



Susan Montee, CPA
Missouri State Auditor

September 2007

Ralls County, Missouri

Years Ended
December 31, 2006 and 2005



Office of
Missouri State Auditor
Susan Montee, CPA

September 2007

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every four years in counties, such as Ralls, 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 the Missouri Constitution.

Budgets were not prepared for several county funds, including the Capital Improvement Fund and the Health Center Self Insurance Fund. As a result, receipts of approximately \$455,000 and \$345,000 and disbursements of approximately \$307,000 and \$197,000 were not budgeted for the years ended December 31, 2006 and 2005, respectively. Actual disbursements exceeded budgeted amounts for several funds and the General Revenue Fund budget was not amended in a timely manner. Furthermore, the county's annual published financial statements did not include all necessary information and did not comply with state law.

Property tax system procedures and controls are not sufficient. The County Clerk does not prepare or document verification of the tax books or maintain an account book with the County Collector, and neither the County Clerk nor the County Commission adequately review the County Collector's annual settlements. In addition, controls over property tax additions and abatements are not adequate.

Centralized records of vacation leave, sick leave or compensatory time earned, taken, or accumulated are not maintained by the County Clerk. Also, while the county has a formal policy establishing work hours, the policy is not being followed.

Accounting duties have not been adequately segregated in the Sheriff's Department. Contracts for boarding of prisoners are not entered into, vehicle usage logs and maintenance logs are not being kept for some Sheriff's vehicles, and conceal and carry permit fees are not deposited into a separate interest-bearing fund.

Accounting duties have not been adequately segregated in the circuit court. Adequate procedures have not been established to ensure the county is reimbursed for state board bills. The Circuit Clerk indicated there were additional costs which could have been claimed for reimbursement prior to September 2005, but those reimbursements were lost because the filing period had expired. We noted one case in early 2005 where the Circuit Clerk missed filing for reimbursement for \$1,840. The Circuit Clerk indicated that since the Justice Information System was implemented in September 2005, requests for reimbursements from the state are being issued at the time the eligible case is disposed.

(over)

YELLOW SHEET

Controls and procedures of the 911 Board are lacking. Budgetary procedures need improvement and published financial statements did not include the level of detail required by state law. Procedures related to board meeting minutes were insufficient and did not always comply with the law. General capital asset records and procedures and review procedures over board expenditures are in need of improvement. Receipts are not always deposited intact, receipt slips are not issued for all monies received, and the numerical sequence of receipt slips is not accounted for. The financial condition of the 911 Fund declined and needs to be addressed.

Also included in the report were recommendations related to county property records and procedures of the Recorder of Deeds.

All reports are available on our Web site: auditor.mo.gov

RALLS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



SUSAN MONTEE, CPA
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 Ralls 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 Ralls County, Missouri, as of and for the years ended December 31, 2006 and 2005. 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 Ralls County, Missouri, as of December 31, 2006 and 2005, 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 Ralls 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, 2006 and 2005, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 21, 2007, 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 Ralls 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.



Susan Montee, CPA
State Auditor

June 21, 2007

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Christina Davis
Audit Staff:	Zeb Tharp
	Heather Stiles
	Carrie Rasmussen
	Jeanette Samson



SUSAN MONTEE, CPA
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 Ralls County, Missouri

We have audited the financial statements of various funds of Ralls County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 21, 2007. 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 Ralls County, Missouri, we considered the county's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with applicable accounting principles

such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiency described as finding number 06-1 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the county's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency referred to above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Ralls 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 matters 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 06-1.

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

The responses of Ralls County, Missouri, to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the county's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of the management of Ralls 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.



Susan Montee, CPA
State Auditor

June 21, 2007

Financial Statements

Exhibit A-1

RALLS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2006

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 60,104	1,621,529	1,627,431	54,202
Special Road and Bridge	222,169	1,235,800	1,072,881	385,088
Assessment	31,339	241,351	201,592	71,098
Law Enforcement Training	2,792	4,007	5,090	1,709
Prosecuting Attorney Training	12,932	1,299	1,249	12,982
Prosecuting Attorney Delinquent Tax	5,517	1,459	0	6,976
Prosecuting Attorney Administration	4,178	5,719	1,887	8,010
Recorder's User Fee	33,491	8,255	4,143	37,603
Sheriff's	6,595	29,060	31,840	3,815
Election Services	3,542	84,445	83,101	4,886
Domestic Violence	193	624	440	377
Recorder's Technology Fee	15,948	4,196	0	20,144
Tax Maintenance	11,351	12,961	9,086	15,226
Capital Improvement	149,570	414,233	286,162	277,641
Civil Circuit Interest Payment	3,234	1,576	1,228	3,582
Juvenile Victim's Compensation	507	50	0	557
911	6,084	442,003	433,626	14,461
Health Center	479,224	970,856	889,597	560,483
Health Center Self Insurance Fund	0	39,553	19,646	19,907
Total	\$ 1,048,770	5,118,976	4,668,999	1,498,747

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

Exhibit A-2

RALLS 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	\$ 30,640	1,521,952	1,492,488	60,104
Special Road and Bridge	195,432	1,583,168	1,556,431	222,169
Assessment	0	227,758	196,419	31,339
Law Enforcement Training	276	3,953	1,437	2,792
Prosecuting Attorney Training	13,021	1,061	1,150	12,932
Prosecuting Attorney Delinquent Tax	5,260	257	0	5,517
Prosecuting Attorney Administration	2,919	2,704	1,445	4,178
Recorder's User Fee	26,397	7,153	59	33,491
Sheriff's	11,816	91,326	96,547	6,595
Election Services	19,201	7,108	22,767	3,542
Domestic Violence	201	349	357	193
Recorder's Technology Fee	12,157	3,791	0	15,948
Tax Maintenance	15,905	11,539	16,093	11,351
Capital Improvement	0	340,870	191,300	149,570
Circuit Division Interest	2,885	34	2,919	0
Associate Circuit Division Interest	664	651	1,315	0
Civil Circuit Interest Payment *	0	3,606	372	3,234
Juvenile Victim's Compensation	1,558	0	1,051	507
911	40,599	535,466	569,981	6,084
Health Center	500,232	818,479	839,487	479,224
Total	\$ 879,163	5,161,225	4,991,618	1,048,770

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

* The Circuit Division Interest and Associate Circuit Division Interest funds were combined into the Civil Circuit Interest Payment Fund in 2005.

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,482,138	4,663,564	181,426	4,642,365	4,816,064	173,699
DISBURSEMENTS	4,906,475	4,361,963	544,512	4,984,646	4,794,661	189,985
RECEIPTS OVER (UNDER) DISBURSEMENTS	(424,337)	301,601	(363,086)	(342,281)	21,403	(16,286)
CASH, JANUARY 1	884,124	895,459	11,335	874,047	874,056	9
CASH, DECEMBER 31	459,787	1,197,060	737,273	531,766	895,459	363,693
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	403,220	403,220	0	373,141	373,141	0
Sales taxes	677,011	677,011	0	652,161	652,161	0
Intergovernmental	53,556	53,556	0	60,353	60,353	0
Charges for services	214,283	214,295	12	217,107	217,107	0
Interest	9,873	9,873	0	3,191	3,191	0
Other	196,742	206,328	9,586	112,685	114,259	1,574
Transfers in	57,246	57,246	0	101,740	101,740	0
Total Receipts	1,611,931	1,621,529	9,598	1,520,378	1,521,952	1,574
DISBURSEMENTS						
County Commissioner	83,375	83,375	0	82,570	82,570	0
County Clerk	64,427	64,427	0	64,614	64,614	0
Elections	63,417	63,417	0	40,822	40,822	0
Buildings and grounds	63,967	63,967	0	50,180	50,180	0
Employee fringe benefit	178,376	178,376	0	188,009	188,009	0
County Treasurer	31,301	31,301	0	31,154	31,154	0
County Collector	69,395	69,395	0	64,885	64,885	0
Circuit Clerk	61,412	61,412	0	50,057	50,057	0
Associate Circuit (Probate)	0	0	0	9,524	9,524	0
Court administration	7,664	7,664	0	8,627	8,627	0
Public Administrator	41,377	41,377	0	41,194	41,194	0
Sheriff	619,702	619,702	0	517,694	517,694	0
Prosecuting Attorney	81,691	81,691	0	81,904	81,904	0
Juvenile Offices	33,015	33,015	0	28,044	28,044	0
County Coroner	15,265	15,265	0	13,728	13,728	0
Planning and Zoning	17,655	17,655	0	16,512	16,512	0
Other General Government	122,987	132,473	(9,486)	101,431	103,078	(1,647)
Audit expense	0	0	0	6,020	6,020	0
Transfers out	62,919	62,919	0	93,872	93,872	0
Emergency Fund	48,358	0	48,358	45,611	0	45,611
Total Disbursements	1,666,303	1,627,431	38,872	1,536,452	1,492,488	43,964
RECEIPTS OVER (UNDER) DISBURSEMENTS	(54,372)	(5,902)	48,470	(16,074)	29,464	45,538
CASH, JANUARY 1	60,104	60,104	0	30,640	30,640	0
CASH, DECEMBER 31	5,732	54,202	48,470	14,566	60,104	45,538

Exhibit B

RALLS COUNTY, MISSOURI

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	405,472	427,148	21,676	378,197	422,155	43,958
Sales taxes	130,000	135,391	5,391	133,333	130,421	(2,912)
Intergovernmental	647,535	568,437	(79,098)	933,932	956,720	22,788
Charges for services	65,000	74,716	9,716	55,000	60,868	5,868
Interest	10,000	20,776	10,776	4,500	9,799	5,299
Other	0	8,652	8,652	2,500	2,525	25
Transfers in	700	680	(20)	680	680	0
Total Receipts	1,258,707	1,235,800	(22,907)	1,508,142	1,583,168	75,026
DISBURSEMENTS						
Salaries	297,000	265,465	31,535	298,917	263,203	35,714
Employee fringe benefit	139,100	113,009	26,091	136,700	120,956	15,744
Supplies	203,700	199,629	4,071	172,200	179,621	(7,421)
Insurance	29,500	26,546	2,954	27,600	26,170	1,430
Road and bridge materials	378,000	236,071	141,929	429,000	329,451	99,549
Equipment repairs	32,000	24,687	7,313	32,000	27,608	4,392
Rentals	2,500	0	2,500	1,000	2,940	(1,940)
Equipment purchases	215,000	117,428	97,572	125,000	131,299	(6,299)
Construction, repair, and maintenance	102,000	34,638	67,362	377,000	390,109	(13,109)
Other	8,500	5,294	3,206	7,000	13,614	(6,614)
Transfers out	70,415	50,114	20,301	80,321	71,460	8,861
Total Disbursements	1,477,715	1,072,881	404,834	1,686,738	1,556,431	130,307
RECEIPTS OVER (UNDER) DISBURSEMENTS	(219,008)	162,919	381,927	(178,596)	26,737	205,333
CASH, JANUARY 1	222,169	222,169	0	195,432	195,432	0
CASH, DECEMBER 31	3,161	385,088	381,927	16,836	222,169	205,333
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	135,525	167,454	31,929	131,345	145,218	13,873
Charges for services	1,600	1,700	100	1,600	2,735	1,135
Interest	500	3,630	3,130	60	1,034	974
Other	1,800	6,567	4,767	2,000	14,271	12,271
Transfers in	62,000	62,000	0	62,000	64,500	2,500
Total Receipts	201,425	241,351	39,926	197,005	227,758	30,753
DISBURSEMENTS						
Assessor	220,965	201,592	19,373	197,005	196,419	586
Total Disbursements	220,965	201,592	19,373	197,005	196,419	586
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,540)	39,759	59,299	0	31,339	31,339
CASH, JANUARY 1	31,359	31,339	(20)	0	0	0
CASH, DECEMBER 31	11,819	71,098	59,279	0	31,339	31,339

Exhibit B

RALLS COUNTY, MISSOURI

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	3,900	3,693	(207)	4,000	3,823	(177)
Interest	45	132	87	9	44	35
Other	0	182	182	2,000	86	(1,914)
Total Receipts	3,945	4,007	62	6,009	3,953	(2,056)
DISBURSEMENTS						
Public Safety	6,009	5,090	919	6,009	1,437	4,572
Total Disbursements	6,009	5,090	919	6,009	1,437	4,572
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,064)	(1,083)	981	0	2,516	2,516
CASH, JANUARY 1	2,792	2,792	0	277	276	(1)
CASH, DECEMBER 31	728	1,709	981	277	2,792	2,515
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	609	641	32	598	680	82
Interest	381	658	277	133	381	248
Total Receipts	990	1,299	309	731	1,061	330
DISBURSEMENTS						
Tuition	2,000	1,249	751	12,000	1,150	10,850
Total Disbursements	2,000	1,249	751	12,000	1,150	10,850
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,010)	50	1,060	(11,269)	(89)	11,180
CASH, JANUARY 1	12,932	12,932	0	13,021	13,021	0
CASH, DECEMBER 31	11,922	12,982	1,060	1,752	12,932	11,180
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	105	1,160	1,055	10	101	91
Interest	160	299	139	54	156	102
Total Receipts	265	1,459	1,194	64	257	193
DISBURSEMENTS						
Other	500	0	500	500	0	500
Total Disbursements	500	0	500	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(235)	1,459	1,694	(436)	257	693
CASH, JANUARY 1	5,517	5,517	0	5,260	5,260	0
CASH, DECEMBER 31	5,282	6,976	1,694	4,824	5,517	693

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY ADMINISTRATION FUND						
RECEIPTS						
Charges for service:	2,598	5,406	2,808	1,738	2,598	860
Interest	106	313	207	42	106	64
Total Receipts	2,704	5,719	3,015	1,780	2,704	924
DISBURSEMENTS						
Prosecuting Attorney	1,500	1,887	(387)	2,000	1,445	555
Total Disbursements	1,500	1,887	(387)	2,000	1,445	555
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,204	3,832	2,628	(220)	1,259	1,479
CASH, JANUARY 1	4,178	4,178	0	2,919	2,919	0
CASH, DECEMBER 31	5,382	8,010	2,628	2,699	4,178	1,479
RECORDER'S USER FEE FUND						
RECEIPTS						
Charges for service:	6,400	6,482	82	5,200	6,284	1,084
Interest	875	1,773	898	150	869	719
Total Receipts	7,275	8,255	980	5,350	7,153	1,803
DISBURSEMENTS						
Recorder	31,000	4,143	26,857	31,000	59	30,941
Total Disbursements	31,000	4,143	26,857	31,000	59	30,941
RECEIPTS OVER (UNDER) DISBURSEMENTS	(23,725)	4,112	27,837	(25,650)	7,094	32,744
CASH, JANUARY 1	33,490	33,491	1	26,397	26,397	0
CASH, DECEMBER 31	9,765	37,603	27,838	747	33,491	32,744
SHERIFF'S FUND						
RECEIPTS						
Intergovernmental	9,077	4,833	(4,244)	70	38,220	38,150
Charges for service:	18,514	21,364	2,850	18,000	18,514	514
Interest	335	360	25	100	335	235
Other	5,115	2,503	(2,612)	0	5,114	5,114
Transfers in	0	0	0	0	29,143	29,143
Total Receipts	33,041	29,060	(3,981)	18,170	91,326	73,156
DISBURSEMENTS						
Sheriff	38,261	31,840	6,421	18,170	67,404	(49,234)
Transfers out	0	0	0	0	29,143	(29,143)
Total Disbursements	38,261	31,840	6,421	18,170	96,547	(78,377)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,220)	(2,780)	2,440	0	(5,221)	(5,221)
CASH, JANUARY 1	6,595	6,595	0	11,816	11,816	0
CASH, DECEMBER 31	1,375	3,815	2,440	11,816	6,595	(5,221)

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	81,000	81,913	913	0	5,664	5,664
Charges for service:	1,000	1,009	9	0	923	923
Interest	292	604	312	50	292	242
Transfers in	229	919	690	300	229	(71)
Total Receipts	82,521	84,445	1,924	350	7,108	6,758
DISBURSEMENTS						
Elections	85,000	83,101	1,899	4,000	22,767	(18,767)
Total Disbursements	85,000	83,101	1,899	4,000	22,767	(18,767)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,479)	1,344	3,823	(3,650)	(15,659)	(12,009)
CASH, JANUARY 1	3,542	3,542	0	19,201	19,201	0
CASH, DECEMBER 31	1,063	4,886	3,823	15,551	3,542	(12,009)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for service:	346	615	269	440	346	(94)
Interest	3	9	6	1	3	2
Total Receipts	349	624	275	441	349	(92)
DISBURSEMENTS						
Domestic Violence Shelte	357	440	(83)	441	357	84
Total Disbursements	357	440	(83)	441	357	84
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8)	184	192	0	(8)	(8)
CASH, JANUARY 1	193	193	0	201	201	0
CASH, DECEMBER 31	185	377	192	201	193	(8)
<u>RECORDER'S TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service:	3,500	3,298	(202)	3,500	3,384	(116)
Interest	500	898	398	75	407	332
Total Receipts	4,000	4,196	196	3,575	3,791	216
DISBURSEMENTS						
Recorder	15,500	0	15,500	15,500	0	15,500
Total Disbursements	15,500	0	15,500	15,500	0	15,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,500)	4,196	15,696	(11,925)	3,791	15,716
CASH, JANUARY 1	15,948	15,948	0	12,157	12,157	0
CASH, DECEMBER 31	4,448	20,144	15,696	232	15,948	15,716

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TAX MAINTENANCE FUND						
RECEIPTS						
Charges for services:	0	12,961	12,961	10,000	11,539	1,539
Total Receipts	0	12,961	12,961	10,000	11,539	1,539
DISBURSEMENTS						
County Collector	19,000	9,086	9,914	21,000	16,093	4,907
Total Disbursements	19,000	9,086	9,914	21,000	16,093	4,907
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,000)	3,875	22,875	(11,000)	(4,554)	6,446
CASH, JANUARY 1	0	11,351	11,351	15,905	15,905	0
CASH, DECEMBER 31	(19,000)	15,226	34,226	4,905	11,351	6,446
911 Fund						
RECEIPTS						
Sales taxes	397,000	405,964	8,964	397,000	391,783	(5,217)
Intergovernmental	0	0	0	0	54,000	54,000
Charges for services:	9,240	9,240	0	9,240	9,240	0
Interest	45	43	(2)	45	50	5
Loan proceeds	0	25,000	25,000	0	78,000	78,000
Other	26,000	1,756	(24,244)	134,550	2,393	(132,157)
Total Receipts	432,285	442,003	9,718	540,835	535,466	(5,369)
DISBURSEMENTS						
Salaries and Benefits	334,400	328,912	5,488	330,100	331,330	(1,230)
Office expense:	15,133	16,016	(883)	28,715	15,312	13,403
Equipment	26,927	29,411	(2,484)	119,001	119,663	(662)
Network	15,000	16,370	(1,370)	12,150	12,156	(6)
Loan repayment	0	25,306	(25,306)	0	78,594	(78,594)
Other	41,155	17,611	23,544	91,460	12,926	78,534
Total Disbursements	432,615	433,626	(1,011)	581,426	569,981	11,445
RECEIPTS OVER (UNDER) DISBURSEMENTS	(330)	8,377	8,707	(40,591)	(34,515)	6,076
CASH, JANUARY 1	6,081	6,084	3	40,591	40,599	8
CASH, DECEMBER 31	5,751	14,461	8,710	0	6,084	6,084

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	155,000	155,140	140	140,000	153,489	13,489
Intergovernmental	223,400	226,222	2,822	246,735	211,429	(35,306)
Charges for services	431,800	507,012	75,212	419,800	416,147	(3,653)
Interest	15,000	19,841	4,841	10,000	15,559	5,559
Other	17,500	62,641	45,141	13,000	21,855	8,855
Total Receipts	842,700	970,856	128,156	829,535	818,479	(11,056)
DISBURSEMENTS						
Salaries	500,000	492,917	7,083	503,000	483,906	19,094
Fringe benefits	138,250	127,865	10,385	131,205	123,288	7,917
Office expense:	70,500	60,616	9,884	77,500	76,035	1,465
Equipment	30,000	33,142	(3,142)	6,000	3,405	2,595
Mileage and training	44,000	40,457	3,543	38,500	39,439	(939)
Program expenses	103,000	109,804	(6,804)	92,200	89,474	2,726
Building expenses	24,000	24,796	(796)	24,000	23,940	60
Total Disbursements	909,750	889,597	20,153	872,405	839,487	32,918
RECEIPTS OVER (UNDER) DISBURSEMENTS	(67,050)	81,259	148,309	(42,870)	(21,008)	21,862
CASH, JANUARY 1	479,224	479,224	0	500,230	500,232	2
CASH, DECEMBER 31	412,174	560,483	148,309	457,360	479,224	21,864

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

Notes to the Financial Statements

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

B. Basis of Accounting

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

C. Budgets and Budgetary Practices

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

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Capital Improvement Fund	2006 and 2005
Juvenile Victim's Compensation Fund	2006 and 2005
Circuit Division Interest Fund	2005
Associate Circuit Division Interest Fund	2005
Civil Circuit Interest Payment Fund	2006 and 2005
Health Center Self Insurance Fund	2006

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>
Sheriff's Fund	2005
Election Services Fund	2005
Prosecuting Attorney Administration Fund	2006
Domestic Violence Fund	2006
911 Fund	2006

A deficit budget balance is presented for the Tax Maintenance Fund for the year ended December 31, 2006. The budget of that fund did not include receipts and beginning balances available to finance current or future year disbursements. Such resources if presented would have been sufficient to offset the deficit budget balance presented.

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>
Capital Improvement Fund	2006 and 2005
Tax Maintenance Fund	2006 and 2005
Health Center Fund	2006 and 2005
Juvenile Victim's Compensation Fund	2006 and 2005
Health Center Self Insurance Fund	2006
Circuit Division Interest Fund	2005
Associate Circuit Division Interest Fund	2005
Civil Circuit Interest Payment Fund	2006 and 2005

In addition, the 911 Board published its financial statements separately from the county's statements. However, these financial statements did not disclose disbursement detail by vendor for the years ended December 31, 2006 and 2005.

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.

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, Ralls County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's, Health Center Board's and the 911 Board's deposits at December 31, 2006 and 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

Investments

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, 2006 and 2005, the county 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.

3. Prior Period Adjustments

The following funds' cash balances at January 1, 2005, were not previously reported but have been added:

<u>Fund</u>	<u>Balance</u>
Juvenile Victim's Compensation Fund	\$ 1,558
911 Fund	40,599

Supplementary Schedule

Schedule

RALLS 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,	
			2006	2005
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Services				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3156W	17,770	12,894
U.S. DEPARTMENT OF JUSTICE				
Passed through state Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2004-LBG-069	0	6,525
16.738	Edward Byrne Memorial Justice Assistance Grant Program	2005-LBGJ-081	4,833	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO - B087 (15)	0	353,587
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	135	20
ELECTIONS ASSISTANCE COMMISSION				
Passed through state Office of Secretary of State				
90.401	Help America Vote Act Requirements Payments	EAE2 & ESC2	80,258	22,012
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-3156T	1,500	1,000
93.268	Immunization Grants	PGA064-3187A N/A	2,975 39,223	1,227 17,068
			<u>42,198</u>	<u>18,295</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	N/A DH020097001	3,500 3,896	3,500 6,600
	National Cancer	N/A	42,677	24,324
			<u>50,073</u>	<u>34,424</u>

Schedule

RALLS 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,	
			2006	2005
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	352	317
	Department of Health and Senior Services-			
93.575	Child Care and Development Block Gran	PGA067-3156C	1,939	1,305
		PGA067-3156S	480	480
			<u>2,419</u>	<u>1,785</u>
	Department of Social Services			
93.778	Medical Assistance Program	N/A	12,700	15,030
93.917	HIV Care Formula Grants	DH020088001	12,930	8,950
93.994	Maternal and Child Health Services Block Gran to the States	ERS146-3156M	21,507	15,799
U. S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
97.004	State Domestic Preparedness Equipment Support Progran	2003-MU-TU-0003	0	54,000
		2003-MU-TU-0003	0	29,143
		FY2004-4414	0	9,571
		2004-ODP	0	300
			<u>0</u>	<u>93,014</u>
	Total Expenditures of Federal Award:		\$ <u>246,675</u>	<u>583,652</u>

* These expenditures include awards made under CFDA 39.011

N/A - Not applicable

The accompanying notes to the Supplementary Schedule are an integral part of this schedul

Notes to the Supplementary Schedule

RALLS 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 Ralls County, Missouri.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

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

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

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2006 and 2005.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



SUSAN MONTEE, CPA
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 Ralls County, Missouri

Compliance

We have audited the compliance of Ralls County, Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2005. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

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

In our opinion, Ralls County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2005.

Internal Control Over Compliance

The management of Ralls 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the county's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the county's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the management of Ralls 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.



Susan Montee, CPA
State Auditor

June 21, 2007

Schedule

RALLS COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2006 AND 2005

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiency identified that is not considered to be a material weakness? yes none reported

Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

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

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

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
90.401	Help America Vote Act Requirements Payments

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.

06-1. Budgetary Procedures and Published Financial Statements

Budgets were not prepared for several county funds, and actual disbursements exceeded budgeted amounts for several funds. In addition the General Revenue Fund budget was not amended in a timely manner. Furthermore, published financial statements are in need of improvement.

A. Budgetary procedures need improvement. The following problems regarding budgets were noted:

1. The County Commission and various elected officials did not ensure that budgets were prepared for several county funds. Receipts of approximately \$455,000 and \$345,000 and disbursements of approximately \$307,000 and \$197,000 were not budgeted for the years 2006 and 2005, respectively. In 2006, these amounts represent more than six percent of the county's actual receipts and disbursements.

The lack of budgetary information for these funds, especially the Capital Improvement Fund, represents a significant omission from the county's financial statements. Although the County Treasurer held the Capital Improvement Fund, the county did not prepare budgets for this significant fund. The Capital Improvement Fund was started in 2005 to handle the Capital Improvement Sales Tax revenues received to pay for the renovations to the courthouse. The County Clerk said he did not realize a budget was necessary for this fund.

The Juvenile Victim's Compensation Fund was not budgeted. Actual 2005 revenues and expenditures and budgeted revenues were not included in the 2006 budget for the Tax Maintenance Fund. In addition, the Health Center Self Insurance Fund, a new fund added in 2006 to pay for employee insurance costs, was not budgeted for 2006. These three funds were held by other officials and the County Clerk did not obtain adequate budgets for these funds.

The county has not complied with statutory provisions and cannot effectively

monitor disbursements or fund balances without a comprehensive budget document.

Sections 50.525 to 50.745, RSMo (the county budget law), requires counties to prepare annual budgets for all funds, describes details to be provided in budget documents, provides timeframes for the completion of certain aspects of the budgetary process, and prohibits the expenditure of public funds without an approved budget that has been filed with the State Auditor’s office. By preparing or obtaining budgets for all county funds, the County Commission and other county officials present a complete financial plan to the county citizens, can more effectively monitor and evaluate all county financial resources, can ensure compliance with statutory provisions, and can prepare complete financial statements.

2. Actual disbursements exceeded budgeted amounts for several funds, as follows:

Fund	Year Ended December 31,	
	2006	2005
Sheriff’s	\$ N/A	78,377
Election Services	N/A	18,767
Prosecuting Attorney Admin.	387	N/A
Domestic Violence	83	N/A

Although the County Commission receives budget to actual comparison reports quarterly, the commission and other county officials do not ensure expenditures remain within the budget.

In addition, the County Commission did not file budget amendments for the General Revenue Fund in a timely manner. For most expenditure categories, there were no variances between the revised budget and the actual amounts, however this is due to the County Commission amending the budget after expenditures were made. The General Revenue Fund budget was amended and filed with the State Auditor’s office on December 28, 2006 and December 29, 2005, after the budgets had already been overspent.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), 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. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

- B. The county's annual published financial statements did not include financial information for several county funds. Receipts of approximately \$1,440,000 and \$1,175,000, and disbursements of \$1,200,000 and \$1,048,000 were omitted from the 2006 and 2005 annual published financial statements, respectively. The significant unpublished funds were the Capital Improvement Fund and the Health Center Fund.

The county's published financial statements also did not include the bonded debt of the county. At December 31, 2006, the principal and interest balance of the county's bonded debt was \$2.1 million.

Section 50.800, RSMo, provides details regarding the various information required to be provided in the county's annual published financial statements, and requires that receipts, disbursements, and beginning and ending balance information be presented for all county funds. Complete published financial statements are needed to adequately inform the citizens of the county's financial activities and show compliance with statutory requirements.

Conditions similar to A and B were also noted in our prior report.

WE RECOMMEND the County Commission:

- A.1. The Health Center Board and other county officials ensure budgets are prepared for all county funds.
2. And other county officials review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office in a timely manner.
- B. And the Health Center Board ensure all required information is presented in the county's annual published financial statements.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and the County Clerk provided the following responses:

- A.1. *We will budget the Capital Improvement Fund for 2008.*
2. *We will try to comply with this recommendation.*
- B. *We will try to comply with this recommendation when publishing the 2007 financial statements.*

The Health Center Administrator provided the following responses:

- A.1. *We will budget the Health Center Self Insurance Fund for 2008.*

B. *We will publish the Health Center financial statements for 2007.*

The Circuit Clerk provided the following response:

A.1. *I prepared financial statements and submitted them to the County Commission, but I was not aware I needed to submit a budget. I will submit budgets for the Juvenile Victim's Compensation Fund and the Civil Circuit Interest Payment Fund for 2008.*

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

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

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

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ralls County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2004.

04-1. County Budgets

Actual expenditures exceeded budgeted expenditures of various funds by approximately \$114,000 and \$2,000 during the years ended December 31, 2004 and 2003 respectively.

Recommendation:

The County Commission ensure that disbursements are not authorized in excess of budgeted expenditures by reviewing the budgetary status reports before authorizing disbursements. The County officeholders should also review the budgetary status reports for their office to alleviate spending in excess of their budget. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved.

Status:

Not implemented. See finding number 06-1.

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

RALLS 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.

04-2. Schedule of Expenditure of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-087(15) BRO-087(14) COE-087(5) COE-087(4)
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	State Department of Health
Federal CFDA Number:	93.283
Program Title:	Center for Disease Control and Prevention Investigations and Technical Assistance
Pass-Through Entity	
Identifying Numbers:	DH040022024 DH030096001 DH05011003 DH040021010 DH03057001
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

The county prepared a schedule of expenditures of federal awards (SEFA) for each year of the period covered by the auditee's financial statements, however, the information shown on these schedules was not accurate.

Recommendation:

The County Clerk should prepare a complete and accurate schedule of federal expenditures annually. The County Clerk's office should consult with the grantor agencies to determine if funds are considered to be federal monies, so no federal programs are omitted from the schedule. The amounts reported should be reconciled with the County's general ledger.

Status:

Partially implemented. The County Clerk appears to have made improvements in this area. However, federal expenditures were understated by \$62,820 in 2005 of which \$54,000 relates to a Homeland Security grant received by the 911 Board and were understated by \$10,025 in 2006, which appears to be primarily due to \$12,700 for the Medical Assistance Program being omitted from the Health Center's SEFA. Although not repeated in the current report, the recommendation remains as stated above.

04-3. Cash Management

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-087(15) BRO-087(14) COE-087(5) COE-087(4)
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

The County did not always pay for the costs prior to requesting reimbursements and in several instances did not pay the vendor for several months after receiving the money.

Recommendation:

The County Clerk should make sure that all bills are paid prior to submitting the requests for reimbursement. If the contractor's invoices are confusing, the County Clerk should call the contractor or engineering company immediately to obtain the necessary clarification.

Status:

Implemented. The county has developed cash management procedures to ensure payment is made to the contractor/consultant within two business days of receipt of funds.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Ralls County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 21, 2007. We also have audited the compliance of Ralls County, Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 21, 2007.

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 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 Ralls County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and 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*. Ralls County's responses to the findings also are presented in this MAR. We did not audit the county's responses and, accordingly, we express no opinion on them.

1. Property Tax System

Property tax system procedures and controls are not sufficient. The County Clerk does not prepare or verify the current and 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.

- A. The County Clerk does not prepare or document verification of the accuracy of the current or delinquent tax books. The County Collector enters the tax rates which are obtained from the County Clerk, and extends and prints the current tax books. The County Collector also prepares the back tax books. According to the County Collector, she randomly tests the accuracy of several tax statements, but does not document this procedure. The County Clerk also stated he randomly tests the accuracy of the tax books, but does not document this procedure either. Further, the County Clerk does not perform tests to verify the totals of the current and back tax books.

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. The County Assessor makes changes to the property tax system for personal property tax additions and abatements and real estate tax additions and abatements. The County Collector prints out the personal property and real estate property tax additions and abatements in total at the end of the year for the County Commission to review. The County Collector indicated this was due to not

wanting citizens to have to wait for the commission's approval when they came in to pay their taxes. The County Clerk has no involvement in the process. No independent and

subsequent review of the actual changes made to the property tax system as compared to approved change requests is 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, assign 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. 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.

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 the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County 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.

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

WE AGAIN RECOMMEND:

- A. The County Clerk prepare the current and delinquent tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
- B. The county develop procedures to ensure any changes to the property tax system are properly approved and monitored.
- C. The County Clerk establish and maintain an account book with the County Collector. The County Commission should use this account book to verify the County Collector's annual

settlements.

AUDITEE'S RESPONSE

The County Commission and the County Clerk provided the following responses:

- A. *The County Clerk will document his review of the tax books.*
- B. *At the end of each month, the Collector now provides the County Clerk's office with a list of additions and abatements. This list is approved by the County Commission. The Deputy County Clerk is tracking the additions and abatements each month and agreeing her spreadsheet to the Collector's records at the end of the year.*
- C. *The County Clerk's office will use the monthly lists of additions and abatements and the Collector's monthly settlements to verify the Collector's annual settlements.*

2. Payroll Records and Procedures
--

Centralized records of vacation leave, sick leave or compensatory time earned, taken, or accumulated are not maintained by the County Clerk. The county's policy regarding work hours is not being followed.

During the two years ended December 31, 2006, Ralls County expended over \$1,800,000 for payroll costs. The County Commission is responsible for approving payroll related expenditures, and the County Clerk is responsible for maintaining adequate records to support these expenditures.

- A. Centralized records of vacation leave, sick leave or compensatory time earned, taken, or accumulated are not maintained by the County Clerk. Supervisors and officials informally track their employees' accumulated leave balances. However, these records are not provided to the County Clerk's office for monitoring of the liability.

Centralized records are needed to ensure that employees are meeting expectations of county employment, that policies are being uniformly followed, and that potential leave and/or compensatory time liabilities are being monitored. In addition, such records are needed in the event disputes arise and to demonstrate compliance with the federal Fair Labor Standards Act (FLSA).

- B. The county has a formal policy establishing employee work hours. The work hours are from 8:00 a.m. to 4:30 p.m., however, timesheets reflect that most employees work 8:30 a.m. to 4:00 p.m. with an hour for lunch but are paid for 8 hours each day. Some Assessor's office employees are receiving compensatory time for starting to work at 8:00 a.m., when they are already being paid for a forty hour week. This is not in accordance with the county's personnel manual. The County Commission should review its current policy and practices and revise the policy if necessary. In

addition, the County Commission should ensure that employees are paid for actual hours worked and that timesheets accurately reflect the hours worked.

WE RECOMMEND the County Commission:

- A. Require centralized payroll records be maintained by the County Clerk's office.
- B. Ensure county employees are paid for actual hours worked based on county policies. Ensure timesheets accurately reflect hours worked.

AUDITEE'S RESPONSE

The County Commission and the County Clerk provided the following responses:

- A. *The County Commission will send a memo to each official requiring timesheets to include the beginning balance, time used and earned and ending balance for annual, sick leave, and compensatory time. The County Clerk will keep track of the balances and the County Commission will review.*
- B. *We will discuss this and ensure employees are paid for actual hours worked.*

3. County Property Records and Procedures
--

Procedures to account for county property are not sufficient and county property records are not complete.

The county has no procedure to identify property purchases throughout the year. An overall county property record was not updated in 2005 and was not complete and accurate in 2006. In addition, tags identifying property items as county property are not being assigned and affixed to all items and the age and value of assets is not included on the record. The County Clerk sends a letter to each official in September asking them to perform and submit annual physical inventory reports and explanations of significant changes to the County Clerk's office. These reports are used to update the overall county property record. However, the county does not have a procedure to track property purchases throughout the year and compare to inventory reports submitted by the various departments. We noted a plat cabinet

located in the Recorder's office and some mobile radios purchased for the Sheriff's Department that were not included on the listing.

Because property purchases are not tracked throughout the year, the benefit of periodic reporting by the various other county departments is diminished, and the possibility of theft occurring without detection is increased. In addition, property items could be purchased or disposed of without proper modifications to the county's insurance coverage.

Adequate property records and monitoring procedures by the county are necessary to ensure compliance with Section 49.093, RSMo and provide adequate internal controls over county property. The comparison of periodic inventories to overall county property records could potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Procedures to promptly identify, tag, and insure new property items are necessary to properly protect county assets.

WE RECOMMEND the County Commission implement a procedure for tagging and tracking new property items throughout the year, modify insurance coverage promptly, and follow up on discrepancies identified during the annual physical inventory process.

AUDITEE'S RESPONSE

The County Commission and the County Clerk provided the following response:

We have started procedures to track property purchases made during the year.

4. Sheriff's Accounting Controls and Procedures
--

Sheriff procedures related to accounting duties, contracts, vehicle logs, and accounting for conceal and carry weapon receipts are in need of improvement.

The Sheriff processes approximately \$37,000 annually in civil and criminal case fees, gun permits, conceal and carry weapons, trailer inspections, and bonds.

A. Accounting duties have not been adequately segregated in the Sheriff's Department. The Sheriff's bookkeeper collects monies, records transactions, prepares deposits, and prepares bank reconciliations. The Sheriff reviews and initials the bank reconciliations and bank statements once the bank reconciliation is completed by his bookkeeper. According to the Sheriff, he ensures the bank reconciliation is completed, but he does not review the receipts and checks.

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 receipt and disbursement records should be performed and documented.

A similar condition was noted in our prior audit report.

B. The county did not always enter into contracts when appropriate. The Sheriff's office boards county prisoners at other political subdivisions and paid approximately \$262,800 and \$188,200 to board prisoners during the years ended December 31, 2006 and 2005, respectively. The county is charged between \$37.50 and \$42 per day

depending on the political subdivision boarding the prisoners. The county does not have written contracts with any of the political subdivisions.

The County Commission and Sheriff should develop written contracts with those entities regarding inmate boarding and related fees.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

- C. Vehicle usage logs and maintenance logs are not being kept for some Sheriff's vehicles.

The Sheriff's department spent \$54,770 and \$49,948 in 2006 and 2005 respectively on patrol car expenses. The Sheriff, five full-time deputies, and three part-time deputies have assigned vehicles they may drive home. There are two other vehicles that are kept in a pool for transport of prisoners and for checkout if another vehicle is being worked on. The assigned vehicles have maintenance and gas purchase logs in them and the Sheriff will periodically compare them to the gas bills. However, the assigned vehicles do not have usage logs in them. While two pool vehicles have usage logs in them which can be verified by dispatch, maintenance logs are not maintained for these vehicles.

Vehicle logs should include the employee, dates used, beginning and ending odometer readings, destination, purpose, fuel and maintenance. These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and to evaluate operating costs. In addition, information on the logs should be reconciled to fuel and maintenance billings received by the county.

- D. The Sheriff's conceal and carry permit fees are not deposited into a separate interest-bearing fund known as the County Sheriff's Revolving Fund. The Sheriff's Department received approximately \$3,800 and \$2,200 for conceal and carry permits during the years ended December 31, 2006 and 2005, respectively. These fees were deposited into the Sheriff's Fund along with civil fees.

Section 50.535, RSMo, requires the conceal and carry permit fees to be deposited into a separate interest-bearing fund known as the County Sheriff's Revolving Fund. While the county does not feel the receipts in this fund are large enough to warrant a separate fund, the conceal and carry permit fees should be accounted for separately to ensure monies are spent according to statute.

WE RECOMMEND the Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews of receipts and checks are performed and documented.
- B. And County Commission enter into written contracts as required by law.
- C. Prepare vehicle logs for each vehicle that indicate the date, odometer readings, destination, and purpose of trips, and maintenance and cost data to ensure vehicles are used for official purposes only and maintenance costs are reasonable.
- D. Ensure conceal and carry permit fees are deposited into the County Sheriff's Revolving Fund in accordance with Section 50.535, RSMo or ensure funds are accounted for separately.

AUDITEE'S RESPONSE

The current Sheriff provided the following responses:

- A. *Upon receipt of the bank statement, I will ensure all receipt slips are included in bank deposits.*
- B. *We will look into this.*
- C. *We will try to develop a log to include this data.*
- D. *We will work with the County Treasurer to determine the best way to account for these fees.*

The County Commission provided the following response:

- B. *We will enter into agreements with these counties for 2008.*

5. Circuit, Associate, and Probate Court's Controls and Procedures

Accounting duties have not been adequately segregated and the Circuit Clerk does not perform bank reconciliations in a timely manner. In addition, the court does not have adequate procedures to ensure the county is reimbursed for state board bills or to follow up on checks outstanding for over one year. Also, checks and money orders are not restrictively endorsed upon receipt.

The Circuit, Associate, & Probate Courts collect all monies related to civil and criminal cases as well as garnishments for restitution. The Circuit, Associate and Probate Courts were separate offices until September 2005, when they went onto the Justice Information System (JIS), and were combined into one office with one checking account. During 2005

and 2006, the courts received approximately \$490,255 and \$555,115, respectively.

- A. Accounting duties have not been adequately segregated in the court. One deputy clerk collects monies, records transactions, approves daily cashier sessions, and prepares daily deposits. While the Circuit Clerk indicated that she prepared bank reconciliations, as of January 2007, none had been performed for the JIS account since December 2005. At our request, the Circuit Clerk prepared bank reconciliations for each month of 2006.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, to detect and correct errors timely, to allow old outstanding checks to be resolved more timely and to provide supervisory review when accounting duties are not segregated.

- B. Adequate procedures have not been established to ensure the county is reimbursed for state board bills. Section 221.105, RSMo allows for the reimbursement of certain costs in criminal cases where the state has been rendered liable. The Circuit Clerk does not prepare state board bill reimbursement requests in a timely manner and does not maintain records indicating which cases are eligible for reimbursement by the state. During 2003, 2004, 2005, and 2006, the Circuit Clerk collected approximately \$15,750, \$10,975, \$25,205, and \$59,846, respectively. The Circuit Clerk indicated there were additional costs which could have been claimed for reimbursement prior to the conversion to JIS in September 2005, but these reimbursements were lost because the filing period had expired for these amounts. We noted one case in early 2005 where the Circuit Clerk missed filing for reimbursement for \$1,840. The statute of limitations is now up on this case. The Circuit Clerk indicated she does not know how many cases were missed, but that since JIS was implemented in September 2005, requests for reimbursements from the state are now being issued at the time the eligible case is disposed of because it is now easier to track eligible cases.

To ensure that revenues are maximized, the Circuit Clerk should implement procedures to track all reimbursable board of prisoner costs and submit timely reimbursement claims to the state.

- C. At the time of our review, the Circuit Clerk's office had approximately \$300 in outstanding checks from the old circuit account that had been held for over a year. These old outstanding checks create additional and unnecessary record-keeping responsibilities and are preventing the account from being closed. Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks.
- D. Checks and money orders are not restrictively endorsed upon receipt. During our cash count performed on January 16, 2007, we noted checks which were not

endorsed. In addition, not all of these checks and money orders were recorded on the day of receipt.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt and deposits should be made intact on a timely basis.

WE RECOMMEND the Circuit Clerk:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented. In addition, bank reconciliations should be prepared on a monthly basis for each account.
- B. Establish and implement procedures to track reimbursable board of prisoner costs and submit applicable reimbursement claims to the state in a timely manner.
- C. Reissue old outstanding checks to any payees who can be located. If the payees cannot be located, the monies should be disposed of through the applicable statutory provisions. In addition, the clerk should develop procedures to periodically follow up on outstanding checks so the checks can be disbursed in a timely manner.
- D. Restrictively endorse checks and money orders immediately upon receipt.

AUDITEE'S RESPONSE

The Circuit Clerk provided the following responses:

- A. *Bank reconciliations are now being performed monthly. During this process, receipts recorded on the daily cashier session are compared to bank deposits.*
- B. *We have implemented procedures to track reimbursable costs. They are now being submitted to the state at the time of disposition.*
- C. *We are in the process of turning these old checks over to the Unclaimed Property Section after reasonable efforts to locate the payees.*
- D. *We have started endorsing checks upon receipt.*

6. Recorder of Deeds' Accounting Controls and Procedures

The Recorder of Deeds processes approximately \$113,000 annually in land applications, marriage licenses, tax liens, surveys, Uniform Commercial Code filings, and copies. Receipt slips are not always issued for copies and certified copies of marriage licenses. Manual receipt slips are issued only if the payor asks for one and the numerical sequence of manual receipt slips is not accounted for. In addition, monies received for copies and

certified copies of marriage licenses are held to make change and deposited at the end of the month. Also, checks and money orders are not endorsed immediately upon receipt.

Without issuing and accounting for prenumbered receipt slips for all monies collected, including the method of payment, the Recorder cannot ensure all monies collected are ultimately recorded and deposited. To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be made intact on a timely basis and checks and money orders should be restrictively endorsed immediately upon receipt. Deposits should be more frequent if significant amounts of cash are collected.

WE RECOMMEND the Recorder of Deeds issue receipt slips for all monies received and ensure the numerical sequence of receipt slips is accounted for by an independent person, deposit all monies intact on a timely basis, restrictively endorse checks and money orders immediately upon receipt, and if a change fund is needed, maintain it on an imprest basis.

AUDITEE'S RESPONSE

The Recorder provided the following response:

We are now issuing manual receipt slips for all monies received. All monies received are deposited intact daily. A change fund has been established.

7. 911 Board's Accounting Controls and Procedures
--

In 2001 the voters of Ralls County passed a sales tax for the purpose of providing 911 services to the county. These services are governed by a five member board. The board employs a Director to prepare budgets, maintain accounting records and supervise the day-to-day activities of the 911 system. Receipts include the loan proceeds, sales tax revenues, and fees collected for map sales and rural addressing as well as trainings provided to other 911 entities. Receipts of the 911 Fund for 2006 and 2005 totaled \$442,003 and \$535,466 respectively. Minimal board oversight, as well as inadequate controls and procedures of the 911 system have caused concerns and deficiencies that need correcting.

Budgetary procedures need improvement. The published financial statement did not include the level of detail required by state law. Procedures related to board meeting minutes were not adequate and did not always comply with the law. General capital asset records and procedures need improvement. Receipts are not always deposited intact, receipt slips are not issued for all monies received, and the numerical sequence of receipt slips is not accounted for. Review procedures over board expenditures are in need of improvement. The financial condition of the 911 Fund is weak.

A. Budgetary procedures need improvement. In addition, published financial statements did not include the level of detail required by state law.

1. The 911 Board overspent the amount budgeted in 2006 by \$1,011, even

though a budget amendment had occurred during the year. 911 Board members receive budget to actual comparison reports approximately quarterly. However, there were no notations on the report copies or evidence in the board meeting minutes of discussion regarding the budget status.

Case law provides that strict compliance with budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), 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. To

improve the effectiveness of the budget as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

2. Although formal budgets were adopted as required by law, the budget for 2007 did not include the two previous years' actual revenues and expenditures and the budget for 2006 did not include the 2004 actual revenues and expenditures. For 2006, the amounts shown on Exhibit B were obtained from the 911 Board's receipts and disbursements ledgers.

Section 50.590, RSMo, requires budgets to include the figures for the last two completed fiscal years to provide a comparison with the estimates for the current fiscal year.

3. The 911 Board's published financial statement did not disclose disbursement detail by person or vendor as required by Section 50.800 RSMo. To adequately inform the citizens of the 911 Board's financial activities and show compliance with statutory requirements, all monies received and disbursed should be presented in the level of detail required by law.

B. The 911 Board minutes do not always include sufficient detail of matters discussed. Minutes of closed meetings held by the 911 Board are not documented. In addition, board minutes are not signed by a board member to attest to their completeness and accuracy.

1. Information provided in board meeting minutes was generally limited. For example, the February 27, 2007 meeting minutes recorded that a motion passed to apply for two separate grants; however, the minutes did not include information about the scope of the grants. Also, the July 18, 2006 meeting minutes recorded that a motion was passed to implement a Paid Time Off (PTO) policy, however, details of the conversion process were not documented in the meeting minutes. The January 9, 2007 meeting minutes indicate discussion was held regarding how many PTO hours would be

credited to each employee's time off bank and recorded a motion passed to clarify this issue.

2. Closed meeting minutes are not taken. The 911 Board held numerous closed sessions over the past several years. Open session minutes indicate that the meeting is being closed as well as the reason and the vote to close the meeting; however, minutes of the closed session are not documented. Without minutes of closed sessions, there is no record of the discussions held or support for the decisions made, and less assurance that various statutory provisions are being followed.
3. 911 board minutes are not signed by the preparer or a board member to attest to their completeness and accuracy.

The Sunshine Law, Chapter 610, RSMo, requires governmental bodies to prepare and maintain minutes of open and closed meetings, and specifies details that must be recorded. Minutes are required to include, but not limited to, the date, time, place, members present, members absent, and a record of votes taken. In addition, the minutes should provide details regarding discussions that take place during meetings. Complete and accurate minutes are necessary to retain a record of the business conducted and actions taken by the commission. In addition, minutes should be signed by the preparer and a board member to show that the minutes have been reviewed and accurately reflect the discussions held and actions taken in the previous meeting.

- C. General capital asset records of the 911 Board did not always include the necessary information for some assets such as acquisition date, cost, identification number, and the date and method of disposal. In addition, information included on the capital asset listing was not always accurate. A printer purchased in March 2006 for \$400 was entered into the capital asset records as having been purchased in February 2006 for \$300.

Adequate property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Property records should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. The records should include a detailed description of the assets including the name, make and model numbers, asset identification numbers, the physical location of the assets, and the date and method of disposition of the assets.

- D.1. Receipts are not deposited intact on a timely basis. Checks received are normally deposited the same day they are received; however, cash receipts are held to make change and deposited less often. The amount of cash held does not remain constant. To adequately account for collections and reduce the risk of loss or misuse of funds, receipts should be deposited intact on a timely basis. Because some of the fees increased during 2007, this is even more important. If a change fund is needed, it

should be established and maintained at a constant amount.

2. Prenumbered receipt slips are not being issued for some monies received. According to 911 procedures, receipt slips are to be issued for all cash receipts received; however, we noted instances where this did not occur. Also, the numerical sequence of receipt slips is not accounted for. Because receipt slips are not issued for some monies received, the composition of receipt slips cannot be reconciled to the composition of deposits. Without issuing and accounting for prenumbered receipt slips for all monies collected, the 911 Board cannot ensure all monies collected are ultimately recorded and deposited.

E. The 911 Board made expenditures of \$433,600 and \$570,000 in the years ended 2006 and 2005 respectively. We noted the following problems relating to 911 Board expenditures.

1. The 911 Director periodically requests reimbursement from the board to replenish the petty cash fund; however, purchase receipts or other supporting documentation are not submitted to support or document the amount being requested to replenish the fund.

Without adequate supporting documentation, the board cannot evaluate the necessity and reasonableness of petty cash expenditures. Petty cash invoices should be retained to support expenditures and submitted with the request for replenishment of petty cash.

2. Review procedures over 911 expenditures are in need of improvement. Controls were not adequate resulting in some questionable expenditures and documentation was not retained for some expenditures. The Board Treasurer signs authorization forms for expenditures during the month, however, the other board members do not review expenditures prior to payment. At each board meeting, members receive a treasurer's report that lists the checks written, the payee, and amounts paid since the last board meeting.

- In February 2005, the 911 Director was reimbursed for mileage expenses incurred in excess of the board's mileage reimbursement policy and the director approved her own request for reimbursement.
- Meals charged to an agency credit card while attending training conferences were in excess of the board's meal reimbursement policy (which, at the time of this expenditure allowed a reimbursement of \$10 each for lunch and dinner per day). On one occasion, the board's credit card was charged approximately \$84 for one meal for three individuals.

- Supporting documentation was not included for some items charged to the board's credit card and in one instance a handwritten note was submitted as documentation for request of payment for meals provided by the 911 Director for training.

To ensure the validity and propriety of expenditures, adequate supporting documentation should be obtained for all payments to vendors to allow the 911 Board a basis for determining whether the amount paid was reasonable and followed agency policies.

- F. The cash balance of the 911 Fund has declined from \$40,599 at December 31, 2004 to \$14,461 as of December 31, 2006. In order to meet cash flow needs, the 911 Board obtained operating loans of \$25,000 and \$24,000 during the years ended December 31, 2006 and 2005, respectively. In addition, the 911 Board has entered into a lease-to-own agreement to purchase a new 911 facility where beginning in 2008 the board will be responsible for a payment of \$30,000 a year for the next 30 years.

The 911 Board should address the situation both in the immediate and long-term future. Discretionary disbursements should be reviewed and contracts closely monitored.

The financial condition of the 911 Fund along with the control and procedural weaknesses noted above indicate a need for increased board oversight and review.

WE RECOMMEND the 911 Board:

- A.1. Keep expenditures within budgetary limits and amend budgets when needed.
2. Report actual revenues and expenditures of the two previous years on the budgets, as required by state law.
 3. Ensure all required information is presented in the annual published financial statements.
- B.1. Ensure meeting minutes include the information necessary to provide a complete record of all significant matters discussed and actions taken.
2. Ensure minutes are taken for all closed sessions.
 3. Ensure that minutes are signed by the preparer and by a board member to attest to their completeness and accuracy.
- C. Ensure property records are maintained which include all pertinent information for each asset such as tag number, description, cost, acquisition date, location, and subsequent disposition.

- D.1. Deposit all monies intact on a timely basis, and if a change fund is needed, maintain it on an imprest basis.
 - 2. Require prenumbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. In addition, ensure the composition of receipt slips is reconciled to deposits.
- E.1. Ensure invoices are maintained for all petty cash disbursements and submitted with the request for replenishment as supporting documentation.
 - 2. Require adequate supporting documentation prior to approving expenditures for payment.
- F. Closely monitor the financial condition of the 911 Fund and take the necessary steps to improve the financial condition.

AUDITEE'S RESPONSE

The 911 Board and the 911 Director provided the following responses:

- A.1. *We will amend the budget as needed and will not overspend the budget.*
 - 2. *We will report actual revenues and expenditures on the 2008 budget as required by law.*
 - 3. *We will ensure all required information is presented when the 2007 financial statements are published.*
- B.1. *Additional information is provided in the director's report and correspondence files and is available to the public. In the future, these items will be filed together.*
 - 2. *Due to the lack of secure facilities, closed meeting minutes were not kept. They will be kept now that we have access to a secure facility.*
 - 3. *Minutes were read and approved at the following meeting. Minutes will be signed in the future.*
- C&D. *These recommendations have been implemented.*
- E.1. *This recommendation will be implemented.*
 - 2. *Some of these expenditures were reimbursed by a different agency. In the future, this agency will reimburse the 911 Director directly. We will obtain copies to ensure there is supporting documentation for expenditures charged to the board's credit card.*

F. *The board will continue to monitor the financial condition of the 911 Fund. The \$24,000 loan in 2005 was to purchase equipment to be reimbursed by a grant. The operating loans in 2006 and 2007 were only for a few days and were not needed (just precautionary).*

Follow-Up on Prior Audit Findings

RALLS 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 Ralls County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2002.

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. Formal budgets were not prepared for various county funds for the years ended December 31, 2002 and 2001.
- B. Disbursements exceeded budget amounts in various funds during the years ended December 31, 2002 and 2001.
- C. The annual published financial statements of the county did not include the financial activity of some county funds as required.

Recommendation:

The County Commission:

- A. Ensure a budget is prepared or obtained for all county funds.
- B. And the Associate Division not authorize disbursements in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended and filed per state law.
- C. And the County Clerk and the Health Center Board ensure the financial information for all county funds is properly reported in the annual published financial statements.

Status:

- A-C. Not implemented. See finding number 06-1.

2. Controls Over County Expenditures

Bids were not always solicited or advertised by the county, nor was bid documentation always retained by the County Clerk for various purchases.

Recommendation:

The County Commission solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.

Status:

Implemented.

3. Special Road and Bridge Fund Administrative Service Fee

Budgeted expenditures, upon which the county calculated the transfer amount, exceeded actual expenditures of the Special Road and Bridge Fund during the years ended 2002, 2000, and 1999. In addition, during 2002, 2001, and 2000, the county transferred an additional \$10,000 per year from the Special Road and Bridge Fund to the General Revenue Fund to reimburse the General Revenue Fund for one-half of a Deputy County Clerk's salary. As a result, the county transferred \$46,046 in excess of 3 percent of actual expenditures. At December 31, 1998, \$52,667 was due from the General Revenue Fund to the Special Road and Bridge Fund for prior accumulated excess administrative transfers. This amount was not repaid and at December 31, 2002, \$98,713 in excess administrative transfers is due from the General Revenue Fund to the Special Road and Bridge Fund.

Recommendation:

The County Commission base administrative transfers on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund. In addition, a transfer of \$98,713 should be made from the General Revenue Fund to the Special Road and Bridge Fund.

Status:

Partially implemented. The county has reduced the amount due from the General Revenue Fund to the Special Road and Bridge Fund by approximately \$20,000. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Property Tax Reduction Due to Sales Tax

The county did not sufficiently reduce its general revenue property tax revenues by 50 percent of sales tax revenues as provided in the ballot issue passed by Ralls County voters under the provisions of Section 67.505, RSMo.

Recommendation:

The County Commission reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

Status:

Implemented. The county has reduced its levy and at December 31, 2006 has actually rolled back approximately \$13,000 more than necessary.

5. Property Tax Controls and Procedures

- A. The County Clerk did not prepare or verify the current or back tax books.
- B. The County Clerk did not maintain an account book with the County Collector.
- C. Controls over property tax book additions and abatements were not adequate.

Recommendation:

- A. The County Clerk prepare the current and back tax books in accordance with state law.
- B. The County Clerk establish and maintain an account book with the County Collector. The County Commission should use the account book to verify the County Collector's annual settlements.
- C. The County Commission establish procedures requiring the tax books only be changed by the County Clerk under order of the County Commission.

Status:

A-C. Not implemented. See MAR finding number 1.

6. Personnel Policies and Procedures

- A. There was no evidence deputies who handled monies were covered by an employee bond.
- B. Although the County Commission had adopted a county wide leave policy for all county employees and leave taken was approved by the respective elected official, centralized accumulated vacation leave, sick leave and compensatory time records were not maintained by the County Clerk.

Recommendation:

The County Commission:

- A. Obtain adequate bond coverage for all employees with access to monies.
- B. Require the County Clerk to maintain centralized leave records for all county employees.

Status:

- A. Implemented. The county provided documentation that employees with access to monies were bonded on August 15, 2007.
- B. Not implemented. See MAR finding number 2.

7. General Fixed Asset Records and Procedures

The County Clerk made no effort to maintain property records or to number, tag, or otherwise identify property items.

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 usage, and any other concerns associated with county property. In addition, all general fixed assets should be tagged or identified as county-owned property.

Status:

Partially implemented. The County Clerk has made some improvements to the county's general fixed asset records, but further improvements are needed. See MAR finding number 3.

8. Assessor's Accounting Controls and Procedures

- A. The Assessor did not transmit receipts to the County Treasurer on a timely basis. Some receipts were held for approximately three months before being transmitted to the County Treasurer.
- B. Receipt slips were issued; however, copies of voided receipt slips were not maintained. In addition, the method of payment and the initials of the individual who receipted the monies were not always indicated on the receipt slips.

- C. Accounting duties were not adequately segregated. One individual was primarily responsible for receiving, recording, and transmitting monies to the County Treasurer.

Recommendation:

The Assessor:

- A. Transmit all monies to the County Treasurer intact monthly.
- B. Retain copies of voided receipt slips, ensure the method of payment and the initials of the individual who receipted the monies are indicated on all receipt slips, and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer.
- C. Adequately segregate accounting duties or establish a documented periodic review of the accounting records by an independent person.

Status:

- A & C. Implemented.
- B. Partially implemented. The Assessor generally receives about \$3,000 per year. The Assessor performs a periodic review and signs off on transmittals turned over to the County Treasurer; however, the Assessor does not always reconcile total cash, checks and money orders received to the amounts transmitted to the County Treasurer or the receipt slips issued for monies receipted. Although not repeated in the current MAR, our recommendation remains as stated above.

9. County Clerk's Accounting Controls and Procedures

- A. Receipt slips were not issued for some monies received, nor were they issued in numerical sequence and properly accounted for. In addition, some receipts were not recorded on the monthly fee sheet and therefore, receipt slips issued could not be reconciled to amounts transmitted to the County Treasurer.
- B. Checks received were not restrictively endorsed immediately upon receipt. Instead, the endorsement was applied at the time of transmittal.
- C. The County Clerk was a license fee agent for the Department of Revenue (DOR) and operated the fee office from his office in the courthouse. The County Clerk received a fee for each license or permit processed. Based on an agreement between the County Clerk and the County Commission, the County Clerk paid the county \$100 per month for rent. In addition, the County Clerk paid 50 percent of the salary of one of his three deputies. No documentation existed to document the adequacy of the

monthly rental amount or the salary allocation of the deputy.

Recommendation:

The County Clerk:

- A. Issue pre-numbered receipt slips for all monies received, account for their numerical sequence, and reconcile the composition of the receipts to the composition of the transmittal to the County Treasurer. In addition, all receipts should be posted to the monthly fee sheet.
- B. Restrictively endorse checks immediately upon receipt.
- C. Reconsider the decision to operate the DOR license office from the County Clerk's office. If these operations are continued, the County Clerk should hire sufficient personnel to operate the license office, discontinue using county-paid personnel, and document the adequacy of the rental payments.

Status:

- A
&B. Implemented.
- C. Implemented. Since April 2005, the County Clerk is no longer a license fee agent for the DOR.

10. Sheriff's Accounting Control and Procedures

Accounting duties were not adequately segregated. The Sheriff's bookkeeper was responsible for receiving, depositing and disbursing monies, preparing bank reconciliations, maintaining the accounting records, and preparing the monthly fee reports.

Recommendation:

The Sheriff adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.

Status:

Partially implemented. See MAR finding number 4.

11. Circuit Clerk's Accounting Controls and Procedures

- A. The Circuit Clerk's open items listing as of December 31, 2002, included numerous older cases containing balances which were insufficient to cover all costs charged to the case.
- B. A listing of accrued costs owed to the court was not maintained by the Circuit Clerk and monitoring procedures related to accrued costs were not adequate.

Recommendation:

The Circuit Clerk:

- A. Review older cases along with the Circuit Judge and determine the appropriate disposition of inactive cases.
- B. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.

Status:

- A. Partially implemented. While the implementation of JIS has helped with more recent cases, there are still old outstanding cases that need to be followed-up on. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. See MAR finding number 5.

12. Associate Division Controls and Procedures

- A. Accounting duties were not adequately segregated. One individual was responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There was no documentation that an independent review of deposits and accounting records was performed.
- B. No record was maintained of receipts, disbursements or cash balances of the petty cash fund.

Recommendation:

The Associate Division:

- A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.

- B. Deposit all monies intact into the Associate Division's official bank account and disburse all fees to the county treasury monthly. If a petty cash fund is determined to be necessary, it should be funded by the county and maintained on an imprest basis. A log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund.

Status:

- A. Not implemented. See MAR finding number 5.
- B. Implemented.

13. Health Center's Accounting Controls and Procedures

- A. Bids were not always solicited or advertised by the Health Center nor was bid documentation always retained for various purchases.
- B. The Health Center did not require acknowledgment of receipt of goods or services to be noted on the invoices.
- C. Employee time sheets were not approved and signed by a supervisor.

Recommendation:

The Health Center:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official Health Center Board minutes should reflect the necessitating circumstances.
- B. Require evidence of receipt of goods or services on each invoice before approving payment.
- C. Ensure employee time sheets are approved by the applicable supervisor and filed in a central location with the Health Department's payroll records.

Status:

- A. Partially implemented. The Health Center did not solicit bids for occupational, speech, and physical therapy, stating that they are contracting with the only local provider. In addition, the Health Center did not maintain documentation of phone bids received for home health software purchased during the audit period. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

- C. Implemented. During the two years audited, supervisor approval was not noted on employee timesheets, however, the new administrator started approving timesheets in May 2007.

14. 911 Board's Accounting Controls and Procedures

- A.1. Disbursements exceeded budget amounts by \$19,876 during the year ended December 31, 2002. The 911 Board did not have sufficient procedures in place to adequately monitor the budget.
 - 2. The budget documents prepared by the 911 Board were not adequate. The 2002 budget was not mathematically correct and the actual receipt and disbursement amounts presented for 2001 did not agree to the board's receipt and disbursement records. In addition, the 2002 budget did not reflect actual cash on hand at the beginning of the year.
- B. Individuals who handle monies were not covered by a bond.
 - C.1. Receipt slips were not issued for some monies received. Generally, receipt slips were only issued for cash receipts.
 - 2. Checks and money orders were not restrictively endorsed immediately upon receipt. Instead, the endorsement was applied at the time the deposit was made.
 - 3. Cash receipts were not always deposited and posted to the cash control ledger. In addition, some check receipts were not posted to the cash control ledger on a timely basis.
- D. No record was maintained of receipts, disbursements or cash balances of the petty cash fund and the 911 Board did not review these transactions.
- E. The 911 Board did not require acknowledgment of receipt of goods or services to be noted on the invoices.
- F. The 911 Board did not issue IRS Forms 1099-MISC apparently because they were not aware of this requirement. Payments for legal services totaling \$3,600 and \$4,550 during 2002 and 2001, respectively, did not have Forms 1099-MISC issued.
- G. Additions of fixed assets were not always recorded as they occurred, and fixed asset expenditures were not reconciled to additions to the inventory records. In addition, some items were added to the fixed asset listing but the description, purchase price, and purchase date were not properly recorded. Also, property tags were not affixed to all assets.

Recommendation:

The 911 Board:

- A.1. Not authorize disbursements in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended and filed per state law.
- 2. Ensure the budget documents prepared are complete and accurate.
- B. Obtain adequate bond coverage for all employees with access to monies.
- C.1. Issue prenumbered receipt slips for all monies received, account for their numerical sequence, and reconcile the composition of receipts to the composition of bank deposits.
- 2. Restrictively endorse checks and money orders immediately upon receipt.
- 3. Deposit all monies intact into the 911 Board's official bank account and post all receipts to the cash control ledger on a timely basis.
- D. If a petty cash fund is determined to be necessary, it should be funded by the 911 Board and maintained on an imprest basis. A log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund and the 911 Board should review all petty cash transactions.
- E. Require evidence of receipt of goods or services on each invoice before approving payment.
- F. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.
- G. Properly record all additions of fixed assets as they occur and reconcile additions to the property records periodically. In addition, identify all fixed assets with a number, tag, or similar identifying device.

Status:

A,
C.1
&C.3. Not implemented. See MAR finding number 7.

B,
C.2,
E&F. Implemented.

- D. Partially implemented. A petty cash fund was established and is maintained on an imprest basis; however, proper documentation of financial activity of the fund was not submitted to the 911 Board for review. See MAR finding number 7.

- G. Partially implemented. Capital assets owned by 911 are currently being identified with a numbered tag, however, capital asset additions are not being placed in property records as they occur and property records continue to be incomplete. See MAR finding number 7.

STATISTICAL SECTION

History, Organization, and
Statistical Information

RALLS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1820, the county of Ralls was named after Daniel Ralls, one of the first representatives to the state legislature. Ralls County is a county-organized, third-class county and is part of the Tenth Judicial Circuit. The county seat is New London.

Ralls 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 450 miles of county roads and 67 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 8,911 in 1980 and 9,626 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2006	2005	2004	2003	1985*	1980**
		(in millions)					
Real estate	\$	91.6	93.5	87.6	84.2	51.4	27.4
Personal property		46.8	47.2	42.3	40.2	9.9	5.1
Railroad and utilities		16.7	16.7	16.5	15.9	13.7	10.6
Total	\$	155.1	157.4	146.4	140.3	75.0	43.1

* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2006	2005	2004	2003
General Revenue Fund	\$.2490	.2490	.2300	.2300
Special Road and Bridge Fund		.2700	.2700	.2700	.2700
Health Center Fund		.1000	.1000	.1000	.1000

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),			
	2007	2006	2005	2004
State of Missouri	\$ 46,031	46,063	42,830	38,824
General Revenue Fund	385,994	383,947	331,353	302,197
Special Road and Bridge Fund	409,013	409,334	380,635	345,872
Assessment Fund	94,655	91,464	85,721	62,281
Health Center Fund	151,484	151,602	140,974	128,104
Surtax	210,796	202,488	194,860	179,402
School Districts	5,358,577	5,243,248	4,885,716	4,453,020
Library District	169,701	159,186	159,944	135,309
Ambulance District	308,876	313,939	262,392	248,893
Fire Protection District	61,637	58,136	64,600	40,335
Nursing Home Fund	13,864	13,862	13,298	12,622
Tax Maintenance Fund	12,455	12,884	10,881	12,495
Cities	17,640	12,528	14,617	12,156
County Clerk	122	135	148	117
County Employees' Retirement	28,963	30,629	28,606	34,388
Commissions and Fees:				
General Revenue Fund	119,586	119,019	107,907	100,776
Total	\$ 7,389,394	7,248,464	6,724,482	6,106,791

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2007	2006	2005	2004	
Real estate	94.2	93.7	94.1	94.7	%
Personal property	89.9	94.6	94.1	93.4	
Railroad and utilities	100.0	100.0	100.0	100.0	

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

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$.0050	None	50	%
General (1/3 road and bridge, 1/3 general revenue 1/3 law enforcement)	.0050	2011	None	
911	.0050	None	None	
Capital Improvement	.0050	2014	None	

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

Officeholder	2007	2006	2005	2004	2003
County-Paid Officials:	\$				
George Lane, Presiding Commissioner		28,400	28,400	28,400	27,080
James Thompson, Associate Commissioner		26,400	26,400	26,400	25,080
Steven Whitaker, Associate Commissioner		26,400	26,400		
Jesse Poage, Associate Commissioner				26,400	25,080
Ernest Duckworth, County Clerk		40,000	40,000	40,000	38,000
John Briscoe, Prosecuting Attorney		47,000	47,000	47,000	45,000
Bernard Berghager, Sheriff		44,000	44,000	44,000	42,000
Jena Epperson, County Treasurer		29,600	29,600	29,600	28,120
Willard St. Clair, County Coroner		12,000	12,000	12,000	11,000
Sheila Foster, Public Administrator		40,000	40,000	25,000	25,000
Connie Berry, County Collector, year ended February 28 (29),	40,000	40,000	40,000	38,000	
Thomas Ruhl, County Assessor (1), year ended August 31,		40,688	40,688	40,765	38,900
Marty Wasson, County Surveyor (2)					

(1) Includes \$688, \$688, \$765, and \$900 annual compensation received from the state in 2006, 2005, 2004, and 2003, respectively.

(2) Compensation on a fee basis.

State-Paid Officials:

Gina Jameson, Circuit Clerk and Ex Officio Recorder of Deeds	49,470	48,500	47,850	45,329
Sandra Bangert, Circuit Clerk and Ex Officio Recorder of Deeds				1,971
David Mobley, Associate Circuit Judge	96,000	96,000	96,000	96,000

The County Commission entered into a lease agreement with the United Missouri Bank of Missouri on September 20, 2004. The terms of the agreement called for the trust company to issue Certificates of Participation of \$2,455,000 to pay for the renovation of the courthouse and for the county to make payments totaling the principal and interest due on the outstanding certificates. Payments are made from the Capital Improvement sales tax revenues. The certificates of participation are scheduled to be paid off in 2014. The remaining principal and interest due on the lease at December 31, 2006, was \$2,145,000 million.