and reconciled to cash balances to ensure accounting records are in balance and sufficient funds are available for payment of liabilities. The Circuit Clerk should immediately work with OSCA to investigate and resolve the current shortage in the account.

2. The Circuit Clerk does not maintain copies of open items listings for all of her bank reconciliations. While the total open items is listed on the bank reconciliation, a detailed listing is not printed and retained. For example, the Circuit Clerk could not provide the December 31, 2006, open items listing upon request. The closest available listing was for December 28, 2006, which does not properly reconcile with the bank statement ending December 31, 2006. Proper recordkeeping and supporting documentation should be retained to provide an adequate audit trail and to adequately account for the monies in the JIS bank account.
3. The court does not adequately review the status of old open items. The December 28, 2006 open items listing included approximately 170 cases totaling approximately \$62,000. Some of these cases have not had activity for several years, including one case that was dismissed in 1982.

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

D. The Circuit Clerk Interest Fund controls are in need of improvement as follows:

1. Interest earned from June 2006 through December 2006 on the JIS account totaling \$751 was not transferred to the interest fund and posted to the fund ledger until March 29, 2007. To adequately safeguard receipts and to reduce the risk of misuse of funds, receipts should be posted to the accounting records on a timely basis.
2. The Circuit Clerk does not maintain copies of all invoices for purchases made from her interest fund. Invoices could not be located for two purchases totaling \$167. Record retention is necessary to ensure the validity of transactions and provide an audit trail.

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

**WE RECOMMEND** the Circuit Clerk:

- A. Follow up on criminal cases for individuals who are not on probation and consider signing up for the state debt collection agency. In addition, ensure the judge is notified by the court of all criminal cases with unpaid costs before the individuals are released from probation.
- B. Prepare bank reconciliations on a timely basis, and investigate and resolve all adjustments to the bank reconciliations in a timely manner.
- C.1. Reconcile open items to cash balances on a monthly basis and investigate any differences in a timely manner.
  - 2. Retain all accounting records related to all bank accounts.
  - 3. Routinely review open items and disburse or dispose of monies as appropriate.
- D.1. Post interest to the interest fund ledger on a timely basis.
  - 2. Maintain documentation of all interest fund purchases.

**AUDITEE'S RESPONSE**

*The Circuit Clerk indicated:*

- A. *Cases are being reviewed more frequently, and we are looking into using debt collection.*
- B. *We are working with OSCA to prepare these more timely.*
- C.1  
&C.3. *These recommendations will be implemented.*
- C.2  
&D.1. *These recommendations have already been implemented.*
- D.2. *We always maintain documentation for purchases. These invoices were misplaced.*

**12.**

**Prosecuting Attorney Donations**

The Prosecuting Attorney frequently reduces charges filed on traffic tickets by requiring the defendants to make a “donation” to the Clark County Youth Fund or Dollars for Scholars Fund as a condition of reducing the charges and entering into a plea bargain. The donations are distributed to various not-for-profit organizations and other political subdivisions;

however, the Prosecuting Attorney does not make the judge aware of the donation when presenting the plea bargain to the court. Receipts from donations totaled approximately \$25,800 and \$35,700 for the years ended December 31, 2006 and 2005, respectively.

- A. The donations are distributed to various non-for-profit organizations and other political subdivisions. By accepting the donations, it is possible that fines and penalties which may otherwise have been assessed and credited to the county school fund were not collected and distributed in accordance with an established formula designed to benefit all schools within the county.

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

- B. The Prosecuting Attorney does not make the judge aware of the donation when presenting the plea bargain to the court.

Opinion 176 issued by the Judicial Commission on Retirement, Removal, and Discipline, states, “Even though the judge does not impose a charitable or civic payment as part of a sentence or condition of probation, when the judge knows such a payment is a pre-condition to receiving the recommendation, the appearance of a ‘payoff’ remains. The judge has the obligation to review the plea agreement and exercise discretion in a manner so as not to create the appearance of a ‘payoff’. The judge should not approve such a plea bargain absent an ordinance, statute, or constitutional provision authorizing such payments.”

The Prosecuting Attorney and Associate Circuit Judge should reevaluate whether these circumstances allow the judge to make an informed decision or whether this practice should be discontinued.

Similar conditions were noted in the prior report.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Review the practice of requiring donations as part of reducing charges files.
- B. Evaluate with the Associate Circuit Judge whether accepting donations as part of the plea bargain allows the judge to make an informed decision on cases and whether this practice should be discontinued.

**AUDITEE’S RESPONSE**

*The Prosecuting Attorney indicated:*

- A. *I do not plan to implement this recommendation.*

B. *I think that it is important that these funds benefit the youth of Clark County.*

*The Associate Circuit Judge indicated:*

B. *I sent a letter to the Prosecuting Attorney requesting he cease this practice in response to your prior recommendation.*

<b>13. Drug Court Accounting Controls and Procedures</b>
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Prenumbered receipt slips are not used for monies received and the method of payment is not always noted on receipt slips issued. The composition of the receipt slips is not reconciled to the composition of the deposits. Also, some concerns were noted regarding disbursements.

The 1st Judicial Circuit Drug Court Program, consisting of Clark and Scotland counties, is a court-supervised treatment program for nonviolent, drug offenders. Prosecuting Attorneys for each county refer drug offenders meeting various qualifications to the drug court program in place of serving time in jail. Participation is voluntary and takes 12 to 24 months to complete.

The Drug Court received grant monies and fees in 2006 and 2005 of approximately \$79,000 and \$122,000 respectively. The Drug Court Discretionary Grant Program (CFDA #16.585) was a federal grant from the United States Department of Justice, but in 2007 the state took over the program.

A. Receipt slips are issued for monies received; however, the receipt slips are not prenumbered and the method of payment is not noted on some receipt slips issued. Receipt slip sequence numbers are handwritten on the slips as they are issued. While the amount of each deposit is reconciled with the corresponding receipt slips, the Drug Court cannot ensure the composition of the deposit agrees to the composition of the monies actually received.

To ensure all receipts are deposited, the Drug Court should issue prenumbered receipt slips for all monies received, record the method of payment on each receipt slip, and reconcile the composition of receipts recorded on the receipt slips to the composition of the deposits.

B. A review of the Drug Court disbursements revealed the following concerns:

1) The Drug Court purchased 30 cases (each containing 10 boxes of 50 or 100 pairs) of latex gloves on June 26, 2007 for \$1,778 from the Fee Account. The Drug Court Clerk indicated that the gloves were purchased because the federal drug court grant was ending and the federal government stated that all of the grant money needed to be spent or given back. However, this disbursement appears unreasonable when considering only one case of gloves

has been partially used as of January 2008. The court should ensure all disbursements are reasonable and a prudent use of taxpayer money.

- 2) Invoices are not always marked paid or otherwise canceled upon payment. Canceling invoices and all other supporting documentation reduces the likelihood of duplicate payments and requiring acknowledgement of receipt of goods and/or services prior to payment will ensure the Drug Court actually received all items paid for.
- 3) The court did not solicit bids or retain documentation of price comparisons for drug test kits, which were purchased for \$10,006. Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 (\$6,000 as of August 2007) 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, and the county's selection process and criteria should be retained to demonstrate compliance with the law and support decisions made.

**WE RECOMMEND** the Associate Circuit Judge:

- A. Require prenumbered receipt slips be issued for all monies received. In addition, ensure the method of payment is recorded on the receipt slips and reconciled to the composition of deposits.
- B.1. Ensure all disbursements are reasonable and a prudent use of taxpayer money.
  2. Ensure all paid invoices are marked as such in order to prevent reuse.
  3. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.

**AUDITEE'S RESPONSE**

*The Associate Circuit Judge indicated:*

- A. *When our program began in 2002, we used pre-numbered receipt slips. When we ordered new receipt books the vendor did not bring in the pre-numbered series that he had provided before and we were unable to return them. We used the new series because the number of the receipts in the receipt books was noted by the vendor on the cover of each receipt book and each receipt was accounted for in each book. The auditors advised that when ordering*

*new receipt books to get the numbered series. This will be implemented as directed. We have already implemented the suggestion of recording the method of payment on each receipt and reconciling the composition of deposits.*

- B.1. The drug court purchased 23 boxes of latex gloves in 2003, 25 boxes again in 2004, 70 boxes in 2005, 50 in March of 2007, and 300 boxes in June 2007. With the end of the federal grant it was necessary to spend down the drug court fees fund. It was determined that one of the very necessary items of the protection of the drug testing staff, trackers, and law enforcement was the purchase of latex gloves. It was calculated with the increase in participation and the addition of Scotland County that 300 boxes was not an unreasonable amount. We found it necessary to have these gloves located at the Clark County Sheriff's Office, Kahoka Police Department, Scotland County Sheriff's Department, and the Memphis Police Department. They are also in all patrol units for Clark and Scotland and they use them when dealing with drug related scenes. All of the above agencies are assisting with drug court screening, drug testing, and program compliance. The purpose of these gloves are for drug testing, medication compliance, searches of participants' homes, and scene investigation by all law enforcement agencies. We have thus far performed over 11,000 drug tests at the Clark County Sheriff's Office. This number does not include all of the in-home testing done by the trackers. The tracker also do med checks and use 1 box every week to 10 days for this.*
- 2. We currently attach a copy of all checks to the paid invoices but will immediately begin the practice of marking paid on all invoices.*
- 3. Pricing was obtained from different vendors through phone solicitations and the MCIC system. We also obtained pricing sheets from American Bio Medica on February 23, 2005 and had the pricing sheets from Drug Court Testing Services who are also state contractors. These were located in the drug testing information file and we did not attach them to the invoices. It was determined that the contract the Clark County Sheriff's Department had in place was the most competitive. We did not print a copy of the MCIC state contracts and will make sure from this point forward that this practice is put in place and attached to all invoices. We will also put in place a written quote system and not the verbal solicitation for all vendors in place and will attach the written pricing sheets that we are given to all invoices.*

<b>14. Ex Officio Recorder of Deeds' Accounting Controls and Procedures</b>
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Listings of open items are not prepared and reconciled with the cash balances on a monthly basis and no written contracts exist between the Ex Officio Recorder of Deeds and two local banks for recording services. The Ex Officio Recorder of Deeds processed approximately \$64,000 a year in fees during 2006 and 2005.

- A. Listings of open items are not prepared and reconciled with the cash balances on a monthly basis. After the monthly disbursements, the reconciled bank balance at December 31, 2006, was \$464. However, the Ex Officio Recorder of Deeds could*

not explain this difference, except that some would be accumulated interest and some would be the calculation errors in her checkbook dating back to at least 2002 noted in our prior report.

Monthly listings of open items should be prepared and reconciled to cash balances to ensure accounting records are in balance and sufficient funds are available for the payment of liabilities. In addition, calculation errors in the checkbook should be investigated and corrected.

- B. No written contracts exist between the Ex Officio Recorder of Deeds and two local banks for recording services. The Ex Officio Recorder of Deeds received approximately \$10,400 and \$13,900 in 2006 and 2005, respectively, for recording services for these banks. The Ex Officio Recorder of Deeds tracks the number of documents recorded for each bank during the month and then bills the banks for the service.

Section 432.070, RSMo, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents.

**WE RECOMMEND** the Ex Officio Recorder of Deeds:

- A. Prepare a monthly listing of open items and reconcile it to cash balance. In addition calculation errors in the checkbook should be investigated and corrected.
- B. Obtain written agreements with the banks.

**AUDITEE'S RESPONSE**

*The Recorder indicated:*

- A. *This recommendation has already been implemented and we are currently investigating the difference noted.*
- B. *This recommendation will be implemented.*

## Follow-Up on Prior Audit Findings

CLARK COUNTY  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Clark County, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2002.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Financial Condition

The General Revenue Fund and ½ Cent Sales Tax-Jail Operating Fund were in poor financial condition.

Recommendation:

The County Commission consider various alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the General Revenue Fund and the ½ Cent Sales Tax - Jail Operating Fund and to maintain an adequate operating cash reserve in the funds.

Status:

Not implemented. See MAR finding number 1.

2. Procurement Procedures

The county did not always solicit bids and/or retain bid documentation for various purchases. In addition, the minutes did not adequately document bid information such as reasons for accepting other than the lowest bid or justification for sole source purchases and bid files appeared to be incomplete.

Recommendation:

The County Commission solicit bids for all purchase in accordance with state law and maintain adequate documentation of all bids obtained and the justification for selecting the winning bid. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

Status:

Partially implemented. Bid documentation was reviewed for numerous purchases, and bids were not solicited for snow removal equipment, which cost \$6,750. Although not repeated in the current MAR, our recommendation regarding soliciting bids for all purchases in accordance with state law remains as stated above.

3. Policies and Procedures

- A. In 2002, the county made a questionable administrative transfer of approximately \$67,500 from the Special Road and Bridge Fund to the General Revenue Fund. The 2002 transfer included administrative transfers related to activity for prior years, including 1999, 2000, and 2001. In addition, the audit report for the two years ended 1998 noted in the follow-up section that the General Revenue Fund still owed \$27,000 to the Special Road and Bridge Fund as the result of prior excessive administrative transfers.
- B.1. The county did not adopt an official personnel manual which detailed policies and procedures for county employees.
  - 2. The County Clerk did not receive time sheets and records of accumulated leave balances from the Sheriff's department. As a result, the County Commission did not have documentation to support payroll expenditures or to monitor potential leave liabilities.
- C. The county's budgets and published financial statements did not properly report all financial activity of the ½ Cent Jail Building Fund.
- D. Billing summary statements for rock purchases, rather than individual invoices or delivery tickets, were used by the County Clerk as the basis for payment.
- E. The county did not update general fixed asset records timely or take an annual inventory. In addition, the Road and Bridge Department did not maintain an inventory record on bulk fuel and neither the Road and Bridge Department nor the Sheriff's Department reconciled fuel usage logs for vehicles to fuel purchases.

Recommendations:

The County Commission:

- A. Develop a plan to repay the \$94,500 due from the General Revenue Fund to the Special Road and Bridge Fund.

- B.1. Adopt an official personnel manual and require employees to read the manual as a condition of their employment.
- 2. Work with the Sheriff to ensure all time sheets and records tracking accumulated leave balances are forwarded to the County Clerk. In addition, the County Commission should periodically review leave balances to ensure balances do not exceed county policy.
- C. Ensure all applicable cash and receipt transactions are properly recorded on the budgets and published financial statements.
- D. Establish procedures to ensure all invoices are forwarded to the County Clerk for comparison to billing statements prior to payment.
- E.1. Establish a written policy related to handling and accounting for fixed assets. In addition, all fixed asset purchases and dispositions should be recorded as they occur, purchases of fixed assets should be reconciled to additions on the inventory records, and purchased items should be tagged or identified as county-owned property upon receipt.
- 2. Maintain an inventory record of Road and Bridge Department fuel stored in bulk tanks and perform a physical inventory of the fuel. In addition, the Road and Bridge Department and Sheriff's Department should reconcile fuel usage logs to fuel purchases and review for reasonableness.

Status:

- A. Not implemented. The county believes the administrative transfers met state statutes and did not develop a plan to repay the \$94,500 due from the General Revenue Fund to the Special Road and Bridge Fund. Although not repeated in the current MAR, our recommendation remains as stated above.
- B.1. Not implemented. See MAR finding number 2.
- 2. Not implemented. See MAR finding number 4.
- C&D. Implemented.
- E.1. Not implemented. See MAR finding number 6.
- 2. Partially implemented. The Road and Bridge Department periodically reconciles fuel usage logs to fuel purchases. See MAR finding number 8.

4. Clark County Youth Fund

- A. The Prosecuting Attorney frequently reduced charges filed on traffic tickets by requiring the defendants to make a “donation” to the Clark County Youth Fund as a condition of reducing the charges and entering into a plea bargain. The County distributed the donations to various non-for-profit organizations and other political subdivisions. By accepting the donations, it is possible that fines and penalties which may otherwise have been assessed and credited to the county school fund were not collected and distributed in accordance with an established formula designed to benefit all schools within the county.
- B. The Prosecuting Attorney did not make the judge aware of the donation when presenting the plea bargain to the court.
- C. The county did not retain appropriate oversight of the Clark County Youth Fund and did not develop guidelines defining allowable uses of the funds.

Recommendations:

The Prosecuting Attorney and the Associate Circuit Judge determine whether requiring donations as part of a plea bargain is acceptable. If this practice is continued, the Prosecuting Attorney and the Associate Circuit Judge should establish guidelines for how donation amounts are determined. In addition, county officials should maintain a more direct role in the management of these funds, ensuring written guidelines are developed to establish the allowable governmental purposes for which the monies may be used and ensuring adequate supporting documentation is received for each disbursement.

Status:

Not implemented. See MAR finding number 12.

5. Sheriff’s Grants

- A. Records and procedures were inadequate to ensure grants were properly managed, reimbursement requests and payments were accurate and timely, and required reports were prepared.
- B. Payroll expenditures claimed against the Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant (DWI Mini-grant) were not always supported by time sheets.
- C. The county did not appear to have a clear understanding of its obligation on each grant.

Recommendations:

The County Commission and Sheriff:

- A. Maintain complete and accurate records of all grants including a grant activity log to track grant awards, amounts and dates of reimbursement claims and payments, and required financial status reporting dates. In addition, policies and procedures should be developed to ensure reimbursement requests are submitted and reimbursements are received in a timely manner. The county should also review expenditures and reimbursements for the COPS Universal Grant to determine if the county has requested the appropriate reimbursements.
- B. Contact the granting agency to resolve the questioned costs and ensure supporting documentation is maintained on future grants.
- C. Review grant applications and ensure the obligations are understood and considered when budgets are prepared.

Status:

A&B. Not implemented. However, the Sheriff does not receive these grants anymore. Although not repeated in the current MAR, our recommendations remain as stated above.

C. Implemented.

6. Sheriff's Controls and Procedures

- A. Time sheets were not always prepared and supervisory reviews of time sheets were not performed.
- B. Leave records (annual, sick, and compensatory) were not periodically reviewed for reasonableness by supervisory personnel, county leave policies were not being followed, and leave records did not appear to be accurate.
- C. Duties were not adequately segregated and there was no independent oversight.
- D. Receipts were not deposited timely.
- E. The Sheriff's department housed prisoners for other counties and cities, billed the various entities for these services, and collected the related payments. A log was not maintained for amounts billed to or collected from the various entities, nor was a central file of billings maintained for comparison to collections. In addition, payments received were not matched to the billing statements as a means to track and follow-up on unpaid bills.

Recommendations:

The Sheriff:

- A. Require time sheets be prepared regularly by all employees and reviewed by supervisors.
- B. Ensure county leave policies are being followed and require periodic supervisory reviews of employee leave records for reasonableness and accuracy.
- C. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Endorse checks and money orders immediately upon receipt and deposit receipts daily or when accumulated receipts exceed \$100.
- E. Maintain a log of amounts billed to and collected from the various entities for boarding of prisoners as a means to track and follow-up on amounts due to the county.

Status:

A,B  
&D. Implemented.

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

7. Prosecuting Attorney's Controls and Procedures

- A. Duties were not adequately segregated and there was no independent oversight.
- B. An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as subsequent disposition of these complaints, was not established.

Recommendations:

The Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Utilize a pre-numbered complaint form, including all information necessary for processing, and maintain a summary log to adequately account for bad check complaints as well as the ultimate disposition. In addition, all checks lacking

sufficient information should be returned to vendors in a timely manner and documentation should be obtained from the vendor to indicate their receipt of restitution.

Status:

- A. Not implemented. The only documented supervision by the Prosecuting Attorney is when he signs the bank reconciliations. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

8. Associate Circuit Court Controls and Procedures

- A. The duties of receiving, recording, depositing, and disbursing monies were not adequately segregated.
- B. Receipts were not deposited timely.
- C. As of July 2003, differences in the bank reconciliations had not been resolved since November 2002.
- D. The court did not periodically write off old inactive case balances.

Recommendations:

The Associate Circuit Division:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit receipts intact daily or when accumulated receipts exceed \$100 and restrictively endorse checks and money orders upon receipt.
- C. Ensure that differences in the bank reconciliations are resolved in a timely manner.
- D. Review old cases with accrued costs and write off, by court order, those cases which are determined to be uncollectible.

Status:

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

9. Circuit Clerk's Controls and Procedures

- A. The Circuit Clerk did not actively monitor or pursue collection of accrued case costs.
- B.
  - 1) Open item monies on deposit were improperly used to pay costs associated with other criminal and civil cases.
  - 2) The pre-Banner bank account had an unidentified balance of \$2,256 at March 31, 2003 and had little activity since a post-Banner account was opened in September 2001.
  - 3) During the audit period, the court disbursed approximately \$13,500 to the State Treasurer's Unclaimed Property Section with no evidence that the amounts were discussed with, or ordered by, the Circuit Judge.
- C. The duties of receiving, recording, depositing, and disbursing monies and reconciling the bank account were not adequately segregated.
- D. Receipts were not deposited on a timely basis.
- E. As of July 2003, differences in the bank reconciliations had not been resolved since December 2002.

Recommendations:

The Circuit Clerk:

- A. Establish procedures for actively monitoring and pursuing the collection of accrued costs. If collection of such costs cannot be made, case balances should be written off, by court order, in a timely manner.
- B.1. Collect costs on civil cases in advance and not use open item monies to pay costs on other cases.
  - 2. Close the pre-Banner account and appropriately disburse the unidentified monies.
  - 3. Disburse unidentified monies and write-off case balances only upon court orders issued by the Judge.
- C. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- D. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- E. Ensure that differences in the bank reconciliations are resolved in a timely manner.

Status:

A&

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

B&C. Implemented.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

CLARK COUNTY  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1836, the county of Clark was named after William Clark, a member of the Lewis and Clark Expedition and governor of the Missouri Territory. Clark County is a county-organized, third-class county and is part of the 1st Judicial Circuit. The county seat is Kahoka.

Clark 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 507 miles of county roads and 122 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 8,493 in 1980 and 7,416 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	\$	45.4	44.5	43.6	42.8	29.3	21.5
Personal property		20.0	18.9	17.5	18.1	11.8	9.6
Railroad and utilities		12.5	12.4	11.0	10.5	9.8	6.7
Total	\$	77.9	75.8	72.1	71.4	50.9	37.8

\* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2006	2005	2004	2003
General Revenue Fund	\$	.3562	.3500	.3500	.3500
Special Road and Bridge Fund *		.7000	.7000	.7000	.7000

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

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

	Year Ended February 28 (29),			
	2007	2006	2005	2004
State of Missouri	\$ 23,090	22,485	21,487	21,108
General Revenue Fund	355,128	340,416	325,835	318,955
Special Road and Bridge Fund	469,007	448,240	434,020	429,490
Assessment Fund	53,119	52,054	48,754	38,802
Health Center Fund	75,928	73,990	70,700	69,642
School districts	2,866,317	2,796,148	2,612,442	2,616,106
Library district	62,227	60,887	57,837	56,811
Ambulance district	227,838	221,973	212,112	208,942
Watershed districts	5,984	5,788	5,822	5,869
Fire districts	20,556	23,331	19,278	18,824
Special road district	29,943	34,843	30,530	29,039
Levee and drainage districts	168,468	188,658	178,978	178,931
Surtax	84,738	85,563	76,973	75,094
Nursing Home	91,267	88,905	84,962	83,690
Cities	16,368	16,242	14,771	14,109
Tax Increment Financing	511	-	-	-
County Employees' Retirement Fund	27,359	25,152	27,801	24,660
Collector Tax Maintenance Fund	7,819	7,187	7,447	7,113
Commissions and Fees:				
County Collector	3,661	4,280	3,847	3,815
Total	\$ 4,589,328	4,496,142	4,233,596	4,201,000

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2007	2006	2005	2004	
Real estate	95.0	95.0	95.1	94.9	%
Personal property	92.0	91.4	91.7	90.3	
Railroad and utilities	100.0	99.6	100.0	100.0	

Clark 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	%
Special Road and Bridge	.0050	2008	None	
Law enforcement operations	.0050	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:	\$				
Steve Murphy, Presiding Commissioner (1)		12,899			
Eddie Brewer, Presiding Commissioner		8,147	24,440	24,440	24,440
C.W. Higbee, Associate Commissioner		22,440	22,440	12,523	12,523
Wayne Bourgeois, Associate Commissioner		22,440	22,440	12,523	12,523
Leih Ann Hayden, County Clerk		34,000	34,000	34,000	34,000
H. Scott Summers, Prosecuting Attorney		41,000	41,000	41,000	41,000
Roy Gilbert, Sheriff (2)		40,000	39,000	25,355	16,805
Doug Jones, Sheriff					5,057
Roberta McAfee, County Treasurer		25,160	25,160	25,160	25,160
Edwin Wilson, County Coroner		9,500	9,500	4,304	4,304
John Heinze, Public Administrator (3)		3,289			
Tammy McDaniel, Public Administrator		11,553	15,000		
Debbie Bourgeois, Public Administrator				15,450	15,450
Twila Harper, County Collector (4), year ended February 28 (29),	37,661	38,280	37,847	37,815	
Donna F. Oilar, County Assessor (5), year ended August 31,	34,688	34,688	27,400	27,491	

- (1) Steve Murphy was appointed Presiding Commissioner in June 2006 after the death of Eddie Brewer in April 2006.
- (2) Roy Gilbert won a special election in May 2003 after the resignation of Doug Jones.
- (3) John Heinze was appointed Public Administrator in October 2006 after the resignation of Tammy McDaniel October 2006.
- (4) Includes \$3,661, \$4,280, \$3,847 and \$3,815, respectively, of commissions earned for collecting drainage district, levy district, and city property taxes.
- (5) Includes \$688, \$688, \$708, and \$799 annual compensation received from the state in 2007, 2006, 2005, and 2004, respectively.

State-Paid Officials:

Mary D. Jones, Circuit Clerk and Ex Officio Recorder of Deeds	49,470	48,500	47,900	47,300
John Moon, Associate Circuit Judge	96,000	96,000	96,000	96,000

As of December 31, 2006, the Special Road and Bridge Fund had incurred liabilities for equipment lease-purchases of approximately \$114,737.