



Claire McCaskill

Missouri State Auditor

February 2005

Caldwell County, Missouri

Years Ended

December 31, 2003 And 2002



Office Of
Missouri State Auditor
Claire McCaskill

February 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Caldwell, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

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

- The County Clerk does not maintain a ledger of revenues, expenditures, and fund balances which could be reconciled to the County Treasurer's records. The County Clerk is not properly completing the cash reconciliations on the budgets, failed to include certificates of deposits in the available resources, and did not ensure budgets were prepared for numerous county funds.
- The county did not adequately track or report federal assistance on the schedule of expenditures of federal awards (SEFA). The county's SEFA did not include one of their major programs and expenditures for the other two major programs were not reported correctly in 2003.
- The county did not ensure prevailing wages were paid to all detention center laborers, as required by the Davis-Bacon Act.
- The General Revenue Fund's poor financial condition has continued since 1998. The County Commission needs to take into consideration the additional liabilities that resulted from errors which have been noted in the past and current audits. The county exceeded the allowable transfer by \$15,670 and \$4,408 from the Special Road and Bridge Fund and the Special Road and Bridge Sales Tax Fund, respectively, to the General Revenue Fund during the two years ended December 31, 2003. In addition, the county has collected \$24,709 in excess General Revenue property taxes at December 31, 2003.
- The county's annual published financial statements did not include the financial activity for most of the county funds. In addition, expenditures were made in excess of budgeted amounts for several funds.

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- Elected officials salaries were not set consistent with the salary commission decisions, and the County Clerk does not maintain centralized compensatory time records for each employee. The county also does not maintain documentation to support the amount of salary reimbursed by the Multi-County (ACCD 911) System or Special Road and Bridge, nor do they maintain detailed timesheets for the employees. In addition, the Sheriff's department is not following the county's policy for awarding compensatory time or overtime to emergency service employees.
- The County Commission is not adequately monitoring the use of monies from the \$200,000 Outdoor Recreation Grant. The county does not maintain documentation of how the county is meeting the fifty percent matching requirements for the grant, or maintain invoices, bids, and contracts related to the park grant. In addition, the county paid \$70 per hour to a park grant administrator, but the invoices submitted by the administrator, totaling \$12,745, did not include detail of the tasks performed or the dates the services were provided.
- Property tax assessment data can be accessed by the County Assessor during periods when changes to the data are not allowed by statute. The County Clerk does not maintain an account book with the Ex Officio Collector nor does she review the computer delinquent tax book for accuracy. The County Commission does not review or approve the Ex Officio Collector's annual settlement as required by law, controls over tax book additions and abatements are not sufficient, and the various officials do not maintain confidential passwords to the property tax system. Additionally, the County Clerk does not ensure that township collectors turn in signed receipts from the various political subdivisions to document that the monies were properly distributed.
- The county does not adequately monitor townships use of County Aid Road Trust (CART) monies, some township collectors were under bonded, and the county did not ensure township road boards' financial statements were prepared and published as required by law.

The audit also included recommendations related to expenditures, general capital assets, and planning and zoning. Additional recommendations were made to improve the records and/or procedures of the County Treasurer, Health Center, Circuit Clerk, Sheriff, Prosecuting Attorney, and County Clerk.

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

CALDWELL COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
Section I - Summary of Auditor's Results.....	33
Section II - Financial Statement Findings.....	34
<u>Number</u>	<u>Description</u>
03-1.	County Budgetary and Financial Procedures34
Section III - Federal Award Findings and Questioned Costs.....	36
03-2.	Schedule of Expenditures of Federal Awards.....36
03-3.	Federal Financial Assistance.....38
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	39-41
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133.....	42-43
<hr/> <u>MANAGEMENT ADVISORY REPORT SECTION</u> <hr/>	
Management Advisory Report - State Auditor's Findings.....	45-75
1.	Financial Condition.....47
2.	Budgetary Practices and Published Financial Statements.....49
3.	County Treasurer's Controls and Procedures.....51
4.	Officials' Salaries and Payroll Policies and Procedures.....52
5.	Expenditures.....54
6.	Outdoor Recreation Grant Controls and Procedures.....57
7.	Property Tax Books and Procedures.....58
8.	Townships Controls and Procedures.....62
9.	General Capital Assets.....63
10.	Health Center Controls and Procedures.....65
11.	Circuit Clerk Controls and Procedures.....68
12.	Planning and Zoning Controls and Procedures.....70
13.	Sheriff Controls and Procedures.....71
14.	Prosecuting Attorney Controls and Procedures.....72
15.	County Clerk Controls and Procedures.....74
Follow-Up on Prior Audit Findings.....	76-84

CALDWELL COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>STATISTICAL SECTION</u>	
<hr/>	
History, Organization, and Statistical Information	86-89

FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Caldwell County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Caldwell County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Caldwell 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, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 9, 2004, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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



Claire McCaskill
State Auditor

September 9, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Julie Vollmer
Audit Staff:	Lori Bryant
	Gek Mui Melinda Tan
	Liang Xu
	Christopher L. Holder



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 Caldwell County, Missouri

We have audited the financial statements of various funds of Caldwell County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 9, 2004. 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 financial statements of various funds of Caldwell 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1. We also 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 financial statements of various funds of Caldwell 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 financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation

that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 03-1.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness. We also 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 and use of the management of Caldwell County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

September 9, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

CALDWELL COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (138,819)	895,209	840,800	(84,410)
Special Road and Bridge	404,146	1,125,896	1,082,388	447,654
Assessment	17,205	87,798	106,448	(1,445)
Road and Bridge Sales Tax	147,665	234,444	227,924	154,185
Law Enforcement Sales Tax	(7,305)	226,742	219,869	(432)
Prosecuting Attorney Training	158	521	644	35
Law Enforcement Training	1,874	3,571	3,800	1,645
Domestic Violence	158	954	924	188
Record Storage	27,901	9,821	17,352	20,370
Prosecuting Attorney Bad Check	967	12,912	12,161	1,718
Sheriff Civil Fees	18,130	8,082	9,163	17,049
Election Services	216	836	1,048	4
Prosecuting Attorney Delinquent Tax	3,809	1,353	2,600	2,562
Tax Maintenance	1,095	9,679	1,796	8,978
Health Center	11,874	367,909	306,299	73,484
Law Library	1,110	3,530	3,968	672
Circuit Clerk Interest	68	4,045	130	3,983
Local Emergency Planning Commission	2,687	7,907	3,818	6,776
Election	(16,035)	35,379	13,901	5,443
Donations	335	0	0	335
Jail Construction	133,991	2,311,957	1,383,043	1,062,905
Block Grant	0	268,769	268,769	0
Associate Circuit Division Interest	3,335	139	3,474	0
Little Otter Creek Sales Tax	0	184,275	0	184,275
Total	\$ 614,565	5,801,728	4,510,319	1,905,974

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

Exhibit A-2

CALDWELL COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ (65,388)	806,398	879,829	(138,819)
Special Road and Bridge	262,488	943,915	802,257	404,146
Assessment	18,140	114,074	115,009	17,205
Road and Bridge Sales Tax	153,736	226,942	233,013	147,665
Law Enforcement Sales Tax	692	229,055	237,052	(7,305)
Prosecuting Attorney Training	637	469	948	158
Law Enforcement Training	4,138	3,632	5,896	1,874
Domestic Violence	172	1,056	1,070	158
Record Storage	17,200	11,345	644	27,901
Prosecuting Attorney Bad Check	3,783	9,152	11,968	967
Sheriff Civil Fees	19,379	8,595	9,844	18,130
Election Services	812	1,128	1,724	216
Prosecuting Attorney Delinquent Tax	3,565	244	0	3,809
Tax Maintenance	0	1,375	280	1,095
Health Center	(8,026)	333,727	313,827	11,874
Law Library	1,843	3,810	4,543	1,110
Circuit Clerk Interest	7,674	5,129	12,735	68
Local Emergency Planning Commission	2,687	0	0	2,687
Election	900	15,140	32,075	(16,035)
Donations	335	0	0	335
Jail Construction	0	150,000	16,009	133,991
Block Grant	0	459,323	459,323	0
Associate Circuit Division Interest	7,512	490	4,667	3,335
Sheriff's Radio Grant	0	6,446	6,446	0
Total	\$ 432,279	3,331,445	3,149,159	614,565

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

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,983,174	2,993,302	10,128	3,118,335	2,698,671	(419,664)
DISBURSEMENTS	3,081,041	2,837,314	243,727	2,886,406	2,630,359	256,047
RECEIPTS OVER (UNDER) DISBURSEMENTS	(97,867)	155,988	253,855	231,929	68,312	(163,617)
CASH, JANUARY 1	374,936	490,252	115,316	305,557	420,845	115,288
CASH, DECEMBER 31	277,069	646,240	369,171	537,486	489,157	(48,329)
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	188,964	191,958	2,994	128,592	202,644	74,052
Sales and use taxes	224,785	221,592	(3,193)	231,975	224,956	(7,019)
Intergovernmental	85,993	140,223	54,230	106,607	86,218	(20,389)
Charges for services	302,491	223,180	(79,311)	186,317	214,208	27,891
Interest	1,340	640	(700)	1,775	1,179	(596)
Other	79,831	19,851	(59,980)	143,350	16,538	(126,812)
Transfers in	93,614	97,765	4,151	106,973	60,655	(46,318)
Total Receipts	977,018	895,209	(81,809)	905,589	806,398	(99,191)
DISBURSEMENTS						
County Commissioner	68,223	69,149	(926)	67,826	71,030	(3,204)
County Clerk	61,228	68,614	(7,386)	66,904	67,813	(909)
Elections	0	0	0	5,000	0	5,000
Buildings and grounds	23,962	28,618	(4,656)	29,661	56,644	(26,983)
Employee fringe benefit	119,440	114,082	5,358	110,174	115,351	(5,177)
County Treasurer and Ex Officio Collecto	45,432	44,508	924	44,520	44,121	399
Recorder of Deeds	44,367	43,924	443	0	3,916	(3,916)
Circuit Clerk	9,450	6,895	2,555	30,411	28,818	1,593
Associate Circuit Court	10,950	8,415	2,535	13,610	8,283	5,327
Public Administrator	21,600	21,996	(396)	21,850	21,403	447
Sheriff	236,688	245,098	(8,410)	228,335	259,204	(30,869)
Prosecuting Attorney	71,502	73,152	(1,650)	76,623	95,540	(18,917)
Juvenile Officer	10,809	6,154	4,655	10,999	5,982	5,017
County Coroner	8,390	7,353	1,037	10,890	9,486	1,404
Other	102,702	81,727	20,975	97,000	71,382	25,618
Transfers out	0	21,115	(21,115)	20,856	20,856	0
Total Disbursements	834,743	840,800	(6,057)	834,659	879,829	(45,170)
RECEIPTS OVER (UNDER) DISBURSEMENTS	142,275	54,409	(87,866)	70,930	(73,431)	(144,361)
CASH, JANUARY 1	(138,955)	(138,819)	136	(65,388)	(65,388)	0
CASH, DECEMBER 31	3,320	(84,410)	(87,730)	5,542	(138,819)	(144,361)

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	38,175	40,030	1,855	40,907	38,189	(2,718)
Intergovernmental	979,112	1,061,557	82,445	1,142,372	886,242	(256,130)
Interest	7,010	5,426	(1,584)	9,675	7,218	(2,457)
Other	24,950	18,883	(6,067)	31,950	12,266	(19,684)
Total Receipts	1,049,247	1,125,896	76,649	1,224,904	943,915	(280,989)
DISBURSEMENTS						
Salaries	135,330	118,888	16,442	114,253	102,920	11,333
Employee fringe benefit	28,000	36,540	(8,540)	21,500	22,948	(1,448)
Supplies	64,300	44,368	19,932	38,300	35,160	3,140
Insurance	13,000	14,323	(1,323)	10,000	11,132	(1,132)
Road and bridge materials	242,000	121,278	120,722	162,000	161,869	131
Equipment repairs	50,000	16,291	33,709	40,000	9,397	30,603
Rentals	6,200	0	6,200	1,200	0	1,200
Equipment purchases	140,000	83,548	56,452	5,000	8,870	(3,870)
Construction, repair, and maintenance	561,500	607,079	(45,579)	681,267	416,389	264,878
Debt service	17,500	0	17,500	0	0	0
Other	800	2,315	(1,515)	1,760	1,224	536
Transfers out	37,758	37,758	0	33,122	32,348	774
Total Disbursements	1,296,388	1,082,388	214,000	1,108,402	802,257	306,145
RECEIPTS OVER (UNDER) DISBURSEMENTS	(247,141)	43,508	290,649	116,502	141,658	25,156
CASH, JANUARY 1	303,867	404,146	100,279	162,488	262,488	100,000
CASH, DECEMBER 31	56,726	447,654	390,928	278,990	404,146	125,156
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	90,284	85,918	(4,366)	95,493	90,436	(5,057)
Charges for services	500	661	161	620	591	(29)
Interest	500	354	(146)	0	590	590
Other	0	865	865	250	1,601	1,351
Transfers in	15,640	0	(15,640)	20,856	20,856	0
Total Receipts	106,924	87,798	(19,126)	117,219	114,074	(3,145)
DISBURSEMENTS						
Assessor	104,643	106,448	(1,805)	117,744	115,009	2,735
Total Disbursements	104,643	106,448	(1,805)	117,744	115,009	2,735
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,281	(18,650)	(20,931)	(525)	(935)	(410)
CASH, JANUARY 1	17,205	17,205	0	18,140	18,140	0
CASH, DECEMBER 31	19,486	(1,445)	(20,931)	17,615	17,205	(410)

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ROAD AND BRIDGE SALES TAX FUND</u>						
RECEIPTS						
Sales and use taxes	226,940	221,593	(5,347)	230,295	224,838	(5,457)
Intergovernmental	0	11,294	11,294	0	0	0
Interest	2,250	1,557	(693)	4,375	2,104	(2,271)
Total Receipts	229,190	234,444	5,254	234,670	226,942	(7,728)
DISBURSEMENTS						
Gravel to townships	214,893	217,063	(2,170)	195,500	228,230	(32,730)
Other	0	6	(6)	0	7	(7)
Transfers out	6,446	10,855	(4,409)	5,865	4,776	1,089
Total Disbursements	221,339	227,924	(6,585)	201,365	233,013	(31,648)
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,851	6,520	(1,331)	33,305	(6,071)	(39,376)
CASH, JANUARY 1	132,665	147,665	15,000	138,736	153,736	15,000
CASH, DECEMBER 31	140,516	154,185	13,669	172,041	147,665	(24,376)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales and use taxes	224,225	221,590	(2,635)	230,295	224,837	(5,458)
Intergovernmental	0	3,598	3,598	0	0	0
Interest	350	332	(18)	445	193	(252)
Other	31,460	1,222	(30,238)	10,230	4,025	(6,205)
Total Receipts	256,035	226,742	(29,293)	240,970	229,055	(11,915)
DISBURSEMENTS						
Office expense:	20,650	24,112	(3,462)	23,850	29,207	(5,357)
Vehicles	34,000	43,438	(9,438)	34,000	40,157	(6,157)
Mileage and training	6,400	4,224	2,176	5,500	1,404	4,096
Jail	135,408	73,136	62,272	97,273	138,918	(41,645)
Utilities	5,250	7,954	(2,704)	0	5,040	(5,040)
Detention center	0	5,244	(5,244)	0	0	0
Insurance	16,875	28,261	(11,386)	16,875	12,326	4,549
Transfers out	30,000	33,500	(3,500)	63,700	10,000	53,700
Total Disbursements	248,583	219,869	28,714	241,198	237,052	4,146
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,452	6,873	(579)	(228)	(7,997)	(7,769)
CASH, JANUARY 1	(7,305)	(7,305)	0	692	692	0
CASH, DECEMBER 31	147	(432)	(579)	464	(7,305)	(7,769)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,675	521	(1,154)	700	469	(231)
Total Receipts	1,675	521	(1,154)	700	469	(231)
DISBURSEMENTS						
Prosecuting Attorney	1,800	644	1,156	1,300	948	352
Total Disbursements	1,800	644	1,156	1,300	948	352
RECEIPTS OVER (UNDER) DISBURSEMENTS	(125)	(123)	2	(600)	(479)	121
CASH, JANUARY 1	158	158	0	637	637	0
CASH, DECEMBER 31	33	35	2	37	158	121

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	0	1,486	1,486	0	1,757	1,757
Charges for service:	3,500	2,085	(1,415)	4,000	1,875	(2,125)
Total Receipts	3,500	3,571	71	4,000	3,632	(368)
DISBURSEMENTS						
Sheriff	5,300	3,044	2,256	4,000	5,466	(1,466)
Other	0	756	(756)	0	430	(430)
Total Disbursements	5,300	3,800	1,500	4,000	5,896	(1,896)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	(229)	1,571	0	(2,264)	(2,264)
CASH, JANUARY 1	1,874	1,874	0	4,138	4,138	0
CASH, DECEMBER 31	74	1,645	1,571	4,138	1,874	(2,264)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	625	954	329	875	1,056	181
Total Receipts	625	954	329	875	1,056	181
DISBURSEMENTS						
Abuse shelter	780	924	(144)	1,000	1,070	(70)
Total Disbursements	780	924	(144)	1,000	1,070	(70)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(155)	30	185	(125)	(14)	111
CASH, JANUARY 1	158	158	0	172	172	0
CASH, DECEMBER 31	3	188	185	47	158	111
<u>RECORD STORAGE FUND</u>						
RECEIPTS						
Charges for service:	11,000	9,672	(1,328)	5,575	11,111	5,536
Interest	0	149	149	0	234	234
Total Receipts	11,000	9,821	(1,179)	5,575	11,345	5,770
DISBURSEMENTS						
Recorder of Deeds	3,500	7,352	(3,852)	2,300	644	1,656
Transfers out	10,000	10,000	0	0	0	0
Total Disbursements	13,500	17,352	(3,852)	2,300	644	1,656
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500)	(7,531)	(5,031)	3,275	10,701	7,426
CASH, JANUARY 1	27,901	27,901	0	17,200	17,200	0
CASH, DECEMBER 31	25,401	20,370	(5,031)	20,475	27,901	7,426

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	9,500	7,967	(1,533)	11,885	7,259	(4,626)
Interest	0	10	10	0	29	29
Other	0	4,935	4,935	0	1,864	1,864
Total Receipts	9,500	12,912	3,412	11,885	9,152	(2,733)
DISBURSEMENTS						
Prosecuting Attorney	9,795	1,574	8,221	10,885	5,043	5,842
Restitution to merchants	0	4,935	(4,935)	0	1,894	(1,894)
Transfers out	0	5,652	(5,652)	0	5,031	(5,031)
Total Disbursements	9,795	12,161	(2,366)	10,885	11,968	(1,083)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(295)	751	1,046	1,000	(2,816)	(3,816)
CASH, JANUARY 1	967	967	0	3,783	3,783	0
CASH, DECEMBER 31	672	1,718	1,046	4,783	967	(3,816)
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for service:	7,565	7,596	31	7,500	7,643	143
Other	0	486	486	0	952	952
Total Receipts	7,565	8,082	517	7,500	8,595	1,095
DISBURSEMENTS						
Sheriff	25,000	9,163	15,837	680	9,386	(8,706)
Transfers out	0	0	0	0	458	(458)
Total Disbursements	25,000	9,163	15,837	680	9,844	(9,164)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,435)	(1,081)	16,354	6,820	(1,249)	(8,069)
CASH, JANUARY 1	18,130	18,130	0	19,379	19,379	0
CASH, DECEMBER 31	695	17,049	16,354	26,199	18,130	(8,069)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	800	836	36	1,875	1,128	(747)
Total Receipts	800	836	36	1,875	1,128	(747)
DISBURSEMENTS						
County Clerk	850	1,048	(198)	1,525	1,724	(199)
Total Disbursements	850	1,048	(198)	1,525	1,724	(199)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	(212)	(162)	350	(596)	(946)
CASH, JANUARY 1	315	216	(99)	812	812	0
CASH, DECEMBER 31	265	4	(261)	1,162	216	(946)

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	200	1,353	1,153	595	244	(351)
Total Receipts	200	1,353	1,153	595	244	(351)
DISBURSEMENTS						
Prosecuting Attorney	3,500	2,600	900	500	0	500
Total Disbursements	3,500	2,600	900	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,300)	(1,247)	2,053	95	244	149
CASH, JANUARY 1	3,809	3,809	0	3,565	3,565	0
CASH, DECEMBER 31	509	2,562	2,053	3,660	3,809	149
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	6,000	9,640	3,640			
Interest	0	39	39			
Total Receipts	6,000	9,679	3,679			
DISBURSEMENTS						
Ex Officio Collector	3,900	1,796	2,104			
Total Disbursements	3,900	1,796	2,104			
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,100	7,883	5,783			
CASH, JANUARY 1	1,095	1,095	0			
CASH, DECEMBER 31	3,195	8,978	5,783			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	184,000	194,514	10,514	180,750	126,722	(54,028)
Intergovernmental	106,453	137,747	31,294	126,428	149,413	22,985
Charges for service:	27,695	33,384	5,689	26,500	39,630	13,130
Interest	1,200	1,050	(150)	675	517	(158)
Other	1,372	1,214	(158)	23,750	17,445	(6,305)
Total Receipts	320,720	367,909	47,189	358,103	333,727	(24,376)
DISBURSEMENTS						
Salaries	166,129	172,370	(6,241)	190,915	182,125	8,790
Fringe benefits	35,824	37,189	(1,365)	37,871	36,293	1,578
Office expenditures:	41,355	45,790	(4,435)	37,850	35,253	2,597
Equipment	10,570	4,596	5,974	6,150	1,226	4,924
Mileage and training	15,590	13,428	2,162	14,600	11,141	3,459
Debt service	15,000	15,373	(373)	45,000	42,269	2,731
Other	24,052	17,553	6,499	25,717	5,520	20,197
Total Disbursements	308,520	306,299	2,221	358,103	313,827	44,276
RECEIPTS OVER (UNDER) DISBURSEMENTS	12,200	61,610	49,410	0	19,900	19,900
CASH, JANUARY 1	11,874	11,874	0	(8,026)	(8,026)	0
CASH, DECEMBER 31	24,074	73,484	49,410	(8,026)	11,874	19,900

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	2,575	3,530	955	2,700	3,810	1,110
Total Receipts	2,575	3,530	955	2,700	3,810	1,110
DISBURSEMENTS						
Publications	1,950	3,968	(2,018)	1,870	4,543	(2,673)
Total Disbursements	1,950	3,968	(2,018)	1,870	4,543	(2,673)
RECEIPTS OVER (UNDER) DISBURSEMENTS	625	(438)	(1,063)	830	(733)	(1,563)
CASH, JANUARY 1	1,110	1,110	0	1,843	1,843	0
CASH, DECEMBER 31	1,735	672	(1,063)	2,673	1,110	(1,563)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	600	592	(8)	1,175	603	(572)
Other	0	0	0	0	4,526	4,526
Transfers in	0	3,453	3,453	0	0	0
Total Receipts	600	4,045	3,445	1,175	5,129	3,954
DISBURSEMENTS						
Circuit Clerk	450	130	320	875	4,235	(3,360)
Transfers out	0	0	0	0	8,500	(8,500)
Total Disbursements	450	130	320	875	12,735	(11,860)
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	3,915	3,765	300	(7,606)	(7,906)
CASH, JANUARY 1	68	68	0	7,386	7,674	288
CASH, DECEMBER 31	218	3,983	3,765	7,686	68	(7,618)

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

Notes to the Financial Statements

CALDWELL COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Caldwell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center 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 by warrant or in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 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>
Tax Maintenance Fund	2002
Local Emergency Planning Commission Fund	2003 and 2002
Election Fund	2003 and 2002
Donations Fund	2003 and 2002
Jail Construction Fund	2003 and 2002
Block Grant Fund	2003 and 2002
Associate Circuit Division Interest Fund	2003 and 2002
Sheriff's Radio Grant Fund	2002
Little Otter Creek Sales Tax Fund	2003

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	2003 and 2002
Assessment Fund	2003
Road and Bridge Sales Tax Fund	2003 and 2002
Law Enforcement Training Fund	2002
Domestic Violence Fund	2003 and 2002
Record Storage Fund	2003
Prosecuting Attorney Bad Check Fund	2003 and 2002
Sheriff Civil Fees Fund	2002
Election Services Fund	2003 and 2002
Law Library Fund	2003 and 2002
Circuit Clerk Interest Fund	2002

A deficit budget balance is presented for the Health Center Fund for the year ended December 31, 2002. However, the budget of that fund also included other resources available to finance current or future year disbursements. Generally, other available net resources represented current year state reimbursements not received before December 31. Such resources were sufficient to offset the deficit budget balance presented.

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>
Road and Bridge Sales Tax Fund	2003 and 2002
Prosecuting Attorney Training Fund	2003 and 2002
Law Enforcement Training Fund	2003 and 2002
Domestic Violence Fund	2003 and 2002
Record Storage Fund	2003 and 2002
Prosecuting Attorney Bad Check Fund	2003 and 2002
Sheriff Civil Fees Fund	2003 and 2002
Election Services Fund	2003 and 2002
Prosecuting Attorney Delinquent Tax Fund	2003 and 2002
Tax Maintenance Fund	2003 and 2002
Law Library Fund	2003 and 2002
Circuit Clerk Interest Fund	2003 and 2002
Local Emergency Planning Commission	2003 and 2002
Election Fund	2003 and 2002
Donations Fund	2003 and 2002
Jail Construction Fund	2003 and 2002
Block Grant Fund	2003 and 2002
Associate Circuit Division Interest Fund	2003 and 2002
Sheriff's Radio Grant Fund	2002
Little Otter Creek Sales Tax Fund	2003

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 depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

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, 2003 and 2002, were entirely covered by federal depository insurance, commercial insurance provided through a surety bond, 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, 2003 and 2002, were entirely covered by federal depository insurance or by collateral securities held by the board's custodial bank in the board's name.

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

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.

3. Property Taxes

Through December 31, 2003, Caldwell County collected \$24,709 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Caldwell County voters enacted a one-half cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

4. Prior Period Adjustment

The Election Fund's and Donation Fund's cash balance of \$900 and \$335, respectively, at January 1, 2002, were not previously reported but have been added.

Supplementary Schedule

Schedule

CALDWELL COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.559	Summer Food Service Program for Children	ERS 146-21121	\$ 0	60
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State Program	95-PF-747 2002-ED-03	2,250 240,752	451,250 8,073
	Program Total		<u>243,002</u>	<u>459,323</u>
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16	U.S. Marshals Service Cooperative Agreement Program	N/A	744,853	0
Passed through:				
State Department of Public Safety				
16.575	Crime Victim Assistance	2000-VOCA-0008 2000-VOCA-0108 2001-VOCA-0080	40,497	31,170
16.592	Local Law Enforcement Block Grants Program	2001-LBG-086	0	5,987
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	0	769
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-013 (18) BRO-013 (19) BRO-013 (20) BRO-013 (21) BRO-013 (22) BRO-013 (23) BRO-013 (24)	0 776 617 34,805 236,260 169,801 26,693	545 68,519 171,929 0 31,125 34,312 0
	Program Total		<u>468,952</u>	<u>306,430</u>

Schedule

CALDWELL COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2003	2002
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	2,419	0
	GENERAL SERVICES ADMINISTRATION			
	Passed through state:			
	Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	966	2,394
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state:			
	Department of Public Safety			
83.552	Emergency Management Performance Grant	LEPC	424	0
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state:			
	Department of Health and Senior Services -			
93.268	Immunization Grants	N/A	14,529	11,906
		PGA064-2112A	350	120
		PGA064-3112A		
	Program Total		<u>14,879</u>	<u>12,026</u>
93.288	Centers for Disease Control and Prevention Investigations and Technical Assistance	3020-A	6,700	0
93.575	Child Care and Development Block Grant	PGA067-2112C PGA067-3112C PGA067-4112C PGA067-2112S PGA067-3112S PGA067-4112S	1,915	535
93.994	Maternal and Child Health Services Block Grant to the States	N/A	151	128
		ERS146-2112M	12,935	14,002
		ERS146-3112M		
		ERS146-4112M		
	Program Total		<u>13,086</u>	<u>14,130</u>
	Total Expenditures of Federal Award:		<u>\$ 1,537,693</u>	<u>832,824</u>

N/A - Not applicable

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

Notes to the Supplementary Schedule

CALDWELL COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Caldwell County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Caldwell County, Missouri

Compliance

We have audited the compliance of Caldwell County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

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

In our opinion, Caldwell County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-2 through 03-3.

Internal Control Over Compliance

The management of Caldwell County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-2 through 03-3.

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 noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 03-2 through 03-3, to be material weaknesses.

This report is intended for the information and use of the management of Caldwell County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

September 9, 2004 (fieldwork completion date)

Schedule

CALDWELL COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is not considered to be a material weakness? x yes none reported

Noncompliance material to the financial statements noted? x yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified? x yes no

Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

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

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

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program
16	U.S. Marshals Service Cooperative Agreement Program
20.205	Highway Planning and Construction

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

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

03-1. County Budgetary and Financial Procedures
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The County Clerk does not maintain a ledger of revenues, expenditures, and fund balances which could be reconciled to the County Treasurer's records. The County Clerk is not properly completing the cash reconciliations on the budgets, failed to include certificates of deposits in the available resources, and did not ensure budgets were prepared for numerous county funds.

- A. The County Clerk does not maintain a ledger of revenues, expenditures, and fund balances which could be reconciled to the County Treasurer's records. Instead, she uses copies of manual receipt slips and her manual warrant register to compile budget document information for revenues and expenditures after year end. However, she does not reconcile these amounts to the County Treasurer's records, and retains documentation of the revenue compilation information only for the General Revenue Fund and Special Road and Bridge Fund. The 2002 revenues for the General Revenue Fund on the budget were overstated by \$18,000 caused by double counting a \$4,700 transfer from the Road and Bridge Sales Tax Fund and including a \$13,300 transfer from the Road and Bridge Sales Tax Fund which actually went to the Special Road and Bridge Fund. The 2002 revenues for the Special Road and Bridge Fund on the budget did not include \$10,000 received from the Multi-County (ACCD 911) System. Sales tax revenues were understated for the Road and Bridge Sales Tax Fund for 2003 and 2002 by \$6,900 and \$3,000, respectively.

A similar condition was included in our prior report.

B. The county does not have procedures in place to ensure the county's budget documents accurately present financial activities of the county. Numerous inaccuracies were noted in the actual information presented in the county's budget documents for 2003 and 2002. This is primarily the result of the County Clerk not maintaining a ledger of revenues, expenditures and fund balances which could be reconciled to the County Treasurer's records, as discussed above.

- The county does not have procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for various county funds for the two years ended December 31, 2003. The lack of budgetary information for these funds, especially the Jail Construction Fund and the Block Grant Fund, is a significant omission from the county's financial statements. Receipts which were not budgeted totaled approximately \$2,624,000 and \$491,000 in 2003 and 2002, respectively. Disbursements which were not budgeted totaled approximately \$1,673,000 and \$512,000 for 2003 and 2002, respectively.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission and other county officials would be able to more effectively evaluate all county financial resources.

- The County Clerk is not properly completing the cash reconciliations on the budgets. Rather than showing the change in outstanding warrants as a reconciling item for the funds on which warrants are issued, she made adjustments to either reported expenditures or revenues. As a result, revenues and expenditures are not accurately presented on the budgets. Reported expenditures should be the total warrants issued during the year plus bank service charges and any disbursements by the County Treasurer. Reported revenues should agree to the County Treasurer's records.
- Total revenues and expenditures presented on the county's budgets are overstated due to the inclusion of transfers between county funds. In 2003, approximately \$1,374,000 was transferred from the Jail Construction Fund to the Law Enforcement Sales Tax Fund to reimburse that fund for expenditures paid on behalf of the Jail Construction Fund. In addition, the county had not budgeted for such activity to run through the Law Enforcement Sales Tax Fund.
- While the County Clerk issues warrants for the Election Service Fund and the Election Fund, she does not maintain a warrant register for either fund. Therefore, she did not have the amount of warrants issued to present on the budgets as expenditures. As a result, the expenditures reported on the budget for the Election Service Fund were inaccurate. No budgets were prepared for the Election Fund.

- Budget projections of monies available for spending were significantly understated for the Special Road and Bridge Fund and the Road and Bridge Sales Tax Fund as the County Clerk failed to include \$100,000 and \$15,000, respectively, in certificates of deposits in the available resources.

As a result of the errors, it was necessary to make numerous adjustments to the amounts presented in the financial statements. Considering the various errors and omissions noted, the approved budgets did not provide Caldwell County citizens with reliable information about the county's finances.

In addition to being required by state law, complete and accurate budgets are essential for the County Commission and County Clerk to evaluate county operations and to project the anticipated needs of the county for the upcoming year. Complete and accurate budgets are also necessary to properly inform the county's citizens about the county's finances.

WE RECOMMEND the County Commission ensure the budget documents for all funds contain complete and accurate information about the county's finances and require the County Clerk to maintain an independent record of revenue, expenditures, and fund balances that can be reconciled to the County Treasurer's records. In addition, the County Commission should evaluate whether the current warrant/check system is providing the necessary information.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission realizes major improvements are needed in the county's financial system. Effective January 1, 2005, we plan to require the County Clerk to maintain independent financial records. We will require the new County Treasurer and the County Clerk to reconcile their records monthly. We are also considering discontinuing the use of warrants which should help to simplify some of these processes.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

03-2.	Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	95-PF-747 and 2002-ED-03
Award Years:	2003 and 2002

Questioned Costs: Not applicable
Federal Grantor: U.S. Department of Justice
Federal CFDA Number: 16
Program Title: U.S. Marshals Service Cooperative Agreement Program
Pass-Through Entity
Identifying Numbers: Not applicable
Award Years: 2003
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Transportation
Pass-Through Grantor: Highway and Transportation Commission
Federal CFDA Number: 20.205
Program Title: Highway Planning and Construction
Pass-Through Entity
Identifying Numbers: BRO-013(18), BRO-013(19), BRO-013(20), BRO-013(21),
BRO-013(22), BRO-013(23), and BRO-013(24)
Award Years: 2003 and 2002
Questioned Costs: Not applicable

The county does not adequately track or report federal assistance on the schedule of expenditures of federal awards (SEFA) which could result in the loss of federal funds. Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a 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. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

The overall incompleteness and inaccuracies contained in the SEFA indicates that the County Clerk's efforts were lacking. The county's SEFA did not include one of their major programs, U.S. Marshals Service Cooperative Agreement Program (CFDA 16), and expenditures for the other two major programs, Community Development Block Grant (CFDA 14.228) and Highway Planning and Construction (CFDA 20.205), were not reported correctly in 2003. In addition, four other non-major programs were not reported. The 2003 and 2002 SEFA schedules prepared by the County Clerk understated total expenditures by \$659,711 and \$34,328, respectively.

Without an accurate SEFA, federal financial activity may not be properly reported and audited in accordance with federal audit requirements.

Although a similar condition was noted in the two prior reports, the County Clerk has not improved these controls and procedures.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

I will continue to do the best I can to prepare this schedule.

03-3.

Federal Financial Assistance

Federal Grantor:	U.S. Department of Justice
Federal CFDA Number:	16
Program Title:	U.S. Marshals Service Cooperative Agreement Program
Pass-Through Entity	
Identifying Numbers:	Not applicable
Award Year:	2003
Questioned Costs:	Not applicable

The county did not obtain information to document that prevailing wage rates were paid to all laborers employed by the detention center contractors. As a result, the county did not ensure prevailing wages were paid to all detention center laborers, as required by the Davis-Bacon Act. The Davis-Bacon Act requires all laborers or mechanics employed by contractors on construction projects financed by federal assistance be paid prevailing wage rates.

WE RECOMMEND the County Commission consult with the grantor agency to determine if action is necessary. In the future, the County Commission should ensure all contract laborers are paid prevailing wage rates on federally funded construction projects.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will contact the grantor agency and resolve this by April 1, 2005.

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

CALDWELL 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 Caldwell County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2001.

01-1. Budgetary and Reconciliation Controls

Variance amounts were reported in Exhibit B in order for the statements to be mathematically accurate. The County Clerk's manual warrant register did not agree with the payroll and distribution of expenditures registers. The actual cash balances, receipts and disbursements in the budget did not agree with the County Clerk's registers. Furthermore, bank charges, some jury fees and some interfund transfers were omitted from the County Clerk's registers. The county and Health Center issued warrants in excess of budgeted amounts and cash balances. The County Treasurer reconciled the bank statements to the County Treasurer's checkbook which did not include consideration of outstanding warrants. The County Treasurer's and County Clerk's warrant amounts did not agree.

Recommendation:

The County Clerk use the computer program to record all receipts and disbursements for each fund of the county, including bank charges, jury fees and interfund transfers. This register should also provide the actual balance per fund that is available to issue warrants against. This register would provide an independent source for the County Treasurer to reconcile the bank statements to. Until this can be fully implemented, we recommend the County Clerk ensure the mathematical accuracy and agreement of the warrant register to the distribution of expenditures and payroll registers no less than monthly. We also recommend the County Clerk provide the County Commission with a monthly budget to actual comparison to assist in complying with budgetary and special revenue fund controls.

Status:

Not implemented. See finding number 03-1.

01-2. County Sales Tax

The county did not sufficiently reduce its property tax revenues by 50 percent of the sales tax revenues. The county's net excess property tax revenues collected as of December 31, 2001, were \$48,101.

Recommendation:

The County Commission reduce the property tax levy adequately to meet sales tax reduction requirements, including reductions for excess property taxes through 2001.

Status:

Partially implemented. Through December 31, 2003, the county has reduced the net excess property tax collections to \$24,709. See Management Advisory Report (MAR) finding number 1.

01-3. Excessive Interfund Transfer

The administrative transfer from the Road and Bridge Sales Tax Fund exceeded the 3 percent limitation by \$1,089.

Recommendation:

The County reduce the administrative transfer in 2002 by \$1,089 or return \$1,089 to the Road and Bridge Sales Tax Fund.

Status:

Partially implemented. While administrative transfers were reduced by \$1,089 during 2002, administrative transfers from the Road and Bridge Fund and the Road and Bridge Sales Tax Fund still exceeded the 3 percent limitation during the two years ending December 31, 2003. See MAR finding number 1.

01-4. Procurement

The county and Health Center did not always solicit bids on purchases of \$4,500 or more. Additionally, the county and Health Center did not document support for sole source procurements or reasons for not accepting the lowest bids.

Recommendation:

The County and Health Center solicit bids on items costing \$4,500 or more, and retain documentation supporting sole source procurements and acceptance of bids that are not the lowest.

Status:

Not implemented. See MAR finding numbers 5 and 10.

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

CALDWELL COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

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

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

01-5. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	Not Applicable
Award Years:	2000 and 2001
Questioned Costs:	Not Applicable

The county did not have procedures in place to adequately identify federal assistance for the preparation of the schedule of expenditures of federal awards.

Recommendation:

The county prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

Not implemented. See finding number 03-2.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Caldwell County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 9, 2004. We also have audited the compliance of Caldwell County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 9, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

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

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

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

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

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

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Caldwell County or of its

compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1.	Financial Condition
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The County Commission has not improved the General Revenue Fund's poor financial condition which has continued since 1998. The County Commission also needs to take into consideration the additional liabilities that resulted from errors which have been noted in past and current audits.

- A. The County Commission has continued to have negative balances in the General Revenue Fund since 1998. Although the General Revenue Fund negative cash balance has decreased in some years, the County Commission has not been able to maintain an improvement in the financial condition of the county. The County Commission has also allowed several other funds to have negative balances (see MAR 5). The following chart shows the General Revenue Fund revenues, expenditures, and cash balances for the three years ended December 31, 2003:

		2003	2002	2001
Cash Balance, January 1	\$	(138,819)	(65,388)	(101,321)
Revenues		895,209	806,398	942,785
Expenditures		840,800	879,829	906,852
Cash Balance, December 31	\$	(84,410)	(138,819)	(65,388)

The county budgets' estimated General Revenue Fund cash balances showed improvements for the two years ended December 31, 2003. However, the budget is not used to monitor the county's financial position. The budgeted and actual expenditures are not compared until the end of the year when the financial statements are prepared. As a result of not adequately monitoring the budget, actual expenditures exceeded budgeted amounts in the General Revenue Fund during the years ended December 31, 2003 and 2002, by approximately \$6,000 and \$45,000, respectively. Additionally, actual revenues were less than budgeted amounts for the General Revenue Fund during the same period by approximately \$82,000 and \$99,000, respectively. By expending more than the budgeted amount and receiving fewer revenues than the budgeted amount, the cash balance in the General Revenue Fund has declined.

The General Revenue Fund has continued to decline in 2004 according to the County Treasurer's records. As of November 30, 2004, the General Revenue Fund balance was negative \$160,118. In 2004, a significant factor in the declining financial

condition of the General Revenue Fund was expenses for establishing the detention center, such as bedding and transport vehicles.

Considering these factors, the County Commission should review expenditures and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize all revenues in consideration of the General Revenue Fund's financial condition.

In addition to the financial difficulties addressed above, the additional factors in point B, if addressed will further contribute to the poor financial condition of the General Revenue Fund.

B. The county also needs to take into consideration the additional liabilities of the General Revenue Fund that resulted from errors noted in past and current audits.

- The County Commission transferred more than the amount allowed by state law for the General Revenue Fund's administrative service fees. The county exceeded the allowable transfer by \$15,670 and \$4,408 from the Special Road and Bridge Fund and the Special Road and Bridge Sales Tax Fund, respectively, during the two years ending December 31, 2003. At least part of the problem was caused by unreasonable budgets prepared for the Special Road and Bridge Fund, since the transfer is based on budgeted expenditures, rather than actual. Actual expenditures of the Special Road and Bridge Fund were well below budgeted expenditures and the transfers made were not adjusted.

Section 50.515, RSMo 2000, allows the county to impose an administrative service fee on the Special Road and Bridge Fund and the Special Road and Bridge Sales Tax Fund. The administrative service fee shall not exceed three percent of the total budget of the fund. These transfers have taken funds which are restricted to road and bridge purposes, and used them for the county's general operating expenses.

- The county has not sufficiently reduced its general revenue property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by Caldwell County voters under the provisions of Section 67.505, RSMo 2000. Although the county has reduced the excess property taxes from \$48,101 at December 31, 2001, the county has still collected \$24,709 in excess General Revenue property taxes at December 31, 2003.

The county's assessed valuation in the 2002 and 2003 preliminary estimates was significantly less than the actual. In addition, the net excess was not properly taken into consideration when calculating the 2003 and 2002 property tax rollbacks. The County Clerk should ensure the preliminary

estimate is accurately calculated and any excess collections from prior years are included when computing future property tax rollbacks.

WE RECOMMEND the County Commission:

- A. Consider the various alternatives of increasing revenues and/or reducing expenditures. In addition, the County Commission needs to review discretionary expenditures and evaluate management practices to more efficiently use the resources available to the county.
- B. Develop a repayment plan for the money which is due from the General Revenue Fund to the Special Road and Bridge Fund and the Special Road and Bridge Sales Tax Fund. The County Commission should also ensure future administrative transfers do not exceed the statutory allowance. In addition, the County Commission needs to reduce the General Revenue Fund property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

AUDITEE'S RESPONSE

- A. *We agree and are trying to monitor the county's financial condition. The new detention center has been part of the declining cash balance in 2004. We believe that the revenues from the detention center should improve the General Revenue Fund's cash balance.*
- B. *We will develop a repayment plan for the administrative service fees. The commission has already rolled back the property tax levy by one cent in 2004 to resolve excess property tax collected, and plans to resolve any remaining excess by the 2006 tax year.*

2. Budgetary Practices and Published Financial Statements
--

The county's annual published financial statements did not include the financial activity for most of the county funds. In addition, expenditures were made in excess of budgeted amounts for several funds.

- A. The county's annual published financial statements only included financial activity for five county funds. While this issue has been discussed with the County Commission and the County Clerk on several occasions in the past and has been recommended in previous audits, no changes in procedures regarding publishing financial statements has been made. 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. In addition, the publishing of complete and timely financial statements, besides meeting statutory requirements,

provides information to citizens as to the operations of their county government and how tax dollars are spent.

Sections 50.800 and 50.810, RSMo 2000, require the county financial statements to be prepared and published in a local newspaper and show actual receipts or revenues, disbursement or expenditures, and beginning and ending balances for each county fund.

- B. Expenditures were made in excess of approved budgeted amounts for the following funds:

Fund	Year Ended December 31,	
	2003	2002
General Revenue	\$ 6,057	45,170
Assessment	1,805	N/A
Road and Bridge Sales Tax	6,585	31,648
Law Enforcement Training	N/A	1,896
Domestic Violence	144	70
Record Storage	3,852	N/A
Prosecuting Attorney Bad Check	2,366	1,083
Sheriff Civil Fees	N/A	9,164
Election Services	198	199
Law Library	2,018	2,673
Circuit Clerk Interest	N/A	11,860

For all funds listed above, reports comparing budgeted and actual expenditures are not prepared through out the year. Instead, these reports are prepared at the end of the year when the next years' budget information is compiled. The county's procedures and reports are resulting in ineffective monitoring of various budgets.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission:

- A. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is properly reported in the annual financial statements.
- B. Adopt procedures to compare budgeted and actual expenditures and ensure the county and applicable officials do not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.

AUDITEE'S RESPONSE

- A. *We agree and will make strides to have the 2004 published financial statements include all funds.*
- B. *We agree and in 2005 will compare budget to the actual expenditures on a monthly basis.*

3. County Treasurer's Controls and Procedures
--

Differences between reconciled bank balances and fund ledger balances are not always investigated and resolved by the County Treasurer and receipt slips issued do not always indicate method of payment.

- A. Although the County Treasurer prepares bank reconciliations, differences between reconciled bank balances and fund ledger balances are not always investigated and resolved. The County Treasurer did attempt to reconcile her semi-annual settlements to bank statements; however, details of reconciling items were not maintained. Because proper reconciliations have not been performed, errors have occurred without timely detection. For example, in September 2003, a \$776 state reimbursement was wire transferred into the main bank account without being receipted or recorded in the fund ledger. This error was not detected until June 2004 when, at our request, the Treasurer attempted to reconcile the bank balance for this account to the fund ledger balances. In addition, the Treasurer had included approximately \$2,100 in transfers made to correct errors in deposits in the General Revenue Fund's expenditures although the monies had not been receipted in General Revenue Fund. As a result, the General Revenue Fund's ending balance was understated.

To ensure errors are detected and corrected on a timely basis, bank balances should be reconciled to the Treasurer's fund ledgers on a monthly basis and any discrepancies noted should be investigated and resolved on a timely basis.

- B. The method of payment (cash, check, and money order) is not consistently indicated on the receipt slips. To ensure receipts are accounted for properly, the method of payment should be recorded on the receipt slips and composition of the receipt slips issued should be reconciled to the composition of deposits.

WE RECOMMEND the County Treasurer:

- A. Investigate and resolve differences between the reconciled bank balances and the fund ledger balances on a timely basis.
- B. Record the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of bank deposits.

AUDITEE'S RESPONSE

- A. *I have always reconciled the statement monthly and am now investigating differences between bank and book balances on a monthly basis.*
- B. *My procedure is to always indicate cash payments as such. The instances noted by the auditors where this was not done were isolated. In the future, I will ensure the composition of the receipt slips agree with the deposit.*

4. Officials' Salaries and Payroll Policies and Procedures

Elected officials salaries were not set consistent with the salary commission decisions, and the County Clerk does not maintain centralized compensatory time records for each employee. The county also does not maintain documentation to support the amount of salary reimbursed by the Multi-County (ACCD 911) System or Special Road and Bridge, nor do they maintain detailed timesheets for the employees. In addition, the Sheriff's department is not following the county's policy for awarding compensatory time or overtime to emergency service employees.

- A. Officials' salaries were not handled consistently. The county salary commission met in 1999 and 2001 to set the salaries for the elected officials taking office in 2001 and 2003, respectively. Both county salary commissions approved the elected officials to be paid 98% of the statutory base rate. It appears from our review of salaries that some officials were not paid at 98% of the statutory base rate. The County Coroner's salary was set below the amount approved by the salary commission and the Prosecuting Attorney's salary was set above the approved amount.

The county should review this matter with the Prosecuting Attorney to ensure all elected officials salary was set at the level established by the salary commission.

- B. The county does not maintain adequate documentation to support the salary allocations of two employees paid from the Special Road and Bridge Fund. The Janitor was paid approximately \$17,000 annually and none of his salary was allocated to the General Revenue Fund, even though he performs various tasks related to general county government. The 911 Coordinator, who also performs some functions for the road and bridge department, was paid approximately \$18,000 annually, with 55 percent of her salary being reimbursed by the Multi-County (ACCD 911) System. While these employees complete timesheets, they do not contain detail to indicate the type of work performed which could support the allocations or lack thereof. Due to the lack of documentation on timesheets, none of the janitor's salary was taken into consideration when determining the administrative transfer from Special Road and Bridge Fund to the General Revenue Fund (See MAR 1.B.), which would have reduced the amount of the allowable transfer.

To ensure restricted funds are used for their intended purpose and to support the allocation of salaries to the various county funds, detailed time sheets should be maintained to support the amount of salary charged to each county fund.

- C. The County Clerk does not maintain centralized compensatory time records for employees. While the Sheriff's department is apparently the only county official/department where compensatory time is earned, the compensatory time records maintained by the Sheriff do not clearly indicate compensatory time earned, used, and accumulated balances. As a result, the county does not have adequate records to monitor overtime worked by county employees and its overall liability for compensatory time.

Centralized records help ensure that the employees' overtime records are accurate and comply with county policy, better document compliance with the Fair Labor Standards Act (FLSA), and aid in determining final pay for employees leaving county employment.

- D. The Sheriff's Department is not following the county's policy for awarding compensatory time or overtime to emergency service employees. Although the policy states that overtime for the emergency service personnel is to be based on a 28 day work cycle, the county does not keep records to track the 28 day work cycle. The Sheriff's Department was awarding compensatory time or overtime for all hours worked each week in excess of forty hours or for additional work beyond normal on duty hours, such as court appearances. In addition, the county's policy indicates overtime compensation is to be awarded at straight time. The FLSA requires the county to pay overtime compensation or award compensatory time at time and a half. The county should review these matters and, if necessary, consult with the U.S. Department of Labor.

To verify the amount of compensatory time earned, the county should maintain records documenting the 28 day work cycle. The county is required under the FLSA

to account for and pay overtime or allow compensatory time off at the premium rate for any hours worked over the FLSA limit each week for all non-exempt employees.

WE RECOMMEND the County Commission:

- A. Consult with the Prosecuting Attorney regarding the salaries paid to all elected officials taking office in 2001 and 2003 to determine compliance with state law and the salary commission decisions.
- B. Require detailed timesheets from the 911 Coordinator and Janitor to ensure appropriate amounts are paid from the appropriate fund.
- C. Require all employees to report compensatory time earned and taken on their monthly time sheets and require the County Clerk to maintain centralized compensatory time records for all county employees.
- D. Ensure records are maintained that would allow the 28 day work cycles to be properly evaluated for FLSA compliance. In addition, the County Commission should review county payroll policies and ensure the county appropriately considers any policy changes needed along with FLSA requirements when handling employee payrolls. This policy review should include obtaining appropriate legal opinions and, if necessary, consult with the U.S. Department of Labor.

AUDITEE'S RESPONSE

- A. *We have obtained an opinion from the Prosecuting Attorney for the County Coroner's salary and have begun making payments for previous years underpayments. We have already had discussions with the Prosecuting Attorney regarding his salary and are developing a plan for repayment.*
- B. *We agree and will begin doing this immediately.*
- C. *We agree and will begin requiring the County Clerk to maintain these records.*
- D. *We are working with the Sheriff and County Clerk to ensure that this information is tracked in accordance with FLSA. We will review our policy regarding overtime and will update policy as necessary by January 31, 2005.*

5.

Expenditures

The county issued warrants in excess of the cash balance for several funds. Improvements are needed for the policies and procedures over the procurement of goods and professional services and formal written agreements need to be entered into for contract services. In addition, the County Commission does not require acknowledgment of receipt of goods or

services to be noted or always document approval of invoices for payment. Furthermore, the county does not have adequate procedures to track payments for services which resulted in IRS Forms 1099-MISC not being issued.

- A. The county issued warrants in excess of the fund balance for three funds at December 31, 2003 and 2002. Caldwell County uses the warrant system to pay expenditures. Warrants are issued for payroll and payables of county funds, and the bank honors the warrants presented for payments as negotiable instruments. As monies are available in the various funds, the County Treasurer redeems the warrants honored by the bank with a check on the county bank account. At December 31, 2003 and 2002, the county had issued warrants which exceeded the fund balances of the following funds:

	2003	2002
General Revenue Fund	\$ (84,410)	\$ (138,819)
Assessment Fund	(1,445)	0
Law Enforcement Sales Tax Fund	(432)	(7,305)
Election Fund	0	(16,035)
	<u>(86,287)</u>	<u>(162,159)</u>

The county should refrain from issuing warrants which exceed the fund balance.

- B. The county needs to improve its policies and procedures over the procurement of goods and professional services. We noted the following problems during our review of expenditures:

1. Bids were not always solicited by the county. Examples of the items purchased without documentation of bids or advertisement included a gravel expenditure for approximately \$18,620 and a dispatch radio for approximately \$6,445.

Section 50.660, RSMo 2000, requires the advertisement for bids for any 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 helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, 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 when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

2. The County Commission signed two lease-purchases without soliciting proposals from various entities. The county received \$150,000 from a 15-year lease-purchase signed in 2002 to construct a jail facility. The county also received \$2.3 million from a 16-year lease-purchase signed in 2003 to construct the detention center. Both of the lease-purchases have a 5.75% interest rate. If the county follows the two payment schedules prepared by the lessor, the county will have paid approximately \$1.3 million in interest over the life of these leases. The County Commission should always seek proposals for professional services and document the basis for the selection to ensure the county is receiving quality service at a reasonable price.

C. The county did not enter into formal written agreements for contract services, including election services costing \$6,850 and housing inmates at a private jail costing \$6,180. As a result, the county is unable to ensure the appropriate services were received at the proper price.

Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo 2000, prohibits a county from making a contract unless it is in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed. Commission minutes should document approval of all agreements.

D. The County Commission does not require acknowledgment of receipt of goods or services or always document approval of invoices for payment. The Presiding Commissioner did not stamp some of the invoices to indicate the County Commission approval.

The county should require acknowledgment of receipt of goods and/or services prior to payment. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds. In addition, expenditures made from county funds should be reviewed and approved by the County Commission before payment is made to ensure all expenditures represent valid operating costs of the county. To adequately document the County Commission's review and approval of all expenditures, all invoices should be approved prior to payment.

E. The county does not have adequate procedures to track payments to vendors for services, which resulted in IRS Forms 1099-MISC not being issued. Forms 1099-MISC were not issued for four individual contractors with payments totaling \$7,700. These payments to each contractor exceeded \$600 a year. Section 6041 and 6051 of the Internal Revenue Code require nonemployee payments of at least \$600 or more in one year to an individual or unincorporated business be reported to the federal government on Forms 1099-MISC.

WE RECOMMEND the County Commission:

- A. Cease the practice of issuing warrants in excess of the fund balance on which the warrant is drawn.
- B.1. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official County Commission minutes should reflect the necessitating circumstances.
- B.2. Solicit and document proposals for professional services.
- C. Ensure that contracts are obtained and entered into for services received.
- D. Review and approve all expenditures of county funds. In addition, the County Commission should require acknowledgment of receipt of goods and/or services prior to payment.
- E. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.

AUDITEE'S RESPONSE

- A. *We agree and are exploring options to keep our fund balances positive.*
- B.1. *Our procedure is to bid all expenditures in excess of \$4,500.*
 - 2. *We agree and will do this in the future. This was a unique opportunity suggested by our only local bank, which had an interest in the project.*
- C. *We agree and will do this in the future.*
- D. *We agree and will immediately begin doing these procedures.*
- E. *We agree.*

6.

Outdoor Recreation Grant Controls and Procedures

The County Commission is not adequately monitoring the use of monies from the \$200,000 Outdoor Recreation Grant. The county hired an administrator, at \$70 per hour, to oversee the construction of a park. The county does not maintain documentation of how the county is meeting the fifty percent matching requirement for the grant, or invoices, bids, and contracts related to the park grant.

The administrator used approximately \$125,000 of her own monies during 2003 to pay some of the contractors utilized for the park and indicated this was done due to a lack of available

county monies. The county reimbursed these monies when the grant monies were received in 2004. The reimbursement requests from the administrator did not include adequate documentation, such as invoices and bid documentation. The administrator's invoice, totaling \$12,745, did not include detail of the tasks performed or the dates the services were provided and also indicated additional hours were worked but not billed, which should be considered a donation. In addition, donations of cash and services by area businesses and volunteers were not tracked by the county, which could be used to meet the matching requirements of the grant. The county does not have a contract with the administrator detailing the services she will perform and the compensation to be paid and proposals were not solicited by the county for these administrative services.

Without adequate documentation for the grant, the County Commission has less assurance that monies were expended in compliance with the grant requirements and statutory provisions. The park grant monies should be maintained in the county treasury and the County Commission should authorize the use of these funds to the appropriate contractors.

Section 50.660, RSMo 2000, requires the advertisement for bids for any 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 helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo 2000, prohibits a county from making a contract unless it is in writing.

WE RECOMMEND the County Commission adequately monitor the use of grant monies and solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official County Commission minutes should reflect the necessitating circumstances. The County Commission should also ensure that contracts are obtained and entered into for services received. In addition, the County Commission should require adequate supporting documentation prior to approving expenditures for payment.

AUDITEE'S RESPONSE

In the future, we will adequately monitor all grants by ensuring all grant monies are held by the County Treasurer.

7. Property Tax Books and Procedures

The Assessor's office is allowed access to the assessment data during periods when changes to the data are not allowed by statute. The County Clerk does not maintain an account book with the Ex Officio Collector nor does she review the computer delinquent tax book for

accuracy. In addition, the County Commission does not review or approve the Ex Officio Collector's annual settlement as required by law, controls over tax book additions and abatements are not sufficient, and the various officials do not maintain confidential passwords to the property tax system. Furthermore, the County Clerk does not ensure that township collectors turn in signed receipts from the various political subdivisions to document that the monies were properly distributed.

- A. The county's assessment lists and tax books are maintained on a computerized property tax system. The County Assessor is responsible for entering the assessed valuation data from the assessment sheets. This data entry is to be completed by May 31 of each year. In addition, the County Assessor is allowed access to the assessment data in the property tax system during the meetings of the county Board of Equalization so she can change assessed valuations when approved by the board.

After the meetings of the Board of Equalization are completed, the County Assessor has no statutory authority to make changes to the assessment data. However, the County Assessor and her staff are allowed access to the assessment data at all times. As a result, there is an increased risk that unauthorized changes can be made to the assessment data. In addition, Section 137.260, RSMo 2000, requires that the tax book only be changed by the County Clerk under order of the County Commission.

- B. The County Clerk does not maintain an account book with the Ex Officio Collector. In addition, when the County Clerk generates the delinquent tax book, she does not reconcile it to the township listings of delinquent taxes or the unpaid tax statements.

An account book would summarize all taxes charged to the Ex Officio County Collector and township collectors, monthly collections, delinquent credits, abatements and additions, and protested amounts. This account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the collectors each year is complete and accurate.

Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and County Commission to verify the Ex Officio County Collector's annual settlements.

- C. The County Commission does not review or approve the Ex Officio Collector's annual settlement as required by law. Review of the Ex Officio Collector's annual settlement would ensure that property tax collections and delinquent credits reconcile to taxes charged on the tax books.

The annual settlement prepared by the Ex Officio County Collector contained errors in amounts reported. Total collections and distributions were underreported by approximately \$58,000 for the year ending February 29, 2004 and were over reported

by approximately \$29,000 for the year ending February 28, 2003. Property tax collections by the township collectors were not broken down by type on the township annual settlements and were not on the monthly settlements for most of the township collectors. This information is available based on posting individual tax payments to the system, but the County Clerk does not retain this information to give to the Ex Officio County Collector, which is necessary for accurate preparation of the annual settlements.

Section 139.160, RSMo 2000 requires the collector to "... settle his accounts of all moneys received by him on account of taxes and other sources of revenue...". By incorrectly reporting collections and distributions, the Ex Officio County Collector had not provided the County Commission with an accurate and complete settlement.

- D. Controls over tax book additions and abatements are not sufficient. Additions and abatements are prepared by the County Assessor and given to the County Clerk who prepared court orders which are subsequently approved by the County Commission. While the County Clerk does number the court orders, she does not attempt to account for numerical sequence and reconcile total additions and abatements to the township collectors' annual settlements and Ex Officio County Collector's annual settlements. As a result, errors in the annual settlements could go undetected.

To ensure all additions and abatements have been accounted for properly and to help verify the accuracy of such activity reported by the Ex Officio County Collector and the township collectors on the annual settlements, the County Clerk should account for numerical sequence of court orders issued and reconcile total additions and abatements to the collectors' annual settlements.

- E. The County Clerk instituted a policy of requiring all township collectors to provide her with signed receipts from the various political subdivisions to document that monies were properly distributed. The County Clerk indicated she instituted this policy after it was discovered a township collector had not been distributing property tax monies as reported on the monthly settlements in 2000, as reported in our prior report. However, the County Clerk is not adequately following up township collectors who fail to turn in receipts.
- F. The Ex Officio County Collector does not prepare a listing of open items (liabilities) for reconciliation to the bank account balance. We reviewed the bank account balance and identifiable liabilities at February 29, 2004, and found approximately \$3,500 of the bank balance could not be identified.

Listings of open items should be prepared on a monthly basis and reconciled to the bank balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

- G. The County Assessor, County Clerk, and Ex Officio Collector do not maintain confidential passwords to the property tax system nor do they change their passwords periodically. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit unauthorized access to computer files.

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

WE RECOMMEND:

- A. The County Commission restrict access to the assessment data during periods when changes to the data are not allowed by statutes.
- B. The County Clerk establish and maintain an account book with the Ex Officio County Collector's and township collectors' transactions. In addition, the County Commission should consider using the account book to verify the Ex Officio County Collector's annual settlements.
- C. The County Commission review the Ex Officio Collector's annual settlements, reconciling tax collections and credits to taxes charged on the tax books, as required by law.
- D. The County Clerk account for the numerical sequence of court orders and reconcile additions and abatements to the Ex Officio County Collector's and township collectors' annual settlements.
- E. The County Clerk ensure that signed receipt slips from all political subdivisions are received in a timely manner from all township collectors.
- F. The Ex Officio Collector reconcile the amounts in her bank account to related liabilities and other reconciling items on a monthly basis and determine the disposition of the remaining unidentified amounts in the bank account.
- G. The County Commission consult with the property tax system programmer and establish procedures including the use of unique passwords to restrict access to computer files to authorized individuals.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A&G. We will contact our programmer to resolve these issues.

C. We agree and for the 2005 tax year we will ensure this is done.

The County Clerk provided the following responses:

- B. I agree and for the 2005 tax year I will maintain an account book.*
- D. I agree and will implement this recommendation in 2005.*
- E. In the past I have contacted the Township Collector, but did not maintain any documentation of contacting them. I will start sending letters requesting this information in the future.*

The Ex Officio Collector provided the following response:

- F. This recommendation has been implemented and the excess funds have been identified and distributed.*

8. Townships Controls and Procedures

The county does not adequately monitor townships use of County Aid Road Trust (CART) monies, some township collectors were under bonded, and the county did not ensure township road boards' financial statements were prepared and published as required by law.

- A. According to county ledgers, five of the twelve townships had negative CART balances totaling approximately \$5,000 on December 31, 2003. Each township is allocated a portion of the CART monies based on the number of road miles. The townships submit invoices for gravel purchases to the county for payment. The county does not compare available balances to the invoices submitted for payment, which in some instances caused balances to be negative. The County Commission should adequately monitor and refrain from paying invoices which exceed the township's available CART balance.

- B. Nine of the twelve township collectors were bonded for less than the amount required by state law. While a similar condition was noted in the prior two audit reports, the County Commission has not corrected this situation and has allowed township collectors to handle significant amounts of taxpayer monies without having this safeguard in place.

Section 65.460, RSMo 2000, requires a township collector to give bond in a sum for any month equal to the average total monthly collection for the same month during the preceding four years, but not to exceed one-half the largest amount collected during any one year preceding his/her election or appointment, including school taxes. This section also requires the County Commission to examine the bonds of township collectors annually for adequate coverage.

- C. The County Clerk does not ensure township boards' financial statements were published as required by state law. Section 231.290, RSMo 2000, requires the

County Clerk to ensure a detailed account of their financial activity, along with an inventory of the township's property, is published in a local newspaper and filed with the County Clerk.

WE RECOMMEND the County Commission:

- A. Closely monitor the township allocations and cease the practice of issuing warrants in excess of the townships allocation of CART monies.
- B. Require all township collectors to file bonds in amounts required by state law.
- C. And the County Clerk ensure all townships publish financial statements in a local paper in accordance with state law.

AUDITEE'S RESPONSE

- A. *We agree and are considering other methods of distributing these monies.*
- B. *We agree and will more closely monitor these bonds in the future.*
- C. *We agree and will implement procedures in the future to ensure these are published.*

9. General Capital Assets

Records accounting for county property need improvement. Vehicle and fuel usage logs were also not maintained.

- A. Records accounting for county property need improvement. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories or inspections.

Currently, the County Clerk maintains a manual inventory listing of capital assets held by county officials. The County Clerk indicated she gives each county official their inventory listing annually so a physical inventory can be performed. Officials are to notify the County Clerk of any discrepancies between the inventory listing and the physical inventory. We noted the following problems regarding various capital asset records:

- Records are not maintained in a manner that reconciliations could be performed from period to period (beginning balance plus additions less dispositions equals the ending balance).

- Property tags are not affixed to newly purchased assets immediately upon receipt.
- The acquisition fund and serial numbers are not recorded in the capital asset records.
- Documentation of annual physical inventories is not maintained.
- Written authorization is not obtained from the County Commission for the disposition of capital assets.

Adequate general capital asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage. Physical inventories of county property are necessary to ensure the capital asset records are accurate, identify all unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Property control tags should be affixed to all capital assets to help improve accountability and ensure assets are properly identified as belonging to the county. Further, the county needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, etc) allows for participation by the public and provides the best price for the county. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

- B. The Sheriff's Department, Road and Bridge Department, and county do not maintain vehicle usage logs for any of their 19 vehicles to document how the vehicles are used. In addition, fuel purchases are not tracked for Sheriff's Department and county vehicles. Without adequate vehicle logs, the county cannot effectively monitor that vehicles are used for official business only. These logs should identify the employee the vehicle is assigned to, the dates used, miles driven, destination, and purpose of the trips. These logs should be reviewed by a supervisor to ensure vehicles and equipment are used only for county business and to help identify vehicles and equipment which should be replaced.

WE RECOMMEND the County Commission:

- A. Establish a written policy related to handling and accounting for general capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property.
- B. Ensure the Sheriff's Department, Road and Bridge Department, and county maintains logs for vehicles which include the purpose and destination of each trip, the daily beginning and ending odometer readings for vehicles or hour readings for equipment, and the operation and maintenance costs. Ensure these logs are reviewed by a supervisor to ensure vehicles are used only for county business.

AUDITEE'S RESPONSE

- A. *We agree and will take steps to implement this in 2005.*
- B. *Each department is tracking this information by various methods. At this time, we and Sheriff do not believe our current method is a problem.*

10. Health Center Controls and Procedures
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Several weaknesses were noted with Health Center expenditures including bidding, entering into formal written agreements, and inadequate documentation of work performed for contract services. In addition, the Health Center Board did not ensure approval of invoices for payment and acknowledgment of receipt of goods or services was indicated. Furthermore, several weaknesses were noted with general capital assets.

- A. Bids were not always solicited by the Health Center. Examples of the items purchased without documentation of bids or advertisement included asphalt paving for approximately \$7,690 and two vaccine purchases for approximately \$9,555 and \$8,250. The Health Center Administrator indicated the vaccines were only available from two companies and verbal bids were obtained, but this was not documented in the Health Center Board minutes.

Section 50.660, RSMo 2000, requires the advertisement for bids for any 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 Health Center resources and helps to assure the Health Center receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, 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 when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official board minutes should reflect the necessitating circumstances.

- B. The Health Center did not enter into formal written agreements for contract services or take steps to ensure supporting documentation for work performed was obtained prior to payment. The contract services which could not be properly supported were bookkeeping services costing \$800 a month and clinic services costing \$540 a clinic.

Written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid. In addition, Section 432.070, RSMo 2000, prohibits a Health Center from making a contract unless it is in writing. In addition to being required by statute, written contracts are necessary to document the duties, rights, and responsibilities of each party and should establish performance criteria which must be met prior to payment for work completed. Board minutes should document approval of all agreements. Further, the Health Center Board should require adequate supporting documentation be provided by the contract laborers, including details regarding work performed.

- C. The Health Center Board does not require acknowledgment of receipt of goods or services to be noted or always document approval of invoices for payment. The Board President and Board Treasurer indicated they sign a detailed listing of bills, but some of the listings of bills we reviewed were not signed. In addition, these listings are not retained with the official minutes.

The Health Center Board should require acknowledgment of receipt of goods and/or services prior to payment. Such documentation is necessary to ensure the purchase is a proper disbursement of Health Center funds. In addition, expenditures made from Health Center funds should be reviewed and approved by the Board before payment is made to ensure all expenditures represent valid operating costs of the Health Center. To adequately document the Board's review and approval of all expenditures, a complete and detailed listing of bills should be prepared and signed or initialed by the Board to denote their approval, and retained with the official board minutes.

- D. Records accounting for Health Center property need improvement. We noted the following problems regarding various capital asset records:

- Records are not maintained in a manner that reconciliations could be performed from period to period (beginning balance plus additions less dispositions equals the ending balance).

- Documentation of annual physical inventories is not maintained.
- Written authorization is not obtained from the Health Center Board for the disposition of capital assets.

Adequate general capital asset records are necessary to secure better internal control over Health Center property, and provide a basis for determining proper insurance coverage. Physical inventories of Health Center property are necessary to ensure the capital asset records are accurate, identify all unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Further, the Health Center needs to establish formal procedures to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, etc) allows for participation by the public and provides the best price for the Health Center. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with Health Center property.

WE RECOMMEND the Health Center Board:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official Health Center Board minutes should reflect the necessitating circumstances.
- B. Ensure that contracts are obtained and entered into for services received. In addition, the Health Center Board should require adequate supporting documentation be submitted by the contractors.
- C. Review and approve all expenditures of Health Center funds which should be adequately documented by including a listing of all approved expenditures in the board minutes. In addition, the Health Center Board should require acknowledgment of receipt of goods and/or services prior to payment.
- D. Establish a written policy related to handling and accounting for general capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with Health Center property.

AUDITEE'S RESPONSE

- A. *We agree and will do this in the future.*
- B. *We agree and will ensure contracts are entered into in the future.*

- C. *We regularly approve a detailed listing of bills. In the future, the detailed listing of bills will be included with the minutes.*
- D. *We will review the recommendation.*

11. Circuit Clerk Controls and Procedures
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The Circuit Clerk oversees the Circuit, Associate, and Probate divisions which combined bank accounts in June 2003. Monies received are not deposited on a timely basis and receipt slips do not indicate the method of payment (cash, check, and money order). The Circuit Clerk also maintains monies that should be deposited into the county treasury. In addition, a listing of open items (liabilities) has not been prepared for the court bank account, outstanding checks are not followed up on, and accrued costs are not adequately monitored.

- A. Monies received are not deposited on a timely basis. Court monies averaging \$4,000 are deposited approximately once a week. In addition, the method of payment (cash, check, and money order) is not indicated on the Circuit Court receipt slips. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100. To ensure receipts are accounted for properly, the method of payment should be recorded on the receipt slips and the composition of the receipt slips issued should be reconciled to the composition of deposits.
- B. The Circuit Clerk has not prepared a listing of open items (liabilities) for the Circuit, Associate, and Probate divisions. These divisions' account balances at December 31, 2003 totaled \$52,590.

Listings of open items should be prepared on a monthly basis and reconciled to the bank balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

- C. The Circuit Clerk maintains monies in her fee account used for drug testing which totaled \$3,282 at December 31, 2003. These fees are received from the Sheriff, who offers drug tests to citizens for \$15 per test. The drug testing monies should be deposited into the county treasury and the County Commission or Circuit Judge should authorize the use of these funds. 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.
- D. The Circuit Clerk has not established procedures to routinely follow up on outstanding checks. At December 31, 2003, thirty-nine checks totaling \$1,648 had been outstanding for over a year, including checks that had been outstanding for over seven years. Procedures should be established to routinely investigate any checks

remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If payees cannot be located, the amount should be disbursed in accordance with Sections 447.500 through 447.595, RSMo 2000, or other applicable statutes that allow for the disposition of unclaimed monies.

- E. The Circuit Clerk does not maintain a listing of accrued costs owed to the court and monitoring procedures are not adequate. When a case is closed and the costs determined, the Circuit Clerk prepares and sends a cost bill to the defendant. However, if payment is not received, the Circuit Clerk does not initiate any further collection procedures. An estimate of total accrued costs could not be determined by the Circuit Clerk. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

WE RECOMMEND the Circuit Clerk:

- A. Deposit monies daily or when accumulated receipts exceed \$100. In addition, the Circuit Clerk should ensure the method of payment is recorded on each receipt slip issued and the composition of receipts slips issued is reconciled to the composition of deposits.
- B. Attempt to identify the unidentified balances of the court bank account. Any monies remaining unidentified should be disposed of in accordance with state law.
- C. Remit drug fund monies to the County Treasurer as required by state law.
- D. Establish procedures to routinely follow up on old outstanding checks.
- E. Maintain a record of accrued costs and establish procedures to follow up and pursue timely collection.

AUDITEE'S RESPONSE

- A. *I will begin making deposits at least twice weekly. One of the reasons we have only been depositing weekly is because we have no bank in Kingston. We have already begun reconciling receipt slips to deposits.*
- B. *The unidentified balance has remained constant for the past several months. We will continue to investigate this difference.*
- C. *I distributed drug monies totaling \$3,138.39 to the County Treasurer on September 10, 2004 and am no longer handling these funds.*
- D. *This has been implemented.*
- E. *I have established a spreadsheet to track amounts due to the court and will pursue collection to the extent possible.*

The Planning and Zoning office collects approximately \$20,000 annually. The duties of cash custody and record-keeping have not been adequately segregated in the Planning and Zoning office. In addition, building permits issued are not accounted for and building permits issued are not reconciled to the building permit receipt slips and the monies transmitted to the County Treasurer.

- A. The duties of cash custody and record-keeping have not been adequately segregated in the Planning and Zoning office. The Planning and Zoning Director collects monies, records transactions, and prepares transmittals. There are no documented reviews of the accounting records performed by the County Commission.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and transmitting receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. The County Commission does not account for the numerical sequence of building permits. Also, building permits issued are not reconciled to the building permit receipt slips and the monies transmitted to the County Treasurer.

To provide additional assurance all monies are properly collected, recorded, and transmitted, the numerical sequence of building permits should be accounted for properly. In addition, building permits issued should be reconciled to the building permit receipt slips and building permit monies transmitted to the County Treasurer to ensure all building permit fees are being received, recorded, and transmitted.

WE RECOMMEND the County Commission:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the County Commission should ensure documented supervisory reviews of the accounting records are performed.
- B. Require the numerical sequence of building permits be accounted for properly. In addition, the building permits issued should be reconciled to the building permit receipt slips and fees collected for all building permits.

AUDITEE'S RESPONSE

- A. *We are currently reviewing monthly reports from the Planning and Zoning Director, and will ensure our review is documented in the minutes.*
- B. *We agree and will begin doing this in January 2005.*

13. Sheriff Controls and Procedures
--

The Sheriff's Department has not maintained documentation of prisoner attendance and the number of meals served, prepared a listing of open items (liabilities) for the Sheriff's bank account, or retained documentation to support how monthly disbursement amounts were determined. In addition, deposits are not made timely and disbursements of various fees collected are not made timely.

- A. Monies received are not deposited on a timely basis. Sheriff's fees averaging \$430 are deposited approximately once a week. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- B. Disbursements to the state, county, and other applicable parties for fees collected are not made timely. We noted time lags between the date fees were received and the date fees were distributed frequently exceeded one month. For example, the fees collected in October 2003, totaling approximately \$960, were not disbursed until December 2003.

State law requires that all fees collected by the Sheriff be distributed monthly to the state and county treasurer. Timely disbursements of fees collected are necessary to provide adequate controls over account balances and increase the likelihood that discrepancies are detected in a timely manner.

- C. The Sheriff's Department has not prepared a listing of open items (liabilities) for the fee bank account which had an account balance at December 31, 2003 of \$4,639.

Listings of open items should be prepared on a monthly basis and reconciled to the bank balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

- D. Documentation of prisoner attendance and the number of meals served are not maintained. Expenditures for local prisoner food totaled approximately \$5,500 and \$6,800 in 2003 and 2002, respectively. The Caldwell County jail does not house prisoners on a regular basis. Prisoners are booked at the Caldwell jail, and then

transported to neighboring county jails for incarceration. The only time prisoners are held in the Caldwell county jail is prior to arranging transport or when attending court.

Adequate, complete attendance records and records of prisoner meals served are necessary to ensure that county assets are not misused and that expenditures for prisoner meals are reasonable.

This was also noted in our prior report.

WE RECOMMEND the Sheriff:

- A. Deposit monies daily or when accumulated receipts exceed \$100.
- B. Distribute fees collected in a timely manner.
- C. Attempt to identify the unidentified balances of the Sheriff's bank account. Any monies remaining unidentified should be disposed of in accordance with state law.
- D. Maintain records of prisoner attendance and the number of meals served at the jail.

AUDITEE'S RESPONSE

- A. *This has been implemented.*
- B. *We are now distributing monies the month after they are received.*
- C. *We are in the process of identifying these monies and will distribute them to the appropriate parties as soon as possible.*
- D. *Now that the detention center is opened, these records are now maintained.*

14. Prosecuting Attorney Controls and Procedures

The duties of cash custody and record-keeping have not been adequately segregated. The monies received for bad checks are not transmitted to the County Treasurer on a timely basis and the restitution monies received are not deposited on a timely basis. The Prosecuting Attorney's office has also not prepared a listing of open items (liabilities) for the restitution bank account and the petty cash fund is not maintained on an imprest basis.

- A. The duties of cash custody and record-keeping have not been adequately segregated in the Prosecuting Attorney's office. The Prosecuting Attorney's secretary collects monies, records transactions, prepares transmittals or deposits, and prepares bank reconciliations. There are no documented reviews of the accounting records performed by the Prosecuting Attorney.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Monies for bad checks received are not transmitted to the County Treasurer or restitution monies are not deposited on a timely basis. Bad check fees averaging \$600 are transmitted to the County Treasurer approximately twice a month. In addition, restitution monies averaging \$700 are deposited approximately once a month.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipts should be deposited or transmitted daily or when accumulated receipts exceed \$100.

- C. The Prosecuting Attorney's office has not prepared a listing of open items (liabilities) for the restitution bank account. The Prosecuting Attorney's restitution account balance at December 31, 2003 totaled \$746.

Listings of open items should be prepared on a monthly basis and reconciled to the bank balance to ensure records are in balance, errors are detected and corrected on a timely basis, and sufficient cash is available for the payment of all liabilities. Any amounts which remain unclaimed or unidentified should be disposed of in accordance with state law.

- D. The petty cash fund is not maintained on an imprest basis. The petty cash fund was established at \$50 in December 1999. A cash count on June 29, 2004 identified approximately \$118 and \$81 of paid receipts. While the Prosecuting Attorney was unable to explain the excess petty cash funds, apparently some monies have been received and not properly accounted for. Good internal controls require petty cash to be set at an established amount and to be reimbursed when it has been expended. An imprest basis petty cash fund would improve accountability over petty cash monies.

WE RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible. At a minimum, the Prosecuting Attorney should ensure documented supervisory reviews of the accounting records are performed.
- B. Deposit or transmit monies daily or when accumulated receipts exceed \$100.
- C. Attempt to identify the unidentified balances of the restitution bank account. Any monies remaining unidentified should be disposed of in accordance with state law.

- D. Maintain the petty cash fund on an imprest basis and ensure the monies are adequately accounted for.

AUDITEE'S RESPONSE

The Prosecutor's Office will take all possible steps to comply with these recommendations.

15. County Clerk Controls and Procedures

The County Clerk does not issue receipt slips for all monies, transmit monies to the County Treasurer on a timely basis, or restrictively endorse checks and money orders immediately upon receipt.

- A. Receipt slips are not issued for some monies received. The County Clerk indicated receipts slips are issued only upon request. Although a receipt log is maintained listing all monies collected and for what purpose, it is not updated as monies are received. The County Clerk compares the monies on hand to the receipt log when the transmittal to the County Treasurer is prepared. If monies on hand exceed the amount recorded in the log, the County Clerk indicated the excess would be noted and transmitted. During a cash count conducted July 15, 2004, we noted that receipt slips had not been issued for cash and money orders on hand totaling \$18 nor had these payments been posted to the receipt log. In addition, the receipt slips issued or receipt log do not always indicate the method of payment (cash, check, or money order).

To help ensure receipts are properly recorded and transmitted, receipt slips should be issued for all monies received immediately upon receipt. The receipt slips should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be reconciled to the transmittal to ensure all receipts have been accounted for.

This was noted in our prior two reports.

- B. The County Clerk does not transmit monies to the County Treasurer on a timely basis or restrictively endorse checks and money orders immediately upon receipt. Monies averaging \$400 are transmitted to the County Treasurer once a month. The endorsement is applied at the time the monies are turned over to the County Treasurer.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be transmitted daily or when accumulated receipts exceed \$100 and checks should be restrictively endorsed immediately upon receipt.

WE RECOMMEND the County Clerk:

- A. Issue receipt slips for all monies received, and indicate the method of payment on all receipt slips and reconcile receipts to transmittals made to the County Treasurer.
- B. Transmit all monies daily or when accumulated receipts exceed \$100 and restrictively endorse all checks immediately upon receipt.

AUDITEE'S RESPONSE

- A. *I agree and have implemented this recommendation.*
- B. *I agree and will try to implement this recommendation.*

Follow-Up on Prior Audit Findings

CALDWELL 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 Caldwell County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

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 and Published Financial Statements

- A. Formal budgets were not prepared for some county funds and budgets were not obtained from other county officials for some county funds held outside the county treasury.
- B. Actual expenditures exceeded budgeted amounts for several funds.
- C. The annual financial statement published by the county did not include the financial activity of several funds.

Recommendation:

The County Commission:

- A. Ensure financial information for all county funds is included in the budgets and that separate budgets are prepared for each fund.
- B. Keep disbursements within budgetary limits. If additional funds are received which could not be estimated when the budget was adopted, the County Commission should amend the budget by following procedures required by state law.
- C. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is reconciled to the county's financial records and properly reported in the annual financial statements.

Status:

- A. Not implemented. See finding number 03-1.
- B&C. Not implemented. See MAR finding number 2.

2. Township Collectors' Commissions

An incorrect unadjusted levy and mathematical error resulted in the Hamilton township collector's commissions being misstated by approximately \$500.

Recommendation:

The County Clerk recalculate the township collectors' commissions, ensuring mathematical accuracy and that proper ratios are utilized when determining amounts to be withheld from school districts' tax collections.

Status:

Partially implemented. Although the township collectors' commission calculations appear to be mathematically accurate, the proper ratios are not utilized when determining amounts to be withheld from school districts' tax collections. Small errors resulted in some township collectors being under and over paid by approximately \$100. Although not repeated in the current MAR, the recommendation remains as stated above.

3. Kidder Township Collector

- A. Distributions totaling \$5,869 were not paid to political subdivisions. Additionally, numerous personal disbursements were made from the Kidder Township collector bank account. As of April 5, 2000, only \$93 remained in the account and the amount of personal disbursements exceeded allowable commissions by more than \$5,200.
- B. One taxpayer on the delinquent tax list produced a canceled check and paid receipt showing \$1,030 had been paid. There was no evidence that these collections were ever distributed to the various political subdivisions, and as a result, this \$1,030 would appear to be due from the Kidder township collector.
- C. There was no bond in force for the Kidder township collector. Additionally, one other township collector was not bonded in accordance with state law.

Recommendation:

- A. The County Commission work with law enforcement authorities regarding any criminal prosecution and to obtain restitution for the political subdivisions.
- B. The County Commission work with the County Clerk and County Treasurer to review and reconcile the final settlement filed by the Kidder Township collector. Consideration should be given to sending notification to all taxpayers on the delinquent tax lists.

- C. The County Commission and County Clerk ensure that bonds are received for all township collectors in accordance with state law.

Status:

- A. Implemented. This was resolved in court and restitution totaling \$5,783 was distributed to the appropriate political subdivisions. While the County Clerk started requiring township collectors to obtain signed receipt slips from the various political subdivisions to document that monies were properly distributed, she is not adequately following up with township collectors who fail to turn in receipt slips. See MAR finding number 7.
- B. Not implemented. The County Commission took no action related to this recommendation. Although not repeated in the current MAR, the recommendation remains as stated above.
- C. Not implemented. See MAR finding number 8.

4. Personnel Policies and Procedures

- A. Records of vacation and sick leave earned, taken, and accumulated for employees were maintained by each individual officeholder rather than by the County Clerk. In addition, time sheets for some employees did not indicate approval by a supervisor.
- B. The county's personnel manual stated that requests for leave must be made in advance, in writing, to the department head. County officials did not require a written request or other documentation of leave taken.

Recommendation:

- A. The County Clerk maintain centralized payroll and leave records for all county employees and ensure time sheets are approved and signed by each employee's supervisor.
- B. County officials follow procedures established in the personnel manual which requires written documentation of leave.

Status:

- A. Partially implemented. Although the County Clerk maintains some sick and vacation leave records, the County Clerk does not maintain sick and vacation records for the Sheriff's Department. The County Clerk also does not maintain compensatory leave records. Time sheets are approved and signed by each employee's supervisor except for the Assessor, Recorder, and Treasurer. See MAR finding number 4.

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

5. Tax Book Controls and Procedures

- A. The County Clerk did not maintain an account book with the Ex Officio Collector, nor did she review the delinquent tax book for accuracy. When the County Clerk generated the delinquent taxes book, she did not reconcile it to the township listings of delinquent taxes or the Ex Officio Collector's records.
- B. The County Commission did not review or approve the Ex Officio Collector's annual settlements.
- C. Additions and abatements of property taxes were not approved or reviewed by the County Commission. Blank abatement and addition forms were pre-signed by the Presiding Commissioner and the County Clerk and were kept on a desk in the County Clerk's office and were completed as needed.
- D. The County Clerk was responsible for entering the townships' paid tax statement information into the computer system to update the records and provide information used for the preparation of the delinquent tax books. Although the County Clerk checked each township collector's monthly settlement, a comparison between the settlement amounts and taxes abstracted on the computer system was not done, which can result in the misstatement of the delinquent tax book.

Recommendation:

- A. The County Clerk establish and maintain an account book of the Ex Officio Collector's transactions, ensure accuracy of the delinquent tax book and the County Commission make use of this account book to verify the Ex Officio Collector's annual settlements.
- B. The County Commission review the Ex Officio Collector's annual settlements, reconciling tax collections and credits to taxes charged on the tax books, as required by law.
- C. The County Commission review and approve all additions and abatements, as they occur, prior to changes being made to the tax book information.
- D. Ensure paid tax statements are entered on the computer system timely and reconcile township collector settlements to the computer system monthly.

Status:

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

- C. Implemented.
- D. Partially implemented. The County Clerk indicated she compares the monthly settlements to the computer; however, she does not always retain documentation of this comparison. Although not repeated in the current MAR, our recommendation remains as stated above.

6. County Expenditures

- A. Caldwell County had issued warrants which exceeded the cash balances for several funds.
- B. Bids were not always solicited, nor was bid documentation always retained for several purchases.

Recommendation:

The County Commission:

- A. Cease the practice of issuing warrants in excess of the fund balance on which the warrant is drawn.
- B. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

Status:

A&B. Not implemented. See MAR finding number 5.

7. Circuit Clerk and Ex Officio Recorder of Deeds Controls and Procedures

- A. An open-items listing was not maintained for the recorder's fee account.
- B. Recording receipts were not always deposited intact. Checks received in the mail which exceed the amount due were cashed rather than being deposited. The amount of the overpayment was then refunded in cash. The recording fee was recorded and the remaining cash was deposited the next day.

Recommendation:

The Circuit Clerk:

- A. Prepare accurate monthly listings of liabilities and reconcile the listings to book and bank balances. In addition, the Circuit Clerk should determine the proper disposition of the unidentified monies or dispose of the monies in accordance with state law.
- B. Deposit all receipts intact daily, and issue refunds by check.

Status:

- A. Implemented.
- B. Partially implemented. The Recorder of Deeds no longer issues refunds. Although recording receipts are deposited intact, deposits are made approximately once a week. Although not repeated in the current MAR, the recommendation remains as stated above.

8. Sheriff's Records and Procedures

The Caldwell County jail did not house prisoners on a regular basis. The Sheriff did not maintain records to document prisoner attendance and the number of meals served. It was noted that in 1999 and 1998, expenditures for local prisoner food totaled approximately \$4,000 and \$5,000, respectively.

Recommendation:

The Sheriff maintain attendance records for all prisoners held in the county jail and explore alternative methods of providing meals to prisoners temporarily housed in county jail.

Status:

Not implemented. See MAR finding number 13.

9. Prosecuting Attorney's Records and Procedures

- A. Restitution receipts were not deposited timely.
- B. Open items listings were not prepared. An open items listing for the restitution account was prepared as of December 31, 1999, which showed an excess cash balance of approximately \$234 that could not be identified.

Recommendation:

The Prosecuting Attorney:

- A. Deposit all monies received intact daily or when cash exceeds \$100.
- B. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. In addition, the Prosecuting Attorney should determine the proper disposition of the unidentified monies and dispose of the monies in accordance with state law.

Status:

A&B. Not implemented. See MAR finding number 14.

10. General Fixed Asset Records and Procedures

A review of the county's general fixed asset record revealed that procedures were not adequate to ensure fixed asset purchases were properly recorded in the general fixed asset records.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or identified as county-owned property.

Status:

Not implemented. See MAR finding number 9.

11. County Clerk's Controls and Procedures

While receipt slips were not issued for some monies received, a log was maintained listing all monies collected and for what purpose. The method of payment (cash, check, or money order) was not indicated on the receipt slips issued or on the log of receipts.

Recommendation:

The County Clerk indicate the method of payment on all receipt slips and reconcile receipts to turnovers made to the County Treasurer.

Status:

Not implemented. See MAR finding number 15.

12. Cash Management

Two payments totaling \$44,248 were held for more than six days before disbursement. Additionally, two other payments totaling \$14,901 were held for longer than eighty-one days.

Recommendation:

The County Commission establish procedures to minimize the time elapsed between receipt of federal funds and the disbursement of such funds.

Status:

Partially implemented. The county held six payments totaling \$28,578 from twelve to twenty-eight days. Although not repeated in the current MAR, the recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

CALDWELL COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1836, the county of Caldwell was named after Captain Matthew Caldwell. Caldwell County is a township-organized, third-class county and is part of the Forty-third Judicial Circuit. The county seat is Kingston.

Caldwell 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 167 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 544 miles of county roads.

The county's population was 8,660 in 1980 and 8,969 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2003	2002	2001	2000	1985*	1980**
		(in millions)					
Real estate	\$	47.2	45.8	44.7	41.2	23.1	19.6
Personal property		22.7	21.7	21.2	19.5	6.3	6.0
Railroad and utilities		13.1	12.8	12.5	13.1	14.6	7.7
Total	\$	83.0	80.3	78.4	73.8	44.0	33.3

* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$.2400	.2300	.2400	.2500
Health Center Fund		.2497	.2497	.1455	.1455

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 and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 24,871	24,115	23,240	22,057
General Revenue Fund	207,679	194,943	201,727	201,214
Special Road and Bridge Fund	41,404	40,071	38,154	40,897
Assessment Fund	46,654	44,745	43,229	39,685
Health Center Fund	202,592	190,235	111,128	105,688
Townships	555,523	537,531	515,695	484,457
School districts	3,355,906	3,187,863	3,009,749	2,805,424
Ambulance district	104,813	152,765	143,499	135,915
Fire protection districts	95,508	55,225	51,467	48,066
Nursing home district	27,010	24,138	25,490	24,392
Cities	35,285	34,751	35,509	36,280
Tax Maintenance Fund	9,931	2,718	0	0
County Clerk	2,628	2,590	1,894	2,689
County Employees' Retirement	28,123	27,514	11,211	6,677
Commissions and fees:				
General Revenue Fund	50,138	48,441	37,416	36,482
Townships	36,669	35,817	34,313	32,846
Total	\$ 4,824,734	4,603,462	4,283,721	4,022,769

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	90	90	89	90 %
Personal property	83	85	85	86
Railroad and utilities	100	100	100	100

Caldwell 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	%
Road and Bridge	.0050	2005	None	
Law Enforcement	.0050	2006	None	
Local Parks and Storm Water Control	.0050	None	None	
Use Tax	.0150	None	None	

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

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Dale Hartley, Presiding Commissioner		23,991	22,645	22,645	22,645
Donald Raymond Cox, Associate Commissioner		21,991	21,991	21,991	20,645
Gerald McBrayer, Associate Commissioner		21,991	21,991	21,991	
Earl Finch, Associate Commissioner					20,645
Charlene Ward, Recorder of Deeds (1)		33,320			
Shari Lee, County Clerk		33,320	31,280	31,280	31,280
Jason Kanoy, Prosecuting Attorney		41,380			
Kim Brown, Prosecuting Attorney		0	37,720	37,720	37,720
Kirby Brelsford, Sheriff		38,220	38,220	38,220	
Wayne Adkinson, Sheriff					35,880
Gary Brown, County Coroner		5,390	5,390	5,390	5,390
Bonnie L. Hill, Public Administrator (2)		19,600	19,600	21,882	18,829
Laurel Miller, Treasurer and Ex Officio County Collector, year ended March 31,	33,320	33,320	33,320	33,320	
Beverly Alden, County Assessor (3), year ended August 31,		34,220	34,220	34,220	
Robert Dean Orr, County Assessor (3), year ended August 31,					34,220

(1) Recorder of Deeds became a separate office in 2003.

(2) Includes salary of \$19,600 and fees received from probate cases in 2001 and salary of \$9,800 and fees from probate cases in 2000.

(3) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Carrie Miller, Circuit Clerk	47,300				
Beverly Sue Graham, Circuit Clerk and Ex Officio Recorder of Deeds (1)			47,300	47,300	46,127
Dan Chadwick, Associate Circuit Judge		96,000	96,000	96,000	97,382

In 2003, Caldwell County contracted with Caldwell County Development Company to finance the building of a Detention Center. Caldwell County entered into a 16-year lease-purchase agreement for \$2,300,000 with Caldwell County Development Company to pay for the building. At December 31, 2003, Caldwell County owed \$2,300,000 in principal.