



Claire McCaskill

Missouri State Auditor

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September 2005

Webster County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2005

**IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Webster, 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.**

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

- Webster County's General Revenue fund has been experiencing a declining cash balance since December 31, 2002. While receipts have increased each year, they have not kept pace with the increase in disbursements, and based on 2005 projections the county does not anticipate the financial condition of the General Revenue fund to improve during the current year. Some of the increases in disbursements appear to be unavoidable, such as increases in statutory salaries and insurance costs. Other factors include costs related to the purchase and sale of land for a judicial center, and the untimely filing of grant reimbursement requests. Additionally, approximately \$28,900 is due from the General Revenue fund and the Assessment fund to local school districts because of an error in computing property tax distributions, and a significant liability of approximately \$49,000 exists in accumulated employee compensatory time balances. The Commission is aware of the financial condition of the County and has had meetings with various county officials informing them of the status of the General Revenue fund cash balance.
- The county lost \$17,110 on the purchase and subsequent sale of 10 acres purchased for the potential site of a new judicial center. Additionally, the county did not adequately evaluate the details of an agreement with the buyer of the land that exchanged topsoil for the rebuilding of a fence. As a result, it is unclear if the county received an equitable exchange of goods and services.
- Controls and procedures over county expenditures need improvement. Credit card transaction limits can be circumvented, and adequate documentation is not always retained for credit card purchases. In addition, some expenditures appear questionable, and written agreements were not obtained in some instances.

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YELLOW SHEET

- County budgets and financial reporting need improvement. The Road and Bridge fund annual budget prepared by the County Clerk and approved by the County Commission for 2004 did not include \$959,425 the county had received in Public Assistance Grants. Additionally, disbursements were made in excess of the approved budgets for several funds.
- The Sheriff's department did not properly complete the grant reimbursement request process for claims totaling approximately \$31,000. One claim form was prepared but not filed with the federal government, while another claim form was filed but the county neglected to request the funds be deposited into their bank account.
- The Sheriff did not compare invoices to the written agreement for legal services, resulting in \$834 more being paid for those services than agreed upon. Further, the Sheriff paid a consulting firm \$2,321 without obtaining a written agreement.
- Controls over receipts and disbursements of the Sheriff's Department need improvement. Additionally, seized property records are not always updated timely, and duties are not adequately segregated.
- Errors were noted in amounts reported on the Collector's annual settlement and in withholdings made from school taxes. Further, bank account balances are not reconciled to liabilities, outstanding checks are not routinely followed up on, duties are not adequately segregated, and controls over property tax receipts need improvement.
- Deficiencies were noted in the internal control and accounting procedures used by the Prosecuting Attorney's office. Monies are not deposited timely and are not always recorded in the bad check system. Also, numerous errors were identified in the calculation of the checkbook balance, and monthly listings of open items (liabilities) are not prepared and consequently, are not agreed to the reconciled bank balance.
- Records and procedures of the Associate Circuit Division need improvement. Bank reconciliations are not prepared monthly, receipts are not deposited timely, and procedures for surety bond forfeiture need improvement. Additionally, an interest fund ledger is not maintained, and the fund is not budgeted in accordance with state statute.
- The Emergency 911 Board overspent the 2004 budget and the 2005 budget was not properly prepared. Additionally, improvements are needed in documenting the board's approval of invoices, soliciting bids, and documenting employee time.

Also included in the audit recommendations related to the schedule of federal awards, closed meetings, payroll, a road maintenance plan, and capital assets. The audit also suggested improvements in the procedures of the Public Administrator, Circuit Clerk, and the Health Center Board.

**All reports are available on our website: [www.auditor.mo.gov](http://www.auditor.mo.gov)**

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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 Webster 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 Webster County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with



accounting principles generally accepted in the United States of America, the financial position of Webster County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Webster 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, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 14, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Webster 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

July 14, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Amy Baker
Audit Staff:	Rachel A. Simons, CPA Monte Davault



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

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

To the County Commission  
and  
Officeholders of Webster County, Missouri

We have audited the financial statements of various funds of Webster County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Webster 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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

## Compliance and Other Matters

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

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

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

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

Claire McCaskill  
State Auditor

July 14, 2005 (fieldwork completion date)

## Financial Statements

Exhibit A-1

WEBSTER COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2004

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 300,642	2,531,788	2,692,214	140,216
Special Road and Bridge	1,200,456	2,763,839	3,945,709	18,586
Assessment	35,133	206,125	219,276	21,982
Law Enforcement Training	2,527	3,583	2,565	3,545
Prosecuting Attorney Training	232	902	393	741
Capital Improvement Sales Tax	23,944	1,117,012	1,122,771	18,185
DARE	2,656	353	2,300	709
Prosecuting Attorney Delinquent Tax	35	62	0	97
Recorder User Fee	22,529	22,796	10,887	34,438
Recorder Equipment	21,520	12,347	10,153	23,714
Peace Officers Standards Training	0	1,750	1,750	0
Sheriff	15,035	51,244	55,784	10,495
Election Services	5,057	3,007	4,941	3,123
Children's Trust	4,935	1,545	0	6,480
Tax Maintenance	7,141	26,744	21,423	12,462
Health Center	88,566	768,488	723,054	134,000
Senate Bill 40 Board	48,921	211,195	208,401	51,715
Emergency 911	472,527	527,511	511,630	488,408
Prosecuting Attorney Bad Check	0	22,100	16,732	5,368
Sheriff's Revolving	768	8,694	3,271	6,191
Local Emergency Planning Commission	11,804	3,229	2,919	12,114
Help America Vote Act	0	15,000	0	15,000
Law Library	19,652	16,617	13,410	22,859
Circuit Clerk Interest	6,663	1,734	6,087	2,310
Associate Circuit Division Interest	4,086	490	0	4,576
Total	\$ 2,294,829	8,318,155	9,575,670	1,037,314

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

Exhibit A-2

WEBSTER 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	\$ 412,497	2,416,042	2,527,897	300,642
Special Road and Bridge	373,935	3,212,454	2,385,933	1,200,456
Assessment	25,595	225,462	215,924	35,133
Law Enforcement Training	826	2,973	1,272	2,527
Prosecuting Attorney Training	260	877	905	232
Capital Improvement Sales Tax	92,051	1,425,925	1,494,032	23,944
DARE	5,039	3,730	6,113	2,656
Prosecuting Attorney Delinquent Tax	34	1	0	35
Recorder User Fee	16,498	25,261	19,230	22,529
Recorder Equipment	16,190	14,178	8,848	21,520
Peace Officers Standards Training	0	1,251	1,251	0
Sheriff	12,110	50,907	47,982	15,035
Elections Services	4,279	3,293	2,515	5,057
Children's Trust	3,630	1,505	200	4,935
Tax Maintenance	1,779	32,417	27,055	7,141
Health Center	205,338	751,530	868,302	88,566
Senate Bill 40 Board	36,400	198,018	185,497	48,921
Emergency 911	519,206	441,251	487,930	472,527
Sheriff Equipment	1,030	30	1,060	0
Sheriff Revolving	0	1,402	634	768
Local Emergency Planning Commission	8,442	7,437	4,075	11,804
Law Library	17,458	16,397	14,203	19,652
Circuit Clerk Interest	6,003	855	195	6,663
Associate Circuit Division Interest	3,527	559	0	4,086
Total	\$ 1,762,127	8,833,755	8,301,053	2,294,829

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

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 10,450,834	8,284,314	(2,166,520)	14,459,285	8,814,542	(5,644,743)
DISBURSEMENTS	10,596,018	9,556,173	1,039,845	14,569,337	8,286,021	6,283,316
RECEIPTS OVER (UNDER) DISBURSEMENTS	(145,184)	(1,271,859)	(1,126,675)	(110,052)	528,521	638,573
CASH, JANUARY 1	1,299,287	2,264,428	965,141	1,735,139	1,735,139	0
CASH, DECEMBER 31	1,154,103	992,569	(161,534)	1,625,087	2,263,660	638,573
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	110,297	135,086	24,789	137,672	136,439	(1,233)
Sales taxes	1,111,488	1,111,001	(487)	1,067,927	1,068,738	811
Intergovernmental	350,122	330,421	(19,701)	246,024	265,003	18,979
Charges for service:	855,754	862,382	6,628	900,198	862,768	(37,430)
Interest	20,000	5,177	(14,823)	21,000	19,240	(1,760)
Other	289,700	72,721	(216,979)	204,325	47,354	(156,971)
Transfers in	50,000	15,000	(35,000)	76,500	16,500	(60,000)
Total Receipts	2,787,361	2,531,788	(255,573)	2,653,646	2,416,042	(237,604)
DISBURSEMENTS						
County Commissioner	86,820	86,777	43	87,120	86,360	760
County Clerk	87,026	90,725	(3,699)	88,126	88,098	28
Elections	97,500	131,458	(33,958)	34,000	33,974	26
Buildings and grounds	156,032	164,888	(8,856)	109,082	102,722	6,360
Employee fringe benefit	217,750	207,319	10,431	199,275	214,494	(15,219)
County Treasurer	34,829	33,689	1,140	35,815	34,726	1,089
County Collector	90,565	89,809	756	90,565	92,987	(2,422)
Recorder of Deeds	83,640	81,591	2,049	77,220	76,226	994
Circuit Clerk	11,956	11,765	191	14,100	13,742	358
Associate Circuit Court	62,709	56,967	5,742	62,400	56,050	6,350
Court administration	38,115	58,463	(20,348)	31,220	40,760	(9,540)
Public Administrator	53,837	60,134	(6,297)	52,661	51,150	1,511
Sheriff	501,851	509,261	(7,410)	462,473	520,792	(58,319)
Jail	230,500	282,357	(51,857)	163,081	279,938	(116,857)
Prosecuting Attorney	208,194	212,768	(4,574)	236,795	233,518	3,277
Juvenile Offices	36,698	24,536	12,162	43,650	22,417	21,233
County Coroner	18,475	21,528	(3,053)	18,475	17,987	488
Circuit Judge	12,129	3,334	8,795	12,129	3,098	9,031
Communications	284,033	263,407	20,626	273,500	275,581	(2,081)
Recycling	17,150	17,362	(212)	46,342	50,240	(3,898)
Purchasing agent	10,000	8,738	1,262	10,200	9,884	316
Emergency managemen	3,000	30,171	(27,171)	12,625	13,522	(897)
Public health and welfare service	1,000	0	1,000	1,000	0	1,000
Debt service	85,000	4,626	80,374	140,375	5,835	134,540
Other	283,833	236,541	47,292	231,035	174,598	56,437
Transfers out	30,000	4,000	26,000	29,350	29,198	152
Emergency Func	84,000	0	84,000	80,400	0	80,400
Total Disbursements	2,826,642	2,692,214	134,428	2,643,014	2,527,897	115,117
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,281)	(160,426)	(121,145)	10,632	(111,855)	(122,487)
CASH, JANUARY 1	300,642	300,642	0	412,497	412,497	0
CASH, DECEMBER 31	261,361	140,216	(121,145)	423,129	300,642	(122,487)

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	379,065	455,512	76,447	362,575	424,800	62,225
Intergovernmental	3,366,552	1,794,257	(1,572,295)	5,434,092	2,635,725	(2,798,367)
Charges for services	120,000	61,904	(58,096)	250,000	114,463	(135,537)
Interest	10,000	7,946	(2,054)	22,000	8,385	(13,615)
Sale of equipment	0	442,048	442,048	0	0	0
Other	0	2,172	2,172	4,500	29,081	24,581
Transfers in	959,425	0	(959,425)	0	0	0
<b>Total Receipts</b>	<b>4,835,042</b>	<b>2,763,839</b>	<b>(2,071,203)</b>	<b>6,073,167</b>	<b>3,212,454</b>	<b>(2,860,713)</b>
<b>DISBURSEMENTS</b>						
Salaries	625,000	577,322	47,678	600,000	530,642	69,358
Employee fringe benefit	162,875	126,681	36,194	158,500	126,790	31,710
Supplies	58,850	46,879	11,971	31,250	57,131	(25,881)
Insurance	42,000	44,393	(2,393)	35,000	30,963	4,037
Road and bridge materials	1,675,000	1,098,222	576,778	165,000	140,583	24,417
Equipment repairs	150,000	136,755	13,245	150,000	128,248	21,752
Rentals	17,500	1,726	15,774	17,500	12,728	4,772
Equipment purchases	706,000	728,305	(22,305)	57,000	60,611	(3,611)
Construction, repair, and maintenance	1,167,500	1,003,142	164,358	1,525,000	760,622	764,378
Distribution to special road district	150,000	147,144	2,856	145,000	144,611	389
Other	33,000	20,140	12,860	25,500	26,267	(767)
Transfers out	35,000	15,000	20,000	3,060,000	366,737	2,693,263
<b>Total Disbursements</b>	<b>4,822,725</b>	<b>3,945,709</b>	<b>877,016</b>	<b>5,969,750</b>	<b>2,385,933</b>	<b>3,583,817</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>12,317</b>	<b>(1,181,870)</b>	<b>(1,194,187)</b>	<b>103,417</b>	<b>826,521</b>	<b>723,104</b>
CASH, JANUARY 1	241,031	1,200,456	959,425	373,935	373,935	0
<b>CASH, DECEMBER 31</b>	<b>253,348</b>	<b>18,586</b>	<b>(234,762)</b>	<b>477,352</b>	<b>1,200,456</b>	<b>723,104</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	173,875	201,275	27,400	161,077	192,282	31,205
Interest	2,300	3,850	1,550	2,500	3,748	1,248
Other	2,100	1,000	(1,100)	2,800	2,082	(718)
Transfers in	25,000	0	(25,000)	27,350	27,350	0
<b>Total Receipts</b>	<b>203,275</b>	<b>206,125</b>	<b>2,850</b>	<b>193,727</b>	<b>225,462</b>	<b>31,735</b>
<b>DISBURSEMENTS</b>						
Assessor	232,553	219,276	13,277	211,609	215,924	(4,315)
<b>Total Disbursements</b>	<b>232,553</b>	<b>219,276</b>	<b>13,277</b>	<b>211,609</b>	<b>215,924</b>	<b>(4,315)</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(29,278)</b>	<b>(13,151)</b>	<b>16,127</b>	<b>(17,882)</b>	<b>9,538</b>	<b>27,420</b>
CASH, JANUARY 1	35,133	35,133	0	25,595	25,595	0
<b>CASH, DECEMBER 31</b>	<b>5,855</b>	<b>21,982</b>	<b>16,127</b>	<b>7,713</b>	<b>35,133</b>	<b>27,420</b>



Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	2,900	3,515	615	3,250	2,923	(327)
Interest	50	68	18	50	50	0
Total Receipts	<u>2,950</u>	<u>3,583</u>	<u>633</u>	<u>3,300</u>	<u>2,973</u>	<u>(327)</u>
<b>DISBURSEMENTS</b>						
Sheriff	2,950	2,565	385	4,000	1,272	2,728
Total Disbursements	<u>2,950</u>	<u>2,565</u>	<u>385</u>	<u>4,000</u>	<u>1,272</u>	<u>2,728</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,018	1,018	(700)	1,701	2,401
CASH, JANUARY 1	2,527	2,527	0	826	826	0
CASH, DECEMBER 31	<u>2,527</u>	<u>3,545</u>	<u>1,018</u>	<u>126</u>	<u>2,527</u>	<u>2,401</u>
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	900	891	(9)	810	867	57
Interest	9	11	2	11	10	(1)
Total Receipts	<u>909</u>	<u>902</u>	<u>(7)</u>	<u>821</u>	<u>877</u>	<u>56</u>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	900	393	507	1,081	905	176
Total Disbursements	<u>900</u>	<u>393</u>	<u>507</u>	<u>1,081</u>	<u>905</u>	<u>176</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	9	509	500	(260)	(28)	232
CASH, JANUARY 1	232	232	0	260	260	0
CASH, DECEMBER 31	<u>241</u>	<u>741</u>	<u>500</u>	<u>0</u>	<u>232</u>	<u>232</u>
<b><u>CAPITAL IMPROVEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	1,111,488	1,110,999	(489)	1,057,577	1,068,735	11,158
Interest	4,500	5,349	849	3,500	5,449	1,949
Other	0	664	664	500	4	(496)
Transfers in	0	0	0	3,000,000	351,737	(2,648,263)
Total Receipts	<u>1,115,988</u>	<u>1,117,012</u>	<u>1,024</u>	<u>4,061,577</u>	<u>1,425,925</u>	<u>(2,635,652)</u>
<b>DISBURSEMENTS</b>						
Road and bridge materials	920,000	947,566	(27,566)	3,075,000	1,274,499	1,800,501
Equipment	0	0	0	798,000	47,053	750,947
Distribution to special road distric	175,000	175,205	(205)	167,000	168,480	(1,480)
Transfers out	15,000	0	15,000	15,000	4,000	11,000
Total Disbursements	<u>1,110,000</u>	<u>1,122,771</u>	<u>(12,771)</u>	<u>4,055,000</u>	<u>1,494,032</u>	<u>2,560,968</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,988	(5,759)	(11,747)	6,577	(68,107)	(74,684)
CASH, JANUARY 1	23,944	23,944	0	92,051	92,051	0
CASH, DECEMBER 31	<u>29,932</u>	<u>18,185</u>	<u>(11,747)</u>	<u>98,628</u>	<u>23,944</u>	<u>(74,684)</u>

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DARE FUND</u></b>						
<b>RECEIPTS</b>						
Interest	150	45	(105)	240	154	(86)
Other	7,750	308	(7,442)	3,600	3,576	(24)
Total Receipts	7,900	353	(7,547)	3,840	3,730	(110)
<b>DISBURSEMENTS</b>						
Sheriff	7,750	2,300	5,450	8,834	6,113	2,721
Total Disbursements	7,750	2,300	5,450	8,834	6,113	2,721
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	(1,947)	(2,097)	(4,994)	(2,383)	2,611
CASH, JANUARY 1	2,656	2,656	0	5,039	5,039	0
CASH, DECEMBER 31	2,806	709	(2,097)	45	2,656	2,611
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,000	60	(940)	990	0	(990)
Interest	0	2	2	10	1	(9)
Total Receipts	1,000	62	(938)	1,000	1	(999)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	1,000	0	1,000	1,032	0	1,032
Total Disbursements	1,000	0	1,000	1,032	0	1,032
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	62	62	(32)	1	33
CASH, JANUARY 1	35	35	0	34	34	0
CASH, DECEMBER 31	35	97	62	2	35	33
<b><u>RECORDER USER FEE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	21,000	22,027	1,027	25,400	24,188	(1,212)
Interest	480	769	289	1,000	1,071	71
Other	0	0	0	0	2	2
Total Receipts	21,480	22,796	1,316	26,400	25,261	(1,139)
<b>DISBURSEMENTS</b>						
Recorder of Deeds	21,690	10,887	10,803	29,900	19,230	10,670
Total Disbursements	21,690	10,887	10,803	29,900	19,230	10,670
RECEIPTS OVER (UNDER) DISBURSEMENTS	(210)	11,909	12,119	(3,500)	6,031	9,531
CASH, JANUARY 1	22,529	22,529	0	16,498	16,498	0
CASH, DECEMBER 31	22,319	34,438	12,119	12,998	22,529	9,531

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECORDER EQUIPMENT FUND</b>						
<b>RECEIPTS</b>						
Charges for service:	11,300	11,771	471	14,000	13,274	(726)
Interest	350	576	226	800	865	65
Other	0	0	0	0	39	39
Total Receipts	11,650	12,347	697	14,800	14,178	(622)
<b>DISBURSEMENTS</b>						
Recorder of Deeds	32,000	10,153	21,847	12,000	8,848	3,152
Total Disbursements	32,000	10,153	21,847	12,000	8,848	3,152
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,350)	2,194	22,544	2,800	5,330	2,530
CASH, JANUARY 1	21,520	21,520	0	16,190	16,190	0
CASH, DECEMBER 31	1,170	23,714	22,544	18,990	21,520	2,530
<b>PEACE OFFICERS STANDARDS TRAINING FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	2,400	1,750	(650)	2,423	1,251	(1,172)
Total Receipts	2,400	1,750	(650)	2,423	1,251	(1,172)
<b>DISBURSEMENTS</b>						
Sheriff	2,400	1,750	650	2,400	1,251	1,149
Total Disbursements	2,400	1,750	650	2,400	1,251	1,149
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	23	0	(23)
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	23	0	(23)
<b>SHERIFF FUND</b>						
<b>RECEIPTS</b>						
Charges for service:	44,000	50,582	6,582	37,000	42,583	5,583
Interest	600	472	(128)	700	595	(105)
Other	2,400	190	(2,210)	0	3,669	3,669
Transfers in	0	0	0	0	4,060	4,060
Total Receipts	47,000	51,244	4,244	37,700	50,907	13,207
<b>DISBURSEMENTS</b>						
Sheriff	46,000	55,784	(9,784)	49,260	47,982	1,278
Total Disbursements	46,000	55,784	(9,784)	49,260	47,982	1,278
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	(4,540)	(5,540)	(11,560)	2,925	14,485
CASH, JANUARY 1	15,035	15,035	0	12,110	12,110	0
CASH, DECEMBER 31	16,035	10,495	(5,540)	550	15,035	14,485

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	2,000	2,857	857	4,500	1,157	(3,343)
Interest	250	140	(110)	200	288	88
Other	0	10	10	0	0	0
Tranfers in	0	0	0	0	1,848	1,848
Total Receipts	<u>2,250</u>	<u>3,007</u>	<u>757</u>	<u>4,700</u>	<u>3,293</u>	<u>(1,407)</u>
<b>DISBURSEMENTS</b>						
Election services	7,000	4,941	2,059	8,750	2,515	6,235
Total Disbursements	<u>7,000</u>	<u>4,941</u>	<u>2,059</u>	<u>8,750</u>	<u>2,515</u>	<u>6,235</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(4,750)</u>	<u>(1,934)</u>	<u>2,816</u>	<u>(4,050)</u>	<u>778</u>	<u>4,828</u>
CASH, JANUARY 1	5,057	5,057	0	4,279	4,279	0
CASH, DECEMBER 31	<u>307</u>	<u>3,123</u>	<u>2,816</u>	<u>229</u>	<u>5,057</u>	<u>4,828</u>
<b><u>CHILDREN'S TRUST FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	1,300	1,395	95	1,300	1,315	15
Interest	190	150	(40)	300	190	(110)
Total Receipts	<u>1,490</u>	<u>1,545</u>	<u>55</u>	<u>1,600</u>	<u>1,505</u>	<u>(95)</u>
<b>DISBURSEMENTS</b>						
Domestic violence shelter	0	0	0	200	200	0
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>200</u>	<u>200</u>	<u>0</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>1,490</u>	<u>1,545</u>	<u>55</u>	<u>1,400</u>	<u>1,305</u>	<u>(95)</u>
CASH, JANUARY 1	4,935	4,935	0	3,630	3,630	0
CASH, DECEMBER 31	<u>6,425</u>	<u>6,480</u>	<u>55</u>	<u>5,030</u>	<u>4,935</u>	<u>(95)</u>
<b><u>TAX MAINTENANCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	27,900	26,611	(1,289)	29,000	32,288	3,288
Interest	0	133	133	0	129	129
Total Receipts	<u>27,900</u>	<u>26,744</u>	<u>(1,156)</u>	<u>29,000</u>	<u>32,417</u>	<u>3,417</u>
<b>DISBURSEMENTS</b>						
Collector	24,640	21,423	3,217	22,126	27,055	(4,929)
Total Disbursements	<u>24,640</u>	<u>21,423</u>	<u>3,217</u>	<u>22,126</u>	<u>27,055</u>	<u>(4,929)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>3,260</u>	<u>5,321</u>	<u>2,061</u>	<u>6,874</u>	<u>5,362</u>	<u>(1,512)</u>
CASH, JANUARY 1	1,425	7,141	5,716	1,779	1,779	0
CASH, DECEMBER 31	<u>4,685</u>	<u>12,462</u>	<u>7,777</u>	<u>8,653</u>	<u>7,141</u>	<u>(1,512)</u>

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>HEALTH CENTER FUND</b>						
<b>RECEIPTS</b>						
Property taxes	330,814	362,859	32,045	313,380	337,552	24,172
Intergovernmental	247,977	286,304	38,327	322,530	299,821	(22,709)
Charges for services	117,717	113,761	(3,956)	89,530	107,679	18,149
Interest	4,000	5,564	1,564	4,000	6,478	2,478
Total Receipts	700,508	768,488	67,980	729,440	751,530	22,090
<b>DISBURSEMENTS</b>						
Salaries	563,053	573,410	(10,357)	549,534	559,059	(9,525)
Mileage and training	13,640	12,744	896	15,800	13,624	2,176
Office expenditures:	17,665	16,256	1,409	19,395	17,518	1,877
Medical expenditures:	126,000	113,765	12,235	103,267	115,809	(12,542)
Equipment	4,650	6,879	(2,229)	16,000	5,921	10,079
Debt service	0	0	0	156,323	156,371	(48)
Total Disbursements	725,008	723,054	1,954	860,319	868,302	(7,983)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(24,500)	45,434	69,934	(130,879)	(116,772)	14,107
CASH, JANUARY 1	88,566	88,566	0	205,338	205,338	0
CASH, DECEMBER 31	64,066	134,000	69,934	74,459	88,566	14,107
<b>SENATE BILL 40 BOARD FUND</b>						
<b>RECEIPTS</b>						
Property taxes	195,306	191,035	(4,271)	187,454	176,198	(11,256)
Intergovernmental	0	18,046	18,046	0	18,349	18,349
Interest	0	2,114	2,114	0	3,471	3,471
Total Receipts	195,306	211,195	15,889	187,454	198,018	10,564
<b>DISBURSEMENTS</b>						
Contractual services	215,800	208,401	7,399	185,547	185,497	50
Total Disbursements	215,800	208,401	7,399	185,547	185,497	50
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,494)	2,794	23,288	1,907	12,521	10,614
CASH, JANUARY 1	48,921	48,921	0	36,400	36,400	0
CASH, DECEMBER 31	28,427	51,715	23,288	38,307	48,921	10,614
<b>EMERGENCY 911 FUND</b>						
<b>RECEIPTS</b>						
Sales taxes	440,325	444,383	4,058	427,165	427,496	331
Interest	9,100	8,789	(311)	1,600	12,362	10,762
Other	1,200	74,339	73,139	900	1,393	493
Total Receipts	450,625	527,511	76,886	429,665	441,251	11,586
<b>DISBURSEMENTS</b>						
Salaries	109,935	114,756	(4,821)	100,800	97,258	3,542
Office expenditures:	19,460	20,313	(853)	18,995	18,255	740
Equipment	3,320	4,966	(1,646)	3,110	2,577	533
Contractual services	326,010	358,527	(32,517)	359,420	362,247	(2,827)
Mileage and training	11,735	6,477	5,258	8,990	5,714	3,276
Other	5,500	6,591	(1,091)	0	1,879	(1,879)
Total Disbursements	475,960	511,630	(35,670)	491,315	487,930	3,385
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,335)	15,881	41,216	(61,650)	(46,679)	14,971
CASH, JANUARY 1	472,527	472,527	0	519,206	519,206	0
CASH, DECEMBER 31	447,192	488,408	41,216	457,556	472,527	14,971

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	5,000	2,937	(2,063)	4,650	7,055	2,405
Interest	250	292	42	275	382	107
Total Receipts	<u>5,250</u>	<u>3,229</u>	<u>(2,021)</u>	<u>4,925</u>	<u>7,437</u>	<u>2,512</u>
<b>DISBURSEMENTS</b>						
Emergency planning	15,450	2,919	12,531	12,200	2,575	9,625
Transfers out	0	0	0	0	1,500	(1,500)
Total Disbursements	<u>15,450</u>	<u>2,919</u>	<u>12,531</u>	<u>12,200</u>	<u>4,075</u>	<u>8,125</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(10,200)</u>	<u>310</u>	<u>10,510</u>	<u>(7,275)</u>	<u>3,362</u>	<u>10,637</u>
CASH, JANUARY 1	11,804	11,804	0	8,442	8,442	0
CASH, DECEMBER 31	<u>1,604</u>	<u>12,114</u>	<u>10,510</u>	<u>1,167</u>	<u>11,804</u>	<u>10,637</u>
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	20,000	18,100	(1,900)			
Interest	50	0	(50)			
Transfers in	0	4,000	4,000			
Total Receipts	<u>20,050</u>	<u>22,100</u>	<u>2,050</u>			
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	14,550	16,732	(2,182)			
Total Disbursements	<u>14,550</u>	<u>16,732</u>	<u>(2,182)</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>5,500</u>	<u>5,368</u>	<u>(132)</u>			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	<u>5,500</u>	<u>5,368</u>	<u>(132)</u>			
<b><u>SHERIFF REVOLVING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	10,450	8,600	(1,850)			
Interest	50	94	44			
Total Receipts	<u>10,500</u>	<u>8,694</u>	<u>(1,806)</u>			
<b>DISBURSEMENTS</b>						
Sheriff	11,000	3,271	7,729			
Total Disbursements	<u>11,000</u>	<u>3,271</u>	<u>7,729</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(500)</u>	<u>5,423</u>	<u>5,923</u>			
CASH, JANUARY 1	768	768	0			
CASH, DECEMBER 31	<u>268</u>	<u>6,191</u>	<u>5,923</u>			

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF EQUIPMENT FUND</u></b>						
<b>RECEIPTS</b>						
Interest				100	30	(70)
Total Receipts				<u>100</u>	<u>30</u>	<u>(70)</u>
<b>DISBURSEMENTS</b>						
Sheriff				0	1,000	(1,000)
Transfers out				1,000	60	940
Total Disbursements				<u>1,000</u>	<u>1,060</u>	<u>(60)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS				<u>(900)</u>	<u>(1,030)</u>	<u>(130)</u>
CASH, JANUARY 1				1,030	1,030	0
CASH, DECEMBER 31				<u>130</u>	<u>0</u>	<u>(130)</u>

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

Notes to the Financial Statements



WEBSTER 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 Webster County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, or the Emergency 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

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

C. Budgets and Budgetary Practices

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

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Revolving Fund	2003
HAVA Fund	2004
Law Library Fund	2004 and 2003
Circuit Clerk Interest Fund	2004 and 2003
Associate Circuit Division Interest Fund	2004 and 2003

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2003
Capital Improvement Sales Tax Fund	2004
Sheriff Fund	2004
Tax Maintenance Fund	2003
Health Center Fund	2003
Emergency 911 Fund	2004
Prosecuting Attorney Bad Check Fund	2004
Sheriff Equipment Fund	2003

D. Published Financial Statements

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

However, the county's published financial statements for the years ended December 31, 2004 and 2003, did not include the Law Library, Circuit Clerk Interest, and Associate Circuit Division Interest Funds. The Health Center Board and the Emergency 911 Board published their financial statements separately from the county.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. 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 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, the Health Center Board's, the Senate Bill 40 Board's, and the Emergency 911 Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

3. Prior Period Adjustment

The Associate Circuit Division Interest's cash balance at January 1, 2003, as previously stated has been decreased by \$444 to agree to the cash balance of the Associate Circuit Division.

Supplementary Schedule

Schedule

WEBSTER 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,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5213	\$ 26,495	0
		ERS045-4213	82,844	28,998
		ERS045-3213W	0	86,726
	Program Total		<u>109,339</u>	<u>115,724</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.607	Bullet Proof Vest Partnership Program	N/A	734	0
16.710	Public Safety Partnership and Community Policing Grant	2004SHWX0018	14,475	0
Passed through:				
Cape Girardeau County -				
16.580	Edward Bryne Memorial State and Local Law Enforcemr Assistance Discretionary Grants Program	2000DDVX0055	0	45,736
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	389	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	0	6,905
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Propert	N/A	929	0
39.011	Help America Vote Ac	N/A	3,922	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.562	State and Local All Hazards Emergency Operation Plannin	EMK-2003-GR-2540	0	3,300

Schedule

WEBSTER 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,	
			2004	2003
U.S. DEPARTMENT OF EDUCATION				
Passed through state				
Department of Elementary and Secondary Education				
84.126	Rehabilitation Grants - Vocational Rehabilitation Grants to State	N/A	83	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.268	Immunization Grants	N/A	66,395	0
		N/A	2,405	0
		PGA064-3213A	0	6,300
		N/A	0	5,290
		N/A	0	46,241
	Program Total		<u>68,800</u>	<u>57,831</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH040022028	7,239	0
		ERS161-40032	12,843	0
		ERS161-30058	0	12,958
		DH030370001	0	6,700
	Program Total		<u>20,082</u>	<u>19,658</u>
Department of Social Services -				
93.563	Child Support Enforcemen	N/A	51,396	46,543
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA067-5213C	240	0
		PGA067-4213C	1,900	70
		PGA067-3213C	0	1,120
		PGA067-5213S	815	0
		PGA067-4213S	1,630	375
		PGA067-3213S	0	1,320
	Program Total		<u>4,585</u>	<u>2,885</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-5213M	6,601	0
		ERS146-3213M	0	13,248
		N/A	0	482
		ERS175-3082F	0	6,770
	Program Total		<u>6,601</u>	<u>20,500</u>

Schedule

WEBSTER 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,	
			2004	2003
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state				
Department of Public Safety -				
97.004	State Homeland Security Grant	2004-GE-T4-0049	24,662	0
97.036	Public Assistance Grants *	FEMA-1412-DR-MO	1,230,854	1,090,031
97.051	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	4,800	6,699
Total Expenditures of Federal Award:			\$ <u>1,541,651</u>	<u>1,415,812</u>

\* These expenditures included awards made under CFDA number 83.544 and CFDA number 97.03

N/A - Not applicable

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

Notes to the Supplementary Schedule



WEBSTER 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 Webster 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, 2004 and 2003.

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 Webster County, Missouri

Compliance

We have audited the compliance of Webster 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 its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal program is 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 its major federal program 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, Webster County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2004 and 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with

OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

### Internal Control Over Compliance

The management of Webster 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 a certain matter involving the internal control over compliance and its operation that we consider to be reportable condition. 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. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

A material weakness is a reportable 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 caused by error or fraud 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 condition described above, finding number 04-1 to be a material weakness.

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



Claire McCaskill  
State Auditor

July 14, 2005 (fieldwork completion date)

Schedule

WEBSTER COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2004 AND 2003

**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?        yes   x   none reported

Noncompliance material to the financial statements noted?        yes   x   no

Federal Awards

Internal control over major program:

Material weakness identified?   x   yes        no

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

Type of auditor's report issued on compliance for major program: 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>
97.036, 83.544	Public Assistance Grants





**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**

*The only purpose of the SEFA is to establish if agencies within the county received a total amount of federal funding in excess of a certain threshold. If that dollar amount is exceeded, the county is subject to more rigorous audit standards.*

*Given the number of agencies involved, and the fact that the County Clerk does not have nor desire the authority to compel other departments to alter their revenue tracking procedures, a certain amount of estimation is required. This same difficulty exists in every county in the State.*

*In keeping with the purpose of the SEFA schedule, the decision was made to err on the side of caution (i.e., overestimate revenues) in the years cited. However, greater attention will be dedicated to the process in the future.*

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

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

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

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

WEBSTER 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.

Findings-Two Years Ended December 31, 2002

02-1. Schedule of Expenditures of Federal Awards

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 Number:	BR0-112(3)
Award Year:	2002
Questioned Costs:	Not applicable

The county did not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA).

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 04-1.

Findings-Two Years Ended December 31, 2000

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grant/State's Program
Pass-Through Entity	
Identifying Number:	97-ED-10
Award Year:	1999
Questioned Costs:	Not applicable

The county did not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA).

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Not implemented. See finding number 04-1.

MANAGEMENT ADVISORY REPORT SECTION



Management Advisory Report -  
State Auditor's Findings

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

We have audited the financial statements of various funds of Webster County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 14, 2005. We also have audited the compliance of Webster 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 its major federal program for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 14, 2005.

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, 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 Webster County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if

applicable) 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*.

<b>1.</b>	<b>Financial Condition</b>
-----------	----------------------------

The General Revenue fund has been experiencing a declining cash balance since December 31, 2002. While receipts have increased each year, they have not kept pace with the increase in disbursements. Additionally, based on 2005 projections, the county does not anticipate the financial condition of the General Revenue fund to improve during the current year. The following chart shows the General Revenue fund receipts, disbursements, and cash balances for the three years ending December 31, 2004, and the projected cash balance for the year ending December 31, 2005.

<b>General Revenue Fund</b>	<b><u>Projected</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>
January 1,		\$140,216	\$300,642	\$412,497	\$247,100
Receipts		2,667,308	2,531,788	2,416,042	2,338,861
Disbursements		2,667,285	2,692,214	2,527,897	2,173,464
December 31,		\$140,239	\$140,216	\$300,642	\$412,497

Some of the increases in disbursements appear to be unavoidable, such as increases in statutory salaries and insurance costs. For example, in 2003 the Prosecuting Attorney became full time and the Circuit Clerk separated from the Recorder's office, resulting in a newly elected county official. Insurance costs have increased from \$116,000 in 1999 to \$361,000 in 2004. A significant portion of the increase was caused by a change in the county's insurance coverage for liability. The current company discontinued covering local governments in 2003; however, offered a one year rider for a premium of \$58,000. This premium was in addition to the annual premium of approximately \$124,000 for the 2004 coverage with the new insurance carrier. Further, the county's law enforcement deductible increased to \$25,000 increasing the county's potential financial liability.

Numerous other factors have contributed to, or will have an effect on the financial condition of the General Revenue fund.

- In 2002 the county borrowed \$140,000 to purchase land for a judicial center in anticipation of the passage of a law enforcement sales tax. The issue failed, and the county's General Revenue fund has incurred approximately \$17,110 in interest and other costs related to the purchase and subsequent sale of the land. (See MAR finding number 2.A.).

- The county does not have procedures in place to ensure all revenues are received timely. State grant reimbursements totaling approximately \$31,000 for the Sheriff's department have not been claimed and received, and some funds may have been lost for failing to file timely reimbursement requests. (See MAR finding number 3.D.)
- Approximately \$28,900 is due from the General Revenue fund (\$15,800) and the Assessment fund (\$13,100) to local school districts because of an error by the County Collector when computing property tax distributions. Because the Assessment fund is financially supported by the General Revenue fund, this will have a significant impact on the financial condition of the General Revenue fund. (See MAR finding number 9)
- Approximately \$49,000 (4,720 hours) has accumulated in employee compensatory time balances, which could be a significant liability to the county. (See MAR finding number 4.A. and 8.E.)

Other funds have also experienced a declining cash balance. Some county funds did not have monies available to pay invoices and, as a result, invoices were held until the following year. For example, rock invoices totaling \$35,490 for November 2004 were not paid from the county's Special Road and Bridge fund until February 2005 resulting in a late charge of \$532. At December 31, 2004 the Special Road and Bridge fund had a cash balance of only \$18,586.

The County Commission is aware of the financial condition of the County and has had meetings with the various county officials informing them of the status of the General Revenue fund receipts, disbursements and cash balance. The County Commission should continue to review discretionary disbursements to ensure available county resources are used efficiently and effectively to determine if long term reductions in discretionary disbursements are possible. In addition, the County Commission should ensure it maximizes receipts from all sources.

**WE RECOMMEND** the County Commission closely monitor the county's financial condition and consider various alternatives of increasing receipts and/or reducing disbursements. In addition, pay expenditures timely to avoid incurring late charges.

### **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*The Commission agrees with the description of the county's declining financial health. Further, we do not dispute that missteps have been made along the way. However, the factors cited (land purchase, Sheriff's tardiness in seeking reimbursement, one time error by the Collector, and accumulated compensatory time by employees) did not contribute significantly to the overall problem. The \$532 late charge mentioned in paragraph eight has now been refunded. Answers to the other citations are found elsewhere in this report.*

*While there is always room for improvement, the factors contributing most to the county's overall decline are: increases in fixed costs (primarily insurance); increases in law enforcement costs, and other factors that have been largely outside the Commission's control. The Commission will continue to monitor receipts and disbursements, and work with other officeholders to make the best use of the tax dollars entrusted to us.*

**2.**

## **County Expenditures**

The controls and procedures over county expenditures need improvement. The county lost \$17,110 on the purchase and subsequent sale of land purchased for the potential site of the judicial center, and an employee appears to have circumvented the county credit card limits. Additionally, some expenditures appear questionable, and written agreements were not obtained in some instances.

- A. The county lost \$17,110 on the purchase and subsequent sale of 10 acres purchased in September 2002 for the potential site of a new judicial center. The County Commission did not obtain a formal appraisal on the property, but indicated they did compare the purchase price to land previously sold in the same area. No documentation was maintained of this comparison.

The county financed the land purchase with an annual renewable loan of \$140,000 with the intentions of paying off the loan with law enforcement sales tax revenue. However, after the November 2002 law enforcement sales tax ballot issue failed, the county was unable to pay the balance of the loan and put the land up for sale. The county continued to pay the required annual interest on the loan. The land was sold in July 2005 for the original purchase price of \$140,000; however, the county had paid \$12,405 in interest on the loan and an additional \$4,705 for environmental testing, land maintenance and other incidental costs. As a result, the county lost at least \$17,110 on the sale of the land. Additionally, the County Commission did not adequately document their evaluation of the financing arrangements, funds available, and interest costs associated with the loan.

Further, the county exchanged services with the buyer of the land without properly evaluating the value of the services. The buyer agreed to rebuild a property line fence that was relocated with the construction of a county road. In exchange, the county gave the buyers the topsoil removed from the county road construction site. The county has not evaluated whether they received an equitable exchange of goods and services.

- B. Credit card transaction limits can be circumvented and adequate documentation is not always retained for credit card purchases. The county has credit cards assigned to various personnel in each office with individual transaction limits ranging from \$500 to \$2,000, and monthly cycle limits of \$1,000 to \$5,000 as an avenue to control employee purchases. However, we noted one instance where a Sheriff's employee

with a monthly cycle limit of \$2,500 and an individual transaction limit of \$1,000 purchased night vision goggles costing almost \$3,000 that was split into 4 smaller dollar amounts to circumvent the limits of the credit card. When the monthly credit card bill was reviewed for payment, this purchase in excess of the employees' monthly cycle limit went undetected.

Additionally, credit card expenditures were not always supported by adequate documentation. Payments made for credit card purchases were not always supported by the individual credit card slips or supporting invoices. Further, credit card expenditures for meals purchased by the Sheriff's department were not supported by a complete listing of all individuals whose meals were charged. Credit card purchases totaled approximately \$26,000 during 2004.

To ensure the validity and propriety of expenditures, officials should enforce current procedures related to spending limits, and ensure all expenditures are supported by paid receipts or vendor invoices which provide sufficient detail of goods or services being purchased. In addition, meal expenditures should be supported by adequate documentation of those receiving the meals.

- C. A written agreement was not prepared to specify the details of a rental agreement between the County Commission and the Prosecuting Attorney. During 2003 the County Commission paid the Prosecuting Attorney \$4,800 for the reimbursement of rent of her office space until renovations were completed in the courthouse. In 2004, the Prosecuting Attorney's office moved into the courthouse. Additionally, the County Commission provides office space to the County Surveyor to conduct personal and county business; however, a written agreement has not been prepared to specify the details of the arrangement. Section 432.070, RSMo, requires the county to have all contracts in writing.

It is important for the county to document the adequacy of the financial arrangements with the Prosecuting Attorney and the County Surveyor to avoid the appearance of an inappropriate use of public resources.

- D. In 2005, the County donated \$3,000 and provided an interest-free loan of \$2,000 to the Sesquicentennial Committee for the purposes of organizing a 150th anniversary celebration for the county. The county does not have a written agreement and did not receive any documentation from this organization detailing the use of the monies and the repayment of the loan. Further, the county has paid a total of \$1,200 to rent a facility for the annual employee picnic for the last 3 years.

Considering the financial condition of the county, it is questionable if these expenditures are a reasonable and a prudent use of public funds. The County should ensure funds are spent only on items which are necessary and beneficial to county residents. In addition, written agreements are necessary to quantify the services to be performed and the consideration to be paid for the services, provide a means for the

county to monitor compliance with the contract terms, and protect the county in the event of a dispute over the terms of the agreement. Further, Section 432.070, RSMo, requires all contracts to be in writing.

- E. The County Commission approved some payments to vendors without requiring the officeholder or an employee to acknowledge the receipt of goods or services. For example, we noted one purchase for rock hauling (\$5,052) that was paid without any indication of receipt of the goods. Other examples include communication equipment (\$10,156) and a forklift (\$4,000). As a result, the county does not always have adequate assurance it is paying for actual goods and services received.
- F. Written contracts were not obtained for the distribution of county aid road trust (CART) monies and capital improvement sales tax (CIST) monies to the Seymour Special Road District. During the two years ended December 31, 2004, approximately \$291,755 of CART monies and \$343,685 of CIST monies were distributed to the special road district based on the district's share of miles within the county. While the county requested and received financial information from the special road district regarding the use of the monies, there were no written contracts.

The County Commission indicated in the previous audit that they would meet with representatives of the Special Road District to discuss obtaining a written contract; however, a written contract was not obtained.

Section 432.070, RSMo, requires all county contracts to be in writing. The County Commission should obtain written contracts with the special road district which document the specific services to be provided for the use of these monies.

**WE RECOMMEND** the County Commission:

- A. Maintain adequate documentation to ensure the county receives fair value in exchange for the goods and services provided.
- B. Ensure current procedures related to credit card limits are enforced and adequate supporting documentation is retained for all credit card purchases.
- C. Ensure all contracts are in writing.
- D. Ensure all expenditures are a necessary and prudent use of public funds and obtain written agreements detailing the services to be provided and compensation to be paid.
- E. Require acknowledgment of receipt of goods and/or services prior to payment.
- F. Obtain written agreements with the Seymour Special Road District documenting the services to be provided and the use of county CART and CIST monies.

## AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The story of the land sale is a well-known part of the county's past. The public has already spoken on the Commission's decision to purchase property for a justice center. Since that proposal's failure, the Commission has done its best to comply with public sentiment. The property was sold at the earliest possible opportunity for the best possible price.*

*The silver lining of this otherwise dark chapter is the purchase of the land did enable the county to obtain an easement to assist the City of Marshfield with road improvements in accordance with the City's comprehensive plan. The loss involved in interest expenses and other maintenance costs could be considered somewhat lessened by the value to the public of these improvements.*

- B. *The Commission is currently reviewing a new policy regarding credit card use to address these weaknesses.*

C, D

- &F. *The County does make its best effort to obtain written contracts where necessary. The proliferation of these agreements has been so great as to become a burden on limited staff resources. The Commission will continue to obtain written documentation to the greatest degree practical.*

- E. *The Commission is considering procedural changes to require all officeholders and department heads to sign all invoices to signify that goods and services were received.*

The Prosecuting Attorney provided the following response:

- C. *The lease for the office was by written bid and the terms of the lease are outlined in the written bid sheet and thus serves as a written contract between the parties.*

<b>3. County Budgets and Procedures</b>
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Approximately \$959,425 was not properly reported on the Road and Bridge fund budget, and some budgets were overspent by the County Commission and other elected officials. Decisions made in closed session meetings were not always disclosed during regular session. In addition, the Sheriff's department did not properly complete the grant reimbursement request process for claims totaling approximately \$31,000.

- A. The Road and Bridge fund annual budget prepared by the County Clerk, and approved by the County Commission for 2004 did not include \$959,425 the county had received in Public Assistance Grants in 2003. The funds were omitted from the 2004 beginning cash balance on the budget, and omitted from revenues in the 2003



actual data. As a result, amounts reported on the Road and Bridge fund budget did not agree with amounts reported in the county's published financial statement and the County Treasurer's annual settlement.

Chapter 50, RSMo, requires the budget present a complete financial plan for the ensuing year. Documenting a complete summary of available resources, a cash reconciliation, and accurate actual data from preceding years is necessary to present a complete financial plan. In addition, for the budget documents to be of maximum assistance to the county and to adequately inform county residents of the road and bridge operations and current financial position, the budget documents should be accurate.

B. Disbursements were made in excess of the approved budgets in the following funds during the two years ended December 31, 2004, as follows:

Fund	Year Ended December 31,	
	2004	2003
Assessment	\$ N/A	4,315
Capital Improvement Sales Tax	12,771	N/A
Sheriff	9,784	N/A
Tax Maintenance	N/A	4,929
Prosecuting Attorney Bad Check	2,182	N/A
Sheriff Equipment	N/A	60

While the County Clerk prepared budget to actual expenditure comparison reports, the county's procedures and reports are not resulting in effective monitoring of the various budgets. It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, SW 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, 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.

C. Although closed meeting minutes are prepared to document matters discussed in closed meetings, some open meeting minutes do not document the final disposition of matters discussed in closed meetings. For example, the County Commission held five closed sessions in March 2005, and while the regular meeting minutes did disclose the reason for entering into closed session, the regular session minutes did not disclose the final disposition of matters discussed in four of the closed sessions regarding personnel and litigation issues. Section 610.021, RSMo, allows the County Commission to close meetings to the extent they relate to certain specified subjects,

including litigation, real estate transactions, and personnel issues. Section 610.021, RSMo, requires certain matters discussed in closed meetings to be made public upon final disposition.

- D. The Sheriff's department did not properly complete the grant reimbursement request process for claims totaling approximately \$31,000. The Sheriff's department is responsible for submitting grant reimbursement claim forms for the School Resource Officer Grant awarded to the county in 2004 for a three year period totaling approximately \$217,000. The grant funds reimburse the county for costs associated with three School Resource Officers employed by the county.

While a claim form was prepared for the fourth quarter of 2004 totaling approximately \$16,500, the claim was not filed timely with the federal government and, some information on the claim form appears to be inaccurate. According to the grant guidelines, claim forms that are not submitted within 45 days of the end of the quarter will not be paid. Additionally, a claim form totaling approximately \$14,500 was prepared and filed electronically for the first quarter of 2005; however the county has neglected to request the available grant funds be deposited into the county's bank account.

By not filing the quarterly claim forms timely, the county risks losing funds. Considering the county's financial condition, all efforts should be made to file grant claim forms correctly and timely, and procedures should be established to ensure reimbursement is received for the amount claimed.

**WE RECOMMEND** the County Commission:

- A. Ensure the budget document contains accurate financial information.
- B. Ensure the county and applicable officials do not authorize disbursements in excess of budgeted expenditures. If valid reasons necessitate excess expenditures, the original budget should be formally amended.
- C. Ensure the final disposition of matters discussed in closed meetings is made public as required by state law.
- D. And the Sheriff investigate and resolve unpaid reimbursement claims and ensure future claims are submitted correctly and timely.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *In 2003, the county received an advance payment for storm damage repairs considered "small projects" by the Federal Emergency Management Agency. The Commission,*

*Treasurer, and Clerk agreed at that time to segregate those funds from the rest of the Road & Bridge Fund until the work was complete. Therefore, those funds were not included in the budget. The following year, the funds remaining were documented as “set aside” in the budget document.*

- B. Most of the funds listed are not under Commission supervision. Also, the expenditure amounts are relatively small, and most would have occurred late in the year without opportunity for normal review. However, greater attention is currently being given to minimize such occurrences in the future.*
- C. For most if not all of the incidents cited, there was no vote taken nor decision made. Therefore, “not disclosing the final disposition of matters” merely means failing to write in the open minutes that “no decision was made”. Those facts are stated in a very complete set of closed session minutes. However, it will also state such in the open minutes in the future.*
- D. We have discussed this situation with the Sheriff at length, and have implemented procedures to notify the Treasurer of expected revenues as a check and balance.*

*The Sheriff provided the following response:*

- D. The grant coordinator for the Sheriff's office has filed all required paperwork. In July the County Commission brought to the attention of the grant coordinator (who was out on medical leave) that no reimbursements had been made to the county for expenditures for the last quarter of 2004 and the first two quarters of 2005. Grant monies often go directly to the county treasury leaving the grantee department unaware of these transactions.*

*Upon returning to work on the first of August the grant coordinator made many phone calls and conducted much research until it was discovered that even though the paperwork had been filed properly, an automated payment system had not been used to declare the reimbursement. At that time a request was submitted using the automated system and funds for all three quarter have been received. Payment reached the designated account during the month of August in the amount of \$43,046.*

**4.**

**Payroll**

The county has allowed compensatory balances to accumulate creating a significant potential liability to the county, and time sheets or other records of actual time worked was not maintained by the Assistant Prosecuting Attorney.

- A. Compensatory balances for county employees have accumulated and could potentially be a significant liability to the county. The Fair Labor Standards Act (FLSA) states that overtime will be given at the rate of time and a half, and that covered employees may accumulate a maximum of 240 hours (480 for law enforcement personnel) of compensatory time. Hours in excess of this maximum are

to be paid or be taken as time off by the employee in the next pay period. Further, upon an employee's termination, total accumulated compensatory time will be paid out.

Upon our request, the County Clerk's office prepared totals of accumulated compensatory hours and the potential liability those hours could create for the county. At December 31, 2004, county employees had accumulated 4,720 hours of compensatory time valued at approximately \$49,000, which is a significant potential liability to the county. Several road and bridge and sheriff department employees were at or near the maximum balance. Although the County Clerk monitors and pays out accumulated compensatory balances in excess of the maximum, county officials continue to approve the compensatory time worked for employees causing compensatory balances to continue to accrue over the maximum for some employees.

Proper controls over the management of compensatory time balances require the county to evaluate balances for reasonableness, review the reasons for large or increasing balances, and provide solutions to prevent excessive balances. Excessive compensatory time represents a large liability for the county which could require significant cash resources upon payment.

- B. Time sheets or other records of actual time worked are not maintained by the assistant prosecuting attorney. As a result, the County Commission has no documentation to support these payroll expenditures. The Prosecuting Attorney maintains leave records for the assistant prosecuting attorney; however, these records are not submitted to the County Clerk to be filed with the leave records of all other county employees. Time sheets should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the county's payroll records.

The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

**WE RECOMMEND** the County Commission:

- A. Closely monitor county employees' compensatory time to limit potential county liabilities.
- B. Require all county employees to prepare time sheets which reflect actual time worked and leave taken. These time sheets should be filed with the County Clerk.

## **AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*A&B. The Commission has already worked to address these issues.*

*The Sheriff provided the following response:*

*A. All overtime will be monitored daily by supervisors, as well as with monthly time balances. Those employees with time nearing or over the maximum time allowed have made the effort to take time off to bring balances well below the maximum.*

*The Prosecuting Attorney provided the following response:*

*B. With all due respect, the Prosecuting Attorney disagrees with the State Auditor's interpretation regarding the Fair Labor Standards Act. For professional employees, who are exempt from over-time provisions, time sheets are not required. This is because a professional employee is not entitled to over-time compensation no matter how many hours they work. The concept of "compensatory time" is not applicable to a salaried professional employee. If the recommendations of the State Auditor's Office were followed, this would jeopardize the exempt status of the assistant Prosecutor and the County could be liable to pay him time and a half for the many weeks he worked more than forty hours. Please see 29 CFR 516.3 and related sections. Please know that there is a record kept of my Assistant's sick leave and vacation time which is permissible under the FLSA.*

**5.**

### **Road Maintenance Plan**

A formal maintenance plan for county roads and bridges has not been prepared annually. While the County Commission indicated that they discuss road maintenance annually when preparing the budget, no plan is documented. A formal maintenance plan should be prepared in conjunction with the annual budget and include a description of the roads and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan could be included in the budget message and be approved by the county commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of roads and bridges throughout the year.

**WE RECOMMEND** the County Commission prepare and document a maintenance plan at the beginning of the year and periodically update the plan throughout the year. In addition,

the county commission should review the progress made in the repair and maintenance of roads and bridges to make appropriate decisions on future projects.

**AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*While this is a desirable goal, the county has never required a formal maintenance plan document (complete with public hearings, etc.) – nor has the State indicated its necessity – to conduct business. This type of planning is customarily done in conjunction with the budget process. Public input is allowed at that time, as at all other times during the year. Nonetheless, the Commission will consider the implementation of this recommendation, within the limits of staff resources.*

<b>6. Capital Assets</b>
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While most county offices prepare a complete capital asset listing, the listing for the Sheriff's department lacks the necessary information for some assets, such as serial number, make, model, identification number, acquisition by fund, acquisition date, and the date and method of disposal. Further, several assets purchased by the Sheriff's department during the years ended December 31, 2004 and 2003 were not added to the listing, including two defibrillators (\$4,298), two VCRs (\$740) and jail software (\$599). Also, property items were not always properly numbered, tagged, or otherwise identified.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo, 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. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all fixed asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

**WE RECOMMEND** the County Commission and the Sheriff ensure a detailed property listing is maintained in accordance with state statute.

**AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*The County Clerk does not have the ability to maintain (nor the authority to require other officeholders to maintain) records of property purchased with "side funds" outside of Commission review. However, the Clerk and Commission will work to ensure other officeholders are aware of these requirements.*

*The Sheriff provided the following response:*

*It has always been county policy to report to the County Clerk's Office the acquisition of new equipment. However, due to inadequate staffing, some items may have been overlooked during inventory. Every effort will be made to accurately report inventory as it comes in.*

<b>7. Sheriff Fund Expenditures</b>
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The Sheriff did not compare invoices to the written agreement for legal services resulting in more paid than agreed upon, a written agreement was not obtained for consulting services, and bids were not always solicited in accordance with state law. The Sheriff's civil fees are deposited into the Sheriff fund held by the County Treasurer and funds are expended at the Sheriff's discretion.

- A. The Sheriff entered into a written agreement with a law firm for legal representation in a lawsuit attempting to remove him from office. These legal services were paid with Sheriff fund monies totaling \$14,948. The Sheriff paid the invoices as submitted; however, the invoices did not accurately reflect the hourly billing rate agreed upon in the written agreement. As a result, \$834 more was paid for these services than agreed upon.

Further, the Sheriff paid a consulting firm \$2,321 without obtaining a written agreement. While the Sheriff indicated the consulting firm was hired to review his departmental standard operation procedures, it is not clear what services were provided, or if the rates paid were appropriate.

The overpayment went undetected because the Sheriff did not ensure the hourly billing rate on the invoice agreed to the amount outlined in the contract. The Sheriff should seek reimbursement for the \$834 overpayment. Further, written agreements are necessary to quantify the services to be performed and the consideration to be paid for these services, provide a means for the county to monitor compliance with the contract terms, and protect the county in the event of a dispute over the terms of the agreement. In addition, Section 432.070, RSMo, requires all contracts to be in writing.

- B. Bids were not solicited as required for the installation of dispatch telephone equipment totaling \$9,195, of which \$5,000 was paid from the Sheriff fund and \$4,195 from General Revenue fund. Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help ensure the county receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business.

**WE RECOMMEND** the Sheriff:

- A. Seek reimbursement for the \$834 overpayment to the law firm, and ensure hourly billing rates agree to contract amounts on all invoices. Additionally, written agreements should be prepared which specifically address the services to be provided and compensation to be paid.
- B. And the County Commission solicit bids for all purchases in accordance with state law.

**AUDITEE'S RESPONSE**

*The Sheriff provided the following response:*

- A. *The Sheriff's Office will request a refund in the amount of \$834 for overpayment of attorney's fees. The contract with this attorney provided for the use of an outside investigative firm.*
- B. *The vendor for telephone maintenance is contracted with the county to do all work needed by the county including the Sheriff's Office.*

*The County Commission provided the following response:*

- B. *The telephone services/equipment ordered by the Commission were below the \$4,500 bid threshold. Therefore, this purchase on its own was in compliance with State law. We were not aware that the Sheriff had also ordered services/equipment from the same vendor from a fund outside the Commission review. The purchase by the Sheriff was of sufficient value that bids should have been solicited, and for that violation we can only say that we will remind all officeholders to take care to comply with state statutes when making purchases with public funds not subject to Commission review.*

<b>8. Sheriff Accounting Controls and Procedures</b>
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Control weaknesses in the Sheriff's department include monies are not always deposited timely, some monies are not properly recorded and deposited, and disbursements are not always made timely. Further, seized property records are not always updated timely, and duties are not adequately segregated. The Sheriff's department handled receipts totaling approximately \$107,000 and \$75,000 during the years ending December 31, 2004 and 2003, respectively.

- A. Fees and bond monies are not always deposited timely, and some monies received are not recorded and deposited. For example, civil and criminal receipts dating back to August 26, 2004 and totaling \$2,990 were not deposited until September 10, 2004.



In addition, checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made.

Further, when a person posting a bond does not have the correct change, the jailer will accept an amount in excess of the established bond amount because a change fund is not maintained. A receipt slip is then issued for only the established bond amount and there is no record of the excess cash collected. When the cash bond is deposited, a money order is obtained to refund the excess cash and mailed to the person posting bond. Because not all cash received is recorded and deposited, it is unclear how much excess bond money is collected. Also, there is no documentation to ensure the money orders were properly distributed.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt. Additionally, all bond monies should be recorded and deposited and any overages should be refunded in the form of a check.

- B. Disbursements to the County Treasurer are not always made monthly. For example, February and March 2004 civil fees totaling \$4,018 were not transmitted to the Treasurer until April 12, 2004. State law requires that all fees collected by the Sheriff be distributed monthly to the County Treasurer. The timely disbursement of fees collected is necessary to provide adequate controls over account balances and increase the likelihood that discrepancies are detected in a timely manner.
- C. Bank reconciliations and listings of open items (liabilities) are prepared monthly; however, they are not compared to ensure all liabilities are identified. Small differences existed between the reconciled bank balances and the open items listings; however, these differences were not detected and corrected by the Sheriff's office manager.

Monthly reconciliations of the cash balances to liabilities are necessary to ensure the cash balances are sufficient to cover liabilities. Without the preparation of such reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded.

- D. The seized property listing is not updated timely and, as a result, is not accurate or complete. The Sheriff's office manager is responsible for maintaining the inventory listing of seized property. When property is seized, a property record sheet is filled out by the deputy and given to the office manager to be posted to the seized property listing. Although seized property entries are generally posted monthly, no entries were made from May 20, 2004 to September 22, 2004, approximately four months.

As a result of not posting to the seized property listing timely, we noted at least one example where property items were released prior to being entered onto the property listing.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. These controls include the timely posting of property items to an accurate record of all seized property items.

- E. The Sheriff's office manager is responsible for most all clerical and office related duties including, depositing and disbursing money, reconciling bank accounts, preparing the monthly report of fees, logging seized property, and preparing civil process papers. Other duties include preparing prisoner board and extradition billings, managing the carry and conceal application process, administering state and federal grants, and reviewing employee timesheets, departmental purchases, and deputy fuel and mileage logs. Due to the office manager's load of duties, some of these operations often fall behind and controls over accounting duties are weakened, as noted in points A through D. Further, the county frequently pays the office manager for accumulated compensatory time that exceeds the maximum carrying balance of 240 hours. Payment for compensatory time is at a rate of one and a half times the regular pay. For example, excess compensatory hours of 10.5 and 44.25, were paid for February and March 2005, respectively.

Given the internal control weaknesses discussed above related to the accounting records, it is questionable that all of these duties and responsibilities are being adequately performed. To ensure all transactions are accounted for properly and assets are adequately safeguarded, duties should be properly segregated.

Conditions similar to Parts A. and E. were noted in our prior report.

**WE RECOMMEND** the Sheriff:

- A. Deposit receipts daily or when accumulated receipts exceed \$100 and all checks should be restrictively endorsed immediately upon receipt. All monies should be recorded and deposited, and any refunds should be made by check.
- B. Transmit fees to the County Treasurer monthly.
- C. Reconcile liabilities to the cash balances on a monthly basis and investigate any differences.
- D. Ensure seized property items are posted timely to a record of all seized property items.

- E. Review the job duties of office personnel to ensure all office duties are being performed timely and adequately and attempt to segregate duties and reduce the compensatory time paid to the office manager.

**AUDITEE'S RESPONSE**

*The Sheriff provided the following response:*

*For the last three years the Sheriff's Office has requested the County Commission to approve a budget for additional personnel. Each year the County Commission has attempted to cut personnel from the budget for this office. The lack of adequate staffing has left all employees of the Sheriff's office with more responsibility than is necessary.*

*Duties of the office manager have been delegated evenly within the administrative staff. Evidence (seized property) has been moved to more adequate storage space with additional personnel assigned to manage the influx of property. This will free the office manager to spend more time with office staff to ensure that the weaknesses noted will be corrected, namely, grants management, deposits, liability reports, and other related issues.*

<b>9. Collector and Property Tax System</b>
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Errors were noted in amounts reported on the Collector's annual settlements and in withholdings made from school taxes. Additionally, bank account balances are not reconciled to liabilities, outstanding checks are not routinely followed up on, and duties are not adequately segregated. The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. During the years ended February 28, 2005 and 2004, the County Collector collected property taxes totaling approximately \$11.4 million and \$10.8 million, respectively.

- A. The County Collector's annual settlement contained errors in amounts reported which caused differences between total collections and distributions. For the year ended February 28, 2004, monies distributed for private car tax and the tax maintenance fund totaling \$28,494 and \$28,200, respectively, were omitted from the annual settlement. For the year ended February 28, 2005 collections reported on the annual settlement exceeded distributions by an unidentified amount of \$1,909. Additionally, the County Clerk does not maintain an account book with the County Collector, or verify the current and back tax books for accuracy. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be used to help verify the accuracy of the Collector's annual settlements. Further, failure to perform adequate reviews of the tax books could also result in errors and irregularities going undetected.

Section 139.160, RSMo states that "...the collector shall...settle his accounts of all monies received by him on account of taxes and other sources of revenue..." By incorrectly reporting distributions, the County Collector has not provided the County Commission with an accurate and complete settlement. Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A complete account book would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlements. Section 140.500, RSMo, requires the County Clerk to make the back tax book and charge the County Collector with the amounts contained in the back tax books.

- B. The County Collector incorrectly calculated the 1.5 and 1.25 percent withholdings from school collections paid to the General Revenue and Assessment funds, respectively, for November 2004. As a result, the General Revenue fund was overpaid \$15,754 and the Assessment fund was overpaid \$13,128, which is due to the various school districts. These errors may have been detected had an adequate review of the monthly settlements and distribution records been performed, as these distributions were significantly more than the preceding year. These records should be reviewed for possible irregularities and significant fluctuations over time that would identify possible inaccuracies in distribution calculations.
  
- C. The County Collector does not compare the reconciled bank account balances to existing liabilities. The County Collector maintains four bank accounts for the deposit of property tax collections, protested taxes, partial payments, and bankruptcy collections. Collections are distributed monthly, except for interest earnings and surtax which are distributed annually. At our request, open items listings were prepared which showed an excess of \$550 at May 30, 2005 in the property tax bank account. Liabilities agreed to the reconciled bank balances of the other three bank accounts.

Without these reconciliations, the County Collector has no assurance that all transactions have been properly recorded. To provide this assurance, book balances should be properly identified to appropriate liabilities and other reconciling items. The County Collector should attempt to determine the proper disposition of the \$550. If a proper disposition cannot be determined, the funds should be disposed of in accordance with state law.

- D. At February 28, 2005, the Collector's bank accounts had \$2,442 in outstanding checks that were over one year old. These old outstanding checks create additional and unnecessary record keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.
  
- E. Controls over property tax receipts need improvement.

- Composition of property tax receipts is not reconciled to the composition of deposits. The property tax system prints a register report indicating cash and checks received; however, the composition of the tax receipts is not reconciled to the composition of the register report or deposits. Only the total collections are reconciled to the totals on the daily abstract.
- A manual paid stamp used for the payment of merchant licenses is not adequately controlled. The stamp appears to have been inappropriately used to stamp a real estate tax statement as paid rather than validating the tax statement through the property tax system. As a result, it appears approximately \$396 was received but not deposited.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the composition of receipts should be reconciled to the composition of deposits. Further, the manual stamp should be adequately controlled.

- F. Accounting duties are not adequately segregated. The deputy collector receives and records monies, prepares deposits, and reconciles the bank account. No one independent of these duties compares the deposits to the daily abstracts of collections or to any other record of receipts to ensure that all monies received are deposited. Further, the Collector does not review the bank reconciliations prepared for the four bank accounts maintained.

Internal controls would be improved by segregating the duties of receiving and recording monies from the duties of depositing monies and reconciling the bank accounts. If duties cannot be adequately segregated, at a minimum, the County Collector should compare the daily abstract reports to deposits and also perform periodic documented reviews of all the accounting records to ensure their accuracy. Failure to adequately segregate duties or provide adequate supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- G. The County Collector did not solicit bids as required. The Collector receives a 2% fee on all delinquent tax collections for additional administration and operation costs of the office. These funds are deposited into a Tax Maintenance fund, held by the Collector, and expended at the Collector's discretion. In 2003, the Collector spent \$11,000 from the Tax Maintenance fund for the purchase of computer hardware to update the property tax system without soliciting for bids. Section 50.660, RSMo, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of 90 days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all interested parties are given an equal opportunity to participate in county business.

- H. The county has a computer system, which is utilized by the County Collector and the County Assessor. Passwords which restrict employee access to computer files are used by the Collector's and Assessor's office; however they are not unique to each employee. A unique password should be assigned to each user of the system, and these passwords should be kept confidential and changed periodically to prevent unauthorized access to computer files.

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

**WE RECOMMEND** the County Collector:

- A. File complete and accurate annual settlements. In addition, the County Clerk and County Commission should compare the amounts on the annual settlements to the County Clerk's account book to ensure the annual settlements are accurate. Further, the County Clerk should formally verify the accuracy of the tax books.
- B. Withhold \$15,754 and \$13,128 from the General Revenue and Assessment funds, respectively, and pay the amounts to the various school districts. Further, ensure adequate reviews of the monthly settlements and monthly distributions are performed.
- C. Reconcile the amounts in the bank accounts to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and resolved.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- E. Reconcile total cash, checks, and money orders received to bank deposits and to the paid tax bills or daily abstract. Further, adequately control the use of the manual paid stamp.
- F. Adequately segregate accounting duties. If duties cannot be adequately segregated, at a minimum, the County Collector should compare monies received with deposits and should perform periodic documented reviews of all the accounting records to ensure their accuracy.
- G. Solicit bids for all purchases in accordance with state law.
- H. And Assessor ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.

## **AUDITEE'S RESPONSE**

*The County Collector provided the following responses:*

- A. All private car tax was turned over to the county treasurer's office and was disbursed as required by state statute, but was not included in the annual settlement report in error. I will make certain that it is included in future annual settlement reports.*
- B, F & G. I will follow the auditor's recommendations.*
- C. We have reconciled the amounts in all accounts and do so every month. The auditor has recommended that we document each liability. We are doing this now. We balance each month with the bank statement by checking off the checks that have cleared and we know which ones are outstanding.*
- D. We have tried to notify everyone that has a refund due them but have not heard back from everyone yet. We have heard from some of them and refunds have been made. Any money that cannot be refunded will be turned over to the state's unclaimed funds.*
- E. We have computerized cash drawers that require that we punch in cash check or charge on the keyboard. Sometimes it is entered incorrectly...cash for check...or vice versa, but at the end of the day we always balance with the correct amount of collections for the statements paid. Myself and everyone that works in this office will try to be certain that we key in cash or check correctly. The manual stamp will be done away with as we now have a new software program and all merchant licenses will be stamped paid by the validating machine. The \$396 has been transferred from the Collector's Tax Maintenance Fund.*

*The County Collector and County Assessor provided the following response:*

- H. The Assessor's office has 9 workstations and the collector's office has 7 workstations. People in the assessor's office do not have access to the computers in the collector's office and vice versa. Everyone in both offices is required to work on all computers in their office. It is not possible to make any changes of any kind in the collector's office, all we can do is inquire and take payments, we cannot change anyone's assessment or property description. Also the cost would be high as the passwords have to be changed by our software provider who charges \$95 an hour with a minimum one hour service charge for anything he does. We agree that it would be an additional safeguard, but not an easy one to implement.*

*The County Clerk provided the following response:*

- A. I will review procedures in other counties to implement an effective system as recommended.*

Several deficiencies were noted in the internal controls and accounting procedures used by the Prosecuting Attorney's office. For example, monies are not deposited timely, monies are not always recorded in the bad check system, numerous errors were identified in the calculation of the checkbook balance, and monthly listings of open items (liabilities) are not prepared. The Prosecuting Attorney's office collected court-ordered restitution and bad check related restitution and fees in 2004 and 2003 of approximately \$182,000 and \$148,000, respectively.

A. Controls over bad check collections need improvement:

- Bad check receipts are not always deposited timely with deposits frequently totaling over \$2,000. For example, a cash count identified \$6,663 of bad check receipts on hand dating back to February 11, 2005, but were not deposited until February 22, 2005.
- Some monies received are not recorded, and deposits are not reconciled to receipts recorded in the bad check system. Our review of August, September, and October 2004 deposits identified six money orders totaling \$1,101 that were deposited, but not receipted in the bad check system. Additionally, we noted receipts recorded during these months that had been deposited several months earlier. Further, the February 22, 2005 deposit, noted above, exceeded recorded receipts by \$70.
- Occasionally reversals and adjustments to receipts and disbursements are required in the bad check system to correct errors. We noted several reversals and adjustments posted to the system that did not have adequate documentation explaining why the entries were made to ensure they were proper.
- Although the bad check system assigns a receipt number as a transaction is entered into the system, the numerical sequence of the receipt numbers are not accounted for properly. To adequately account for all transactions, the numerical sequence of receipt slips should be accounted for properly.

The bad check system has the capability to print a receipt report; however, this report is not printed. This report would help reconcile receipts to deposits and ensure the numerical sequence of computerized receipts are accounted for properly. Without adequate controls, the misappropriation of funds could go undetected.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be deposited intact daily or when accumulated receipts exceed \$100. In addition, to ensure receipts are accounted for properly and deposited



intact, the composition of recorded receipts should be reconciled to the composition of bank deposits. Further, to ensure reversals and adjustments to payments are valid, adequate documentation should be retained to support the corrections.

- B. There were numerous errors in the calculation of the checkbook balance at December 31, 2004 including several old outstanding checks that had been voided, but the amount of the checks had not been added back to the checkbook balance. These checks totaled \$967 and had been outstanding for over one year. Additionally, a July 2003 deposit of \$1,715 was not recorded in the check register. We also noted numerous addition and subtraction errors when computing the checkbook balance. While the bad check clerk attempted to perform a bank reconciliation, the amounts did not reconcile to the checkbook balance, and while submitted to the Prosecuting Attorney for review, the errors went undetected.

Without maintaining accurate records of the bank account balance and preparing accurate monthly bank reconciliations, there is little assurance that cash receipts and disbursements have been properly handled and recorded or that bank or book errors will be detected and corrected in a timely manner. Further, old outstanding checks create additional and unnecessary record keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- C. Monthly listings of open items (liabilities) are not prepared and, consequently, are not agreed to the reconciled bank balance. At our request, an open items listing was prepared as of April 30, 2005. This listing totaled \$6,753, while the reconciled bank balance at April 30, 2005 totaled \$8,773. We identified additional open items totaling \$351 that were not included on the listing prepared by the Prosecuting Attorney's office. As a result, the Prosecuting Attorney has \$1,669 that is due to various victims, but remains unidentified.

Monthly listings of open items are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient cash is available for payment of all liabilities. Timely reconciliations are necessary and helpful in the investigation of differences. In addition, differences noted when performing monthly reconciliations should be promptly investigated and resolved. Various statutory provisions provide for the disposition of unclaimed and unidentified monies.

- D. While the bad check system prints a receipt slip when payment of a bad check is entered into the system, a manual, prenumbered receipt slip is often issued if a payment is received in the office. A reconciliation of manual receipt slips to the amounts posted to the bad check system is not always performed. In addition, voided manual receipt slips were not always retained and some receipt slips were not issued in numerical sequence.

To adequately account for bad check and restitution monies, manual receipt slips should be reconciled to the bad check system to ensure all manual receipts are posted to the system. To properly account for the numerical sequence of receipt slips, voided receipt slips should be retained and receipt slips should be issued in numerical sequence.

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

**WE RECOMMEND** the Prosecuting Attorney:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100 and reconcile deposits to the bad check receipt reports. In addition, retain adequate supporting documentation for all error corrections in the bad check system, and account for the numerical sequence of receipts.
- B. Prepare complete and accurate bank reconciliations monthly and ensure the check register balance is accurate and reconciles to the bank balance. Further, attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- C. Prepare complete and accurate listings of open items and reconcile the listings to the cash balance monthly. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
- D. Issue manual receipt slips only for official business, reconcile manual receipt slips to the bad check system, retain all copies of voided receipt slips, and issue receipt slips in numerical sequence.

**AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following responses:*

- A. *Since I took office in January of 2003, this office has disbursed nearly \$500,000 in restitution and bad checks. All monies brought in by this office have been appropriately accounted for and disbursed with the exception of six cents. We suspect that this is an overpayment by a defendant. There is no missing money. Unfortunately, due to time constraints of the Prosecutor's Office and the work load of office personnel, we have not made deposits daily. We are doing our best to comply with this suggestion of the State Auditor.*
- B. *The bank statement has been reconciled within six cents. The office has disbursed nearly half of a million dollars to merchants and victims. The Prosecutor's Office has been responsible for a large amount of money. The Auditor makes no suggestion that there has been any mishandling of funds. All of the money is accounted except for six cents out of*

nearly \$500,000. In regard to the payees whom have not cashed their checks and thus are outstanding items, once a year, this office attempts to locate payees of old outstanding checks by publishing the names of payees in the newspaper. Our local papers have been quite good about this. My office does its best to find those individuals. If we cannot find them, we turn the money over as unclaimed property to the State of Missouri. This has been our policy and continues to be our policy.

- C. Both B. and C. recommendations by the Auditor are substantially the same. Specifically, that is that the office needs to reconcile the bank statements more frequently. Unfortunately, due to time constraints, the bad check clerk has not done this monthly. Even so, now, this has been done. The Auditor's Office was notified of our progress as we continued to make progress. Now, all outstanding items, with the exception of six cents, have been identified and that list was forwarded to the State Auditor's Office. I do acknowledge the need to more frequently reconcile the bank statements and I have implemented a mandate that this be done monthly. Additionally, the bad check clerk's duties have been cut back to make her better able to comply with the mandates of the State Auditor.
- D. Upon taking over the office, I made it a priority to improve the procedures of the bad check department. I contacted the State Auditor and solicited suggestions as to how I might improve the department. They had helpful advice and I followed their advice. I began computerizing all of the files and implementing multiple checks and balances in our bad check system. For example, we do not accept cash, only money orders. Additionally, I require receipts for every transaction and those receipts are to be reviewed on a daily basis. The money orders are to be completed before they are given to the clerk and they are to be immediately stamped for deposit only. These changes have been effective and have resulted in nearly one half million dollars returned to the merchants and crime victims. The Auditor's Office, in this report, suggests additional checks and balances and my office has gladly implemented the same.

<b>11. Associate Circuit Division's Records and Procedures</b>
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Bank reconciliations are not prepared monthly, receipts are not deposited timely, and procedures for surety bond forfeiture are inadequate. In addition, an interest fund ledger is not maintained, and the fund is not budgeted in accordance with statute. The Associate Circuit Division handled receipts totaling approximately \$535,000 and \$454,000 for the two years ending December 31, 2004 and 2003, respectively.

- A. Monthly bank reconciliations are not completed timely. For example, the reconciliation for December 31, 2004 and December 31, 2003 were attempted but not completed until March 2005 and December 2004, respectively, when the Office of State Courts Administrator (OSCA) came to provide assistance in reconciling. As a result of not preparing bank reconciliations timely, at least ten checks totaling approximately \$837 have been outstanding for over a year without adequate follow up.

Bank reconciliations are an essential element in determining if transactions are properly recorded and discovering errors or omissions in a timely manner. In addition, an attempt should be made to locate the payees of the old outstanding checks and the checks should be reissued if possible. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

- B. Receipts are not deposited on a timely basis. Fines and costs are generally received each business day; however, deposits are only made if one of the two clerks authorized to make deposits is available to make the deposit. We noted fines and costs deposited on March 21, 2005, totaling \$5,376, (including cash of \$580) which represents three business days of receipts not deposited timely. To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.
- C. The criminal division does not follow up on cases where surety bonds have been posted and the defendants failed to make the required court appearances. Section 374.770, RSMo, provides for the court to declare a bond forfeiture after the bail bond agent has been given an opportunity to return the defendant to court. It is the court's procedure to notify the bail bond agent in writing that the defendant failed to appear in court and they have 30 days to return the defendant or the Prosecuting Attorney will set a bond forfeiture hearing.

Five of ten cases reviewed did not have a letter to the bail bond agent indicating the defendant failed to appear. Additionally, no bond forfeiture hearing had been set for any of the ten cases. If the court does not order bond forfeitures as provided by statute, the bond companies have no incentive for making sure defendants show up for court appearances. The court and the Prosecuting Attorney should ensure procedures are in place for bond forfeiture proceedings.

- D. The Associate Circuit Division does not maintain an adequate interest ledger to summarize interest receipts, disbursements, and the balance. Interest monies are earned on the Associate Circuit Division bank account, and state law allows the interest funds to be used for expenditures for the court. Interest earned can be recorded on the Associate Circuit Division's computer software; however the interest activity was not properly posted into the system. OSCA was contacted to determine an interest balance for the court. In addition, the Associate Circuit Division does not prepare a budget or provide any information to the County Commission regarding the interest fund balance or the planned use of these monies. Interest monies held by the court at December 31, 2004, totaled \$4,575.

An interest ledger is necessary to track the current balance of interest monies and ensure interest income and expenditures are accounted for properly. Further, Chapter 50, RSMo, requires the preparation of annual budgets for all funds.

Similar conditions were noted in our prior report.

**WE RECOMMEND** the Associate Circuit Judge:

- A. Reconcile the bank accounts monthly, and attempt to contact the payees of the old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- B. Require monies to be deposited daily or when accumulated receipts exceed \$100.
- C. And the Prosecuting Attorney, ensure procedures are in place for bond forfeiture proceedings.
- D. Maintain an interest ledger to record interest earned and expenditures of the interest fund monies. The ledger should be reconciled to the available cash balance monthly. In addition, the Associate Circuit Division should ensure a budget is prepared and submitted to the County Clerk yearly, as required by state law.

**AUDITEE'S RESPONSE**

*Associate Circuit Judges Knust and Thompson provided the following responses:*

- A&B. We have fewer clerks than we had a quarter of a century ago, and they are not permitted to work overtime. Frequently, they must choose between processing court cases or accounting, and less urgent accounting tasks have been delayed until their case processing is caught up. All bank statements are currently reconciled, and we are reconciling all statements on a monthly basis. There is no money missing. We do the best we can.*
- C. The bail bond statutes operate as follows: (1) If a defendant fails to appear as ordered, the Judge announces in open court that the defendant fails to appear, bond forfeited, and warrant issued (usually with a higher bond), (2) the prosecuting attorney, who is required to be present at all criminal proceedings, files a Petition for Bond Forfeiture, (3) the court notifies the bondsperson of a hearing date and (4) the court, on said hearing date, conducts a hearing and, if indicated, enters a Judgment on Bond Forfeiture. Bondspersons can be present in court or can use Casenet (on the internet) to determine if any defendant, for whom they have written a bond, failed to appear as ordered.*

*When a defendant fails to appear as ordered, our practice has been to send letters to the bondspersons and to the prosecuting attorney advising them of such. These letters are not required by law and were done as a courtesy.*

*Your audit caused us to realize that the prosecuting attorney was relying on said letters to initiate remedies against bondspersons. For the reasons stated in A & B of our above response, we have ceased writing said letters and have advised bondspersons and the prosecuting attorney of our said decision. The prosecuting attorney does an outstanding job of tracking her cases and will have no difficulty with this change.*

*We appreciate that your audit caused us to re-evaluate and improve this area of our case processing. We do not anticipate future problems.*

- D. *You're right: we should prepare an annual budget for our interest money and submit it to the County Clerk. We've assigned this task to a deputy clerk.*

*The Prosecuting Attorney provided the following response:*

- C. *The procedure followed since I became Prosecutor has been for the Court to notify a bondsman that a defendant failed to appear. If the bondsman fails to produce the defendant, the Court provides notice to my office. Upon receipt of that notice, this office responds by filing a Motion to Forfeit Bond. Since I took office in 2003, the Prosecuting Attorney's Office has followed this procedure which has resulted in the forfeiture of numerous bonds resulting in substantial payments to the Court. I am not aware of a single incident that the Prosecutor failed to file a Motion when notified. Nevertheless, if the Prosecuting Attorney's Office is not notified in accordance with the established procedure, then the Prosecuting Attorney would not know to file a Motion for Bond Forfeiture. Additionally, if there are outstanding cases where the Defendant did not appear, this office will take action to forfeit the bond, if properly notified. The Prosecutor intends to meet with the Court to determine their preferred procedure in forfeiting bonds and the Prosecutor will follow that procedure.*

**12.**

**Public Administrator**

Annual settlements are not always filed timely, and a documented supervisory review is not performed of the work performed by the Public Administrator's clerk. The Public Administrator acts as the court appointed personal representative for wards or decedent estates of the Probate Court. During the two years ended December 31, 2004, the Public Administrator handled approximately 100 cases.

- A. The Public Administrator did not always file annual settlements and inventories and appraisals for her estates in a timely manner. For example, an annual settlement due in December 2004 had not been filed as of July 2005. We also noted an inventory and appraisal due in November 2004 that had not been filed as of July 2005.

Section 473.540, RSMo, requires the Public Administrator to file with the court an annual settlement for each ward on the anniversary of the date of becoming the personal representative. Timely annual settlements are necessary to allow the court to properly oversee the administration of these estates. In addition, Section 473.233, RSMo, states that the personal representative shall prepare an inventory and appraisal of all property of the decedent within thirty days after letters are granted.

- B. The Public Administrator's clerk assists in the accounting duties for the estates; however, the Public Administrator does not perform a documented supervisory review of her clerk's work.

The Public Administrator should periodically document a supervisory review of the accounting records and bank reconciliations to ensure records appear accurate. Failure to adequately segregate duties or provide a documented supervisory review increases the risk that error and irregularities will not be detected in a timely manner.

**WE RECOMMEND:**

- A. The Associate Circuit Judge require the Public Administrator to file inventories and appraisals within statutory time frames for all cases, and to file the annual settlements in a timely manner.
- B. The Public Administrator perform and document supervisory reviews of the accounting records and bank reconciliations prepared by her clerk.

**AUDITEE'S RESPONSE**

*The Public Administrator provided the following responses:*

- A. *The particular example noted was a unique situation that occurred with the switching of a successor guardian. I'm actively tracking the annual settlements on a monthly basis and filing settlements and inventories timely.*
- B. *The office assistant work has always been reviewed. I will implement the recommendation effective immediately by initialing my review.*

*Associate Circuit Judges Knust and Thompson provided the following response:*

- A. *We do.*

<b>13. Circuit Clerk</b>
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Formal budgets were not prepared for the Circuit Clerk Interest and the Law Library funds for the years ended December 31, 2004 and 2003. The Circuit Clerk maintains custody of the Circuit Clerk Interest and the Law Library funds which are under the authority of the Circuit Judge. Chapter 50, RSMo, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By obtaining budgets for all county funds, and activities, the County Commission is able to more effectively evaluate all county financial resources.

**WE RECOMMEND** the Circuit Clerk ensure budgets are prepared and submitted to the County Clerk yearly as required by state law.

**AUDITEE'S RESPONSE**

*The Circuit Clerk provided the following response:*

*I only write the checks for bills that have been approved by the Judge that is in charge of the Law Library and our interest so I have no way of knowing what will be spent in the coming year. I will attempt to prepare a budget using what has been spent in the past as a guideline.*

**14. Health Center Board Closed Minutes**

Minutes are not maintained for the closed portion of Health Center Board meetings. Further, the regular meeting minutes did not disclose the reason for entering into closed session and it is not evident that the final disposition of matters discussed in closed meetings is made public. Section 610.021, RSMo, allows the Health Center Board to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters, and Section 610.022, RSMo requires the matters discussed in closed meetings to be made public upon final disposition. Minutes constitute the official record of proceedings of the Health Center Board of Trustees. Without adequate minutes, the Health Center Board of Trustees cannot demonstrate that actions taken or business conducted during closed sessions related solely to the specific allowable reason announced for closing the meeting.

**WE RECOMMEND** the Health Center Board ensure closed meetings are conducted according to state law.

**AUDITEE'S RESPONSE**

*The Health Center Administrator provided the following response:*

*Closed meetings will be conducted in accordance with state law.*

**15. Emergency 911 Board**

The Emergency 911 Board overspent the 2004 budget and the 2005 budget was not properly prepared. Improvements are needed in documenting the board's approval of invoices, soliciting bids, and documenting employee time. Additionally, the regular board meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the Board in closed meetings.

- A. Actual expenditures exceeded budgeted amounts in 2004, and a reconciliation of beginning cash balances, receipts, disbursements, and ending cash balances for the prior year was not included in the 2005 budget. The Board does not have sufficient



procedures in place to adequately monitor the budget and, as a result, expenditures exceeded budget amounts by \$13,835 during the year ended December 31, 2004.

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 disbursements, 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, 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 the county shall follow the same procedures required for adoption of the annual budget to amend its budget. Further, Chapter 50 requires the budget present a complete financial plan for the ensuing year, which would include completion of the cash reconciliation section of the budget.

- B. The Board's approval of invoices for payment is not adequately documented. According to the operations manager a listing of disbursements is provided to the board for approval; however, board minutes only indicate the approval of total expenditures for payment. A listing of disbursements does not accompany the minutes and is not signed by a board member indicating approval.

Expenditures made from Emergency 911 funds should be reviewed and approved by the Board before payment is made to ensure all disbursements represent valid operating costs of the Emergency 911 operations. To adequately document the Board's review and approval of all disbursements; 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 minutes.

- C. Bids were not solicited for dispatching software totaling \$47,375. The operations manager indicated the software was only available from one vendor because it was an upgrade of existing software; however, documentation of sole source procurement was not maintained or recorded in the board minutes. Further, the Board spent \$5,255 for the mailing of an informational pamphlet to taxpayers regarding a ballot issue to increase the Emergency 911 sales tax from one-fifth cent to one-third cent. The Board did solicit bids; however, the low bidder was not selected and the reason for awarding the contract to a company other than the low bidder was not documented in the board minutes.

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

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

- D. The former director and the operations manager used a calendar to record their hours worked and leave or comp time earned and used; however, this calendar was not reviewed and approved.

Time sheets and leave records are necessary to document hours actually worked, substantiate payroll expenditures, and provide the Board with a method to monitor hours worked and leave taken. The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid. The time records should be prepared by the employee, approved by the applicable supervisor, and filed in a central location with the payroll records.

- E. The regular board meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the Board in closed meetings. In addition, it is unclear how some items discussed by the Board during closed meetings are allowed under the provisions of the Sunshine law. For example, meetings were closed to discuss training for employees, a retirement plan for the administrator, job descriptions, and potential changes if the Emergency 911 Board took over the dispatch center. Further, regular board meeting minutes are taken by the Board Treasurer and typed by the operations manager; however, the minutes are not signed by the Board Chairperson to document the board's approval.

Section 610.021, RSMo, allows the Board to discuss certain subjects in closed meetings including litigation, real estate transactions, personnel issues, some competitive bidding issues, and confidential or privileged communications with auditors. Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such a meeting, record, or vote. In addition, the minutes should be signed by the chairperson upon approval by the Board to provide an attestation that the minutes are a correct record of the matters discussed and actions taken during the board meeting.

**WE RECOMMEND** the Emergency 911 Board:

- A. Ensure expenditures are kept within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the

budgets properly amended. In addition, ensure budgets are prepared in accordance with state law.

- B. Review and approve all expenditures of Emergency 911 funds, and the approval of disbursements should be adequately documented by including a listing of all approved disbursements in the Board minutes.
- C. Solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the circumstances should be documented.
- D. Ensure employee time sheets are approved by the applicable supervisor and filed in a central location with the payroll records.
- E. Ensure board minutes document the reasons for closing the meeting, publicly disclose the final disposition of applicable matters discussed in closed session, and ensure only allowable, specific subjects are discussed in closed sessions as required by law. Also, ensure board minutes are signed by the board chairperson to attest to their completeness and accuracy.

### **AUDITEE'S RESPONSE**

*The 911 Emergency Services Director provided the following responses:*

- A. *The 2004 actual expenditures exceeded the budgeted amounts due to an oversight to amend the budget upon the unexpected award of a grant of \$71,753 and expenditures of those grant funds of \$57,805. Therefore, expenditures were under revenues by \$13,984. The 2006 budget will include a beginning cash balance, receipts, disbursements and ending cash balance as recommended. The budget is prepared and approved before December 31 which precludes the beginning fund balance from being reconciled since we use a cash basis method of accounting. All efforts will be made to estimate the beginning fund balance accurately.*  
  
*In 2005, accounting software was purchased and placed in service to facilitate complete and accurate budget and invoice reporting for Board review as well as prepare payroll. Invoices are available for Board review at each meeting. In the 4th quarter of 2005, budget reports will be presented monthly for Board review. Budget adjustments will be made quarterly if necessary. A review of Chapter 50 will be made to ensure the 2006 budget is prepared in accordance with state law.*
- B. *A listing of invoices approved to be paid is now included with Board minutes and signed by the Board Treasurer after Board approval.*
- C. *The proper bidding procedures will be followed and adequately documented in the minutes in the future.*

- D. *The current director prepares a timesheet that will be reviewed by the Board Chair effective immediately. Supervisors review and approve timesheets of subordinates. The Director reviews and approves all timesheets and requests for leave. Timesheets are filed in personnel employment record files.*
- E. *Regular board meeting minutes and agendas now specify the reason for closing meetings. The minutes reflect what was discussed and votes are reported in the regular meeting minutes if applicable and discussion is limited to only those subjects allowed by statute. Closed meeting minutes are approved by the Board with regular meeting minutes. Board minutes are taken by the Board Secretary (or by the Director in his absence), typed by the Administrative Manager, and reviewed by the Director for accuracy and completeness before distribution to the Board and public. The Board Secretary signs minutes after they are approved.*

## Follow-Up on Prior Audit Findings

WEBSTER 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 Webster County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000. 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. County Expenditures

- A. The county did not maintain documentation to support the reason for not selecting the lowest bid.
- B. The County Commission did not obtain a written contract that documented the services to be provided from the Seymour Special Road District.
- C. The County Commissioner's approval of expenditures was not always documented and a county employee's signature indicating receipt of goods or services was not evident on most expenditure documentation reviewed.
- D. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,120 for the two years ended December 31, 2000 were unconstitutional and should be repaid.

Recommendation:

The County Commission:

- A. Maintain complete and adequate documentation of bidding decisions and solicit bids for all items in accordance with state law.
- B. Obtain written agreements with the Seymour Special Road District documenting the services to be provided and review financial information regarding the use of county CART and CIST monies.
- C. Document their approval of expenditures, and ensure all invoices contain an indication of receipt of goods or services.
- D. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

A. Implemented.

B&C. Not implemented. See MAR finding number 2.

D. Not implemented. The County Commission has not documented its review of the impact of the Supreme Court decision, but has indicated it does not plan to take any action to obtain repayment from the Associate Commissioners. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Budgetary Procedures and Financial Statements

A. Actual expenditures exceeded budgeted amounts. The county and Senate Bill 40 Board did not adequately monitor budgeted amounts to actual results.

B. Numerous inaccuracies were noted in the county's budget documents for 2000 and 1999 and numerous adjustments were made to the amounts presented in the financial statements.

C. The county's annual published financial statements did not reflect the financial activity for some county funds.

Recommendation:

The County Commission:

A. And the Senate Bill 40 Board implement procedures to ensure budgets are properly amended if necessary, and expenditures are kept within budgetary limits.

B. Ensure budget documents contain complete, accurate, and reasonable information about the county's finances. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and filed with the State Auditor's Office.

C. Ensure financial information as provided for by law is properly presented in the published financial statements for all county funds.

Status:

A. Partially implemented. Expenditures for the Senate Bill 40 Board were kept within budgeted amounts for the two years ended December 31, 2004. Although the County Commission has amended budgets, expenditures are not always kept within budgetary limits. See MAR finding number 3.

- B. Not implemented. See MAR finding number 3.
- C. Not implemented. The County Commission does not include the Circuit Clerk Interest, the Law Library, and the Associate Circuit Division Interest funds. Although not repeated in our current MAR, our recommendation remains as stated above.

3. Personnel Policies and Procedures

- A. The county had not established a formal policy regarding donated leave time for county employees.
- B. Sheriff's deputies serving as guards for transports did not report the time worked on their timesheets. The set fee for guard duty was not reported on the deputies W-2 forms.

Recommendation:

The County Commission:

- A. Expand the county's leave policy to address the issue of donated leave time.
- B. And the Sheriff ensure deputies who serve as guards are paid their normal salary for the amount of time spent, and all payments should be included on W-2 forms.

Status:

A&B. Implemented.

4. Property Tax System and Computer Controls

- A. Controls over property tax additions and abatements were not adequate.
- B. The County Clerk did not verify the current and back tax books for accuracy.
- C. Passwords were not unique to each employee nor changed periodically.
- D. The backup disks of the county financial and payroll information were not stored at an off-site location.

Recommendation:

- A. The County Commission revise the addition/abatement process so that the County Collector does not have the capability to make changes to property tax data or ensure that independent comparisons of these changes to tax data files are performed along with a subsequent verification with the County Collector's annual settlement.



- B. The County Clerk formally verify the accuracy of the tax books.
- C. The County Collector and County Assessor ensure unique passwords are assigned to each employee and these passwords are periodically changed and remain confidential.
- D. The County Clerk ensure backup disks are prepared and stored in a secure, offsite location.

Status:

A&D. Implemented.

B&C. Not implemented. See MAR finding number 9.

5. County Procedures

- A. The county did not adequately disburse the Children's Trust Fund monies to a domestic violence shelter.
- B. Employees with access to monies were not adequately bonded.
- C. The County Clerk did not prepare minutes of the closed session meetings of the County Commission.

Recommendation:

The County Commission:

- A. Ensure Domestic Violence Fund monies are disbursed to qualifying shelters in a timely manner.
- B. Obtain adequate bond coverage for all employees with access to monies.
- C. Ensure minutes are prepared, approved, and retained for all closed meetings, and the final disposition of matters discussed at in closed meetings is made public as required by state law.

Status:

A&B. Implemented.

- C. Partially implemented. The county clerk prepares closed session minutes; however he does not always include the final disposition of the closed session discussions in the regular session minutes. See MAR finding number 3.

6. County Collector's Records and Procedures

- A. The County Collector did not reconcile his cash balance to existing liabilities. Due to the lack of proper reconciliations, non-sufficient funds (NSF) checks were not tracked. An NSF check was received and subsequently paid; however, the NSF check payment received was recorded as an overpayment. The County Collector erroneously issued two refund checks for \$159 each to a taxpayer, resulting in \$318 still owed.
- B. Partial payment on taxes and other fees were held in cash in the County Collector's vault and not deposited.
- C. The method of payment was not always clearly indicated on some tax receipts, and the composition and the amount of tax monies received was not compared to bank deposits.

Recommendation:

The County Collector:

- A. Reconcile the amounts in the bank accounts to related liabilities and other reconciling items on a monthly basis. Any differences should be investigated and resolved. In addition, properly track NSF checks, and attempt to recover the \$318.
- B. Discontinue the practice of holding partial payments in cash, and review whether the \$10 non-sufficient fund check fee should be collected. In addition, duplicate tax fees should be remitted to the County Treasurer monthly and all office supplies should be purchased through the county expenditure process.
- C. Indicate the method of payment received, and reconcile the composition of receipts to the composition of bank deposits.

Status:

- A. Not implemented. See MAR finding number 9.
- B. Partially implemented. Duplicate tax fees are remitted to the County Treasurer and office supplies are purchased through the county expenditures process or the tax maintenance fund. Additionally, partial payments are no longer held in cash; however, the \$10 non-sufficient fund check fee is collected and remitted to the

County Treasurer. Although not repeated in our current MAR, our recommendation remains as stated above.

- C. Partially implemented. The method of payment is indicated when payment is received; however, the composition of receipts is not reconciled to the composition of deposits. See MAR finding number 9.

7. Prosecuting Attorney's Records and Procedures

- A. Accounting duties were not adequately segregated, and the Prosecuting Attorney signed checks, but a documented supervisory review of accounting records was not performed.
- B. An adequate ledger or other record was not maintained to account for all bad checks filed with the Prosecuting Attorney and the ultimate disposition.
- C. Monthly bank reconciliations were not accurately prepared and the check register balance has not been adjusted for errors noted during prior audits.
- D. Monthly listings of open items (liabilities) were not prepared and were not agreed to the reconciled bank balance.
- E. Monies were not receipted and deposited on a timely basis. Money orders were not restrictively endorsed when received. Receipt slips were not always issued in numerical order.
- F. Bad check fees received were not always turned over to the County Treasurer on a timely basis.
- G. Bad checks received were not processed on a timely basis.

Recommendation:

The Prosecuting Attorney:

- A. Ensure duties are adequately segregated, or perform and document periodic reviews of the accounting records maintained and reconciliations prepared.
- B. Implement procedures to adequately account for bad checks received as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form and a log to account for the numerical sequence and ultimate disposition of each bad check.
- C. Prepare complete and accurate monthly bank reconciliations, and ensure the check register balance is accurate, and reconciles to the bank balance. Further, attempt to

locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

- D. Ensure case fee sheets reflect the open item balance, and a monthly listing of open items should be prepared and reconciled to the cash balance. An attempt should be made to investigate the unidentified monies and any monies remaining unidentified should be disbursed in accordance with state law.
- E. Record and deposit receipts intact daily, and issue receipt slips in numerical order. In addition, money orders should be restrictively endorsed immediately upon receipt.
- F. Remit fees received to the county treasurer on a monthly basis.
- G. Ensure bad check complaints are processed on a timely manner.

Status:

- A. Partially implemented. The Prosecuting Attorney reviews and initials the bank reconciliations; however, the reconciliations were inaccurate. See MAR finding number 10.
- B. Implemented. A new computer software system was purchased that tracks all bad checks received and the disposition of the checks.
- C&D. Not implemented. See MAR finding number 10.
- E. Partially implemented. Receipts are restrictively endorsed immediately upon receipt; however, receipts are not deposited intact daily and receipt slips were not always issued in numerical sequence. See MAR finding number 10.
- F&G. Implemented.

8. Associate Circuit Division's Records and Procedures

- A. Accounting duties were not adequately segregated.
- B. The criminal, civil, traffic, and small claims divisions did not deposit receipts on a timely basis. In addition, the criminal and civil divisions did not restrictively endorse checks immediately upon receipt.
- C. The criminal division did not always issue receipt slips when money was received.
- D. Monthly bank reconciliations procedures were inadequate for all five divisions.
- E. The criminal division did not follow up on cases where surety bonds had been posted and the defendants failed to make the required court appearances.

- F. The differences between monthly open-items listings and cash balances were not compared or investigated.
- G. The criminal division did not maintain an adequate monthly listing of open items (liabilities).
- H. Manual receipt slips used by the criminal division were not prenumbered.
- I. The old criminal and civil bank accounts prior to 1998 remained opened but inactive.
- J. The criminal and civil divisions did not maintain adequate interest ledgers to summarize interest receipts, disbursements, and the balance.
- K. The criminal division's monthly cash control reports of receipts and disbursement were not always accurate. In addition, some reports could not be located.

Recommendation:

The Associate Circuit Judge:

- A. Adequately segregate the responsibility of depositing, distributing, and reconciling the bank account or provide for adequate review of the reconciliation of the bank account.
- B. Deposit receipts daily or when accumulated receipts exceed \$100. In addition, all checks should be restrictively endorsed immediately upon receipt.
- C. Issue receipt slips immediately upon receipt for all monies.
- D. Reconcile the bank accounts monthly and investigate and resolve the differences between bank records and internal accounting records. In addition, the court should maintain a checkbook balance for the civil division account. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- E. Implement adequate procedures to forfeit surety bonds when appropriate.
- F. Reconcile the cash balances of the traffic division to the monthly open-items listing and investigate and resolve any differences.
- G. Ensure monthly open-items listings for the criminal division are prepared and reconciled to the cash balances. Unidentified differences should be investigated and resolved.

- H. Utilize official prenumbered receipt slips.
- I. Close the old accounts and attempt to identify the individuals to whom the unidentified cash balance is due and make appropriate disbursements. Amounts remaining unidentified should be appropriately disposed of through the applicable statutory provisions.
- J. Maintain an interest ledger to record interest earned and expenditures of interest fund monies for all accounts. The ledger should be reconciled to the available cash balance monthly.
- K. Prepare accurate cash control reports and reconcile to accounting records. In addition, retain records in accordance with applicable retention requirements.

Status:

A, C,  
F-I,  
&K. Implemented.

B,  
D&E. Not implemented. See MAR finding number 11.

J. Partially implemented. The Associate Court's computer system can be used to maintain an interest ledger; however, the interest activity is not posted to the system. See MAR finding number 11.

9. Sheriff's Records and Procedures

- A. Accounting duties were not adequately segregated.
- B. Civil process fees were not recorded and deposited until the related process papers were served.
- C. Voided receipt slips were not always retained and some receipt slips were not issued in numerical sequence.
- D. The method of payment received (cash, check, or money order) was not always reconciled to the amount deposited and deposits were not made on a timely basis. In addition, some bond money receipt slips issued did not reflect the actual amount received.
- E. Bank reconciliations were not prepared.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Issue receipt slips for civil process fees immediately upon receipt and deposit them in the bank account. Any refunds should be made by check.
- C. Retain all copies of voided receipt slips, and issue receipt slips in numerical sequence.
- D. Deposit receipts intact daily or when accumulated receipts exceed \$100, issue receipt slips for the actual amounts received, and reconcile the composition of receipt slips to the composition of bank deposits.
- E. Prepare and document monthly bank reconciliations. In addition, old outstanding checks should be followed-up on, and unidentified balances should be investigated and resolved.

Status:

A&D. Not implemented. See MAR finding number 8.

B&E. Implemented.

C. Partially implemented. Receipt slips are issued in numerical sequence; however, some receipt slips were voided and not all copies were retained. Although not repeated in our current MAR, our recommendation remains as stated above.

10. Health Center

- A. The interest rate on the lease/purchase agreement for the health center building appeared unreasonable.
- B.1. The health center did not accept the lowest bid for the employee health insurance and no documentation was maintained to support the reasons for selecting the higher bid.
  - 2. Checks were sometimes signed in advance.
  - 3. Some expenditures did not appear to be prudent use of health center funds.
  - 4. A health department employee's signature indicating receipt of goods or services was not evident on most expenditure documentation.

- C. The budgets prepared by the Health Center Board of Trustees were not accurate and complete.
- D. Deposits were not made on a timely basis.
- E. Health center personnel did not monitor amounts expended on Comprehensive Family Planning (CFP) services. In addition, the average cost per client was not periodically calculated and monitored.

Recommendation:

The Health Center Board of Trustees:

- A. Evaluate the cost savings associated with refinancing the lease-purchase agreement and/or continue making extra payments.
- B.1. Maintain documentation of and justification for bid awards.
  - 2. Discontinue the practice of signing checks in advance.
  - 3. Ensure expenditures are limited to those necessary to properly administer and maintain the Health Center.
  - 4. Ensure all invoices contain an indication of receipt of goods or services.
- C. Ensure budgets are accurate and complete.
- D. Deposit receipts daily, or when accumulated receipts exceed \$100.
- E. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

Status:

- A. Implemented. In 2002, the Health Center obtained a lower interest rate and paid the loan off two years early with a lump sum payment of \$156,000. As of January 2003, the loan was paid in full with a savings to the Health Center of approximately \$7,800.
- B,  
C&E. Implemented.
- D. Not implemented. Deposits are made once or twice weekly. Although not repeated in our current MAR, our recommendation remains as stated above.



11. Emergency 911 Board

- A. The Emergency 911 Board had not documented the specific plans for the significant accumulated reserve.
- B. Checks were sometimes signed in advance by the board treasurer.
- C. Mileage or usage logs did not include the purpose or destination of each trip.
- D. The budgets prepared by the Emergency 911 Board were not complete for 2000 and 1999.

Recommendation:

The Emergency 911 Board:

- A. Review the cash balance and consider reducing the sales tax rate. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document.
- B. Discontinue the practice of signing checks in advance.
- C. Require a mileage log be maintained that reflects purpose and destination of each trip and review this log periodically for reasonableness.
- D. Ensure budget documents contain complete information about the board's finances.

Status:

- A. In 2004 Webster County voters approved an increase in the Emergency 911 sales tax from 1/5 cent to 1/3 cent. The Emergency 911 Board is using the increased revenue to fund the 911 dispatch center.

B&C. Implemented.

- D. Not implemented. See MAR finding number 15.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

WEBSTER COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1855, the county of Webster was named after Daniel Webster. Webster County is a county-organized, third-class county and is part of the Thirtieth Judicial Circuit. The county seat is Marshfield.

Webster County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 741 miles of county roads and 67 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 20,414 in 1980 and 31,045 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	179.1	170.3	162.2	154.5	71.6	26.6
Personal property		60.0	57.9	55.3	52.5	17.4	9.2
Railroad and utilities		16.4	16.2	17.1	16.9	6.4	6.9
Total	\$	255.5	244.4	234.6	223.9	95.4	42.7

\* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	\$	.0425	.0477	.0522	.0340
Special Road and Bridge Fund		.1900	.1900	.1900	.1900
Health Center Fund		.1400	.1400	.1400	.1400
Senate Bill 40 Board Fund		.0800	.0800	.0800	.0800

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 77,715	75,235	71,390	68,414
General Revenue Fund	125,190	133,594	134,314	98,764
Special Road and Bridge Fund	513,116	496,136	470,453	450,311
Assessment Fund	137,105	94,792	88,028	83,209
Health Center Fund	360,897	349,351	331,384	317,709
Senate Bill 40 Board Fund	207,988	201,364	191,080	183,098
School districts	8,270,994	7,824,693	7,277,832	6,963,330
Library district	299,259	287,492	272,363	260,961
Fire protection districts	262,108	238,690	216,077	182,580
Junior college	292,896	279,915	266,280	254,123
Nursing home district	5,950	5,855	5,592	5,226
Cities	534,976	470,031	376,868	352,068
County Clerk	15,525	13,627	10,646	10,004
County Employees' Retirement	84,570	85,924	78,003	79,790
Tax Maintenance Fund	27,242	28,200	14,485	0
Commissions and fees:				
General Revenue Fund	190,940	166,440	155,819	148,317
County Collector-city commissions	10,718	9,593	7,478	6,769
Total	\$ 11,417,189	10,760,932	9,968,092	9,464,673

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2005	2004	2003	2002
Real estate	93.1	92.6	91.9	91.8 %
Personal property	89.1	88.3	87.7	87.5
Railroad and utilities	100.0	100.0	100.0	100.0

Webster 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 capital improvements	.0050	2007	None	
Emergency 911*	.0020	None	None	

\*In August 2004 voters approved to increase the Emergency 911 sales tax rate to .0033. The new rate became effective in January 2005.

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

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Paul Ipock, Presiding Commissioner		29,390	29,390	29,390	29,390
Tom Byrd, Associate Commissioner		27,390	27,390	27,390	27,390
Randy Clair, Associate Commissioner		27,390	27,390	27,390	27,390
Stacy Atkison, Recorder of Deeds (1)		41,500	41,500	N/A	N/A
Stan Whitehurst, County Clerk		41,500	41,500	41,500	41,500
Cynthia R. Black, Prosecuting Attorney (2)		96,000	96,000	N/A	N/A
Donald G. Cheever, Prosecuting Attorney		N/A	N/A	51,000	51,000
John Walker, Sheriff		11,750	N/A	N/A	N/A
Ronald O. Worsham, Sheriff		35,250	47,000	47,000	47,000
David Young, County Collector (3), year ended February 28 (29),	52,218	51,093	48,978	48,269	
Jim Jones, County Assessor (4), year ended August 31,		42,265	42,400	42,400	42,400
Sally Marlin, County Treasurer		30,710	30,710	30,710	30,710
Dr. J. Edward Blinn, County Coroner		14,000	14,000	14,000	14,000
Donna Hannah, Public Administrator (5)		47,212	40,953	44,409	43,969
Dennis Amsinger, County Surveyor (6)		N/A	N/A	N/A	N/A

- (1) The Webster County Commission approved separating the offices of the Recorder of Deeds and the Circuit Clerk. The newly elected Recorder of Deeds took office in January 2003.
- (2) The prosecuting attorney became a full-time position on January 1, 2003.
- (3) Includes \$10,718, \$9,593, \$7,478 and \$6,769 of commissions earned for collecting city property taxes for the years ending February 2005, 2004, 2003, and 2002.
- (4) Includes \$765 in annual compensation received from the state in 2004. Includes \$900 annual compensation received from the state in 2003, 2002, and 2001.
- (5) Includes fees received from probate cases.
- (6) Compensation on a fee basis.

State-Paid Officials:

Nancy Wester, Circuit Clerk		47,900	47,300	47,300	47,300
Daniel Max Knust, Associate Circuit Judge		96,000	96,000	96,000	96,000
Kenneth Thompson, Associate Circuit Judge (7)		96,000	96,000	96,263	28,000

- (7) In 2001, another Associate Circuit Judge was added to the 30<sup>th</sup> Judicial Circuit for Webster County.