



Thomas A. Schweich

Missouri State Auditor

Perry County

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Findings in the audit of Perry County

Financial Condition	As noted in our prior audit report, the financial condition of the General Revenue Fund is weak. The balance of the fund at December 31, 2013, was \$77,885 and is not expected to significantly improve during 2014. In 1997, the county authorized the sale of \$10.4 million in general obligation bonds to pay for the cost of constructing a multi-purpose center. Voters approved a one-half cent sales tax to fund annual principal and interest payments; however, the sales tax is set to expire on March 31, 2017, and revenues are expected to fall short in paying off the bonds. As a result, projected shortfalls of at least \$202,000 in the Local Park Sales Tax Fund may further weaken the General Revenue Fund. Further, the county has reduced property tax rates more than required during a time when the financial condition of the General Revenue Fund is weak.
Property Tax System	Neither the County Commission nor the County Clerk adequately reviews the financial activities of the County Collector. The County Clerk updates the tax books based on changes made to the property tax system, but does not use this record to review the County Collector's annual settlements, and this record does not include all information needed to verify annual settlements. The County Commission does not review and approve the County Collector's annual settlements.
Sheriff Controls and Procedures	The Sheriff has not adequately segregated accounting duties and does not perform an adequate supervisory review of the accounting records. The Sheriff holds profits generated by the jail commissary for future use by his office, and does not deposit them into the county Inmate Prisoner Detainee Security Fund as required by state law. The Sheriff uses the profits to purchase supplies and equipment, circumventing the normal budget and procurement process. The Sheriff's office does not track commissary profits and it is unclear whether the Sheriff's office can account for all profits. The Sheriff also does not reconcile fuel purchases to fuel usage for the Sheriff's bulk fuel tank, and does not document his review of fuel usage reports.
County Procedures	The county does not have adequate procedures to monitor rock usage by the road and bridge department from the county-owned rock quarry. As noted in our prior audit, the county does not properly monitor fuel use from the department's 2 bulk fuel tanks or reconcile fuel billings to fuel use records for the road and bridge department. The County Clerk, County Collector, Prosecuting Attorney, Sheriff, Public Administrator, and County Assessor do not require employees to change passwords on a periodic basis, and security controls are not in place for most county offices to lock a computer after a certain period of inactivity. The County Clerk did not maintain documentation of calculations used to support sales tax and voluntary reductions, and the County Clerk did not properly consider prior year levy reduction results when performing his annual calculations.

Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney does not have controls and procedures in place to ensure court-ordered restitution received is timely remitted to victims. For 4 of 10 cases reviewed, restitution received, totaling \$6,185, had not been disbursed as of December 31, 2013. The Prosecuting Attorney's office received payments for restitution on these cases between January 2006 and December 2013 and balances available for disbursement ranged from \$933 to \$2,381 for each case.
Public Administrator Controls and Procedures	The Public Administrator's office does not issue receipt slips for or maintain a log of monies received, endorse checks upon receipt, or deposit receipts timely. The Public Administrator does not reconcile prepayments made for burial plans to actual funeral expenses subsequently incurred, and as a result, the Public Administrator has paid more than actual cost for funeral expenses for at least one ward.
Recorder of Deeds Segregation of Duties	The Recorder of Deeds has not adequately segregated accounting duties. The deputy clerk receipts monies and prepares the deposit; however, the Recorder of Deeds performs all remaining functions. An independent review of detailed accounting records or a comparison of monies received and deposited to the bank statements is not performed.
Senate Bill 40 Board Closed Minutes	The Senate Bill 40 Board held 3 closed meetings from January 2013 to January 2014, but did not always follow Sunshine Law requirements. The Board did not cite a specific section of the law as the reason for entering into closed session or document the vote of each member approving to enter into closed session. Additionally, the Board did not make public the results of the votes taken and the final disposition of matters discussed in closed meetings, when required.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Fair**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

Perry County

Table of Contents

State Auditor's Report	2
------------------------	---

Management Advisory Report - State Auditor's Findings	
1. Financial Condition	4
2. Property Tax System	6
3. Sheriff Controls and Procedures.....	7
4. County Procedures	9
5. Prosecuting Attorney Controls and Procedures.....	12
6. Public Administrator Controls and Procedures	13
7. Recorder of Deeds Segregation of Duties	14
8. Senate Bill 40 Board Closed Meetings.....	15

Organization and Statistical Information	17
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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Perry County

We have audited certain operations of Perry County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Perry County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Perry County.



Thomas A. Schweich
State Auditor

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Perry County

Management Advisory Report

State Auditor's Findings

1. Financial Condition

As noted in our prior audit report, the financial condition of the General Revenue Fund is weak. Additionally, future liabilities may further weaken the fund's financial condition. The following table reflects actual receipts, disbursements, and ending cash balances of the General Revenue Fund for the last 3 years and anticipated amounts for 2014.

General Revenue Fund	2014 Budgeted *	2013 Actual **	2012 Actual **	2011 Actual *
Beginning Balance, January 1	\$ 77,885	75,101	190,422	80,428
Receipts	3,421,199	3,187,570	3,212,852	3,145,617
Disbursements	3,374,651	3,184,786	3,328,173	3,035,623
Ending Balance, December 31	\$ 124,433	77,885	75,101	190,422

* Amounts were obtained from county budget documents.

** Amounts were obtained from audited financial statements.

The General Revenue Fund balance at December 31, 2013, was \$77,885 and is not expected to significantly improve during 2014. Overall receipts and disbursements have remained fairly similar in prior years, resulting in little growth, if any, in the fund balance. The financial condition of the fund may be further weakened by projected shortfalls of at least \$202,000 in the Local Park Sales Tax Fund anticipated to occur between 2015 and 2017.

In 1997, the county authorized the sale of \$10.4 million in general obligation bonds to pay for the cost of constructing a multi-purpose center consisting of a library, swimming pool, gym, movie theatre, and other amenities. Voters approved a one-half cent sales tax, effective April 1, 1997, for 20 years, to provide revenues to make annual principal and interest payments on the bonds. The sales tax is set to expire on March 31, 2017, and according to projections from the county's bond underwriter, sales tax revenues are expected to fall short in paying off the bonds. As a result, additional monies from the General Revenue Fund may be needed to offset revenue shortages in the Local Park Sales Tax Fund.

Since 2012 the county has borrowed monies to make the bond payments due until sales tax revenues were sufficient to cover the payments. For example, in 2012 the county transferred \$85,000 from the General Revenue Fund to the Local Park Sales Tax Fund to cover cash flow shortages, and in 2013 the County Commission issued \$300,000 in tax anticipation notes to have sufficient funds to pay the principal and interest payment due. The county repaid the General Revenue Fund and the tax anticipation notes in full when sales tax revenues were sufficient. Bond principal payments average approximately \$886,000 each year for the next 4 years.

In April 2014, the county refinanced the bonds in an effort to reduce the interest owed. The bond underwriter assisting in the refinancing arrangement provided a projection that estimated an annual cash flow



Perry County
Management Advisory Report - State Auditor's Findings

shortage ranging from \$66,000 to \$69,000 each year in the Local Park Sales Tax Fund (approximately \$202,000 in total) from 2015 to 2017, when the final bond payment is due. If these shortages occur and receipts and disbursements of the county's General Revenue Fund remain steady, it is unlikely the fund will be able to cover the total shortage.

Further, the county has reduced property tax rates more than required during a time when the financial condition of the General Revenue Fund is weak. As described in MAR finding number 4.5, Perry County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. For many years, the county has chosen to reduce the property tax rate to .18 for the General Revenue Fund, which exceeds the required reduction of 50 percent of general revenue sales taxes collected. The County Commission should evaluate the financial needs of the General Revenue Fund when calculating the voluntary reduction (additional reduction beyond the required sales tax reduction), if any, to the property tax rate.

The County Commissioners are aware of the projected sales tax revenue shortfalls in the Local Park Sales Tax Fund and are considering alternatives to resolve the issue. At the September 4, 2014, public tax rate hearing, the County Commission proposed and approved an increase in the General Revenue tax levy from 0.18 to 0.22 (a 22 percent increase). The county estimates this increase will generate approximately \$120,000 in additional revenue for the General Revenue Fund in 2015. Additionally, the county passed a local use sales tax in April 2013 that is expected to generate an additional \$80,000 in annual revenues for the General Revenue Fund. The County Commission is also exploring other alternatives to increase revenues and is continually monitoring and searching for areas to reduce disbursements.

Recommendation

The County Commission should make changes necessary to ensure adequate funds are available to cover all liabilities. Possible options to improving the county's financial condition include reducing spending where possible, evaluating controls and management practices to ensure efficient use of county resources, maximizing all sources of revenue, and closely monitoring county budgets.

Auditee's Response

The County Commission provided the following response:

The County Commission agrees with the recommendation and has made changes to increase revenues. The county has increased the property tax levy from .18 to .22 which will generate an additional \$120,000. In addition, the county passed a local use sales tax in April 2013 and are expecting a decrease in some personnel benefit disbursements in 2015.



Perry County
Management Advisory Report - State Auditor's Findings

2. Property Tax System

Neither the County Commission nor the County Clerk adequately reviews the financial activities of the County Collector. The County Clerk updates the tax books based on any changes made to the property tax system, such as additions and abatements; however, the County Clerk does not use the updated tax books to review the County Collector's annual settlements and does not include all information, such as collections and protested taxes, needed to verify annual settlements. The County Clerk uses the County Collector's property tax system to verify the amounts reported in the annual settlements. Further, the County Commission does not review and approve the County Collector's annual settlements. The County Clerk discusses the annual settlements with the County Commission; however, the County Commission does not review and approve the annual settlements.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An accurate account book or other records summarizing all taxes charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records should be used by the County Clerk and County Commission to verify the County Collector's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

Recommendation

The County Clerk maintain a complete and accurate account book or other records summarizing the financial activity of the County Collector. In addition, the County Clerk and County Commission should use the account book or other records to review the accuracy and completeness of annual settlements.

Auditee's Response

The County Clerk provided the following written response:

The County Clerk receives the tax books from the County Assessor's office in June and once received all additions and abatements are entered by the County Clerk and staff. Addition and abatement reports, although being in the same system that the County Collector uses, are reviewed monthly. The County Clerk receives each monthly report from the County Collector and it is also reviewed. The annual settlement from the County Collector is presented to the County Commission by the County Collector and accepted by the County Commission. The county's taxing and collection program is in the process of being updated to separate the addition and abatement reports and we expect this update to satisfy the Auditor's concerns with these procedures. In addition, records summarizing the activities in the County Collector's office will be maintained. System changes will also help with this record.



Perry County
Management Advisory Report - State Auditor's Findings

The County Commission provided the following response:

The County Commission agrees with the recommendation and will review the County Collector's annual settlement for accuracy using the County Clerk's account book.

3. Sheriff Controls and Procedures

3.1 Segregation of duties

Controls and procedures in the Sheriff's office need improvement. The Sheriff's office deposited approximately \$249,000 into the general bank account and approximately \$36,000 into the commissary bank account during the year ended December 31, 2013.

The Sheriff has not adequately segregated accounting duties and does not perform an adequate supervisory review of the accounting records. One office clerk is primarily responsible for receiving; recording; depositing/transmitting to the County Treasurer; and disbursing monies for the general, commissary, and uniform bank accounts. The Sheriff's review of bank reconciliations is not documented and a detailed review of accounting records is not performed.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, documented independent supervisory reviews of accounting and bank records are essential and should include comparing daily receipt activity to deposits.

3.2 Commissary profits

Procedures over commissary profits need improvement. The Sheriff's office operates a commissary to provide various goods to inmates, paid for from personal inmate commissary accounts. The Sheriff's office indicated approximately \$38,700 in commissary profits and accumulated interest was in the Sheriff's commissary bank account as of December 31, 2013.

The Sheriff does not deposit commissary profits into the county Inmate Prisoner Detainee Security Fund as required by state law. Instead, the Sheriff accounts for commissary sales, purchases, and resulting profits in the commissary bank account and holds profits for future use by his office. The Sheriff uses the profits to purchase various supplies and equipment; however, these purchases do not go through the normal budget and procurement process and are not approved by the County Commission. The Sheriff stated he approves all purchases. During 2013, the Sheriff's office made purchases for computer equipment, software, and office equipment using commissary profits totaling \$3,626.

In addition, the Sheriff's office does not track commissary profits and it is unclear whether all profits can be accounted for. The Sheriff's clerk determines profits when comparing liabilities to the available cash balance



Perry County Management Advisory Report - State Auditor's Findings

when preparing the bank reconciliations. Any monies remaining in the bank account after accounting for inmates' commissary balances are assumed to be commissary profits. However, without adequate tracking procedures, profits cannot be fully accounted for and the Sheriff's office cannot support that the amount in the commissary bank account is accurate. Further, without adequate tracking there is less assurance the Sheriff's office complies with state laws regarding the accounting and use of commissary profits.

Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account, allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund held by the County Treasurer. In addition, Section 488.5026.3, RSMo, provides guidance concerning the usage of those funds.

3.3 Fuel reconciliation

The Sheriff does not have procedures in place to reconcile fuel purchases to fuel usage for the Sheriff's bulk fuel tank, and does not document his review of fuel usage reports. Deputies fuel patrol cars using the bulk fuel tank. The fuel tank is monitored by video camera; however, the tank is easily accessible, unlocked, and the pump is always turned on. During the year ended December 31, 2013, the Sheriff's office spent approximately \$58,400 on fuel for 19 vehicles.

Each time patrol cars are fueled, deputies contact the dispatcher to report the car number, fuel tank reading, and odometer reading for office records. This information is compiled, miles per gallon (mpg) is calculated for each vehicle, and the Sheriff reviews a monthly summary report of this information for reasonableness. The Sheriff does not document his review and the information is not used to reconcile fuel used to fuel purchased. During 2013, gallons used per month ranged from 1,200 to 1,900 and mpg for each vehicle ranged from 11 to 23. Gallons used and mpg per month can vary depending on the primary focus of each deputy during the month and the varied time spent driving versus idling.

Procedures for reviewing fuel use and reconciling use to fuel purchased are necessary to ensure the reasonableness and propriety of fuel use and disbursements. Failure to account for fuel purchases could result in loss, theft, and misuse going undetected.

Recommendations

The Sheriff:

- 3.1 Adequately segregate accounting duties or ensure supervisory reviews of detailed accounting records are performed and documented.



Perry County
Management Advisory Report - State Auditor's Findings

- 3.2 Ensure existing and future commissary profits are adequately tracked, turned over to the County Treasurer to be deposited in the Inmate Prisoner Detainee Security Fund, and used in accordance with state law.
- 3.3 Establish procedures to reconcile fuel purchased to fuel used and document reviews of fuel use for completeness and reasonableness.

Auditee's Response

The Sheriff provided the following written responses:

- 3.1 *I trust the personnel here completely. I agree that review by another person would assure accountability; however, I only have one person available for these duties. My remedy for this situation will be to ask the County Commission for additional secretarial staff in the next budget year. We did have a part-time secretary that served this role, but she was needed full-time at the 911 office.*
- 3.2 *I will confer with my secretary to determine what cash will need to be kept on hand in the bank account, and forward the balance to the County Treasurer. In addition, we will start tracking commissary profits.*
- 3.3 *I concur with your recommendation. We plan to take steps to implement additional controls over fuel use.*

4. County Procedures

Controls and procedures over rock and road and bridge fuel usage, county computer controls, and county sales tax reduction calculations need improvement.

4.1 Rock usage

The county does not have adequate procedures to monitor rock usage by the road and bridge department. The county owns and operates a rock quarry for the purpose of maintaining and paving county roads. The county contracts with a local vendor to drill, blast, and stockpile rock, and paid approximately \$280,000 for this service during the year ended December 31, 2013.

Road and bridge employees maintain a daily usage log in their work truck detailing the location of work completed and the number of loads of rock used. The road and bridge supervisor and the County Commission review individual logs weekly; however, there are no quarry records to compare the logs against and there are no other controls in place to ensure rock usage is appropriate and accounted for properly. Further, there are no county employees at the quarry to monitor or account for rock removed.

Without adequate controls over rock usage, there is less assurance theft, waste, or misuse of county assets would be detected timely.



Perry County
Management Advisory Report - State Auditor's Findings

4.2 Fuel reconciliation

As noted in our prior audit, the county does not properly monitor fuel use or reconcile fuel billings to fuel use records for the road and bridge department. The road and bridge department maintains 26 vehicles and 22 equipment items and spent approximately \$149,000 on fuel for the year ended December 31, 2013. The road and bridge department purchases fuel from local vendors for 2 bulk fuel tanks (one diesel and one unleaded) located at the road and bridge facilities.

The bulk fuel tanks are electronically metered and fuel usage reports are generated showing required information entered by employees when fueling vehicles/equipment. In addition, employees are required to enter an individualized pin number prior to pumping fuel and maintain mileage logs in each vehicle. County officials review the logs for reasonableness of fuel use, but do not reconcile usage per the logs to fuel purchased.

Procedures for reconciling fuel use to fuel purchased are necessary to ensure vehicles and equipment are properly utilized, prevent paying vendors for improper billing amounts, and decrease the risk of loss, theft, or misuse of fuel occurring without detection.

4.3 User passwords

The County Clerk, County Collector, Prosecuting Attorney, Sheriff, Public Administrator, and County Assessor have not established adequate password controls to reduce the risk of unauthorized access to office computers and data. Passwords are required to authenticate access to computer systems for most offices; however, county employees are not required to change passwords periodically to help ensure passwords remain known only to the assigned user and to reduce the risk of a compromised password. In addition, the County Treasurer does not require passwords to log on to that office's computer. Without requiring passwords to access the County Treasurer's computer, there is no assurance that the county's financial information is protected from unauthorized access and use.

The security of a computer is dependent upon requiring passwords and keeping passwords confidential. However, since employees in several offices are not required to change passwords periodically, there is less assurance passwords are effectively limiting access to computers and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential and changed periodically to reduce the risk of unauthorized access to and use of computers and data.

4.4 Security controls

Security controls are not in place for most county offices to lock a computer after a certain period of inactivity. Inactivity controls are necessary to reduce the risk of unauthorized individuals accessing an unattended computer and having potentially unrestricted access to programs and data files. Without effective security controls, there is an increased risk of



Perry County
Management Advisory Report - State Auditor's Findings

unauthorized access to computers and the improper use, modification, or destruction of data.

4.5 County sales tax

Procedures for calculating property tax levy reductions need improvement. The County Clerk did not maintain documentation of calculations to support levy reductions, and did not properly consider prior year results in his calculations.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. As described in MAR finding number 1, Perry County voters enacted a one-half cent sales tax with a provision to reduce property taxes collected. The county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and provides for an adjustment for actual sales tax collections of the preceding year that are more or less than the estimate for the preceding year.

The county is required to certify to the State Auditor's office the annual property tax levy including the amount the levy is reduced for sales tax collections, as well as any voluntary reductions, if any. For many years, the county has chosen to set the general revenue property tax levy at .18, which involves a voluntary reduction beyond the required sales tax reduction. The County Clerk calculates the sales tax reduction based on an estimate of sales taxes collected, and the remainder of the reduction needed to reach an .18 property tax levy is reported as a voluntary reduction. The County Clerk did not maintain documentation of calculations used to support the sales tax and voluntary reductions, and did not properly consider prior year levy reduction results when performing his annual calculations

To ensure property tax levies are properly set and property tax rate ceilings are maintained, the County Commission and County Clerk should ensure property tax levy reductions are accurately calculated, reported, and certified. Documentation of calculations and tax rate setting decisions is important to demonstrate compliance with statutory provisions and serve as a reference tool should questions arise.

Recommendations

- 4.1 The County Commission establish procedures to monitor and account for rock use.
- 4.2 The County Commission establish procedures to reconcile fuel purchased to fuel used, and promptly investigate any significant discrepancies.
- 4.3 The County Commission work with county officials to require a unique password for each employee that is confidential and periodically changed to prevent unauthorized access to computer systems and data.



Perry County
Management Advisory Report - State Auditor's Findings

- 4.4 The County Commission work with county officials to require each employee's computer to have security controls in place to lock the computer after a certain period of inactivity.
- 4.5 The County Clerk should properly consider prior year levy reduction results when performing annual calculations for property tax reductions (sales tax or voluntary), and maintain documentation of the calculations to support the property tax reductions made.

Auditee's Response

The County Commission provided the following responses:

- 4.1 *The County Commission has implemented procedures and is tracking and accounting for rock usage. In addition, the road and bridge supervisor is reviewing the log of rock usage to the rock spread on county roads.*
- 4.2 *The County Commission continuously monitors fuel usage and will develop procedures to track and account for fuel purchases and perform a reconciliation of fuel purchases to fuel usage.*
- 4.3 *The County Commission will work with other officials to establish adequate password controls, including establishing and changing passwords periodically.*
- 4.4 *The County Commission will work with other officials to adequately lock computer access after a period of inactivity.*

The County Clerk provided the following written response:

- 4.5 *The County Clerk maintains that adequate rollbacks were taken each year but not properly classified as to sales tax reduction or voluntary reduction, per this finding. Changes will be made to maintain documentation of the calculations to support all property tax reductions and I will make the incoming County Clerk aware of this issue.*

5. Prosecuting Attorney Controls and Procedures

The Prosecuting Attorney does not have controls and procedures in place to ensure court ordered restitution received is timely remitted to victims. The deputy clerk receipts and deposits restitution payments received into the restitution bank account for future disbursement to victims; however, some restitution received has been held for extended time periods. For 4 of 10 cases reviewed, restitution received, totaling \$6,185, had not been disbursed as of December 31, 2013. The Prosecuting Attorney's office received payments for restitution on these cases between January 2006 and December 2013 and balances available for disbursement ranged from \$933 to \$2,381 for each case. The deputy clerk stated the timing of restitution



Perry County
Management Advisory Report - State Auditor's Findings

disbursements is made on a case-by-case basis and disbursements are typically made when either all or a substantial portion of restitution owed has been collected. Further, the Prosecuting Attorney indicated many cases have multiple victims and a substantial portion of restitution must be received before they can make disbursements to each of the victims. As of December 31, 2013, the Prosecuting Attorney held restitution totaling \$14,156 relating to 45 cases.

To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, restitution received should be disbursed timely.

Recommendation

The Prosecuting Attorney develop procedures to ensure restitution monies collected are disbursed timely.

Auditee's Response

The Prosecuting Attorney provided the following written response:

Cases are reviewed monthly for payment of restitution; however, a policy for more specific procedures to ensure that restitution monies collected are disbursed in a timely manner will be instituted.

6. Public Administrator Controls and Procedures

6.1 Receipts and deposits

Procedures for receiving and depositing monies and reconciling burial plan costs for some wards need improvement. As of December 31, 2013, the Public Administrator had 91 wards with assets totaling \$913,000, of which 23 wards' assets included prepaid burial plans totaling \$125,500.

The Public Administrator's office does not issue receipt slips for or maintain a log of monies received, endorse checks upon receipt, or deposit receipts timely. As a result, there is less assurance all monies received are properly accounted for and deposited. The deputy clerk places checks received in the ward's folder until the deposit is prepared, at which time the deputy clerk endorses the checks and enters the amounts into the ward's checkbook register. A cash count performed on June 4, 2014, identified 7 checks totaling \$1,238 with dates ranging from May 28 to May 30, 2014. None of the checks had been recorded in the receipt records or restrictively endorsed. In addition, the checks were deposited on June 11, 2014, and June 12, 2014, approximately 2 weeks after issuance. Because the Public Administrator does not maintain adequate receipt records, it is not clear when her office received these checks.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, issue receipt slips for all monies received, enter receipts into the accounting records, and endorse checks upon receipt. In addition, deposit monies timely.



Perry County
Management Advisory Report - State Auditor's Findings

6.2 Burial plan costs

The Public Administrator does not reconcile prepayments made for burial plans to actual funeral expenses subsequently incurred. As a result, the Public Administrator has paid more than actual cost for funeral expenses for at least one ward. The Public Administrator periodically prepays funeral homes for future funeral expenses for some wards and adds to burial plans as funds allow. During a review of a ward's final annual settlement, we noted the amount prepaid for burial expenses exceeded actual costs by \$475. At the time of our review in July 2014, the Public Administrator had not requested a statement from the funeral home to compare actual costs to the amount prepaid although the funeral took place in February 2014.

To ensure payments are valid and proper, the Public Administrator should maintain adequate supporting documentation for disbursements paid and ensure amounts prepaid on burial plans do not exceed actual cost.

Recommendations

The Public Administrator:

- 6.1 Issue prenumbered receipt slips or maintain a log for all monies received, endorse checks upon receipt, and deposit timely.
- 6.2 Reconcile prepaid burial plans to actual cost and seek reimbursement when appropriate. In addition, the Public Administrator should maintain adequate supporting documentation for disbursements.

Auditee's Response

The Public Administrator provided the following written responses:

- 6.1 *All incoming checks are now logged on the day they arrive and stamped with our deposit stamp. The date they are deposited is also logged on the same sheet. Additionally, checks will be deposited at least weekly.*
- 6.2 *Receipts will be kept for each payment made on prepaid burial plans. A final statement for all charges will be obtained from the funeral home after burial and will be reconciled with receipts and payments made.*

7. Recorder of Deeds Segregation of Duties

The Recorder of Deeds has not adequately segregated accounting duties and independent reviews of detailed accounting records are not performed. The Recorder of Deeds collects various fees for recording documents such as deeds and marriage licenses. During the year ended December 31, 2013, receipts totaled approximately \$179,000.

The deputy clerk receipts monies and prepares the deposit; however, the Recorder of Deeds performs all remaining functions including taking the deposit to the bank, disbursing monies at month-end, preparing bank reconciliations, and comparing the bank balance to end of month reports. An



Perry County
Management Advisory Report - State Auditor's Findings

independent review of detailed accounting records or a comparison of monies received and deposited to the bank statements is not performed.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving, recording, depositing, and disbursing monies. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of detailed accounting and bank records are essential and should include comparing daily receipt activity to deposits.

Recommendation

The Recorder of Deeds segregate accounting duties or ensure adequate independent or supervisory reviews of detailed accounting and bank records are performed and documented.

Auditee's Response

The Recorder of Deeds provided the following response:

Additional segregation of duties was implemented as of September 2014.

8. Senate Bill 40 Board Closed Meetings

The Senate Bill 40 Board (Board) does not always follow Sunshine Law requirements relating to closed meetings. The Board is responsible for development and operation of services for individuals with developmental disabilities. The Board held 3 closed meetings from January 2013 to January 2014.

- The Board did not cite a specific section of the law as the reason for entering into closed session or document the vote of each member approving to enter into closed session.
- The Board did not make public the results of the votes taken and the final disposition of matters discussed in closed meetings, when required. For example, during the February 15, 2013, closed meeting, the Board approved the renewal of a lease agreement and in the January 17, 2014, closed meeting, a salary increase was approved. These results were not made public in the open meeting minutes or by other means.

Section 610.022, RSMo, provides that the question of holding a closed meeting and the reason for the closed meeting be voted on during open meeting. In addition, Chapter 610.021, RSMo, provides that after a closed meeting, the governmental body must make any votes or decisions public or available to the public, depending on the reason for the meeting.

Recommendation

The Senate Bill 40 Board ensure a roll call vote is taken during open meetings to close any meeting and minutes document the vote of each member and cite the specific reasons for holding the closed meeting. The Senate Bill 40 Board should also ensure votes taken and decisions made in closed meetings are properly made public when required.



Perry County
Management Advisory Report - State Auditor's Findings

Auditee's Response

The Senate Bill 40 Board provided the following written response:

A review of the documentation provided that all votes to enter, decide, or exit closed session were unanimous, so we were fortunate that no information was lost with our former recordkeeping. While not documented on the agendas, the Board always verbally announced the reason for entering closed session. Thank you for bringing to our attention the fact that a roll call vote was not taken when entering, deciding, or exiting closed session meetings. The Board will make it a practice of ensuring this protocol is implemented per the statute.

The Board has understood that after 72 hours the decision was discoverable under the Sunshine Law, should a proper request be made regarding the substance of the closed session meeting. The Board would have complied and provided the requested information. The Board understood the statute section to allow a 3 day time elapse to properly inform the affected employees, but not as a requirement to make public disclosure. The Board has every intention of abiding by Section 610, RSMo, as required. Thank you for your observations; we will implement your suggestions.

Perry County

Organization and Statistical Information

Perry County is a county-organized, third-class county. The county seat is Perryville.

Perry County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. 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 bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to 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 employed 90 full-time employees and 26 part-time employees on December 31, 2013.

In addition, county operations include the Senate Bill 40 Board, Mental Health Board, Youth Board, Senior Citizen Board, Recycling Board, and 911 services. In addition, in conjunction with the City of Perryville, the county operations include maintenance of a community multi-purpose facility.

Elected Officials

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

Officeholder	2014	2013
Carl Lueckel Jr., Presiding Commissioner	\$ 34,843	
Patrick Heaps, Associate Commissioner	32,843	
Jim Sutterer, Associate Commissioner	32,843	
Sue Oster, Recorder of Deeds	49,763	
Randy Taylor, County Clerk	49,763	
Thomas L. Hoeh, Prosecuting Attorney	61,154	
Gary J. Schaaf, Sheriff	49,570	
Veronica J. Hershey, County Treasurer	49,763	
Herbert E. Miller, County Coroner	15,176	
Tamara M. Tarrillion, Public Administrator	45,000	
Rodney J. Richardet, County Collector (1), year ended February 28,	54,901	
Charles Triller, County Assessor, year ended August 31,		49,763
Tim Baer, County Surveyor (2)		

(1) Includes \$5,138 of commissions earned for collecting taxes for drainage districts and a levee district.

(2) Compensation on a fee basis.



Perry County Organization and Statistical Information

Financing Arrangements

In November 1996, the county passed a half-cent sales tax effective April 1, 1997, for the purpose of constructing a multi-purpose center. The county entered into a lease agreement on December 1, 1997, with Perry County Multi-Purpose Center Commission, Inc., a not-for-profit corporation. The terms of the agreement provide for the not-for-profit corporation to issue revenue bonds for the purpose of constructing the multi-purpose center and lease the multi-purpose center back to the county for payments totaling the principal and interest due on the outstanding bonds. The bonds in the amount of \$8,785,000 were refinanced in June 2005. Bond principal is due annually on May 1 and interest is due semi-annually on May 1 and November 1. The remaining principal outstanding at December 31, 2013, was \$3,840,000. Interest remaining to be paid over the life of the agreement totaled \$316,854.

A lease-purchase agreement was entered into with the Perry County Multi-Purpose Center Commission, Inc., to lease the road and bridge building and property on April 1, 2006. The terms of the agreement are for the Perry County Multi-Purpose Center Commission to purchase the property and lease it back to the county for payments on the promissory note. Payments are made from the Road and Bridge Fund. The promissory note is scheduled to be paid off in 2026. The remaining principal outstanding at December 31, 2013, was \$487,078. Interest remaining to be paid over the life of the agreement totals \$215,705.