



Office of Missouri State Auditor  
**Nicole Galloway, CPA**

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**Gentry County**



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Gentry County

General Operating Cash Reserves	The County Commission has accumulated significant cash reserves in the General Revenue Fund and the Emergency Fund without documented plans for its use.
County Collector-Treasurer's Receipting Procedures	Manual receipts slips were not issued for some merchant licenses, the method of payment was not recorded on some receipt slips, a manual receipt slip was issued for the wrong amount, and multiple manual receipt slip books are used at the same time.
Sheriff's Seized Property	The seized property evidence log maintained is not complete and accurate. In addition, the Sheriff did not reconcile the physical inventory performed of all seized property to the seized property evidence log.
Capital Assets	The listing of county assets maintained has not been updated for approximately 5 years. In addition, the county does not have adequate procedures in place to identify capital asset purchases and dispositions throughout the year or ensure assets are tagged.
Public Administrator's Controls and Procedures	The Public Administrator does not consistently assess and collect fees from the accounts of some wards and estates and does not maintain a fee schedule or document criteria used to determine the fees charged. Adequate supporting documentation is not obtained to support attorney fees paid for preparing annual settlements and providing other services on behalf of wards and estates.
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 **Good**.\*

\*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.

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

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# Gentry County

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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

To the County Commission  
and  
Officeholders of Gentry County

We have audited certain operations of Gentry County in fulfillment of our duties under Section 29.230, RSMo. In addition, Stopp & VanHoy, Certified Public Accountants, and Business Advisors, LLC, has been engaged to audit the financial statements of Gentry County for the 2 years ended December 31, 2016. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2016. The objectives of our audit were to:

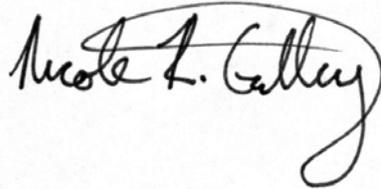
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

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 applicable 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 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 Gentry County.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Randall Gordon, M.Acct., CPA, CGAP
Audit Manager:	Heather R. Stiles, MBA, CPA, CFE
In-Charge Auditor:	Rex Murdock, M.S.Acct.
Audit Staff:	Alex Bruner, MBA Anna Penn

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# Gentry County Management Advisory Report State Auditor's Findings

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## 1. General Operating Cash Reserves

The County Commission has accumulated significant cash reserves in the General Revenue Fund and the Emergency Fund without documented plans for its use. The cash balance of the General Revenue Fund and Emergency Fund at December 31, 2016, totaled approximately \$1.9 million and \$524,000, respectively.

Annually, the County Commission budgets approximately \$41,000 from the General Revenue Fund for emergencies and transfers this amount to the Emergency Fund. The combined cash reserves from these 2 funds totaled approximately \$2.4 million which is more than 2 times the total operating disbursements of the General Revenue Fund for the year ended December 31, 2016. No disbursements were made from the Emergency Fund for the year ended December 31, 2016. According to the County Clerk, the county officials are considering improvements to the courthouse and the county is accumulating cash reserves within the General Revenue Fund to help pay for these improvements.

Despite the significant accumulated cash balance, the County Commission continues to assess the maximum General Revenue property tax rate allowed. In addition, in 2015 Gentry County voters approved the continuation of a temporary General Revenue property tax levy of \$0.19 per \$100 of assessed valuation for county purposes for an additional 4 years and continues to assess this levy at the maximum property tax rate allowed. This temporary tax levy was initially approved by voters in 1999.

Accumulating excessive cash balances with no specific long-term documented plans for use of these monies puts an unnecessary burden on taxpayers. The County Commission should determine its future needs, and consider reducing future tax levies if a specific use for the cash reserves is not determined.

## Recommendation

The County Commission should evaluate funding needs and consider reducing the property tax levy. If plans have been made for expending the accumulated cash balance, such plans should be set forth publicly in the budget document.

## Auditee's Response

*As we discussed with the audit staff, our courthouse is over 150 years old. It has needed and continues to need extensive, expensive repairs. We are preparing for that possibility. Additionally, our county has experienced 2 major floods this summer. We will have to draw on the Emergency Fund to make all the necessary repairs to the bridges and culverts. We also are discussing hiring an additional deputy for the Sheriff's office. After discussion with the audit team, we now realize that we can transfer some of the money from the General Revenue Fund to the Special Road and Bridge Fund to cover some of the deficit in that fund. We will publicize all plans for structure repair and maintenance as well as bridge and culvert emergency*



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*repairs in the budget documents as well as make the necessary budget amendments.*

## 2. County Collector-Treasurer's Receipting Procedures

The County Collector-Treasurer's office needs to improve receipting procedures. Property taxes and other monies collected by the County Collector-Treasurer totaled approximately \$7.7 million during the year ended February 28, 2017.

Manual receipt slips are issued for monies received for partial payments on current and delinquent property taxes, duplicate tax receipts, and merchants licenses because these transactions are not processed in the computerized tax system. During our review of monies received between February 1, 2017, through February 17, 2017, we noted the following concerns:

- Manual receipt slips were not issued for 2 merchant licenses totaling \$50.
- The method of payment (cash, check, or money order) was not recorded on 2 manual receipt slips issued totaling \$140, therefore, the composition of monies received could not be reconciled to the composition of deposit.
- The County Collector-Treasurer issued a manual receipt slip for \$800; however, the amount paid was actually \$300. The County Collector-Treasurer indicated this error occurred because she combined the \$500 previously paid by the taxpayer with the \$300 payment and issued the manual receipt slip for \$800.
- Multiple manual receipt slip books are used at the same time and the numerical sequence of receipt slips is not accounted for properly.

Failure to implement adequate receipting procedures increases the risk of loss, theft, or misuse of monies and the likelihood that errors will go undetected.

### Recommendation

The County Collector-Treasurer ensure receipt slips are issued for all monies received and the numerical sequence of manual receipt slips is accounted for properly. The method of payment should be documented and the composition of receipts reconciled to the composition of deposits. In addition, the County Collector-Treasurer should ensure one manual receipt slip book is used at a time.

### Auditee's Response

*We are now ensuring receipt slips are issued for all monies, receipt slips are accurate, and the method of payment of the receipt is documented on receipt slips. We will use 2 manual receipt slip books in the future. One book will be used for partial tax payments and another book for merchants licenses and duplicate tax receipts. We will ensure the numerical sequence*



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*of manual receipt slips are accounted for, and reconcile the composition of receipts to the composition of deposits.*

### 3. Sheriff's Seized Property

The Sheriff has not established adequate controls and procedures over seized property. The seized property evidence log maintained is not complete or accurate. The log is not updated timely, does not include all items collected as seized property, and included a cellular phone previously returned to its owner. In addition, the Sheriff did not reconcile the physical inventory performed of all seized property to the seized property evidence log. We selected 5 items from the physical inventory to trace to the seized property evidence log and none of the items selected were included on the seized property evidence log.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the property. Complete and accurate inventory records, including information such as description, current location, case number, date of seizure, and disposition of such property, should be maintained and periodic physical inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly.

A similar condition was noted in our prior audit report.

### Recommendation

The Sheriff maintain a complete and accurate seized property evidence log, and ensure a periodic inventory is conducted and reconciled to the seized property evidence log, and investigate any differences.

### Auditee's Response

*We will accept your recommendations concerning seized property evidence logs. We will complete a semiannual inventory of the evidence locker and compare the log to the actual physical evidence. If any differences are noted, we will investigate these differences. Officers will be reminded to fully complete the seized property evidence logs.*

### 4. Capital Assets

Procedures and records to account for county property are not adequate. The listing of county assets maintained has not been updated for approximately 5 years, with the exception of capital asset records maintained by the road and bridge department, which have been updated for insurance purposes. In March 2017, a copy of the County Clerk's capital asset records was sent to county officials for their review and to update the County Clerk's capital asset records. As of August 2017, not all county officials have returned the capital asset record to the County Clerk. In addition, the county does not have adequate procedures in place to identify capital asset purchases and dispositions throughout the year, or ensure assets are tagged, identifying them as county property. As a result, the county's capital asset records are not complete and up to date.



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Adequate capital asset records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track capital asset purchases and dispositions throughout the year and compare to physical inventory results would enhance the county's ability to account for capital assets and potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. Section 49.093, RSMo, provides that the officer or designee of each county department is responsible for performing annual inspections and inventories of county property used by that department and for submitting an inventory report to the County Clerk.

A similar condition was noted in our 2 prior audit reports.

## Recommendation

The County Commission and the County Clerk work with other county officials to ensure complete and accurate inventory records are maintained, implement procedures for tracking capital asset purchases and dispositions throughout the year, and ensure assets are tagged as county property.

## Auditee's Response

*We have already started the process of updating our inventory list. We are setting up a spreadsheet that is user friendly and can be updated every year. The county is currently working on procedures to track capital asset purchases and dispositions and has contacted a vendor to provide asset tags for county property.*

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## 5. Public Administrator's Controls and Procedures

Controls and procedures in the Public Administrator's office need improvement. The Public Administrator is the court appointed personal representative for wards or decedent estates of the Circuit Court, Probate Division, and was responsible for the financial activity of 50 wards and estates during the year ended December 31, 2016.

### 5.1 Fees

The Public Administrator does not consistently assess and collect fees from the accounts of some wards and estates and does not maintain a fee schedule or document criteria used to determine the fees charged. During the year ended December 31, 2016, fees totaling \$19,833 from 24 wards and estates were paid to the county treasury.

To ensure fees are properly assessed, the Public Administrator should work with the Circuit Judge, Probate Division, to establish a fee schedule. Without documenting criteria used when determining the appropriate fee to charge there is less assurance fees charged to each ward are fair, reasonable, and properly assessed.

### 5.2 Supporting documentation

Adequate supporting documentation is not obtained to support attorney fees paid for preparing annual settlements and providing other services on behalf of wards and estates. During the year ended December 31, 2016, the Public



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Administrator disbursed \$24,410 in attorney fees for 27 wards and estates. The Public Administrator indicated attorneys are not required to submit invoices or other documentation supporting the services provided.

To ensure payments are valid and proper, and reduce the risk of loss, theft, or misuse of funds, the Public Administrator should obtain adequate supporting documentation for disbursements.

## Recommendations

The Public Administrator:

- 5.1 Work with the Circuit Judge, Probate Division, to establish a formal policy outlining the fee amount to assess wards.
- 5.2 Ensure disbursements are supported by adequate documentation.

## Auditee's Response

- 5.1 *A draft fee schedule is currently being worked on documenting the fees to be charged to wards.*
- 5.2 *Documentation will be obtain for all disbursements indicating the individual at the attorney's office that performed the task, and the charge for each task.*

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# Gentry County

## Organization and Statistical Information

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Gentry County is a township-organized, third-class county. The county seat is Albany.

Gentry 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 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. In addition to elected officials, the county employed 14 full-time employees and 12 part-time employees on December 31, 2016. The townships maintain county roads.

In addition, county operations include a Senior Citizens' Services Board.

### Elected Officials

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

Officeholder	2017	2016
Rod Dollars, Presiding Commissioner	\$	30,508
Larry B. Wilson, Associate Commissioner		28,344
Gary Carlson, Associate Commissioner		28,344
Janet Parsons, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Carol Reidlinger, County Clerk		42,945
David B. Parman, Prosecuting Attorney		50,181
Tim Davis, Sheriff		49,261
Andrew Lindner, County Coroner		11,903
Jody Barnes-Novak, Public Administrator		42,852
Linda Combs, County Collector-Treasurer, year ended March 31,	43,267	
Penny Woods, County Assessor, year ended August 31,		42,436

(1) Compensation is paid by the state.