



Susan Montee, JD, CPA
Missouri State Auditor

Linn County



April 2009
Report No. 2009-34

auditor.mo.gov



Office of the
Missouri State Auditor
Susan Montee, JD, CPA

April 2009

The following findings were included in our audit report of Linn County.

The County Commission occasionally held closed meetings without maintaining minutes and the open meeting minutes did not always include required information related to closed meetings. The county policy regarding public access to county records is not in compliance with state law.

The road and bridge department and the coroner do not maintain vehicle mileage or equipment usage logs, fuel usage logs, or maintenance logs for their vehicles and other equipment. Fuel purchases are not reconciled to fuel usage logs by the Sheriff's department and juvenile office.

Several items relating to the Circuit Clerk's office were noted in previous audit reports. The Circuit Clerk's procedures related to manually prepared receipts are not adequate. The Circuit Clerk is not adequately monitoring accrued costs owed to the court and has not taken advantage of established debt collection programs. The Circuit Clerk has an old civil bank account which included \$1,530 from passport fees that should have been remitted to the state and the county.

The Public Administrator does not file annual settlements for his estates in a timely manner and monthly bank reconciliations are not performed to ensure accounting records are in agreement with bank records. Receipts are not recorded in the check register and the Public Administrator does not maintain a running balance in the check register for each estate.

The Senior Citizens' Services Fund Board has not entered into written contracts as required by state statute. The two members of the board authorized to sign checks are not bonded.

The report includes findings related to segregation of accounting duties in the offices of the Circuit Judge, Prosecuting Attorney, and Sheriff. In addition, findings related to the duties of the Collector-Treasurer are included.

All reports are available on our Web site: www.auditor.mo.gov

YELLOW SHEET

LINN COUNTY

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS	4-16
<u>Number</u>	<u>Description</u>
1.	County Commission Minutes and Public Records Policy5
2.	Property Tax Controls and Procedures6
3.	Vehicle and Equipment Records and Procedures7
4.	Circuit Clerk Accounting Controls and Procedures9
5.	Circuit Judge Accounting Controls and Procedures11
6.	Prosecuting Attorney Accounting Controls and Procedures12
7.	Public Administrator Accounting Controls and Procedures13
8.	Sheriff Accounting Controls and Procedures14
9.	Senior Citizens' Services Fund Board15
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	17-19

STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Linn County

We have audited certain operations of Linn County in fulfillment of our responsibilities under Section 29.230, RSMo. In addition, Kevin G. Hudson, Certified Public Accountant, has been engaged to audit the financial statements of Linn County for the 2 years ended December 31, 2007. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2007. The objectives of our audit were to:

1. Determine if the county has adequate internal controls over significant management and financial functions.
2. Determine if the county has complied with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain revenues and expenditures.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those 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. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

The accompanying Management Advisory Report presents our findings arising from our audit of Linn County.



Susan Montee, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CIA, CGFM
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Eartha Taylor, MBA, CPA Karla Swift, MBA

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

LINN COUNTY
MANAGEMENT ADVISORY REPORT
STATE AUDITOR'S FINDINGS

1. County Commission Minutes and Public Records Policy

The County Commission occasionally held closed meetings; however, minutes were not maintained for all closed sessions. The open meeting minutes did not always include required information related to closed meetings, and the county's written policy regarding access to public records is not in compliance with state law.

- A. There were no minutes for some of the closed meetings held by the County Commission. In addition, open meeting minutes did not always document the vote for closing the meeting, cite the specific statute and subsection allowing the closure, or the final disposition of certain matters discussed in closed meetings.

Section 610.020, RSMo, requires closed meeting minutes to document and record official board decisions and actions affecting the county. Section 610.022.1, RSMo, states that the vote of each member of the public governmental body on the question of closing a public meeting and the specific reason for closing that public meeting by reference to a specific section shall be announced publicly at an open meeting of the governmental body and entered into the minutes. In addition, under Section 610.021, RSMo, the final disposition of certain matters determined in closed meetings must be made available to the public within specified times. The county did not have procedures in place to ensure actions taken in closed meetings were made available to the public as required.

- B. The county has adopted a policy regarding public access to county records; however, the policy does not comply with state law as it indicates \$1 is to be charged for copies. The County Clerk indicated the fees actually charged are 10 cents per copy and the hourly rate for the employee if any research is required in accordance with state law. The county's policy should be revised to comply with Section 610.026, RSMo, and actual fees charged.

WE RECOMMEND the County Commission:

- A. Ensure minutes are taken for all closed sessions. In addition, the County Commission should ensure votes to enter into closed session and the subjects to be discussed in closed session are properly recorded, and decisions made in closed session are made available to the public as required.
- B. Revise the county's policy for record request fees to comply with state law.

AUDITEE'S RESPONSE

The County Clerk provided the following written response:

I will work with the commissioners to see that minutes are taken for all closed sessions. The commission will also ensure votes to enter into closed sessions and subjects discussed are properly recorded and decisions made are made available to the public as required. The County's policy will be revised to record request fees in accordance with state law.

2.

Property Tax Controls and Procedures

Errors were made in calculating assessment withholdings and commissions. The Collector's office processed approximately \$1.8 million in property taxes, fees, and commissions during 2006. Collections increased to \$7.8 million in 2007 due to a change in state law transferring responsibility for processing current property tax receipts from township collectors to the Collector-Treasurer.

- A. Assessment withholdings were improperly calculated for the December 2005 current tax collections for all taxing authorities other than state and schools. The Collector-Treasurer erroneously used 3 percent instead 1.25 percent on her worksheets. This error resulted in excess assessment withholdings of \$20,756 paid to the Assessment Fund in January 2006. These monies are due to other funds and taxing authorities in the county.
- B. The Collector-Treasurer did not assess the 7 percent commission state law requires to be added on all delinquent tax payments on the 2007 real and personal property tax payments received in January and February 2008. This error resulted in a loss of revenue of approximately \$25,800. Of this amount, 2/7 would have been paid into the General Revenue Fund, 2/7 into the Tax Maintenance Fund, and 3/7 into the County Employee's Retirement Fund. Per the Collector-Treasurer, the necessary changes to the county's computer program had not yet been made when the 2007 tax bills were printed and mailed, and the additional amounts listed for payments made in January and February did not include the add-on penalty.
- C. In November 2007, the Collector-Treasurer started collecting current drainage district taxes. Collections totaled nearly \$5,350 for the year ended February 28, 2008. The Collector-Treasurer did not include this activity on the annual settlement.

To properly reflect all activity for which she is responsible, the Collector-Treasurer should include all appropriate collections and credits on the annual settlements.

WE RECOMMEND the Collector-Treasurer:

- A. Make adjustments to future distributions to the Assessment Fund and taxing authorities other than state and schools to correct the \$20,756 erroneously retained and paid to the Assessment Fund.
- B. Ensure add-on commissions are properly assessed on all delinquent tax payments in the future.
- C. Include all appropriate collections and credits on the annual settlements.

AUDITEE'S RESPONSE

The Collector-Treasurer provided the following written responses:

- A. *The County Commission paid \$20,756 in excess assessment withholdings and the money was refunded to the political subdivisions in the tax distribution Jan. 2009. The Assessor will pay the \$20,756 back to the County in the next 2 years.*
- B. *Our computer program was not set up to print the extra 7% along with the interest when our statements were printed for 2007 taxes. When I became aware the 7% was supposed to start in January instead of March, the statements had already been printed and mailed out. The program was corrected for 2008 taxes and the 7% was collected starting in January 2009.*
- C. *The Drainage tax was never reported on the annual report although the Township collectors collected it along with Current taxes and I reported their current taxes on the report. Therefore, I didn't report the tax on my annual settlement when I started collecting it in my office. I will start putting the Drainage tax collections on my annual report this year.*

I try to do a good job in my office and I want to comply with the laws. Sometimes they are a little vague and not every Collector-Treasurer does things the same.

3. Vehicle and Equipment Records and Procedures
--

Vehicle mileage, fuel usage, and maintenance logs are not maintained for the road and bridge department vehicles and equipment or the county coroner vehicle. Fuel purchases are not reconciled to fuel usage logs by the Sheriff's department and juvenile office.

- The road and bridge department and the coroner do not maintain vehicle mileage or equipment usage logs, fuel usage logs, or maintenance logs for their vehicles and other equipment. Fuel purchases by the road and bridge department and county coroner totaled approximately \$15,000 and \$13,900 in 2007 and 2006, respectively. About 75 percent of the fuel for the road and bridge department is

purchased on a charge account at the local service station in Linneus and individual receipts signed by employees making the purchases are submitted with the monthly bill. These purchases include bulk purchases of diesel fuel and gasoline that is pumped into truck mounted portable tanks used to fuel road and bridge equipment. No separate record of the amounts of bulk fuel purchased and dispensed is maintained.

The remainder of the road and bridge department's fuel purchases and the coroner's fuel purchases are made by Petro-Card at other locations and no individual receipt is generated. The Petro-Card bill for these vehicles is received by the County Clerk's office and reviewed by the County Commission for reasonableness prior to payment. However, there is no reconciliation of the Petro-Card bills to records of fuel purchased.

- The Sheriff's department does not reconcile fuel purchases to vendor billings. The department fuel purchases totaled approximately \$25,300 and \$23,800 in 2007 and 2006, respectively. The purchases are made by using Petro-Cards assigned to each officer. The department maintains vehicle mileage and fuel usage records for each vehicle and a summary log of fuel purchases; however, the fuel purchase log is not reconciled to the vendor billing which is received directly by the Sheriff's department. The billing is approved by the department and forwarded to the County Clerk's office for further processing.
- The juvenile office does not reconcile fuel purchases to vendor billings. Juvenile office fuel purchases totaled approximately \$3,500 and \$2,050 in 2007 and 2006, respectively. The driver maintains a daily trip log for the vehicle but does not record fuel purchases which are made by Petro-Card and are included on the billing received by the Sheriff's department. The juvenile office reviews its charges for reasonableness, but since fuel purchase records are not maintained there is no reconciliation of purchases to the billing.

Maintenance and review of vehicle and equipment usage, fuel usage, maintenance, and bulk fuel purchase and dispensing logs and comparison of log information to fuel and maintenance purchases, 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 detection. Vehicle and equipment logs typically include the date, driver or operator, purpose and destination of each trip, and the daily beginning and ending odometer or hour meter readings for vehicles and equipment, as well as fuel purchased and maintenance services performed.

WE RECOMMEND the County Commission establish written policies and procedures for all county-owned vehicles and equipment to require vehicle and equipment usage logs including fuel usage and maintenance activities be maintained, periodically reviewed, and reconciled to vendor billings prior to payment.

AUDITEE'S RESPONSE

The County Commission provided the following written response:

The Linn County Commission agrees with Item 3 Vehicle and Equipment Records and Procedures of Missouri Auditors audit of Linn County Missouri 2008. We the Linn County Commission will implement individual vehicle record logs for all county vehicles and equipment.

4. Circuit Clerk Accounting Controls and Procedures
--

Circuit Clerk procedures related to manual receipt slips, accrued costs, old bank accounts, and open items are in need of improvement. Circuit Clerk receipts totaled approximately \$415,000 and \$490,000 in 2007 and 2006, respectively, in civil and criminal case fees, fines, and bonds.

- A. Receipts are usually posted to the Justice Information System (JIS) as received. However, manual receipt slips may be issued when the computer system is not available. The corresponding JIS receipt slip number is not recorded on the manual receipt slip after the information has been entered in the JIS and there is no independent review to ensure all manual receipt slips are properly entered into the JIS and subsequently deposited. In addition, the manual receipts slips issued are not official, pre-numbered receipt slips.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, procedures should be established to account for manual receipt slips and verify the receipts have been recorded on the JIS and deposited. Official pre-numbered receipts slips should be obtained and used when manual receipt slips are necessary.

This condition was noted in our prior audit.

- B. The Circuit Clerk's controls and procedures for accrued costs need improvement.
- 1) The Circuit Clerk is not adequately monitoring accrued costs owed to the court. A listing of accrued costs is maintained in the Circuit Court's computer system, (JIS); however, the Circuit Clerk was not aware this information was available or that a report could be generated. Upon our request, the Circuit Clerk ran a report of accrued costs which totaled \$703,600 as of July 30, 2008. Nearly \$675,700 (96 percent) was 60 or more days outstanding including over \$254,000 for jail board bills. The Circuit Clerk should periodically generate a list of accrued costs and review for accuracy and completeness.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and take

appropriate steps to ensure amounts owed are collected or determine if amounts are uncollectible. Establishing procedures to ensure cases are updated or removed from the accrued cost list as appropriate would help ensure the list is complete and accurate.

- 2) The Circuit Clerk's office has not taken advantage of the debt collection programs established by the Office of State Courts Administrator for collection of monies owed to the court. Improved collection procedures and monitoring of accrued costs could result in additional revenues due to the state, county, and others.

Similar conditions were noted in our prior report.

- C. The Circuit Clerk has an old civil bank account which is used as a petty cash fund. The account included \$1,530 from passport fees collected prior to 2006, of which \$1,224 and \$306 should have been remitted to the state and county, respectively. The Circuit Clerk issued a check for \$400, of which only \$267 was later reimbursed by employees, for catering of the county employee Christmas dinner in December 2007. This purchase does not appear to be a prudent use of taxpayer monies. Other activity in the account included periodic purchases of postage with subsequent reimbursement from the county. The Circuit Clerk should disburse the remaining funds and close the bank account.
- D. The Circuit Clerk has a \$50 change fund that has not been used for several years. These monies are accountable fees and should be remitted to the county treasury. Section 50.370, RSMo, requires every county official who receives fees for official services to pay such monies monthly to the county treasury. If a change fund is determined to be necessary, it should be maintained at a set amount and reconciled to that amount each time monies are deposited.
- E. The Circuit Clerk has not adequately reviewed the status of old open items. We noted 11 cases with monies totaling \$1,074 that should have been disbursed. These cases were shown as closed or have not had any activity for several years. These monies either need to be refunded to the appropriate parties or charges applied to the cases.

WE RECOMMEND the Circuit Clerk:

- A. Ensure manual receipt slips are recorded on the JIS and accounted for properly. In addition, official pre-numbered manual receipt slips should be obtained for use when necessary.
- B. Establish procedures to monitor and collect accrued costs.

- C. Disburse the monies remaining in the old civil account to the appropriate parties and close the account. In addition, the Circuit Clerk should ensure all purchases are a prudent use of taxpayer monies.
- D. Turn over the change fund to the county. If a change fund is considered necessary, it should be kept on an imprest basis.
- E. Routinely review open items and disburse monies as appropriate.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *This will be done.*
- B. *We will try to implement some additional procedures.*
- C. *This account has been closed and the monies distributed as appropriate.*
- D. *We used the \$50 to establish a petty cash fund to be used for postage.*
- E. *We are now doing this.*

5. Circuit Judge Accounting Controls and Procedures
--

Cash custody and recordkeeping duties have not been adequately segregated for a bank account maintained for office expenses. In addition, a budget is not prepared for the funds maintained by the Circuit Judge.

The home base of the Circuit Judge for the Ninth Judicial Circuit is located in Linn County. The three counties that make up the circuit are billed for their share of expenses. The judge's secretary issues receipts, makes deposits, prepares bank reconciliations, and writes checks. Account activity in 2007 included receipts and disbursements of about \$5,400 and \$5,050, respectively. The Circuit Judge reviews the billing statements sent to the three counties and supporting invoices for disbursements; however, he does not review the bank statements, canceled checks, or bank reconciliations.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation cannot be achieved due to the limited staff available, the Circuit Judge should, at a minimum, compare bank deposits with recorded receipts and review bank reconciliations. Proper supervision by the Circuit Judge and documented reviews help ensure financial records are properly maintained and help detect errors on a timely basis.

In addition, a budget is not prepared for these funds. Chapter 50, RSMo, requires county officials to prepare budgets for all funds. Adopting budgets is necessary to monitor fund disbursements and cash balances.

WE RECOMMEND the Circuit Judge segregate accounting duties to the extent possible, ensure periodic supervisory reviews are performed and documented, and prepare a budget for these funds.

AUDITEE'S RESPONSE

The Circuit Judge provided the following response:

I agree to increase supervision over this account. I do not agree with the recommendation to budget these funds. A budget is already submitted to each county for their share.

6. Prosecuting Attorney Accounting Controls and Procedures

Accounting duties have not been adequately segregated and receipts are not deposited on a timely basis. The Prosecuting Attorney's office collects bad check and court-ordered restitution monies. Bad check restitution is usually forwarded directly to the victims. Bad check fees and court-ordered restitution are deposited into official accounts. Collections totaled about \$27,000 and \$35,800 for the years ended December 31, 2007 and 2006, respectively.

A. Accounting duties are not adequately segregated. Currently, the administrative assistant is responsible for receiving and recording monies, preparing deposits, preparing checks, and reconciling bank statements. The Prosecuting Attorney does sign all checks and the monthly bad check fee report; however, this review is the only documented review of the work performed by the administrative assistant.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved due to the limited staff available, the Prosecuting Attorney should at least review the bank reconciliations and monthly restitution reports and perform periodic comparisons of bad check restitution receipts to acknowledgement letters from the victims.

B. Receipts are not deposited on a timely basis. Only money orders are accepted. Monies are normally collected each business day, but deposits are normally made only two or three times per month. Our cash count of bad check fees and restitution conducted on August 5, 2008, showed monies on hand totaling \$250, comprised of receipts collected from July 29 to August 1, 2008. In addition, a

review of deposits for the months of December 2007 and December 2006 indicated monies totaling more than \$100 were held from three to nine days before deposit. All receipts should be deposited intact on a timely basis.

Similar conditions were noted in our previous report.

WE AGAIN RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented supervisory reviews of the accounting records.
- B. Deposit receipts intact on a timely basis.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following written responses:

- A. *The funds received by the Prosecuting Attorney are not public funds, but are paid by defendants in criminal cases. The Prosecuting Attorney has one administrative assistant. The office is unable to hire additional staff to segregate duties due to budget constraints. The Prosecuting Attorney will approve and review all receipts and deposits and will sign the deposit slip prior to depositing funds.*
- B. *The county seat does not have a banking institution. Deposits are currently made once per week. The bank does not charge a fee for deposit slips due to the limited number of deposits. However, the Prosecuting Attorney's office will continue to make weekly deposits and will make additional weekly or daily deposits, if needed, upon receipt of funds in excess of \$250.*

7. Public Administrator Accounting Controls and Procedures

Annual settlements are not filed timely. In addition, monthly bank reconciliations are not performed, and running balances are not maintained in check registers.

The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. At December 31, 2007, the Public Administrator handled 23 cases.

- A. The Public Administrator does not file annual settlements in a timely manner. For each ward, the Public Administrator is required to file an annual settlement with the court which reflects a detailed list of assets held as well as financial activity for the year. We reviewed annual settlements due in 2006 or 2007 for three cases. All six settlements were filed between 6 to 11 months after the due date. Three settlements included 24 months of information.

Section 473.540, RSMo, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative. Timely settlements are necessary for the court to properly oversee the administration of cases and reduce the possibility that errors or misuse of funds will go undetected.

- B. The internal control procedures for the Public Administrator are in need of improvement:
 - 1) Monthly bank reconciliations are not performed to ensure accounting records are in agreement with bank records. Monthly bank reconciliations would serve to detect errors and allow necessary corrections to be made on a timely basis.
 - 2) Receipts are not recorded in the check register and a running balance in the check register for each estate is not maintained by the Public Administrator. Maintaining running book balances and recording receipts promptly to check registers helps ensure accurate records and provides balances to reconcile to bank amounts.

WE RECOMMEND the Public Administrator:

- A. File annual settlements on a timely basis.
- B.1. Perform monthly bank reconciliations for all bank accounts.
 - 2. Promptly record receipts to and maintain running balances in the check register.

AUDITEE'S RESPONSE

The Public Administrator provided the following response:

I have taken steps to implement these recommendations.

8. Sheriff Accounting Controls and Procedures
--

Cash custody and recordkeeping duties have not been adequately segregated. The Sheriff's department received approximately \$46,000 and \$39,000 from paper service fees, bonds, gun permits, and other general receipts during 2007 and 2006, respectively. Cash custody and recordkeeping duties have not been adequately segregated.

The office clerk issues receipts, prepares deposits, prepares bank reconciliations, and writes checks. The Sheriff indicated he periodically selects a couple of receipt slips and traces the amounts through the accounting system, and he documents his review by signing off on the items he looks at including the cash control; however, we did not find

any such notations on the 2007 cash control. In addition, the Sheriff does not review the bank statements and canceled checks.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation cannot be achieved due to the limited staff available, the Sheriff should at least compare bank deposits with recorded receipts and review bank reconciliations. Proper supervision by the Sheriff and documented reviews help ensure financial records are properly maintained and help detect errors on a timely basis.

WE RECOMMEND the Sheriff segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The Sheriff provided the following response:

We will try to comply with the auditor's recommendation.

9. Senior Citizens' Services Fund Board
--

The Senior Citizens' Services Fund Board does not have written contracts with any of its service providers and does not adequately monitor monies provided to the entities. In addition, board members who sign checks and collect monies are not bonded. The board was established in September 2007 and received approximately \$10,000 prior to December 31, 2007, from property taxes.

- A. The board has not entered into written contracts with the Brookfield Senior Center and the Marceline Senior Center as required by Section 432.070, RSMo. There were no disbursements during the audit period; however, these entities received approximately \$60,000 during the period January through August 2008. While the entities provided the board with reports of their activities in their applications to the board, the board did not require any specific type of report documenting how these monies were used. Written agreements are necessary to specify the services to be performed and the consideration to be paid for the services, provide a means for the board to monitor compliance with the contract terms, and protect the board in the event of a dispute over the terms of the agreement.
- B. The two members of the board authorized to sign checks are not bonded. In addition, only one signature is required on the checks. Board officials indicated they approved the decision to forego bonding; however, this decision was not documented in the board minutes.

Adequate bonding is necessary to reduce the risk of loss if funds are mishandled. Failure to properly bond all persons with access to assets exposes the board to unnecessary risks. In addition, the minutes are the official records of the actions of the board and care should be taken to ensure the minutes are complete and provide reasons and specific intentions behind board decisions. Inadequate or unclear minutes can lead to subsequent confusion as to board intentions and possible incorrect interpretation of board actions by the general public, future board members, or other outside entities.

WE RECOMMEND the Senior Citizens' Services Fund Board of Directors:

- A. Enter into written contracts with all entities which receive funding from the board and require and periodically review records of services provided to residents of Linn County.
- B. Obtain adequate bond coverage for all persons with access to monies. In addition, the board should ensure all significant discussions and actions taken are adequately documented in board minutes.

AUDITEE'S RESPONSE

The Senior Citizens' Services Fund Board chairperson and the Treasurer provided the following responses:

- A. *This recommendation has been implemented.*
- B. *The Senior Citizens' Services Fund Board will obtain bond coverage.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

LINN COUNTY
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Linn County is a township-organized, third-class county and is part of the Ninth Judicial Circuit. The county seat is Linneus.

Linn County's government is composed of a 3-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. 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 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain county roads.

The county's population was 13,754 in 2000. The assessed valuation for the year ended December 31, 2007 was:

Real estate	\$ 69,696,060
Personal property	40,242,143
Railroad and utilities	18,316,361
Total	\$ <u>128,254,564</u>

Assessed valuations and tax rate levies for political subdivisions within the county are included in the annual review of property tax rates issued by the state auditor; see Report No. 2007-91.

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

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
Capital improvements, road & bridge	.0050	2009	None	
Use tax	.0010	None	None	

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

Officeholder	2008	2007
County-Paid Officials:	\$	
Rick Solomon, Presiding Commissioner		24,823
Randy Wade, Associate Commissioner		22,823
Jim Libby, Associate Commissioner		22,823
Loretta Brookshier, Recorder of Deeds		34,580
Peggy Ward, County Clerk		34,580
Tracy L. Carlson, Prosecuting Attorney		40,950
Tom Parks, Sheriff		38,220
Kenny F. Creason, County Coroner		10,010
Leroy Duncan, Public Administrator		22,750
Pamela Reed, County Collector-Treasurer (1), year ended March 31,	34,713	
Marlene Graves, County Assessor (2), year ended August 31,		35,268

(1) Includes \$35 of commissions earned for collecting drainage district property taxes.

(2) Includes \$688 annual compensation received from the state.

State-Paid Officials:

E. Elaine Clough, Circuit Clerk	51,197
James Williams, Associate Circuit Judge	101,090