



Claire McCaskill

Missouri State Auditor

September 2006

Andrew County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2006

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Andrew, that do not have a county auditor. In addition to a financial 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.

- Accounting records for the 29 cemetery trusts maintained by the county are in need of improvement. While improvements have been made since our last audit, the annual settlements for the various trusts still contain errors and are not always complete. Procedures have not been developed by the county to verify the information reported in the settlements, which allowed the errors and omissions to go undetected. Material differences existed between actual receipts and disbursements and the amounts reported in the annual settlements.
- Documentation was not maintained to support the selection of the investment firm to advise the county on their investment portfolio.
- The county has not developed cash management procedures to ensure timely payment of contractors on projects funded by federal monies. A reimbursement of over \$75,000 was held approximately 80 days before being paid out to the contractor.
- County budget documents contained numerous incorrect amounts and various adjustments were required for the General Revenue Fund and Special Road and Bridge Fund. Cash balances calculated by the County Clerk on the cash reconciliation in the budget for the General Revenue Fund and Special Road and Bridge Fund did not agree to the actual cash balances maintained by the County Treasurer. Rather than identify the cause of the differences, the County Clerk used the County Treasurer's cash balances for the budgets of those two funds.
- Budgets for some funds under the control of other elected officials were lacking required information and budgets for some other funds were not prepared.
- While the county bid numerous items during the audit period, some items were not bid and advertised. In addition, adequate documentation is not always maintained to support efforts to compare prices or document sole source procurement situations.
- Receipt of goods was not indicated on several invoices, some invoices were not marked paid,

YELLOW SHEET

and sufficient documentation was not available for some expenditures. The Sheriff turned over \$109,000 of unclaimed monies to the County Treasurer in 2002 rather than to the state Unclaimed Property Section as previously recommended. These monies were transferred to the General Revenue Fund after one year and should be distributed to the state. In addition, at December 31, 2005, the Law Enforcement Training Fund had accumulated a balance of more than \$29,000, which may exceed the amount authorized by state law.

- Property tax procedures and controls are not sufficient. The delinquent tax books are not prepared or verified by the County Clerk and aggregate abstracts of assessed valuations and taxes to be collected have not been prepared timely. An independent comparison of additions and abatements to actual changes to property tax files is not performed. While the Assessor posts additions and abatements, the Collector still has access to the information. In addition, neither the County Commission nor the County Clerk provides a review of the activities of the County Collector. An account book summarizing tax information is not maintained by the County Clerk and a review of the Collector's monthly or annual settlements is not performed by the County Clerk or County Commission.
- The Collector's cash balance at February 28, 2006 exceeded identified liabilities by approximately \$2,900. This difference has fluctuated throughout our audit period and the Collector has been unable to determine the cause of the differences or fluctuations. In addition, cash refunds are made for overpayments and adequate records of partial payments are not maintained.
- Procedures to account for capital assets are not sufficient and records are not complete. While the County Clerk makes an effort to update the records, procedures have not been developed to track property purchases throughout the year and ensure items are tagged or added to the overall records.
- Records of fuel usage are not adequately reviewed by the County Commission and Sheriff and gallons of fuel purchased are not reconciled to gallons dispensed. The county spent approximately \$280,000 on Road and Bridge fuel and approximately \$50,000 on Sheriff's fuel during the two years ended December 31, 2005.

Also included in the audit were recommendations related to the Sheriff, Associate Circuit Division, Health Center, Senate Bill 40 Board, and Senior Citizens Service Board.

All reports are available on our Web site: 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 Andrew 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 Andrew County, Missouri, as of and for the years ended December 31, 2005 and 2004. 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 Andrew County, Missouri, as of December 31, 2005 and 2004, 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 Andrew 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, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 1, 2006, 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 Andrew 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

June 1, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Alvin Cochren, Jr Christopher Holder Julie Orłowski



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 Andrew County, Missouri

We have audited the financial statements of various funds of Andrew County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 1, 2006. 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 Andrew 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. However, we noted a certain matter involving the internal control over financial reporting 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 financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be

reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 05-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Andrew 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Andrew 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

June 1, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

ANDREW COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,728,025	1,542,222	1,658,985	1,611,262
Special Road and Bridge	439,572	2,792,039	2,875,275	356,336
Assessment	33,057	253,407	216,096	70,368
Law Enforcement Training	26,996	6,996	4,785	29,207
Prosecuting Attorney Training	2,245	1,154	2,773	626
Law Enforcement Sales Tax	312,075	577,361	640,963	248,473
Capital Improvement Sales Tax	103,440	128,240	103,757	127,923
Johnson Grass	17,394	34,954	39,157	13,191
Recorder's User Fees	42,926	14,957	13,439	44,444
Prosecuting Attorney Bad Check	16,480	10,513	8,384	18,609
Local Emergency Planning Commission	8,625	4,658	6,099	7,184
Election Services	6,166	1,245	330	7,081
Abuse Shelter	0	1,384	1,384	0
Gore Road NID	1,379	13,762	12,358	2,783
John Glenn Road NID	33,136	24,483	17,300	40,319
Victoria Hills NID	1,881	15,280	13,734	3,427
911	54,402	111,273	116,344	49,331
Sheriff's Civil Fees	31,528	21,051	16,298	36,281
Sheriff's Reserve	11,694	3,296	3,752	11,238
Health Center	240,719	326,347	376,578	190,488
Senate Bill 40	211,138	134,920	184,716	161,342
Senior Citizens Service	634	46,447	46,969	112
Cemetery Trust	2,023,878	26,828	43,617	2,007,089
Ford Farm	114,361	5,738	1,843	118,256
Tax Maintenance	20,027	21,694	18,200	23,521
Circuit Clerk Interest	6,168	831	0	6,999
Law Library	16,404	11,123	10,251	17,276
HAVA	15,000	7,332	6,500	15,832
Courthouse CDBG Elevator Project	0	10,080	10,080	0
Associate Circuit Interest	7,540	1,622	2,894	6,268
Associate Circuit Time Payment	324	1,677	385	1,616
Juvenile Restitution	1,009	117	0	1,126
Circuit Clerk Time Payment	0	39	0	39
Total	\$ 5,528,223	6,153,070	6,453,246	5,228,047

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

Exhibit A-2

ANDREW 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	\$ 1,490,228	1,605,118	1,367,321	1,728,025
Special Road and Bridge	633,296	2,781,771	2,975,495	439,572
Assessment	29,096	219,139	215,178	33,057
Law Enforcement Training	26,320	6,140	5,464	26,996
Prosecuting Attorney Training	3,048	971	1,774	2,245
Law Enforcement Sales Tax	387,182	562,958	638,065	312,075
Capital Improvement Sales Tax	67,234	117,528	81,322	103,440
Johnson Grass	33,095	35,115	50,816	17,394
Recorder's User Fees	34,523	15,176	6,773	42,926
Prosecuting Attorney Bad Check	6,990	10,962	1,472	16,480
Local Emergency Planning Commission	4,949	5,448	1,772	8,625
Election Services	5,150	1,881	865	6,166
Abuse Shelter	0	1,631	1,631	0
Gore Road NID	214	10,706	9,541	1,379
John Glenn Road NID	31,748	18,138	16,750	33,136
Victoria Hills NID	335	15,320	13,774	1,881
911	81,140	135,384	162,122	54,402
Sheriff's Civil Fees	18,274	18,467	5,213	31,528
Sheriff's Reserve	10,647	3,319	2,272	11,694
Health Center	244,443	700,999	704,723	240,719
Senate Bill 40	230,004	181,544	200,410	211,138
Senior Citizens Service	306	49,720	49,392	634
Cemetery Trust	1,944,751	114,907	35,780	2,023,878
Ford Farm	113,712	5,688	5,039	114,361
Tax Maintenance	10,417	20,107	10,497	20,027
Circuit Clerk Interest	5,671	497	0	6,168
Law Library	15,824	9,938	9,358	16,404
HAVA	0	18,321	3,321	15,000
Associate Circuit Interest	7,780	719	959	7,540
Associate Circuit Time Payment	270	1,554	1,500	324
Juvenile Restitution	696	313	0	1,009
Total	\$ 5,437,343	6,669,479	6,578,599	5,528,223

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

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 6,280,845	6,139,535	(141,310)	7,058,325	6,648,572	(409,753)
DISBURSEMENTS	7,674,288	6,439,887	1,234,401	8,429,380	6,572,819	1,856,561
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,393,443)	(300,352)	1,093,091	(1,371,055)	75,753	1,446,808
CASH, JANUARY 1	5,957,215	5,519,350	(437,865)	4,814,278	5,428,597	614,319
CASH, DECEMBER 31	4,563,772	5,218,998	655,226	3,443,223	5,504,350	2,061,127
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	323,011	318,133	(4,878)	311,155	348,664	37,509
Sales taxes	525,000	552,088	27,088	520,000	511,716	(8,284)
Intergovernmental	167,819	176,771	8,952	1,403,815	158,395	(1,245,420)
Charges for services	339,025	411,789	72,764	356,223	402,356	46,133
Interest	25,000	59,564	34,564	20,000	22,864	2,864
Other	11,700	22,130	10,430	10,200	161,123	150,923
Transfers in	0	1,747	1,747	0	0	0
Total Receipts	1,391,555	1,542,222	150,667	2,621,393	1,605,118	(1,016,275)
DISBURSEMENTS						
County Commissioner	117,500	93,426	24,074	113,140	91,628	21,512
County Clerk	199,480	155,024	44,456	153,120	122,071	31,049
Elections	104,700	30,080	74,620	94,600	49,601	44,999
Buildings and grounds	124,548	74,627	49,921	123,560	64,179	59,381
Employee fringe benefit	232,500	203,162	29,338	216,500	199,162	17,338
County Treasurer	51,480	43,248	8,232	54,480	43,143	11,337
County Collector	132,450	94,751	37,699	101,715	82,284	19,431
Ex Officio Recorder of Deed	41,400	31,825	9,575	39,800	31,627	8,173
Circuit Clerk	46,500	13,649	32,851	45,500	13,311	32,189
Associate Circuit Court	9,700	7,407	2,293	9,700	4,833	4,867
Court administration	30,600	27,656	2,944	29,700	27,182	2,518
Public Administrator	33,800	26,211	7,589	32,900	27,265	5,635
Prosecuting Attorney	104,498	88,149	16,349	101,936	90,612	11,324
Juvenile Offices	42,000	25,305	16,695	42,000	25,526	16,474
County Coroner	22,013	19,368	2,645	22,234	16,197	6,037
Emergency Management	17,860	42,764	(24,904)	1,261,455	16,977	1,244,478
Northwest Child Support	121,860	106,371	15,489	118,560	98,321	20,239
Utilities	58,000	54,859	3,141	55,000	53,480	1,520
Insurance	100,000	90,597	9,403	65,000	89,674	(24,674)
DNR Reference System	10,000	11,973	(1,973)	0	0	0
Extension Council	42,500	42,500	0	42,012	42,012	0
Solid Waste	50,000	42,275	7,725	35,000	30,798	4,202
Andrew County Museum	0	0	0	0	10,000	(10,000)
Contractual Services	53,200	13,578	39,622	37,500	37,388	112
Other	141,866	60,180	81,686	150,867	50,050	100,817
Transfers out	269,000	260,000	9,000	119,000	50,000	69,000
Emergency Fund	41,686	0	41,686	78,418	0	78,418
Total Disbursements	2,199,141	1,658,985	540,156	3,143,697	1,367,321	1,776,376
RECEIPTS OVER (UNDER) DISBURSEMENTS	(807,586)	(116,763)	690,823	(522,304)	237,797	760,101
CASH, JANUARY 1	1,728,025	1,728,025	0	1,490,228	1,490,228	0
CASH, DECEMBER 31	920,439	1,611,262	690,823	967,924	1,728,025	760,101

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	785,737	792,319	6,582	758,901	854,075	95,174
Sales taxes	369,000	399,986	30,986	365,000	372,051	7,051
Intergovernmental	1,730,047	1,357,102	(372,945)	1,436,000	1,500,133	64,133
Interest	5,000	8,036	3,036	12,000	4,744	(7,256)
Other	65,000	54,596	(10,404)	90,000	50,768	(39,232)
Transfers in	180,000	180,000	0	35,000	0	(35,000)
Total Receipts	3,134,784	2,792,039	(342,745)	2,696,901	2,781,771	84,870
DISBURSEMENTS						
Salaries	536,500	495,546	40,954	527,000	494,949	32,051
Employee fringe benefit	260,900	217,924	42,976	242,488	238,960	3,528
Supplies	124,000	171,900	(47,900)	118,000	133,593	(15,593)
Insurance	5,500	0	5,500	5,500	3,979	1,521
Road and bridge materials	116,000	70,682	45,318	116,000	114,307	1,693
Equipment repairs	132,000	103,872	28,128	132,000	127,565	4,435
Rentals	7,000	4,601	2,399	10,000	3,672	6,328
Equipment purchases	200,000	182,555	17,445	200,000	193,761	6,239
Construction, repair, and maintenance	1,985,755	1,558,393	427,362	1,843,000	1,605,094	237,906
Debt service	58,000	55,696	2,304	42,000	41,567	433
Other	42,900	14,106	28,794	42,400	18,048	24,352
Total Disbursements	3,468,555	2,875,275	593,280	3,278,388	2,975,495	302,893
RECEIPTS OVER (UNDER) DISBURSEMENTS	(333,771)	(83,236)	250,535	(581,487)	(193,724)	387,763
CASH, JANUARY 1	439,572	439,572	0	633,296	633,296	0
CASH, DECEMBER 31	105,801	356,336	250,535	51,809	439,572	387,763
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	164,092	171,464	7,372	130,156	167,768	37,612
Charges for services	0	85	85	0	0	0
Interest	0	819	819	0	429	429
Other	2,500	1,039	(1,461)	1,500	942	(558)
Transfers in	89,000	80,000	(9,000)	89,000	50,000	(39,000)
Total Receipts	255,592	253,407	(2,185)	220,656	219,139	(1,517)
DISBURSEMENTS						
Assessor	255,592	216,096	39,496	220,656	215,178	5,478
Total Disbursements	255,592	216,096	39,496	220,656	215,178	5,478
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	37,311	37,311	0	3,961	3,961
CASH, JANUARY 1	33,057	33,057	0	29,096	29,096	0
CASH, DECEMBER 31	33,057	70,368	37,311	29,096	33,057	3,961

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,000	1,942	(58)	2,500	2,100	(400)
Charges for service:	6,000	4,248	(1,752)	5,000	3,750	(1,250)
Interest	150	806	656	250	290	40
Total Receipts	8,150	6,996	(1,154)	7,750	6,140	(1,610)
DISBURSEMENTS						
Sheriff	14,000	4,785	9,215	9,500	5,464	4,036
Total Disbursements	14,000	4,785	9,215	9,500	5,464	4,036
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,850)	2,211	8,061	(1,750)	676	2,426
CASH, JANUARY 1	26,996	26,996	0	26,320	26,320	0
CASH, DECEMBER 31	21,146	29,207	8,061	24,570	26,996	2,426
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	1,000	1,112	112	1,150	946	(204)
Interest	0	42	42	0	25	25
Total Receipts	1,000	1,154	154	1,150	971	(179)
DISBURSEMENTS						
Prosecuting Attorney	2,400	2,773	(373)	2,400	1,774	626
Total Disbursements	2,400	2,773	(373)	2,400	1,774	626
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	(1,619)	(219)	(1,250)	(803)	447
CASH, JANUARY 1	2,245	2,245	0	3,048	3,048	0
CASH, DECEMBER 31	845	626	(219)	1,798	2,245	447
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales and use taxes	484,000	523,930	39,930	475,000	488,243	13,243
Intergovernmental	25,000	34,748	9,748	42,500	37,575	(4,925)
Charges for service:	0	4,130	4,130	0	0	0
Interest	5,000	8,336	3,336	5,000	4,173	(827)
Other	10,000	6,217	(3,783)	15,000	7,967	(7,033)
Transfers in	0	0	0	25,000	25,000	0
Total Receipts	524,000	577,361	53,361	562,500	562,958	458
DISBURSEMENTS						
Salaries	385,000	422,860	(37,860)	370,000	389,154	(19,154)
Fringe benefits	116,500	93,954	22,546	105,900	119,881	(13,981)
Office expense:	6,500	6,226	274	6,100	5,644	456
Equipment	45,000	24,934	20,066	55,500	21,876	33,624
Mileage and training	7,000	611	6,389	7,000	2,236	4,764
Fuel	25,000	28,137	(3,137)	18,000	21,587	(3,587)
Board of Prisoners	65,000	56,881	8,119	40,000	74,980	(34,980)
Other	13,000	7,360	5,640	20,000	2,707	17,293
Total Disbursements	663,000	640,963	22,037	622,500	638,065	(15,565)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(139,000)	(63,602)	75,398	(60,000)	(75,107)	(15,107)
CASH, JANUARY 1	312,075	312,075	0	387,182	387,182	0
CASH, DECEMBER 31	173,075	248,473	75,398	327,182	312,075	(15,107)

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CAPITAL IMPROVEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	116,000	123,941	7,941	115,000	116,193	1,193
Interest	0	4,299	4,299	0	1,335	1,335
Other	5,000	0	(5,000)	5,000	0	(5,000)
Total Receipts	121,000	128,240	7,240	120,000	117,528	(2,472)
DISBURSEMENTS						
Courthouse	25,000	5,460	19,540	25,000	5,821	19,179
Road and bridge	15,000	0	15,000	10,000	880	9,120
Jail	20,000	4,608	15,392	25,000	7,201	17,799
Solid waste/recycling cente	10,000	0	10,000	10,000	0	10,000
Bridge improvements	45,000	93,689	(48,689)	45,000	67,420	(22,420)
Total Disbursements	115,000	103,757	11,243	115,000	81,322	33,678
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,000	24,483	18,483	5,000	36,206	31,206
CASH, JANUARY 1	103,440	103,440	0	67,234	67,234	0
CASH, DECEMBER 31	109,440	127,923	18,483	72,234	103,440	31,206
<u>JOHNSON GRASS FUND</u>						
RECEIPTS						
Property taxes	35,450	34,185	(1,265)	31,990	34,765	2,775
Intergovernmental	220	156	(64)	75	1	(74)
Interest	335	613	278	500	338	(162)
Other	0	0	0	0	11	11
Total Receipts	36,005	34,954	(1,051)	32,565	35,115	2,550
DISBURSEMENTS						
Salaries	33,500	26,275	7,225	33,900	33,555	345
Office expenditures:	7,100	6,592	508	7,575	7,299	276
Equipment	6,850	4,310	2,540	6,725	5,671	1,054
Mileage and training	675	675	0	675	675	0
Other	5,000	1,305	3,695	5,000	3,616	1,384
Total Disbursements	53,125	39,157	13,968	53,875	50,816	3,059
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,120)	(4,203)	12,917	(21,310)	(15,701)	5,609
CASH, JANUARY 1	17,394	17,394	0	33,095	33,095	0
CASH, DECEMBER 31	274	13,191	12,917	11,785	17,394	5,609
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for service:	15,000	13,640	(1,360)	16,000	14,740	(1,260)
Interest	350	1,317	967	150	436	286
Total Receipts	15,350	14,957	(393)	16,150	15,176	(974)
DISBURSEMENTS						
Ex Officio Recorder of Deed	27,000	13,439	13,561	25,000	6,773	18,227
Total Disbursements	27,000	13,439	13,561	25,000	6,773	18,227
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,650)	1,518	13,168	(8,850)	8,403	17,253
CASH, JANUARY 1	42,926	42,926	0	34,523	34,523	0
CASH, DECEMBER 31	31,276	44,444	13,168	25,673	42,926	17,253

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	10,000	10,103	103	8,000	10,833	2,833
Interest	0	410	410	0	129	129
Total Receipts	10,000	10,513	513	8,000	10,962	2,962
DISBURSEMENTS						
Prosecuting Attorney	11,100	8,384	2,716	7,000	1,472	5,528
Total Disbursements	11,100	8,384	2,716	7,000	1,472	5,528
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,100)	2,129	3,229	1,000	9,490	8,490
CASH, JANUARY 1	16,108	16,480	372	6,676	6,990	314
CASH, DECEMBER 31	15,008	18,609	3,601	7,676	16,480	8,804
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	6,500	4,029	(2,471)	5,006	5,353	347
Interest	0	216	216	0	95	95
Other	0	413	413	0		0
Total Receipts	6,500	4,658	(1,842)	5,006	5,448	442
DISBURSEMENTS						
Emergency planning	6,500	6,099	401	5,006	1,772	3,234
Total Disbursements	6,500	6,099	401	5,006	1,772	3,234
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,441)	(1,441)	0	3,676	3,676
CASH, JANUARY 1	8,625	8,625	0	4,949	4,949	0
CASH, DECEMBER 31	8,625	7,184	(1,441)	4,949	8,625	3,676
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for service:	1,000	1,055	55	1,700	1,822	122
Interest	70	190	120	45	59	14
Total Receipts	1,070	1,245	175	1,745	1,881	136
DISBURSEMENTS						
County Clerk	7,200	330	6,870	5,000	865	4,135
Total Disbursements	7,200	330	6,870	5,000	865	4,135
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,130)	915	7,045	(3,255)	1,016	4,271
CASH, JANUARY 1	6,166	6,166	0	5,150	5,150	0
CASH, DECEMBER 31	36	7,081	7,045	1,895	6,166	4,271
<u>ABUSE SHELTER FUND</u>						
RECEIPTS						
Charges for service:	1,500	1,384	(116)	1,200	1,631	431
Total Receipts	1,500	1,384	(116)	1,200	1,631	431
DISBURSEMENTS						
YWCA	1,500	1,384	116	1,200	1,631	(431)
Total Disbursements	1,500	1,384	116	1,200	1,631	(431)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>GORE ROAD NID FUND</u>						
RECEIPTS						
Property taxes	12,775	13,651	876	11,288	10,685	(603)
Interest	30	111	81	40	21	(19)
Total Receipts	12,805	13,762	957	11,328	10,706	(622)
DISBURSEMENTS						
Debt service	10,811	10,611	200	9,541	9,541	0
Transfers out	1,747	1,747	0	1,747	0	1,747
Total Disbursements	12,558	12,358	200	11,288	9,541	1,747
RECEIPTS OVER (UNDER) DISBURSEMENTS	247	1,404	1,157	40	1,165	1,125
CASH, JANUARY 1	1,379	1,379	0	214	214	0
CASH, DECEMBER 31	1,626	2,783	1,157	254	1,379	1,125
<u>JOHN GLENN ROAD NID FUND</u>						
RECEIPTS						
Property taxes	17,464	23,371	5,907	18,394	17,727	(667)
Interest	200	1,112	912	300	411	111
Total Receipts	17,664	24,483	6,819	18,694	18,138	(556)
DISBURSEMENTS						
Debt service	47,300	17,300	30,000	16,750	16,750	0
Total Disbursements	47,300	17,300	30,000	16,750	16,750	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(29,636)	7,183	36,819	1,944	1,388	(556)
CASH, JANUARY 1	33,136	33,136	0	31,748	31,748	0
CASH, DECEMBER 31	3,500	40,319	36,819	33,692	33,136	(556)
<u>VICTORIA HILLS NID FUND</u>						
RECEIPTS						
Property taxes	12,209	15,196	2,987	13,774	15,294	1,520
Interest	25	84	59	50	26	(24)
Total Receipts	12,234	15,280	3,046	13,824	15,320	1,496
DISBURSEMENTS						
Debt service	13,734	13,734	0	13,774	13,774	0
Total Disbursements	13,734	13,734	0	13,774	13,774	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	1,546	3,046	50	1,546	1,496
CASH, JANUARY 1	1,881	1,881	0	335	335	0
CASH, DECEMBER 31	381	3,427	3,046	385	1,881	1,496

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
911 FUND						
RECEIPTS						
Intergovernmental	40,000	10,000	(30,000)	65,000	35,000	(30,000)
Charges for service:	60,000	99,744	39,744	40,000	99,492	59,492
Interest	1,200	1,529	329	1,200	892	(308)
Total Receipts	101,200	111,273	10,073	106,200	135,384	29,184
DISBURSEMENTS						
Salaries	7,400	6,216	1,184	7,000	7,174	(174)
Fringe benefits	635	317	318	585	549	36
Dues/mileage/training	500	0	500	500	0	500
Office expenditure:	2,500	1,914	586	2,500	1,665	835
911 Mapping/GIS	1,000	6,363	(5,363)	100,000	45,939	54,061
Other	500	1,049	(549)	500	0	500
911 surcharge	60,000	100,485	(40,485)	40,000	81,795	(41,795)
Transfers out	30,000	0	30,000	30,000	25,000	5,000
Total Disbursements	102,535	116,344	(13,809)	181,085	162,122	18,963
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,335)	(5,071)	(3,736)	(74,885)	(26,738)	48,147
CASH, JANUARY 1	54,402	54,402	0	81,140	81,140	0
CASH, DECEMBER 31	53,067	49,331	(3,736)	6,255	54,402	48,147
SHERIFF'S CIVIL FEES FUND						
RECEIPTS						
Charges for service:	15,000	20,223	5,223	12,000	18,192	6,192
Interest	150	828	678	500	275	(225)
Total Receipts	15,150	21,051	5,901	12,500	18,467	5,967
DISBURSEMENTS						
Sheriff	32,000	16,298	15,702	30,000	5,213	24,787
Total Disbursements	32,000	16,298	15,702	30,000	5,213	24,787
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,850)	4,753	21,603	(17,500)	13,254	30,754
CASH, JANUARY 1	30,481	31,528	1,047	0	18,274	18,274
CASH, DECEMBER 31	13,631	36,281	22,650	(17,500)	31,528	49,028
SHERIFF'S RESERVE FUND						
RECEIPTS						
Interest	150	355	205	250	127	(123)
Other	3,000	2,941	(59)	2,000	3,192	1,192
Total Receipts	3,150	3,296	146	2,250	3,319	1,069
DISBURSEMENTS						
Sheriff	6,000	3,752	2,248	7,000	2,272	4,728
Total Disbursements	6,000	3,752	2,248	7,000	2,272	4,728
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,850)	(456)	2,394	(4,750)	1,047	5,797
CASH, JANUARY 1	11,250	11,694	444	0	10,647	10,647
CASH, DECEMBER 31	8,400	11,238	2,838	(4,750)	11,694	16,444

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	156,000	146,505	(9,495)	145,000	158,166	13,166
Intergovernmental	149,958	141,804	(8,154)	141,160	135,096	(6,064)
Charges for services	10,000	15,945	5,945	8,500	10,972	2,472
Interest	610	5,204	4,594	5,500	947	(4,553)
Other	12,400	16,889	4,489	34,600	39,568	4,968
Loan proceeds	0	0	0	0	356,250	356,250
Total Receipts	328,968	326,347	(2,621)	334,760	700,999	366,239
DISBURSEMENTS						
Salaries	174,488	168,556	5,932	165,600	168,300	(2,700)
Office expenditure:	14,978	14,623	355	15,130	21,110	(5,980)
Equipment	2,000	6,121	(4,121)	2,000	1,900	100
Mileage and training	5,600	5,638	(38)	5,600	5,275	325
Contract and professional service	15,800	15,525	275	12,200	11,363	837
Supplies/services/utilities:	63,647	52,841	10,806	58,680	60,164	(1,484)
Building and land	45,295	57,535	(12,240)	115,500	423,812	(308,312)
Debt service	0	43,872	(43,872)	0	11,121	(11,121)
Other	7,160	11,867	(4,707)	12,050	1,678	10,372
Total Disbursements	328,968	376,578	(47,610)	386,760	704,723	(317,963)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(50,231)	(50,231)	(52,000)	(3,724)	48,276
CASH, JANUARY 1	240,719	240,719	0	244,443	244,443	0
CASH, DECEMBER 31	240,719	190,488	(50,231)	192,443	240,719	48,276
SENATE BILL 40 FUND						
RECEIPTS						
Property taxes	148,000	130,899	(17,101)	135,500	180,715	45,215
Intergovernmental	0	487	487	0	290	290
Interest	0	0	0	2,500	539	(1,961)
Other	0	3,534	3,534	0	0	0
Total Receipts	148,000	134,920	(13,080)	138,000	181,544	43,544
DISBURSEMENTS						
Payroll	56,300	78,061	(21,761)	53,900	64,384	(10,484)
Occupancy	14,092	10,865	3,227	11,000	48,967	(37,967)
Proposals	71,100	73,281	(2,181)	105,474	72,903	32,571
Van costs	14,000	22,509	(8,509)	11,500	14,156	(2,656)
Total Disbursements	155,492	184,716	(29,224)	181,874	200,410	(18,536)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,492)	(49,796)	(42,304)	(43,874)	(18,866)	25,008
CASH, JANUARY 1	211,784	211,138	(646)	230,201	230,004	(197)
CASH, DECEMBER 31	204,292	161,342	(42,950)	186,327	211,138	24,811

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SENIOR CITIZENS SERVICE FUND						
RECEIPTS						
Property taxes	49,130	46,447	(2,683)	47,355	49,720	2,365
Total Receipts	49,130	46,447	(2,683)	47,355	49,720	2,365
DISBURSEMENTS						
Senior Citizen Center	36,359	35,505	854	35,043	36,868	(1,825)
Retired Senior Volunteer Program	6,142	5,660	482	5,919	6,228	(309)
Andrew County OATS	6,142	5,724	418	5,919	6,228	(309)
Other	0	80	(80)	116	68	48
Total Disbursements	48,643	46,969	1,674	46,997	49,392	(2,395)
RECEIPTS OVER (UNDER) DISBURSEMENTS	487	(522)	(1,009)	358	328	(30)
CASH, JANUARY 1	365	634	269	365	306	(59)
CASH, DECEMBER 31	852	112	(740)	723	634	(89)
CEMETERY TRUST FUND						
RECEIPTS						
Interest and Dividend:	48,010	26,828	(21,182)	43,280	114,907	71,627
Total Receipts	48,010	26,828	(21,182)	43,280	114,907	71,627
DISBURSEMENTS						
Other	29,395	43,617	(14,222)	21,880	35,780	(13,900)
Total Disbursements	29,395	43,617	(14,222)	21,880	35,780	(13,900)
RECEIPTS OVER (UNDER) DISBURSEMENTS	18,615	(16,789)	(35,404)	21,400	79,127	57,727
CASH, JANUARY 1	2,505,828	2,023,878	(481,950)	1,412,553	1,944,751	532,198
CASH, DECEMBER 31	2,524,443	2,007,089	(517,354)	1,433,953	2,023,878	589,925
FORD FARM FUND						
RECEIPTS						
Intergovernmental	3,678	3,478	(200)	3,478	3,628	150
Interest	2,000	2,260	260	2,400	1,971	(429)
Other	0	0	0	0	89	89
Total Receipts	5,678	5,738	60	5,878	5,688	(190)
DISBURSEMENTS						
Operating expenditures:	6,300	1,271	5,029	1,000	4,595	(3,595)
Maintenance	10,000	572	9,428	10,000	444	9,556
Total Disbursements	16,300	1,843	14,457	11,000	5,039	5,961
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,622)	3,895	14,517	(5,122)	649	5,771
CASH, JANUARY 1	114,361	114,361	0	62,628	113,712	51,084
CASH, DECEMBER 31	103,739	118,256	14,517	57,506	114,361	56,855

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	20,000	20,434	434	18,000	19,872	1,872
Interest	0	861	861	0	235	235
Other	0	399	399	0	0	0
Total Receipts	20,000	21,694	1,694	18,000	20,107	2,107
DISBURSEMENTS						
County Collector	17,000	18,200	(1,200)	8,500	10,497	(1,997)
Total Disbursements	17,000	18,200	(1,200)	8,500	10,497	(1,997)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,000	3,494	494	9,500	9,610	110
CASH, JANUARY 1	0	20,027	20,027	10,687	10,417	(270)
CASH, DECEMBER 31	3,000	23,521	20,521	20,187	20,027	(160)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	250	831	581	150	497	347
Total Receipts	250	831	581	150	497	347
DISBURSEMENTS						
Equipment	3,000	0	3,000	3,000	0	3,000
Office expenditures:	2,250	0	2,250	2,250	0	2,250
Total Disbursements	5,250	0	5,250	5,250	0	5,250
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	831	5,831	(5,100)	497	5,597
CASH, JANUARY 1	0	6,168	6,168	5,671	5,671	0
CASH, DECEMBER 31	(5,000)	6,999	11,999	571	6,168	5,597
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	10,000	10,618	618	11,000	9,740	(1,260)
Interest	100	505	405	90	198	108
Total Receipts	10,100	11,123	1,023	11,090	9,938	(1,152)
DISBURSEMENTS						
Law Library	18,000	10,251	7,749	18,000	9,358	8,642
Total Disbursements	18,000	10,251	7,749	18,000	9,358	8,642
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,900)	872	8,772	(6,910)	580	7,490
CASH, JANUARY 1	0	16,404	16,404	13,496	15,824	2,328
CASH, DECEMBER 31	(7,900)	17,276	25,176	6,586	16,404	9,818

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HAVA FUND</u>						
RECEIPTS						
Intergovernmental	2,000	6,878	4,878			
Interest	0	454	454			
Total Receipts	<u>2,000</u>	<u>7,332</u>	<u>5,332</u>			
DISBURSEMENTS						
Poll worker training	2,000	0	2,000			
Election improvemen	15,000	0	15,000			
MCVR Efforts	0	6,500	(6,500)			
Total Disbursements	<u>17,000</u>	<u>6,500</u>	<u>10,500</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(15,000)</u>	<u>832</u>	<u>15,832</u>			
CASH, JANUARY 1	15,000	15,000	0			
CASH, DECEMBER 31	<u>0</u>	<u>15,832</u>	<u>15,832</u>			

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

Notes to the Financial Statements

ANDREW 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 Andrew 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 Johnson Grass Board, the Senate Bill 40 Board, or the Senior Citizens Service 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>
HAVA Fund	2004
Courthouse CDBG Elevator Project Fund	2005
Associate Circuit Interest Fund	2005 and 2004
Associate Circuit Time Payment Fund	2005 and 2004
Juvenile Restitution Fund	2005 and 2004
Circuit Clerk Time Payment Fund	2005

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>
Prosecuting Attorney Training Fund	2005
Law Enforcement Sales Tax Fund	2004
Abuse Shelter Fund	2004
911 Fund	2005
Health Center Fund	2005 and 2004
Senate Bill 40 Fund	2005 and 2004
Senior Citizens Service Fund	2004
Cemetery Trust Fund	2005 and 2004
Tax Maintenance Fund	2005 and 2004

Although Section 50.740, RSMo, requires a balanced budget, deficit balances were budgeted in the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Civil Fees Fund	2004
Sheriff's Reserve Fund	2004
Circuit Clerk Interest Fund	2005
Law Library Fund	2005

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 did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
CDBG Elevator Project Fund	2005
Associate Circuit Interest Fund	2005 and 2004
Associate Circuit Time Payment Fund	2005 and 2004
Juvenile Restitution Fund	2005 and 2004
Circuit Clerk Time Payment Fund	2005

In addition, the county's published financial statements for the years ended December 31, 2005 and 2004, did not disclose disbursement detail by vendor for the Health Center Board, Senate Bill 40 Board, or Senior Citizens Service Board.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. 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. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit. Cash includes both deposits and investments.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Andrew County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's and Senate Bill 40 Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by a correspondent bank in the name of the depository bank's customers.

The Health Center's deposits at December 31, 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance. Of the Health Center's bank balance at December 31, 2004, \$29,177 was exposed to custodial credit risk because that amount was uncollateralized.

The Senior Citizens Services Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance.

Investments

The county's only investments are recorded in the Cemetery Trust Fund and are made in accordance with the terms of the trust agreement, which authorizes investments in United

States Government securities and stocks currently traded on the New York Stock Exchange. A court opinion docketed in 2001 authorized the County Commission to buy, sell, or trade stocks and bonds as long as the shares of original stock making up the corpus of the trust were maintained. 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. At December 31, 2005 and 2004, the county's other funds had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

As of December 31, 2005, the Cemetery Trust Fund had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			More than 10
		No Maturity	1-5	6-10	
U.S. government securities	\$658,736		517,236	141,500	
U.S. government bonds	72,495				72,495
Stocks and mutual funds	957,365	957,365			
Corporate bonds	91,162		8,208		82,954
Municipal bonds	15,807				15,807
	<u>\$1,795,565</u>	<u>957,365</u>	<u>525,444</u>	<u>141,500</u>	<u>171,256</u>

As of December 31, 2004, the Cemetery Trust Fund had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			More than 10
		No Maturity	1-5	6-10	
U.S. government securities	\$668,271		528,648	139,623	
U.S. government bonds	71,566				71,566
Stocks and mutual funds	927,608	927,608			
Corporate bonds	160,449			9,223	151,226
Municipal bonds	15,788				15,788
	<u>\$1,843,682</u>	<u>927,608</u>	<u>528,648</u>	<u>148,846</u>	<u>238,580</u>

Investments are stated at cost or par value in the financial statements.

Interest rate risk: The trust agreement does not discuss limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit risk: The trust agreement does not include limits on ratings for investments made by the Cemetery Trust Fund. Ratings for the fund's bond investments are from Moody's Investors Service.

<u>Investment</u>	<u>Rating as of December 31,</u>	
	<u>2005</u>	<u>2004</u>
Dinuba California Redevelopment Agency tax allocation bonds	AAA	AAA
Potomac Electric power company bonds	NA	AAA
New York Telephone Company bonds	AAA	AAA
GTE Corporation bonds	A+	A+
General Motors Corporation bonds	B	BBB
General Motors Acceptance Corporation bonds	Not rated	Not rated

Concentration of credit risk: The trust agreement does not limit the amount the trust may invest in any one issuer. More than 5 percent of the district's investments are in Pfizer stock. This investment accounts for 18.84 percent and 21.16 percent of the Cemetery Trust Fund's total investments at December 31, 2005 and 2004, respectively.

Custodial credit risk: Custodial credit risk is the risk that, if the counterparty to an investment transaction fails, Andrew County will not be able to recover the investment's value or collateral securities that are in an outside party's possession. The county's investments at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were held by the county's custodial bank in the cemetery trust's name.

3. Prior Period Adjustments

The following funds' cash balances at January 1, 2004, were not previously reported but have been added.

<u>Fund</u>	<u>Balance at January 1, 2004</u>
Prosecuting Attorney Bad Check	\$ 6,990
Election Services	5,150
Sheriff's Civil Fees	18,274
Sheriff's Reserve	10,647
Cemetery Trust	1,944,751
Ford Farm	113,712
Tax Maintenance	10,417
Circuit Clerk Interest	5,671
Law Library	15,824
Associate Circuit Interest	7,780
Associate Circuit Time Payment	270
Juvenile Restitution	696

The Lakeland Estates NID's cash balance of \$112 at January 1, 2003, was previously reported but has been removed.

Supplementary Schedule

Schedule

ANDREW 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,	
			2005	2004
U. S. DEPARTMENT OF AGRICULTURE				
Direct program:				
10.069	Conservation Reserve Program	N/A	\$ 10,399	10,244
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-4101	0	33,755
		ERS045-5101	35,134	2,718
		ERS045-6101	3,410	0
	Program Total		<u>38,544</u>	<u>36,473</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State' Program	2004-PF-557	10,080	0
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcemer Assistance Discretionary Grants Program	2000DDVX0055	0	42,478
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-002(16)	0	154,651
		BRO-002(19)	0	75,368
		BRO-002(29)	0	131,700
		BRO-002(30)	0	225,587
		BRO-002(31)	0	232,243
		BRO-002(32)	276,026	0
		BRO-002(33)	304,385	0
		BRO-002(34)	25,176	0
	Program Total		<u>605,587</u>	<u>819,549</u>

Schedule

ANDREW 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,	
			2005	2004
GENERAL SERVICES ADMINISTRATION				
Passed through state				
Office of Secretary of State				
39.011	Election Reform Payment	47-0601-0-1-808	0	3,321
ELECTIONS ASSISTANCE COMMISSION				
Passed through state Office of Secretary of State				
90.401	Help America Vote Act Requirements Payment	96299	6,500	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects	ERS146-5101L	446	554
	State and Local Childhood Lead Poisoning Preventior and Surveillance of Blood Lead Levels in Childre	ERS146-6101L	463	0
	Program Total		<u>909</u>	<u>554</u>
93.268	Immunization Grants	PGA0643101A	0	300
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH040022001	0	7,255
		DHO50032001	3,332	0
		AOCO6380165	168	0
	Program Total		<u>3,500</u>	<u>7,255</u>
Department of Social Services -				
93.563	Child Support Enforcemen	N/A	85,568	65,547
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA067-4101C	0	1,000
		PGA067-5101C	937	0
		PGA067-6101C	263	0
		PGA07-4101S	0	7,480
		PGA07-5101S	6,730	445
		AOCO6380165	585	0
	Program Total		<u>8,515</u>	<u>8,925</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-4101M	0	12,518
		ERS146-5101M	15,503	1,550
		AOCO00380165	1,550	0
	Program Total		<u>17,053</u>	<u>14,068</u>

Schedule

ANDREW 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,	
			2005	2004
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.004	State Domestic Preparedness Equipment Support Program	2004-GE-T4-0049	32,292	0
97.007	Local Emergency Preparedness Commission (LEPC)	N/A	1,683	0
97.042	Emergency Management Performance Grant	N/A	6,500	3,200
Total Expenditures of Federal Award:			\$ <u>827,130</u>	<u>1,011,914</u>

N/A - Not applicable

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

Notes to the Supplementary Schedule

ANDREW 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 Andrew 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.

Because Andrew County expended no noncash awards for the years ended December 31, 2005 and 2004, the schedule includes expenditures of cash awards only.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

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 Andrew County, Missouri

Compliance

We have audited the compliance of Andrew 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, 2005 and 2004. 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, Andrew 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, 2005 and 2004. 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 05-02.

Internal Control Over Compliance

The management of Andrew 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 a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over 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 05-02.

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 05-02, to be a material weakness.

This report is intended for the information and use of the management of Andrew 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

June 1, 2006 (fieldwork completion date)

Schedule

ANDREW COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? x yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

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

CFDA or Other Identifying <u>Number</u> 20.205	<u>Program Title</u> Highway Planning and Construction
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Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

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

05-1.

Cemetery Trust Fund

Accounting records maintained for the various cemetery trusts are in need of improvement. Asset records for the trusts contained incorrect information, were often not accurate, and in some instances incomplete. In addition, investments held by the trusts were not included in the fund balance until 2006, and were included at market value rather than at cost. While proposals were solicited from various brokerage and investment firms, the reasons for selecting the chosen firm were not documented.

The Cemetery Trust Fund is comprised of cash and investments of twenty-nine cemeteries for which the County Commission is the trustee. The County Commission is required to follow the terms and conditions of the gift or bequest. For each trust fund, the County Clerk maintains a separate receipt, disbursements, and asset record. The asset record lists the certificates of deposits (CD's), stocks, and other investments held by each fund. Annual reports are required to be filed with the Probate Judge for the twenty-nine funds.

- A. While improvements were made in the asset records for the various trust funds since the prior audit, problems still exist with the records. The 2004 annual settlement for one of the trust funds included \$63,000 in certificates of deposits which had been previously cashed in. The 2005 annual settlement for another trust fund included a savings bond that could not be verified. In addition, the stocks held for another trust fund were not included on its annual settlements. The county has not developed procedures to verify the various assets held by each cemetery trust to ensure the information reported in the settlements is accurate and complete. These annual reports are submitted to the County Commission for review and then forwarded to the Probate Judge. Apparently the probate clerk is to review the annual reports to ensure they balance and are accurate and then are presented to the Probate Judge for approval. The county has a fiduciary responsibility to ensure all Cemetery Trust Fund assets are recorded properly and an accurate detailed asset record is maintained.
- B. The county did not ensure actual receipts and disbursements reported on the Cemetery Trust Fund budget were accurate and complete. Differences identified between the reported and actual receipts and disbursements, as noted in the chart below, resulted from not including CD interest or investment income and fees unless

deposited into the checking account, and from including CD purchases and redemptions as receipts and disbursements. Misstating the actual receipt and disbursement amounts also caused the fund balances reported for some trusts to be incorrect and hampers the ability of officials to analytically review the activity of each trust. In addition, the investments were not included in the fund balances until the 2006 budget, when they were included at market value rather than at cost.

	<u>Reported</u>	<u>Actual</u>	<u>Difference</u>
2004 Receipts	\$ 41,318	114,907	(73,589)
2004 Disbursements	39,268	35,780	3,488
2005 Receipts	133,170	26,828	106,342
2005 Disbursements	167,578	43,617	123,961

The Cemetery Trust Fund budget should include accurate classifications of receipts and disbursements to ensure the fund's financial information is more consistently presented, to properly identify receipt and disbursement items, and to allow officials to analytically review the activity of each trust.

- C. While there is evidence that the County Commission solicited proposals from various brokerage or investment advising firms, the reason for selecting the chosen firm was not documented. The county had been paying transactions fees for each sale or purchase of stocks/bonds through their previous broker. The County Commission switched to an investment advising firm for investment services in 2004 and is now paying a flat monthly fee, which is a percentage of the portfolio value. While a transaction fee is still charged, the investment firm indicates they call around to various brokers to get the lowest fee. While the County Commission indicated cost savings was their basis for switching firms, they should always document the basis for selection to ensure the county is receiving quality service at a reasonable price.

Similar conditions were noted in our prior audit.

WE AGAIN RECOMMEND the County Commission and the County Clerk:

- A. Record all transactions and maintain accurate asset records.
- B. Ensure receipts, disbursements, and fund balances are accurately reported in the county budget.
- C. Formally evaluate proposals for professional services.

AUDITEE'S RESPONSE

A&B. We have addressed the deficiencies and have implemented procedures to address the auditor's concerns.

- C. *Our fees associated with maintaining the Cemetery Trust Funds have gone down significantly through soliciting proposals. In the future we will ensure our basis for selection is documented.*

Section III - Federal Award Findings and Questioned Costs

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

05-2.	Cash Management
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-002(16), (19), (29), (30), (31), (32), (33) and (34)
Award Years:	2005 and 2004
Questioned Costs:	NA

The county has not established cash management procedures to ensure a minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors. A reimbursement for \$75,368 was received on November 10, 2003, but the related payment was not made to the contractor until January 29, 2004. In early January, the county determined the contractor had not been paid but the payment could not be made until the 2004 budget had been approved, which added to the delay. The county also indicated that in some instances they do not receive notification from the state that money has been direct deposited to their account related to bridge projects, which makes it difficult for them to pay the funds out within two business days.

The county contracts with the Missouri Department of Transportation (MoDOT) for bridge replacement and rehabilitation under the Highway Planning and Construction Program. Section .300(c) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to, “comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs”. Section XII of the MoDOT Local Public Agency Manual provides that local agencies must develop cash management procedures to ensure payment is made to the contractor/consultant within two business days of receipt of funds from MoDOT.

WE RECOMMEND the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with MoDOT requirements.

AUDITEE'S RESPONSE

Since this occurred, prior to this being noted by the auditors, we have already developed procedures to ensure timely payment of contractors.

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

ANDREW 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, 2003, 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

ANDREW 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, 2003

03-01. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	State Emergency Management Agency
Federal CFDA Number:	16.007
Program Title:	State Domestic Preparedness Equipment Support Program
Pass-Through Entity	
Identifying Number:	2004-GE-T4-0049
Award Year:	2003 and 2002
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Missouri Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-002(16), BRO-002(19), BRO-002(29), BRO-002(30), BRO-002(31), BRO-002(32), and BRO-002(33)
Award Year:	2003 and 2002
Questioned Costs:	Not applicable

The County's schedule of expenditures of federal awards (SEFA) contained numerous errors and omissions.

Recommendation:

The County Clerk work with the departments and verify the information received. Alternatively, a formal compliance official could be appointed to take responsibility for SEFA reporting and compliance.

Status:

Partially implemented. There was significant improvement in the SEFA schedule for 2005 when the county contracted with MO-Kan Regional Council to serve as compliance officer. However, the schedule did not include two small programs. Although not repeated in the current report, the recommendation remains as stated above.

Findings - Two Years Ended December 31, 2001

01-3. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Missouri Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-002(25) and BRO-002(27)
Award Year:	2001 and 2000
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not applicable
Federal CFDA Number:	16.607
Program Title:	Bulletproof Vest Partnership Program
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	2000
Questioned Costs:	Not applicable

The county, Road and Bridge Department, and Health Center do not have adequate procedures in place to track federal awards. The County's SEFA contained numerous errors and omissions.

Recommendation:

The County Clerk, with the assistance of the Road and Bridge Department and the Health Center, prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

Status:

Partially implemented. There was significant improvement in the SEFA schedule for 2005 when the county contracted with MO-Kan Regional Council to serve as compliance officer. However, the schedule did not include two small programs. Although not repeated in the current report, the recommendation remains as stated above.

01-4. Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Missouri Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-002(25) and BRO-002(27)
Award Years:	2001 and 2000
Questioned Costs:	Not Applicable

The county has not established cash management procedures to ensure the minimum time lapses between receipt of federal project monies and the disbursement of such monies.

Recommendation:

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

Status:

Not implemented. See finding number 05-2.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Andrew County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 1, 2006. We also have audited the compliance of Andrew 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, 2005 and 2004, and have issued our report thereon dated June 1, 2006.

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

1. Budgetary Practices

The budget process is in need of improvement. The budgets prepared for some county funds lacked detailed and some required information. In addition, the county's financial monitoring procedures are ineffective.

- The county budget documents contained numerous incorrect amounts. The cash balances on the cash reconciliation portion of the budget for the General Revenue Fund and the Special Road and Bridge Fund at December 31, 2004 were misstated by approximately \$14,000 and \$12,000, respectively, with no explanation. Rather than determine the cause of the error, the County Clerk used the County Treasurer's cash balance for these two funds, which were correct. Various other adjustments were required for the General Revenue Fund and Special Road and Bridge Fund due to incorrect postings and improper fund accounting. While the County Clerk's Office reconciles the monthly receipt and check registers to the Treasurer's records, they did not ensure the totals from those reports agreed to the monthly receipt and disbursement reports, which are used to get the actual receipt and disbursement amounts for the budgets. This problem was discussed with the County Clerk prior to the 2006 budgets being completed and the amounts presented on those budgets were much more accurate.
- The budgets for some funds under the control of other officials were lacking required information. Some of the officials completed the wrong budget forms and did not report the beginning cash balance. No actual receipt or disbursement amounts were presented for the Sheriff Civil Fees Fund and the Sheriff Reserve Fund and no disbursement amounts were presented for the Tax Maintenance Fund. In addition, the activity on many of the officials' budget did not include the entire year's activity as the County Clerk requests the officials submit the budgets by mid-December each year. The County Clerk should take steps to ensure the data submitted is updated before the budget is approved in January and that the information submitted is accurate for the period reported. The County Clerk indicated he provides the applicable budget forms to the officials for the funds under their control; however, he does not review what is submitted for completeness or accuracy.
- Budgets were not prepared for various funds. The majority of these unbudgeted funds are under the control of another official, but it is the responsibility of the County Clerk, as budget officer to ensure budgets are prepared for all funds. The County Clerk indicated he sent budget forms to the court divisions' and is unsure why budgets were not prepared for the funds under the court's control.

Considering the various problems noted, the approved budgets did not provide county citizens with reliable information about the county's finances and are a less effective management tool for the county. To be of maximum assistance to the county and to adequately inform citizens of the county's operations and financial position, budget documents need to be accurate and include proper classifications of receipts and disbursements. This is also necessary so that the county can prepare useful and accurate financial statements. A thorough review process needs to be implemented to ensure budget documents are accurate and complete prior to approval.

WE RECOMMEND the County Commission ensure proper compilation and review procedures are in place to ensure the budget document presents accurate and complete financial information. In addition, the commission should work with other officials to ensure budgets are prepared for all county funds.

AUDITEE'S RESPONSE

We agree and will continue to try to prepare the most accurate and complete budget possible.

2.	County Expenditures and Accounting Procedures
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Bids were not always solicited or advertised by the county, nor was bid documentation retained for various purchases. Invoices were not always signed or dated to indicate receipt of the goods or services and were not always marked paid or otherwise canceled. In addition, the county did not always obtain sufficient documentation to support payments and fuel usage logs are not maintained for all county vehicles.

A. While a review of county minutes and bid files indicates the county bid numerous items, the county did not bid some items and did not advertise for bids in some other instances. In addition, neither the county minutes nor the expenditure records contained adequate documentation of the county's efforts to compare prices (i.e., phone contacts, inquiries) or reasons to support sole source purchase determinations. A review of expenditures identified several purchases for which bids were not taken or solicited through advertisement, and/or documentation of bid procedures was lacking.

<u>Item or Services</u>	<u>Cost</u>
Clock repair	5,580
Computer equipment	10,300
Worker's compensation insurance	55,000
Used law enforcement vehicle	12,000
Metal culverts	13,500
Steel tubes	6,000
Radios	24,000
Used pickup	16,000

The commission minutes indicated phone bids were taken for the used pickup listed in the table above, but the actual vendors contacted were not listed. Construction materials for the Road and Bridge Department, totaling over \$50,000, had a lower bid; however, the low bid was not selected. The County Commission indicated this bid did not meet engineer's specifications and could not be accepted, but this was not documented. Furthermore, some bid documentation was not on file at the County Clerk's office but was located at the Road and Bridge Department.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the county's selection process and criteria should be retained to demonstrate compliance with the law and support decisions made.

- B. The receipt of goods or services was not indicated on several invoices that were approved for payment. In addition, invoices were not always noted as paid or otherwise canceled upon payment. For example, the County Commission purchased various pieces of road and bridge equipment and construction materials during the two years ended December 31, 2005; however, these invoices did not indicate receipt of goods nor were they stamped paid. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds. As a result, the county does not always have adequate assurance it is paying for actual goods and services received and approved by the applicable party. Also, the possibility that an invoice will be paid twice is increased when invoices are not properly canceled. To ensure against duplicate payment of bills, invoices should be marked paid when a check has been issued by the county.

- C. The county did not always obtain sufficient documentation to support payments. The former Public Administrator was reimbursed for expenses from the General Revenue fund without providing supporting documentation. The only supporting documentation submitted by the Sheriff's Department for a used Ford Crown Victoria purchased from the Missouri Highway Patrol for \$11,500 was a piece of note paper. Reimbursements requested from the Law Enforcement Training Fund for travel expenses were supported by room confirmations rather than invoices. In addition, a credit card statement with items highlighted for meals and lodging was submitted by the Prosecuting Attorney for travel expenses.

All disbursements should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of county funds.

- D. In 2002, the Sheriff distributed more than \$109,000 of unclaimed monies to the County Treasurer rather than turning the monies over to the state Unclaimed Property Section as recommended in our previous audit report. This money was the proceeds of a Sheriff's sale. The Treasurer deposited the monies into the Unclaimed Fees Fund and after a year, she transferred the monies to the General Revenue Fund. The Treasurer indicated this is the way she had always handled such monies and that the County Clerk's Office was supposed to issue a check to turn the monies over to the state though she was aware that this was not happening. Sections 447.500 through 447.595, RSMo, requires unidentified monies be turned over to the state Unclaimed Property Section. The County Commission and County Treasurer should review these sections of state law and take appropriate action.
- E. The Law Enforcement Training (LET) Fund has accumulated a balance in excess of \$29,000 as of December 31, 2005. Section 488.5336 RSMo states that no county shall retain more than \$1,500 per certified law enforcement officer, candidate for certification or a coroner and the coroner's deputies in the LET Fund. Any excess is to be transmitted to the General Revenue Fund. As of December 2005, there were 15 law enforcement officers in the county, meaning the limit on the LET Fund is \$22,500. The balance in that fund exceeded \$29,000 at December 31, 2005. The County Commission should evaluate this situation and determine if an excess balance exists in this fund and take appropriate action.

WE RECOMMEND the County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained and the justification for selecting the winning bid. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the necessitating circumstances.
- B. Ensure supporting documentation for disbursements includes evidence of receipt of goods or services and are stamped paid.
- C. Require adequate supporting documentation for all expenditures.
- D. Distribute approximately \$109,000 from the General Revenue Fund to the state Unclaimed Property Section. In addition, review the procedures for turning over unidentified amounts to state Unclaimed Property.
- E. Determine if an excess balance exists in the LET Fund and transfer any overage to the General Revenue Fund.

AUDITEE'S RESPONSE

- A. *We make every effort to bid purchases when required, but will maintain better documentation of our bid process and decisions in the future.*
- B. *We have implemented this recommendation.*
- C. *We will strive to ensure there is adequate supporting documentation for the receipt of goods and that invoices are stamped as paid in the future.*
- D. *We will distribute these monies to the state Unclaimed Property Section and review the applicable procedures.*
- E. *We will review for excess funds on an annual basis and make any necessary transfers to the General Revenue Fund.*

3. Collector and Property Tax System

Property tax system procedures and controls are not sufficient. The County Clerk does not prepare or verify the back tax books or maintain an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's settlements or adequately review property tax additions and abatements. The Collector's bank account holds surplus monies and monies are not deposited intact.

- A. The County Clerk does not prepare or verify the delinquent tax books and has not been preparing the aggregate abstracts of assessed valuations and taxes to be collected annually. The County Collector prepares the back tax books and no tests are performed by the County Clerk to verify the totals of the back tax books. When the aggregate abstract was prepared in April 2006 for the 2004 and prior years back taxes as of March 1, 2005, the totals were approximately \$170,000 higher for real estate and \$200,000 higher for personal property back taxes than amounts of tax reported on the County Collector's annual settlements. The County Clerk copied the amounts from the County Collector's detail printout generated in May 2005 while the County Collector used the amounts from the summary reports generated in March 2005, which contained the correct amounts. While the County Collector was aware that the detail reports did not agree in total to the summary reports, there was no effort made to determine the reason for the difference.

Because the Collector is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the accuracy of the property tax books.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and back tax books and charge the Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, he

should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. Failure to do so could result in errors or irregularities going undetected.

- B. Controls over property tax additions and abatements are not adequate. There is no independent comparison of approved court-ordered additions and abatements to actual changes to the property tax data files. In the fall of 2005, the county switched to a new computer system for the property taxes, which requires the Assessor, rather than the County Clerk, to make changes to the property tax records for additions and abatements occurring throughout the year. Court orders for addition and abatements are approved by the County Commission monthly, but the Collector still has access to additions and abatements. A comparison of the approved court orders to the actual changes to the property tax data files is not performed. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assigns responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission.

The county's failure to follow control procedures established under statutory guidelines allows greater opportunity for errors or inappropriate transactions to occur. To comply with the statutes and provide for the proper segregation of duties, court orders should be prepared and approved periodically by the County Commission for property tax additions and abatements. The County Clerk should periodically reconcile all approved additions and abatements to actual changes made to the property tax system. Such procedures are essential to ensure that only appropriate correcting adjustments are made to the master property tax records.

- C. Neither the County Commission nor the County Clerk provides a review of the activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements. As a result, neither the County Clerk nor the County Commission detected reporting errors in the County Collector's settlements. For example, total collections reported on the annual settlement did not agree to the sum of the total collections reported on the monthly settlements prepared by the County Collector.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

An account book or other records which summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts should be maintained by the County Clerk. Such records would help 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 Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

- D. The County Collector prepares monthly reconciliations of his bank account and reconciles it to the checkbook; however, at February 28, 2006 the reconciled cash balance exceeded identified liabilities by approximately \$2,900. The unidentified cash in the Collector's bank account has not remained constant during the two years ended February 28, 2006. The Collector has been unable to determine the causes for the changes in the unidentified differences.

Adequate reconciliations between liabilities and cash balances are necessary to ensure the cash balance in the bank account is properly identified and monies are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of these excess monies. Any amount that remains unidentified should be disposed of in accordance with applicable statutory provisions.

- E. Deposits are not made intact as cash refunds are made for overpayments of taxes paid by check. In addition, the County Collector retained some partial payments and other payments which require additional work in the Collector's vault. As of January 17, 2006, the County Collector was holding over \$1,600 in partial payments and has not prepared subsidiary records to show the amounts received from whom. Additionally, \$6,100 in payments for 2005 taxes were mailed in by lending institutions, but these taxpayers have 2004 taxes which remain delinquent. The Collector indicated he was holding the current taxes until he was able to contact the party and that these monies are typically not deposited until full payment is received or the questions are resolved.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies received should be recorded and deposited intact daily and all refunds should be made by check.

Conditions similar to B, D, and E were also noted in our prior report.

WE RECOMMEND:

- A. The County Clerk prepare delinquent tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts. In addition, aggregate abstracts should be prepared on a timely basis.
- B. The county develop procedures to ensure any changes to the property tax system are properly approved and monitored.
- C. The County Clerk and County Commission monitor property tax system activities and perform a thorough review of the County Collector's annual settlements.

- D. The County Collector attempt to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law.
- E. The County Collector deposit all monies intact and write checks for refunds of overpayments.

AUDITEE'S RESPONSE

The County Clerk responded:

- A. *We will discuss procedures for the preparation of the delinquent tax books with the other officeholders. We are now up to date with the preparation of aggregate abstracts and will ensure this is done timely in the future.*
- B. *We will develop such procedures.*
- C. *We will develop procedures to monitor activities more closely and to review the annual settlements.*

The County Collector responded:

- D. *I will continue to try to identify the difference between the cash balance and liabilities and any remaining unidentified amounts that still exist at February 28, 2007, when I leave office, will be distributed to the Unclaimed Property Section.*
- E. *I agree with the recommendation and my policy has always been to not accept partial payments. The monies on hand noted by the auditor's were payments of taxes received from mortgage companies, and in the future, these type payments will be returned if not made for the correct amount or delinquent taxes exist.*

4. Sheriff's Accounting Controls and Procedures
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Sheriff Department procedures relating to accounting duties, processing of monies, bank reconciliations, seized property, the commissary, and civil paper service fees are in need of improvement.

The Sheriff's Department received various criminal and civil fees, bonds, gun permits, and reimbursements for boarding and transporting prisoners totaling approximately \$100,000 and \$95,000 during the years ended December 31, 2005 and 2004, respectively.

- A. Accounting duties have not been adequately segregated in the Sheriff's Department. One deputy collects monies, records transactions, prepares deposits, and prepares bank reconciliations. There are no documented reviews of the accounting records

performed by the Sheriff. The Sheriff indicated he reviews the bank statements, canceled checks, deposit slips, and the one-write cash receipt ledger. However, he does not document his reviews. Had an adequate review of the accounting records been performed by the Sheriff, the lack of bank reconciliation discussed in part B below would have been detected.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Bank reconciliations are not prepared timely. The February through November 2005 bank reconciliations were not prepared until the last week of December 2005. In addition, December 2005 and January 2006 bank reconciliations were not prepared until mid March 2006. The bank account is supposed to zero out each month; however, this was not routinely happening. Instead of investigating to identify the errors, the bookkeeper would turn over the excess monies to the County Treasurer. Failure to prepare timely formal bank reconciliations increases the risk that errors or irregularities will not be detected on a timely basis.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, to detect and correct errors timely, and to allow old outstanding checks to be resolved more timely.

- C. Monies received are not always deposited intact on a timely basis and the numerical sequence of receipt slips is not accounted for. Monies are normally collected each business day, but deposits are normally made once a week. Monies totaling approximately \$187 were counted on February 22, 2006, but were not deposited until March 8, 2006. Our review of deposit slips for September 2005 indicated receipts are not deposited in the order they are received. We also noted at least five instances in which the amount deposited did not agree to the amount on the receipt slip and one instance in which money was deposited but there was no receipt slip issued. These problems were not identified by employees because the composition of receipt slips issued is not reconciled to the composition of deposits.

To ensure receipts are properly accounted for and deposited intact, all monies received should be deposited intact daily, the composition of receipt slips should be reconciled to the composition of bank deposits, and the numerical sequence of receipt slips properly accounted for.

- D. Adequate controls over seized property have not been established. A log is not maintained for seized property which is kept in the evidence room. 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. In addition, periodic inventories of the property on hand are not conducted.

Adequate internal controls would significantly reduce the risk of theft or misuse of seized property. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

- E. Procedures regarding the handling of inmate personal monies are not adequate. The Sheriff established a separate inmate checking account in January 2006 for the deposit of personal funds of inmates in the Andrew County jail. The funds are held in trust for the inmates and may be used to purchase various products. Prior to this, inmate monies were held in cash at the front desk. Personnel indicated this change occurred due to the fact that too many employees had access to the cash held for inmates. Manual records are maintained for each inmate to reflect monies received on the inmate's behalf, purchases made, and the available cash balance. The balance of the inmate account is not being reconciled to the individual inmate balances.

To ensure proper accountability over inmate monies and ensure monies held in trust are sufficient to meet liabilities, the inmate account records should be reconciled monthly to the bank account.

- F. The Sheriff's department has not determined the total costs due from other entities for civil paper service fees. For civil paper service fees not received prior to delivery of the papers or during instances when additional costs are incurred, the Sheriff's department will bill the entity once the papers have been served. However, no procedures are performed to monitor outstanding or to follow up on past due paper service fees. By not adequately monitoring unpaid civil paper service fees, these fees could remain uncollected and might eventually result in lost revenue.

WE RECOMMEND the Sheriff:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Ensure bank reconciliations are prepared on a monthly basis.
- C. Compare the composition of receipts to the composition of deposits, account for the numerical sequence of receipt slips, and deposit receipts intact and daily.
- D. Maintain a complete inventory record of all seized property including information such as a description, persons involved, current location, case number, and disposition of such property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
- E. Prepare monthly listings of individual inmate balances and reconcile the listing to the balance in the inmate account and investigate any differences.
- F. Establish adequate procedures to monitor and collect service fees.

AUDITEE'S RESPONSE

- A. *I will ensure that I document my reviews in the future.*
- B. *I agree and, in the future, I will ensure the bank accounts are reconciled more timely.*
- C. *I agree and will ensure this is done.*
- D. *I agree and will develop an inventory record by January 2007.*
- E. *I agree and will begin doing this.*
- F. *My office predominately collects our service fees up front and we estimate the unpaid costs total less than \$1,000. Most civil fees are paid up front. We will continue to pursue collection of unpaid costs.*

5. Associate Circuit Division's Controls and Procedures
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Receipt slips are not issued for some monies received and deposits are not made intact on a timely basis. Monies received for non-certified copies are not posted to the computer and a manual receipt slip is issued only if requested. These monies are held in a bank bag until transmitted to the County Treasurer, rather than being deposited with other receipts daily. Monies for certified copies are recorded on the computer and are deposited in the bank account. In addition, when a specific clerk is gone for the day, any monies received for the cases she handles are not recorded on the manual one-write or on the computer, but are put in a stack on her desk until her return. When other employees are gone for the day, another clerk will process monies received on cases the absent clerk handles.

To adequately account for collections and reduce the risk of loss or misuse of funds, prenumbered receipt slips should be issued for all monies received and all monies received should be deposited intact daily.

WE RECOMMEND the Associate Circuit Court ensure prenumbered receipt slips are issued for all monies received and deposits are made intact daily.

AUDITEE'S RESPONSE

We have implemented this recommendation.

6.**Capital Asset Records and Vehicle Procedures**

Procedures and records to account for capital assets are not adequate. Vehicle and fuel usage logs were not maintained.

- A. The County Clerk's procedures to account for capital assets are not sufficient and capital asset records are not complete.

The County Clerk maintains overall capital asset records. Each year he sends a copy of the most recent inventory listings to the department heads requesting they verify the listing and make adjustments needed for unrecorded additions or dispositions. The adjusted listings are to be returned to the County Clerk for review and are used to post to the overall capital asset records.

The County Clerk compares property tags issued to the returned listings on a test basis to verify additions have been included, but has not developed procedures to track property purchases throughout the year and ensure the items are tagged or added to the overall capital asset records. We traced the purchase of four new computers to the Collector's inventory and determined pertinent information related to these computers, such as purchase price and date, were recorded incorrectly or not recorded in the asset records. A keyboard and monitor could not be located and it was determined these items had been paid for, but then returned to the vendor. The vendor has since been contacted and has given the county a credit of approximately \$225 for the returned equipment. The property tags from two old computers still on hand were moved to two of the new hard drives, but the inventory listing had not been updated to show this. Several other items also could not be located on the inventory records and one item was recorded twice.

This lack of monitoring or involvement by the County Clerk diminishes the benefit of periodic reporting by the various other county departments and increases the possibility of theft occurring without detection. In addition, capital assets could be purchased or disposed of without proper modifications to the county's insurance coverage.

Section 49.093, RSMo requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records. Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging of capital assets are necessary to evaluate the accuracy of the records, and deter and detect theft.

- B. Records of fuel usage are not adequately reviewed and gallons of fuel purchased are not reconciled to gallons dispensed. The county owns numerous vehicles that are used for law enforcement and road and bridge purposes.

During the two years ended December 31, 2005, the county expended approximately \$280,000 for fuel for the pickups, trucks and other pieces of heavy equipment used by the Road and Bridge Department. The Road and Bridge Department has two fuel tanks, one for diesel and one for gasoline. There are logs maintained on the diesel powered vehicles but not on gasoline powered vehicles. Monthly reconciliations of fuel purchases, usage, and inventories for fuel maintained in the Road and Bridge bulk fuel tanks were not prepared.

During the two years ended December 31, 2005, the county expended about \$50,000 for fuel for the eight vehicles used by the Sheriff's Department. Both maintenance and fuel usage logs are maintained for each vehicle. Fuel taken from the Sheriff's Department tank is recorded in the fuel usage log. The Sheriff indicated he frequently reviews the fuel usage logs to monitor fuel consumption for reasonableness but he does not reconcile the amount of fuel purchased with the amount of fuel used and remaining in the bulk tank.

To ensure the reasonableness and propriety of fuel usage and expenditures, the fuel usage records should contain all necessary information, be periodically reviewed and recorded usage reconciled to fuel purchased and on hand. Failure to account for fuel usages could result in loss, theft, or misuse.

WE RECOMMEND:

- A. The County Clerk work with other county departments to ensure physical inventories are conducted and reports submitted, implement a procedure for tagging and tracking property purchases throughout the year, and follow up on discrepancies identified during the annual physical inventory process.
- B. Require fuel usage logs be maintain for all Road and Bridge equipment and ensure the various fuel usage records are periodically reviewed for completeness and reasonableness of usage and reconciled to fuel purchased and on hand.

AUDITEE'S RESPONSE

The County Clerk responded:

- A. *I work hard to make sure the records are complete and accurate even though this duty is not statutorily the County Clerks. I will work with the other departments to make their records more accurate in the future.*

The County Commission responded:

- B. We are now maintaining the required information in the Road and Bridge Department for both gasoline and diesel powered vehicles.*

The Sheriff responded:

- B. I plan to add a log to the bulk tank to track the number of gallons of fuel pumped from the tank and will reconcile the gallons of fuel pumped to the gallons of fuel purchased. I am already reviewing the fuel usage recorded on the vehicle logs and will ensure this review is documented in the future.*

7.

Health Center

The Health Center's procedures related to budgets, board minutes, and capital assets are in need of improvement. The Health Center did not have adequate supporting documentation for some expenditures. In addition, the Health Center Board does not review and approve individual invoices and the supplementary listing of all disbursements approved for payment is not signed or initialed by the Board.

- A. Budgets prepared by the Health Center were not accurate and complete and financial statements are not prepared and published annually as required. During 2005 and 2004, actual receipts and disbursements were not correctly stated. Receipts were understated by approximately \$338,000 for 2004. Disbursements were understated by approximately \$294,000 in 2004 and \$85,000 in 2005. The errors were caused by the Health Center only including the activity from their main bank account in the actual amounts reported on the budget, which did not include capital improvement projects, which are run through a different account. In addition, the Board of Trustees does not publish detailed financial statements as required. The County Clerk does include summary information on cash balances and total receipts and disbursements in the county's published financial statements, but this information is obtained from the Health Center's budget and includes no information regarding capital improvement projects.

The Board of Trustees did not adequately review the budgets to ensure accurate information was presented. Adjustments have been made to the audited financial statements to correct these misclassifications and errors.

To be of maximum assistance to the Health Center and to adequately inform the public, the budget should accurately reflect the financial activity of the Health Center. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management tool and as a control over expenditures. Furthermore, Section 50.800, RSMo, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all

county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

- B. Actual expenditures exceeded budgeted amounts during the years ended December 31, 2005 and 2004 by \$47,610 and \$317,963, respectively. The Board does not have sufficient procedures in place to adequately monitor the budget. While the failure to include capital improvement activity in the actual disbursements in 2005 caused the overspending that year, the budget was overspent in 2004 before making audit adjustments to include capital improvement activity.

It was ruled in *State ex rel. Strong v. Cribb* 364 Mo. 1122, 273 SW2d 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. During our review of the Health Center Board's minutes, we noted the following concerns:

1. It is questionable whether the health center complied with the provisions of the Sunshine Law when discussing some items in closed session and some decisions made and/or votes taken in closed session were not subsequently disclosed in open session as required. The Health Center Board discussed salaries in general and changes in the personnel manual as well as approving 2006 budget draft in closed session. None of these decisions were disclosed in open minutes.

The Sunshine Law, Chapter 610, RSMo, provides for topics that are allowed to be discussed in closed meetings. Discussions in closed meetings should relate to the specific topics used to justify the meeting closure. In addition, the law requires certain votes taken in closed session to be disclosed in open session.

2. The board did not comply with applicable requirements when members of the board voted via telephone. Numerous instances were documented where board members voted on issues via the telephone at times other than during an official board meeting. However, a quorum of board members was not physically present.

The Sunshine Law, Chapter 610 RSMo, allows absent board members to participate and vote via telephone in a public meeting only when a quorum of members is physically present, the nature of the emergency requiring this action is documented, and less than a quorum of the members participate via telephone.

3. The board minutes are not signed by the board chairperson to attest to their completeness and accuracy. The board minutes should be signed by the board chairperson upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- D. The Health Center has no procedure to identify property purchases throughout the year and has not updated the capital asset records since September 2003. In addition, physical inventories have not been completed in several years and property tags are not being assigned and affixed to capital assets. Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging of capital assets are necessary to evaluate the accuracy of the records, and deter and detect theft.

Section 49.093, RSMo requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records. An explanation of material changes from the previous inventory is to be attached to the department inventory reports.

WE RECOMMEND the Health Center Board:

- A. Ensure the budget is prepared accurately to reflect the financial activity of the health center and the financial information for all health center funds is properly reported in the annual published financial statements.
- B. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
- C.1. Ensure only topics allowed by state law are discussed in closed session and decisions made in closed session are properly reported in the open minutes when required.
 2. Comply with state law regarding board members participating and voting via a telephone.
 3. Ensure the board minutes are signed by the board chairperson to attest to their completeness and accuracy.

- D. Ensure physical inventories are conducted, implement a procedure for tagging and tracking capital assets throughout the year, and follow up on discrepancies identified during the annual physical inventory process.

AUDITEE'S RESPONSE

The Health Center Administrator responded:

- A. *I am the new administrator as of December 2005 and I will ensure the 2007 budget is complete and accurate and sufficient detail is included in the annual published financial statements.*
- B. *I am closely monitoring budget and actual amounts and will ensure budget amendments are prepared when necessary.*
- C.1. *I will ensure the board limits topics discussed in closed sessions to those allowed by statutes.*
 - 2. *This is no longer being done.*
 - 3. *This has been implemented.*
- D. *I have updated the capital asset records and plan to conduct annual physical inventories.*

8. Senate Bill 40 Board

Actual expenditures exceeded budgeted amounts during the years ended December 31, 2005 and 2004 by \$29,224 and \$18,536, respectively. While the Board indicated they review budget to actual reports quarterly, their review is not documented.

It was ruled in State ex rel. Strong v. Cribb 364 Mo. 1122, 273 SW2d 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.

WE RECOMMEND the Senate Bill 40 Board not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.

AUDITEE'S RESPONSE

We will review budget to actual reports at least quarterly and will amend the budget when necessary.

9. Senior Citizens Service Board

The Senior Citizens Service Board does not have written contracts with all its service providers and does not adequately monitor monies provided to the entities.

The board received approximately \$96,000 during the two years ended December 31, 2005 from property taxes with the monies used to fund various programs, operated by several non-profit and governmental agencies, benefiting senior citizens of Andrew County.

- A. The board has not entered into written contracts with the Andrew County Senior Citizen Center, Retired Senior Volunteer Program, and the Andrew County Older Adults Transportation Service Incorporated (OATS) as required by Section 432.070, RSMo. These three entities received approximately \$96,000 during our audit period. While two of the entities periodically provide the board with some type of report of their activity, the board did not require any specific type of report documenting how these monies were used nor did the board retain the reports they did receive. Written agreements are necessary to specify the services to be performed and the consideration to be paid for the services, provide a means for the board to monitor compliance with the contract terms, and protect the board in the event of a dispute over the terms of the agreement.
- B. Budgets prepared were not accurate and sufficient procedures are not in place to adequately monitor the budget causing expenditures to exceed budget amounts by \$2,395 during the year ended December 31, 2004. During 2005 and 2004, actual receipts and disbursements reported in the budget were not correctly stated. Receipts and disbursements were understated by approximately \$1,500 in 2004 and overstated by approximately \$3,000 in 2005. The Treasurer for the board was unsure how these incorrect amounts were determined or where they came from. The board indicated they review monthly financial reports and compare budget to actual amounts, but copies of these reports are not included with the minutes and monitoring procedures do not appear effective as budgeted disbursements were overspent.

To be of maximum assistance to the board and to adequately inform citizens of the board's operations and financial position, budget documents need to be accurate and include proper classifications of receipts and disbursements. This is also necessary so that the board can prepare useful and accurate financial statements. A thorough review process needs to be implemented to ensure budget documents are accurate and complete prior to approval.

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.

- C. Most of the board minutes were signed by the preparer only, who is the secretary of the board. The board minutes should be signed by the preparer and by the board chairman to provide attestation that the minutes are complete and accurate. In addition, the minutes indicate financial reports were presented to the board; however, copies of these reports are not maintained.
- D. The board held discussions on how monies were going to be distributed, and to whom, in closed session, and failed to document which section of the Sunshine Law these topics fell under. The Sunshine Law, Chapter 610, RSMo, provides for topics that are allowed to be discussed in closed meetings. Discussions in closed meetings should relate to the specific topics used to justify the meeting closure. In addition, the law requires certain votes taken in closed session to be disclosed in open session.

WE RECOMMEND the Senior Citizen Board of Directors:

- A. Enter into written contracts with all entities which receive funding from the board and require and periodically review records of services provided to residents of Andrew County. At a minimum, the records should contain the names of citizens participating in the program, the services provided, and the cost of each service.
- B. Ensure steps are taken to adequately monitor financial activity on a monthly basis and to see that 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 the budget is prepared accurately to reflect the financial activity of the board.
- C. Ensure board minutes are signed by the board chairman and the minutes preparer. Include a copy of the financial reports in the official minutes.
- D. Ensure only topics allowed by state law are discussed in closed session and decisions made in closed session are properly reported in the open minutes when required.

AUDITEE'S RESPONSE

- A. *We will enter into contracts for funding for 2007 and will develop procedures for monitoring activities.*
- B. *We have appointed a new treasurer to handle financial activity and will closely monitor actual expenditures in the future.*
- C. *This has been implemented.*
- D. *We have only had one closed session and do not plan to have any in the future.*

Follow-Up on Prior Audit Findings

ANDREW 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 Andrew County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the 2 years ended December 31, 2001. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Budgets were not prepared for all county funds.
- B. The published financial statements did not include required financial activity of several county funds.

Recommendations:

The County Commission and County Clerk:

- A. Ensure budgets are obtained or prepared for all county funds and submitted to the SAO as required by state law.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements in accordance with state law.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Partially implemented. The published financial statements included all funds for which budgets were submitted; however, they did not include the required revenue or detailed disbursement information for all funds. Although not repeated in the current MAR, our recommendation remains as stated above.

2. County Commission Minutes and County Records

- A.1. The daily business of the County Commission was not adequately documented in the County Commission minutes.
 - 2. Minutes were not always prepared for closed meetings and some topics discussed in closed meetings were not allowable under Section 610.021, RSMo.
- B. The County Commission did not retain records which they had signed or reviewed in the course of their duties.

Recommendations:

The County Commission:

- A.1. Ensure a complete record of the meetings is prepared and approved on a timely basis.
- 2. Ensure minutes are prepared for all closed meetings, and the reasons for closing the meetings are documented in the board minutes. Document the vote to go into closed session, and publicly disclose the final disposition of matters discussed in closed session. In addition, ensure only allowable, specific subjects are discussed in closed session as required by state law.
- B. Retain records in a secure location in accordance with state law.

Status:

- A.1. &B. Implemented.
- A.2. Partially implemented. While closed meeting minutes are being maintained and only allowable specific subjects appear to be discussed, the reason documented for closing the meetings is always noted as legal matters regardless of the actual topic to be covered. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Expenditures

- A. The approval stamps used by the County Commissioners to approve invoices were not kept in a secure location.
- B. The County Commission approved some payments to vendors without requiring acknowledgment of receipt of goods or services. In addition, invoices were not always marked paid.
- C. The county pays the contracted Emergency Management employee \$250 monthly, regardless of the number of hours worked, but does not have a written agreement detailing the responsibilities of the employee and the payment rate.

Recommendations:

The County Commission:

- A. Ensure approval stamps are maintained in a secure location and are accompanied by the user's initials.

- B. Require acknowledgment of receipt of goods and/or services prior to payment and ensure all invoices are canceled when paid.
- C. Ensure all agreements entered into by the county are in writing.

Status:

- A. Implemented.
- B. Not implemented. See MAR finding number 2.
- C. Implemented.

4. Multi-County (ACCD) 911 System

Andrew County received \$185,000 for 911 mapping expenditures from DeKalb County, but provided documentation for only \$104,680 of mapping related expenditures.

Recommendation:

The County Commission review supporting documentation for mapping expenditures and refund any advances not used for allowable mapping expenditures.

Status:

Implemented. The county used the remaining monies to pay for mapping expenses during 2004 and 2003.

5. Senate Bill 40 Board

- A. In the first half of 2000, the Senate Bill 40 Board's financial records were neither accurate nor complete and bank reconciliations were either not performed or not adequately documented since late 2000. In addition, actual receipts and disbursements reported on the 2001 and 2000 budgets were inaccurate.
- B. The fund balance increased from \$214,750 at January 1, 2000, to \$318,472 at December 31, 2001.
- C. The Board could not locate various financial records.
- D. Board minutes were not signed.

Recommendations:

The Senate Bill 40 Board:

- A. Ensure financial reports are prepared in a complete and accurate manner and presented to the board timely and formal bank reconciliations are performed on a monthly basis. In addition, ensure receipts and disbursements are accurately reported in the Senate Bill 40 Board budget.
- B. Budget more reasonable disbursement estimates. In addition, determine the funding required for the Senate Bill 40 Fund and give consideration to reducing or eliminating the property tax levy until such time as additional revenues are needed to fund current operations and provide a reasonable surplus.
- C. Retain records in a secure location in accordance with state law.
- D. Ensure the board minutes are signed by the preparer and Board President or a designated member of the board to attest to their accuracy.

Status:

A&C. Implemented.

B. Implemented. Rather than reducing the property tax levy, the Board increased disbursements to reduce the accumulated fund balance. Funding for proposals submitted by citizens was increased and two vans were purchased to start a transportation program.

D. Implemented.

6. Health Center Board

A.1. Monies received were not deposited on a timely basis.

2. The checkbook balance maintained by the Health Center was inaccurate and differences between bank and book balances were not identified or investigated.

3. Actual expenditures for 2001 and 2000 were not accurately presented in the budgets.

4. The Health Center did not retain adequate supporting documentation for some expenditures.

B.1. The Health Center had not filed all applicable tax returns in a timely manner and incurred unnecessary interest and penalty charges.

2. The Health Center's employees earned one hour of compensatory time for each hour of overtime worked, instead of at the rate of time and a half and compensatory time was lost if not used within the month earned.
- C.1. The board regularly conducted closed sessions during its meetings. Minutes were not always prepared to document the matters discussed in closed sessions, and board minutes did not always indicate the reasons for closing the meeting.
 2. The board minutes did not adequately document matters discussed and actions taken by the board.

Recommendations:

The Health Center Board:

- A.1. Deposit monies intact daily or when accumulated receipts exceed \$100.
 2. Prepare accurate monthly bank reconciliations and investigate unreconciled differences. In addition, the board should ensure that accurate checking account balances are maintained.
 3. Ensure actual revenues and expenditures in the annual budgets are correct to ensure accountability of health center funding.
 4. Maintain adequate supporting documentation for expenditures.
- B.1. File all applicable tax returns on a timely basis and disburse the required payroll taxes timely.
 2. Review the current overtime and compensatory time policies to ensure such policies comply with the FLSA.
- C.1. Ensure minutes are prepared for all closed meetings, and the reasons for closing the meeting are documented in the board minutes as required by law.
 2. Ensure all significant discussions and actions taken are included in the minutes.

Status:

- A.1. Partially implemented. Deposits were being made at least once a week during the audit period; however, they were not being made intact. Cash was being withheld to replenish the Health Center's \$20 petty cash fund. Although not repeated in the current MAR, our recommendation remains as stated above.
- A.2
- &B. Implemented.

A.3&

A.4. Not implemented. See MAR finding number 7.

C. Partially implemented. Minutes are now being maintained for closed minutes; however, the actions taken during the closed sessions is not disclosed in the open minutes. See MAR finding number 7.

7. County Collector's Controls and Procedures

A. There was no independent and subsequent comparison of approved court-ordered additions and abatements to actual changes to the property tax data files.

B. Receipts were not always deposited intact.

C. The County Collector prepared monthly reconciliations of his bank account; however, the reconciled cash balance exceeded identified liabilities.

D. The County Collector's bank account had four checks which had been outstanding for more than two years.

Recommendations:

A. The County Commission revise the addition/abatement process so that the County Collector does not have the capability to make changes to computerized property tax data, or ensure that independent, subsequent comparisons of these changes to tax book change orders are performed. In addition, the County Commission should individually approve additions and abatements, rather than in total.

B. The County Collector deposit all monies received intact daily. If a change fund is needed, it should be established and maintained at a constant amount.

C. The County Collector attempt to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law.

D. The County Collector routinely attempt to locate the payees of the old outstanding checks and reissue the checks, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

Status:

A-C. Not implemented. See MAR finding number 3.

D. Implemented.

8. County Officials' Salaries

- A. The salary commission minutes did not clearly document all decisions made.
- B. Raises given to elected officials during the audit period did not appear to have been calculated appropriately.
- C. Associate County Commissioners received a mid-term salary increase in accordance with Section 50.333.13, RSMo, enacted in 1997. In May 2001 the Missouri Supreme Court challenged the validity of that statute and held that this section of statute violated Article VII, Section 13 of the Missouri Constitution.

Recommendations:

The County Commission and the salary commission:

- A. Ensure all salary commission minutes clearly document all decisions made and that all future elected officials' salaries are supported by actions of the salary commission. In addition, obtain written legal opinions from the Prosecuting Attorney to support all decisions.
- B. Request a written opinion from the Prosecuting Attorney as to the legality of the salary increases that went into effect on January 1, 2000, and January 1, 2001 and proceed accordingly.
- C. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

- A. Implemented.
- B. Partially implemented. A written opinion was received from the Prosecuting Attorney agreeing with our position on these raises, however, raises given in 2005 due to changes in the county's assessed valuation were given to both the County Collector and County Assessor in February 2005, which also appears to be incorrect. It is unclear whether the county ignored the opinion of the Prosecuting Attorney or made an error when determining the date to give these raises. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. The County Commission responded in the prior report that they had discussed the issue with the former associate commissioners and they did not plan to repay these funds. In 2003, they obtained a written opinion from the prosecuting attorney indicating the salaries were paid and received in good faith based upon existing law at the time and equitable estoppel would bar any attempts at recovery of same.

9. Associate and Probate Divisions' Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. There were twenty-six checks totaling approximately \$434, which had been outstanding for up to six years.
- C. The Divisions' did not deposit intact daily or when receipts exceeded \$100, maintain receipts in a secure location, immediately issue receipt slips, endorse checks upon receipt, or remit all fees to the County Treasurer.
- D. At December 31, 2001, the open items listing exceeded the reconciled cash balance by \$48 in the old criminal account, and the reconciled cash balance exceeded the open items listing by \$15 in the old probate account.
- E. The Probate Division's charge for copies and postage was not based on actual usage.

Recommendations:

The Associate Circuit Division Judge ensure:

- A. Accounting and bookkeeping duties are adequately segregated to the extent possible or that periodic supervisory reviews are performed and documented.
- B. Routine attempts are made to locate the payees of the old outstanding checks and that the checks are reissued, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- C. Receipts are deposited intact daily or when accumulated receipts exceed \$100, monies are maintained in a secure location until deposited, receipt slips are issued for all monies received, and all checks and money orders are restrictively endorsed immediately upon receipt. Ensure all copy monies are remitted to the County Treasurer at least monthly for deposit into the General Revenue Fund.
- D. Attempts are made to identify the excess cash balance which currently exists in the old criminal and old probate accounts, and that any amounts that cannot be identified are disposed of in accordance with state law.
- E. Court costs and fees are collected in accordance with state law.

Status:

A, B,
D&E. Implemented.

C. Not implemented. See MAR finding number 5.

10. Sheriff's Controls and Procedures

- A. Receipts were not always deposited intact on a timely basis.
- B. Check and money orders received were not restrictively endorsed immediately upon receipt.
- C.1. Formal bank reconciliations for the partition sales and general bank accounts were not prepared on a timely basis.
 - 2. The Sheriff's partition sales bank account had one check for approximately \$110,000 which had been outstanding for more than one year.
 - 3. Monthly listings of open items (liabilities) were not prepared for any of the Sheriff's bank accounts.
- D. The interest earned on the partition sales bank account was not recorded or remitted to the County Treasurer.

Recommendations:

The Sheriff:

- A. Deposit receipts intact daily or when accumulated receipts exceed \$100.
- B. Restrictively endorse checks and money orders immediately upon receipt.
- C.1. Prepare formal bank reconciliations on a monthly basis.
 - 2. Routinely attempt to locate the payee of the old outstanding check and reissue the check, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
 - 3. Prepare monthly listings of open items and reconcile to the cash balance.
- D. Ensure all interest monies are recorded and remitted to the County Treasurer at least monthly.

Status:

A, C.1
&C.3. Not implemented. See MAR finding number 4.

B&D. Implemented.

- C.2. Not implemented. A written opinion regarding the correct way to dispose of these funds was not obtained from the Prosecuting Attorney as indicated by the Sheriff in his response in our prior report. The Sheriff indicated he received a verbal opinion from the Prosecuting Attorney to turn the funds over to the County Treasurer. While he did turn the monies for the old outstanding check to the Treasurer to be put into the Unclaimed Fees Fund, see MAR finding number 2, the interest earned on those monies was put into the Sheriff's Civil Fees Fund. Although not repeated in the current MAR, our recommendation remains as stated above.

11. Prosecuting Attorney Controls and Procedures

- A. Receipts were not deposited on a timely basis. In addition, the method of payment received was not always accurately indicated on the receipt slip and the composition of deposits was not reconciled to receipts slips issued.
- B. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks had not been established.
- C. The Prosecuting Attorney's bank account had five checks which had been outstanding for more than two years.
- D.1. Interest earned on the Prosecuting Attorney's bank account was not being tracked or remitted to the County Treasurer.
 - 2. Monthly listings of open items (liabilities) were not prepared.
- E. The Prosecuting Attorney's office was unable to locate a check register and two voided receipt slips.

Recommendations:

The Prosecuting Attorney:

- A. Deposit daily or when accumulated receipts exceed \$100. Indicate the method of payment on all receipt slips and reconcile the composition of deposits to receipt slips issued.
- 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 or bad check received and a log to account for the numerical sequence and disposition of each bad check.
- C. Routinely attempt to locate the payees of old outstanding checks and reissue the checks, if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.

- D.1 Record and remit all interest monies to the County Treasurer at least monthly for deposit into the General Revenue Fund.
- 2. Prepare monthly listings of open items and reconcile to the cash balance. Any differences between open items and cash balances should be investigated and resolved. Any remaining unidentified amounts should be disbursed in accordance with state law.
- E. Retain records in a secure location in accordance with state law.

Status:

- A. Not implemented. Deposits are still being made only once a week; however, money orders and cashier checks make up the majority of the receipts. Although not repeated in the current MAR, our recommendation remains as stated above.
- B-E. Implemented.

12. John Glenn Road Neighborhood Improvement District

- A. \$25,000 was deposited into a fund set aside for future maintenance expenditures on John Glenn Road without statutory authority.
- B. Under the current procedures, the assessments against each property vary from year to year since they are being recalculated annually based upon current assessed valuations.

Recommendations:

The County Commission:

- A. Determine the amount of bond proceeds currently remaining and distribute those monies in accordance with state law.
- B. Ensure the method used to allocate project costs to owners complies with state law. In addition, the County Commission should determine the amount of over/underbilling to property owners within the NID as a result of the incorrect method used to allocate the project costs, and make adjustments where necessary.

Status:

- A. Not implemented. This road is going to be annexed into a city so the county will no longer be responsible for its maintenance. The county intends to use the monies towards retiring the bonds as soon as allowable per the bond agreement. Although not repeated in the current MAR, our recommendation remains as stated above.

- B. Not implemented. However, NIDs established after John Glenn Road NID in 1996 have been handled by the county in accordance with state law. Although not repeated in the current MAR, our recommendation remains as stated above.

13. General Fixed Assets

Detailed records of county property had not been maintained for all county departments, various inventories and inspections had not been performed, and detailed records of county property had not been filed with the County Clerk.

Recommendation:

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

Status:

Not implemented. See MAR finding number 9.

14. Computer Controls

- A. Passwords were not changed on a periodic basis to ensure confidentiality.
- B. Assessor's office employees did not log off the property tax system at the end of the workday.
- C. No security system was in place on the property tax and financial programs to detect and stop incorrect log-on attempts after a certain number of tries.
- D. The Treasurer backed up her financial data and the County Assessor backed up the property tax system; however, the backup disks were not stored at an off-site location.
- E. The areas housing computer hardware and software were not equipped with fire detection or smoke detection systems.

Recommendations:

The County Commission:

- A. Ensure passwords are periodically changed and remain confidential.

- B. Establish procedures to restrict access to authorized individuals.
- C. Establish a security system to stop and report incorrect log-on attempts after a certain number of tries.
- D. Ensure backup disks are prepared and stored in a secure, off-site location.
- E. Equip areas that house computer hardware and software with fire detectors or smoke detectors.

Status:

A, C

&E. Not implemented. Passwords are still not changed for the Assessor's office, but other offices are now changing passwords periodically. Each floor of the courthouse is equipped with smoke detectors and a fire extinguisher is located near areas that house computers. Although not repeated in the current MAR, our recommendation remains as stated above.

B&D. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

ANDREW COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1841, the county of Andrew was named after Andrew Jackson Davis, a prominent citizen of St. Louis. Andrew County is a county-organized, third-class county and is part of the Fifth Judicial Circuit. The county seat is Savannah.

Andrew 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 570 miles of county roads and 123 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 13,980 in 1980 and 16,492 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	118.6	114.6	110.5	98.9	51.8	25.8
Personal property		42.8	42.1	40.8	40.1	17.4	12.1
Railroad and utilities		11.3	13.6	14.1	14.4	11.4	11.3
Total	\$	172.7	170.3	165.4	153.4	80.6	49.2

* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$.1903	.2000	.2000	.1649
Special Road and Bridge Fund		.5000	.4917	.4917	.5047
Health Center Fund		.0918	.0912	.0912	.0943
Senate Bill 40 Board Fund		.0826	.0821	.0821	.0849
Johnson Grass		.0250	.0200	.0200	.0200
Senior Services		.0292	.0290	.0290	.0300

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),			
	2006	2005	2004	2003
State of Missouri	\$ 52,557	51,758	50,424	46,341
General Revenue Fund	337,157	347,303	336,284	268,147
Special Road and Bridge Fund	863,798	837,777	818,074	771,964
Assessment Fund	121,231	117,850	91,832	85,811
Health Center Fund	158,749	155,383	151,775	144,078
Senate Bill 40 Board Fund	142,554	139,656	136,440	129,515
School districts	6,067,863	5,930,987	5,679,144	5,402,810
Library district	535,346	527,429	514,101	471,818
Ambulance districts	468,860	459,412	448,695	423,797
Fire protection districts	692,525	669,278	669,677	592,012
Levees and NIDs	60,914	56,315	56,198	40,527
Nursing home district	52,040	51,221	49,896	45,932
Senior Citizens Service Fund	50,414	48,999	47,391	42,568
Tax Maintenance Fund	20,938	19,588	19,187	0
Johnson Grass Fund	42,574	34,033	33,197	30,617
Other	133	133	133	133
Tax Sale Overplus	1,267	367	959	1,108
Sur tax	30,128	33,208	33,716	32,930
Cities	38,638	37,288	35,920	31,041
County Employees' Retirement	69,593	61,095	68,144	45,893
Commissions and fees:				
County Collector	285	253	222	171
General Revenue Fund	161,824	156,140	153,133	153,531
Total	\$ 9,969,388	9,735,473	9,394,542	8,760,744

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2006	2005	2004	2003	
Real estate	95.0	94.8	93.7	94.6	%
Personal property	90.7	88.9	88.9	89.7	
Railroad and utilities	93.8	100.0	100.0	100.0	

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

	Rate	Expiration Date	Required Property Tax Reduction	%
General	.00500	None	50	
Capital improvements	.00125	December 2006	None	
Road and Bridge	.00375	December 2006	None	
Law Enforcement	.00500	None	None	
Museum	.00200	None	None	

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

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
Larry L. Atkins, Presiding Commissioner		29,540	28,880	28,880	28,880
Greg Wall, Associate Commissioner		27,540	26,880	26,880	26,880
Dick Townsend, Associate Commissioner		27,540	26,880	26,880	26,880
Dan Hegeman, County Clerk		41,480	40,480	40,480	
Betty Williams, County Clerk					40,480
Steve Stevenson, Prosecuting Attorney		49,480	47,480	47,480	
Jerry Biggs, Prosecuting Attorney					47,480
Gary Howard, Sheriff		45,480	44,480	44,480	44,480
Janet Shell, County Treasurer		41,480	40,480	40,480	30,080
Ron Crouse, County Coroner		13,480	12,480	11,480	12,480
Karen Keller, Public Administrator		20,000			
Vickie Keller, Public Administrator			20,000	20,000	20,000
Ron Wampler, County Collector (1), year ended February 28 (29),	41,806	40,804	40,687	40,641	
Ron Christmas, County Assessor (2), year ended August 31,		41,751	41,054		
Jerry Joe, County Assessor (3), year ended August 31,				41,380	41,155
Shane Terhune, County Surveyor (4)		800	1210	700	

(1) Includes \$326, \$241, \$207, and \$161, respectively, of commissions earned for collecting city property taxes.

(2) Includes \$688 and \$574 annual compensation received from the state in 2005 and 2004, respectively.

(3) Includes \$900 and \$675 annual compensation received from the state in 2005 and 2004, respectively.

(4) Compensation on a fee basis.

State-Paid Officials:

Rose Lancey, Circuit Clerk and Ex Officio Recorder of Deeds	48,500	47,900	47,300	47,300
Michael Ordnung, Associate Circuit Judge	96,000	96,000	96,000	96,000