



# Thomas A. Schweich

Missouri State Auditor

---

## Cooper County

---

October 2013  
Report No. 2013-102



---

<http://auditor.mo.gov>



**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Cooper County

County Treasurer Controls and Procedures	<p>The County Treasurer did not enter receipts into the computerized accounting system in a timely manner and did not perform timely bank reconciliations. As a result, the County Treasurer could not provide up-to-date fund balances to the County Commission or ensure the county's accounting records were in balance. The County Treasurer indicated he did not understand the computerized accounting system, so the county paid a software provider \$2,163 to enter the backlog of receipts, perform the backlog of bank reconciliations, and provide software training to the County Treasurer. After this training, the County Treasurer stated he was still not familiar enough with the system to adequately perform these duties himself, so the county budgeted another \$2,000 in 2013 for the software provider to perform data entry and bank reconciliations, though no 2013 receipts had been entered into the computerized system as of June 2013. The County Treasurer is required to separate and divide the revenues of the county as they come into his hands and to keep a separate account with the County Commission of each fund. State law provides for penalties if the County Treasurer fails or refuses to perform the duties required.</p>
County Collector Controls and Procedures	<p>As of April 2013, the County Collector had not yet disbursed \$14,941 in 2009 protested taxes due to the political subdivisions and had not distributed \$4,499 in interest accrued in the protested tax account between March 2002 and February 2013. The County Collector lacks procedures to follow up on outstanding checks; as of January 2013, 25 checks totaling \$4,540 had been outstanding for over a year, with two checks dating back to 2005.</p>
Property Tax System	<p>Neither the County Clerk nor the County Commission adequately reviews the activities of the County Collector. The County Clerk does not maintain an adequate account book or other records summarizing all property tax transactions each month, and neither the County Clerk nor the County Commission verifies the accuracy and completeness of the County Collector's annual settlements. The County Commission does not approve additions and abatements entered into the property tax system by the County Assessor, and the County Clerk does not reconcile these additions and abatements to system reports or the Collector's annual settlements. Further, the County Commission neither reviews nor approves outlawed personal property taxes.</p>
Use of Restricted Funds	<p>The county transferred \$14,148 from the Road and Bridge Trust Fund to the General Revenue Fund to reimburse the General Revenue Fund for election costs, which is not allowed by law. Road and Bridge Trust Fund monies can only be used for the construction of county road systems improvements, including new bridges and culverts. In addition, the county transfers \$75,000 each year from the Law Enforcement Center Fund to the 911 Fund to reimburse for salaries and benefits related to 911 dispatching, but the County Commission does not document how this amount was derived and has not conducted a study to determine whether the transferred amount is fair based upon the relative work load of the 911 dispatchers.</p>

---

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**.<sup>\*</sup> However, the audit revealed serious shortcomings with the Treasurer's office.

<sup>\*</sup>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)**

---

# Cooper County Table of Contents

---

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

---

Management Advisory Report - State Auditor's Findings	1. County Treasurer Controls and Procedures.....4 2. County Collector Controls and Procedures .....6 3. Property Tax System .....8 4. Use of Restricted Funds .....10
---	--

---

Organization and Statistical Information	12
---	----



# THOMAS A. SCHWEICH

## Missouri State Auditor

To the County Commission  
and  
Officeholders of Cooper County

We have audited certain operations of Cooper County in fulfillment of our duties under Section 29.230, RSMo. In addition, Casey-Beard-Boehmer PC, Certified Public Accountants, was engaged to audit the financial statements of Cooper County for the 2 years ended December 31, 2012. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. 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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 Cooper County.



Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Kenneth Erfurth
Audit Staff:	Mariam Ahmedbani Jennifer Anderson

---

# Cooper County Management Advisory Report State Auditor's Findings

---

## **1. County Treasurer Controls and Procedures**

The County Treasurer did not enter receipts into the computerized accounting system in a timely manner during 2012 and did not perform timely bank reconciliations from October to December 2012. As a result, the County Treasurer could not provide up-to-date fund balances to the County Commission during 2012 or ensure the county's accounting records were in balance during the last 3 months of the year. According to county records, the County Treasurer processed receipts of approximately \$7.6 million during the year ended December 31, 2012.

Manual receipt slips are prepared by the County Treasurer and monies are deposited on a weekly basis; however, receipts are not entered into the computerized accounting system timely. In addition, bank reconciliations were not performed timely because the computerized accounting system records were not up-to date. Prior to January 2012, the County Clerk's office entered receipts into the computerized accounting system, even though this is a duty of the County Treasurer. As of January 2012, this duty was turned back over to the County Treasurer, but he has not been performing this duty in a timely manner. Due to delays in the entry of receipts into the system, the fund balances and actual receipts of the various county funds were not known. As a result, the fund balance of the Road and Bridge Trust Fund had to be manually calculated to determine if there were enough monies in the fund to pay a December 2012 invoice pending a reimbursement from the applicable grant. Based on this calculation, the Commission approved a \$60,000 transfer from the General Revenue Fund to the Road and Bridge Trust Fund dated December 31, 2012, to ensure the Road and Bridge Trust Fund did not have a negative fund balance. In January 2013, the Road and Bridge Trust Fund transferred \$60,000 back to the General Revenue Fund. In addition, the County Clerk had to estimate receipt amounts to prepare the 2013 county budget. According to the County Treasurer, the failure to perform his duties during this time was due to not understanding the computerized accounting system, personal health problems, and time commitments from a personal business.

Through December 2012, the county paid the software provider \$2,163 to perform the backlogged receipt data-entry and bank reconciliation work, and to provide software training to the County Treasurer. Despite the training received, the County Treasurer stated he was still not familiar enough with the system to adequately perform these duties himself. Therefore, an additional \$2,000 was budgeted in 2013 for the software provider to perform the data entry of the backlogged receipts and bank reconciliation work; however, no receipts for 2013 had been entered into the computerized accounting system as of June 2013.

Section 54.140, RSMo, requires the County Treasurer to separate and divide the revenues of the county as they come into his hands, and keep a separate account with the county commission of each fund. This section also



---

Cooper County  
Management Advisory Report - State Auditor's Findings

---

provides for penalties if the County Treasurer fails or refuses to perform the duties required. Further, Sections 54.120 and 54.130, RSMo, require that the County Treasurer keep the books, papers and moneys pertaining to his office at all times ready for the inspection of the commission and provide an account of receipts and expenditures. Entering receipts timely into the computerized accounting system is necessary to monitor county fund balances, perform proper reconciliations, and provide information needed to monitor and prepare budgets. In addition, timely preparation of monthly bank reconciliations ensures accounting records are in balance and helps identify errors in a timely manner.

## Recommendation

The County Treasurer ensure receipts are timely entered into the computerized accounting system and bank reconciliations are completed in a timely manner.

## Auditee's Response

*The County Treasurer provided the following written response:*

*I agree with the auditor's recommendation to enter the receipts and prepare bank reconciliations timely.*

*Until 2012, from 1991 to 2011, I entered receipts manually in a hand written ledger from my hand written receipts, and the funds always balanced to the penny. Our practice in the past was the county clerk's office wrote the warrants for the six major funds. Spending was controlled by the county commission. The expenses were allocated as the warrants were written by the clerk's office. However I wrote the checks on the other thirty-six funds, twelve schools and six fire districts. I also reconciled the bank each month. My bank statements show daily batches of warrants which I can see coming out on my on-line bank account. At the end of each month, I would provide the clerk's office with the balances of all funds, investment accounts and certificates of deposit. The clerk's office employee would enter the receipts on her program for the six major funds and see if we were together on the balances in those six funds before she subtracted the outstanding warrants on those six funds. I had the outstanding checks on all the other funds. This was the practice through 2011 and we always balanced to the penny.*

*I object to the auditor's comment about the county clerk's office having to do my job. I have always done my job to the best of my ability.*

*However it may always seem easy to make excuses for not doing what you want to accomplish. Here are the circumstances that occurred.*

*In 2012 we decided to network the county clerk's office and the treasurer's office computers since the clerk's office had been using the software for some time. I had been doing the work by hand written ledger through 2011.*





Cooper County  
Management Advisory Report - State Auditor's Findings

*In 2012 I was faced with a new computer program about which I knew nothing. I got a little training but it was after I had fallen behind. So by the time we created a new chart of accounts, I decided to code the revenue and checks and had the software vendor input the information. I am currently just learning the various features of the program.*

*Since I started as treasurer in 1991 the work load for my office has increased by four times what it was in 1991. I am a one person office and you are not supposed to get sick or take a vacation. However, I did have some health issues in June 2010 when I had a heart attack but had to go back to work sooner than I was supposed to. I had carpal tunnel surgery on June 2, 2012 since I could not grip a pencil or sleep. My mother passed away on June 15, 2012 and I had to take care of the estate issues. My back had been giving me trouble for a couple of years and I had outpatient surgery on November 27, 2012. When things go wrong or when things don't go wrong, the treasurer is at the point where he needs help. I need help to keep our accounting records up to date. I asked for \$2,500 for part-time help in my 2013 budget, I received \$2,000. I was told that if I needed more help I had to pay for it myself as was the treasurer's practice in 1990. I am somewhat disappointed that other offices are treated with more respect than mine. I am an elected official by the people.*

*I will ask again in the 2014 budget for \$2,500 for outside services. This would be money well spent for the county.*

## Auditor's Comment

Receipts need to be entered into the computerized accounting system in a timely manner so the County Commission has current information available to help make decisions and bank reconciliations can be performed timely. Monies already spent and additional amounts approved in the budget for assistance in entering data have not resulted in more current records. The limited number of staff does not negate the need for proper controls and procedures.

## 2. County Collector Controls and Procedures

Weaknesses exist in the County Collector's accounting controls and procedures. The County Collector's office processed transactions totaling approximately \$15 million during the year ended February 28, 2013.

### 2.1 Reconciliations and distributions

The County Collector does not adequately evaluate liabilities when reconciling the protested tax account, and as a result, did not disburse some monies timely. Our review of the protested tax account noted the following:

- As of April 2013, the County Collector had not disbursed 2009 protested taxes totaling \$14,941 that are due to the political subdivisions. The protested tax case was not filed by the taxpayer within the allotted amount of time, and therefore, taxes were due to the



Cooper County  
Management Advisory Report - State Auditor's Findings

political subdivisions in 2009. The County Collector stated she identified this amount in the protested tax account while reviewing liabilities when conducting a bank reconciliation in January 2013.

- Bank interest totaling \$4,499 earned in the protested tax account between March 2002 and February 2013 remained in the protested bank account and had not been distributed as of April 2013. According to the County Collector, she had forgotten to distribute the interest, as required.

Adequate reviews of open items while performing bank reconciliations are necessary to ensure all collections are properly identified and disbursed in a timely manner.

## 2.2 Outstanding checks

Procedures have not been established to routinely follow up on outstanding checks from the County Collector's main account. As of January 2013, 25 checks totaling \$4,540, had been outstanding for over a year with two checks dating back to 2005.

Procedures to routinely follow up on outstanding checks are necessary to prevent the accumulation of old outstanding checks and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

## Recommendations

The County Collector:

- 2.1 Ensure all collections are distributed in a timely manner by adequately reviewing the list of liabilities during bank reconciliations.
- 2.2 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law.

## Auditee's Response

*The County Collector provided the following written responses:*

- 2.1 *The protested tax amount has been posted and will be distributed in the next monthly distribution. The interest amount has been distributed. The collector's office will take steps to ensure timely processing of any protested monies received in the future and will include any protested interest in the annual interest distribution each year.*
- 2.2 *All payees of outstanding checks have been contacted. The payees who responded have been reissued checks, and the original checks have been voided. The remaining outstanding checks will be sent to the Missouri State Treasurer's Unclaimed Property Division. The*



Cooper County  
Management Advisory Report - State Auditor's Findings

*collector's office will continue to monitor outstanding checks on a timely basis.*

### 3. Property Tax System

Controls over the property tax system are in need of improvement. As a result there is less assurance property tax monies have been accounted for properly.

#### 3.1 Account book

Neither the County Clerk nor the County Commission adequately reviews the activities of the County Collector. The County Clerk does not maintain an adequate account book or other records summarizing all property tax transactions each month. The County Clerk maintains spreadsheets which include beginning tax book totals, monthly collections, and monthly totals for additions and abatement, but does not include protested taxes or delinquent balances. In addition, procedures are not performed by the County Clerk or the County Commission to verify the accuracy and completeness of the County Collector's annual settlements. As a result, there is an increased risk of loss, theft, and misuse of property tax monies going undetected, and less assurance the annual settlements are complete and accurate.

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 account book or other records which summarize all tax charges and credits should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector each year are complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements. In addition, Section 139.160, RSMo, assigns responsibility to the Commission for the verification of the County Collector's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

#### 3.2 Additions and abatements

The County Commission does not approve addition and abatement court orders or outlawed personal property taxes. In addition, the County Clerk's review of additions and abatements is not sufficient.

The County Assessor enters information for additions and abatements into the property tax system and provides documentation to the County Clerk's and County Collector's offices. However, these additions and abatements are not approved by the County Commission and the County Clerk does not reconcile this addition and abatement documentation to reports he generates from the system or to the additions and abatements presented on County Collector's annual settlement. As a result, any discrepancies are not identified and resolved. In addition, outlawed personal property taxes are not reviewed or approved by the Commission.



Cooper County  
Management Advisory Report - State Auditor's Findings

During the year ended February 28, 2013, additions totaling over \$234,000 and abatements totaling over \$358,000 were recorded in the property tax system without County Commission approval, and outlawed taxes totaling over \$37,000 were removed from the tax books, without County Commission approval.

Sections 137.260 and 137.270, RSMo, assign responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. In addition, if changes to the amount of taxes the County Collector is charged with collecting are not properly monitored, errors or irregularities could go undetected.

## Recommendations

- 3.1 The County Clerk maintain a complete and accurate account book with the County Collector. In addition, the County Commission and the County Clerk should use the account book to review the accuracy and completeness of the County Collector's annual settlements.
- 3.2 The County Commission and County Clerk ensure all changes made to the property tax system are supported by court orders approved by the County Commission. In addition, the County Clerk should reconcile his records of additions and abatements to the Collector's annual settlements.

## Auditee's Response

*The County Clerk provided the following written responses:*

- 3.1 *The County Clerk will implement updated procedures in order to maintain a complete and accurate account book with the Collector.*
- 3.2 *The County Clerk will adjust the procedures in order to reconcile the office records of additions and abatements to the Collector's annual settlement.*

*The County Commission provided the following written responses:*

- 3.1 *The County Commission will review the account book and annual settlements for accuracy and completeness.*
- 3.2 *The County Commission will work with the County Clerk to ensure revisions/corrections to the property tax system are reviewed and documented per statute. We currently review changes monthly and will formally approve these changes during Commission meetings.*



## 4. Use of Restricted Funds

Procedures related to the use of restricted funds are not adequate.

### 4.1 Capital improvement sales tax

The county transferred \$14,148 from the Road and Bridge Trust Fund to the General Revenue Fund to reimburse the General Revenue Fund for election costs, which is not allowed by state law.

The Road and Bridge Trust Fund was established in 1984 after the county voters passed a 1/2 cent capital improvement sales tax to be used for the purpose of the construction of county road systems improvements, including new bridges and culverts. The sole source of funding for the Road and Bridge Trust Fund is the sales tax revenue, which is restricted by law for the purpose designated on the ballot. This sales tax was set to expire on December 31, 2012, and was placed on the ballot for renewal in 2012. After its renewal, the county calculated the ballot issue's pro-rata share of election costs and recouped the money from the Road and Bridge Trust Fund. However, election costs are not an allowable disbursement of these sales tax monies.

Section 67.700, RSMo, allows counties to impose a sales tax for any capital improvement purpose designated by the county in its ballot, and requires the monies received from the sales tax be used solely for the designated capital improvement purpose.

### 4.2 Law Enforcement Center Fund transfers

The county transfers \$75,000 annually from the Law Enforcement Center (LEC) Fund to the 911 Fund to reimburse for salaries and benefits related to 911 dispatching; however, the County Commission does not document the portion of salaries and benefits which relate to law enforcement services or maintain other data to support the amount of the transfer. According to the County Commission order authorizing this transfer, the transfer from the LEC is to cover costs of duties performed by 911 personnel related to dispatching, maintaining warrant registries, and checking information in the Missouri Uniform Law Enforcement System. However, the county has no documentation to demonstrate how this annual amount was derived, nor has the county undertaken a study to determine whether the amounts transferred are fair based on the relative work load of the 911 dispatchers.

Monies in the LEC Fund represent revenues which are restricted by Section 67.582.3, RSMo, for the purpose of providing law enforcement services. Costs paid by the fund should be clearly related to the services allowed by law and documentation should be retained to demonstrate the disbursements comply with statutory restrictions.

A similar condition was noted in our prior report.



Cooper County  
Management Advisory Report - State Auditor's Findings

---

## Recommendations

The County Commission:

- 4.1 Discontinue making transfers from the Road and Bridge Trust Fund to the General Revenue Fund for election costs. In addition, the Commission should transfer these election costs back to the Road and Bridge Trust Fund.
- 4.2 Maintain adequate documentation to support the monies transferred from the Law Enforcement Center Fund to the 911 Fund.

## Auditee's Response

*The County Commission provided the following written responses:*

- 4.1 *In the future, the County Commission will follow audit recommendations on election costs, and transfers between the Road and Bridge Trust and General Revenue Funds. However, we have historically paid for election costs out of the Road and Bridge Trust Fund, so we do not feel it is necessary to transfer the 2012 election costs back to the fund.*
- 4.2 *The LEC Fund was established by voter approval authorizing a sales tax for the purpose of providing law enforcement services including operation of a law enforcement and communication center.*

*The Commission continues to believe the level of funding transferred is reasonable when all 911 Fund support services are considered. It would be burdensome and counter-productive to maintain work activity documentation.*

# Cooper County Organization and Statistical Information

Cooper County is a county-organized, third-class county. The county seat is Boonville.

Cooper 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 60 full-time employees and 14 part-time employees on December 31, 2012.

## Elected Officials

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

Officeholder	2013	2012
Eddie Brickner, Presiding Commissioner	\$	43,067
Paul Davis, Associate Commissioner		40,636
Ernie Walther, Associate Commissioner		40,636
Nancy Fisher, Circuit Clerk and Ex Officio Recorder of Deeds (1)		
Darryl Kempf, County Clerk (2)		90,686
Douglas Abele, Prosecuting Attorney		82,583
Jerry Wolfe, Sheriff		68,745
Stanley Serck, County Treasurer		44,248
James Hurt, County Coroner		20,494
Stephanie Young, Public Administrator		61,564
Carol Nauman, County Collector (3), year ended February 28 ,	70,503	
James R. Lachner, County Assessor, year ended August 31,		61,161

- (1) Compensation is paid by the state.
- (2) Includes \$29,122 of commissions earned for preparing city property tax books for 2012 and 2011.
- (3) Includes \$8,940 of commissions earned for collecting city property taxes for 2011.

## Financing Arrangements

In January 2010, the county refinanced and obtained a 2 year extension for its leasehold revenue bonds used to construct the Law Enforcement Center in 1998. The bonds are now scheduled to be paid off in 2020. The remaining balance of the bonds at December 31, 2012, was \$1,235,000 in principal and \$269,488 in interest.



Cooper County  
Organization and Statistical Information

---

The county entered into a lease-purchase agreement for two graders on August 20, 2012. Principal and interest payments are made from the Special Road and Bridge Fund. Final payment is scheduled to occur in 2016. The remaining balance on the lease-purchase agreement at December 31, 2012, was \$400,000 in principal and \$23,076 in interest.