Claire McCaskill
Missouri State Auditor

September 2005

Stoddard County, Missouri

Years Ended
December 31, 2004 and 2003

Report No. 2005-66

Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2005

YELLOW SHEET

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

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

Several of the recommendations in this report are repeated from prior audits including findings related to the county's federal grants, budgetary practices and financial reporting, property records, computer controls, and procedures in the Sheriff's, Treasurer's, Prosecuting Attorney's, and Recorder's offices. In prior reports county officials indicated they would implement many of the recommendations; however, no significant improvements were noted.

The County Commission did not adequately monitor the townships and road districts receiving grants for bridge replacement and rehabilitation to ensure the monies were spent in compliance with federal guidelines. The county did not obtain any documentation that the contractors performing the work were actually paid and did not retain copies of invoices and supporting documentation for payments.

The county prepared a schedule of expenditures of federal awards for the years ended December 31, 2004 and 2003; however, the schedule contained a number of errors and omissions with expenditures under reported by $83,295 for 2004 and over reported by $70,248 in 2003. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

Formal budgets were not prepared for several funds in the county. Disbursements for these funds totaled $104,650 and $340,266 in 2004 and 2003, respectively. In addition, the County Commission budgeted a deficit of $529 for the Archives Fund in 2004 and paid expenses in excess of available monies in the Miscellaneous Fund, resulting in a negative $4,018 cash balance at December 31, 2003.

The county did not retain bid documentation or adequate supporting invoices for several purchases and property records and procedures were inadequate.

(over)

Mileage reimbursements prepared by the prior Sheriff and two deputies lacked adequate documentation. The county paid approximately $101,000 to these officers during the two years ended December 31, 2004. Although the county indicated they would begin recording odometer readings after we reported similar findings in our audit for the two years ended December 31, 2000, no such records were maintained and the descriptions of places to and from which the officer traveled were vague. A former deputy obtained mileage reimbursements totaling over $14,000 for mileage which was not incurred. This deputy was charged with theft, found guilty and made restitution to the county. Several additional problems with the Sheriff's records and procedures continue including receipts not deposited timely, duties not adequately segregated, and monthly listings of inmate open items not reconciled to cash balances.

Duties in the Ex-Officio Collector's Office are not adequately segregated and receipts entered into the cash register and subsequently voided were not adequately reviewed. A deputy collector was able to misappropriate tax receipts totaling approximately $47,000 between January 2001 and April 2004 before the Ex-Officio Collector discovered the problem. Charges were filed, the deputy was found guilty and terminated from her position, and has been ordered to pay restitution and serve five years probation. Additional concerns were noted with the Ex-Officio Collector's procedures including the method of payment is not always indicated on paid tax receipts, composition of paid tax receipts and monies deposited cannot be reconciled, monthly bank reconciliations are not reviewed by the Collector, and interest received from township collectors has not been distributed for more than eight years.

The Prosecuting Attorney collects monies on some criminal cases as part of the determination of charges to be filed. Adequate records of these monies are not maintained and some monies collected were transmitted to a not-for-profit. The amount of funds transmitted was unknown as records were not maintained of these monies. The Prosecuting Attorney could provide no legal authority for the collecting and transmitting of these payments.

The audit also suggested improvements in the record keeping of the Treasurer, Juvenile Officer, Recorder of Deeds, and Circuit Clerk.

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STODDARD COUNTY, MISSOURI

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State Auditor's Reports

CLAIRE C. McCASKILL
Missouri State Auditor

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

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

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

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting practices 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 Stoddard County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

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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 Stoddard County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 12, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

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

Claire McCaskill
State Auditor

May 12, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA
In-Charge Auditor:	Heather M. McArthur, CPA
Audit Staff:	Tsetsegsaikhan (Flower) Chadraabal
	Jennifer L. Martin

CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Stoddard County, Missouri

We have audited the financial statements of various funds of Stoddard County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Stoddard County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Stoddard County, Missouri, are free of material misstatement, we performed tests of the

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county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 04-1.

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

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

Claire McCaskill
State Auditor

May 12, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

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

Fund		Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	$	1,538,515	3,319,256	2,886,888	1,970,883
Special Road and Bridge		1,223,737	1,504,064	1,543,210	1,184,591
Assessment		198,549	249,721	293,565	154,705
Law Enforcement Training		9,526	4,113	519	13,120
Prosecuting Attorney Training		9,821	1,024	0	10,845
Capital Improvements		290,211	440,187	232,804	497,594
Drainage Districts		76,155	29,420	11,731	93,844
County Farm		34,495	0	0	34,495
Archives		4,972	17,501	18,251	4,222
Prosecuting Attorney Administration		17,884	20,990	18,692	20,182
Sheriff's Commissary		2,532	27,871	24,198	6,205
Sheriff's Civil Process		10,953	22,240	24,949	8,244
Use Tax		6,824	129	0	6,953
Recorder's Maintenance		48,575	23,809	48,134	24,250
Domestic Violence		8,019	3,497	6,000	5,516
Crime Reduction		211	0	211	0
Prosecuting Attorney Delinquent Tax		2,906	2,253	1,533	3,626
D.A.R.E.		13	0	13	0
Sheriff's Forfeiture		105	0	105	0
P.O.S.T.		10,739	2,630	4,422	8,947
Collector's Maintenance		17,373	25,116	1,369	41,120
Associate Circuit Division Interest		4,634	617	945	4,306
Circuit Division Interest		17,618	607	9,124	9,101
Law Library		9,373	12,024	12,319	9,078
Miscellaneous		(4,018)	85,517	81,499	0
Crisis Intervention		156	560	503	213
Sheriff Revolving		0	5,160	260	4,900
Sheriff Reserve		0	5,651	0	5,651
Total	$	3,539,878	5,803,957	5,221,244	4,122,591

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

Exhibit A-2

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

Fund		Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	$	848,268	3,383,370	2,693,123	1,538,515
Special Road and Bridge		1,145,957	1,691,377	1,613,597	1,223,737
Assessment		168,542	270,602	240,595	198,549
Law Enforcement Training		7,572	6,677	4,723	9,526
Prosecuting Attorney Training		8,305	1,516	0	9,821
Capital Improvements		89,038	455,950	254,777	290,211
Drainage Districts		101,827	40,870	66,542	76,155
County Farm		56,750	2,500	24,755	34,495
Archives		6,464	11,758	13,250	4,972
Prosecuting Attorney Administration		14,347	29,407	25,870	17,884
Sheriff's Commissary		0	22,327	19,795	2,532
Sheriff's Civil Process		16,715	20,340	26,102	10,953
Use Tax		1,676	5,148	0	6,824
Recorder's Maintenance		30,944	24,774	7,143	48,575
Domestic Violence		7,499	6,520	6,000	8,019
Crime Reduction		161	50	0	211
Prosecuting Attorney Delinquent Tax		2,993	1,493	1,580	2,906
D.A.R.E.		0	13	0	13
Sheriff's Forfeiture		80	25	0	105
P.O.S.T.		10,142	3,283	2,686	10,739
Collector's Maintenance		0	21,933	4,560	17,373
Associate Circuit Division Interest		5,660	886	1,912	4,634
Circuit Division Interest		13,897	3,721	0	17,618
Law Library		9,971	16,274	16,872	9,373
Miscellaneous		982	316,208	321,208	(4,018)
Crisis Intervention		155	275	274	156
Total	$	2,547,945	6,337,297	5,345,364	3,539,878

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

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	$ 5,727,356	5,693,821	(33,535)	5,723,896	5,999,932	276,036
DISBURSEMENTS	6,005,945	5,116,594	889,351	5,716,220	5,005,098	711,122
RECEIPTS OVER (UNDER) DISBURSEMENTS	(278,589)	577,227	855,816	7,676	994,834	987,158
CASH, JANUARY 1	3,512,115	3,512,115	0	2,517,280	2,517,280	0
CASH, DECEMBER 31	3,233,526	4,089,342	855,816	2,524,956	3,512,114	987,158
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	24,022	27,322	3,300	197,960	210,345	12,385
Sales taxes	2,170,000	2,288,995	118,995	2,160,000	2,163,791	3,791
Intergovernmental	413,775	517,062	103,287	438,187	455,706	17,519
Charges for services	405,000	346,180	(58,820)	342,500	372,040	29,540
Interest	65,000	43,363	(21,637)	65,000	93,213	28,213
Other	58,295	61,924	3,629	64,400	54,525	(9,875)
Transfers in	34,410	34,410	0	33,750	33,750	0
Total Receipts	3,170,502	3,319,256	148,754	3,301,797	3,383,370	81,573
DISBURSEMENTS						
County Commission	93,850	91,950	1,900	93,350	93,414	(64)
County Clerk	108,324	94,406	13,918	107,124	101,149	5,975
Elections	159,720	141,276	18,444	102,320	95,932	6,388
Buildings and grounds	168,448	169,208	(760)	147,470	155,216	(7,746)
Employee fringe benefit	301,700	271,074	30,626	279,500	237,841	41,659
County Treasurer	125,274	123,032	2,242	123,674	119,451	4,223
Ex Officio Recorder of Deed	124,460	115,038	9,422	125,760	117,046	8,714
Circuit Clerk	22,200	21,217	983	21,100	15,863	5,237
Associate Circuit Court	22,500	13,775	8,725	22,500	13,620	8,880
Associate Circuit (Probate)	33,600	20,398	13,202	28,200	20,831	7,369
Court administration	12,581	5,045	7,536	13,581	5,638	7,943
Public Administrator	40,324	39,247	1,077	32,500	32,789	(289)
Sheriff	765,151	788,694	(23,543)	730,477	690,828	39,649
Prosecuting Attorney	168,696	136,049	32,647	164,446	133,929	30,517
Juvenile Officer	407,483	220,644	186,839	399,108	211,107	188,001
County Coroner	30,000	23,691	6,309	30,000	18,980	11,020
Building improvements	50,000	19,209	30,791	300,000	21,945	278,055
Highway Engineer	100	0	100	100	0	100
Emergency management	20,610	20,454	156	20,070	18,087	1,983
Miscellaneous other expense	161,815	125,483	36,332	171,874	146,954	24,920
Public health and welfare service	6,600	6,500	100	6,600	6,600	0
Transfers out	440,498	440,498	0	175,000	435,903	(260,903)
Emergency Fund	95,115	0	95,115	80,000	0	80,000
Total Disbursements	3,359,049	2,886,888	472,161	3,174,754	2,693,123	481,631
RECEIPTS OVER (UNDER) DISBURSEMENTS	(188,547)	432,368	620,915	127,043	690,247	563,204
CASH, JANUARY 1	1,538,515	1,538,515	0	848,268	848,268	0
CASH, DECEMBER 31	1,349,968	1,970,883	620,915	975,311	1,538,515	563,204

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SPECIAL ROAD AND BRIDGE FUND						
RECEIPTS						
Intergovernmental	1,647,000	1,478,422	(168,578)	1,590,000	1,644,955	54,955
Interest	25,000	25,642	642	25,000	46,422	21,422
Total Receipts	1,672,000	1,504,064	(167,936)	1,615,000	1,691,377	76,377
DISBURSEMENTS						
Road and bridge materials	12,000	913	11,087	12,000	693	11,307
Construction, repair, and maintenance	1,723,737	1,507,887	215,850	1,645,957	1,579,154	66,803
Transfers out	34,410	34,410	0	33,750	33,750	0
Total Disbursements	1,770,147	1,543,210	226,937	1,691,707	1,613,597	78,110
RECEIPTS OVER (UNDER) DISBURSEMENTS	(98,147)	(39,146)	59,001	(76,707)	77,780	154,487
CASH, JANUARY 1	1,223,737	1,223,737	0	1,145,957	1,145,957	0
CASH, DECEMBER 31	1,125,590	1,184,591	59,001	1,069,250	1,223,737	154,487
ASSESSMENT FUND						
RECEIPTS						
Intergovernmental	257,500	243,120	(14,380)	222,500	254,993	32,493
Interest	5,000	6,601	1,601	3,000	15,609	12,609
Total Receipts	262,500	249,721	(12,779)	225,500	270,602	45,102
DISBURSEMENTS						
Assessor	320,064	293,565	26,499	316,940	240,595	76,345
Total Disbursements	320,064	293,565	26,499	316,940	240,595	76,345
RECEIPTS OVER (UNDER) DISBURSEMENTS	(57,564)	(43,844)	13,720	(91,440)	30,007	121,447
CASH, JANUARY 1	198,549	198,549	0	168,542	168,542	0
CASH, DECEMBER 31	140,985	154,705	13,720	77,102	198,549	121,447
LAW ENFORCEMENT TRAINING FUND						
RECEIPTS						
Charges for services	6,000	3,927	(2,073)	5,100	6,050	950
Interest	300	186	(114)	100	627	527
Total Receipts	6,300	4,113	(2,187)	5,200	6,677	1,477
DISBURSEMENTS						
Sheriff	7,000	519	6,481	4,500	4,723	(223)
Total Disbursements	7,000	519	6,481	4,500	4,723	(223)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	3,594	4,294	700	1,954	1,254
CASH, JANUARY 1	9,526	9,526	0	7,572	7,572	0
CASH, DECEMBER 31	8,826	13,120	4,294	8,272	9,526	1,254

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
PROSECUTING ATTORNEY TRAINING FUND						
RECEIPTS						
Charges for services	900	830	(70)	900	896	(4)
Interest	250	194	(56)	100	620	520
Total Receipts	1,150	1,024	(126)	1,000	1,516	516
DISBURSEMENTS						
Prosecuting Attorney	5,000	0	5,000	5,000	0	5,000
Total Disbursements	5,000	0	5,000	5,000	0	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,850)	1,024	4,874	(4,000)	1,516	5,516
CASH, JANUARY 1	9,821	9,821	0	8,305	8,305	0
CASH, DECEMBER 31	5,971	10,845	4,874	4,305	9,821	5,516
CAPITAL IMPROVEMENTS FUND						
RECEIPTS						
Intergovernmental	0	10,782	10,782	0	19,234	19,234
Interest	0	4,405	4,405	0	9,925	9,925
Other	0	0	0	0	1,790	1,790
Transfers in	425,000	425,000	0	425,000	425,000	0
Total Receipts	425,000	440,187	15,187	425,000	455,949	30,949
DISBURSEMENTS						
Buildings and grounds	235,453	232,804	2,649	260,874	254,777	6,097
Total Disbursements	235,453	232,804	2,649	260,874	254,777	6,097
RECEIPTS OVER (UNDER) DISBURSEMENTS	189,547	207,383	17,836	164,126	201,172	37,046
CASH, JANUARY 1	290,211	290,211	0	89,038	89,038	0
CASH, DECEMBER 31	479,758	497,594	17,836	253,164	290,210	37,046
DRAINAGE DISTRICTS FUND						
RECEIPTS						
Property taxes	29,900	27,851	(2,049)	25,500	29,830	4,330
Interest	5,915	1,569	(4,346)	5,000	11,040	6,040
Total Receipts	35,815	29,420	(6,395)	30,500	40,870	10,370
DISBURSEMENTS						
Drainage districts	75,000	11,731	63,269	75,000	66,542	8,458
Total Disbursements	75,000	11,731	63,269	75,000	66,542	8,458
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,185)	17,689	56,874	(44,500)	(25,672)	18,828
CASH, JANUARY 1	76,155	76,155	0	101,827	101,827	0
CASH, DECEMBER 31	36,970	93,844	56,874	57,327	76,155	18,828

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
COUNTY FARM FUND						
RECEIPTS						
Other	0	0	0	0	2,500	2,500
Total Receipts	0	0	0	0	2,500	2,500
DISBURSEMENTS						
Other	34,000	0	34,000	50,000	24,755	25,245
Total Disbursements	34,000	0	34,000	50,000	24,755	25,245
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34,000)	0	34,000	(50,000)	(22,255)	27,745
CASH, JANUARY 1	34,495	34,495	0	56,750	56,750	0
CASH, DECEMBER 31	495	34,495	34,000	6,750	34,495	27,745
ARCHIVES FUND						
RECEIPTS						
Intergovernmental	11,662	2,003	(9,659)	0	141	141
Interest	0	0	0	0	714	714
Transfers in	15,498	15,498	0	10,374	10,903	529
Total Receipts	27,160	17,501	(9,659)	10,374	11,758	1,384
DISBURSEMENTS						
Recorder of Deeds	32,117	18,251	13,866	17,367	13,250	4,117
Total Disbursements	32,117	18,251	13,866	17,367	13,250	4,117
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,957)	(750)	4,207	(6,993)	(1,492)	5,501
CASH, JANUARY 1	4,972	4,972	0	6,464	6,464	0
CASH, DECEMBER 31	15	4,222	4,207	(529)	4,972	5,501
PROSECUTING ATTORNEY ADMINISTRATION FUND						
RECEIPTS						
Charges for services	19,500	20,551	1,051	18,000	19,682	1,682
Interest	1,000	228	(772)	1,000	2,116	1,116
Other	5,000	0	(5,000)	0	7,609	7,609
Transfers in	211	211	0	0	0	0
Total Receipts	25,711	20,990	(4,721)	19,000	29,407	10,407
DISBURSEMENTS						
Prosecuting Attorney	25,000	18,692	6,308	19,044	25,870	(6,826)
Total Disbursements	25,000	18,692	6,308	19,044	25,870	(6,826)
RECEIPTS OVER (UNDER) DISBURSEMENTS	711	2,298	1,587	(44)	3,537	3,581
CASH, JANUARY 1	17,884	17,884	0	14,347	14,347	0
CASH, DECEMBER 31	18,595	20,182	1,587	14,303	17,884	3,581

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SHERIFF'S COMMISSARY FUND						
RECEIPTS						
Charges for services	23,000	27,839	4,839	18,000	22,327	4,327
Interest	0	32	32	0	0	0
Total Receipts	23,000	27,871	4,871	18,000	22,327	4,327
DISBURSEMENTS						
Sheriff	19,000	24,198	(5,198)	18,000	19,795	(1,795)
Total Disbursements	19,000	24,198	(5,198)	18,000	19,795	(1,795)
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,000	3,673	(327)	0	2,532	2,532
CASH, JANUARY 1	2,532	2,532	0	0	0	0
CASH, DECEMBER 31	6,532	6,205	(327)	0	2,532	2,532
SHERIFF'S CIVIL PROCESS FUND						
RECEIPTS						
Charges for services	21,000	22,120	1,120	26,500	20,340	(6,160)
Interest	0	2	2	0	0	0
Transfers in	118	118	0	0	0	0
Total Receipts	21,118	22,240	1,122	26,500	20,340	(6,160)
DISBURSEMENTS						
Sheriff	26,000	24,949	1,051	26,000	26,102	(102)
Total Disbursements	26,000	24,949	1,051	26,000	26,102	(102)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,882)	(2,709)	2,173	500	(5,762)	(6,262)
CASH, JANUARY 1	10,953	10,953	0	16,715	16,715	0
CASH, DECEMBER 31	6,071	8,244	2,173	17,215	10,953	(6,262)
USE TAX FUND						
RECEIPTS						
Interest	2,000	129	(1,871)	100	5,148	5,048
Total Receipts	2,000	129	(1,871)	100	5,148	5,048
DISBURSEMENTS						
Other	6,824	0	6,824	1,676	0	1,676
Total Disbursements	6,824	0	6,824	1,676	0	1,676
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,824)	129	4,953	(1,576)	5,148	6,724
CASH, JANUARY 1	6,824	6,824	0	1,676	1,676	0
CASH, DECEMBER 31	2,000	6,953	4,953	100	6,824	6,724
RECORDER'S MAINTENANCE FUND						
RECEIPTS						
Charges for services	21,000	22,967	1,967	22,500	20,683	(1,817)
Interest	2,000	842	(1,158)	2,200	4,091	1,891
Total Receipts	23,000	23,809	809	24,700	24,774	74
DISBURSEMENTS						
Recorder of Deeds	53,962	48,134	5,828	29,197	7,143	22,054
Total Disbursements	53,962	48,134	5,828	29,197	7,143	22,054
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,962)	(24,325)	6,637	(4,497)	17,631	22,128
CASH, JANUARY 1	48,575	48,575	0	30,944	30,944	0
CASH, DECEMBER 31	17,613	24,250	6,637	26,447	48,575	22,128

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
DOMESTIC VIOLENCE FUND						
RECEIPTS						
Charges for services	5,000	3,292	(1,708)	3,350	5,549	2,199
Interest	400	205	(195)	100	971	871
Total Receipts	5,400	3,497	(1,903)	3,450	6,520	3,070
DISBURSEMENTS						
Payments to shelters	6,000	6,000	0	6,000	6,000	0
Total Disbursements	6,000	6,000	0	6,000	6,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(600)	(2,503)	(1,903)	(2,550)	520	3,070
CASH, JANUARY 1	8,019	8,019	0	7,499	7,499	0
CASH, DECEMBER 31	7,419	5,516	(1,903)	4,949	8,019	3,070
CRIME REDUCTION FUND						
RECEIPTS						
Interest	0	0	0	0	50	50
Total Receipts	0	0	0	0	50	50
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	161	0	161
Transfer out	211	211	0	0	0	0
Total Disbursements	211	211	0	161	0	161
RECEIPTS OVER (UNDER) DISBURSEMENTS	(211)	(211)	0	(161)	50	211
CASH, JANUARY 1	211	211	0	161	161	0
CASH, DECEMBER 31	0	0	0	0	211	211
PROSECUTING ATTORNEY DELINQUENT TAX FUND						
RECEIPTS						
Charges for services	1,000	2,195	1,195	300	1,052	752
Interest	200	58	(142)	75	441	366
Total Receipts	1,200	2,253	1,053	375	1,493	1,118
DISBURSEMENTS						
Prosecuting Attorney	2,000	1,533	467	2,000	1,580	420
Total Disbursements	2,000	1,533	467	2,000	1,580	420
RECEIPTS OVER (UNDER) DISBURSEMENTS	(800)	720	1,520	(1,625)	(87)	1,538
CASH, JANUARY 1	2,906	2,906	0	2,993	2,993	0
CASH, DECEMBER 31	2,106	3,626	1,520	1,368	2,906	1,538
D.A.R.E. FUND						
RECEIPTS						
Donations	0	0	0	0	13	13
Total Receipts	0	0	0	0	13	13
DISBURSEMENTS						
Transfers out	13	13	0	0	0	0
Total Disbursements	13	13	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13)	(13)	0	0	13	13
CASH, JANUARY 1	13	13	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	13	13

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SHERIFF'S FORFEITURE FUND						
RECEIPTS						
Other	0	0	0	0	25	25
Total Receipts	0	0	0	0	25	25
DISBURSEMENTS						
Transfers out	105	105	0	0	0	0
Total Disbursements	105	105	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(105)	(105)	0	0	25	25
CASH, JANUARY 1	105	105	0	80	80	0
CASH, DECEMBER 31	0	0	0	80	105	25
P.O.S.T. FUND						
RECEIPTS						
Charges for services	3,500	2,430	(1,070)	2,400	3,283	883
Interest	0	200	200	0	0	0
Total Receipts	3,500	2,630	(870)	2,400	3,283	883
DISBURSEMENTS						
Sheriff	6,000	4,422	1,578	3,000	2,686	314
Total Disbursements	6,000	4,422	1,578	3,000	2,686	314
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,500)	(1,792)	708	(600)	597	1,197
CASH, JANUARY 1	10,739	10,739	0	10,142	10,142	0
CASH, DECEMBER 31	8,239	8,947	708	9,542	10,739	1,197
COLLECTOR'S MAINTENANCE FUND						
RECEIPTS						
Charges for services	22,000	24,976	2,976	15,000	21,933	6,933
Interest	0	140	140	0	0	0
Total Receipts	22,000	25,116	3,116	15,000	21,933	6,933
DISBURSEMENTS						
Ex Officio County Collector	23,000	1,369	21,631	15,000	4,560	10,440
Total Disbursements	23,000	1,369	21,631	15,000	4,560	10,440
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	23,747	24,747	0	17,373	17,373
CASH, JANUARY 1	17,373	17,373	0	0	0	0
CASH, DECEMBER 31	16,373	41,120	24,747	0	17,373	17,373

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

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 Stoddard 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 or an elected county official. 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:

Fund	Years Ended December 31,
Associate Circuit Division Interest Fund	2004 and 2003
Circuit Division Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003
Miscellaneous Fund	2004 and 2003
Crisis Intervention Fund	2004 and 2003
Sheriff's Revolving Fund	2004
Sheriff's Reserve Fund	2004

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

Fund	Years Ended December 31,
Sheriff's Commissary Account Fund	2004 and 2003
Law Enforcement Training Fund	2003
Prosecuting Attorney Administration Fund	2003
Sheriff's Civil Process Fund	2003

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Archives Fund for the year ended December 31, 2003.

D. Published Financial Statements

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

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

Fund	Years Ended December 31,
Associate Circuit Division Interest Fund	2004 and 2003
Circuit Division Interest Fund	2004 and 2003
Law Library Fund	2004 and 2003
Crisis Intervention Fund	2004 and 2003

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and*

Reverse Repurchase Agreements, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Prior Period Adjustment

The Miscellaneous Fund cash balance of $982 and the Crisis Intervention Fund cash balance of $155 at January 1, 2003 were not previously reported but have been added.

Supplementary Schedule

Schedule

STODDARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31, 2004	2003
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed through state			
	Department of Social Services -			
10.550	Food Donation	N/A	$ 1,024	1,457
	Department of Health and Senior Services -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-3204W	0	71,966
		ERS045-4204W	64,081	29,970
		ERS045-5204W	22,819	0
	Program Total		86,900	101,936
10.559	Summer Food Service Program for Children	ERS146-3204I	455	650
10.561	State Administrative Matching Grants for Food Stamp Program	N/A	5,257	0
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through state			
	Department of Economic Development -			
14.228	Community Development Block Grants/State' Program	2000-PF-155	14,444	113,856
		2001-PF-50	1,900	147,000
	Program Total		16,344	260,856
	U.S. DEPARTMENT OF JUSTICE			
	Passed through:			
	State Department of Public Safety			
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	2002-JAIBG-LG	5,632	1,440
16.580	Missouri Sheriff's Meth-Amphetamine Relief Team Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000-DDVX-0055	40,484	46,555
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Program	N/A	962	1,395

Schedule

STODDARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31, 2004	2003
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state			
	Highway and Transportation Commission			
20.205	Highway Planning and Constructior	BRO - 103(34)	582	0
		BRO - 103(37)	108,137	0
		BRO - 103(41)	0	47,293
		BRO - 103(42)	132,471	0
		BRO - 103(43)	0	179,793
		BRO - 103(44)	377	173,419
		BRO - 103(45)	79,466	94,143
	Program Total		321,033	494,648
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	28,558	2,480
	GENERAL SERVICES ADMINISTRATION			
	Passed through state Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	562	0
39.011	Election Reform Payments	N/A	900	0
	U.S. DEPARTMENT OF HOMELAND SECURITY			
	Passed through state Department of Public Safety			
83.562	Emergency Management Performance Grants	N/A	10,120	4,413
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.268	Immunization Grants	PGA064-3204A	800	4,150
		N/A	45,491	38,839
		DHO40022065	2,627	982
	Program Total		48,918	43,971
93.288	Bioterrorism Enhanced Communication	3020-A	7,255	6,700
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	24,592	25,102

Schedule

STODDARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31, 2004	2003
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-5204S	365	0
		PGA067-4204S	2,208	250
		PGA067-3204S	0	2,120
		PGA067-4204C	1,965	525
		PGA067-3204C	0	2,240
	Program Total		4,538	5,135
	Department of Social Services -			
93.667	Social Services Block Grant	026SSBG	43,761	43,552
	Department of Health and Senior Services			
93.919	Cooperative Agreements for State-Based Comprehensiv Breast and Cervical Cancer Early Detection Program	ERS161-30036	0	23,095
		ERS161-40074	7,772	13,848
		ERS161-50030	3,261	0
	Program Total		11,033	36,943
93.945	Assistance Programs for Chronic Disease Preventio and Control	DHO20063001	0	5,000
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-3204M	14,176	22,276
		ERS146-4204M	10,409	2,025
		ERS175-2073F	11,170	12,000
		AOCO1380036	0	3,684
		N/A	0	405
	Program Total		35,755	40,390
	Total Expenditures of Federal Award		$ 694,083	1,122,623

* Includes monies received under CFDA Number 83.562 and 97.04
N/A - Not applicable

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

Notes to the Supplementary Schedule

STODDARD 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 Stoddard 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 Food Distribution Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services, and the amounts for the Donation of Federal Surplus

Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

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

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided $321,033 and $494,648 to subrecipients under the Highway Planning and Construction Program (CFDA number 20.205) during the years ended December 31, 2004 and 2003, respectively.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report

CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Stoddard County, Missouri

Compliance

We have audited the compliance of Stoddard County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal 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, Stoddard 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, 2004 and 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance

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with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 04-2 and 04-3.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 04-2 and 04-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 04-2 and 04-3, to be material weaknesses.

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

Claire McCaskill
State Auditor

May 12, 2005 (fieldwork completion date)

Schedule

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted? ___x___ yes _____ no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA or Other Identifying Number	Program Title
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction

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

Auditee qualified as a low-risk auditee? _____ yes ___x__ no

Section II - Financial Statement Findings

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

04-1.	**Budgetary Practices**

Formal budgets were not prepared for the Circuit Division Interest Fund, Associate Division Interest Fund, Law Library Fund, Crisis Intervention Fund, and Miscellaneous Fund for the two years ended December 31, 2004. In addition, budgets were not prepared for the Sheriff's Revolving Fund and Sheriff's Reserve Fund for the year ended December 31, 2004. Disbursements for these funds totaled $104,650 and $340,266 in 2004 and 2003, respectively.

Chapter 50, RSMo, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year.

A similar condition was noted in prior reports.

WE AGAIN RECOMMEND the County Commission:

Ensure budgets are prepared or obtained for all county funds as required by state law.

AUDITEE'S RESPONSE

The County Commission will prepare a budget for the Miscellaneous Fund and require the fee agents to submit annual budgets for the other funds to the County Clerk for 2006.

Section III - Federal Award Findings and Questioned Costs

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

04-2.	Subrecipient Monitoring

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Numbers:	BRO – 103(34); BRO – 103(37); BRO – 103(41); BRO – 103(42); BRO – 103(43); BRO – 103(44); BRO – 103(45)
Award Years:	2004 and 2003
Questioned Costs:	$321,033 and $494,648

During the years ended December 31, 2004 and 2003, Stoddard County was designated as the recipient for Highway Planning and Construction Grants for bridge replacement and rehabilitation under the Highway Planning and Construction Program. These funds were passed through to several townships and special road districts within the county. The County Commission did not adequately monitor these subrecipients for compliance with applicable laws and regulations. There was no indication that the County Commission had reviewed five of eleven invoices tested that were related to the Highway Planning and Construction Program. In addition, the county did not retain copies of supporting documentation accompanying these requests for payment. Grant funding for these programs totaled $815,681 for the two years.

Under provisions of the Single Audit Act and OMB Circular A-133, the county, as the primary grant recipient, is required to monitor any subrecipients receiving $25,000 or more in federal financial assistance for compliance with applicable laws and regulations. The county did not enter into a written contract with the subrecipients regarding the use of the federal funds. In addition, the county did not obtain any documentation from the townships or special road districts indicating that the contractors were actually paid. By not properly monitoring the subrecipients, the county cannot ensure that the grant monies are being expended in accordance with federal requirements. As the grant recipient, the county is ultimately responsible for ensuring the compliance with federal requirements.

This same condition has been noted in two previous reports and although the County Commission indicated they would request and maintain documentation of payment by the subrecipients, this has not been done.

WE AGAIN RECOMMEND the County Commission properly monitor federal grant subrecipients to ensure compliance with applicable laws and regulations. The County Commission should resolve the questioned costs with the grantor agency.

AUDITEE'S RESPONSE

The County Commission will work with the engineering companies to adequately monitor the sub-recipients and maintain adequate documentation to support all payments.

04-3.	**Schedule of Expenditures of Federal Awards**

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Numbers:	BRO – 103(34); BRO – 103(37); BRO – 103(41); BRO – 103(42); BRO – 103(43); BRO – 103(44); BRO – 103(45)
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity Identifying Numbers:	2001-PF-50; 2000-PF-155
Award Years:	2004 and 2003
Questioned Costs:	Not applicable

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

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2004 and 2003, the county's SEFA contained numerous errors and omissions. Expenditures relating to several federal grants were reported incorrectly or not included on the schedules and the County Clerk failed to include the required pass-through grantor's number on some of the programs that were reported. As a result, expenditures were understated by $83,295 and overstated by $70,248 for 2004 and 2003, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly report federal awards to the County Clerk to ensure all federal awards are properly accounted for on the SEFA.

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

This same condition was noted in two previous reports and although the County Clerk indicated he would try to improve the schedule, little improvement has been made.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. In addition, the County Commission should take steps to ensure other departments and/or officials properly track federal awards.

AUDITEE'S RESPONSE

The County Commission will keep working on preparing a more accurate schedule.

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

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

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

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

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

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

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

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

Findings – Two Years Ended December 31, 2002

1. Subrecipient Monitoring

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-103
Award Year:	2002 and 2001
Questioned Costs:	Not Applicable

During the years ended December 31, 2002 and 2001, Stoddard County was designated as the recipient for Highway Planning and Construction Grants for bridge replacement and rehabilitation under the Highway planning and Construction Program. These funds were passed through to several townships and special road districts within the county. The county did not receive a written contract with the subrecipients regarding the use of the federal funds. The county did not obtain any proof from the townships or special road districts that the contractors were actually paid.

Recommendation:

The County Commission obtain contracts and proof of payment from the subrecipients to ensure compliance with applicable laws and regulations.

Status:

Not implemented. See finding number 04-2.

2. Schedule of Expenditures and Federal Awards

Federal Grantor:	U. S. Department of Justice
Federal CFDA Number:	16.580
Program Title:	Methamphetamine Hot Spots
Award Year:	2002 and 2001
Questioned Costs:	Not Applicable
Federal Grantor:	U. S. Department of Health and Human Services
Federal CFDA Number:	93.268
Program Title:	Immunization Grants
Award Year:	2002 and 2001
Questioned Costs:	Not Applicable

The county prepared a schedule of expenditures of federal awards for each of the two years ended December 31, 2002. The county's schedule did not include the juvenile block grants and included several grants for incorrect dollar amounts. As a result, the county over reported expenditures by approximately $103,000 in 2002 and $9,000 in 2001.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Clerk should make sure all the various departments that may provide information for this schedule are aware of the importance of the accuracy and provide guidance to them if necessary.

Status:

Not implemented. See finding number 04-3.

3. Report Reconciliation

Federal Grantor:	U. S. Department of Justice
Federal CFDA Number:	16.580
Program Title:	Methamphetamine Hot Spots
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Award Year:	2002 and 2001
Questioned Costs:	Not Applicable

The Sheriff's department prepared all of the applicable financial reports for the Methamphetamine Hot Spots Grant and the Public Safety Partnership and Community Policing Grant. However, the financial information was not reconciled with the general ledger information prepared by the County Clerk's office. The amounts shown on the financial reports were incorrect in some instances and differences for these years were considered immaterial.

Recommendation:

All the financial reports for federal grants be reconciled with the general ledger before being submitted.

Status:

Not implemented. Although the Sheriff does not reconcile federal grant reports with information obtained from the County Clerk's office for some grants, there were no differences noted. Although not repeated in the current report, our recommendation remains as stated above.

Findings – Two Years Ended December 31, 2000

1. Subrecipient Monitoring

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-103 (30); BRO – 103 (32); BRO – 103 (33); BRO – 103 (34); BRO – 103 (35); BRO – 103 (36); BRO – 103 (37); BRO – 103 (38); BRO – 103 (39); and BRO – 103 (40)
Award Years:	2000 and 1999
Award Year:	2000 and 1999
Questioned Costs:	Not Applicable

During the years ended December 31, 2000 and 1999, Stoddard County was designated as the recipient for Highway Planning and Construction Grants for bridge replacement and rehabilitation under the Highway planning and Construction Program. These funds were passed through to several townships and special road districts within the county. The County Commission did not adequately monitor these subrecipients for compliance with applicable laws and regulations. Grant funding for these programs totaled $1,031,585 for the two years.

Recommendation:

The County Commission properly monitor federal grant subrecipients to ensure compliance with applicable laws and regulations.

Status:

Not implemented. See finding number 04-2.

2. Schedule of Expenditures and Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Numbers:	BRO – 103 (30); BRO – 103 (32); BRO – 103 (33); BRO – 103 (34); BRO – 103 (35); BRO – 103 (36); BRO – 103 (37); BRO – 103 (38); BRO – 103 (39); and BRO – 103 (40)
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

Although the county prepared a schedule of expenditures of federal awards (SEFA) for each of the two years ended December 31, 2000; the information presented by the County Clerk for some of the programs was not accurate.

The county's schedule did not include all the juvenile and emergency management grants because the information obtained from the granting agencies and the juvenile office did not indicate they were federal awards. In addition, the amounts reported to the County Clerk by the Health Center were not adjusted for programs that were only in part federally funded and did not include non-cash awards such as vaccinations. Other programs reported did not include the required CFDA number or pass-through grantor's number. In addition, some non-federal programs were included and other programs were reported incorrectly. As a result, the county over reported expenditures on their SEFA schedule by approximately $114,000 for 2000 and under reported expenditures by approximately $62,000 for 1999.

Recommendation:

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

Status:

Not implemented. See finding number 04-3.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Stoddard County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 12, 2005. We also have audited the compliance of Stoddard 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, 2004 and 2003, and have issued our report thereon dated May 12, 2005.

Because the Health Center, Sheltered Facilities Board, and 911 Board are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

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

1. Review the internal controls over the transactions of the various county officials.

2. Review compliance with certain legal provisions.

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

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

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

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

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than

those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Stoddard 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*.

1. County Disbursements

Bids were not always solicited or advertised by the county, nor was bid documentation always retained. Some purchases for which bids were obtained, the low bidder was not selected nor was the justification for other selections documented. Adequate supporting documentation was not always obtained and reviewed or was not in sufficient detail for some disbursements, and an expenditure from the Sheriff's Commissary Fund did not appear to be a proper use of county funds.

A. The county did not solicit bids or requests for proposals for various purchases nor did the County Clerk retain bid documentation. The County Clerk and the County Commission indicated bids are sometimes solicited through telephone calls or other direct contact with vendors; however, documentation of these contacts was not maintained or recorded in the county commission minutes. The following are examples of items purchased during the two years ended December 31, 2004 without bid documentation:

Items Purchased		Cost
Vehicle for Sheriff's department	$	17,219
Computer equipment		6,816
Copier		5,695
Reader/printer		4,999
Security system		4,660
Excavating services		4,640

We also noted additional purchases for which bids were obtained; however, the low bid was not selected and no justification was documented noting the reasons why the low bidder was not selected. Examples of these purchases included a copier for $6,510 with a low bid of $2,295 and another copier for $4,686 with a low bid of $3,995.

Section 50.660, RSMo, requires the advertisement for bids for any purchases of $4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive

bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.

B. Instances were noted in which the county approved payments to vendors without requiring or retaining adequate supporting documentation. Examples of items which could not be properly supported were as follows:

Items Purchased		Cost
Scanning equipment	$	5,161
Computer		3,119
Printer/envelope feeder		2,954
Travel expenses		923

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

C. In December 2003, the prior Sheriff authorized payment of $389 from the Sheriff's Commissary Fund for an employee Christmas party. This payment, supported by a memo prepared by the prior Sheriff, was reviewed and approved by the County Commission. While the prior Sheriff apparently believed he had the discretion to use the Sheriff's Commissary Fund for such disbursements, this does not appear to be a prudent use of the fund. County officials should ensure county funds are spent only on items which are necessary and beneficial to county operations.

WE RECOMMEND the County Commission:

A. Solicit bids for all purchases and services in accordance with state law and maintain documentation of the bidding process, including all bids received and justification for selecting and rejecting bids.

B. Ensure adequate supporting documentation is obtained to support all disbursements.

C. And the Sheriff ensure all disbursements of county monies are a necessary and prudent use of public funds.

AUDITEE'S RESPONSE

A. The County Commission indicated they did obtain bids for these items, which were not adequately documented. They will ensure future bids are documented and retained.

B. The County Commission indicated they will obtain and retain invoices.

C. The County Commission indicated they agree with the recommendation.

The new Sheriff indicated this will not happen again.

2.	**Budgetary Practices**

The county approved expenditures in excess of available monies for the Archives Fund and the Miscellaneous Fund had a negative cash balance at December 31, 2003. In addition, some funds were not included in the published financial statements.

A. Although Section 50.740, RSMo, requires balanced budgets, the County Commission budgeted a deficit of $529 for the Archives Fund for the year ended December 31, 2004. Also, the county paid for administrative services for the CDBG grant from the Miscellaneous Fund in excess of available monies. As a result, this fund had a negative $4,018 cash balance as of December 31, 2003.

Counties are not authorized to have deficit fund balances. Article VI, Section 26(a) of the Missouri Constitution states, "no county …shall become indebted in an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years…"

The County Commission should review cash balances prior to approving expenditures for all funds to prevent this situation from reoccurring.

B. The annual published financial statements of the county did not include the financial activity of some county funds as required. Section 50.880, RSMo, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds.

Similar conditions were noted in our prior report and although the County Commission stated they would ensure deficit fund balances would not occur, conditions have not improved.

WE AGAIN RECOMMEND the County Commission:

A. Refrain from budgeting a deficit balance in any fund. In addition, refrain from approving expenditures in excess of available monies to ensure all funds are maintained with a positive cash balance.

B. Ensure the published financial statements include all county funds as required by state law.

AUDITEE'S RESPONSE

A. The County Commission indicated they will make necessary amendments to prevent having a negative cash balance at year end, and will not budget a deficit balance.

B. The County Commission indicated this was an oversight, and they will ensure no such error occurs in the future.

3.	Personnel Policies and Procedures

Time records reported to the county do not accurately reflect actual compensatory time earnings, usage, and accumulated balances. In addition, the county's established compensatory time procedures for the Sheriff's department employees do not appear to be in compliance with the FLSA. The policy indicates compensatory time for Sheriff's department employees is based on 173 hours in a month, while the FLSA indicates compensatory time for law enforcement personnel should be based on 171 hours in a 28 day period. Sheriff's department employees submit a timesheet to the county indicating a total of 173 hours worked each month and no compensatory time. However, some Sheriff's department employees keep their own records which differ from what is reported to the county and which reflect compensatory time earned, accumulated, and taken. At December 31, 2004, two deputies had compensatory time balances of 516 and 170.5 hours, respectively, that were documented on their records but not reported to the County Commission on their official timesheets. As a result, the county does not have adequate records to monitor overtime worked by county employees and its overall liability for compensatory time.

WE RECOMMEND the County Commission require all employees to report compensatory time earned and taken on their monthly time sheets. In addition, the county should ensure the personnel policy and procedures are in compliance with the FLSA.

AUDITEE'S RESPONSE

The County Commission indicated they are working on implementing this recommendation with the new Sheriff.

The new Sheriff indicated he has started recording the compensatory time and will work with the County Commission to ensure the policy is in compliance with the FLSA by January 1, 2006.

4. Property Records and Procedures

Property records and procedures are inadequate. In addition, the county did not have adequate procedures to ensure assets sold are handled properly.

A. Property records and procedures are inadequate. Although similar recommendations were made in the 2000 audit report, as well as other previous reports, and the County Commission indicated the recommendations would be implemented by January 2002, conditions have not improved. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. The County Clerk has not updated the inventory listing of fixed assets held by county officials since 1995 and asset dispositions have not been recorded since this time. In addition, the County Clerk does not reconcile equipment purchases with additions to the fixed asset records. Examples of items purchased which were not included on the fixed asset listing include four vehicles for the Sheriff's department totaling approximately $82,340, three copiers totaling $16,891, a security camera totaling $4,660 and other computer and related equipment totaling $95,653.

In addition, an annual inventory of all general fixed assets and quarterly inspections of county owned land and buildings have not been performed, and most fixed assets are not properly numbered, tagged, or otherwise identified as county owned property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

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

B. The county does not have adequate procedures to ensure assets sold are handled properly. In November 2002, a sheriff's department vehicle was wrecked and the insurance company totaled it out and paid the county $8,416. The prior Sheriff then purchased the vehicle himself for $133 without approval by the County Commission.

The county filed criminal charges and as a result, the prior Sheriff paid $1,367 (the determined value of the car) to the county for restitution. The county has not established formal written procedures for the disposal of fixed assets to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records. These procedures should ensure the method of disposal (e.g. bids, public sale, etc.) allows for participation by the public and provides the best price for the county.

WE AGAIN RECOMMEND the County Commission:

A. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed, and property control tags should be affixed to all county owned property.

B. Establish written procedures for the proper disposal of fixed assets.

AUDITEE'S RESPONSE

A. The County Commission indicated they are working on improving the procedures for accounting and record keeping for the fixed asset system.

B. The County Commission indicated that during the commission meeting on August 29, 2005, they will establish written procedures for the proper disposal of fixed assets.

5. Computer Controls

The county uses a mainframe computer to perform its general ledger accounting, budgetary accounting and reporting, cash disbursing, assessment, and tax collection functions. Several concerns were noted including failure to periodically change passwords, failure to halt log-ins after several denied attempts, and failure to establish a formal contingency plan.

A. Passwords are not changed on a periodic basis to ensure confidentiality. As a result, there is less assurance that passwords are effectively limiting access to data files and programs to only those individuals who need access for their job responsibilities. Passwords should be unique, changed periodically to reduce the possibility of unauthorized users, and utilized to restrict individuals' access to only those data files and programs they need to accomplish their jobs.

B. No security system is in place on the property tax and financial programs to detect and stop incorrect log-on attempts after a certain number of tries. An unauthorized

individual could try an infinite number of times to log on the system, and if successful, have unrestricted access to program and data files. To help protect computer files, a security system should be implemented to stop incorrect log-on attempts after a certain number of tries. Such a system should produce a log of the incorrect attempts, which should be reviewed periodically by an authorized official.

C. The county does not have a formal contingency plan for the computer system in case of emergency. As a result, the county has not formally negotiated arrangements for backup facilities in the event of a disaster. The major benefit of thorough contingency planning comes from the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county.

Similar conditions were noted in our prior report and, although the County Commission stated they would implement the recommendations, no changes have been made.

WE AGAIN RECOMMEND the County Commission:

A. Ensure passwords are periodically changed and remain confidential.

B. Establish a security system to stop and report incorrect log-on attempts after a certain number of tries.

C. Develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.

AUDITEE'S RESPONSE

A-C. The County Commission indicated that the County Clerk will work with a programmer on implementing the above recommendations.

6. Sheriff's Controls and Procedures

Deposits are not made timely, checks and money orders are not restrictively endorsed upon receipt, duties are not adequately segregated, and monthly reconciled bank balances are not reconciled to listings of liabilities (open items). In addition, mileage reimbursements lack adequate documentation and vehicle usage logs are not maintained.

The Sheriff receives monies for civil and criminal fees, gun permits, board bills, bonds, and other miscellaneous receipts which are handled in the Sheriff's fee account. The Sheriff also maintains a separate inmate checking account to handle personal inmate monies. The Sheriff handled receipts totaling approximately $220,000 and $236,000 during the years ended December 31, 2004 and 2003, respectively.

A. Receipts are not always deposited timely. Deposits are generally made twice a week and average approximately $2,000 per deposit. A cash count performed on April 14, 2005, totaling $1,702 included $1,487 of cash and receipts from April 4, 2005. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed $100.

B. Checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the deposit is made. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

C. The duties of receiving, recording, and depositing monies are not adequately segregated. During the two years ending December 31, 2004, the Sheriff's office manager was responsible for receiving the monies, recording the receipts, preparing the deposits, and writing the checks.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance and could be achieved by segregating the functions of receiving and disbursing the monies from maintaining the accounting records. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review by another individual.

D. Monthly listings of open items are not reconciled to cash balances for the Sheriff's inmate account. As of December 31, 2004, the reconciled bank balance was $4,121 while the identified liabilities on the open items listing were $4,479 for a cash shortage of $358. Reconciling the book balance to the open items listing is necessary to ensure records are in balance, errors are detected and corrected on a timely basis and that sufficient cash is available to cover prisoner account balances.

E. The Sheriff and his deputies frequently transport prisoners and serve papers for attorneys, courts, and other counties relating to civil cases. The Sheriff's department collects mileage reimbursements for these services. The following concerns were noted:

1. Mileage reimbursements prepared by the Sheriff's employees lacked adequate documentation. During the years ended December 31, 2004 and 2003, the prior Sheriff and two deputies used their personal vehicles for criminal process and criminal investigative work. The county paid approximately $49,000 and $52,000, respectively, to these officers for mileage during this time period. Although the county indicated they would begin recording odometer readings after we reported similar findings in our audit for the two years ended December 31, 2000, no such records were maintained and the descriptions of places to and from which the officer traveled were vague. A

former deputy was able to take advantage of the situation and obtained mileage reimbursements totaling over $14,000 for mileage which was not incurred. This was discovered by the former Sheriff and the deputy was charged with theft and found guilty. He has made restitution and is no longer employed by the county. However, the situation went unnoticed for over two years due to the control weaknesses noted above.

Section 57.430, RSMo, requires the Sheriff and deputies to file accurate and itemized mileage statements showing in detail the miles traveled by the officer, the date of the trip, the nature of the business engaged in during each trip, and the places to and from which the officer has traveled, when the officer is driving a personal vehicle.

To ensure mileage reimbursement requests are reasonable and represent valid expenditures, the Sheriff and County Commission should require the requests to be adequately detailed, including the purpose and destination of each trip.

2. At December 31, 2004, the county owned five vehicles and no longer reimbursed mileage for use of personal vehicles; however, vehicle usage logs are not maintained in the county vehicles. Without adequate vehicle usage logs, the county cannot effectively monitor that vehicles are used for official business only. These logs should indicate at a minimum, the date used, beginning/ending odometer reading, destination/purpose, employee utilizing the vehicle, and the number of gallons and amount of any gasoline purchased.

Similar conditions were noted in prior reports and although the prior Sheriff stated he would implement the recommendations, no changes were made.

WE AGAIN RECOMMEND the Sheriff:

A. Deposit receipts daily or when accumulated receipts exceed $100.

B. Restrictively endorse checks and money orders immediately upon receipt.

C. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

D. Reconcile cash balances to monthly listings of open items.

E.1. And the County Commission require the Sheriff's office employees to record detailed information as to destinations traveled and purpose of official county business on mileage reimbursement requests.

2. And the County Commission require complete vehicle usage logs be maintained for all county vehicles. In addition, the County Commission should review the logs periodically to monitor the usage of county-owned vehicles.

AUDITEE'S RESPONSE

A. The Sheriff indicated he has implemented this recommendation.

B. The Sheriff indicated he has started endorsing checks and money orders immediately upon receipt.

C. The Sheriff indicated he will have someone independent review the office manager's work.

D. The Sheriff indicated they are working on reconciling cash balances to monthly listings of open items.

E.1. The Sheriff indicated that the Sheriff's Department will not have mileage reimbursements after December 31, 2005 as they no longer have deputies driving personal vehicles.

2. The Sheriff indicated that he believes the gas record system and the dispatch logs that he is now monitoring are sufficient.

7. Ex Officio Collector's Controls and Procedures

Duties are not segregated appropriately and voided transactions are not reviewed by the Ex-Officio Collector. These weaknesses allowed a clerk of the Ex Officio Collector's Office to misappropriate approximately $47,000 of real and personal property tax payments between 2001 and 2004. In addition, the method of payment is not indicated on paid tax receipts, no reconciliation is performed between the composition of paid tax receipts and the composition of deposits, no supervisory review of monthly bank reconciliations is performed, unreconciled differences between the bank balance and listings of liabilities (open items) are not investigated and resolved, and interest earned on township collectors' accounts has not been distributed in a timely manner.

A. Duties are not adequately segregated and receipts entered into the cash register and subsequently voided by one of the deputy collectors were not adequately reviewed by the Ex-Officio Collector and explanations of voided transactions were not documented. As a result, starting in January 2001, one employee was able to misappropriate tax receipts totaling approximately $47,000. The clerk took payments made in cash by entering the transaction through the cash register and then voiding or clearing the transaction while the taxpayers were issued the tax receipt marked paid. The Ex-Officio Collector discovered the problem in April 2004, charges were filed, and the deputy was found guilty. She was terminated from her position, and has been ordered to pay restitution and serve five years probation.

To help ensure receipts are properly recorded and deposited, all voided transactions should be documented and reviewed by the Ex-Officio Collector. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent review by another individual.

B. The method of payment is not indicated on all paid tax receipts; therefore, the Ex-Officio Collector cannot perform a reconciliation between the composition of paid tax receipts and the monies deposited. To ensure all monies collected are properly recorded and deposited, daily comparisons of receipts and deposits should be performed.

To help ensure receipts are properly recorded and deposited, receipt slips should indicate the method of payment (ie. cash, checks, or money orders) and the composition should be reconciled to the bank deposits on a periodic basis.

C. The Ex-Officio Collector did not review the monthly bank reconciliations prepared by the Deputy Collector. In addition, the Ex-Officio Collector did not follow up on unreconciled differences between the reconciled bank balance and the listing of liabilities in the collector's checking account even though she was aware of the differences. The unreconciled difference at February 28, 2005 was $4,533; however, at our request, the Ex-Officio Collector identified several reconciling items and was able to reduce the difference between bank and liabilities to $390 at February 28, 2005.

Preparing accurate listings of liabilities and agreeing the total with the reconciled cash balance helps ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. The Ex-Officio Collector should attempt to identify the remaining unreconciled difference in the collector's checking account. If proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with unclaimed property statutes.

D. The Ex-Officio Collector has not distributed the interest received from township collectors on their bank deposits on a timely basis. A similar condition was noted in our prior report and although the Ex-Officio Collector indicated the interest would be distributed, no action has been taken. Interest earned from March 1997 through March 2005, totaling in excess of $54,000 has not been distributed to other political subdivisions and is held in the General Revenue Fund.

WE RECOMMEND the Ex-Officio Collector:

A. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented. In addition, ensure all voided transactions are adequately documented and reviewed.

B. Ensure the method of payment is recorded on all tax statements and the composition of receipts is reconciled to deposits.

C. Review monthly bank reconciliations, investigate and resolve the remaining unreconciled difference and ensure that open items listings are reconciled monthly to the cash balance. In addition, any monies remaining unidentified should be disposed of in accordance with state law.

D. Allocate interest on a timely basis.

AUDITEE'S RESPONSE

A. The Ex-Officio Collector indicated she agrees with the recommendation, and has started checking the clerk's work and voided receipts closely.

B. The Ex-Officio Collector indicated she has started reconciling the composition of receipts to deposits. She also now ensures that method of payment is recorded.

C&D. The Ex-Officio Collector indicated she does not have enough time and resources to review reconciliations and allocate interest on a timely basis; however, she will try to implement these recommendations.

8. County Treasurer's Controls and Procedures

Receipt slips are not prenumbered and the method of payment (cash, check, and money order) is not consistently indicated on the receipt slips. As a result, the composition of monies received cannot be reconciled to the amounts deposited. In addition, the County Treasurer does not post the receipts to her electronic accounting records on a timely basis. Not posting receipts on a timely basis can cause problems in reconciling to the bank and to the County Clerk records.

Similar conditions were noted in our prior report.

To reduce the risk of loss or misuse of county resources, the County Treasurer should use prenumbered receipt slips, post the receipts to the accounting records in a timely manner, record the method of payment on the receipt slips and account for their numerical sequence, and reconcile the composition of receipts to the amounts deposited.

WE AGAIN RECOMMEND the County Treasurer account for the numerical sequence of receipts and post receipts to the accounting records on a timely basis. In addition, the County Treasurer should indicate the method of payment on each receipt slip issued and reconcile the composition of receipts to the composition of deposits.

AUDITEE'S RESPONSE

The Treasurer indicated that due to lack of available resources, she can not implement this recommendation; however, she will try.

9. Juvenile Officer's Controls and Procedures

The Crisis Intervention Fund administrative fees totaling $68 for the years ended December 31, 2003 and 2004 were paid to the Juvenile Officer. In addition, concerns with the Juvenile Officer's controls and procedures noted bank balances are not reconciled to liability listings and various accounting duties are not adequately segregated.

A. Monies received for Crisis Intervention Fund cases from the Department of Social Services - Children's Division (DSS - CD) are maintained in a bank account by the Juvenile Officer and are used to pay for services that help families in crisis to remain safely together and prevent out-of-home placement of children.

The contract with the DSS-CD indicates the account adminstrator can receive a ten percent administrative fee for each of these cases. The Juvenile Officer paid the $68 of administrative fees collected in 2003 and 2004 to himself. Because the county pays the operating costs of the Juvenile Office, it appears that these fees should be paid to the county.

The Juvenile Officer should reimburse the county for the $68 paid to himself and turn over future administrative fees to the county.

B. Monthly listings of liabilities (open items) are not prepared for the restitution account and, consequently, open items are not reconciled with bank balances. The reconciled bank balance as of December 31, 2004, totaled approximately $165 and the Juvenile Officer indicated he was unaware of how this money should be disbursed.

Preparing accurate listings of open items and agreeing the total with the reconciled bank balance helps ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. The juvenile officer should attempt to resolve the monies in the juvenile restitution account. If proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with unclaimed property statutes.

C. Duties are not adequately segregated. Currently duties including receiving and recording restitution payments, depositing monies, and preparing monthly bank reconciliations are performed by one clerk, with no independent oversight.

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

WE RECOMMEND the Juvenile Officer:

A. Turn over all administrative fees to the county.

B. Prepare monthly listings of open items and reconcile the listings to the cash balances. In addition, the juvenile officer should attempt to identify the unidentified balances and any monies remaining unidentified should be disposed of in accordance with state law.

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

AUDITEE'S RESPONSE

A. The Juvenile Officer indicated he would pay back the $68, if required.

B. The Juvenile Officer indicated they have identified the recipients for the remaining balances, and will pay out the balance and close the account by December 31, 2005.

C. The Juvenile Officer indicated he will provide oversight over the secretary's work.

AUDITOR'S COMMENT

A. The juvenile officer's salary is paid by the state and expenses of the office are paid by the county. Any administrative fees should not be retained by him personally.

10. Prosecuting Attorney's Controls and Procedures

Receipts are not transmitted to the County Treasurer timely and are not kept in a secure location. In addition, adequate records of monies collected on criminal cases are not maintained and there appears to be no legal authority to collect these payments and transmit them to a not-for-profit organization.

The Prosecuting Attorney's office received monies for bad check restitution, court-ordered restitution payments, and other miscellaneous items totaling $20,100 and $26,800 for the years ended December 31, 2004 and 2003, respectively.

A. Bad check fees are not transmitted to the County Treasurer timely. Transmittals are typically made only once a week and averaged approximately $300 for the years ended December 31, 2004 and 2003. In addition, receipts are not maintained in a secure location until transmitted. We noted receipts are kept in an unlocked desk drawer.

   To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be maintained in a secure location and transmitted to the County Treasurer daily or when accumulated receipts exceed $100.

   Similar conditions were noted in our prior report and although the Prosecuting Attorney stated the recommendation was implemented, no changes have been made.

B. The Prosecuting Attorney collects monies on some criminal cases as part of the determination of charges to be filed. Adequate records of these monies are not maintained. In 2003 and 2004, the monies collected were transmitted to the Stoddard County Children's Home (SCCH), a not-for-profit organization. The amount of funds transmitted to the SCCH is not documented as neither the SCCH nor the Prosecuting Attorney maintained records of these monies.

   The Prosecuting Attorney could provide no legal authority to collect these payments during our audit period or transmit them to a not-for-profit organization. In 2005, the county established a new fund known as the Crime Reduction - Law Enforcement Restitution Fund for the collection of similar type funds per Section 50.565, RSMo 2004. The County Clerk indicated a total of $1,215 in crime reduction fees had been turned over from January through March of 2005. However, the Prosecuting Attorney indicated he still transmitted some monies to the SCCH during this time period. The Prosecuting Attorney could not justify the reasons for choosing to transmit some monies to the SCCH and some monies to the Crime Reduction-Law Enforcement Restitution Fund.

   To properly account for all transactions associated with any criminal cases, records should be maintained of any such payments made. In addition, the Prosecuting Attorney should pay any such monies collected to the Crime Reduction - Law Enforcement Restitution Fund, as allowed by state law.

WE RECOMMEND the Prosecuting Attorney:

A. Maintain receipts in a secure location and transmit bad check fees daily or when accumulated receipts exceed $100.

B. Maintain records of payments made in relationship to criminal cases and transmit such monies to the county Crime Reduction - Law Enforcement Restitution Fund.

AUDITEE'S RESPONSE

The Prosecuting Attorney responded:

The Stoddard County Prosecutor's Office will continue to guard such county finances as flow through this office in a timely, efficient, prudent and responsible manner with personnel who are dedicated to providing efficient and excellent criminal prosecution to the people of Stoddard County and are willing to work overtime, on holidays and Saturdays to ensure our citizens receive the best possible prosecution services at the lowest possible cost.

AUDITOR'S COMMENT

Continuing to follow these same procedures does not effectively guard county finances in a responsible manner.

11. Recorder of Deeds' Controls and Procedures

Monies are not deposited on a timely basis and checks and money orders are not restrictively endorsed immediately upon receipt. In addition, the method of payment is not noted on the daily abstract of fees and the composition of receipts to deposits is not compared.

Although similar instances were noted in prior reports, conditions have not improved. The Recorder of Deeds' office collected various fees for recording documents such as marriage licenses, deeds, etc. totaling $268,653 and $291,893 for the years ended December 31, 2004 and 2003, respectively.

A. Receipts are not deposited on a timely basis. Our review of deposits made during December 2004, indicated deposits are made approximately twice a week and averaged more than $1,000. A cash count performed on March 3, 2005, totaled $1,129 including $130 cash and receipts from March 1, 2005. In addition, checks and money orders are not restrictively endorsed immediately upon receipt. The endorsements are applied at the end of the day.

   To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed $100 and all checks and money orders should be restrictively endorsed immediately upon receipt.

B. The method of payment is not recorded on the ledger. As a result, the Recorder can not ensure the composition of the deposit agrees to the composition of the daily abstract of fees and monies actually received.

To ensure all receipts are deposited, the Recorder should ensure the composition of receipts recorded on the daily abstract of fees agrees to the composition of the deposits.

WE AGAIN RECOMMEND the Recorder of Deeds:

A. Deposit all monies intact daily or when accumulated receipts exceed $100 and restrictively endorse checks and money orders immediately upon receipt.

B. Record the method of payment for all fees on the abstract of fees or other supporting schedules and reconcile the composition of receipts to amounts deposited.

AUDITEE'S RESPONSE

A. The Recorder stated that because the bank is in Dexter, it is not feasible to make deposits daily. She will continue to endorse checks at the end of each day.

B. The Recorder indicated she will try recording the method of payments and reconciling the composition of receipts to the deposits.

12. Circuit Clerk's Controls and Procedures

Several problems were noted concerning the Circuit Clerk's controls and procedures including deposit concerns and inadequate supervisory review by the Circuit Clerk. In addition, the Circuit Clerk does not restrictively endorse checks immediately upon receipt.

During the years ended December 31, 2004 and 2003, the Circuit Clerk's office collected approximately $1,452,515 and $504,771, respectively, for civil and criminal court costs.

A. Circuit court receipts are not deposited in a timely manner. Although a similar recommendation was made in prior reports and the Circuit Clerk indicated the recommendation would be implemented immediately, conditions have not improved. In 2004, deposits were only made approximately once per week. On February 15, 2005, we counted cash and checks on hand in the Circuit Clerk's office totaling approximately $5,300 including receipts dating back to February 3, 2005. In addition, checks and money orders received are not restrictively endorsed immediately upon receipt. They are endorsed by the Circuit Clerk when the deposit is prepared.

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

B. There is no adequate supervisory review of the bank reconciliation prepared by the Deputy Clerk. The Circuit Clerk also indicated she does not review the numerical sequence of receipts to ensure all monies are accounted for properly. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly. At a minimum, there should be a documented independent comparison of receipt slips issued to amounts deposited and the bank reconciliation should be reviewed by an independent person.

WE RECOMMEND the Circuit Clerk:

A. Deposit all monies daily or when accumulated receipts exceed $100. In addition, checks and money orders should be restrictively endorsed immediately upon receipt.

B. Ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

A. The Circuit Clerk indicated they have started depositing receipts daily, and also, she is now endorsing all checks and money orders immediately upon receipt.

B. The Circuit Clerk indicated she will start reviewing the clerk's work.

Follow-Up on Prior Audit Findings

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

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. Sheriff'sReserve Bank Accounts

A. The "Stoddard County Sheriff's Department, Reserve Commissary Account" was not properly operated. The money was not held in the county treasury, federal grant program reimbursements were improperly deposited into the account, the Sheriff's department used the account as a petty cash fund, and its operations were not adequately monitored as the account balance at December 31, 2000, was negative $588.

B. The "Sheriff's Reserve Canine Fund" appeared to have been for the expenses of the drug dog and the Sheriff's helicopter; however, additional federal grant program reimbursements had been deposited into the account and there was no assurance that the account did not include additional accountable monies or that disbursements were appropriate.

C. The "Stoddard County Sheriff's Reserve" account appeared to have been for the expenses of reserve officers' vehicles and equipment and for donations received in exchange for security services; however, there was no assurance that the account did not include additional accountable monies or that disbursements were appropriate.

The Sheriff is authorized by statute to receive and distribute various fees and monies. However, Attorney General's Opinion No. 45-92 to Henderson states sheriffs of third class counties are not authorized to maintain a bank account for law endorsement purposes separate from the county treasury.

Recommendation:

The Sheriff identify all accounts and their purpose to ensure he is in compliance with the Attorney General's Opinion. He and the County Commission should determine the appropriate handling of the commissary profits. In addition, the Sheriff needs to ensure that all accountable monies are transmitted to the County Treasurer.

Status:

The Sheriff's Commissary Account and the Sheriff's Reserve Canine Fund were closed when the prior Sheriff left office in December 2004. The closing balances of $1,341 and $5,681 respectively, were turned over to the County Treasurer and placed in the Sheriff's Commissary Fund and the new Sheriff's Reserve Fund. The Stoddard County Sheriff's Reserve Account is handled by the Stoddard County Reserve Association and includes donations received for the reserve officers in exchange for security services.

2. Sheriff's Cost Reimbursements

A.1. Reimbursement claims submitted by the Sheriff and his deputies for civil and criminal mileage, when their personal vehicles were used, lacked adequate documentation.

2. Mileage logs were not maintained in the county owned vehicles.

B. The County Commission had no assurance payments made to the Sheriff for preparing and serving meals to the prisoners were reasonable and based on costs incurred by the Sheriff. The County Commission had reimbursed the Sheriff for meals at a daily rate of $3.25 per prisoner. The County Commission had not received or reviewed invoices supporting the actual food costs incurred by the Sheriff.

Recommendation:

The Sheriff:

A. And the County Commission require the submission of detailed and accurate mileage claims to verify the actual miles driven by officers in their personal vehicles. Mileage logs for county owned vehicles should be maintained. The County Commission should review the claims and mileage logs to determine if the number of miles claimed is reasonable.

B. Produce complete documentation of actual food costs incurred from feeding prisoners. Furthermore, the County Commission should consider having the grocery store bill the county direct for all food costs associated with the boarding of prisoners. In addition, if the present nonaccountable reimbursement method is continued, the reimbursements made should be reported on the Sheriff's W-2 form.

Status:

A. Not implemented. See MAR finding number 6.

B. Implemented. The county did include the nonaccountable reimbursements paid to the prior Sheriff on his W-2 form, which were $57,444 and $57,876 for 2003 and

2004 respectively. In 2005, after the new Sheriff took office, the county no longer reimburses the Sheriff for the cost of providing food to prisoners. The county now uses various outside vendors to provide food to prisoners and the vendors bill the county directly.

3. Sheriff's Fee Account Controls and Procedures

A. Accounting duties were not adequately segregated.

B. Receipts were not deposited on a timely basis, checks were not restrictively endorsed immediately upon receipt, and receipt slips were not written for some monies received.

C. The Sheriff's office manager maintained a cash control ledger for the various monies received through the Sheriff's office; however, the ledger was not complete and had not been reconciled to the reconciled bank balance.

Recommendation:

The Sheriff:

A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

B. Deposit all monies daily or when accumulated receipts exceed $100 and restrictively endorse all checks when received. In addition, prenumbered receipt slips should be issued for all monies received and the composition of receipts should be reconciled to the composition of bank deposits.

C. Ensure all receipts and disbursements are posted to the cash control ledger on a timely basis, totaled, and reconciled monthly to bank statements.

Status:

A. Not implemented. See MAR finding number 6.

B. Partially implemented. The Sheriff issues receipt slips for all monies received and reconciles the composition of monies received to the composition of bank deposits. However, deposits are still not made timely and checks are not restrictively endorsed upon receipt. See MAR finding number 6.

C. Implemented.

4. Sheriff's Inmate Account Controls and Procedures

A. Monthly bank reconciliations had not been prepared for the inmate account since October 1999 and monthly listings of liabilities were not agreed to the reconciled bank and book balance.

B. Inventory records of commissary supplies were not adequately maintained and periodic physical inventory counts were not performed.

C. Receipts were not deposited on a timely basis and checks were not restrictively endorsed when they were received.

Recommendation:

The Sheriff:

A. Perform monthly bank reconciliations between accounting records, bank statements, and open items. Any discrepancies noted should be investigated and resolved in a timely manner.

B. Maintain inventory records and ensure a periodic physical count of inventory is performed. Reconciliations of monies received to items purchased and remaining in inventory should be performed.

C. Deposit all monies intact daily or when accumulated receipts exceed $100 and restrictively endorse all checks when received.

Status:

A&C. Not implemented. See MAR finding number 6.

B. Partially implemented. The Sheriff's office maintains inventory records and performs a periodic physical count of inventory for all items except sodas sold through the vending machine. The Sheriff's office is also reconciling monies received to items purchased and remaining in inventory. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Officials' Salaries

The Stoddard County's Associate County Commissioners were each given a mid-term salary increase of $8,955 per year.

Recommendation:

The County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. The County Commission has agreed the mid-term salary increases will not be paid back to the county; however, the Associate County Commissioners have agreed not to claim mileage reimbursements for travel associated with official county duties. However, no record is kept of this mileage so it is not possible to determine if the amounts not claimed as mileage will approximate the increases in salaries. Although not repeated in the current MAR, our recommendation remains as stated above.

6. County Expenditures and Procedures

A. Several county employees responsible for receiving and depositing monies were not bonded.

B. The county had not entered into written contracts with the township road and bridge departments and special road districts related to distributions made. In addition, the County Commission had not monitored the townships' and special road districts' use of county monies.

C. In 2000, the County Commission had approved Archives Fund expenditures in excess of available monies and had not transferred monies from the General Fund as budgeted, resulting in a deficit balance.

Recommendation:

The County Commission:

A. Consider obtaining adequate bond coverage for all persons with access to negotiable assets.

B. Obtain written agreements, which specifically state what services are to be provided to the county, for any distribution of county aid road trust monies and highway Planning and Construction Program grant monies. In addition, the written agreements should allow the County Commission to monitor the political subdivisions' expenditures of the county monies.

C. Refrain from approving expenditures in excess of available monies.

Status:

A. Implemented.

B. Partially implemented. The county now has written agreements with the townships for the distribution of county aid road trust monies and obtains annual financial reports from each township; however, the county does not ensure the financial statements are published by the townships annually as required by law. In addition, the contracts do not specify services to be provided for Highway Planning and Construction grant monies. See finding number 04-01.

C. Not implemented. See MAR finding number 2.

7. General Fixed Asset Records and Procedures

The County Commission or its designee had not maintained a complete detailed record of county property.

Recommendation:

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

Status:

Not implemented. See MAR finding number 3.

8. Budgetary Practices

Budgets were not prepared for the Circuit Division Interest Fund, Associate Circuit Division Interest Fund, and the Law Library Fund for the two years ended December 31, 2000.

Recommendation:

The County Commission require budgets be prepared or obtained for all county funds in accordance with state law.

Status:

Not implemented. See finding number 04-1.

9. Computer Controls

A. Passwords required to access programs were not changed periodically by users or kept confidential.

B. No security system was in place to detect and stop incorrect log-on attempts after a certain number of tries.

C. The county did not have a formal contingency plan for the computer systems.

Recommendation:

The County Commission:

A. Establish procedures to maintain the confidentiality of and periodically change user passwords.

B. Establish a security system to stop and report incorrect log-on attempts after a certain number of tries.

C. Develop a formal contingency plan for its computer systems.

Status:

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

10. County Clerk's Tax Book Procedures

A. There was no evidence that the County Clerk adequately verified the tax books charged to the Ex Officio County Collector.

B. The County Clerk had not reconciled the account book with the Ex Officio Collector's annual settlements.

Recommendation:

The County Clerk:

A. Prepare the back tax books or verify the totals generated by the Ex Officio Collector's office.

B. Make use of the County Clerk's account book to verify the Ex Officio Collector's annual settlements.

Status:

A. Implemented.

B. Not implemented. The County Clerk still does not reconcile the account book with the Ex Officio Collector's annual settlements, but the County Commission reviews the annual settlements and the supporting documents. Although not repeated in the current MAR, our recommendation remains as stated above.

11. County Treasurer's and Ex Officio Collector's Controls and Procedures

A. Receipts were not deposited on a timely basis.

B. The Treasurer's receipt slips did not indicate the method of payment.

Recommendation:

The County Treasurer/Ex Officio Collector:

A. Deposit receipts daily or when accumulated receipts exceed $100.

B. Issue prenumbered receipt slips immediately upon receipt, record the method of payment on the receipt slips and account for their numerical sequence, and reconcile the composition of receipts to amounts deposited.

Status:

A. Implemented.

B. Not implemented. See MAR finding number 7.

12. Prosecuting Attorney's Controls and Procedures

A. Bad check and court-ordered restitution payments and fees were not transmitted to the County Treasurer or courts on a timely basis. In addition, a transmittal listing or other documentation of items turned over was not maintained.

B. Checks and money orders received were not restrictively endorsed immediately upon receipt.

Recommendation:

The Prosecuting Attorney:

A. Transmit restitution and bad check fees daily or when accumulated receipts exceed $100 and retain a listing documenting the monies that were transmitted.

B. Restrictively endorse checks and money orders made payable to Stoddard County immediately upon receipt.

Status:

A. Partially implemented. Although the Prosecuting Attorney now retains copies of all checks transmitted, the restitution payments and bad check fees are still not transmitted to the County Treasurer on a timely basis. See MAR finding number 10.

B. Implemented.

13. Recorder of Deeds' Controls and Procedures

A. The Recorder of Deeds did not deposit receipts intact or on a timely basis and checks and money orders were not restrictively endorsed immediately upon receipt. Refunds of overpayments were issued from cash on hand and checks were cashed at the bank to make additional change.

B. The method of payment was not documented on the daily abstract of fees or elsewhere for any fees.

Recommendation:

The Recorder of Deeds:

A. Deposit receipts intact daily or when accumulated receipts exceed $100 and restrictively endorse checks and money orders immediately upon receipt. In addition, the Recorder of Deeds should discontinue the practice of paying refunds in cash and cashing receipts to make change. If necessary, a change fund should be established and maintained at a constant amount.

B. Record the method of payment for all fees on the abstract of fees or other supporting schedules and reconcile the composition of receipts to amounts deposited.

Status:

A&B. Not implemented. See MAR finding number 11.

14. Circuit Clerk's Controls and Procedures

Circuit Court receipts were not deposited on a timely basis.

Recommendation:

The Circuit Clerk deposit all receipts daily or when accumulated receipts exceed $100.

Status:

Not implemented. See MAR finding number 12.

15. Township Collectors' Interest Distribution

The County Clerk and the Ex-Officio Collector had not distributed the interest received from township collectors on their bank deposits on a timely basis.

Recommendation:

The County Clerk and Ex-Officio Collector allocate interest on a timely basis in accordance with state statutes and Attorney General's opinions.

Status:

Not implemented. See MAR finding number 7.

STATISTICAL SECTION

History, Organization, and
Statistical Information

STODDARD COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1835, the county of Stoddard was named after Major Amos Stoddard, a civil commandant of upper Louisiana. Stoddard County is a township-organized, third-class county and is part of the Thirty-Fifth Judicial Circuit. The county seat is Bloomfield, Missouri.

Stoddard County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and 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 29,009 in 1980 and 29,705 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	$	192.5	186.6	181.6	177.0	118.0	48.4
Personal property		89.2	86.5	89.1	83.2	26.9	12.3
Railroad and utilities		43.9	40.2	40.8	40.9	31.0	21.8
Total	$	325.6	313.3	311.5	301.1	175.9	82.5

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

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

		Year Ended December 31,			
		2004	2003	2002	2001
General Revenue Fund	$	0.0000	0.0000	0.0700	0.1400
Health Center Fund		0.1000	0.1000	0.1000	0.1000
Sheltered Workshop Fund		0.0800	0.0800	0.0800	0.0800

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

		2005	2004	2003	2002
State of Missouri	$	99,075	94,892	93,116	88,254
General Revenue Fund		98,471	112,246	316,858	465,542
Special Road and Bridge Fund		221,203	211,814	200,558	197,127
Assessment Fund		170,362	134,540	134,497	128,579
Health Center Fund		325,881	312,806	306,871	290,878
Senate Bill 40 Board Fund		260,967	250,227	245,745	232,944
School districts		10,388,604	9,846,330	9,642,658	9,090,866
Ambulance district		653,611	627,357	614,877	582,333
Townships General Revenue Func		254,704	244,314	239,227	225,989
Townships Road and Bridge Fund		1,118,941	1,072,136	1,025,000	963,857
Townships Johnson Grass Fund		127,880	125,033	121,822	113,411
Junior College		7,100	6,748	6,561	6,342
Drainage Districts		48,717	48,015	46,006	40,396
Surtax		89,887	84,310	80,347	81,460
Investment Interest		36,973	7,087	10,590	9,315
Cities		52,709	47,754	48,855	48,902
County Clerk		377	418	354	307
County Employees' Retirement		47,159	45,939	44,683	33,955
Tax Maintenance Fund		24,897	23,693	974	
Commissions and fees:					
General Revenue Fund		95,997	89,573	89,534	80,184
Township Collectors		89,104	85,859	85,304	83,546
Total	$	14,212,619	13,471,091	13,354,436	12,764,187

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2005	2004	2003	2002	
Real estate	92.4	92.4	91.5	92.6	%
Personal property	90.7	89.8	89.4	89.0	
Railroad and utilities	100.0	100.0	100.0	99.7	

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

		Rate	Expiration Date	Required Property Tax Reduction
General	$	0.0100	None	*

*The county passed an additional ½ cent sales tax in 2002. The ballot indicated the property tax rate would be reduced to zero per $100 assessed valuation.

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

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:					
Greg Mathis, Presiding Commissioner		31,700	31,700		
Jerry Elder, Presiding Commissioner				30,380	30,380
Frank Sifford, Associate Commissioner		29,700	29,700	28,380	28,380
Ray Coats, Associate Commissioner		29,700	29,700	28,380	28,380
Kay Asbell, Recorder of Deeds		45,000	45,000	43,000	43,000
Don White, County Clerk		45,000	45,000	43,000	43,000
Briney Welborn, Prosecuting Attorney		55,000	55,000	53,000	53,000
Steve Fish, Sheriff (1)		107,876	107,444	103,686	96,514
Wm. Morgan Sifford, County Coroner		16,000	15,631		
Greg Mathis, County Coroner				15,000	15,000
Brenda Wilson, Public Administrator		25,000	25,000	25,000	25,000
Carla Moore, Treasurer and Ex Officio County Collector, year ended February 28 (29),	57,078	57,078	57,078	57,078	
Jody Lemmon, County Assessor (2), year ended August 31,		45,900	45,900	43,900	43,900
Dallas Peters, County Surveyor (3)					

(1) Includes $57,876, $57,444, $53,686 and $46,514 for reimbursement of prisoner board costs for the years ended December 31, 2004, 2003, 2002 and 2001, respectively.
(2) Includes annual compensation received from the state; $751, $878, $900, and $900, respectively.
(3) Compensation on a fee basis.

State-Paid Officials:					
Martha Ware, Circuit Clerk		45,829	47,300	47,300	47,300
Sherry Disney, Circuit Clerk		2,071			
Joe Z. Satterfield, Associate Circuit Judge		96,000	96,000	96,000	96,000
Stephen R. Mitchell, Associate Circuit Judge		96,000	96,000	96,000	96,000

The county entered into a lease purchase agreement with United Missouri Bank on August 1, 2000. The terms of the agreement call for the county to lease land for the new Justice Center to United Missouri Bank, who then leases the justice center back to the county with lease payments equal to the amount due to retire the indebtedness. The lease is scheduled to be paid off in 2025. The remaining principal and interest due on the lease at December 31, 2004, was $1,780,000 and $644,315, respectively.