



Susan Montee, CPA  
Missouri State Auditor

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# Schuyler County



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June 2008  
Report No. 2008-41

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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 Schuyler, that do not have a county auditor. In addition to a financial audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by the Missouri Constitution.**

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Budgetary and financial statement procedures are in need of improvement. The approved budget document did not adequately project anticipated disbursements and the ending cash balance for some county funds. For several funds, budgets included erroneous classifications of receipts, disbursements, and transfers. In addition, the County Commission budgeted deficit fund balances for the General Revenue Fund in the 2008, 2007, and 2006 budgets. Also, the county's annual published financial statements did not include the detailed information required by state statute.

The financial condition of the General Revenue Fund is deteriorating. The cash balance of the fund has declined from \$117,408 at December 31, 2004 to \$81,417 at December 31, 2007. However, the 2007 balance would have been much lower if the General Revenue Fund had not borrowed from the Special Road and Bridge Fund. As of December 31, 2007, the General Revenue Fund owed the Special Road and Bridge Fund \$60,227.

The county has not adopted procedures to monitor or assess the results of the actual sales tax rollbacks and to consider any differences noted in prior years when calculating the current year's rollback. As a result, property tax collections were not sufficiently offset by 50 percent of sales taxes collected, resulting in excess collections of approximately \$12,500 at December 31, 2007.

County property records are not adequate and records of fuel usage for road and bridge vehicles and equipment are not adequately reviewed. Periodic reconciliations of the fuel usage and purchases to the calculated fuel on hand are not performed.

Time sheets are not prepared by county employees, other than dispatchers and road and bridge employees. The payroll clerk pays employees that do not submit time sheets the same amount each pay period unless told otherwise. Some sheriff's department employees are salaried and work overtime; however, no record is maintained of the overtime worked. In addition, the County Clerk's office does not maintain centralized records of leave or compensatory balances or the associated liabilities.

(over)

YELLOW SHEET

The county did not always solicit bids or bid documentation was not always retained for various purchases. The county does not always solicit proposals or retain documentation of proposals for engineering services. As a result, there was no evidence that the best qualified firm was selected for engineer's fees totaling approximately \$12,770 during 2006.

Policies and procedures over the sale of road and bridge materials are not adequate. As a result of the lack of consistent policies and procedures, the county does not have one complete record of all sales of materials and may be purchasing materials for use by individuals and not recouping the costs. In addition, inventory records of materials are not maintained. Similar conditions were noted in our prior report.

The Ex Officio Recorder of Deed's office procedures related to receipts and disbursements are in need of improvement. Monies received are not always deposited intact. Some monies received are held from the deposits to make change and purchase postage. When tracing manual receipt slips to the Ex Officio Recorder's ledger and deposit slips, we noted four instances where the monies were not posted to the ledger or deposited. The Ex Officio Recorder indicated that these monies must have been placed in the change fund. In addition, prenumbered receipt slips are not issued for some recording fees received, the numerical sequence of receipt slips is not accounted for, and the composition of receipt slips issued is not reconciled to the composition of deposits.

Cash custody and accounting duties have not been adequately segregated in the Sheriff's office. Although bank reconciliations are prepared, the bank reconciliations are not complete and the bank balance is not reconciled to a monthly listing of open items (liabilities). The Sheriff's office should disburse all monies monthly; however, the reconciled bank balance was \$1,183, which included inmate monies from a 1997 police investigation, a bond received during 2000, and mileage reimbursements received from the courts for summonses served during 2003, 2004, and 2005. In addition, receipt procedures are in need of improvement.

The audit also includes recommendations to improve procedures for approving and paying invoices, mileage reimbursement requests submitted by the Sheriff, and Public Administrator fees. Additional concerns regarding controls were noted for the Assessor.

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SCHUYLER COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<hr/> <b>FINANCIAL SECTION</b> <hr/>		
State Auditor's Reports: .....	2-6	
Financial Statements .....	3-4	
Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6	
Financial Statements: .....	7-16	
<u>Exhibit</u>	<u>Description</u>	
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2006 .....	8
A-2	Year Ended December 31, 2005 .....	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2006 and 2005.....	10-16
Notes to the Financial Statements.....		17-21
Schedule:.....		22-23
Schedule of Findings and Responses, Years Ended December 31, 2006 and 2005 .....		23
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....		24-25
<hr/> <b>MANAGEMENT ADVISORY REPORT SECTION</b> <hr/>		
Management Advisory Report - State Auditor's Findings.....		27-45
1.	Budgets and Published Financial Statements .....	29
2.	Financial Condition .....	31
3.	County Property Records and Procedures .....	32
4.	County Disbursements .....	34
5.	Payroll Records and Procedures .....	37
6.	County Sales Tax .....	38

SCHUYLER COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings.....	27-45
7.    Road and Bridge .....	39
8.    Ex Officio Recorder of Deeds Accounting Controls and Procedures .....	41
9.    Sheriff Accounting Controls and Procedures .....	42
10.   Assessor Accounting Controls and Procedures .....	43
11.   Public Administrator Procedures .....	44
Follow-Up on Prior Audit Findings.....	46-51
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information.....	53-56

FINANCIAL SECTION

State Auditor's Reports



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

INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS

To the County Commission  
and  
Officeholders of Schuyler 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 Schuyler County, Missouri, as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Schuyler County, Missouri, as of December 31, 2006 and 2005, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Schuyler County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2006 and 2005, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 3, 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.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Schuyler County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Susan Montee, CPA  
State Auditor

April 3, 2008

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Julie M. Moore
Audit Staff:	Matthew Schulenberg Nathaniel Fast



**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 Schuyler County, Missouri

We have audited the financial statements of various funds of Schuyler County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 3, 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 Schuyler County, Missouri, we considered the county's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with applicable accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Schuyler County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended for the information and use of the management of Schuyler County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Susan Montee, CPA  
State Auditor

April 3, 2008

## Financial Statements

Exhibit A-1

SCHUYLER 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	\$ 90,403	429,364	428,506	91,261
Special Road and Bridge	443,584	768,179	839,159	372,604
Assessment	1,563	57,549	55,905	3,207
Law Enforcement Training	791	1,225	1,135	881
Prosecuting Attorney Training	172	209	379	2
Law Sales Tax	0	246,153	246,153	0
Recorder's User Fees	8,615	2,168	595	10,188
Sales Tax Trust	135,934	126,939	126,395	136,478
Prosecuting Attorney Bad Check	1,220	8,505	3,322	6,403
Sheriff's Civil Service	1,471	2,417	3,021	867
Special Election	53	17,624	17,677	0
Recorder's	4,277	1,096	1,469	3,904
County Clerk 5% Election Services	15,936	875	2,279	14,532
Senior Citizens Service	2,715	18,216	16,632	4,299
Domestic Violence	955	204	0	1,159
Collector Tax Maintenance	6,397	4,438	1,671	9,164
Sheriff's Revolving	921	52	0	973
Circuit Court Interest	728	960	0	1,688
Associate Judge Interest	193	390	0	583
Law Library	1,394	2,481	1,708	2,167
Total	\$ 717,322	1,689,044	1,746,006	660,360

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

Exhibit A-2

SCHUYLER 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	\$ 117,408	378,791	405,796	90,403
Special Road and Bridge	415,595	575,065	547,076	443,584
Assessment	4,656	52,675	55,768	1,563
Law Enforcement Training	732	1,452	1,393	791
Prosecuting Attorney Training	166	226	220	172
Law Sales Tax	1,056	264,290	265,346	0
Recorder's User Fees	7,016	1,932	333	8,615
Sales Tax Trust	133,251	131,172	128,489	135,934
Prosecuting Attorney Bad Check	887	4,138	3,805	1,220
Sheriff's Civil Service	953	3,618	3,100	1,471
Special Election	53	6,028	6,028	53
Recorder's	3,455	1,319	497	4,277
County Clerk 5% Election Services	561	20,169	4,794	15,936
Senior Citizens Service	1,760	17,988	17,033	2,715
Domestic Violence	800	155	0	955
Collector Tax Maintenance	5,264	3,602	2,469	6,397
Sheriff's Revolving	1,551	151	781	921
Circuit Court Interest	576	720	568	728
Associate Judge Interest	606	215	628	193
Law Library	532	2,397	1,535	1,394
Community Development Block Grant	1,000	0	1,000	0
Total	\$ 697,878	1,466,103	1,446,659	717,322

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

Exhibit B

SCHUYLER 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	\$ 1,877,691	1,689,044	(188,647)	1,422,547	1,466,103	43,556
DISBURSEMENTS	2,354,563	1,746,006	608,557	1,760,847	1,445,659	315,188
RECEIPTS OVER (UNDER) DISBURSEMENTS	(476,872)	(56,962)	419,910	(338,300)	20,444	358,744
CASH, JANUARY 1	716,912	717,322	410	696,868	696,878	10
CASH, DECEMBER 31	240,040	660,360	420,320	358,568	717,322	358,754
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	102,500	112,628	10,128	103,500	102,092	(1,408)
Sales taxes	125,000	122,177	(2,823)	128,000	125,660	(2,340)
Intergovernmental	19,485	12,368	(7,117)	18,580	20,208	1,628
Charges for service:	68,500	69,215	715	73,800	69,251	(4,549)
Interest	6,000	3,876	(2,124)	900	3,839	2,939
Other	6,435	5,328	(1,107)	7,135	7,377	242
Transfers in	59,389	103,772	44,383	22,959	50,364	27,405
Total Receipts	387,309	429,364	42,055	354,874	378,791	23,917
DISBURSEMENTS						
County Commissior	47,843	47,036	807	47,538	47,209	329
County Clerk	42,187	40,730	1,457	42,887	41,096	1,791
Elections	18,500	13,242	5,258	6,200	0	6,200
Buildings and grounds	41,600	32,980	8,620	39,600	35,776	3,824
Employee fringe benefit	14,300	12,458	1,842	14,750	12,657	2,093
County Treasurer	23,249	22,770	479	23,140	23,181	(41)
County Collector	40,110	38,418	1,692	39,560	38,918	642
Circuit Clerk	3,600	2,244	1,356	3,200	2,776	424
Associate Circuit Court	3,000	2,243	757	3,050	1,950	1,100
Associate Circuit (Probate)	250	196	54	250	130	120
Court administration	8,587	3,806	4,781	4,587	5,357	(770)
Public Administrator	13,750	13,432	318	14,294	14,294	0
General County Governmen	66,459	51,207	15,252	59,237	53,550	5,687
Public health and welfare service	10,860	10,567	293	11,700	11,700	0
Transfers out	142,641	128,399	14,242	122,931	108,933	13,998
Emergency Fund	11,540	8,778	2,762	10,412	8,269	2,143
Total Disbursements	488,476	428,506	59,970	443,336	405,796	37,540
RECEIPTS OVER (UNDER) DISBURSEMENTS	(101,167)	858	102,025	(88,462)	(27,005)	61,457
CASH, JANUARY 1	89,993	90,403	410	117,408	117,408	0
CASH, DECEMBER 31	(11,174)	91,261	102,435	28,946	90,403	61,457

Exhibit B

SCHUYLER 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	229,000	228,005	(995)	235,000	229,427	(5,573)
Intergovernmental	627,500	472,074	(155,426)	306,328	305,816	(512)
Charges for services	9,000	12,065	3,065	9,000	17,580	8,580
Interest	16,000	27,574	11,574	3,600	15,815	12,215
Other	5,500	2,656	(2,844)	5,800	6,427	627
Transfers in	25,805	25,805	0	0	0	0
<b>Total Receipts</b>	<b>912,805</b>	<b>768,179</b>	<b>(144,626)</b>	<b>559,728</b>	<b>575,065</b>	<b>15,337</b>
<b>DISBURSEMENTS</b>						
Salaries	210,000	172,071	37,929	200,000	177,471	22,529
Employee fringe benefit	31,500	25,860	5,640	27,000	23,534	3,466
Supplies	104,000	63,901	40,099	67,000	67,438	(438)
Insurance	15,000	13,285	1,715	15,000	13,891	1,109
Road and bridge materials	270,000	188,603	81,397	210,000	93,316	116,684
Equipment repairs	40,000	19,789	20,211	40,000	26,337	13,663
Rentals	10,000	5,439	4,561	10,000	5,355	4,645
Equipment purchases	150,000	43,562	106,438	160,000	51,562	108,438
Construction, repair, and maintenance	177,500	157,123	20,377	0	4,425	(4,425)
Other	179,789	45,754	134,035	36,288	33,383	2,905
Transfers out	59,389	103,772	(44,383)	22,959	50,364	(27,405)
<b>Total Disbursements</b>	<b>1,247,178</b>	<b>839,159</b>	<b>408,019</b>	<b>788,247</b>	<b>547,076</b>	<b>241,171</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(334,373)</b>	<b>(70,980)</b>	<b>263,393</b>	<b>(228,519)</b>	<b>27,989</b>	<b>256,508</b>
<b>CASH, JANUARY 1</b>	<b>443,584</b>	<b>443,584</b>	<b>0</b>	<b>415,595</b>	<b>415,595</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>109,211</b>	<b>372,604</b>	<b>263,393</b>	<b>187,076</b>	<b>443,584</b>	<b>256,508</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	59,563	55,874	(3,689)	60,201	51,320	(8,881)
Charges for services	850	813	(37)	1,055	801	(254)
Interest	350	445	95	150	318	168
Other	255	417	162	660	236	(424)
Transfers in	2,106	0	(2,106)	1,436	0	(1,436)
<b>Total Receipts</b>	<b>63,124</b>	<b>57,549</b>	<b>(5,575)</b>	<b>63,502</b>	<b>52,675</b>	<b>(10,827)</b>
<b>DISBURSEMENTS</b>						
Assessor	63,124	55,905	7,219	63,107	55,768	7,339
<b>Total Disbursements</b>	<b>63,124</b>	<b>55,905</b>	<b>7,219</b>	<b>63,107</b>	<b>55,768</b>	<b>7,339</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>0</b>	<b>1,644</b>	<b>1,644</b>	<b>395</b>	<b>(3,093)</b>	<b>(3,488)</b>
<b>CASH, JANUARY 1</b>	<b>1,563</b>	<b>1,563</b>	<b>0</b>	<b>4,656</b>	<b>4,656</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>1,563</b>	<b>3,207</b>	<b>1,644</b>	<b>5,051</b>	<b>1,563</b>	<b>(3,488)</b>

Exhibit B

SCHUYLER COUNTY, MISSOURI

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	315	500	185	500	513	13
Charges for service:	915	704	(211)	1,200	926	(274)
Interest	12	21	9	5	13	8
Total Receipts	1,242	1,225	(17)	1,705	1,452	(253)
<b>DISBURSEMENTS</b>						
Sheriff	2,000	1,135	865	2,400	1,393	1,007
Total Disbursements	2,000	1,135	865	2,400	1,393	1,007
RECEIPTS OVER (UNDER) DISBURSEMENTS	(758)	90	848	(695)	59	754
CASH, JANUARY 1	791	791	0	732	732	0
CASH, DECEMBER 31	33	881	848	37	791	754
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	300	195	(105)	300	220	(80)
Interest	5	14	9	0	6	6
Total Receipts	305	209	(96)	300	226	(74)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	477	379	98	400	220	180
Total Disbursements	477	379	98	400	220	180
RECEIPTS OVER (UNDER) DISBURSEMENTS	(172)	(170)	2	(100)	6	106
CASH, JANUARY 1	172	172	0	166	166	0
CASH, DECEMBER 31	0	2	2	66	172	106
<b><u>LAW SALES FUND</u></b>						
<b>RECEIPTS</b>						
Sales Taxes	125,000	122,309	(2,691)	128,000	125,662	(2,338)
Intergovernmental	1,500	643	(857)	0	1,609	1,609
Charges for service:	16,506	20,402	3,896	11,100	20,526	9,426
Other	5,500	205	(5,295)	4,200	7,560	3,360
Transfers in	114,730	102,594	(12,136)	121,495	108,933	(12,562)
Total Receipts	263,236	246,153	(17,083)	264,795	264,290	(505)
<b>DISBURSEMENTS</b>						
Sheriff	116,844	116,052	792	120,888	120,212	676
Jail	62,470	61,174	1,296	60,770	71,348	(10,578)
Prosecuting Attorney	41,142	38,613	2,529	40,636	40,614	22
Juvenile Office	9,500	5,043	4,457	10,217	7,531	2,686
Coroner	13,780	6,819	6,961	14,330	7,852	6,478
Fringe Benefits	19,500	18,452	1,048	19,000	17,789	1,211
Total Disbursements	263,236	246,153	17,083	265,841	265,346	495
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(1,046)	(1,056)	(10)
CASH, JANUARY 1	0	0	0	1,046	1,056	10
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

SCHUYLER 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>RECORDER'S USER FEES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	2,100	1,658	(442)	2,100	1,693	(407)
Interest	150	510	360	50	239	189
Total Receipts	2,250	2,168	(82)	2,150	1,932	(218)
<b>DISBURSEMENTS</b>						
Recorder	10,865	595	10,270	9,166	333	8,833
Total Disbursements	10,865	595	10,270	9,166	333	8,833
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,615)	1,573	10,188	(7,016)	1,599	8,615
CASH, JANUARY 1	8,615	8,615	0	7,016	7,016	0
CASH, DECEMBER 31	0	10,188	10,188	0	8,615	8,615
<b><u>SALES TAX TRUST FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	125,000	122,160	(2,840)	130,000	125,659	(4,341)
Interest	5,740	4,779	(961)	700	5,513	4,813
Total Receipts	130,740	126,939	(3,801)	130,700	131,172	472
<b>DISBURSEMENTS</b>						
Rock and rock hauling	108,055	108,055	0	109,748	109,748	0
Road #4	18,340	18,340	0	18,627	18,627	0
CD penalty	0	0	0	0	114	(114)
Total Disbursements	126,395	126,395	0	128,375	128,489	(114)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,345	544	(3,801)	2,325	2,683	358
CASH, JANUARY 1	135,934	135,934	0	133,251	133,251	0
CASH, DECEMBER 31	140,279	136,478	(3,801)	135,576	135,934	358
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	4,000	8,486	4,486	2,600	4,138	1,538
Other	0	19	19	0	0	0
Total Receipts	4,000	8,505	4,505	2,600	4,138	1,538
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	5,220	3,322	1,898	3,486	3,805	(319)
Total Disbursements	5,220	3,322	1,898	3,486	3,805	(319)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,220)	5,183	6,403	(886)	333	1,219
CASH, JANUARY 1	1,220	1,220	0	887	887	0
CASH, DECEMBER 31	0	6,403	6,403	1	1,220	1,219

Exhibit B

SCHUYLER 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>SHERIFF'S CIVIL SERVICE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	3,500	2,417	(1,083)	2,700	3,618	918
Total Receipts	3,500	2,417	(1,083)	2,700	3,618	918
<b>DISBURSEMENTS</b>						
Sheriff	4,971	3,021	1,950	3,600	3,100	500
Total Disbursements	4,971	3,021	1,950	3,600	3,100	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,471)	(604)	867	(900)	518	1,418
CASH, JANUARY 1	1,471	1,471	0	953	953	0
CASH, DECEMBER 31	0	867	867	53	1,471	1,418
<b><u>SPECIAL ELECTION FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	27,000	17,624	(9,376)	11,800	6,028	(5,772)
Total Receipts	27,000	17,624	(9,376)	11,800	6,028	(5,772)
<b>DISBURSEMENTS</b>						
County Clerk	27,053	17,677	9,376	11,853	6,028	5,825
Total Disbursements	27,053	17,677	9,376	11,853	6,028	5,825
RECEIPTS OVER (UNDER) DISBURSEMENTS	(53)	(53)	0	(53)	0	53
CASH, JANUARY 1	53	53	0	53	53	0
CASH, DECEMBER 31	0	0	0	0	53	53
<b><u>RECORDER'S FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	1,250	1,096	(154)	1,300	1,319	19
Total Receipts	1,250	1,096	(154)	1,300	1,319	19
<b>DISBURSEMENTS</b>						
Recorder	5,527	1,469	4,058	4,755	497	4,258
Total Disbursements	5,527	1,469	4,058	4,755	497	4,258
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,277)	(373)	3,904	(3,455)	822	4,277
CASH, JANUARY 1	4,277	4,277	0	3,455	3,455	0
CASH, DECEMBER 31	0	3,904	3,904	0	4,277	4,277
<b><u>COUNTY CLERK 5% ELECTION SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	54,350	0	(54,350)	25	19,724	19,699
Interest	450	875	425	3	445	442
Total Receipts	54,800	875	(53,925)	28	20,169	20,141
<b>DISBURSEMENTS</b>						
County Clerk	70,736	2,279	68,457	589	4,794	(4,205)
Total Disbursements	70,736	2,279	68,457	589	4,794	(4,205)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,936)	(1,404)	14,532	(561)	15,375	15,936
CASH, JANUARY 1	15,936	15,936	0	561	561	0
CASH, DECEMBER 31	0	14,532	14,532	0	15,936	15,936

Exhibit B

SCHUYLER 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>SENIOR CITIZENS FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	18,850	17,714	(1,136)	18,350	17,858	(492)
Intergovernmental	50	4	(46)	50	22	(28)
Interest	50	498	448	50	108	58
Total Receipts	18,950	18,216	(734)	18,450	17,988	(462)
<b>DISBURSEMENTS</b>						
Senior Center	12,500	12,500	0	12,500	12,500	0
Oats	4,500	3,585	915	4,500	4,518	(18)
Miscellaneous	4,165	47	4,118	3,210	15	3,195
Library	500	500	0	0	0	0
Total Disbursements	21,665	16,632	5,033	20,210	17,033	3,177
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,715)	1,584	4,299	(1,760)	955	2,715
CASH, JANUARY 1	2,715	2,715	0	1,760	1,760	0
CASH, DECEMBER 31	0	4,299	4,299	0	2,715	2,715
<b><u>DOMESTIC VIOLENCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	150	204	54	125	155	30
Total Receipts	150	204	54	125	155	30
<b>DISBURSEMENTS</b>						
Shelters	1,105	0	1,105	925	0	925
Total Disbursements	1,105	0	1,105	925	0	925
RECEIPTS OVER (UNDER) DISBURSEMENTS	(955)	204	1,159	(800)	155	955
CASH, JANUARY 1	955	955	0	800	800	0
CASH, DECEMBER 31	0	1,159	1,159	0	955	955
<b><u>COLLECTOR TAX MAINTENANCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	3,500	3,952	452	3,800	3,419	(381)
Interest	275	486	211	40	183	143
Other	0	0	0	135	0	(135)
Total Receipts	3,775	4,438	663	3,975	3,602	(373)
<b>DISBURSEMENTS</b>						
Collector	10,172	1,671	8,501	9,239	2,469	6,770
Total Disbursements	10,172	1,671	8,501	9,239	2,469	6,770
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,397)	2,767	9,164	(5,264)	1,133	6,397
CASH, JANUARY 1	6,397	6,397	0	5,264	5,264	0
CASH, DECEMBER 31	0	9,164	9,164	0	6,397	6,397

Exhibit B

SCHUYLER 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>SHERIFF'S REVOLVING FUND</u></b>						
RECEIPTS						
Charges for service:	200	0	(200)	1,640	124	(1,516)
Interest	40	52	12	10	27	17
Total Receipts	240	52	(188)	1,650	151	(1,499)
DISBURSEMENTS						
Sheriff	1,161	0	1,161	1,647	781	866
Total Disbursements	1,161	0	1,161	1,647	781	866
RECEIPTS OVER (UNDER) DISBURSEMENTS	(921)	52	973	3	(630)	(633)
CASH, JANUARY 1	921	921	0	1,551	1,551	0
CASH, DECEMBER 31	0	973	973	1,554	921	(633)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Charges for service:	0	510	510	0	270	270
Interest	500	450	(50)	200	450	250
Total Receipts	500	960	460	200	720	520
DISBURSEMENTS						
Circuit Clerk	1,100	0	1,100	568	568	0
Total Disbursements	1,100	0	1,100	568	568	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(600)	960	1,560	(368)	152	520
CASH, JANUARY 1	728	728	0	576	576	0
CASH, DECEMBER 31	128	1,688	1,560	208	728	520
<b><u>ASSOCIATE JUDGE INTEREST FUND</u></b>						
RECEIPTS						
Interest	200	390	190	65	215	150
Total Receipts	200	390	190	65	215	150
DISBURSEMENTS						
Associate Division Clerk	393	0	393	671	628	43
Total Disbursements	393	0	393	671	628	43
RECEIPTS OVER (UNDER) DISBURSEMENTS	(193)	390	583	(606)	(413)	193
CASH, JANUARY 1	193	193	0	606	606	0
CASH, DECEMBER 31	0	583	583	0	193	193
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for service:	2,300	2,415	115	1,900	2,379	479
Interest	15	66	51	0	18	18
Total Receipts	2,315	2,481	166	1,900	2,397	497
DISBURSEMENTS						
Associate Judge	3,709	1,708	2,001	2,432	1,535	897
Total Disbursements	3,709	1,708	2,001	2,432	1,535	897
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,394)	773	2,167	(532)	862	1,394
CASH, JANUARY 1	1,394	1,394	0	532	532	0
CASH, DECEMBER 31	0	2,167	2,167	0	1,394	1,394

Notes to the Financial Statements

SCHUYLER COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

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

B. Basis of Accounting

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

C. Budgets and Budgetary Practices

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

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Community Development Block Grant Fund for the year ended December 31, 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>
Sales Tax Trust Fund	2005
Prosecuting Attorney Bad Check Fund	2005
County Clerk 5% Election Services Fund	2005

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the General Revenue 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.

The county's published financial statements for the years ended December 31, 2006 and 2005, included all funds presented in the accompanying financial statements.

However, the county's published financial statements for the years ended December 31, 2006 and 2005, did not disclose the source of revenues and disbursement detail by vendor for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2006 and 2005
Special Road and Bridge Fund	2006 and 2005
Assessment Fund	2006 and 2005
Law Enforcement Training Fund	2006 and 2005
Prosecuting Attorney Training Fund	2006 and 2005
Law Sales Fund	2006 and 2005
Recorder's User Fees Fund	2006 and 2005
Sales Tax Trust Fund	2006 and 2005
Prosecuting Attorney Bad Check Fund	2006 and 2005
Sheriff's Civil Service Fund	2006 and 2005
Special Election Fund	2006 and 2005
Recorder's Fund	2006 and 2005
County Clerk 5% Election Services Fund	2006 and 2005
Senior Citizens Fund	2006 and 2005
Domestic Violence Fund	2006 and 2005
Collector Tax Maintenance Fund	2006 and 2005
Sheriff's Revolving Fund	2006 and 2005
Circuit Clerk Interest Fund	2006 and 2005
Associate Judge Interest Fund	2006 and 2005
Law Library Fund	2006 and 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 depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Schuyler 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. Property Taxes

Through December 31, 2006, Schuyler County collected \$10,632 in excess property taxes. Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Schuyler County voters enacted a half cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

Schedule

SCHUYLER COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2006 AND 2005

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

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

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

Because Schuyler County, Missouri, 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.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the financial statements of various funds of Schuyler County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 3, 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 Responses. These MAR findings resulted from our audit of the financial statements of Schuyler County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*. Schuyler County's responses to the findings also are presented in this MAR. We did not audit the county's responses and, accordingly, we express no opinion on them.

**1.****Budgets and Published Financial Statements**

Budgetary and financial statement procedures are in need of improvement. While budgets prepared for some county funds contained unreasonable estimates, the County Commission budgeted a deficit balance for the General Revenue Fund. Some receipts and disbursements were not appropriately classified in the county's budgets and the county's annual published financial statements did not include the detailed information required by state statute.

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

1. The approved budget document did not adequately project anticipated disbursements and the ending cash balance of the Special Road and Bridge Fund for the years ended December 31, 2006 and 2005. Disbursements were significantly overestimated in the Special Road and Bridge budget, and as a result the actual ending cash balance was much higher than the projected ending balance, as follows:

	Year Ended December 31,	
	2006	2005
Budgeted disbursements	\$1,247,178	\$788,247
Actual disbursements	839,159	547,076
Budgeted over actual disbursements	408,019	241,171
Projected ending cash balance	109,211	187,076
Actual ending cash balance	372,604	443,584
Actual over projected ending cash balance	263,393	256,508

While the Special Road and Bridge Fund had the largest overestimate, several other funds were also overestimated. The County Clerk stated that for the Recorder's User Fees Fund, the Recorder's Fund, the Collector's Tax Maintenance Fund, and the County Clerk's 5% Election Services Fund, the officials were told to budget the balance in the fund, so that if the official needed to purchase an item, the money would be budgeted.

Failure to approve a realistic budget and monitor the budget to actual data reduces the effectiveness of the budget as a management tool. Prudent fiscal management of county funds should include setting aside reasonable, but not excessive, amounts of operating reserves to be used in future years or to be available for emergencies.

For the budget documents to be of maximum assistance to the County Commission and to adequately inform county residents of the county's

operation and current financial condition, the budgets should reflect reasonable estimates of disbursements and the anticipated ending cash balance.

2. The County Commission budgeted deficit fund balances of \$27,583, \$44,321, and \$11,174 for the General Revenue Fund in the 2008, 2007, and 2006 budgets respectively. Counties are not authorized to have deficit fund balances. Sections 50.610 and 50.740, RSMo, require balanced budgets, and Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting. When preparing county budgets, the County Commission should carefully review the summary of available resources, estimated revenues, and appropriations to ensure a balanced budget is proposed.
3. Some receipts and disbursements were not appropriately classified in the county's budgets. Budget misclassifications included inconsistent and erroneous classifications of receipts and transfers. For example, some federal and state grant reimbursement monies were classified in the Other Revenues category. As such monies are a significant source of revenue to the county, they should be appropriately classified in the county's financial statements. In addition, some loans from the Road and Bridge Fund to the General Revenue Fund were not consistently reflected between county funds. For example, while the county reflected transfers out on the Road and Bridge Fund budget, the corresponding transfers in were not properly reflected on the General Revenue Fund budget. They were erroneously reflected in the other revenue category and totaled \$92,562 for the two years ending December 31, 2006.

While these budget misclassifications do not have an effect on the overall accuracy of budget totals for receipts and disbursements, they do result in an inaccurate and inconsistent presentation of the county's financial activity.

Adjustments have been made to the audited financial statements to correct these errors. To ensure the information presented on the county's budget documents is complete and accurate, the County Clerk should perform thorough reviews and comparisons to supporting records. Such procedures are essential for communicating accurate financial data to county residents. Further, the county's budgets should include appropriate classifications of receipts and disbursements to ensure the county's financial information is properly presented and to increase the effectiveness of the budgets as management tools.

- B. The county's annual published financial statements did not include the detailed information required by state statute. Although the Road and Bridge Fund and the Sales Tax Trust Fund were presented in the published financial statements, expenditures were presented by category, while the statutes require expenditures to be presented by vendor. All of the remaining county funds were combined and

presented as one fund. For this combined fund, revenue and expenditure totals were presented by major category only. By combining this information, the county is not in compliance with state statute.

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

**WE RECOMMEND** the County Commission:

- A.1. Ensure that budgets provide reasonable estimates of anticipated financial activity.
- 2. Discontinue deficit budgeting.
- 3. And the County Clerk ensure all significant receipts, disbursements, and transfers are accurately and consistently reported in the county budget documents.
- B. Ensure all required information is presented in the county's annual published financial statements.

**AUDITEE'S RESPONSE**

- A.1. *We will try to provide more reasonable estimates.*
- 2. *We will complete the other net resources available section of the budget, which should result in a positive balance.*
- 3. *This recommendation will be implemented.*
- B. *We will check on the cost of putting the additional information in the paper. If it is not feasible, we will continue with what we are currently doing.*

**2.**

**Financial Condition**

The financial condition of the General Revenue Fund is deteriorating. The cash balance of the fund was \$81,417, \$91,261, \$90,403, and \$117,408 at December 31, 2007, 2006, 2005, and 2004, respectively. However, these balances would have been much lower if the General Revenue Fund had not borrowed from the Special Road and Bridge Fund. As of December 31, 2007, 2006, 2005, and 2004, the General Revenue Fund owed the Special

Road and Bridge Fund \$60,227, \$67,023, \$25,539, and 0, respectively. In addition, the county has a \$12,588 liability related to excess sales taxes collected as of December 31, 2007. (See MAR No. 6.) As a result, the county is required to roll property taxes back adequately to meet this sales tax reduction requirement.

It is essential that the County Commission address the situation both in the immediate and long-term future. To improve the financial condition of the county, the County Commission should review disbursements and reduce discretionary spending where possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize receipts from all sources.

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

**AUDITEE'S RESPONSE**

*The county is trying to pass an additional one half cent sales tax for the General Revenue Fund in the August election.*

<b>3. County Property Records and Procedures</b>
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Procedures and records to account for county property are not adequate and records of fuel usage for road and bridge vehicles and equipment are not adequately reviewed.

- A. The County Clerk is responsible for maintaining overall county property records; while each county department is responsible for performing annual physical inventories and submitting property listings to the County Clerk. However, the county's overall procedures are not sufficient and county property records are not complete.

The former County Clerk had not updated the fixed asset listing since 2000. Although the current County Clerk requested that each official prepare a listing of county property in January 2007, these reports were not used to monitor property additions or dispositions. The County Clerk has no procedures to identify property purchases throughout the year and has not updated the overall county property record. In addition, tags identifying property items as county property are not being assigned and affixed to the items.

This lack of monitoring or involvement by the County Clerk diminishes the benefit of periodic reporting by the various other county departments, and increases the possibility of theft occurring without detection. In addition, property items could be

purchased or disposed of without proper modifications to the county's insurance coverage.

- B. Records of fuel usage for road and bridge vehicles and equipment are not adequately reviewed.

During the two years ended December 31, 2006, the county expended about \$111,205 for fuel and oil for approximately seven pickups and dump trucks and a number of graders, tractors, loaders, etc., used by the Road and Bridge Department. Road and Bridge Department employees dispense fuel into the equipment and vehicles from fuel tanks located at various sites in the county. Employees record the date, employee name, vehicle description, gallons pumped, and odometer readings on logs maintained at the sites. Each month, the vendor sends the county a billing and a delivery ticket for each time the vendor filled the bulk fuel tanks. However, a complete inventory record of bulk fuel showing purchases, usage, and fuel on hand is not maintained.

The fuel usage logs are not routinely reviewed by the road and bridge supervisor or County Commission. Periodic reconciliations of the fuel usages and purchases to the calculated fuel on hand are not performed.

The failure to compare log information to vendor billings and analyze vehicle mileage as compared to gas usage, increases the possibility the county may pay improper billing amounts and theft or misuse of fuel could occur. Effective monitoring procedures which include reviews of vehicle expense logs and comparison of log information to fuel purchases and other maintenance charges, are necessary to prevent paying vendors for improper billing amounts and decrease the risk of theft or misuse of fuel or other maintenance items occurring without being detected.

**WE RECOMMEND** the County Commission:

- A. And the County Clerk work with the other county departments to ensure annual physical inventories are performed and reports submitted, utilize the reports to monitor property additions and dispositions, and implement a procedure for tracking and tagging new property items throughout the year.
- B. Ensure vehicle expense log information is compared to vendor billings, and vehicle fuel usage and maintenance costs are analyzed for reasonableness.

**AUDITEE'S RESPONSE**

- A. *We will set a threshold amount for county property. In addition, we will continue to improve the inventory process.*

B. *We will try to implement this recommendation.*

<b>4. County Disbursements</b>
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The county does not have adequate procedures regarding the procurement of major purchases and professional services. The county's procedures regarding the approving and paying of invoices is lacking. Furthermore, reimbursement requests submitted by the Sheriff only indicate the total number of miles driven per month and do not include other necessary details.

A. The county did not always solicit bids, or bid documentation was not always retained for various purchases made during the audit period. Although the county pays annual insurance premiums of \$32,000, the county has not solicited bids for insurance since 2000. In addition, bids were not solicited or properly documented for the publication of plat books costing \$6,278.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500, (revised to \$6,000 in 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.

B. The county does not always solicit proposals or retain documentation of proposals for engineering services. The county has conducted several major bridge projects in recent years. The County Commission indicated that multiple engineering firms are generally considered, but they normally utilize the same engineering firm because of their prior experience with the firm. The county's selection process and criteria were not documented in the commission meeting minutes or in the proposal files. As a result, there was no evidence that the best qualified firm was selected for engineers' fees totaling approximately \$12,770 during 2006.

Section 8.285, RSMo, requires political subdivisions of the state of Missouri to negotiate contracts for engineering services on the basis of demonstrated competence and qualifications for the type of services required and at fair and reasonable prices. Sections 8.289 and 8.291, RSMo, specify that at least three firms should be considered when obtaining engineering services, and provide criteria to be used when evaluating the various firms.

C. The county's procedures for approving and paying invoices should be improved.

1. The county's accounts payable process does not provide adequate controls to ensure that goods and services have been received prior to payment. The County Commission approved some payments to vendors without requiring the officeholder or employee to acknowledge receipt of goods or services. For example, the county purchased software for the Assessor's office and bridge steel without indication of receipt of goods by the applicable party.

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

2. The following transactions were made with no contract and for which the county performed no monitoring and required no information from the political subdivisions to document the actual use of the monies:

- The county paid approximately \$49,000 in total during 2006 and 2005 to the following towns: Lancaster, Downing, Queen City, and Greentop. The payments represent a portion of the county's road and bridge levy and are allocated based upon the cities' assessed valuations.
- The county also passed through grant monies (Emergency Shelter) of approximately \$15,000 in total during 2006 and 2005 to the NorthEast Missouri Community Action Agency.

Written contracts are necessary to specify the services to be performed and consideration to be paid for the services and provide a means for the county to monitor compliance with the terms of the agreement. Failing to adequately monitor these political subdivisions could result in monies not being spent for the intended purpose.

D. Reimbursement requests submitted by the Sheriff only indicate the total number of miles driven per month and do not include other necessary details.

The Sheriff and his two deputies each receive a mileage allowance of \$750 (2000 miles X .375) per month for use of their personal vehicles for county business. The County Clerk indicated the mileage rate was established several years ago based upon the IRS rate in effect at the time; however, the county's mileage rate has not changed. The Sheriff and the deputies are required to submit mileage reimbursement requests for this allowance. While the two deputies maintain detailed mileage records and turn them in with a request for reimbursement each month, the Sheriff does not.

The Sheriff's reimbursement is not detailed and states a flat 2,000 miles were driven during the month. However, this mileage allowance is not included on the Sheriff's W-2 form at year end.

IRS Regulations 1.62-2(h) and 31.3401(a)-4(b) specifically require employee business expenses not accounted for to the employer to be considered gross income and payroll taxes to be withheld from the undocumented payments. Procedures have not been established to ensure that IRS regulations are followed. As a result, the county may be subject to penalties and/or fines for failure to report all taxable benefits.

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

**WE RECOMMEND** the County Commission:

- A. Solicit bids for all items in accordance with Section 50.660, RSMo. Documentation of bids solicited and justification of bid awards should be retained by the County Clerk. If it is not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented.
- B. Ensure that professional services are obtained through a competitive selection process and documentation of the process is maintained.
- C.1. Establish effective expenditure review procedures to ensure payments are only made for legitimate goods and services.
  - 2. Enter into written contracts, require financial reports, and adequately monitor the reports from these political subdivisions.
- D. Require mileage logs that show the actual miles driven or ensure that the mileage allowance is included on the Sheriff's W-2 forms in compliance with IRS reporting requirements. In addition, periodically review the actual miles, and ensure that the Sheriff and the deputies are not receiving mileage for more miles than what they actually drove.

**AUDITEE'S RESPONSE**

- A. *Bids were taken for the software, but documentation could not be located. In the future, documentation will be maintained.*
- B. *We will implement this recommendation.*
- C.1. *We have already implemented this recommendation.*

2. *We will require financial reports in the future. In addition, we will maintain copies of the contracts with the political subdivisions.*

*D. We will implement this recommendation.*

<b>5. Payroll Records and Procedures</b>
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Time sheets are not prepared by some county employees. With the exception of the Road and Bridge Department, the County Clerk's office does not maintain centralized records of leave or compensatory balances or the associated liabilities.

During the two years ended December 31, 2006, Schuylter County expended over \$1,172,000 for payroll costs. The County Commission is responsible for approving payroll related expenditures, and the County Clerk is responsible for maintaining adequate records to support these expenditures.

- A. Time sheets are not prepared by county employees, other than dispatchers and road and bridge employees. The payroll clerk pays employees that do not submit time sheets the same amount each pay period unless told otherwise. Some sheriff's department employees are salaried and work overtime, however, no record is maintained of the overtime worked.

Detailed time sheets document hours actually worked; provide information necessary to monitor overtime worked, leave and compensatory time usage and balances; and, are beneficial in demonstrating compliance with county policy and federal Fair Labor Standards Act (FLSA) requirements. Time sheets should be signed by all employees, verified for accuracy, approved by the applicable supervisor, and filed with the County Clerk's office.

- B. With the exception of the Road and Bridge Department, the County Clerk's office does not maintain centralized records of leave or compensatory balances or the associated liabilities. The County Clerk indicated these records are maintained by each individual office but our review noted that some offices, including the Collector, Assessor, County Clerk and Prosecuting Attorney, are not maintaining those records.

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).

**WE RECOMMEND** the County Commission:

- A. Require all county employees to prepare time sheets. These time sheets should be prepared and signed by the employee, approved by the applicable supervisor, and filed with the County Clerk.
- B. Require leave and compensatory records be maintained for all county employees. These leave and compensatory records should be filed with the County Clerk and should be reviewed for accuracy and potential liability. In addition, the County Commission should ensure leave and compensatory time records are supported by time sheets.

**AUDITEE'S RESPONSE**

*We will take these recommendations under advisement.*

**6.**

**County Sales Tax**

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

For 2007, 2006 and 2005, the county set the property tax rate without calculating the required rollback. The county has not adopted adequate procedures to monitor or assess the results of the actual tax rollbacks, and has not adequately considered the excess tax collections from prior years when computing the current year's rollback. As a result, property tax collections were not sufficiently offset by 50 percent of sales taxes collected, resulting in excess collections of \$10,632 at December 31, 2006. This liability increased to \$12,588 at December 31, 2007. The County Commission was aware that the tax levy reductions were less than required in those years; however, the County Commission believed they could not reduce the levies further due to the poor financial condition of the General Revenue Fund. The county needs to consider the entire amount of this excess in collections when computing future property tax rollbacks.

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

**AUDITEE'S RESPONSE**

*If the additional general revenue sales tax passes, we will take care of this sales tax liability.*

Policies and procedures over the sale of materials are not adequate and inventory records of materials are not maintained. The county purchased road and bridge materials totaling approximately \$282,000 during the two years ended December 31, 2006. These materials, some of which are resold to the public or other governmental entities, included things such as rock, concrete, bridge steel, and culverts.

- A. The county has not adopted formal policies and procedures over the sale of rock and culverts to the public and other governmental entities. The county received approximately \$28,000 from these sales during the two years ended December 31, 2006. Usually rock purchased by the public is put on county roads under a cost-sharing program while culverts are usually purchased by individuals for private purposes or purchased by other governmental entities.

A bill of sale may not always be prepared for each sale and a bill of sale/receipt is not required to pick-up materials from the Road and Bridge Department. A bill of sale is sometimes prepared by the County Clerk when goods are to be billed and at other times the County Treasurer will simply prepare a receipt slip if payment is made in advance. In addition, sometimes the purchaser comes to the county courthouse to make these arrangements prior to picking up the materials, and other times they pick up materials first at the Road and Bridge Department and the County Clerk sends them a bill. As a result of this lack of formal and consistent policies and procedures, the county does not have one complete record of all sales. In addition, the county has little assurance that all materials picked up from the Road and Bridge Department will be billed or were paid in full. Our review also noted that the county does not collect sales taxes on applicable sales made for private purposes.

Failure to adopt formal policies and procedures over sales to the public could result in lost revenues. The county should develop consistent procedures whereby all sales must be approved in the County Clerk's office and supported by a bill of sale (whether paid in advance or to be billed later) prior to the release of materials by the Road and Bridge Department.

- B. The Road and Bridge Department does not maintain a perpetual inventory record of all construction materials. The county maintains a stockpile of culverts for its own use and for sale to the public. Once a year the Road and Bridge Department performs an inventory of the culverts on hand. However, a perpetual inventory record is not maintained with all culverts purchased being added and all amounts sold/used being deducted from the record. In addition, the amount of culverts on hand should be agreed to the perpetual inventory record on a periodic basis.

Adequate inventory records are necessary to secure better internal controls and safeguard materials which are susceptible to loss or theft. The reconciliation of physical inventories to perpetual inventory records is necessary to ensure the records are accurate, identify any unrecorded additions and deletions, and detect possible loss or theft.

Similar conditions were noted in our prior report and no improvements have been made in these areas. As a result, the county may be purchasing road and bridge materials for use by individuals and not recouping the costs.

**WE AGAIN RECOMMEND** the County Commission:

- A. Develop formal policies and procedures over sales to the public. One complete record of all sales should be maintained by the county and materials should only be released after customers present proof of payment or a bill of sale approved by the County Clerk's office. Also, the county should collect sales tax on sales intended for private use.
- B. Maintain a perpetual inventory record of pertinent road and bridge materials and periodically reconcile materials on hand to these records.

**AUDITEE'S RESPONSE**

- A. *We will look into this recommendation.*
- B. *We are looking into the possibility of discontinuing these sales. If we continue the sales, then we will implement this recommendation.*

<b>8. Ex Officio Recorder of Deeds Accounting Controls and Procedures</b>
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The Ex Officio Recorder of Deed's office procedures related to receipts and disbursements are in need of improvement. The Ex Officio Recorder processes approximately \$32,000 annually in fees for the recording of deeds, marriage licenses, and certified copies.

- A. Monies received are not always deposited intact. Some monies received are held from the deposits to make change and purchase postage. When tracing manual receipt slips to the Ex Officio Recorder's ledger and deposit slips, we noted four instances, totaling \$39, where the monies were not posted to the ledger or deposited. The Ex Officio Recorder indicated that these monies must have been placed in the change fund.

If a change fund is needed, it should be set at a constant amount and a procedure established to reconcile to this amount every time a deposit is made.

If a petty cash fund is needed, it should be kept on an imprest basis (meaning the fund should be maintained at a constant predetermined balance, and the cash on hand plus the total of paid invoices or vouchers should always equal the predetermined balance) and all reimbursements should be supported by vendor invoices or other documentation. In addition, the clerk should maintain a petty cash ledger documenting receipts, disbursements, and the balance of the petty cash fund and retain documentation to support disbursements of the fund.

Section 50.370, RSMo, requires county officials to file a report with the county commission and pay monies received for official services to the county treasurer monthly. It also provides that the officials are liable for monies collected but not accounted for and paid into the county treasury as required.

- B. Prenumbered receipt slips are not issued for some recording fees received. Receipt slips are only issued for cash receipts. In addition, the numerical sequence of receipt slips is not accounted for and the composition of receipt slips issued is not reconciled to the composition of deposits. The Circuit Clerk and Ex Officio Recorder also issues circuit court receipts from the same receipt slip book, making it more difficult to account for receipts. Without issuing and accounting for prenumbered receipt slips for all monies collected, the Ex Officio Recorder cannot ensure all monies collected are ultimately recorded and deposited.

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

- A. Deposit all monies intact on a timely basis. Re-evaluate the need for a petty cash fund. If it is determined to be needed, it should be maintained on an imprest basis. In addition, a change fund should be maintained at a constant amount.
- B. Maintain a separate receipt slip book for the Recorder's office receipts. Require prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. In addition, ensure the composition of receipt slips is reconciled to deposits.

**AUDITEE'S RESPONSE**

- A. *We are now comparing the receipt slips issued to the ledger and the deposit. The change fund is kept at a constant amount.*
- B. *We obtained a new receipt slip book that is used just for recorder's monies. We issue receipt slips for all copies and certified copies and all cash receipts. Receipt slip numbers are accounted for and the composition is reconciled.*

Sheriff procedures related to accounting duties, processing of monies, and bank reconciliations are in need of improvement. The Sheriff's Office processes approximately \$10,000 annually in civil fees, concealed weapon permits, bonds, summons fees, and general receipts.

- A. Cash custody and accounting duties have not been adequately segregated in the Sheriff's Office. One clerk collects monies, records transactions, prepares deposits, and prepares bank reconciliations. The Sheriff indicated he reviews the accounting records and reconciliations, but does not document his review.

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

- B. Receipt procedures are in need of improvement. The numerical sequence of receipt slips is not accounted for. In addition, the method of payment is not always noted on receipt slips and the composition of receipt slips issued is not reconciled to the composition of deposits.

To adequately account for collections and reduce the risk of loss or misuse of funds, prenumbered receipt slips should indicate the method of payment (i.e., cash, checks, or money orders), the receipt slip numbers should be accounted for, and the composition should be reconciled to the bank deposits.

- C. Although bank reconciliations are prepared, the bank reconciliations are not complete and the bank balance is not reconciled to a monthly listing of open items (liabilities). The reconciled bank balance was \$1,183 and the book balance was \$1,174. Differences on the bank reconciliation are not investigated and clearly documented. In addition, the Sheriff's Office should disburse all monies monthly, which would result in a book balance of -0-, however, the Sheriff's Office had not prepared a listing of liabilities related to the reconciled bank balance. Upon our request, a listing of open items (liabilities) was prepared, and included inmate monies from a 1997 police investigation, a bond received during 2000, and mileage reimbursements received from the courts for summonses served by the Sheriff and deputies during 2005, 2004, and 2003. The mileage reimbursements were paid to the Sheriff and deputies in February 2008.

Complete and accurate bank reconciliations are necessary to ensure bank activity and records are in agreement and to detect and correct errors timely. In addition, reconciling the balances to an open items listing is necessary to ensure underlying

records are in balance and that sufficient cash is available to pay all liabilities. Monies should be disbursed monthly, and any old open items should be investigated and disposed of in accordance with state law.

**WE RECOMMEND** the Sheriff:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Account for the numerical sequence of receipt slips. In addition, ensure the method of payment is recorded on the receipt slips and the composition of receipt slips is reconciled to deposits.
- C. Ensure bank reconciliations are complete and accurate. In addition, fees should be disbursed on a monthly basis and open items listings should be prepared monthly and reconciled to the account balances. The Sheriff should investigate any unidentified monies or shortages.

**AUDITEE'S RESPONSE**

- A. *I will periodically review the bank reconciliations, deposits, and disbursements. In addition, I will document my review.*
- B. *We will implement this recommendation.*
- C. *We will turn the unclaimed monies over to the County Treasurer. In addition, we will ensure the bank reconciliations are complete and accurate to the best of our ability.*

**10.**

**Assessor Accounting Controls and Procedures**

The Assessor's Office transmits monies on a monthly basis to the County Treasurer from the sale of maps and photocopies. Prenumbered receipt slips are not issued for some monies received. Receipt slips are only issued upon request, and are issued from the County Treasurer. In addition, receipts are not maintained in a secure location; rather, receipts are kept in the Assessor's unlocked desk drawer.

Without issuing and accounting for prenumbered receipt slips for all monies collected, the Assessor cannot ensure all monies collected are ultimately recorded and transmitted. In addition, to adequately safeguard receipts, all monies should be maintained in a secure location.

While the amount of receipts collected is not real significant, the amount of receipts fluctuates, and the Assessor's office needs to improve its records and procedures to ensure that all receipts are properly handled.

**WE RECOMMEND** the Assessor issue official prenumbered receipt slips for all monies collected. In addition, monies should be maintained in a secure location until they are transmitted to the County Treasurer.

**AUDITEE'S RESPONSE**

*In most cases, monies are paid directly to the County Treasurer. However, we have started recording the monies received in the Assessor's office.*

<b>11. Public Administrator Procedures</b>
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The Public Administrator is the court appointed personal representative for wards of the court. He is responsible for properly receiving, disbursing, and accounting for the assets of those individuals. During the two years ended December 31, 2006, the Public Administrator had responsibilities for approximately fourteen wards. Of these wards, one had assets exceeding approximately \$125,000, two had assets ranging between \$20,000 and \$30,000, and the remaining wards had assets ranging from approximately \$250 to \$6,500.

Since taking office in January 2005, the current Public Administrator has not withheld any fees from estates. The prior Public Administrator collected fees totaling approximately \$3,600 for the two years ending December 31, 2004.

The Associate Circuit Judge indicated that it is the court's intent that the current Public Administrator account for time spent on tasks for the various wards and provide this document for the court's approval so that fees can be assessed, if appropriate. Given the current circumstances, the county is not recouping any of the Public Administrator's salary costs. Section 473.742, RSMo, provides that all fees collected by a Public Administrator who elects to be salaried are to be deposited in the county treasury.

**WE RECOMMEND** the Public Administrator work with the Associate Circuit Judge to ensure appropriate fees are assessed to cases and transmitted to the county treasury.

**AUDITEE'S RESPONSE**

*The Associate Circuit Judge provided the following response:*

*It would be appropriate now and in the future to collect fees on those few decedents' and conservatorship estates administered by the Public Administrator where there are assets available.*

*The Public Administrator provided the following response:*

*If it is at all possible, I will try to recoup some fees from the wards. I will work with the Judge on a case by case basis to determine the fees.*

## Follow-Up on Prior Audit Findings

SCHUYLER COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Schuyler County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2002. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Budgets and Financial Statements

- A. The county's budgets and published financial statements had reported only the original principal amounts, excluding interest earned on certificates of deposits.
- B. A Community Development Block Grant bank account held by the County Treasurer, with a balance of \$1,000 had not been included on the county's budget or published financial statements.
- C. The county did not include a \$9,870 receipt from a Federal Emergency Management Agency (FEMA) grant and subsequent disbursement to a Special Road District in their financial statements.

Recommendation:

The County Commission ensure all applicable cash, receipt and disbursement transactions are recorded on the budgets and published financial statements. In addition, the commission should require that an investment ledger be maintained. An investment ledger should include certificate and/or account number, interest rate, date of purchase and maturity, as applicable, interest amounts earned, institution with whom the investment is made, and the fund to which the investment applies.

Status

A&C. Implemented.

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

2. Road and Bridge

- A. Invoices and delivery tickets received by the Road and Bridge Department were not always forwarded to the County Clerk for comparison to the billing statements, which were approved and used as the basis for payment. In addition, invoices usually did not contain documentation of the receipt of the goods or services.
- B. The county had not adopted formal policies and procedures over the sale of rock and culverts to the public and other governmental entities.
- C. The county did not maintain perpetual inventory records of pertinent road and bridge materials and fuel. In addition, they did not perform a physical inventory of the applicable materials and fuel.

Recommendation:

The County Commission:

- A. Ensure all invoices document the receipt of goods and services. In addition, ensure all invoices received by the Road and Bridge Department are forwarded to the County Clerk for comparison to billing statements prior to payment.
- B. Develop formal policies and procedures over sales to the public. One complete record of all sales should be maintained by the county and materials should only be released after customers present proof of payment or a bill of sale approved by the County Clerk's office. Also, the county should collect sales tax on sales intended for private use.
- C. Maintain a perpetual inventory record of pertinent road and bridge materials and fuel and periodically perform a physical inventory of the applicable materials and fuel.

Status:

- A. Partially implemented. The Road and Bridge Department does forward all invoices to the County Clerk for comparison to the billing statements, but they do not document the receipt of goods and services on the invoices. See MAR finding number 4.

B&C. Not implemented. See MAR finding number 7.

3. Policies and Procedures

- A. The county did not always solicit bids for various purchases. In addition, the minutes did not adequately document some bid information, such as reasons for accepting bids other than the lowest bid, sole source procurement situations, and

efforts to solicit bids.

- B. The county did not obtain information required by state law for engineering services related to bridge project number 14. Instead, the county had contracted with an engineering firm that had performed work on previous projects for the county.
- C. The county did not obtain contracts for several transactions, and had performed no monitoring and required no information from the political subdivisions.
- D. While the County Clerk had maintained an inventory listing of fixed assets held by the county officials, the fixed asset listings had not been updated, nor had a physical inventory been completed, since 2000.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases 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.
- B. Obtain a statement of qualifications and performance data from at least three engineering firms before contracting for these services.
- C. Enter into written contracts, require financial reports, and adequately monitor the reports from these political subdivisions.
- D. Establish a written policy related to the 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 receipts.

Status:

- A-C. Not implemented. See MAR finding number 4.
- D. Not implemented. See MAR finding number 3.

4. Officials' Salaries

- A. Based on a Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling \$5,372 for the two years ended December 31, 2000, should be repaid.
- B. The County Treasurer's salary was increased \$5,731 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held in October 2002 approved this increase. Without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer was in accordance with state law.

Recommendation:

The County Commission:

- A. Review the impact of the decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.

Status:

- A. Partially implemented. The County Commission made the decision that they would not pursue reimbursement of these funds from the associate commissioners because the salary commission acted in good faith in compliance with the state law and the intent of the legislature when making the decision to approve the mid-term increase. In addition, the County Commission obtained a Prosecuting Attorney's opinion that stated that they were in compliance with state law at the time the decision was made.
- B. Implemented. The County Commission obtained a Prosecuting Attorney's opinion that stated that they were in compliance with state law at the time the decision was made.

5. Senior Citizens Service Board

- A. The board had not entered into written contracts with the Schuyler County Council on Aging (SCCA) and the Schuyler County Library as required by Section 432.070, RSMo.
- B. The board did not adequately monitor monies provided to the SCCA and Older Adults Transportation Service Incorporated (OATS).

Recommendation:

The Senior Citizen Board of Directors:

- A. Enter into written contracts with all entities which receive funding from the board.
- B. Require and periodically review records of services provided to residents of Schuyler County. At a minimum, the records should contain the names of citizens participating in the program, the services provided, and the cost of each service.

Status:

- A. Partially implemented. The Senior Citizen Board of Directors no longer performs business with the SCCA. However, the board does not have a contract with the Nutrition Site or the Schuyler County Library. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

6. Health Center

The health center was not included in the scope of the current Schuyler County audit pursuant to Attorney General's Opinion No. 87, 2007 to Montee.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

SCHUYLER COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1845, the county of Schuyler was named after Phillip Schuyler, a Revolutionary War general. Schuyler County is a county-organized, third-class county and is part of the First Judicial Circuit. The county seat is Lancaster.

Schuyler 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 340 miles of county roads and 83 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 4,979 in 1980 and 4,170 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	\$	20.8	20.2	19.7	19.2	16.2	9.1
Personal property		10.9	10.6	10.1	10.2	4.6	3.9
Railroad and utilities		5.6	6.0	5.9	5.8	6.8	6.1
Total	\$	37.3	36.8	35.7	35.2	27.6	19.1

\* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2006	2005	2004	2003
General Revenue Fund	\$	.3300	.3300	.2900	.2900
Special Road and Bridge Fund *		.2600	.2600	.2600	.2600
Common Road District		.5000	.5000	.5000	.5000
Senior Services		.0500	.0500	.0500	.0500

\* 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	\$ 11,046	10,344	10,494	10,254
General Revenue Fund	119,786	111,292	99,953	97,987
Special Road and Bridge Fund	99,589	92,668	94,088	91,123
Assessment Fund	29,584	28,226	26,549	21,607
Health Center Fund	90,452	83,486	61,383	50,692
School districts	995,378	923,614	942,352	922,481
Library district	54,552	50,907	51,697	50,543
Ambulance district	109,090	101,777	103,381	101,358
Surtax	19,154	17,819	18,597	18,027
Road District #4	172,879	161,696	164,027	160,669
Nursing Home	54,552	50,907	51,704	50,692
Senior Citizen Service	18,185	16,986	17,243	16,906
School District Bond Debt Service	280,014	261,206	265,343	260,149
City Utilities	12,254	10,316	11,404	14,496
Cities	43,813	42,222	41,161	37,445
County Clerk	631	788	752	752
County Employees' Retirement	12,608	11,035	8,869	7,807
Tax Maintenance	4,079	3,853	3,815	3,308
Others	5,348	3,562	624	396
Commissions and fees:				
County Collector	1,321	1,289	1,205	1,148
County Commissions	42,679	41,685	39,993	38,930
Total	\$ 2,176,994	2,025,677	2,014,634	1,956,770

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2007	2006	2005	2004	
Real estate	92.2	92.0	92.8	92.3	%
Personal property	89.2	89.6	90.0	89.6	
Railroad and utilities	100.0	82.8	100.0	100.0	

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

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ .005	N/A	50	%
Special Road and Bridge	.005	2008	None	
Law Enforcement	.005	N/A	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:						
Robert G. Aldridge, Presiding Commissioner	\$	16,546	16,546	16,546	16,546	16,546
Jim Werner, Associate Commissioner		14,546	14,546	14,546	14,546	14,546
Jaye Baxter, Associate Commissioner		14,546	14,546	14,546	14,546	14,546
Bree Shaw, County Clerk		22,040				
Doyle Talbert, County Clerk			22,040	22,040	22,040	22,040
Brenda Swedberg, Prosecuting Attorney		28,120	28,120	28,120	28,120	28,120
Donald Bruner, Sheriff		27,360	27,360	27,360	27,360	27,360
Karmen Buckallew, County Treasurer		22,040	22,040	22,040	22,040	22,040
Douglas B. Norman, County Coroner		6,080	6,080	6,080	6,080	6,080
Ronald L. Morgan, Public Administrator		11,400	11,400	11,400		
Patricia Swedberg, Public Administrator					11,400	11,400
Kathy Roberts, County Collector (1), year ended February 28 (29),		23,361	23,329	23,245	23,188	23,178
Gary Stump, County Assessor (2), year ended August 31,		22,556	22,728	22,748	22,839	22,940

(1) Includes \$1,321, \$1,289, \$1,205, \$1,148 and \$1,138 of commissions earned for collecting city property taxes in 2007, 2006, 2005, 2004, and 2003, respectively.

(2) Includes \$516, \$688, \$708, \$799 and \$900 annual compensation received from the state in 2007, 2006, 2005, 2004, and 2003, respectively.

State-Paid Officials:

Judy Keim, Circuit Clerk and Ex Officio Recorder of Deeds		49,470	48,500	47,850	47,300
Steven Willcox, Associate Circuit Judge		96,000	96,000	96,000	96,000