



Scott Fitzpatrick

Missouri State Auditor

Linn County

Report No. 2025-015

April 2025

auditor.mo.gov



Findings in the audit of Linn County

Sheriff's Controls and Procedures

Sheriff's office personnel do not deposit timely. A review of 2023 deposits found the office made 1 to 3 bank deposits each month regardless of the total receipts collected. The Sheriff does not ensure personnel prepare accurate monthly bank reconciliations, maintain accurate book balances, or properly monitor the bank account. A review of monthly bank reconciliations for 2023 found the reconciliations were understated by amounts ranging from \$117 to \$6,220 for 7 months and overstated by amounts ranging from \$50 to \$4,543 for 4 months. Only 1 month was accurate. The Administrative Assistant does not properly record or monitor all account activity in the check register, such as service charges and direct deposits, and as a result, the book balances were not accurate. This allowed the bank account to be overdrawn 3 times in 2023: June 22 by \$102, December 22 by \$490, and December 26 by \$358 and resulted in a \$36 overdraft fee in December. The Sheriff's office has not entered into written agreements with other counties or cities that provide prisoner board for the county, detailing the housing rate to be paid.

Prosecuting Attorney's Controls and Procedures

The Prosecuting Attorney did not reconcile the bank accounts during the year ended December 31, 2023. Instead, on January 22, 2024, the Prosecuting Attorney performed bank reconciliations for all 12 months for the restitution account after the initial site visit from the State Auditor's Office. The Prosecuting Attorney does not maintain a list of outstanding restitution balances. The auditors compiled a list of unpaid restitution from individual restitution spreadsheets as of December 31, 2023, and determined outstanding restitution balances totaled \$67,742.

Sheriff's Compensation

The County Commission authorized mid-term salary increases totaling \$11,685 to the Sheriff in violation of constitutional provisions.

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.

Linn County

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SCOTT FITZPATRICK
MISSOURI STATE AUDITOR

County Commission
and
Officeholders of Linn County

We have audited certain operations of Linn County in fulfillment of our duties under Section 29.230, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2023. The objectives of our audit were to:

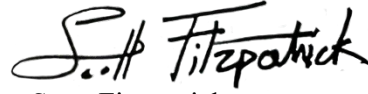
1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county; and performing sample testing using haphazard and judgmental selection, as appropriate. The results of our sample testing cannot be projected to the entire populations from which the test items were selected. We obtained an understanding of internal control that is significant to the audit objectives and planned and performed procedures to assess internal control to the extent necessary to address our audit objectives. 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 this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the 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 a reasonable basis for our findings and conclusions based on our audit objectives.

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 Linn County.

A handwritten signature in black ink that reads "Scott Fitzpatrick". The signature is written in a cursive, flowing style.

Scott Fitzpatrick
State Auditor

Linn County

Management Advisory Report

State Auditor's Findings

1. Sheriff's Controls and Procedures

The Sheriff's accounting controls and procedures need improvement. The Sheriff's office processed approximately \$68,000 in receipts during the year ended December 31, 2023.

1.1 Depositing timely

Sheriff's office personnel do not deposit timely. Our review of 2023 deposits found office personnel made 1 to 3 bank deposits each month regardless of the total receipts collected. As a result, cash and checks were sometimes held for extended periods of time. For example, the November 9, 2023, deposit of \$1,704 consisted of October receipts collected 7 to 27 days prior to deposit. No other deposits were made in November 2023. Receipts collected for November 2023, totaling \$4,787, were deposited on December 8, 2023. These receipts were held 6 to 27 days prior to deposit. The Sheriff indicated she did not know why the Administrative Assistant did not deposit timely.

Failure to implement adequate depositing procedures increases the risk that loss, theft, or misuse of money received will occur and go undetected.

1.2 Account balances and bank reconciliations

The Sheriff does not ensure personnel prepare accurate monthly bank reconciliations, maintain accurate book balances, or properly monitor the bank account.

We reviewed the monthly bank reconciliations for 2023 and determined the ending reconciled balances the Administrative Assistant included on her bank reconciliations were understated by amounts ranging from \$117 to \$6,220 for 7 months and overstated by amounts ranging from \$50 to \$4,543 for 4 months. Only 1 month was accurate.

We noted the following issues during our review of the bank reconciliations:

- The December bank reconciliation showed a reconciled balance of \$844; however, it should have been \$1,564. This understatement is a result of overstating cleared deposits by \$1,291, overstating outstanding checks by \$2,047, and a failure to deduct an overdraft fee of \$36.
- Multiple bank reconciliations included checks written and deposits in transit that occurred after the end of the month being reconciled.
- The June bank reconciliation did not include all checks issued in June that remained outstanding at the end of the month, but did include 2 voided checks.
- The November and December bank reconciliations erroneously included deposits in transit that were actually direct deposits that cleared the bank during those months.



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Management Advisory Report - State Auditor's Findings

- The Administrative Assistant does not properly record or monitor all account activity in the check register, such as service charges and direct deposits, and as a result, the book balances were not accurate. This allowed the bank account to be overdrawn 3 times in 2023: June 22 by \$102, December 22 by \$490, and December 26 by \$358. The bank charged an overdraft fee of \$36 in December.
- None of the 12 bank reconciliations contained the date the reconciliation was performed so it is unknown how timely the reconciliations were completed.

Maintaining and monitoring up-to-date accounting records and preparing accurate monthly bank reconciliations provides the necessary oversight of funds to ensure receipts and disbursements have been properly handled and recorded and the correct checkbook balance is maintained. It also increases the likelihood errors will be identified and corrected timely.

1.3 Prisoner boarding contracts

The Sheriff's office has not entered into written agreements with other counties or cities that provide prisoner board for the county, detailing the housing rate to be paid. The Administrative Assistant indicated the Sheriff's office had "handshake" agreements with various counties for the 2023 rates charged. The only contract the county had was with the regional jail and the Administrative Assistant indicated they did not send prisoners there because there was generally no space available. The county paid approximately \$167,000 in board bills for approximately 300 prisoners during the year ended December 31, 2023.

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

Recommendations

The Sheriff:

- 1.1 Ensure deposits are made timely.
- 1.2 Ensure accounting records are accurate, account balances are monitored, and accurate bank reconciliations are prepared monthly.
- 1.3 Work with the County Commission to obtain written agreements with counties and cities for the boarding of prisoners.



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Management Advisory Report - State Auditor's Findings

Auditee's Response

1.1 *The Administrative Assistant will write policies and procedures for bank deposits. These will be reviewed and approved by the Sheriff and include:*

- a. *Funds collected before 2:00 p.m. will be deposited on the same day.*
- b. *Funds collected after 2:00 p.m. may be locked in the safe and deposited the following business day.*
- c. *The Sheriff or other authorized staff will check the safe weekly to ensure money is not accumulating over multiple days.*
- d. *Receipt slips will be written for all cash received.*
- e. *Money will be received by the Administrative Assistant, deposited by the Sheriff or a deputy, and the deposit receipt balanced to cash receipts and recorded by the Administrative Assistant to maintain separation of duties over cash.*

The Administrative Assistant will cross-train the part-time Administrative Assistant on all deposit functions to eliminate a single point of failure.

The Sheriff or a deputy will be available to make deposits as needed, preferably during banking hours. Deposit slips will be returned to the Administrative Assistant on the following business day.

1.2 *The Administrative Assistant will create written procedures for bank reconciliations, to be reviewed and approved by the Sheriff that include:*

- a. *The bank reconciliation will be the primary duty of the part-time Administrative Assistant.*
- b. *Reconciling the bank account monthly, upon receipt of the bank statement.*
- c. *Discussing out-of-balance situations with the Sheriff for assistance and resolution.*
- d. *Including the bank reconciliation date in the check register.*

The Administrative Assistant will cross train the part-time Administrative Assistant on reconciliation procedures.



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Management Advisory Report - State Auditor's Findings

The sheriff will review the bank statement, check register, and reconciliation form each month and create office policy to create a detailed report and turn over collected money to the County Clerk or Treasurer by the 20th of each month to comply with Section 50.370, RSMo.

1.3 *The Sheriff's office and the County Commission now have a contract with Macon County and are working on other contracts.*

2. Prosecuting Attorney's Controls and Procedures

Controls and procedures in the Prosecuting Attorney's office need improvement. The office collected approximately \$7,000 in bad check and court-ordered restitution and fees during the year ended December 31, 2023.

2.1 Bank reconciliations

The Prosecuting Attorney did not reconcile the bank accounts during the year ended December 31, 2023. Instead, on January 22, 2024, the Prosecuting Attorney performed bank reconciliations for all 12 months for the restitution account after our initial site visit.

Preparing timely monthly bank reconciliations helps ensure receipts and disbursements have been properly handled and recorded, and increases the likelihood errors will be identified and corrected.

2.2 Restitution account

The Prosecuting Attorney does not maintain a list of outstanding restitution balances. The Prosecuting Attorney indicated he tracks outstanding restitution in individual spreadsheets. We compiled a list of unpaid restitution from the individual spreadsheets as of December 31, 2023, and determined outstanding restitution balances totaled \$67,742. In addition, the Prosecuting Attorney classified \$1,922 in restitution as uncollectable because 2 individuals completed parole, 1 offender passed away, and 1 victim passed away; however, he has not requested the courts to allow the amounts to be written off.

A complete and accurate list of unpaid restitution would allow the Prosecuting Attorney's office to more easily review the amounts due, take appropriate steps to ensure amounts due are collected, and determine disposition of any amounts considered uncollectible.

Recommendations

The Prosecuting Attorney:

2.1 Prepare timely bank reconciliations and promptly investigate and resolve any differences identified.

2.2 Establish procedures to monitor and collect accounts receivables.



Auditee's Response

2.1-2.2 The office agrees to promptly implement the recommendations.

3. Sheriff's Compensation

The County Commission authorized mid-term salary increases totaling \$11,685 to the former Sheriff in violation of constitutional provisions. The Sheriff took office in 2021 at the salary level approved by the Linn County Salary Commission. The Sheriff resigned in March 2024.

Section 57.317.1(2), RSMo, enacted in 2021, states the sheriff shall receive an annual salary computed based on a percentage of the compensation of an associate circuit judge of the county, with the percentage determined by a statutory schedule using the county's current assessed valuation level. The law indicates if the increase to the Sheriff's salary is less than \$10,000, the increase shall take effect January 1, 2022, but if the salary increase is more than \$10,000, the increase shall be paid equally over a 5-year period. However, Article VII, Section 13, of the Missouri Constitution prohibits an increase in compensation for state, county, and municipal officers during the term of office. Court cases have concluded that to receive additional compensation during a term of office there must be: (1) no existing compensation for the office; (2) new or additional duties extrinsic or not germane to the office; or (3) the mid-term increase must result from the application of a statutory formula for calculating compensation that was in place prior to the individual being elected or taking office. None of those circumstances exist; therefore the increase to the Sheriff's salary should be effective only for any Sheriff elected and sworn into office after the new salary schedule was authorized.

The County Commission did not seek a written legal opinion on these matters and calculated the increase at \$28,405 to be paid over a 5 year period with an annual increase of \$5,681. As of December 2023, the County Commission authorized an additional salary increase based on increases given to associate circuit judges for a total authorized of \$11,685. The County Commission indicated it was aware of constitutional provisions preventing mid-term salary increases, but thought the county was required to increase the Sheriff's salary due to the change in state statute.

Recommendation

The County Commission ensure salary increases comply with constitutional provisions and consider various methods for possible recoupment of any mid-term salary increases already paid.

Auditee's Response

The County Commission will take the State Auditor's Office's recommendation under advisement and will seek legal counsel on how to proceed.

Linn County

Organization and Statistical Information

Linn County is a township-organized, third-class county. The county seat is Linneus. The county's population was 11,874 in 2020, according to the U.S. Census Bureau.

Linn 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 36 full-time employees and 4 part-time employees on December 31, 2023. The townships maintain county roads.

County operations also include a Senior Citizens' Services Board and a Senate Bill 40 Board.

Elected Officials

The elected officials and their compensation paid for the year ended December 31, 2023 (except as noted) are indicated below:

Officeholder	2024	2023
Dick King, Presiding Commissioner	\$	29,390
Josh Muck, Associate Commissioner		27,390
Glen Murrain, Associate Commissioner		27,390
Jennifer Shoop-Baker, Recorder of Deeds		41,500
Suzan Stephenson, County Clerk		41,500
Tracy L. Carlson, Prosecuting Attorney		51,000
Jeff Henke, Sheriff (1)		56,685
Kjersten Parn, County Coroner		14,000
Colby Baker, Public Administrator (2)		2,084
John Bagley, Public Administrator (3)		521
Lawrence McManus, Public Administrator (3)		4,340
Lana Kilmer Public Administrator (3)		29,972
Renee McKenzie, County Collector-Treasurer, year ended February 29,	41,500	
Brittanie Palmer, County Assessor, year ended August 31,		41,500

- (1) Jeff Henke resigned as Sheriff on March 1, 2024. Carrie Melte began serving as Sheriff on March 1, 2024.
- (2) Colby Baker served as the Public Administrator from October 1, 2019, until January 31, 2023.
- (3) John Bagley served as the Public Administrator from February 1, 2023, until February 7, 2023. Lawrence McManus served as the Public Administrator from February 8, 2023, until April 10, 2023. Lana Kilmer began serving as the Public Administrator on April 10, 2023.