



**LACLEDE COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-61
August 7, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2001

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Laclede, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Laclede County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Laclede county's Associate County Commissioners salaries were each increased approximately \$4,800 according to information from the county clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$9,770, for the two years ended December 31, 2000, should be repaid. In light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- The county did not always solicit bids for various purchases. In addition, the county paid in excess of \$40,000 to a law firm without soliciting proposals or documenting their basis for selecting the law firm. On one matter involving official salaries, the county paid \$20,000 (\$12,500 representing an advance fee for representing the officials in the Appeal to the Missouri Supreme Court).

(over)

YELLOW SHEET

- The former Sheriff entered into a written agreement with a telephone company to provide telephone services to county prisoners. The agreement provided that the sheriff's department receive commissions based on collect telephone calls made by prisoners at the jail. During the time period of January 1999 through September 30, 2000, the Sheriff's department earned \$38,875 in telephone commissions. Our review of the inmate phone system indicated the following concerns:

The telephone company was disbursing only a portion of the county's telephone commission (\$1,000 each month) to the sheriff's department. The remaining commission was held by the company and used by the former Sheriff for various purchases, including a copier, fax machine, two computers, television, VCR, as well as \$2,065 for Sheriff department calendars that appeared to promote the former Sheriff's election (which the Missouri Ethics Commission found to be in violation of state law and Sheriff Dotson reimbursed the county). These purchases were not handled through the county's normal disbursement process and no record was maintained to document the purchases.

Telephone commissions should be deposited into the county treasury and the County Commission should authorize their use. State law requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasurer.

- In June 1999, the county authorized the turnover of approximately \$22,000 of unclaimed fees to general revenue, instead of remitting the fees to the state. The majority of these funds represented unidentified monies from the former Prosecuting Attorney that had been turned over to the Unclaimed Fees fund by the current Prosecuting Attorney.

Also included in the audit are recommendations to improve the accounting controls and procedures for the County Health Center, County Clerk, County Collector, County Sheriff and Circuit Clerk. The audit also suggested improvements be made in the county's budgeting procedures and financial reporting. Several of these issues had been noted in prior audits.

Copies of the audit are available upon request.

LACLEDE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS

To the County Commission
and
Officeholders of Laclede County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Laclede County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose 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 special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Laclede County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Laclede County.

In our opinion, the special-purpose 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 Laclede 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, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 27, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering 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 Laclede County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

March 27, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	David Holtmann, CPA
In-Charge Auditor:	Sharon Eagleburger
Audit Staff:	Jay Ross
	Rachel Simons
	Curtis Gannon
	Troy Royer
	Bryan Meadows



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Laclede County, Missouri

We have audited the special-purpose financial statements of various funds of Laclede County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 27, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Laclede County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Laclede County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Laclede County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

March 27, 2001 (fieldwork completion date)

Financial Statements

Exhibit A

LACLEDE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 818,055	3,466,627	3,318,451	966,231
Special Road and Bridge	19,616	1,136,584	1,026,769	129,431
Assessment	15,502	220,761	216,669	19,594
Law Enforcement Training	59,310	12,692	19,635	52,367
Prosecuting Attorney Training	5,284	2,803	3,016	5,071
Prosecuting Attorney Bad Check	77,137	75,729	49,763	103,103
Enhanced 911	45,703	302,075	246,678	101,100
Law Enforcement Sales Tax	763,692	1,682,737	1,652,398	794,031
Recorder's User Fees	38,030	16,360	959	53,431
Prosecuting Attorney Delinquent Tax	25,141	4,723	1,977	27,887
Prosecuting Attorney Law Enforcement	853	40	0	893
Map Reserve	4,138	190	0	4,328
Sheriff Discretionary	7,800	38,384	19,394	26,790
Police Officers Standard Training	0	17,745	0	17,745
Shelter Abuse	520	19,989	13,341	7,168
County Local Use Tax	127	1	128	0
Capital Improvement	143,308	113,442	0	256,750
Health Insurance	0	294,813	231,151	63,662
Election Services	204	5,644	3,129	2,719
Health Center	225,301	626,701	736,465	115,537
Developmentally Disabled Board	36,043	344,292	362,836	17,499
Circuit Clerk Interest	9,200	11,269	13,816	6,653
Law Library	45,316	21,086	5,304	61,098
Family Access Fund	103	5	0	108
Juvenile Assessment	1,090	555	0	1,645
Total	\$ 2,341,473	8,415,247	7,921,879	2,834,841

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

Exhibit A

LACLEDE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 497,663	3,064,205	2,743,813	818,055
Special Road and Bridge	102,771	1,056,922	1,140,077	19,616
Assessment	8,945	218,101	211,544	15,502
Law Enforcement Training	53,130	16,775	10,595	59,310
Prosecuting Attorney Training	4,826	2,633	2,175	5,284
Prosecuting Attorney Bad Check	67,544	53,979	44,386	77,137
Enhanced 911	57,595	257,909	269,801	45,703
Law Enforcement Sales Tax	579,949	1,918,125	1,734,382	763,692
Recorder's User Fees	47,580	18,459	28,009	38,030
Prosecuting Attorney Delinquent Tax	12,637	14,706	2,202	25,141
Prosecuting Attorney Law Enforcement	818	35	0	853
Map Reserve	2,000	2,138	0	4,138
Sheriff Discretionary	3,891	33,695	29,786	7,800
Shelter Abuse	3,172	21,353	24,005	520
County Local Use Tax	211,703	2,747	214,323	127
Capital Improvement	112,150	31,158	0	143,308
Health Insurance	39,786	238,314	278,100	0
Election Services	0	204	0	204
Health Center	206,107	564,810	545,616	225,301
Developmentally Disabled Board	40,469	326,873	331,299	36,043
Circuit Clerk Interest	3,974	8,890	3,664	9,200
Law Library	30,775	19,493	4,952	45,316
Family Access Fund	50	53	0	103
Juvenile Assessment	470	620	0	1,090
Total	\$ 2,088,005	7,872,197	7,618,729	2,341,473

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

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 7,635,675	8,414,687	779,012	7,828,807	7,871,320	42,513
DISBURSEMENTS	9,167,617	7,921,879	1,245,738	8,884,420	7,618,729	1,265,691
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,531,942)	492,808	2,024,750	(1,055,613)	252,591	1,308,204
CASH, JANUARY 1	2,292,010	2,340,280	48,270	2,086,998	2,087,485	487
CASH, DECEMBER 31	760,068	2,833,088	2,073,020	1,031,385	2,340,076	1,308,691
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	212,000	288,141	76,141	249,000	236,496	(12,504)
Sales taxes	1,560,095	1,650,764	90,669	1,525,000	1,535,095	10,095
Intergovernmental	234,530	318,900	84,370	155,493	297,770	142,277
Charges for services	788,570	779,333	(9,237)	632,671	726,912	94,241
Interest	35,000	55,679	20,679	50,000	40,281	(9,719)
Other	143,615	264,582	120,967	127,921	211,347	83,426
Transfers in	16,842	109,228	92,386	16,304	16,304	0
Total Receipts	2,990,652	3,466,627	475,975	2,756,389	3,064,205	307,816
DISBURSEMENTS						
County Commission	108,562	108,057	505	105,154	104,306	848
County Clerk	99,600	97,088	2,512	96,771	96,465	306
Elections	88,000	74,046	13,954	38,500	32,626	5,874
Buildings and grounds	486,600	426,094	60,506	511,000	435,565	75,435
Employee fringe benefits	128,500	73,407	55,093	136,500	70,285	66,215
County Treasurer	41,930	41,638	292	41,560	41,545	15
County Collector	90,645	89,516	1,129	88,148	87,353	795
Ex Officio Recorder of Deeds	53,269	52,878	391	53,630	51,354	2,276
Circuit Clerk	38,839	38,195	644	40,442	40,357	85
Associate Circuit Court	7,500	6,919	581	7,850	6,974	876
Court administration	29,297	21,035	8,262	24,516	20,228	4,288
Public Administrator	65,684	66,688	(1,004)	58,460	40,429	18,031
Sheriff	423,484	401,752	21,732	403,474	389,219	14,255
Jail	523,480	507,774	15,706	449,000	444,258	4,742
Prosecuting Attorney	192,341	196,543	(4,202)	187,780	187,777	3
Juvenile Officer	72,835	75,802	(2,967)	136,437	98,251	38,186
County Coroner	21,400	20,580	820	16,080	13,571	2,509
Postage	40,000	36,959	3,041	45,000	35,071	9,929
Mail Clerk	14,420	14,420	0	14,000	14,000	0
Public health and welfare services	2,400	1,397	1,003	2,500	2,229	271
Insurance and bonds	68,000	50,370	17,630	65,000	66,740	(1,740)
University extension	39,387	36,105	3,282	38,660	38,659	1
Other	112,847	118,387	(5,540)	101,283	79,393	21,890
Debt service	210,000	206,724	3,276	0	0	0
Transfers out	515,832	556,077	(40,245)	346,126	347,158	(1,032)
Emergency Fund	100,000	0	100,000	85,000	0	85,000
Total Disbursements	3,574,852	3,318,451	256,401	3,092,871	2,743,813	349,058
RECEIPTS OVER (UNDER) DISBURSEMENTS	(584,200)	148,176	732,376	(336,482)	320,392	656,874
CASH, JANUARY 1	818,055	818,055	0	497,663	497,663	0
CASH, DECEMBER 31	233,855	966,231	732,376	161,181	818,055	656,874

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	2,000	2,488	488	2,000	2,211	211
Intergovernmental	1,075,100	844,697	(230,403)	1,132,000	843,069	(288,931)
Interest	5,000	4,166	(834)	6,000	4,295	(1,705)
Other	15,000	10,233	(4,767)	44,500	32,347	(12,153)
Transfers in	275,000	275,000	0	175,000	175,000	0
Total Receipts	1,372,100	1,136,584	(235,516)	1,359,500	1,056,922	(302,578)
DISBURSEMENTS						
Salaries	467,604	453,743	13,861	412,200	416,825	(4,625)
Employee fringe benefits	53,800	39,505	14,295	43,000	21,814	21,186
Supplies	65,000	123,275	(58,275)	65,000	77,882	(12,882)
Insurance	9,500	7,778	1,722	8,000	9,189	(1,189)
Road and bridge materials	65,000	28,231	36,769	130,000	136,653	(6,653)
Equipment repairs	100,000	94,857	5,143	100,000	138,364	(38,364)
Rentals	2,500	844	1,656	2,000	158	1,842
Equipment purchases	134,526	122,444	12,082	188,376	179,241	9,135
Construction, repair, and maintenance	260,000	5,613	254,387	276,000	26,098	249,902
Other	87,000	87,373	(373)	119,600	83,938	35,662
Transfers out	50,000	63,106	(13,106)	50,000	49,915	85
Total Disbursements	1,294,930	1,026,769	268,161	1,394,176	1,140,077	254,099
RECEIPTS OVER (UNDER) DISBURSEMENTS	77,170	109,815	32,645	(34,676)	(83,155)	(48,479)
CASH, JANUARY 1	19,616	19,616	0	102,771	102,771	0
CASH, DECEMBER 31	96,786	129,431	32,645	68,095	19,616	(48,479)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	211,092	212,912	1,820	209,661	210,527	866
Interest	2,318	2,622	304	2,358	2,318	(40)
Other	5,256	5,227	(29)	6,755	5,256	(1,499)
Transfers in	5,832	0	(5,832)	16,126	0	(16,126)
Total Receipts	224,498	220,761	(3,737)	234,900	218,101	(16,799)
DISBURSEMENTS						
Assessor	215,200	193,869	21,331	210,100	191,233	18,867
Transfers out	24,800	22,800	2,000	24,800	20,311	4,489
Total Disbursements	240,000	216,669	23,331	234,900	211,544	23,356
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,502)	4,092	19,594	0	6,557	6,557
CASH, JANUARY 1	15,502	15,502	0	8,945	8,945	0
CASH, DECEMBER 31	0	19,594	19,594	8,945	15,502	6,557
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	2,500	4,635	2,135
Charges for services	10,500	10,454	(46)	10,500	9,795	(705)
Interest	1,000	2,238	1,238	2,570	2,345	(225)
Total Receipts	11,500	12,692	1,192	15,570	16,775	1,205
DISBURSEMENTS						
Sheriff	46,356	7,408	38,948	53,130	10,595	42,535
Transfers out	12,227	12,227	0	0	0	0
Total Disbursements	58,583	19,635	38,948	53,130	10,595	42,535
RECEIPTS OVER (UNDER) DISBURSEMENTS	(47,083)	(6,943)	40,140	(37,560)	6,180	43,740
CASH, JANUARY 1	47,083	59,310	12,227	53,130	53,130	0
CASH, DECEMBER 31	0	52,367	52,367	15,570	59,310	43,740

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY TRAINING FUND						
RECEIPTS						
Charges for services	2,400	2,555	155	2,500	2,425	(75)
Interest	200	248	48	241	208	(33)
Total Receipts	2,600	2,803	203	2,741	2,633	(108)
DISBURSEMENTS						
Prosecuting Attorney	3,150	3,016	134	3,150	2,175	975
Total Disbursements	3,150	3,016	134	3,150	2,175	975
RECEIPTS OVER (UNDER) DISBURSEMENTS	(550)	(213)	337	(409)	458	867
CASH, JANUARY 1	5,284	5,284	0	4,826	4,826	0
CASH, DECEMBER 31	4,734	5,071	337	4,417	5,284	867
PROSECUTING ATTORNEY BAD CHECK FUND						
RECEIPTS						
Charges for services	44,000	71,394	27,394	44,000	50,981	6,981
Interest	2,500	4,335	1,835	3,400	2,998	(402)
Total Receipts	46,500	75,729	29,229	47,400	53,979	6,579
DISBURSEMENTS						
Prosecuting Attorney	104,646	30,772	73,874	96,690	25,547	71,143
Transfers out	18,991	18,991	0	18,254	18,839	(585)
Total Disbursements	123,637	49,763	73,874	114,944	44,386	70,558
RECEIPTS OVER (UNDER) DISBURSEMENTS	(77,137)	25,966	103,103	(67,544)	9,593	77,137
CASH, JANUARY 1	77,137	77,137	0	67,544	67,544	0
CASH, DECEMBER 31	0	103,103	103,103	0	77,137	77,137
ENHANCED 911 FUND						
RECEIPTS						
Charges for services	265,000	297,881	32,881	243,722	254,596	10,874
Interest	3,000	4,194	1,194	0	3,313	3,313
Total Receipts	268,000	302,075	34,075	243,722	257,909	14,187
DISBURSEMENTS						
Salaries	192,603	176,088	16,515	170,908	166,740	4,168
Equipment	14,200	6,416	7,784	47,823	46,498	1,325
Mileage and training	2,500	3,026	(526)	3,250	2,570	680
Telephone	40,000	35,467	4,533	41,500	37,439	4,061
Transfers out	21,492	25,681	(4,189)	20,500	16,554	3,946
Total Disbursements	270,795	246,678	24,117	283,981	269,801	14,180
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,795)	55,397	58,192	(40,259)	(11,892)	28,367
CASH, JANUARY 1	45,703	45,703	0	57,595	57,595	0
CASH, DECEMBER 31	42,908	101,100	58,192	17,336	45,703	28,367

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales tax	1,560,095	1,650,292	90,197	1,525,000	1,531,851	6,851
Interest	15,000	32,445	17,445	0	17,498	17,498
Other	0	0	0	368,777	368,776	(1)
Total Receipts	1,575,095	1,682,737	107,642	1,893,777	1,918,125	24,348
DISBURSEMENTS						
Facility project	125,000	47,373	77,627	557,527	394,551	162,976
Bond payments	1,364,199	1,357,670	6,529	1,364,199	1,295,111	69,088
Land payment	0	0	0	52,000	44,720	7,280
Payment reserve	500,000	121,024	378,976	0	0	0
Furniture payment	50,000	0	50,000	0	0	0
Utility and upkeep expense	100,000	34,058	65,942	0	0	0
Professional services	5,000	6,551	(1,551)	0	0	0
Transfers out	100,000	85,722	14,278	0	0	0
Total Disbursements	2,244,199	1,652,398	591,801	1,973,726	1,734,382	239,344
RECEIPTS OVER (UNDER) DISBURSEMENTS	(669,104)	30,339	699,443	(79,949)	183,743	263,692
CASH, JANUARY 1	763,692	763,692	0	579,949	579,949	0
CASH, DECEMBER 31	94,588	794,031	699,443	500,000	763,692	263,692

RECORDER'S USER FEES FUND

RECEIPTS						
Charges for services	16,000	14,334	(1,666)	18,000	16,700	(1,300)
Interest	1,000	2,026	1,026	400	1,759	1,359
Total Receipts	17,000	16,360	(640)	18,400	18,459	59
DISBURSEMENTS						
Recorder	52,000	959	51,041	46,890	28,009	18,881
Total Disbursements	52,000	959	51,041	46,890	28,009	18,881
RECEIPTS OVER (UNDER) DISBURSEMENTS	(35,000)	15,401	50,401	(28,490)	(9,550)	18,940
CASH, JANUARY 1	38,030	38,030	0	47,580	47,580	0
CASH, DECEMBER 31	3,030	53,431	50,401	19,090	38,030	18,940

PROSECUTING ATTORNEY DELINQUENT TAX FUND

RECEIPTS						
Intergovernmental	2,400	3,532	1,132	2,400	13,915	11,515
Interest	150	1,191	1,041	150	791	641
Total Receipts	2,550	4,723	2,173	2,550	14,706	12,156
DISBURSEMENTS						
Salaries	2,745	1,901	844	2,519	2,173	346
Other	50	76	(26)	0	29	(29)
Total Disbursements	2,795	1,977	818	2,519	2,202	317
RECEIPTS OVER (UNDER) DISBURSEMENTS	(245)	2,746	2,991	31	12,504	12,473
CASH, JANUARY 1	25,141	25,141	0	12,637	12,637	0
CASH, DECEMBER 31	24,896	27,887	2,991	12,668	25,141	12,473

PROSECUTING ATTORNEY LAW ENFORCEMENT FUND

RECEIPTS						
Interest	35	40	5	40	35	(5)
Total Receipts	35	40	5	40	35	(5)
DISBURSEMENTS						
Other	888	0	888	858	0	858
Total Disbursements	888	0	888	858	0	858
RECEIPTS OVER (UNDER) DISBURSEMENTS	(853)	40	893	(818)	35	853
CASH, JANUARY 1	853	853	0	818	818	0
CASH, DECEMBER 31	0	893	893	0	853	853

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>MAP RESERVE FUND</u>						
RECEIPTS						
Interest	0	190	190	0	138	138
Transfers in	2,000	0	(2,000)	2,000	2,000	0
Total Receipts	2,000	190	(1,810)	2,000	2,138	138
DISBURSEMENTS						
Map reserve	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,000	190	(1,810)	2,000	2,138	138
CASH, JANUARY 1	4,138	4,138	0	2,000	2,000	0
CASH, DECEMBER 31	6,138	4,328	(1,810)	4,000	4,138	138
<u>SHERIFF DISCRETIONARY FUND</u>						
RECEIPTS						
Charges for services	37,400	37,691	291	37,400	33,512	(3,888)
Interest	1,900	693	(1,207)	1,900	183	(1,717)
Total Receipts	39,300	38,384	(916)	39,300	33,695	(5,605)
DISBURSEMENTS						
Sheriff	47,100	19,394	27,706	46,000	29,786	16,214
Total Disbursements	47,100	19,394	27,706	46,000	29,786	16,214
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,800)	18,990	26,790	(6,700)	3,909	10,609
CASH, JANUARY 1	7,800	7,800	0	3,891	3,891	0
CASH, DECEMBER 31	0	26,790	26,790	(2,809)	7,800	10,609
<u>PEACE OFFICERS STANDARD TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	3,500	4,992	1,492			
Interest	250	526	276			
Transfers in	12,227	12,227	0			
Total Receipts	15,977	17,745	1,768			
DISBURSEMENTS						
Training	15,977	0	15,977			
Total Disbursements	15,977	0	15,977			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	17,745	17,745			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	17,745	17,745			
<u>SHELTER ABUSE FUND</u>						
RECEIPTS						
Intergovernmental	16,300	13,340	(2,960)	16,200	15,015	(1,185)
Charges for services	16,500	6,492	(10,008)	8,400	6,150	(2,250)
Interest	0	157	157	0	188	188
Total Receipts	32,800	19,989	(12,811)	24,600	21,353	(3,247)
DISBURSEMENTS						
Domestic violence shelter	32,800	13,341	19,459	24,772	24,005	767
Total Disbursements	32,800	13,341	19,459	24,772	24,005	767
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	6,648	6,648	(172)	(2,652)	(2,480)
CASH, JANUARY 1	520	520	0	3,172	3,172	0
CASH, DECEMBER 31	520	7,168	6,648	3,000	520	(2,480)

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COUNTY LOCAL USE TAX FUND</u>						
RECEIPTS						
Interest	0	1	1	0	2,747	2,747
Total Receipts	0	1	1	0	2,747	2,747
DISBURSEMENTS						
Construction	0	0	0	211,703	214,323	(2,620)
Transfers out	127	128	(1)	0	0	0
Total Disbursements	127	128	(1)	211,703	214,323	(2,620)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(127)	(127)	0	(211,703)	(211,576)	127
CASH, JANUARY 1	127	127	0	211,703	211,703	0
CASH, DECEMBER 31	0	0	0	0	127	127
<u>CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Interest	5,000	13,442	8,442	0	6,158	6,158
Transfers in	100,000	100,000	0	25,000	25,000	0
Total Receipts	105,000	113,442	8,442	25,000	31,158	6,158
DISBURSEMENTS						
Transfers out	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	105,000	113,442	8,442	25,000	31,158	6,158
CASH, JANUARY 1	143,308	143,308	0	112,150	112,150	0
CASH, DECEMBER 31	248,308	256,750	8,442	137,150	143,308	6,158
<u>HEALTH INSURANCE FUND</u>						
RECEIPTS						
Interest	0	0	0	0	2,072	2,072
Other	0	0	0	0	1,768	1,768
Transfers in	0	294,813	294,813	275,000	234,474	(40,526)
Total Receipts	0	294,813	294,813	275,000	238,314	(36,686)
DISBURSEMENTS						
Health insurance premiums	0	231,151	(231,151)	275,000	278,100	(3,100)
Total Disbursements	0	231,151	(231,151)	275,000	278,100	(3,100)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	63,662	63,662	0	(39,786)	(39,786)
CASH, JANUARY 1	0	0	0	39,786	39,786	0
CASH, DECEMBER 31	0	63,662	63,662	39,786	0	(39,786)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	4,000	5,560	1,560			
Interest	0	84	84			
Total Receipts	4,000	5,644	1,644			
DISBURSEMENTS						
Election expense	3,500	3,129	371			
Total Disbursements	3,500	3,129	371			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	2,515	2,015			
CASH, JANUARY 1	204	204	0			
CASH, DECEMBER 31	704	2,719	2,015			

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	271,000	277,445	6,445	252,000	264,427	12,427
Intergovernmental	248,267	278,416	30,149	250,018	232,281	(17,737)
Charges for services	30,000	43,238	13,238	32,500	41,688	9,188
Interest	11,000	16,296	5,296	10,000	13,762	3,762
Other	14,500	11,306	(3,194)	9,500	12,652	3,152
Total Receipts	574,767	626,701	51,934	554,018	564,810	10,792
DISBURSEMENTS						
Salaries	454,426	432,878	21,548	428,243	401,735	26,508
Office expenditures	85,000	91,936	(6,936)	99,934	76,560	23,374
Equipment	23,000	18,937	4,063	22,000	19,835	2,165
Mileage and training	18,500	26,672	(8,172)	14,000	17,533	(3,533)
Other	219,042	5,711	213,331	195,848	29,953	165,895
Building project	0	160,331	(160,331)	0	0	0
Total Disbursements	799,968	736,465	63,503	760,025	545,616	214,409
RECEIPTS OVER (UNDER) DISBURSEMENTS	(225,201)	(109,764)	115,437	(206,007)	19,194	225,201
CASH, JANUARY 1	225,301	225,301	0	206,007	206,107	100
CASH, DECEMBER 31	100	115,537	115,437	0	225,301	225,301
DEVELOPMENTALLY DISABLED BOARD FUND						
RECEIPTS						
Property tax	326,205	329,545	3,340	306,500	325,971	19,471
Intergovernmental	0	374	374	0	373	373
Interest	250	456	206	400	513	113
Other	0	13,917	13,917	1,000	16	(984)
Total Receipts	326,455	344,292	17,837	307,900	326,873	18,973
DISBURSEMENTS						
Contract services	303,250	343,860	(40,610)	299,450	325,246	(25,796)
Office expenditures	250	573	(323)	400	208	192
Mileage and training	500	41	459	400	0	400
Legal fees	20,000	17,312	2,688	5,000	4,845	155
Insurance and bonds	1,000	1,050	(50)	1,750	1,000	750
Total Disbursements	325,000	362,836	(37,836)	307,000	331,299	(24,299)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,455	(18,544)	(19,999)	900	(4,426)	(5,326)
CASH, JANUARY 1	0	36,043	36,043	40,082	40,469	387
CASH, DECEMBER 31	1,455	17,499	16,044	40,982	36,043	(4,939)
CIRCUIT CLERK INTEREST FUND						
RECEIPTS						
Interest	6,846	11,269	4,423	8,000	8,890	890
Total Receipts	6,846	11,269	4,423	8,000	8,890	890
DISBURSEMENTS						
Equipment	14,000	13,816	184	10,000	3,664	6,336
Total Disbursements	14,000	13,816	184	10,000	3,664	6,336
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,154)	(2,547)	4,607	(2,000)	5,226	7,226
CASH, JANUARY 1	9,200	9,200	0	3,974	3,974	0
CASH, DECEMBER 31	2,046	6,653	4,607	1,974	9,200	7,226
LAW LIBRARY FUND						
RECEIPTS						
Charges for services	17,000	18,720	1,720	17,000	18,134	1,134
Interest	1,000	2,366	1,366	1,000	1,359	359
Total Receipts	18,000	21,086	3,086	18,000	19,493	1,493
DISBURSEMENTS						
Law Library	63,316	5,304	58,012	48,775	4,952	43,823
Total Disbursements	63,316	5,304	58,012	48,775	4,952	43,823
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45,316)	15,782	61,098	(30,775)	14,541	45,316
CASH, JANUARY 1	45,316	45,316	0	30,775	30,775	0
CASH, DECEMBER 31	\$ 0	61,098	61,098	0	45,316	45,316

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

Notes to the Financial Statements

LACLEDE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Laclede County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Developmentally Disabled 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, which 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 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Election Services Fund	1999
Family Access Fund	2000 and 1999
Juvenile Assessment Fund	2000 and 1999

Warrants issued were in excess of budgeted amounts for the County Local Use Tax Fund, Health Insurance Fund, and the Developmentally Disabled Board Fund for the

years ended December 31, 2000 and 1999. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Sheriff Discretionary Fund for the year ended December 31, 1999.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Map Reserve Fund	2000 and 1999
Sheriff Discretionary Fund	2000 and 1999
Peace Officers Standard Training Fund	2000
Shelter Abuse Fund	2000 and 1999
Election Services Fund	2000 and 1999
Health Center Fund	2000
Circuit Clerk Interest Fund	2000 and 1999
Law Library Fund	1999
Family Access Fund	2000 and 1999
Juvenile Assessment Fund	2000 and 1999

2. Cash

Section 110.270, RSMo 2000, 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. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary 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.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. 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.

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by insurance provided through a surety bond.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for both the county and the Health Center Board at those times although not at year end.

The Developmentally Disabled Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the Board's custodial bank in the Board's name.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Schedule

LACLEDE COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2000 AND 1999

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*

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

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Laclede County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1998.

98-1. Overspending Budgets

Disbursements were made in excess of the approved budgets in several county funds during the two years ended December 31, 1998.

RECOMMENDATION:

The County Commission:

Ensure the county and applicable officials and/or boards do not authorize disbursements in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budget should be formally amended.

Status:

Partially implemented. Although some improvement has been noted, the county did exceed budgeted expenditures for three county funds. The county planned on paying the applicable health insurance premiums directly from each fund for year ended December 31, 1999. Instead, the county paid health insurance premiums from the Health Insurance Fund during the year ended December 31, 2000. As a result, expenditures totaling \$231,151 were paid from that fund that were not budgeted. Although not repeated in the current report, our recommendation remains as stated above.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the special-purpose financial statements of various funds of Laclede County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 27, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

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. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our 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. These findings resulted from our audit of the special-purpose financial statements of Laclede County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Expenditures**

- A. Bids were not always solicited for various purchases made by the county during the audit period. Examples of items purchased, for which no evidence of bidding could be located, are as follows:

<u>Item Purchased</u>	<u>Amount</u>
Rock – four different purchases – county does not bid	\$97,224
Repairs and Equipment – various equipment	32,893
Sun censored blinds – special order for courthouse	13,223
Tires	9,006
Surveillance Equipment	4,671

The County Commission indicated items were sometimes purchased from sole source suppliers (i.e. aware of no other vendor providing the good or service, or no other vendor in the county provides the good or service). However, the County Commission failed to document their reasons for decisions made.

Section 50.660, RSMo 2000, requires bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

Documentation of bids should always be retained as evidence the county's established purchasing procedures as well as statutory requirements are being followed. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice, a copy of all bids received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

- B. The County Commission obtained legal services without soliciting proposals or documenting their basis for their decision. In December 2000, the county paid this law firm \$40,330 for legal services provided on four matters. On one matter involving official salaries, the county paid \$20,000 (\$12,500 representing an advance fee for representing the officials in the Appeal to the Missouri Supreme Court). While invoices supporting the legal services noted the hours of service performed by the firm for most matters, the county has no assurance the advance fee was reasonable or that the county received services totaling the amount billed by the firm.

As of March 27, 2001, the county had not been provided documentation of the services rendered by the law firm for the advance fee. In addition, the county did not have a written agreement for the legal services.

The County Commission should always document the basis for selection of providers of professional services and obtain written contracts to ensure the county is receiving quality service at a reasonable and agreed upon price. In addition, the county should determine whether the advance fee was appropriate.

- C. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Laclede County's Associate County Commissioners salaries were each increased approximately \$4,730 yearly (\$5,040 in 2000), according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case against the Laclede County Associate Commissioners that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$9,770 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and/or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Document the basis for selection of providers of professional services and enter into written agreements for such services and determine whether the advance fee was appropriate.
- C. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. We will try to solicit bids on all materials when possible, when not possible we will document the reason why we did not.*
- B. If in the future the County needs professional services, such as a lawyer, we will get a contract after soliciting for proposals.*
- C. We are not going to pursue this matter because we believe this is a matter between the two previous Associate Commissioners and the Prosecuting Attorney.*

Former Associate Commissioner Lowell Douglas provided the following response:

- C. When we took this raise, we (the commissioners) decided not to take mileage. I usually got around \$2,500 a year mileage for checking roads with my gas and my truck. I also became in charge of the community service people the year I got my raise. I had to do a lot more running and checking on them, and getting them jobs. So, I had more mileage than usual. I feel I am entitled to mileage. If you take my raise away, my mileage should amount to at least \$3,000 a year (a total of \$6,000 at the very least). If I knew I was not getting a raise I would have taken this mileage. So I think at least \$6,000 should be taken off your total.*

2.

County Budgets and Financial Reporting

- A. The approved budget documents for several county funds (including budgets prepared by elected officials) did not adequately reflect the anticipated financial condition for the two years ended December 31, 2000. Expenditures were budgeted to use substantially all available resources. For example, the anticipated ending cash balance for the General Revenue Fund was projected at \$233,855, while the actual ending cash balance was \$966,231. This significant difference resulted from underestimating receipts and overestimating disbursements.

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

- B. The Sheriff Discretionary Fund projected a negative cash balance of \$2,809 at December 31, 1999. Article VI, Section 26(a) of the Missouri Constitution states, "No county . . . shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years . . ."

A similar condition was noted in our previous audit reports.

- C. Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards(SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county does not have specific procedures in place to adequately track federal assistance for preparation of the SEFA. During the years ended December 31, 2000 and 1999, the county's SEFA contained numerous errors and omission. Programs totaling \$74,742 and \$121,791 for the years ended December 31, 2000 and 1999, respectively, were omitted from the county's SEFA and many of the programs did not agree to county's expenditure records.

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

- D. The annual published financial statements of the county did not include the financial activity of some county funds as required. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

WE RECOMMEND the County Commission:

- A. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending cash balances.
- B. Ensure projected expenditures are not incurred in excess of available monies.
- C. Prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's Office as part of the annual budget.
- D. Ensure financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A. *We try to estimate revenues and disbursements as to our best judgment. Sometimes tax revenue, contracts for federal prisoners and circuit clerk oversight has caused our estimates to be more than expected.*

B. *We will try to correct this.*

C&D. These will be implemented.

3. County Procedures

A. Collateral securities pledged by the county's depository banks to cover deposits of the County Treasurer and County Collector were insufficient by approximately \$2.0 million during January 2001. The county apparently has not adequately monitored the level of bank activity. To ensure sufficient securities are pledged, the county should monitor the level of bank activity and notify the depository bank when additional securities need to be pledged.

Section 110.020, RSMo 2000, provides that the value of the securities pledged should at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the Federal Deposit Insurance Corporation (FDIC). Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

B. In June 1999, the county authorized the turnover of approximately \$22,000 of unclaimed fees to general revenue, instead of remitting the fees to the state. The majority of these funds represented unidentified monies from the former Prosecuting Attorney that had been turned over to the Unclaimed Fees fund by the current Prosecuting Attorney. It is not clear whether the county had the authority to retain these unclaimed monies. Sections 447.500 through 447.595, RSMo 2000, requires unidentified monies be turned over to the state Unclaimed Property Section. The county should review these sections of state law and take appropriate action.

WE RECOMMEND the County Commission:

A. Ensure adequate collateral securities are pledged to protect county funds. This can be done by monitoring bank activity and providing timely notice to the depository bank of the need for additional collateral securities to be pledged.

B. Review the county's procedures for turning over unidentified amounts to state Unclaimed Property.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *We have requested the Treasurer and Collector work with the financial institution to ensure they have timely notice of large fund balances during the tax season.*
- B. *We believe this money should stay in this county.*

4. Property Tax Books and Contracts
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- A. The County Clerk does not prepare the current or back tax books. The County Collector enters the tax rates which are obtained from the County Clerk and extends and prints the current tax books. The County Collector also prepares the back tax books. Further, the County Clerk does not perform tests to verify the totals of the current and back tax books for accuracy.

Sections 137.290 and 140.050, RSMo 2000, require the County Clerk to extend tax books and charge the County Collector with the whole amount of the current tax books, and the aggregate amount of taxes, interest, and clerk's fees contained in the back tax books. The procedures outlined in the statutes for the preparation of the tax books provide for the separation of duties and acts as a form of checks and balances on the Assessor, County Clerk, and County Collector. Failure of the County Clerk to prepare the tax books as required by statutes, may result in errors and irregularities going undetected.

- B. The County Collector and the county contract to collect taxes on behalf of most cities in the county. The County Collector and county receive a fee of 1¼ percent and 1¾ percent, respectively, withheld from all taxes collected. In addition, the County Collector receives a penalty charge of 5% on delinquent taxes collected from the taxpayers.

The contracts provide for the County Collector to receive penalties on delinquent taxes as prescribed by law. There is no city ordinance authorizing the 5 percent penalty collected on delinquent taxes. The County Collector assesses a penalty on delinquent city tax payments in accordance with Section 52.290.1, RSMo 2000, which provides for a 5 percent penalty to be collected from the taxpayer, and the proceeds are to be distributed two-fifths to the county general fund and three-fifths to the county employees' retirement fund. However, the County Collector personally retains these penalties (since April 2000), and has collected and retained \$2,074 in 5 percent penalties collected for city taxes (thru February 2001). Any add on fee or penalty charged to taxpayers must be based on state law and city ordinance. The contracts with the cities should clearly define the amount of penalties to be assessed on delinquent taxes and how these amounts should be distributed.

WE RECOMMEND the County Commission:

- A. Ensure the current and back tax books are prepared by the County Clerk in accordance with state law.
- B. And the Collector amend the contracts with the cities to specifically define the amount of penalties to be collected on delinquent city taxes and how the penalties are to be distributed. The penalty amounts should be based on applicable state laws and city ordinances.

AUDITEE'S RESPONSE

The County Commission provided the following response:

- A. *The Commission will request the County Clerk, Assessor and Collector work together to allow the County Clerk to be involved in the printing of the current and back tax books.*

The County Collector provided the following response:

- B. *The language and intent of the contract dealing with the collection and distribution of penalties on delinquent taxes between Laclede County, Laclede County Collector and City of Lebanon was discussed and agreed to. All parties involved in the cooperative agreement believe they are well within the legal boundaries of the Missouri State Statute.*

5. Sheriff Accounting Controls and Procedures
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- A. The Sheriff's Department received approximately \$48,000 per year during 1999 and 2000 in personal monies for inmates to purchase food and personal items from the commissary. The inmate and commissary monies are maintained in the same bank account (the Inmate Trust Account). Prior to December 2000, commissary services were provided by an independent vendor. In January 2001, the Sheriff's office began purchasing commissary items from local vendors based on inmate orders. Our review of the Inmate Trust Account noted the following concerns:

- 1. Monies received from inmates are not deposited on a timely basis or intact and a reconciliation between receipts and deposits is not performed. Money orders received from inmates are sometimes cashed from other commissary receipts, and monies on hand are used to purchase items for the commissary.

To properly safeguard cash receipts and reduce the risk of loss, theft, or misuse of funds, all commissary monies received should be deposited intact daily or when accumulated receipts exceed \$100.

- 2. Bank reconciliations have not been performed since November 2000. In addition, a balance has not been maintained in the checkbook register since

January 2001. We prepared a bank reconciliation as of February 28, 2001 and noted 40 checks totaling \$194 outstanding over one year.

Without maintaining records of cash balances and preparing monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner. In addition, procedures should be adopted to routinely follow up on old outstanding checks.

3. The Inmate Trust Account is not reconciled to the total of the individual inmate balances and any remaining commissary proceeds. Inmate balances are maintained on computer files but the balances have not been reconciled to the total in the bank account because the account also contains the commissary monies for which no separate records are kept. To reconcile, the Sheriff's office must maintain records to account for the commissary activity (sales, purchases and any residual profit). On March 12, 2001, we determined the account balance and cash on hand totaled \$3,803 and the inmate balances totaled \$2,843 (\$960 commissary proceeds remaining).

Reconciliations between receipts, disbursements, and individual inmate balances are necessary to ensure all monies received are accounted for properly and errors in recording amounts in inmate and commissary accounts are detected.

4. Accounting and bookkeeping duties are not adequately segregated. The assistant jail administrator is responsible for receipting, recording, and depositing monies received, preparing and signing checks, and purchasing commissary items. There is no independent review of the accounting records and reconciliations.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are properly safeguarded. 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 that financial records are properly maintained and help detect errors on a timely basis.

5. Receipt slips were not issued for some monies received and redi-form receipt slips are issued rather than official, pre-numbered receipt slips. In addition, voided receipt slips are not always retained.

To ensure all monies are properly handled, official, pre-numbered receipt slips should be issued for all monies received. In addition, all copies of receipt slips should be retained.

B. The former Sheriff entered into a written agreement with a telephone company to provide telephone services to county prisoners. The agreement provided that the sheriff's department receive commissions based on collect telephone calls made by prisoners at the jail. During the time period of January 1999 through September 30, 2000, the Sheriff's department earned \$38,875 in telephone commissions. Our review of the inmate phone system indicated the following concerns:

1. The agreement between the telephone company and the Laclede County Jail was signed by the former Sheriff. The agreement was not reviewed or approved by the county commission. Chapter 49, RSMo 2000, establishes the county commission as the chief administrative body of the county. As such, it appears the county commission should be involved in the approval of contracts and agreement affecting county operations.
2. The telephone company was disbursing only a portion of the county's telephone commission (\$1,000 each month) to the sheriff's department. The remaining commission was held by the company and used by the former Sheriff for various purchases, including a copier, fax machine, two computers, television, VCR, as well as \$2,065 for Sheriff department calendars that appeared to promote the former Sheriff's election (which the Missouri Ethics Commission found to be in violation of state law and Sheriff Dotson reimbursed the county). These purchases were not handled through the county's normal disbursement process and no record was maintained by the Sheriff's department to document the purchases.

Telephone commissions should be deposited into the county treasury and the County Commission should authorize their use. Section 50.370, RSMo 2000, requires every county official who receives any fees or other remuneration for official services to pay such money to the county treasury.

C. Seized property items are not always tagged to identify the property to a specific case and the property tags are not prenumbered. In addition, an inventory listing of seized property is maintained; however, the listing does not appear complete. Several items located in the evidence room were not included on the inventory listing.

Adequate seized property inventory records are necessary to deter and identify loss, misuse, or theft of such items. An inventory record should include information such as date of seizure, description, persons involved, current location of the property, case name and number, and date and method of release or disposition of the property. In addition, all items should be tagged and identified to a specific case.

D. Accounting duties relating to civil fees and bond receipts are not adequately segregated. Currently, the Sheriff Administrator is primarily responsible for receiving, recording and depositing all monies, and preparing and signing all checks. No independent review of this employee's work is performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from that of recording receipts and preparing disbursements. If proper segregation of duties cannot be achieved, at a minimum, procedures for adequate independent review should be established.

Similar conditions to parts A, C, & D were noted in previous audit reports.

WE RECOMMEND the Sheriff:

- A.1. Deposit all inmate and commissary monies intact daily or when accumulated receipts exceed \$100. In addition, a reconciliation between receipt and deposits (in total and by composition) should be performed. Receipts should not be used for cashing money orders or purchasing items for the commissary.
2. Prepare monthly bank reconciliations and maintain a check register with a running balance. In addition, attempt to locate the payees of the old outstanding checks and reissue checks if possible. Procedures should be adopted to routinely follow up on old outstanding checks.
3. Maintain records for the commissary account and reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis.
4. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
5. Issue prenumbered official receipt slips for all monies received and retain all copies of voided receipt slips.
- B.1. Work with the County Commission and obtain a written contract between the telephone company and the County Commission.
2. Turn over all future telephone commissions to the County Treasurer for deposit into the General Revenue Funds and disburse monies only when approved by the County Commission.
- C. Mark all seized property with prenumbered property tags and identify the property to specific cases. In addition, a complete inventory listing of all seized property should be maintained and kept updated for both additions and dispositions.
- D. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The current Sheriff provided the following responses:

A.1-3. These have been implemented.

4. The Jail Administrator will review the bank reconciliations on a monthly basis.

5. This will be implemented as soon as we can purchase a new receipt book.

B.1. This will be up to the County Commission.

2. This was implemented as soon as I took office.

C. We are going through all items and cleaning up our property room. All of our current evidence is properly tagged and adequate records are maintained.

D. An independent review will be performed.

The County Commission provided the following response:

B.1. The County Commission has requested Evercom to issue a new contract with them concerning phone commissions from the jail phones.

6. Court Accounting Controls and Procedures
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A review of the Circuit Court, Associate and Probate Divisions under the Circuit Clerks authority disclosed the following concerns:

A. The Circuit Clerk does not have adequate procedures for collecting and monitoring amounts assessed by the courts. Section 221.105, RSMo 2000, allows for the reimbursement of certain costs in criminal cases where the state has been rendered liable. The Sheriff is to certify the number of prisoner incarceration days and the Circuit Clerk is responsible for preparing cost bills and submitting them to the state for reimbursement. Section 33.120, RSMo 2000, requires all bills of costs be submitted to the state's Office of Administration within two years of the date of judgement and sentence.

As similarly noted in our report for the two years ended December 31, 1998, the Circuit Clerk is again behind in submitting reimbursement requests to the state. The court does not have any set procedure for ensuring reimbursement requests are filed in an orderly and/or timely basis. During March 2001, the Circuit Clerk went through his criminal files and completed 22 reimbursement requests totaling \$96,083. The majority of these cases had conviction dates dating back to 1999. Also, we noted one case with costs of approximately \$51 exceeded the two-year time limit and it

appears the county will not be reimbursed for this amount. To ensure reimbursement is obtained for all allowable costs, proper and complete bills of costs should be prepared and submitted to the state in an orderly and/or timely manner.

- B. The Circuit Clerk collects cash receipts for making photocopies. These monies are not receipted or transmitted to the County Treasurer, instead, the Circuit Clerk indicated they are used for various office expenditures. The Circuit Clerk's office did not maintain any documentation regarding the receipts and disbursements of these monies.

Copy monies received by the Circuit Clerk represent accountable fees. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury. In addition, to ensure proper accountability over official receipts and reduce the potential for loss, theft, or misuse of funds, prenumbered receipt slips should be issued for all monies received, monies should be deposited intact, and should be remitted to the County Treasurer along with other accountable fees on a monthly basis.

- C. The Associate Division's open items listing at December 31, 2000 included items totaling \$2,350 for cases which date back to 1995 and prior. The Circuit Clerk should adopt procedures to periodically follow up on old open items, and dispose of them in accordance with applicable state law.

A condition similar to part B was noted in a previous report.

WE RECOMMEND the Circuit Clerk:

- A. Prepare and submit criminal cost reimbursement requests to the state on an orderly and/or timely basis.
- B. Ensure all copy monies are receipted, deposited to the Circuit Clerk's fee account, and remitted to the County Treasurer at least monthly.
- C. Establish procedures to routinely follow up on older open items and dispose of them in accordance with state law.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *We have now developed a document that lists the following information when a defendant is Delivered to the Department of Corrections:*

Defendants name

Docket number

Date of disposition

Indication as to whether or not request for reimbursement has occurred and if so, the date.

Although this document is not new, (it was created in 1999) we did not keep it updated and failed to use in a way that would have been beneficial to keeping good financial records.

We have implemented the use of this document to assure greater control on the criminal reimbursement for our county. The clerk does not use the two year schedule to submit a criminal bill, but only to avoid losing the reimbursement within that time period. Every effort is being made to effectively process reimbursement requests in a timely manner. As of this writing, cases left for costs bills are from December 2000 through March 2001, being only four months old.

B. The Circuit Clerk was holding \$22.57 in petty cash collected for copies. This amount was handed over to the treasurer January 25, 2001 and is being turned over to the county on a monthly basis.

C. As reported to the auditors in March, a portion of the open items addressed in the audit findings have been processed and paid out. Finding the time seems to be the problem for the clerk handling the specific cases.

Each clerk receives a copy of the "open item" list at the end of each month for their review. This continues to be a problem and an effort will be made to clear out these accounts in a timely manner.

7.

Health Center

A. The Health Center Board does not have a depository contract with its bank. A depository agreement is necessary to ensure both the bank and the board understand and comply with the agreement. Such an agreement may cover issues such as costs of checking accounts and safe deposit boxes, interest charges for borrowed funds, interest to be paid on certificates of deposit, savings accounts, and interest bearing checking accounts, and should include collateral securities required to be pledged.

B. The health center's certificates of deposits were not adequately covered by collateral securities in January 2000. The health center deposited money into certificates of deposits at a different bank and did not realize amounts exceeded the depository insurance provided by the bank.

Section 110.020, RSMo 2000, requires the value of securities pledged by banks holding Health Center monies shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral

securities leave public funds unsecured and subject to loss in the event of bank failure.

To ensure sufficient collateral securities are pledged, the Health Center should require collateral securities to be pledged whenever balances exceed Federal Deposit Insurance Corporation (FDIC) coverage. In addition, total amounts on deposit should be routinely monitored to ensure amounts pledged are sufficient.

- C. The Health Center Board allowed one employee to take annual and sick leave beyond his accumulated balance. In January 2000, the board decided to clear the negative leave balances and start the employee's leave balances at zero. The board also allowed the employee to accumulate some additional leave during 2000 that had not been earned and cleared the negative leave balance when the employee resigned (a total of 362 hours). The health center's leave policy indicates leave may not be taken prior to the time that it is earned by the employee. Established procedures protect both the board and the employees and ensure all employees are treated fairly and equitably. Failure to comply with established policies bring uncertainty to accepted operating procedures of the health center.
- D. Budgets prepared by the board did not adequately reflect the board's anticipated financial condition for the two years ended December 31, 2000. The board budgeted to use all available resources. As a result, the actual ending cash balance was much higher than the zero for December 31, 1999 (\$100 for December 31, 2000) cash balance projected by the board.

To be of maximum assistance to the board and to adequately inform the public of the board's operations and financial position, the budgets should accurately reflect the anticipated expenditures and ending cash balances. The practice of routinely budgeting to spend all available resources decreases the effectiveness of the budget as a management planning tool and as a control over expenditures.

WE RECOMMEND the Health Center Board:

- A. Enter into a written depository agreement with any bank which holds board monies.
- B. Monitor bank balances to ensure the bank pledges adequate securities at all times in accordance with state law.
- C. Follow established leave policies or review and amend those policies as warranted.
- D. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that the budget document presents a reasonable estimate of the board's financial plan and ending cash balance.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following response:

- A&B. We agree and will work with our banking facility to implement the recommendations.*
- C. The board understands that we have policies and procedures that we follow; however, these were unusual circumstances that required us to make an exception related to this situation. We have updated our staffing to alleviate any staffing concerns in the future.*
- D. This will be done during the next budget cycle.*

This report is intended for the information of the management of Laclede County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

LACLEDE 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 Laclede County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1996.

The 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. Budgetary Practices

- A. Disbursements were made in excess of approved budgets for several county funds.
- B. The county did not adopt formal budgets for all county funds.
- C. Information contained in the Circuit Clerk Interest Fund budget and the Developmentally Disabled Board Fund budget was incorrect.
- D. The Developmentally Disabled Board budgeted a deficit balance for the year ended December 31, 1996.

Recommendation:

The County Commission:

- A. And the Associate Circuit Court, the Circuit Court, and elected officials refrain from incurring expenditures in excess of budgeted amounts. If additional funds are received which could not be estimated when the budget was adopted, the budget should be amended by following the procedures required by state law.
- B. Ensure that budgets are prepared or obtained for all county funds in accordance with state law.
- C. Work with the Circuit Court and the Developmentally Disabled Board to ensure the actual beginning cash balance, receipt, and disbursement amounts presented in the budget of the Circuit Clerk Interest Fund and the Developmentally Disabled Board Fund are accurate. In addition, complete financial information should be included in all county budgets.
- D. Work with the Developmentally Disabled Board to ensure that budgeted expenditures of the Developmentally Disabled Board Fund do not exceed budgeted available resources.

Status:

- A. Partially implemented. The county did exceed budgeted expenditures for the Health Insurance Fund and the County Local Use Tax Fund. Although not repeated in the current report, our recommendation remains as stated above.
- B. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.
- C. Implemented.
- D. Partially implemented. The Developmentally Disabled Board did not budget expenditures in excess of available resources; however, the Sheriff did prepare a budget for the Sheriff Discretionary Fund that budgeted a deficit of \$2,800. See MAR No. 2.

2. Purchase of Real Estate

The County Commission purchased three parcels of land and their related structures for \$234,000 pursuant to the construction of new law enforcement facilities. The County Commission financed these purchases with contracts for deeds.

- A. The county had adequate funds available in the Law Enforcement Sales Tax Fund to reduce or avoid debt and interest charges.
- B. The county demolished structures located on these properties without having clear title to the properties so that construction of the law enforcement facilities could commence.
- C. Properties were purchased at amounts significantly in excess of their appraised values. In addition, the commission did not have adequate documentation of the negotiations for these purchase prices.

Recommendation:

The County Commission:

- A. Avoid entering into financing agreements when sufficient unrestricted cash balances exist.
- B. Obtain legal counsel regarding these real estate purchase contracts and take measures to mitigate the county's risks and potential liability. The commission should obtain clear title to these properties if at all possible.

- C. Formally document all offers, counter offers, and negotiations for purchase prices of real estate to ensure that the price paid is reasonable and represents the fair value of the property.

Status:

The County Commission paid off the property noted above and has not entered into any further financing agreements or purchased any additional property.

3. Federal Forfeiture Funds

- A. The Sheriff and Prosecuting Attorney received funding through the Equitable Sharing Program and maintained these funds in bank accounts outside the county treasury.
- B. The Sheriff's department did not maintain adequate documentation of their fund's activity or expenditures.

Recommendation:

The Sheriff and/or Prosecuting Attorney:

- A. Transfer the Equitable Sharing program monies and future program proceeds to the County Treasurer for credit into separate funds. Funds should be expended at the discretion of the Sheriff or Prosecuting Attorney through the county's normal expenditure system.
- B. Work with the County Clerk and County Treasurer to ensure the maintenance of adequate receipt and disbursement ledgers as well as supporting documentation for all items purchased. In addition, the Sheriff's office should resolve the questioned costs with the grantor agency.

Status:

- A. Partially implemented. The Prosecuting Attorney transferred the Law Enforcement Drug Fund to the County Treasurer in September 1997. However, the Sheriff expended the balance of the fund and closed the bank account. The fund was not turned over to the County Treasurer. Although not repeated in the current report, our recommendation remains as stated above.
- B. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

4. Computer Controls

- A. Passwords were not utilized in several offices.

- B. A sign on log was not utilized on the property tax system.
- C. Backup disks of computer files were not stored at off-site locations for several offices.

Recommendation:

The County Commission work with applicable county officials to:

- A. Utilize passwords to restrict access to specific computer programs and data files to authorized individuals.
- B. Establish a security system for the property tax system to detect and report incorrect log-on attempts after a certain number of tries.
- C. Ensure backup disks are stored in a secure, off-site location.

Status:

- A. Partially implemented. All officials except the County Assessor's office utilize passwords to restrict access to specific computer programs. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. The County Collector has implemented a system; however, the County Assessor's office does not have a security system established. Although not repeated in the current report, our recommendation remains as stated above.
- C. Implemented.

5. General Fixed Assets

- A. The county did not have formal procedures for disposing of county owned property.
- B. Additions were not consistently recorded in the general fixed asset records.

Recommendation:

The County Clerk:

- A. And the County Commission establish a formal method of disposing of general fixed assets. At a minimum, written authorization for all property dispositions should be obtained and the date and method of disposition should be recorded on the general fixed asset records.
- B. Work with other responsible officials to ensure all fixed asset additions are recorded on the general fixed asset records in a timely manner.

Status:

Implemented.

6. Personnel Procedures

Two county employees were allowed to use county vehicles for commuting purposes.

Recommendation:

The County Commission comply with IRS guidelines for reporting fringe benefits related to county-owned vehicles. In addition, the county should establish a written policy for road and bridge employees regarding the appropriate use of county vehicles for commuting purposes.

Status:

Partially implemented. The road foreman is the only county employee that utilizes a county vehicle and is on-call 24 hours a day. A vehicle log is maintained for the foreman's county vehicle. Although not repeated in the current report, our recommendation remains as stated above.

7. County Clerk's Controls and Procedures

A. A bank account was maintained outside the county treasury for Community Development Block Grant (CDBG) funds.

B. Special election receipts and disbursements were not adequately documented.

Recommendation:

The County Clerk:

A. Discontinue the practice of maintaining monies outside the county treasury.

B. Issue prenumbered receipt slips for special election monies and maintain special election ledgers in sufficient detail to document all receipt and disbursement transactions for each election. In addition, proceeds from the sale of voter lists should be remitted to the County Treasurer at least monthly and election costs refunded to the County Treasurer should be adequately documented.

Status:

Implemented.

8. Circuit Clerk's Controls and Procedures

Copy receipts were not receipted or deposited and were not accounted for properly.

Recommendation:

The Circuit Clerk ensure all copy monies are receipted, deposited to the Circuit Clerk's fee account, and remitted to the County Treasurer at least monthly.

Status:

Not implemented. See MAR No. 6.

9. Prosecuting Attorney's Controls and Procedures

- A. Monthly listing of open items were not prepared or reconciled to cash balances for the restitution account.
- B. Accounting and bookkeeping duties were not adequately segregated.

Recommendation:

The Prosecuting Attorney:

- A. Prepare a monthly listing of open items and reconcile it to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
- B. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should perform documented reviews of the work performed.

Status:

Implemented.

10. Public Administrator's Settlements

Annual settlements were not filed on a timely basis.

Recommendation:

The Public Administrator and the Associate Circuit Division Judge work together to ensure the Public Administrator's annual settlements are filed on a timely basis.

Status:

Implemented.

11. Ex Officio Recorder of Deeds' Controls and Procedures

Sufficient records were not maintained to account for daily cash balances in the Recorder's fee account. In addition, monthly reconciliations were not performed to ensure accounts receivable and available cash were sufficient to cover liabilities.

Recommendation:

The Recorder of Deeds maintain a cash control ledger sufficient to account for daily cash balances in the Recorder's fee account and prepare monthly reconciliations of the cash available and the accounts receivable balance to liabilities due to the state and county.

Status:

Implemented.

12. Sheriff's Department Controls and Procedures

- A. Numerous weaknesses were noted related to the receipt and deposit of the various fees and payments received by the Sheriff's department.
- B. The Sheriff maintained approximately \$1,200 in a bank account related to abandoned property and had not properly disposed of the monies.
- C. Controls related to prisoners' spending monies were inadequate.
- D. An inventory of abandoned property was not maintained.
- E. The duties of cash custody and record-keeping were not adequately segregated.

Recommendation:

The Sheriff:

- A.1. Record the method of payment for all monies received and reconcile cash, checks, and money orders received to the composition of bank deposits.
- 2. Deposit monies daily or when accumulated receipts exceed \$100.
- B. Dispose of the Cattle Account funds in accordance with state law.

- C. Maintain adequate records to account for all monies received from inmates and the ultimate disposition of those monies. Procedures should include, but are not limited to, clearly identifying the owners of all monies in the custody of the department and issuing or obtaining receipt slips for all receipts and disbursements of inmate monies.
- D. Maintain an inventory of all abandoned property received and its ultimate disposition. In addition, receipts should be obtained for the return of properties to their owners.
- E. Adequately segregate accounting and bookkeeping duties to the extent possible and ensure there is a supervisory review of the work performed.

Status:

A.1&

B. Implemented.

A.2,

C-E. Not implemented. See MAR No. 5.

STATISTICAL SECTION

History, Organization, and
Statistical Information

LACLEDE COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1849, the county of Laclede was named after Pierre Laclede, founder of St. Louis. Laclede County is a county-organized, third-class county and is part of the Twenty-Sixth Judicial Circuit. The county seat is Lebanon.

Laclede 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 county roads and 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 of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Laclede County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 290,629	6	238,707	6
Sales taxes	1,650,764	36	1,535,095	37
Federal and state aid	1,163,597	25	1,140,839	28
Fees, interest, and other	1,498,221	33	1,206,486	29
Total	\$ 4,603,211	100	4,121,127	100

The following chart shows how Laclede County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 2,114,603	49	1,608,508	42
Public safety	1,203,848	28	1,135,305	29
Highways and roads	1,026,769	23	1,140,077	29
Total	\$ 4,345,220	100	3,883,890	100

In addition, Laclede County received \$1,682,737 and \$1,918,125 of revenues in the Law Enforcement Sales Tax Fund and expended \$1,652,398 and \$1,734,382 for public safety in 2000 and 1999, respectively.

The county maintains approximately 25 county bridges and 600 miles of county roads.

The county's population was 19,944 in 1970 and 27,158 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2000				
	(in millions)				
Real estate	\$ 181.7	174.2	78.0	36.7	18.6
Personal property	86.9	81.6	30.7	13.7	7.0
Railroad and utilities	17.5	17.4	8.2	6.3	3.8
Total	\$ 286.1	273.2	116.9	56.7	29.4

* First year of statewide reassessment.

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

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

	Year Ended December 31,	
	2000	1999
General Revenue Fund	\$ 0.0300	0.0800
Health Center Fund	0.1000	0.1000
Developmentally Disabled Board Fund*	0.0650	0.1200

* The county also collected and distributed property taxes (levy of \$.0590) directly to Laclede Early Education Program in 2000.

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),	
	2001	2000
State of Missouri	\$ 87,785	85,717
General Revenue Fund	169,095	280,633
Special Road and Bridge Fund	1,034,609	1,018,289
Assessment Fund	113,312	110,562
Health Center Fund	289,834	282,871
Developmentally Disabled Board Fund	231,538	349,838
Laclede Industries	136,461	0
School districts	8,476,845	7,460,700
Library district	386,630	377,764
Ambulance district	7,887	8,582
Fire protection district	161,559	155,862
Whispering Oaks NID	10,741	665
Lake Shore	6,981	7,549
Downtown Business	21,952	21,487
Cities	427,788	719,881
County Clerk	24,332	20,739
County Employees' Retirement	40,143	36,135
Commissions and fees:		
General Revenue Fund	209,858	192,737
County Collector	8,281	14,687
Total	\$ <u>11,845,631</u>	<u>11,144,698</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2001	2000
Real estate	90.4 %	91.8 %
Personal property	87.8	89.7
Railroad and utilities	100.0	100.0

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %
Law Enforcement	.0050	2004	None

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

Officeholder	2001	2000	1999
County-Paid Officials:			
Lowell Morgan, Presiding Commissioner	\$	30,380	30,380
Lowell Douglas, Associate Commissioner		28,380	27,390
Rick Wolken, Associate Commissioner		28,380	27,390
Glenda Mott, County Clerk		43,000	43,000
Jon Morris, Prosecuting Attorney		51,000	51,000
Robert Dotson, Sheriff		48,000	42,014
Jean Cook, County Treasurer		31,820	31,820
Joe Pickering, County Coroner		15,000	8,080
Sherry Shamel, Public Administrator *		47,012	26,006
Steve Pickering, County Collector**, year ended February 28 (29),	51,281	56,992	
Johnny North, County Assessor ***, year ended August 31,		43,900	42,400
Robert Shotts, County Surveyor ****			

* Includes fees received from probate cases.

** Includes \$8,281 and \$14,687, respectively, of commissions earned for collecting city property taxes.

*** Includes \$900 annual compensation received from the state.

**** Compensation on a fee basis.

State-Paid Officials:

Lynn Stowe, Circuit Clerk and Ex Officio Recorder of Deeds		46,127	44,292
Greg Kays, Associate Circuit Judge		97,382	87,234

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	3	0
Circuit Clerk and Ex Officio Recorder of Deeds	5 *	6
County Clerk	4	0
Prosecuting Attorney	8	0
Sheriff	38	0
County Treasurer	1	0
Public Administrator	1	0
County Collector	6 **	0
County Assessor	8	0
Associate Division	0	6
Probate Division	0	0
Road and Bridge	24	0
Health Center	17 ***	0
E-911	10	0
Total	<u>125</u>	<u>12</u>

* Includes one part-time employee

** Includes four part-time employees

*** Includes seven part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Laclede County's share of the Twenty-Sixth Judicial Circuit's expenses is 26.31 percent.

In 1996, the county began building a new government center. The county entered into a 10 year lease purchase agreement to pay for the building. At December 31, 2000, the county owed \$6,370,000 in principal and \$907,353 in interest for a total of \$7,277,353. In addition, in 1999 the county issued certificates of participation for the new government center. At December 31, 2000, the county owed \$1,535,000 in principal and \$219,594 in interest for a total of \$1,754,594.