



Thomas A. Schweich

Missouri State Auditor

DeKalb County



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Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of DeKalb County

Financial Condition and County Budget	The General Revenue Fund is in poor financial condition, and several potential liabilities including courthouse repairs and the declining financial condition of the jail, could negatively impact the county's finances. The county did not properly reduce the general revenue property tax levy in past years and must continue to reduce the levy to zero to make up for past excess collections. The County Commission does not review budget-to-actual reports and overspent the General Revenue Fund budget in 2010 by approximately \$32,000.
Daviess-DeKalb Regional Jail	The Daviess-DeKalb Regional Jail District Commission has not provided adequate oversight of jail operations. As a result, the financial condition of the jail operation is declining, and management of the jail needs improvement. As of December 31, 2011, an investigation was still ongoing into accounting irregularities and possible misappropriation of assets during the term of the former jail administrator, so our audit focused on more current policies and procedures. The jail's ending balance declined from \$2,870,401 in 2008 to \$1,228,680 in 2011, due largely to a reduction in receipts, but the jail has not analyzed whether rates to house and transport outside prisoners are adequate. As noted in our prior report, budget documents were incomplete, the commission did not receive and review accurate financial information, accounting duties were not adequately segregated, monthly bank reconciliations were not performed, and the outstanding items list for the commissary account was overstated and inaccurate. Documentation of sick and vacation leave accrued and used by salaried jail employees was not maintained. Capital assets were not maintained properly, making it difficult to ensure assets are safeguarded.
Property Tax System	Neither the County Commission nor the County Clerk reviewed the activities of the County Collector-Treasurer, so the county lacks intended checks and balances. The County Clerk did not prepare or verify the accuracy of the current or delinquent tax books, as required by state law. The County Clerk did not reconcile court orders for additions and abatements to actual changes made to the property tax system, and errors or irregularities could go undetected.
Prosecuting Attorney	Accounting duties were not adequately segregated, and the Prosecuting Attorney did not adequately oversee financial functions and records. Bank reconciliations and liability lists were not prepared from September 2009 to August 2011 for the main account until requested by audit staff.

Public Administrator	The Public Administrator did not file annual settlements timely. Our review of three wards noted that the two annual settlements due in 2010 were late (one by 3 months and the other by 7 months). Neither the Associate Circuit Court nor the Public Administrator adequately reviewed the annual settlements, and errors went undetected. In one instance a \$25,000 life insurance policy was not reported, and in another real estate valued at \$115,000 was omitted. The Public Administrator did not always prepare and submit documentation to support fees charged to wards. The Associate Circuit Judge disallowed fees in such cases, which decreased the amount of fees paid to the county General Revenue Fund.
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Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.
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In the areas audited, the overall performance of this entity was **Fair**.*

American Recovery and Reinvestment Act (Federal Stimulus)	DeKalb County received a \$10,052 Recovery Act-Edward Byrne Memorial Justice Assistance Grant, \$6,991 of which it spent in 2010 on a boat and motor and water rescue equipment for the Sheriff's department. As of September 19, 2011, the county had not spent or returned the remaining \$3,061.
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*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of DeKalb County

We have audited certain operations of DeKalb County in fulfillment of our duties under Section 29.230, RSMo. In addition, McBride, Lock and Associates, Certified Public Accountants, was engaged to audit the financial statements of DeKalb County for the 2 years ended December 31, 2009. The scope of our audit included, but was not necessarily limited to, the 2 years ended December 31, 2010. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also 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.

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 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.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures.

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



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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DeKalb County Management Advisory Report State Auditor's Findings

1. Financial Condition and County Budget

The General Revenue Fund is in poor financial condition. The county did not properly report property tax reductions, and in prior years, property tax reductions have not been sufficient. The County Commission does not adequately monitor the status of the county budget throughout the year.

1.1 Financial condition

The county has historically maintained a low General Revenue Fund balance. As a result of the low fund balance, several potential liabilities could result in a significant strain on the county's financial condition. The following table reflects actual receipts, disbursements, and ending cash balances of the General Revenue Fund over the last 4 years, as reported in county budget documents:

	Year Ended December 31,			
	2011	2010	2009	2008
Beginning balance \$	130,015	71,816	53,027	108,992
Receipts	1,569,535	1,444,477	1,360,876	1,443,884
Disbursements	1,608,422	1,386,278	1,342,087	1,499,849
Ending balance \$	91,128	130,015	71,816	53,027

The county courthouse is in need of repair as a result of a major roof leak which caused significant damage during 2011. The County Commission has approved a loan of approximately \$38,000 from the Road and Bridge Fund for courthouse repairs. While the county has an agreement to pay this money back to the Road and Bridge Fund, Road and Bridge Funds are restricted for certain purposes per Section 137.555, RSMo. In addition, the declining financial condition of the jail (see MAR finding number 2) could potentially impact the financial condition of the General Revenue Fund. In addition, the County Commission's ability to generate additional property tax revenue is limited (see section 1.2).

It is essential the County Commission address the county's financial condition both in the immediate and long-term future. Reducing spending where possible, evaluating controls and management practices to ensure efficient use of county resources, maximizing all sources of revenue, and closely monitoring county budgets (see section 1.3) are necessary to improve the county's financial condition.

1.2 Property tax reductions

In prior years, the county did not adequately reduce the general revenue property tax levy and as a result, must now reduce the levy to zero to recoup excess collections from prior years. According to our prior audit, the county had collected \$153,613 more in property taxes through 2005 than allowed by statute. Although the county has reduced the general revenue property tax assessment to zero since 2006 and has made progress toward reducing the excess, additional reductions of approximately \$104,000 are still needed as of December 31, 2010.



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In addition, the former County Clerk did not properly certify the property tax levy to the State Auditor's office. The county certification mistakenly classified the 2010 reduction amounts as voluntary reductions rather than sales tax related. As a result, the tax rate ceiling for the General Revenue Fund was initially lowered for 2011, in accordance with Section 137.073.5 (4), RSMo. Such a reduction would further limit the county's ability to correct the excess property tax collections from prior years. After we brought this to the attention of the County Clerk, she filed an amended property tax form, and necessary corrections were made by the State Auditor's office to reinstate the county's tax rate ceiling for 2011 so any property tax reductions in 2011 will count towards the statutorily required reduction.

To ensure property tax levies are properly set in compliance with Section 67.505, RSMo, and property tax ceilings are maintained, the County Clerk should ensure property tax levies are adequately reduced to recoup prior years excess, and the property tax levy reductions are accurately classified when reported to the State Auditor's office.

1.3 Budget oversight

The County Commission does not review budget-to-actual reports to adequately monitor the status of the county budget, and as a result, during 2010, General Revenue Fund budgeted amounts were overspent by approximately \$32,000, in addition to lesser amounts in the Assessment Fund and the ACCD 911 Fund. In addition, transfers are not properly tracked. Transfers in and transfers out do not reconcile between funds in both the county's record of actual activity and budgeted activity. Similar conditions were also noted in the county's most recent independent financial statement audit.

Budget documents are an essential tool for the efficient management of county finances. Actively utilizing budget-to-actual status reports when making spending decisions is necessary to improve the effectiveness of the budgets as a planning tool and ensure compliance with state law. Proper budgeting and reporting also assists in monitoring the county's financial condition.

Recommendations

The County Commission:

- 1.1 Closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the General Revenue Fund.
- 1.2 Adequately reduce property tax levies for 50 percent of sales tax revenue and properly distinguish between sales tax and voluntary reductions on certified property tax forms.



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1.3 Regularly monitor the status of the county budgets.

Auditee's Response

The County Commission provided the following written responses:

1.1 *The Commission will work closely with the County Clerk to keep on top of the condition of the County and work on steps to improve the financial condition of the County.*

1.2 *The Commission and County Clerk will work hard to comply with the recommendations of the Missouri State Auditor.*

1.3 *The Commission will monitor the financial status of the county more closely and make sure that the overall county finances are effectively managed.*

2. Daviess-DeKalb Regional Jail

The Daviess-DeKalb Regional Jail District Commission has not provided adequate oversight of jail operations. As a result, the financial condition of the jail operation is declining, and management of the jail is in need of improvement.

The citizens of DeKalb and Daviess Counties approved a half-cent sales tax in November 2005, to provide regional jail services and court facilities and equipment for the two counties. Sales tax receipts were \$864,422 in 2010, and \$854,995 in 2009. A four member commission consisting of the presiding commissioner and sheriff from both counties oversees jail operations.

In January 2011, the jail administrator was terminated after accounting irregularities and possible misappropriation of assets were identified. The jail commission hired an external investigator to review the activities of the past jail administration and provide information to the Daviess County Prosecuting Attorney for any potential prosecution. Due to the ongoing investigation during our fieldwork, our audit focused on current policies and procedures of the jail. As of December 31, 2011, the investigation was still ongoing and no charges had been filed. The jail commission also hired a Certified Public Accountant to perform a financial statement audit of the jail.

2.1 Financial condition

The financial condition of the jail operation is declining. The following table reflects receipts, disbursements, and the ending cash balances of the jail operating account according to budget-to-actual reports provided by jail officials. The amounts are not audited.



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	Year Ended December 31,			
	2011	2010	2009	2008
Beginning balance \$	1,847,794	2,332,307	2,870,401	2,390,434
Receipts	2,471,616	2,024,585	2,015,716	3,705,651
Disbursements	3,090,731	2,509,098	2,553,810	3,225,684
Ending balance \$	1,228,680	1,847,794	2,332,307	2,870,401

The primary reason for the jail operation's declining financial condition is the reduction of approximately \$1.5 million in prisoner receipts from 2008 to 2009 as a result of several large law enforcement agencies no longer using the jail. Sales tax receipts have also declined slightly as a result of economic conditions. In addition, the jail commission has not conducted a cost analysis to determine if the rate currently charged to house and transport outside prisoners is adequate to cover costs. Based on financial data and trends from 2008 through 2011, the jail should be able to maintain operations at current operating levels for roughly 2 years before becoming insolvent.

The jail commission must address the declining financial condition of the jail both in the immediate and long-term future. Reducing spending where possible, maximizing all sources of revenue, and improving the oversight of budgets and financial information (see section 2.2) are necessary to improve the jail's financial condition.

2.2 Budget procedures

The jail commission's oversight of the financial operations of the jail, including the oversight of budget procedures, is not adequate. Budget documents were incomplete and significantly understated both expected receipts and disbursements. In addition, the commission did not receive and review accurate financial information which would assist in effectively monitoring cash balances.

Budget estimates did not include sales tax receipts and bond principal and interest payments. In total, actual disbursements for 2011 exceeded budgeted expenses by approximately \$1.4 million (184 percent). In addition, budget documents did not include a beginning cash balance and a projected ending cash balance. Without accurate budget-to-actual information and projected ending cash balance information, the jail commission cannot effectively monitor the financial operations of the jail.

The taxpayers of DeKalb and Daviess Counties voted to make a significant financial investment in the jail. It is the responsibility of the jail commission to protect that investment by providing adequate oversight of jail financial operations. Adequate oversight includes ensuring budget documents are complete and provide a reasonable estimate of jail activities for the coming year and monitoring the status of the budget on an ongoing basis.



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2.3 Segregation of duties

Duties are not adequately segregated, and supervisory reviews of financial records by the jail administrator are not adequate. The duties of receiving, recording, depositing, and disbursing operating monies are the responsibility of one clerk. Another clerk has the duties of receiving, recording, depositing, and disbursing monies for commissary activities and the bond account.

Oversight of these activities by the jail administrator and commission is generally limited to signing checks. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented by the jail administrator and commission.

2.4 Bank reconciliations

Monthly bank reconciliations were not prepared and compared to the book balance for the commissary account. In addition, the outstanding items list for the commissary account is overstated and inaccurate. Commissary records contain a significant number of old outstanding items, including old deposits in transit and old checks, some dating back to before the commission took possession of the jail. Our review determined many items from these old lists, including all of the deposits still listed as in transit, had actually cleared the bank and should not be on the outstanding items list. As of July 2011, the commissary account bank balance was \$30,208.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, and to detect and correct errors in a timely manner. Without reconciliation procedures, there is less assurance receipts and disbursements are properly handled and recorded. A detailed list of outstanding items should be maintained and documented to support the amount indicated on the bank reconciliation, and to allow for procedures to routinely follow up on outstanding checks to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

2.5 Salaried employees

Leave records are not maintained for salaried employees (jail administrator, assistant jail administrator, and jail supervisor). As a result, there is no documentation of sick and vacation leave accrued, used, and accumulated.

Leave reports should include documentation of supervisory approval to ensure leave use is authorized and to help ensure leave balances are accurate. Leave records are beneficial in demonstrating compliance with board policy and the requirements of the Fair Labor Standards Act of 1938.

2.6 Capital assets

The regional jail does not maintain records of capital assets, including land, buildings, vehicles, equipment, and furniture. In addition, property items are not tagged for specific identification, and an annual physical inventory is not performed. Written authorization is not obtained from the commission



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for the disposition of capital assets. As a result, assets are more susceptible to theft or misuse.

Adequate capital asset records are necessary to secure better internal controls and safeguard jail assets against loss, theft, or misuse, and provide a basis for determining proper insurance coverage. Annual physical inventories are necessary to ensure asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Written authorization for the disposal of property is necessary to reduce the possibility of misuse and to provide adequate support for changes to the capital asset records.

Similar conditions
previously reported

Conditions similar to sections 2.2, 2.3 and 2.4 were noted in our prior report.

Recommendations

The Daviess-DeKalb Regional Jail Commission:

- 2.1 Closely monitor the financial activity of the jail and take steps to improve its financial condition. The commission should also develop a long term financial plan for the jail and consider performing a cost analysis to ensure revenues generated from housing prisoners are sufficient to cover costs.
- 2.2 Improve oversight, budgeting, and financial reporting of jail operations.
- 2.3 Adequately segregate accounting duties to the extent possible or ensure documented supervisory or independent reviews of the accounting records are performed.
- 2.4 Ensure bank reconciliations are performed timely on a monthly basis. In addition, the commission should investigate outstanding items and establish routine procedures to investigate outstanding checks.
- 2.5 Maintain leave records documenting leave earned, used, and accumulated.
- 2.6 Ensure complete and detailed capital asset records are maintained; assets are tagged for identification; annual physical inventories are performed and compared to detailed records; and proper approval is documented for the disposal of assets.



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Auditee's Response

The Daviess-DeKalb Regional Jail District Commission provided the following written responses:

- 2.1 *We have hired Cameron Accounting to review financial records on a quarterly basis and advise us on any financial issues.*
- 2.2 *Cameron Accounting has assisted in setting up budgets and will assist in keeping us on track throughout the year.*
- 2.3 *An Assistant Administrator has been hired to oversee finances with the assistance of the secretary.*
- 2.4 *The Assistant Administrator and Bookkeeper now reconcile bank statements on a monthly basis and report results to the Board.*
- 2.5 *Salaried employees will begin filling out times sheets effective February 1, 2012. This will ensure proper tracking of scheduled hours, time off, any overtime, and annual leave.*
- 2.6 *All assets have been inventoried and will be checked quarterly by the Board. Tools will be inventoried daily to ensure the safety and security of the jail, employees and community.*

3. Property Tax System

Controls and procedures over the property tax system need improvement. The office of the County Collector-Treasurer processed property taxes totaling approximately \$7 million annually for the 2 years ended February 28, 2011.

3.1 Account book

Neither the County Commission nor the County Clerk provide a review of the activities of the County Collector-Treasurer. Although the prior County Clerk did maintain information regarding taxes charged and collected, and additions and abatements, there was no evidence the information was summarized and used to review the County Collector-Treasurer's annual settlement. The current County Clerk does not maintain an account book or other records summarizing property tax transactions and changes.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records which summarize all taxes charged to the County Collector-Treasurer, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector-Treasurer each year are complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector-Treasurer's monthly and



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annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

3.2 Tax book

The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books. The County Collector-Treasurer extends and prints the tax books and tax statements and verifies the accuracy of amounts to be collected. Because the County Collector-Treasurer is responsible for collecting property tax monies, good internal controls require someone independent of that process be responsible for generating and testing the accuracy of the property tax books. Failure to perform reviews of the tax books may result in errors or irregularities going undetected. A review of the tax books should include verification of individual entries in the tax books and recalculating total tax book charges.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and delinquent tax books and charge the County Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, the accuracy of the tax books should be verified and approval of the tax book amounts to be charged to the County Collector-Treasurer should be documented.

3.3 Additions and abatements Controls over property tax additions and abatements are not adequate. The County Assessor prepares court orders for additions and abatements and posts the changes to the property tax system in her office, which automatically updates the information available to the County Collector-Treasurer for collection purposes. The County Assessor submits the court orders to the County Clerk for the County Commission's review and approval. However, the County Clerk does not reconcile the court orders to actual changes made to the property tax system. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector-Treasurer is charged with collecting, are not properly monitored and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, allow the County Clerk to make changes to the tax books with the approval of the County Commission. An independent comparison of approved additions and abatements to changes made to the property tax system would help ensure changes to the property tax system records are proper.

Recommendations

3.1 The County Commission and the County Clerk monitor property tax system activities and perform a thorough review of the County Collector-Treasurer's settlements. In addition, the County Clerk should maintain a complete and accurate account book with the County Collector-Treasurer.



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- 3.2 The County Clerk prepare the current and delinquent tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector-Treasurer with the property tax amounts.
- 3.3 The County Commission and the County Clerk ensure all approved court orders are reconciled to the actual changes made in the property tax system.

Auditee's Response

The County Clerk provided the following written responses:

- 3.1 *The County Commission and County Clerk will monitor the settlements and the clerk will make every effort to maintain a complete and accurate account book with the County Collector-Treasurer.*
- 3.2 *The County Clerk will make every effort to comply with the recommendation.*
- 3.3 *The County Commission and County Clerk will make every effort to ensure all approved court orders are reconciled to the actual changes made in the property tax system.*

4. Prosecuting Attorney

The Prosecuting Attorney does not provide adequate oversight of financial functions and records, and bank reconciliations were not prepared. The current Prosecuting Attorney was appointed to office in January 2010. The Prosecuting Attorney receipted \$37,302 and \$38,983 for restitution and bad checks in 2009 and 2010, respectively.

4.1 Segregation of duties and oversight

Accounting duties are not adequately segregated, and the Prosecuting Attorney does not provide adequate oversight of financial functions and records. One individual is responsible for receipting and recording monies and another is responsible for depositing monies, preparing and signing checks, and preparing bank reconciliations. The Prosecuting Attorney does not perform detailed reviews to ensure all monies received are properly deposited, recorded in the accounting system, and disbursed to the appropriate party.

Thorough supervisory reviews help ensure all transactions are accounted for properly and assets are adequately safeguarded. Such reviews would reduce the possibility of errors, theft, loss, or misuse of funds going undetected.

4.2 Bank reconciliations

Bank reconciliations and liability lists were not prepared from September 2009 to August 2011 for the main account. Upon our request, the clerk has since completed all bank reconciliations and identified all liabilities. Reconciliations identified \$3,920 in outstanding checks. As a result of audit



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inquiries, the clerk has reissued checks for payees which could be located, but is still in the process of following up on others.

Timely preparation of bank reconciliations and liability lists is necessary to ensure accounting records agree with bank records and errors are discovered on a timely basis. The Prosecuting Attorney should continue to investigate and resolve any outstanding items.

Recommendations

The Prosecuting Attorney:

- 4.1 Ensure periodic independent or supervisory reviews of financial records are performed and documented.
- 4.2 Prepare monthly bank reconciliations and ensure the month-end bank balances agree to the accounting records and liabilities.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

- 4.1 *The following changes have been made to ensure more oversight: The office manager and the administrative assistant will receive, receipt and record monies. Copies of the receipts will be kept with the appropriate file and periodic review of these receipts will be performed by the Prosecuting Attorney. Also, each week the Prosecuting Attorney will deposit the monies received at the bank. The checks will be prepared by the administrative assistant and will be reviewed and signed by the Prosecuting Attorney. The office manager will be responsible for preparing bank reconciliations once a month. The Prosecuting Attorney will then review, initial, and date the bank reconciliations at the end of each month.*
- 4.2 *Bank reconciliations will be performed each month within a few days of receiving the bank statements. The Prosecuting Attorney will also be reviewing the statements once a month. The \$3,920 in outstanding checks mentioned in the findings section have been either reissued to the appropriate party or turned over to the State.*

5. Public Administrator

Annual settlements are often not filed timely and are not always accurate. In addition, adequate documentation to support fees charged is not prepared. The Public Administrator is the court appointed personal representative for wards or decedent estates of the Associate Circuit Court, Probate Division, and handled the financial activities of 23 and 13 individuals during 2010 and 2009, respectively. We reviewed three cases with cash balances totaling approximately \$85,230, which represents 73 percent of the total cash balances from all cases at December 31, 2010.



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5.1 Filing of annual settlements

Annual settlements are not filed in a timely manner. Sections 473.540 and 475.270, RSMo, require the Public Administrator to file an annual settlement with the court for each ward or estate. Although the court notifies the Public Administrator of approaching settlement due dates, some settlements were still filed late. Our review of the three wards with the most assets noted that both annual settlements due in 2010 were filed well after their due dates; one settlement was 3 months late, while the other was 7 months late.

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.

5.2 Review of annual settlements

The Associate Circuit Court has not established procedures to adequately review the settlements of cases assigned to the Public Administrator. The Public Administrator also does not adequately review the settlements prepared by attorneys. As a result, some annual settlements filed by the Public Administrator were not complete or accurate and these errors went undetected. For example, a \$25,000 life insurance policy was not reported on an estate's annual settlements. On another settlement, real estate valued at \$115,000 was omitted from the annual settlement. In both instances the omitted items were included in previous settlements and should have been detected by both the Public Administrator and the Associate Circuit Court.

Failure to adequately review settlements increases the risk that errors or misuse of funds could go undetected. To ensure the financial activity of the estates is accurately reported to the court, all assets, liabilities, receipts, and disbursements should be accurately reflected on the annual settlements.

5.3 Fees

The Public Administrator has not always prepared and submitted documentation to support fees charged to wards. The Public Administrator receives a salary from the county and state law allows for fees and expenses requested by the Public Administrator and approved by the court to be paid to the county General Revenue Fund. The Associate Circuit Judge disallowed fees for those cases where there was a lack of documentation, resulting in minimal fees being paid to the General Revenue Fund. No fees were turned over to the General Revenue Fund in 2009, and a total of \$1,615 in fees were turned over in 2010.

To ensure all fees and expenses are properly assessed and transmitted to the county, the Public Administrator should work with the Associate Circuit Judge to ensure fees and expenses are petitioned from the court for all applicable wards and estates on a timely basis, approved, properly monitored, and paid to the extent possible.



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Recommendations

The Public Administrator:

- 5.1 Ensure annual settlements are filed in a timely manner.
- 5.2 Ensure annual settlements are accurately prepared. The Associate Circuit Judge should establish procedures to adequately review annual settlements filed with the court.
- 5.3 Work with the Associate Circuit Judge to ensure fees and expenses are assessed and paid to the county as appropriate.

Auditee's Response

The Public Administrator provided the following written responses:

- 5.1 *The three settlements that were reviewed were not completed in a timely manner due to matters out of my control. Two of them were at an attorney's office trying to get straightened out from the prior Public Administrator and the third one was due to the prior conservators not balancing with what I had as verification of funds. These matters were handled as quickly as I could once this was all corrected. I am working diligently at getting these to the Circuit Clerk in a timely manner.*
- 5.2 *The two settlements that had errors were corrected immediately. I have changed my procedure in preparing settlements. I now process them, turn them over to the attorney's office and they review and complete them and turn them in to the Circuit Clerk. This should allow any errors to be caught quickly.*
- 5.3 *The estates I administer are presided over by different judges, and these judges have differing views of the proper formula to use in calculating the fees of the Public Administrator. I believe I now have a good understanding of how each judge believes the fees should be calculated, and thus will be better able to ensure the proper fees are assessed and paid to the county, as appropriate.*

DeKalb County

Organization and Statistical Information

DeKalb County is a township-organized, third-class county. The county seat is Maysville.

DeKalb County's government is composed of a three-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 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 employed 26 full-time employees and 11 part-time employees on December 31, 2010. The townships maintain county roads.

In addition, county operations include the Daviess-DeKalb Regional Jail District Commission, Senate Bill 40 Board, and Senior Citizens' Services Board. The jail commission includes the presiding county commissioners of DeKalb and Daviess Counties as well as the sheriff of each county. The county is a member of the ACCD 911 system which includes the counties of Andrew, Caldwell, Clinton, and DeKalb and the City of Cameron. The DeKalb County Treasurer, County Clerk, and Deputy County Clerk maintain the financial records for the ACCD 911.

Elected Officials

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

Officeholder	2011	2010
David R. Lippold, Presiding Commissioner	\$	27,832
Wayne Colhour, Associate Commissioner		27,086
Garry McFee, Associate Commissioner		27,086
Julie Whitsell, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Mary Berry, County Clerk (2)		41,665
Erik Tate, Prosecuting Attorney		64,800
Wes Raines, Sheriff		45,360
Joan Jody Pearl, County Collector/Treasurer (2), year ended March 31,	43,565	
Heath Turner, County Coroner		11,888
Connie Bray, Public Administrator		16,200
Ruth A. Ross, County Assessor, year ended August 31,		41,040

(1) Compensation is paid by the state.

(2) Includes ACCD 911 salary of \$2,525.



DeKalb County
Organization and Statistical Information

American Recovery and
Reinvestment Act 2009
(Federal Stimulus)

According to county personnel, the county was awarded the following American Recovery and Reinvestment Act of 2009 funding during the 2 years ended December 31, 2010:

A Recovery Act - Edward Byrne Memorial Justice Assistance Grant was awarded by the U.S. Department of Justice to the Missouri Department of Public Safety and \$10,052 was passed through to DeKalb County. The county spent \$6,991 during 2010 on a boat and motor, and water rescue equipment for the Sheriff's department. As of September 19, 2011, the county had not spent or returned the remaining \$3,061.