



Claire McCaskill

Missouri State Auditor

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April 2006

Barry County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

April 2006

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

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

- Bids were not always solicited and reasons for not bidding were not always documented for some purchases including jail lock system repairs, a computer voice stress analyzer, and computer hardware. In addition, supporting documentation for fuel purchased by deputies was not always maintained and reconciled to credit card statements nor were fuel purchases compared to vehicle usage logs for propriety. Further, the county overpaid a construction company \$2,118 for bridge construction, and time records for sheriff department employees are not submitted to the County Clerk's office timely.
- Some receipts and disbursements were not properly classified in the county's budgets, including federal and state grant proceeds and transfers between county funds. In addition, published financial statements did not contain sufficient detail, and disbursements exceeded budgeted amounts for several funds.
- County Commission meeting minutes did not always include sufficient detail of matters discussed or the reasons behind actions taken, and minutes were not maintained for a closed session meeting of the County Commission in 2005.
- The county has not obtained a written agreement with the Shell Knob Senior Corporation for the monitoring of neighborhood improvement district funds collected to fund the repayment of a \$178,000 county general obligation bond.
- Adequate procedures are not in place to ensure reimbursement is requested for expenses related to drug patrols performed by the Sheriff's office in the Mark Twain National Forest. Through a cooperative agreement the county was eligible to receive a maximum of \$4,000 in federal reimbursements, but had only submitted requests totaling \$879 as of September 30, 2005. After we brought this issue to the Sheriff's attention, an additional claim of \$1,063 was submitted.
- Various weaknesses exist in the accounting controls and procedures of the Sheriff's office including the functions of cash receipting, depositing, disbursing and reconciling. In addition, liabilities were not reconciled to cash balances for the Sheriff's

YELLOW SHEET

commissary bank account, and seized property records were not updated timely. Further, the Sheriff's office is holding two bank accounts without statutory authority.

- Weaknesses were noted in the accounting controls and procedures of the Circuit Clerk's office. Accounting duties were not adequately segregated, an adequate supervisory review was not performed and documented, an accurate listing of open items was not maintained and reconciled to the related cash balance monthly, and procedures to follow up on old outstanding checks were not adequate. In addition, the Circuit Clerk's office did not maintain adequate records of a petty cash fund.
- The Associate Circuit Court did not investigate the differences between liabilities (open items) and cash balances timely, and some open items were not reviewed and disbursed timely. Additionally, accounting duties for the civil division were not adequately segregated and manual receipt slips were not prenumbered and did not indicate the method of payment.
- The Public Administrator held checks received on the behalf of wards and did not deposit them for extended periods of time to ensure wards remained eligible for Medicaid benefits. Additionally, Form 1099-MISC was not issued as required, and adequate supporting documentation was not always obtained for contract services.
- Deficiencies were noted in the internal control and accounting procedures used by the Juvenile Division. Restitution receipts are not deposited timely, the composition of deposits is not reconciled to the composition of receipts, a record of liabilities (open items) is not maintained for restitution monies being held, and adequate procedures are not in place to follow up on old outstanding checks. Additionally, the Juvenile Division paid individuals for providing various services without properly reporting the compensation for income tax purposes, and general capital asset records are inadequate.
- The Developmentally Disabled Board has accumulated a significant cash reserve, and has not documented how these funds will be spent. Additionally, bank balances were not always sufficiently collateralized, and telephone votes were taken of board members without a quorum physically present.

Also included in the audit are recommendations related to county officials bonds and capital asset records. The audit also suggested improvements in the procedures of the County Assessor, Ex Officio Recorder of Deeds, Prosecuting Attorney, and Health Center.

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

BARRY COUNTY, MISSOURI

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FINANCIAL SECTION

STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

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

To the County Commission  
and  
Officeholders of Barry County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Barry County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Barry County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.



In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Barry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 10, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



Claire McCaskill  
State Auditor

January 10, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Ted Fugitt, CPA
Audit Staff:	Jay Ross
	Troy Royer
	Monte Davault
	Jason Ashley
	Tom Haldimann



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

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

To the County Commission  
and  
Officeholders of Barry County, Missouri

We have audited the financial statements of various funds of Barry County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated January 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Barry County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

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

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

Claire McCaskill  
State Auditor

January 10, 2006 (fieldwork completion date)

## Financial Statements

Exhibit A-1

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

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 576,072	3,068,834	3,103,932	540,974
Special Road and Bridge	86,729	732,357	603,179	215,907
Assessment	51,203	290,905	277,746	64,362
Law Enforcement Training	679	3,971	3,336	1,314
Prosecuting Attorney Training	3,774	1,059	550	4,283
Recorder Microfilm	88,758	41,595	45,377	84,976
Prosecuting Attorney Delinquent Tax	1,804	1,313	480	2,637
Sheriff Special Law Enforcement	537	3,652	1,959	2,230
Liberty Common Road District	15,379	21,325	5,796	30,908
Prosecuting Attorney Bad Check	1,466	40,626	40,252	1,840
Sheriff	22,760	54,734	59,336	18,158
Peace Officer Standards Training	3,137	2,670	3,116	2,691
Local Emergency Planning Commission	8,504	7,550	14,389	1,665
Shelter Home	1,173	2,156	2,100	1,229
Special Road District	0	3,507,057	3,507,057	0
Election	4,528	17,823	4,324	18,027
Shell Knob Senior Project	0	15,164	15,164	0
Local Law Enforcement Block Grant	446	6	0	452
Tax Maintenance	13,043	37,581	30,336	20,288
Associate Court Interest	1,422	138	357	1,203
Circuit Clerk Interest	6,171	3,231	6,747	2,655
Developmentally Disabled Board	559,794	246,081	204,977	600,898
Law Library	43,124	4,748	16,219	31,653
Capital Projects	0	175,000	0	175,000
Sheriff Revolving	0	7,223	0	7,223
Coats for Kids	0	1,395	1,120	275
Total	\$ 1,490,503	8,288,194	7,947,849	1,830,848

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

Exhibit A-2

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

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 814,655	2,888,605	3,127,188	576,072
Special Road and Bridge	153,769	579,734	646,774	86,729
Assessment	31,887	287,724	268,408	51,203
Law Enforcement Training	1,956	4,414	5,691	679
Prosecuting Attorney Training	3,696	1,168	1,090	3,774
Recorder Microfilm	71,784	38,578	21,604	88,758
Prosecuting Attorney Delinquent Tax	475	1,329	0	1,804
Sheriff Special Law Enforcement	2,624	513	2,600	537
Liberty Common Road District	19,022	12,081	15,724	15,379
Prosecuting Attorney Bad Check	2,565	40,402	41,501	1,466
Sheriff	29,822	39,707	46,769	22,760
Peace Officer Standards Training	3,304	2,342	2,509	3,137
Local Emergency Planning Commission	7,948	18,940	18,384	8,504
Shelter Home	993	2,111	1,931	1,173
Special Road District	0	3,318,007	3,318,007	0
Election	5,258	1,111	1,841	4,528
Shell Knob Senior Project	0	14,586	14,586	0
Local Law Enforcement Block Grant	13,336	132	13,022	446
Tax Maintenance	4,177	38,064	29,198	13,043
Associate Court Interest	1,715	298	591	1,422
Circuit Clerk Interest	9,929	4,929	8,687	6,171
Developmentally Disabled Board	589,003	236,760	265,969	559,794
Law Library	47,887	4,788	9,551	43,124
Total	\$ 1,815,805	7,536,323	7,861,625	1,490,503

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

Exhibit B

BARRY COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 7,938,232	8,286,799	348,567	7,257,629	7,536,323	278,694
DISBURSEMENTS	8,586,440	7,946,729	639,711	8,383,816	7,861,625	522,191
RECEIPTS OVER (UNDER) DISBURSEMENTS	(648,208)	340,070	988,278	(1,126,187)	(325,302)	800,885
CASH, JANUARY 1	1,486,650	1,490,503	3,853	1,814,616	1,815,805	1,189
CASH, DECEMBER 31	838,442	1,830,573	992,131	688,429	1,490,503	802,074
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	35,000	31,376	(3,624)	34,314	33,025	(1,289)
Sales taxes	1,557,000	1,635,874	78,874	1,519,665	1,557,394	37,729
Intergovernmental	510,203	612,928	102,725	419,006	563,784	144,778
Charges for services	566,800	587,218	20,418	561,176	584,098	22,922
Interest	7,500	10,607	3,107	48,500	7,868	(40,632)
Other	64,134	84,393	20,259	68,300	44,814	(23,486)
Transfers in	100,000	106,438	6,438	74,087	97,622	23,535
Total Receipts	2,840,637	3,068,834	228,197	2,725,048	2,888,605	163,557
DISBURSEMENTS						
County Commissioner	91,995	90,690	1,305	91,459	90,565	894
County Clerk	68,205	68,197	8	67,490	67,216	274
Elections	77,840	80,563	(2,723)	50,210	52,373	(2,163)
Buildings and grounds	149,212	139,737	9,475	123,435	122,350	1,085
Employee fringe benefit	381,231	351,880	29,351	399,818	391,485	8,333
County Treasurer	46,850	46,715	135	46,830	46,334	496
County Collector	98,776	98,895	(119)	99,047	97,039	2,008
Ex Officio Recorder of Deed	35,910	35,373	537	33,840	33,810	30
Circuit Clerk	29,100	16,450	12,650	22,900	15,478	7,422
Associate Circuit (Probate)	13,500	12,298	1,202	10,650	12,846	(2,196)
Court administration	6,128	4,813	1,315	6,128	4,717	1,411
Public Administrator	15,600	15,600	0	15,000	13,750	1,250
Sheriff	635,849	644,599	(8,750)	639,380	585,071	54,309
Jail	363,544	366,158	(2,614)	350,059	395,392	(45,333)
Prosecuting Attorney	302,262	297,246	5,016	315,871	294,176	21,695
Juvenile Officer	144,741	132,289	12,452	126,325	119,221	7,104
County Coroner	30,834	29,883	951	28,834	29,261	(427)
Emergency Management	18,020	24,011	(5,991)	13,920	18,803	(4,883)
Office equipment and supplies	177,039	204,736	(27,697)	68,550	61,287	7,263
Capital Projects	25,000	32,341	(7,341)	470,000	465,522	4,478
Insurance and bonds	95,000	98,028	(3,028)	65,000	73,792	(8,792)
University extensor	28,995	29,060	(65)	29,778	28,136	1,642
Tax increment financing	65,000	71,333	(6,333)	49,000	63,341	(14,341)
Other	207,953	38,037	169,916	209,404	45,223	164,181
Transfers out	175,000	175,000	0	15,000	0	15,000
Emergency Fund	93,768	0	93,768	95,746	0	95,746
Total Disbursements	3,377,352	3,103,932	273,420	3,443,674	3,127,188	316,486
RECEIPTS OVER (UNDER) DISBURSEMENTS	(536,715)	(35,098)	501,617	(718,626)	(238,583)	480,043
CASH, JANUARY 1	576,072	576,072	0	814,655	814,655	0
CASH, DECEMBER 31	39,357	540,974	501,617	96,029	576,072	480,043

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	103,500	110,610	7,110	98,325	102,900	4,575
Intergovernmental	740,425	617,928	(122,497)	433,956	474,426	40,470
Interest	2,000	3,819	1,819	5,000	2,408	(2,592)
Total Receipts	845,925	732,357	(113,568)	537,281	579,734	42,453
DISBURSEMENTS						
Road and bridge construction, repair, and maintenanc	800,000	567,666	232,334	550,000	609,944	(59,944)
Other	7,000	9,850	(2,850)	0	7,580	(7,580)
Transfers out	39,300	25,663	13,637	34,000	29,250	4,750
Total Disbursements	846,300	603,179	243,121	584,000	646,774	(62,774)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(375)	129,178	129,553	(46,719)	(67,040)	(20,321)
CASH, JANUARY 1	86,729	86,729	0	153,769	153,769	0
CASH, DECEMBER 31	86,354	215,907	129,553	107,050	86,729	(20,321)
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	263,120	273,662	10,542	267,347	273,197	5,850
Charges for services:	13,000	15,792	2,792	14,000	13,352	(648)
Interest	1,000	1,451	451	1,200	1,175	(25)
Transfers in	0	0	0	15,000	0	(15,000)
Total Receipts	277,120	290,905	13,785	297,547	287,724	(9,823)
DISBURSEMENTS						
Assessor	325,910	277,746	48,164	328,310	268,408	59,902
Total Disbursements	325,910	277,746	48,164	328,310	268,408	59,902
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,790)	13,159	61,949	(30,763)	19,316	50,079
CASH, JANUARY 1	51,203	51,203	0	31,887	31,887	0
CASH, DECEMBER 31	2,413	64,362	61,949	1,124	51,203	50,079
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for service:	4,600	3,971	(629)	5,900	4,414	(1,486)
Total Receipts	4,600	3,971	(629)	5,900	4,414	(1,486)
DISBURSEMENTS						
Sheriff	5,200	3,336	1,864	7,000	5,691	1,309
Total Disbursements	5,200	3,336	1,864	7,000	5,691	1,309
RECEIPTS OVER (UNDER) DISBURSEMENTS	(600)	635	1,235	(1,100)	(1,277)	(177)
CASH, JANUARY 1	679	679	0	1,956	1,956	0
CASH, DECEMBER 31	79	1,314	1,235	856	679	(177)



Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for service:	1,100	1,059	(41)	1,500	1,168	(332)
Total Receipts	1,100	1,059	(41)	1,500	1,168	(332)
DISBURSEMENTS						
Prosecuting Attorney	4,500	550	3,950	5,000	1,090	3,910
Total Disbursements	4,500	550	3,950	5,000	1,090	3,910
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,400)	509	3,909	(3,500)	78	3,578
CASH, JANUARY 1	3,774	3,774	0	3,696	3,696	0
CASH, DECEMBER 31	374	4,283	3,909	196	3,774	3,578
<b><u>RECORDER MICROFILM FUND</u></b>						
RECEIPTS						
Charges for service:	36,050	40,310	4,260	36,300	37,605	1,305
Interest	950	1,285	335	1,600	973	(627)
Total Receipts	37,000	41,595	4,595	37,900	38,578	678
DISBURSEMENTS						
Ex-Officio Recorder of Deed	65,765	45,377	20,388	65,765	21,604	44,161
Total Disbursements	65,765	45,377	20,388	65,765	21,604	44,161
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,765)	(3,782)	24,983	(27,865)	16,974	44,839
CASH, JANUARY 1	88,758	88,758	0	71,784	71,784	0
CASH, DECEMBER 31	59,993	84,976	24,983	43,919	88,758	44,839
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
RECEIPTS						
Intergovernmental	1,300	1,282	(18)	300	1,315	1,015
Interest	15	31	16	5	14	9
Total Receipts	1,315	1,313	(2)	305	1,329	1,024
DISBURSEMENTS						
Prosecuting Attorney	3,000	480	2,520	700	0	700
Total Disbursements	3,000	480	2,520	700	0	700
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,685)	833	2,518	(395)	1,329	1,724
CASH, JANUARY 1	1,804	1,804	0	475	475	0
CASH, DECEMBER 31	119	2,637	2,518	80	1,804	1,724

Exhibit B

BARRY COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF SPECIAL LAW ENFORCEMENT FUND</u></b>						
RECEIPTS						
Interest	12	15	3	45	13	(32)
Other	1,500	3,637	2,137	1,450	500	(950)
Total Receipts	1,512	3,652	2,140	1,495	513	(982)
DISBURSEMENTS						
Sheriff	2,000	1,959	41	3,500	2,600	900
Total Disbursements	2,000	1,959	41	3,500	2,600	900
RECEIPTS OVER (UNDER) DISBURSEMENTS	(488)	1,693	2,181	(2,005)	(2,087)	(82)
CASH, JANUARY 1	537	537	0	2,624	2,624	0
CASH, DECEMBER 31	49	2,230	2,181	619	537	(82)
<b><u>LIBERTY COMMON ROAD DISTRICT FUND</u></b>						
RECEIPTS						
Property taxes	650	522	(128)	570	630	60
Sales taxes	6,600	6,854	254	6,748	6,550	(198)
Intergovernmental	11,600	13,410	1,810	4,763	4,622	(141)
Interest	235	539	304	400	279	(121)
Total Receipts	19,085	21,325	2,240	12,481	12,081	(400)
DISBURSEMENTS						
Construction, repair, and maintenance	32,450	5,467	26,983	30,000	15,422	14,578
Other	550	329	221	650	302	348
Total Disbursements	33,000	5,796	27,204	30,650	15,724	14,926
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,915)	15,529	29,444	(18,169)	(3,643)	14,526
CASH, JANUARY 1	15,379	15,379	0	19,022	19,022	0
CASH, DECEMBER 31	1,464	30,908	29,444	853	15,379	14,526
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for service:	43,000	40,340	(2,660)	50,000	40,193	(9,807)
Interest	0	286	286	300	209	(91)
Total Receipts	43,000	40,626	(2,374)	50,300	40,402	(9,898)
DISBURSEMENTS						
Prosecuting Attorney	7,500	4,319	3,181	7,500	6,235	1,265
Transfers out	36,940	35,933	1,007	44,000	35,266	8,734
Total Disbursements	44,440	40,252	4,188	51,500	41,501	9,999
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,440)	374	1,814	(1,200)	(1,099)	101
CASH, JANUARY 1	1,466	1,466	0	2,565	2,565	0
CASH, DECEMBER 31	26	1,840	1,814	1,365	1,466	101

Exhibit B

BARRY COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF FUND</u></b>						
RECEIPTS						
Charges for service:	43,000	54,336	11,336	42,000	39,396	(2,604)
Interest	315	398	83	575	311	(264)
Total Receipts	43,315	54,734	11,419	42,575	39,707	(2,868)
DISBURSEMENTS						
Sheriff	55,000	55,000	0	50,000	46,769	3,231
Transfers out	0	4,336	(4,336)	0	0	0
Total Disbursements	55,000	59,336	(4,336)	50,000	46,769	3,231
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,685)	(4,602)	7,083	(7,425)	(7,062)	363
CASH, JANUARY 1	22,760	22,760	0	29,822	29,822	0
CASH, DECEMBER 31	11,075	18,158	7,083	22,397	22,760	363
<b><u>PEACE OFFICER STANDARDS TRAINING FUND</u></b>						
RECEIPTS						
Intergovernmental	2,300	2,118	(182)	2,700	2,314	(386)
Interest	28	37	9	50	28	(22)
Other	0	515	515	0	0	0
Total Receipts	2,328	2,670	342	2,750	2,342	(408)
DISBURSEMENTS						
Sheriff	5,400	3,116	2,284	6,000	2,509	3,491
Total Disbursements	5,400	3,116	2,284	6,000	2,509	3,491
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,072)	(446)	2,626	(3,250)	(167)	3,083
CASH, JANUARY 1	3,137	3,137	0	3,304	3,304	0
CASH, DECEMBER 31	65	2,691	2,626	54	3,137	3,083
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
RECEIPTS						
Intergovernmental	6,630	7,400	770	6,614	18,638	12,024
Charges for service:	0	91	91	0	233	233
Interest	75	59	(16)	200	69	(131)
Other	5,048	0	(5,048)	10,022	0	(10,022)
Total Receipts	11,753	7,550	(4,203)	16,836	18,940	2,104
DISBURSEMENTS						
Emergency planning	18,800	14,389	4,411	19,600	18,384	1,216
Total Disbursements	18,800	14,389	4,411	19,600	18,384	1,216
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,047)	(6,839)	208	(2,764)	556	3,320
CASH, JANUARY 1	8,504	8,504	0	7,948	7,948	0
CASH, DECEMBER 31	1,457	1,665	208	5,184	8,504	3,320

Exhibit B

BARRY COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHELTER HOME FUND</u></b>						
RECEIPTS						
Charges for service:	2,100	2,145	45	2,000	2,103	103
Interest	8	11	3	10	8	(2)
Total Receipts	2,108	2,156	48	2,010	2,111	101
DISBURSEMENTS						
Domestic violence shelte	2,800	2,100	700	2,500	1,931	569
Total Disbursements	2,800	2,100	700	2,500	1,931	569
RECEIPTS OVER (UNDER) DISBURSEMENTS	(692)	56	748	(490)	180	670
CASH, JANUARY 1	1,173	1,173	0	993	993	0
CASH, DECEMBER 31	481	1,229	748	503	1,173	670
<b><u>SPECIAL ROAD DISTRICT FUND</u></b>						
RECEIPTS						
Property taxes	610,000	651,301	41,301	580,000	610,656	30,656
Sales taxes	1,550,000	1,629,027	79,027	1,551,700	1,550,847	(853)
Intergovernmental	1,156,495	1,226,729	70,234	1,119,104	1,156,504	37,400
Total Receipts	3,316,495	3,507,057	190,562	3,250,804	3,318,007	67,203
DISBURSEMENTS						
Distribution to special road district	3,222,505	3,395,517	(173,012)	3,165,717	3,221,826	(56,109)
Tax Increment Financing	0	71,034	(71,034)	52,000	63,075	(11,075)
Transfers out	0	40,506	(40,506)	33,087	33,106	(19)
Total Disbursements	3,222,505	3,507,057	(284,552)	3,250,804	3,318,007	(67,203)
RECEIPTS OVER (UNDER) DISBURSEMENTS	93,990	0	(93,990)	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	93,990	0	(93,990)	0	0	0
<b><u>ELECTION FUND</u></b>						
RECEIPTS						
Intergovernmental	2,100	17,682	15,582	2,000	1,048	(952)
Interest	60	141	81	100	63	(37)
Total Receipts	2,160	17,823	15,663	2,100	1,111	(989)
DISBURSEMENTS						
Elections service:	6,500	4,324	2,176	5,750	1,841	3,909
Total Disbursements	6,500	4,324	2,176	5,750	1,841	3,909
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,340)	13,499	17,839	(3,650)	(730)	2,920
CASH, JANUARY 1	4,528	4,528	0	5,258	5,258	0
CASH, DECEMBER 31	188	18,027	17,839	1,608	4,528	2,920

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHELL KNOB SENIOR PROJECT FUND</u></b>						
RECEIPTS						
Assessment:	15,164	15,164	0	0	14,586	14,586
Total Receipts	15,164	15,164	0	0	14,586	14,586
DISBURSEMENTS						
Capital projects	15,164	15,164	0	0	14,586	(14,586)
Total Disbursements	15,164	15,164	0	0	14,586	(14,586)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>LOCAL LAW ENFORCEMENT BLOCK GRANT FUND</u></b>						
RECEIPTS						
Interest	95	6	(89)	50	132	82
Other	10,600	0	(10,600)	0	0	0
Transfers in	0	0	0	1,479	0	(1,479)
Total Receipts	10,695	6	(10,689)	1,529	132	(1,397)
DISBURSEMENTS						
Sheriff	11,141	0	11,141	14,854	13,022	1,832
Total Disbursements	11,141	0	11,141	14,854	13,022	1,832
RECEIPTS OVER (UNDER) DISBURSEMENTS	(446)	6	452	(13,325)	(12,890)	435
CASH, JANUARY 1	446	446	0	13,336	13,336	0
CASH, DECEMBER 31	0	452	452	11	446	435
<b><u>TAX MAINTENANCE FUND</u></b>						
RECEIPTS						
Charges for service:	37,810	37,423	(387)	30,725	37,967	7,242
Interest	110	158	48	307	97	(210)
Total Receipts	37,920	37,581	(339)	31,032	38,064	7,032
DISBURSEMENTS						
Collector	50,963	30,336	20,627	35,209	29,198	6,011
Total Disbursements	50,963	30,336	20,627	35,209	29,198	6,011
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,043)	7,245	20,288	(4,177)	8,866	13,043
CASH, JANUARY 1	13,043	13,043	0	4,177	4,177	0
CASH, DECEMBER 31	0	20,288	20,288	0	13,043	13,043

Exhibit B

BARRY COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSOCIATE COURT INTEREST FUND</u></b>						
RECEIPTS						
Interest	200	108	(92)	400	187	(213)
Other	0	30	30	0	111	111
Total Receipts	200	138	(62)	400	298	(102)
DISBURSEMENTS						
Associate Circuit Divisor	1,000	357	643	1,000	591	409
Total Disbursements	1,000	357	643	1,000	591	409
RECEIPTS OVER (UNDER) DISBURSEMENTS	(800)	(219)	581	(600)	(293)	307
CASH, JANUARY 1	1,467	1,422	(45)	1,856	1,715	(141)
CASH, DECEMBER 31	667	1,203	536	1,256	1,422	166
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	4,000	3,231	(769)	6,000	4,929	(1,071)
Total Receipts	4,000	3,231	(769)	6,000	4,929	(1,071)
DISBURSEMENTS						
Circuit Clerk	9,000	6,747	2,253	15,000	8,687	6,313
Total Disbursements	9,000	6,747	2,253	15,000	8,687	6,313
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,000)	(3,516)	1,484	(9,000)	(3,758)	5,242
CASH, JANUARY 1	5,502	6,171	669	9,241	9,929	688
CASH, DECEMBER 31	502	2,655	2,153	241	6,171	5,930
<b><u>DEVELOPMENTALLY DISABLED BOARD FUND</u></b>						
RECEIPTS						
Property taxes	230,000	237,849	7,849	212,336	224,990	12,654
Interest	5,800	8,232	2,432	10,000	11,770	1,770
Total Receipts	235,800	246,081	10,281	222,336	236,760	14,424
DISBURSEMENTS						
Office expenditure:	700	150	550	3,000	165	2,835
Insurance and bonds	5,000	1,933	3,067	5,000	1,718	3,282
Developmentally disabled service	440,000	202,894	237,106	430,000	264,086	165,914
Total Disbursements	445,700	204,977	240,723	438,000	265,969	172,031
RECEIPTS OVER (UNDER) DISBURSEMENTS	(209,900)	41,104	251,004	(215,664)	(29,209)	186,455
CASH, JANUARY 1	556,767	559,794	3,027	588,361	589,003	642
CASH, DECEMBER 31	346,867	600,898	254,031	372,697	559,794	187,097

Exhibit B

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for service:	4,500	4,561	61	9,500	4,381	(5,119)
Interest	0	187	187	0	407	407
Total Receipts	<u>4,500</u>	<u>4,748</u>	<u>248</u>	<u>9,500</u>	<u>4,788</u>	<u>(4,712)</u>
DISBURSEMENTS						
Law Library	30,000	16,219	13,781	25,000	9,551	15,449
Total Disbursements	<u>30,000</u>	<u>16,219</u>	<u>13,781</u>	<u>25,000</u>	<u>9,551</u>	<u>15,449</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,500)	(11,471)	14,029	(15,500)	(4,763)	10,737
CASH, JANUARY 1	42,922	43,124	202	47,887	47,887	0
CASH, DECEMBER 31	<u>17,422</u>	<u>31,653</u>	<u>14,231</u>	<u>32,387</u>	<u>43,124</u>	<u>10,737</u>
<b><u>CAPITAL PROJECTS FUND</u></b>						
RECEIPTS						
Transfers in	175,000	175,000	0			
Total Receipts	<u>175,000</u>	<u>175,000</u>	<u>0</u>			
DISBURSEMENTS						
Capital projects	0	0	0			
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	175,000	175,000	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	<u>175,000</u>	<u>175,000</u>	<u>0</u>			
<b><u>SHERIFF REVOLVING FUND</u></b>						
RECEIPTS						
Charges for service:	5,500	7,152	1,652			
Interest	0	71	71			
Total Receipts	<u>5,500</u>	<u>7,223</u>	<u>1,723</u>			
DISBURSEMENTS						
Sheriff	5,000	0	5,000			
Total Disbursements	<u>5,000</u>	<u>0</u>	<u>5,000</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	7,223	6,723			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	<u>500</u>	<u>7,223</u>	<u>6,723</u>			

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

Notes to the Financial Statements



BARRY COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Barry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Developmentally Disabled Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Coats for Kids Fund for the year ended December 31, 2004.

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2003
Sheriff Fund	2004
Special Road District Fund	2004 and 2003
Shell Knob Senior Project Fund	2003
Law Library Fund	2003

D. Published Financial Statements

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

However, the county's published financial statement for the year ended December 31, 2004, did not include the Coats for Kids Fund. Further, information contained in the county's published financial statements did not include the appropriate revenue detail. Additionally, expenditure detail, as required by Section 50.800, RSMo, was lacking for some county funds.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial banks or held by the Federal Reserve, but not in the county's name, or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

The deposits of the Developmentally Disabled Board at December 31, 2004 and 2003 were entirely covered by federal depository insurance or by collateral securities held by the custodial bank but not in the name of the Developmentally Disabled Board.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Developmentally Disabled Board at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Subsequent Event

In June 2005, the voters of Barry County approved a county sales tax of one-quarter cent (\$.0025) per \$1 of retail sales for the purpose of providing central dispatching of emergency services (911 emergency services). The sales tax is expected to generate annual revenues of approximately \$850,000.

4. Prior Period Adjustments

The Tax Maintenance Fund's cash balance of \$4,177 at January 1, 2003 was not previously reported but has been added.

Supplementary Schedule

Schedule

BARRY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Social Services -				
10.550	Food Donation	N/A	\$ 293	777
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-5104 ERS045-4101 ERS045-3104W	35,028 107,695 0	0 31,198 99,045
	Program total		<u>142,723</u>	<u>130,243</u>
10.559	Summer Food Service Program for Children	ERS146-4104i ERS146-3104i	390 0	0 65
	Program total		<u>390</u>	<u>65</u>
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	241,334	47,845
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.607	Bullet Proof Partnership Program	N/A	0	2,494
Passed through:				
State Department of Public Safety				
16.579	Byrne Formula Grant Program	2002-NCD28-042 2001-NCD28-069 2001-NCD27-014	11,776 15,941 0	0 11,608 19,351
	Program total		<u>27,717</u>	<u>30,959</u>
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2000DDVX0055	43,518	34,620
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2002-LB-BX-2615	0	13,022
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,550	0

Schedule

BARRY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2004	2003
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-B005(16)	35,944	0
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant:	HMEM-03-04-5110	0	2,153
		HMEM-02-04-5100	0	2,153
	Program total		<u>0</u>	<u>4,306</u>
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Secretary of State				
39.011	Election Reform Payment:	N/A	78,343	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.268	Immunization Grants	PGA064-3104A	1,871	8,950
		N/A	63,454	60,940
	Program total		<u>65,325</u>	<u>69,890</u>
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DHO40022002	5,920	0
		DHO30510008	0	6,700
		ERS161-50023	10,479	0
		ERS161-40088	0	5,100
	Program total		<u>16,399</u>	<u>11,800</u>
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	PGA067-5104S	445	0
		PGA067-4104S	1,885	570
		PGA067-2104S	0	1,895
		PGA067-4104C	2,500	0
		PGA067-3104C	0	1,700
		PGA067-2104C	0	1,035
	Program total		<u>4,830</u>	<u>5,200</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-5104M	7,130	0
		ERS146-3104M	19,817	26,177
		ERS175-3004	0	4,554
	Program total		<u>26,947</u>	<u>30,731</u>

Schedule

BARRY COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2004	2003
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.004	Citizen's Council Grant*	2004-GE-T4-0046	100	0
		EMK-2003-GR-2541	0	3,400
	Program total		<u>100</u>	<u>3,400</u>
97.036	Public Assistance Grants*	FEMA-1412-DR-MO	2,422	6,277
97.042	Emergency Management Performance Grant	EMK-2004-GR-4003	4,690	0
		EMK-2003-GR-3003	0	7,982
	Program total		<u>4,690</u>	<u>7,982</u>
97.051	State and Local All Hazards Emergency Operations Planning	EMK-2003-GR-2540	2,700	3,300
97.054	Community Emergency Response Team Grant	EMK-2003-GR-3040	9,281	0
	Total Expenditures of Federal Award:		<u>\$ 704,506</u>	<u>402,911</u>

\* These expenditures include awards made under CFDA numbers 83.544, 83.552, 83.564, and 83.562

N/A - Not applicable

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

Notes to the Supplementary Schedule



BARRY COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Barry County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Donation (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services. Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines

obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2004 and 2003.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

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

To the County Commission  
and  
Officeholders of Barry County, Missouri

Compliance

We have audited the compliance of Barry County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Barry County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003.

## Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Barry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

January 10, 2006 (fieldwork completion date)

Schedule

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

**Section I – Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified?  yes  no
- Reportable condition identified that is not considered to be a material weakness?  yes  none reported

Noncompliance material to the financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weakness identified?  yes  no
- Reportable condition identified that is not considered to be a material weakness?  yes  none reported

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

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

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads-Grants to States

Dollar threshold used to distinguish between Type A



and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes      x   no

**Section II - Financial Statement Findings**

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**Section III - Federal Award Findings and Questioned Costs**

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

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

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

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

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

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

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

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

The prior audit report issued for the two years ended December 31, 2002, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the financial statements of various funds of Barry County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated January 10, 2006. We also have audited the compliance of Barry County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated January 10, 2006.

Because the Health Center is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

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

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

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

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

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county board referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Barry County or



of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

<b>1. County Expenditures</b>
-------------------------------

Bids were not always solicited and reasons for not bidding were not always documented. Supporting documentation for fuel purchased by deputies was not always maintained and reconciled to credit card statements nor was fuel purchases compared to vehicle usage logs for propriety. Additionally, the county overpaid a construction company for bridge construction, and time records for sheriff department employees are not submitted to the County Clerk's office timely.

- A. Although the county generally solicited bids for most purchases, either bids were not solicited, or documentation was not maintained to support why bid requirements were not followed for some purchases including:

<u>Item Purchased</u>	<u>Amount</u>
Jail Lock System Repairs	\$ 7,954
Computer Voice Stress Analyzer	12,200
Computer Hardware	12,002

While the County Commission indicated the purchase of the jail lock system was an emergency purchase, and this purchase along with the computer voice stress analyzer were sole source purchases, no documentation was maintained in the County Commission minutes or elsewhere to support this. The computer hardware was purchased from the Collector's Tax Maintenance Fund which is a fund held by the County Collector and spent at her discretion.

Additionally, the county did not enter into a formal written agreement for the jail lock system repairs, and county officials indicated that they did not know the cost would exceed bid requirements when the work began. Considering no bids were received for these services and the county has no written contract with this company, the county is unable to ensure the appropriate services were received at the proper price.

Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for the economical management of county resources and helps to assure the county receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from

whom bids were requested, a copy of the request for proposal, a newspaper publication notice when applicable, bids received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

In addition, if emergency or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

Further, written contracts are necessary to document the duties and responsibilities of all parties and to prevent misunderstandings. In addition, Section 432.070, RSMo, prohibits a county from making a contract unless it is in writing.

- B. Logs of activity and patrol car usage for deputies in the Sheriff's office were not compared to fuel purchases for propriety. Additionally, credit card receipts were not obtained from one of the three vendors used to purchase fuel. As a result, fuel purchases were not always reconciled to credit card receipts prior to payment. Fuel purchases totaled approximately \$58,000 and \$41,000 during 2004 and 2003, respectively.

Fuel purchases should be supported by credit card receipts or other documentation, and reconciled to the monthly credit card statement prior to payment. Such documentation is necessary to ensure purchases are valid expenditures of county funds. Further, the activity and patrol car usage logs should be reviewed to ensure fuel purchases are necessary and reasonable.

- C. A check issued in February 2003 as a final payment for bridge construction services was \$2,118 more than was due, and the overpayment went undetected by the county. A calculation error was made when computing the remaining amount due on the contract, which had been affected by change orders. County officials were unaware of this overpayment until we brought it to their attention in July 2005. The County Commission subsequently sent a letter to the contractor requesting reimbursement for the overpayment which was later received in November 2005. This error may have been avoided had there been adequate review of the supporting documentation, including recalculating the amount due, prior to making the payment.
- D. Timesheets for employees of the Sheriff's office are not submitted to the County Clerk's office timely to support the monthly processing of payroll. The Sheriff's Department submits payroll request forms to the County Clerk's office to initiate the issuance of payroll checks to department employees; however, time records to support these requests are often not submitted until much later. For example, a payroll request from the Sheriff's office for December 2004 was accompanied by the employee's timesheet for the period August 28, 2004 to September 26, 2004, two months earlier. To ensure adequate support for payroll expenditures, timesheets should be submitted to the County Clerk's office in a timely manner.

**WE RECOMMEND** the County Commission:

- A. And County Collector solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained due to an emergency, or sole source procurement is necessary, the official County Commission minutes should reflect the necessitating circumstances. Additionally, contracts should be obtained and entered into for services received.
- B. And the Sheriff maintain adequate documentation of fuel purchases and reconcile to monthly credit card statements prior to payment. In addition, fuel purchases should be reviewed for propriety, including comparing daily activity logs to fuel purchases.
- C. Ensure supporting documentation is adequately reviewed prior to approving expenditures for payment.
- D. And the Sheriff ensure time sheets for deputies are submitted to the County Clerk's office in a timely manner.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *The Commission was not notified prior to the purchases of the Voice Stress Analyzer and computer hardware. In the future, we will ensure emergency purchases and sole source purchases are documented in the commission minutes. Contracts will be obtained and entered into for services when feasible.*
- B. *We will discuss with the Sheriff that all fuel receipts need to be maintained and that daily activity logs should be compared to fuel purchases.*
- C. *The Commission agrees.*
- D. *We will discuss this with the Sheriff and request all time sheets be submitted to the County Clerk's office timely.*

*The County Collector provided the following response:*

- A. *In the future, bids will be solicited as required.*

*The Sheriff provided the following responses:*

- A. *The jail lock system repairs were an emergency purchase, and the computer voice stress analyzer was a sole source purchase. In the future, I will document these situations.*

- B. *I will discuss with my deputies ways to improve documentation of fuel purchases. I will monitor fuel purchases in relation to the activity logs in the future.*
- D. *This has been taken care of.*

<b>2. County Budgets and Published Financial Statements</b>
---

Some receipts and disbursements were not properly classified in the county's budgets, published financial statements did not contain sufficient detail, and disbursements exceeded budgeted amounts for several funds.

- A. Some receipts and disbursements were not appropriately classified in the county's budgets. Budget misclassifications included inconsistent and erroneous classifications of receipts and transfers. For example, federal and state grant reimbursement monies were classified in the "Other Revenues" category rather than in a more specific and appropriate category. Federal and state grant proceeds are a significant source of revenue to the county, and should be properly classified in the county's financial statements. In addition, some misclassifications included a failure to reflect transfers consistently between county funds.

Further, county budgets also included inaccurate classifications of budgeted and actual disbursements. For example, a line item titled "custodian's annual salary" on the 2005 general revenue fund budget also included salaries for road and bridge employees and a security guard.

The county's budgets should include appropriate classifications of receipts and disbursements to ensure the county's financial information is properly presented and to increase the effectiveness of the budgets as management tools.

- B. Information contained in the county's published financial statements did not always include the appropriate receipt and disbursement detail as required by Section 50.800, RSMo. The various sources of receipts are not shown for all county funds as required. Additionally, disbursements by person or vendor are only shown for some of the county funds.

To adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be presented in the level of detail required by law.

- C. Disbursements exceeded budgeted amounts in various funds during the years ended December 31, 2004 and 2003, as follows:

Year Ended December 31,

<u>Fund</u>		<u>2004</u>	<u>2003</u>
Special Road and Bridge	\$	N/A	62,774
Sheriff		4,336	N/A
Special Road District		284,552	67,203
Shell Knob Senior Project		N/A	14,586

Although a comparison of budgeted and actual disbursements is reviewed periodically by the County Commission, these funds exceeded budgeted disbursements. In 2004 the County Commission omitted administrative transfers to the general fund and disbursements for tax increment financing from the Special Road District budget. On December 29, 2003, the County Commission amended the budget of the Local Emergency Planning Commission Fund by \$3,350 to reflect increased disbursements during the year; however, prior to the amendment of this budget, disbursements had already exceeded the original budget. Additionally, the budget amendment was not made by the same process which the annual budget was approved, including holding public hearings.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that county officials are required to strictly comply with county budget laws. If there are valid reasons which necessitate excess disbursements, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual disbursements.

**WE RECOMMEND** the County Commissions:

- A. And the County Clerk ensure all significant receipts, disbursements, and transfers are accurately and consistently reported in the county budget documents.
- B. Publish financial statements with the appropriate level of detail in accordance with state law.
- C. Adopt adequate procedures to compare budgeted and actual disbursements and ensure the county and applicable officials do not authorize disbursements in excess of budgeted amounts. If there are valid reasons which necessitate excess disbursements, amendments should be made following the same process by which the annual budget is approved and should be made prior to incurring the actual disbursements.

## **AUDITEE'S RESPONSE**

*The County Clerk and County Commission provided the following responses:*

- A. All significant receipts, disbursements, and transfers have been accurately classified on the 2006 budgets.*
- B. We will comply with this recommendation.*
- C. Procedures are in place to compare budgeted and actual disbursements and we will properly prepare and approve budget amendments in the future.*

<b>3. County Commission Minutes</b>
-------------------------------------

County Commission meeting minutes did not always include sufficient detail of matters discussed or the reasons behind actions taken, and minutes were not maintained for a closed session meeting of the County Commission in 2005.

- A. County Commission meeting minutes did not always include sufficient detail of matters discussed or the reasons behind actions taken. Information provided in the County Commission meeting minutes was generally limited. For example, the Commission meeting minutes of July 8, 2004 recorded that a motion passed to purchase a lot behind the County Judicial Center. A record of votes was taken for this action; however, the minutes did not include information such as the price of the land, the purpose of the purchase, or the reason no appraisal was obtained.

Complete and accurate minutes provide an official record of County Commission actions and decisions. The minutes are the only official record of the actions of the County Commission. Care should be taken to ensure the minutes are complete and document discussions and specific intentions or reasons behind County Commission decisions. Inadequate or unclear minutes can lead to subsequent confusion as to the County Commission's intentions, possible incorrect interpretation of the County Commission's actions by the general public or other outside entities, and the inability to demonstrate compliance with legal provisions.

- B. Minutes were not prepared by the County Clerk to document matters discussed during a March 8, 2005 closed meeting between the County Commission and officials of the City of Monett regarding a 911 emergency services ballot issue. Section 610.021, RSMo, allows the County Commission to close meetings to the extent they relate to certain specified subjects, including litigation, real estate transactions, and personnel issues. Effective August 28, 2004, Section 610.020, RSMo, provides that minutes of closed meetings should be prepared and retained.

**WE RECOMMEND** the County Commission:

- A. Ensure meeting minutes include the information necessary to provide a complete record of all significant matters discussed and actions taken.
- B. Ensure full compliance with all provisions of Chapter 610, RSMo, regarding closed meetings, including the preparation of minutes for closed meetings.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *In the future, we will provide more detail regarding decisions that are made.*
- B. *In the future, we will follow this recommendation. It is the practice of the County Commission to avoid holding closed meetings.*

<b>4. Contract Monitoring and Official's Bonds</b>
--

The county has not obtained a written agreement for the monitoring of neighborhood improvement district funds collected to fund a county general obligation bond payment. Additionally, adequate procedures are not in place to ensure the county received all reimbursements to which it was entitled for drug patrols performed by the Sheriff's office, and the county did not have adequate bond coverage for some elected officials.

- A. The county has not obtained a written agreement with the Shell Knob Senior Corporation regarding funds collected through the Neighborhood Improvement District (NID). On March 22, 2001 the County Commission passed a resolution ordering the establishment of a NID for the purpose of financing the acquisition and construction of a water supply system for the Shell Knob Senior Center and adjacent development. Permanent financing was obtained for the project by the issuance of general obligation bonds totaling \$178,000, dated May 1, 2002 with a final maturity date of April 1, 2022. Bond payments during 2004 and 2003 were approximately \$15,000 annually.

The bonds are to be repaid from assessments against the property owners who benefit from the project and are collected by the Shell Knob Senior Corporation. While the County is liable for the bonds, they do not have a written contract with the Shell Knob Senior Corporation regarding the collection and transfer of funds to the county to make the annual bond payment. Additionally, the County does not receive periodic reports from the Shell Knob Senior Corporation to help monitor the status of assessment collections. Although the County has not had problems receiving funds to make the bond payments, the lack of a written contract exposes the County to unnecessary risk.

Written contracts are necessary to document the duties and responsibilities of all

parties and to prevent misunderstandings. In addition, Section 432.070, RSMo, prohibits a county from making a contract unless it is in writing. The contract should provide a mean to effectively monitor and evaluate the amount of special assessment funds collected and disbursed.

- B. Procedures are not in place to ensure reimbursement is requested for expenses related to drug patrols performed in the Mark Twain National Forest. The Sheriff's office was eligible to receive a maximum of \$4,000 in federal reimbursements under a cooperative agreement for each of the periods ended September 30, 2004 and 2005. While the maximum amount was submitted for reimbursement and received for the period ended September 30, 2004, only \$879 was submitted for reimbursement and received for the period ended September 30, 2005.

The Sheriff stated that he believed the office did not seek reimbursement for all the patrols performed because deputies did not report all eligible patrols to the clerk responsible for billing the federal government. After we brought this issue to the Sheriff's attention, an additional claim of \$1,063 was submitted for reimbursement. Further, the County Commission is not a party to this contract, and does not monitor reimbursements.

To maximize county revenues, the County Commission and Sheriff should ensure that procedures are in place to report all eligible patrols, and to ensure timely requests are submitted for all reimbursements. Further, the County Commission should be a party to all contracts.

- C. The county did not have adequate bond coverage for some elected officials. The County Treasurer's bond coverage was insufficient to cover the school monies she receives. The \$550,000 bond secured for the County Treasurer was approximately \$1.2 million less than the amount required by state law during January 2004 and 2003 when she received and distributed most of the school property tax money. In addition, the Ex-Officio Recorder of Deeds had not provided the required \$1,000 bond coverage since taking office in January 2003.

Section 54.160, RSMo 1994, requires the County Treasurer to give additional bond for school monies sufficient to secure the monies which come into the County Treasurer's hands, not to exceed one-fourth of the amount collected during the same month of the year immediately preceding his election or appointment. Section 59.100, RSMo, requires the Ex Officio Recorder of Deeds to provide a bond of not less than \$1,000. Since bringing this to the county's attention, adequate bond has been secured for both officials.



**WE RECOMMEND** the County Commission:

- A. Enter into a written agreement with the Shell Knob Senior Corporation outlining the specific arrangements for the collection and disbursement of assessment funds.
- B. And Sheriff establish procedures to properly report all eligible patrols, and ensure timely requests are submitted for all reimbursements for which the county is entitled. In addition, the County Commission should be a party to all contracts.
- C. Ensure that all county officials are adequately bonded.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We agree and will obtain a written agreement.*
- B. *A letter was written to the sheriff requesting documentation of reimbursement requests. The County received \$1,063 in reimbursements on February 23, 2006. We will continue monitoring reimbursement requests prepared by the Sheriff's department.*
- C. *Adequate bond coverage has now been obtained for all county officials.*

*The Sheriff provided the following response:*

- B. *I will ensure eligible patrols are reported by deputies and ensure reimbursement is requested in a timely manner.*

<b>5. General Capital Assets</b>
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The county's records and procedures relating to general capital assets are not adequate. While the county has established a written procedure for the handling of general capital assets, including forms to track additions and dispositions, and deadlines for submission of such information to the County Clerk, adequate steps have not been taken to ensure compliance with the policy. Per Section 49.091, RSMo, the County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, Section 49.093, RSMo, provides that the county officer of each county department is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains computerized records of capital assets that have been reported by county officials. These records consist of computerized spreadsheets which include information such as the description, serial number, date of purchase, cost, and location of the asset. Our review of the general capital asset records indicated the following areas where improvements are needed:

- No documentation was maintained to support that annual physical inventories had been conducted on all county owned property.
- The capital asset records do not always include complete information applicable to the item. Information such as serial number, purchase price, and purchase date were not recorded for some items reviewed.
- Additions are not always properly tagged and recorded in the property records timely, and purchases of capital assets per the disbursement records are not reconciled to additions per the property records. During our review of equipment purchases, we noted nine of the ten items we reviewed were not recorded on the capital asset records. Assets including a computer voice analyzer (\$12,200), jail security system equipment (\$4,765), photo ID system (\$2,900), and a copier (\$2,500) were not added to the listing.

Adequate general capital asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage required on county property. Annual physical inventories of county property are necessary to ensure the capital asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets. Property control tags should be affixed to all capital assets to help improve accountability and ensure assets are properly identified as belonging to the county. Further, the County Commission should consider using compliance with state law regarding general capital assets as a criterion in approving budget requests from officials for additional general capital assets.

**WE RECOMMEND** the County Commission periodically reconcile general capital asset purchases to general capital asset additions and take necessary steps to encourage compliance by all county officials with its written policy and state law regarding general capital asset records.

**AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

*We will periodically check with county officials to ensure compliance with the county's written policy.*

<b>6.</b>	<b>Sheriff Accounting Controls and Procedures</b>
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Various weaknesses exist in the accounting controls and procedures of the Sheriff's office including the functions of cash receipting, depositing, disbursing and reconciling. In addition, liabilities were not reconciled to cash balances for the Sheriff's commissary bank account, and seized property records were not updated timely. Further, the Sheriff's office is holding two bank accounts without statutory authority.

The Sheriff receives monies for civil and criminal fees, gun permits, bonds, and other miscellaneous receipts which are handled in the Sheriff's fee and bond accounts. The Sheriff also maintained three checking accounts for the deposit of inmate funds, donations to purchase coats for needy children, and funds of the Southwest Missouri Drug Task Force. Receipts totaling approximately \$300,000 were received annually.

A. Controls over the functions of cash receipting, depositing, disbursing, and reconciling are in need of improvement.

1. Receipts are not always deposited timely. For example, conceal and carry permit fees collected since November 2, 2004 and totaling \$600 were not deposited until December 29, 2004. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
2. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts are not adequately segregated, and supervisory reviews are not performed to ensure all transactions are accounted for properly and assets are adequately safeguarded.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Sheriff.

3. The method of payments received (cash, check, money order, etc.) is not indicated on the gun permit and the conceal and carry permit receipt slips. To ensure all receipts are accounted for properly, the method of payment received should be recorded on all receipt slips and the composition of receipt slips should be reconciled to the composition of bank deposits.
4. Procedures have not been established to routinely follow up on outstanding checks. At December 31, 2004, the civil bank account had 14 outstanding checks totaling \$354 that were over 6 months old with some dating back to February 2002. These old outstanding checks create additional and unnecessary record keeping responsibilities.

The Sheriff should adopt procedures to routinely follow up on checks outstanding for a considerable time and reissue checks if the payees can be located. If payees cannot be located, various statutory provisions including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

- B. Monthly listings of liabilities (open items) were not reconciled to cash balances for the Sheriff's commissary bank account. While the Sheriff's office ceased operating the commissary in May 2005, the reconciled bank balance as of September 30, 2005 was \$223. For this date inmate balances totaled \$676, resulting in liabilities exceeding the reconciled bank balance by \$453. Sheriff's office personnel believed the excess liability was caused by inmate purchases not being properly posted to the individual inmate balances.

To ensure proper accountability over inmate monies and ensure monies held in trust are sufficient to meet liabilities, the inmate account records should have been reconciled monthly to the bank account. The Sheriff's office should investigate the difference between the cash balance and total inmate balances and refund any monies being held for inmates that have been released.

- C. The seized property listing is not updated timely and, as a result, is not accurate or complete. The Sheriff maintains records over seized property related to various court cases. Two items selected from the seized property listing, a shotgun and \$380 in cash, had been released but were still shown on the listing because the proper disposition had not yet been entered.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. These controls include the timely posting of property items to an accurate record of all seized property items.

- D. The Sheriff maintains a bank account for funds of the Southwest Missouri Drug Task Force, for which Barry County became the host county in 2005. As of June 30, 2005, this account had a balance of \$132,678 and was comprised primarily of proceeds from the U.S. Department of Justice. Additionally, the Sheriff has a checking account where donations are deposited for the purpose of providing coats for kids. Receipts for the Coats for Kids Fund totaled \$1,395 for the year ended December 31, 2004.

Missouri Attorney General's Opinion No. 45, 1992, to Henderson states that the sheriff of a third class county is not authorized to maintain a bank account for law enforcement purposes separate from the county treasury. The remaining account balances should be transferred to the County Treasurer for deposit into a separately established fund, and future receipts should be transmitted to the County Treasurer.

**WE RECOMMEND** the Sheriff:

- A.1. Deposit all monies intact daily or when accumulated receipts exceed \$100.
2. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

3. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
  4. Adopt procedures to periodically follow up on old outstanding checks, and any unclaimed or unidentified monies should be disposed of in accordance with state law.
- B. Investigate the difference between the cash balance and total inmate balances and attempt to refund any monies being held for inmates that have been released. Should there be any monies remaining unclaimed, dispose of them in accordance with state law.
- C. Maintain a complete inventory record of all seized property and ensure the listing is updated when an item is disposed.
- D. Transfer custody of the Southwest Missouri Drug Task Force and Coats for Kids bank accounts to the County Treasurer.

### **AUDITEE'S RESPONSE**

*The Sheriff provided the following responses:*

*We will try to the best of our ability to handle all of the problems in an appropriate and timely manner.*

- A.1. *All deposits will be made daily on all accounts (bond, gun permits, civil and concealed carry).*
2. *The Barry County Sheriff's Department has two secretaries. We feel that we need another person for the work load we have. The work load is a lot for only 2 people to handle. I will begin reviewing the bank statements monthly.*
  3. *The method of payment will be indicated on all receipt slips as follows: for gun permit receipts we will write that we received cash, for bond receipts we will check the cash box, and for the conceal and carry receipts we will write down that we received cash or check.*
  4. *We will make an attempt to call on all outstanding checks every 60 to 90 days to make sure they have cleared through the bank.*
- B. *The commissary account has been cleared up. Also, we stopped commissary in 2005.*
- C. *The evidence officer will make sure all evidence is logged into the computer and there is a paper trail.*

- D. *The coats for kids account has been handed over to a local citizen. The Barry County Sheriff's department will no longer be on the account. The SW Missouri Drug Task Force account has been turned over to the task force Treasurer.*

7.

### **Circuit Clerk Accounting Procedures**

Various weaknesses existed in the accounting controls and procedures of the Circuit Clerk's office. Accounting duties were not adequately segregated, an adequate supervisory review was not performed and documented, an accurate listing of open items was not maintained and reconciled to the related cash balance monthly, and procedures to follow up on old outstanding checks were not adequate. In addition, the Circuit Clerk's office did not maintain adequate records of a petty cash fund.

The Circuit Clerk's office handles receipts in the form of cash and checks for court costs, fines, and bonds which are deposited into the Circuit Clerk's Fee Account. Records maintained by the Circuit Clerk indicate receipts were approximately \$300,000 and \$360,000 for the years ended December 31, 2004 and 2003, respectively.

- A. Accounting duties were not adequately segregated during the audit period and an adequate supervisory review was not performed and documented. Accounting duties, including receiving, recording, preparing deposits, preparing monthly listings of liabilities (open items) and reconciling the bank account were performed by a deputy clerk. The Circuit Clerk indicated that since taking office in January 2003 he limited his involvement with the fee account because of the problems the previous Circuit Clerk had reconciling the fee account to the open items, and because he was waiting until the office converted to the Justice Information System (JIS) accounting system before becoming more involved. The conversion to JIS did not occur until July 2005 resulting in more than two years of inadequate segregation and supervision of this account.

The failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.

- B. Before converting to JIS, a computerized spreadsheet of liabilities (open items) was maintained and compared to the reconciled cash balance. At December 31, 2004, the spreadsheet included approximately 2,500 line items totaling approximately \$489,000, including a line item for unidentified monies which totaled \$16,318. In February 2005, the Circuit Clerk hired a temporary employee funded by the Office of the State Courts Administrator (OSCA) to review the accuracy of the open items listing and identify open items that could be paid out or transferred to the new bank account opened for the conversion to JIS accounting system. As of October 31, 2005, the reconciled cash balance had been reduced to approximately \$160,000 of which \$39,421 could not be identified to a specific case on the open items listing.

An accurate listing of open items should be maintained and reconciled to the related cash balance monthly to ensure records are in balance and sufficient funds are available for the payment of all liabilities. Further, the Circuit Clerk should attempt to determine the reason for any unidentified liabilities that exist, and if proper disposition cannot be determined, dispose of them in accordance with state law.

- C. As of October 31, 2005, the old fee account had 128 outstanding checks totaling \$9,175 that were over one year old. Several of these outstanding checks dated back to 1997 and 1998.

The Circuit Clerk should adopt procedures to routinely follow up on checks outstanding for a considerable time and reissue checks if the payees can be located. If payees cannot be located, the Circuit Clerk should dispose of the monies in accordance with state law. Various statutory provisions including Sections 447.500 through 447.595, RSMo, provide for the disposition of unclaimed monies.

- D. The Circuit Clerk maintains a petty cash fund used for small expenditures such as office supplies or miscellaneous expenses for juries. This fund is made up of monies received for providing copies. No record has been maintained of receipts, disbursements or the cash balance for this fund. Invoices or other documentation of disbursements are not retained to support expenditures from the fund. A cash count on July 28, 2005 identified \$101 of petty cash on hand and the Circuit Clerk estimated he spends approximately \$500 annually from this fund.

These fees represent accountable fees and should be remitted to the county treasury. Section 50.370, RSMo, requires every county official who receives fees for official services to pay such monies monthly to the county treasury. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis and all reimbursements should be supported by vendor invoices or other documentation.

**WE RECOMMEND** the Circuit Clerk:

- A. Ensure adequate segregation of duties exists in the office, or ensure periodic supervisory reviews are performed and documented.
- B. Maintain an accurate listing of open items and reconcile to the related cash balance monthly. Any monies remaining unidentified should be disposed of in accordance with unclaimed property statutes.
- C. Adopt procedures to periodically follow up on old outstanding checks, and any unclaimed or unidentified monies should be disposed of in accordance with state law.
- D. Deposit all monies intact into the Circuit Clerk's official bank account and disburse all fees to the county treasury monthly. If a petty cash fund is determined to be necessary, it should be funded by the county and a log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly

document the financial activity of the fund.

### **AUDITEE'S RESPONSE**

*The County Circuit Clerk and Ex Officio Recorder of Deeds provided the following responses:*

*A-C. I was elected to the Office of Circuit Clerk effective January 1, 2003. Prior to taking office in 2003, the Office of State Courts Administrator (OSCA) and the previous Circuit Clerk had developed Excel spreadsheets to handle the different aspects of accounting throughout the Circuit Clerk's office. At that time, it was decided to dedicate one deputy clerk to handle the accounting, disbursements, indentifying open items and tracking outstanding checks, while the Circuit Clerk receipted all incoming funds and overseen the disbursements of checks.*

*When I assumed office in January 2003, a team from OSCA, specializing in various areas of the court system, came to Barry County, at my request, to evaluate the office. They determined that since OSCA's accountants had set up the accounting spreadsheets and were involved in the implementation thereof and in the likelihood that the Justice Information System (JIS) was to be implemented in approximately one and one-half years (1 1/2 ) in Barry County, that it was the best interests of all concerned to leave the existing accounting system in place. Since the implementation of the JIS, I have been and am currently following their procedures. I believe we have implemented recommendations A, B, and C through the implementation of the JIS.*

*D. A log is now maintained of all pretty cash fund transactions and excess copy money will be turned over to the county.*

<b>8. Associate Circuit Court's Controls and Procedures</b>
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Various weaknesses exist in the accounting controls and procedures of the Associate Circuit Court. Differences between liabilities (open items) and cash balances were not investigated timely and some open items were not reviewed and disbursed timely. Additionally, accounting duties for the civil division were not adequately segregated and manual receipt slips were not prenumbered and did not indicate the method of payment.

The Associate Circuit Court is comprised of four separate areas, criminal, civil, traffic, and probate. The Court handled receipts totaling approximately \$650,000 annually during the years ended December 31, 2004 and 2003.

A. Differences between the monthly listings of liabilities (open items) and the reconciled cash balances for the criminal and traffic divisions were not investigated and resolved in a timely manner. For example, the reconciliation for the criminal division at December 31, 2004 showed open items exceeded the cash balance resulting in a shortage of approximately \$2,100. While assisting in the conversion to the JIS accounting system in 2005, the Office of the State Courts Administrator (OSCA) identified several errors including an \$835 check that had been mistakenly



paid out of the traffic bank account instead of the criminal bank account. As of September 30, 2005 differences have been resolved in the traffic division, but an unidentified shortage of \$754 still remains for the criminal division.

An accurate listing of open items should be maintained and reconciled to the related cash balance monthly to ensure records are in balance and sufficient funds are available for the payment of all liabilities. The Associate Division should investigate the difference between open items and the related cash balance for the criminal division and take the necessary steps to ensure adequate funds are on hand to meet liabilities.

- B. Upon converting to the JIS accounting system all Associate Court Divisions (civil, criminal, traffic, and probate) were combined into one bank account. Our review of the September 30, 2005 open items listing for this account totaled \$98,381, and included at least three items totaling \$22,209 that should have been disbursed. One of the items related to a case which was closed in 1998.

The status of open items should be routinely reviewed to determine if disbursement is necessary. If disbursement is possible but the appropriate payees cannot be located, the monies should be disposed of in accordance with state law. Various statutory provisions including Sections 50.470 through 50.490, RSMo, and Sections 447.500 through 447.995, RSMo, provide for the disposition of unclaimed monies.

- C. Manual receipt slips are issued for monies collected on cases that have not yet been entered into the JIS accounting system and for monies collected after the JIS accounting session is closed out for the day. These manual receipt slips are not prenumbered and do not indicate the method of payment. To ensure monies are properly accounted for and deposited intact, pre-numbered receipt slips indicating the method of payment should be issued for all monies received and the composition of receipt slips issued should be reconciled to the composition of deposits.
- D. Accounting duties for the civil division were not adequately segregated, and a supervisory review was not performed and documented. All accounting duties, including receiving, recording, disbursing monies, and reconciling the bank accounts were performed by the civil division clerk. Since conversion to the Justice Information System (JIS) accounting system in July 2005, better segregation of duties now exist.

The failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner. Internal controls are improved by segregating the duties of receiving and recording monies from the duties of depositing and disbursing monies. If duties cannot be adequately segregated, at a minimum, there should be periodic review of the accounting records and bank reconciliations, and a documentation of such review.

**WE RECOMMEND** the Associate Division:

- A. Investigate differences that exist between the open items listing and the cash balance, and in the future attempt to resolve such differences more timely.
- B. Adopt procedures to periodically follow up on open items to ensure timely disbursement of amounts held. Any unclaimed or unidentified monies should be disposed of in accordance with state law.
- C. Ensure manual receipt slips are pre-numbered and indicate the method of payment. Additionally, manual receipt slips should be compared with amounts recorded in the JIS system.
- D. Ensure adequate segregation of accounting duties or periodically perform and document reviews of the accounting records and bank reconciliations.

### **AUDITEE'S RESPONSE**

*The Associate Circuit Court Judges Garrett and Woods provided the following responses:*

- A. *Differences between open items and cash balances were first identified by our clerical staff prior to your audit for the period ending December 31, 1998. Because the necessary accounting adjustments required assistance from individuals skilled in computer programming, we contacted the Office of State Courts Administrator (OSCA) in 1998 to obtain the necessary technical assistance. Therefore, two individuals were assigned to Barry County to make the adjustments necessary to reconcile these differences. Unfortunately, these individuals were assigned to other OSCA projects before they completed their work in Barry County, and the accounting adjustments begun in 1998 were not completed until the summer of 2005, when the Justice Information System (JIS) was implemented in Barry County. The implementation of JIS included conversion to the JIS accounting system which now permits us to review open items and cash balances on a daily basis. Our financial records are compared and reconciled monthly with bank statement balances.*
- B. *As noted above, the accounting adjustments begun by OSCA in 1998 were completed as a part of the JIS conversion in 2005. As a result, we can now follow up on open items to ensure the timely disbursement of amounts held. Any unclaimed monies within the jurisdiction of the court are disposed of in accordance with state law.*
- C. *Manual receipts issued by the court are now pre-numbered and indicate the method of payment. These receipts are compared with amounts recorded in the JIS accounting system, and each manual receipt is attached to the receipt generated by the JIS accounting system.*
- D. *Prior to the implementation of the JIS accounting system, we utilized a manual supervisory review procedure approved and recommended by the State Auditor's Office to perform and document monthly reviews of accounting records and bank reconciliations in the criminal and traffic divisions. Since the implementation of JIS, we have followed the*

*recommendations of OSCA to separate accounting duties to the maximum extent feasible in view of existing staff shortages.*

**9.**

**Public Administrator**

Checks received on the behalf of wards are held and not deposited for extended periods of time to ensure wards remain eligible for Medicaid benefits. Additionally, Form 1099-MISC was not issued as required, and adequate supporting documentation was not always obtained for contract services.

The Public Administrator is the court appointed personal representative for wards of the Associate Circuit Court-Probate Division. Estates handled by the Public Administrator were worth approximately \$3.1 million at December 31, 2004. She is responsible for properly receiving, disbursing, and accounting for the assets of those individuals.

- A. Income tax refund checks received by the Public Administrator on behalf of wards are held for extended periods of time and not deposited timely. On October 6, 2005 we counted a total of \$17,748 in state and federal income tax checks held by the Public Administrator. These checks dated as far back as March 15, 2005, approximately 7 months earlier. According to the Public Administrator, checks are often held (for future expenses) so a ward's estate assets remain below Medicaid eligibility limits to ensure the ward remains eligible for Medicaid benefits.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100. In addition, Section 208.210(1), RSMo, requires recipients to notify county welfare offices if they possess property which affects their right to receive benefits. Further, Section 208.210(2), RSMo, provides, "...if during the life, or upon the death, of any person who is receiving or has received benefits, it is found that the recipient or his spouse was possessed of any property or income in excess of the amount reported that would affect his needs or right to receive benefits, or if it be shown such benefits were obtained through misrepresentation, nondisclosure of material facts, or through mistake of fact, the amount of benefits, without interest, may be recovered from him or his estate by the division of family services as a debt due the state".

- B. Forms 1099-MISC are not issued for payments in excess of \$600 and adequate supporting documentation is not always obtained prior to payment. The Public Administrator routinely hires an individual to clean and maintain various properties of her wards. Compensation paid to this individual exceeded \$600 from at least one estate, and was not reported on Form 1099-MISC. Further, adequate supporting documentation, indicating detail such as hours worked and costs incurred is not always obtained prior to payment.

Sections 6042 and 6051 of the Internal Revenue Code requires an IRS Form 1099-

MISC be completed for every payee other than corporations receiving \$600 or more in aggregate during a calendar year for services performed as a trade or business by non-employees. Further, to ensure the validity and propriety of expenditures, adequate supporting documentation should be obtained for all disbursements.

**WE RECOMMEND** the Public Administrator:

- A. Discontinue the practice of holding checks and contact the Department of Social Services, Family Support Division to determine whether any monies are due to the state. In addition, monies should be deposited intact daily or when accumulated receipts exceed \$100.
- B. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code and obtain adequate supporting documentation for all disbursements.

**AUDITEE'S RESPONSE**

*The Public Administrator provided the following responses:*

- A. *The practice of holding tax refund checks has stopped. The Division of Family Services is informed of excess monies in clients' accounts that would make them ineligible for services. When we have a deceased client, the Attorney General's office in Springfield, Missouri, is notified and asked about claims against the deceased individual. Monies are deposited in a timely manner.*
- B. *Before paying for services, a statement showing time worked, miles traveled, date of service and a short memo of work performed are now received. This statement is filed in the client's file along with other bills. If services to any one individual client exceed \$600 there is a Form 1099-MISC filed.*

<b>10. County Assessor Controls and Procedures</b>
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The County Assessor's office accepts cash, checks, and money orders, and issues rediform receipt slips for monies received. Receipts totaling approximately \$15,700 and \$12,900 were transmitted to the Treasurer during the years ending December 31, 2004 and 2003, respectively. Some weaknesses exist in the controls and procedures of the County Assessor's office.

- Receipt slips did not always indicate the method of payment, and the numerical sequence was not accounted for and reconciled to transmittals. Receipt slips were also written for amounts charged by individuals rather than maintaining an accounts receivable ledger, and writing the receipt when payment was made.

- Monies received were not transmitted to the Treasurer daily or when accumulated receipts exceeded \$100, and transmittal dates were not recorded in the accounting records.
- Overpayments and underpayments to the County Assessor's office are neither recorded as received or included in transmittals until corrective action was taken with the payer. For example, checks received for amounts more or less than the amount due are held and not recorded until the payer can issue a new check.

To properly account for all receipts and ensure they are handled properly, official prenumbered receipt slips should be issued for all monies received, the method of payment received should be recorded and reconciled to the composition of monies transmitted to the County Treasurer, and the numerical sequence of receipt slips should be accounted for properly. In addition, transmittals should be made daily or when accumulated receipts exceeded \$100 and the date of turnovers to the Treasurer should be recorded in the accounting records.

**WE RECOMMEND** the County Assessor issue official prenumbered receipt slips for all monies collected, ensure the method of payment received is recorded and reconciled to the composition of monies transmitted to the County Treasurer, and properly account for the numerical sequence of receipt slips. In addition, transmittals should be made daily or when accumulated receipts exceed \$100 and transmittal dates should be recorded in the accounting records.

### **AUDITEE'S RESPONSE**

*The County Assessor provided the following response:*

*Receipt slips are marked either cash or charge at the time we make them. The numerical sequence is not cost effective for our office, as we do not know how many receipts we will need for the year, and this is the only way to get them in sequence. I have checked on this before. We do account for all slips. When we make the deposit to the Treasurer we keep her deposit slip, which is marked with the amount of checks and cash that she received. It also has the receipts and the date we deposited with her office. If we have a charge that has to be written off, after several months of trying to collect, we keep it with all the other receipts for our records. Occasionally we have to go back and pull this*

*receipt if they decide to pay. We do not have the extra personnel it would take to keep a separate ledger for all charges. Plus, the customer wants a copy of their charges with the statement, and we copy the receipt, which is marked charged, and fax it with the statement.*

*It is not always possible for us to deposit money on a daily basis. The treasurer's office is sometimes closed for other business, as she is the purchasing agent for the county. The dates that we do make deposits are recorded as stated above (on her deposit slips that she gives us at the time of depositing money with her), and they are filed with our receipts.*

*Overpayments and underpayments are very few and they are kept in the money drawer and locked each night.*

## **11. Ex-Officio Recorder of Deeds Accounting Controls and Procedures**

Monies were not deposited timely, duties were not adequately segregated, and computer records were not password protected. The Ex-Officio Recorder of Deeds collected various fees for recording documents such as marriage licenses, deeds, etc. totaling approximately \$384,000 and \$393,000 for the years ended December 31, 2004 and 2003, respectively.

- Receipts were not deposited on a timely basis. Deposit slips were prepared for the daily receipts; however, deposits were only taken to the bank once or twice a week. As a result, deposits were often comprised of multiple days' receipts. During December 2004 daily deposit totals ranged from \$1,089 to \$6,634 with all but one days deposits totaling over \$3,800.
- The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank accounts were not adequately segregated and the Ex-Officio Recorder did not periodically review the accounting records.
- Passwords are not in place to limit access to the various data files and programs used to record documents and cash transactions. Lack of such passwords and procedures provides the potential for personnel to make undetected and unauthorized changes to information.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100. In addition, internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Ex Officio Recorder of Deeds. A system of passwords and other procedures should be used to properly restrict access. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

**WE RECOMMEND** the Ex Officio Recorder of Deeds ensure that deposits are made at least daily or when accumulated receipts exceed \$100, and accounting and bookkeeping duties are adequately segregated or documented reviews of the accounting records are preformed. Further, establish passwords and ensure passwords are periodically changed and remain confidential.

**AUDITEE'S RESPONSE**

*The Circuit Clerk and Ex Officio Recorder of Deeds provided the following response:*

*We shall implement the recommendation of daily deposits. As for the accounting, the Recorder's office has recently purchased cashiering software and receipt printers for the money that is received and it stamps the page and book numbers on documents that are received. As far as segregating accounting duties, this office does not have the resources to do such as there are only two employees in such office. With the acquisition of the cashiering software, password protection is in place in reference to receipting of money and documents.*

<b>12. Prosecuting Attorney's Controls and Procedures</b>
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Duties are not adequately segregated, and passwords are not used to limit access to the accounting system. Additionally, procedures have not been established to monitor court ordered restitution. The Prosecuting Attorney's office collected court-ordered restitution and bad check related restitution and fees in 2004 and 2003 of approximately \$382,000 and \$356,000, respectively.

- A. Accounting and bookkeeping duties are not adequately segregated, and access to the bad check accounting software system is not limited through the use of passwords. One individual is mainly responsible for receiving, recording, and transmitting monies. While the Prosecuting Attorney indicated that accounting records are periodically reviewed, this review is not documented. Additionally, the bad check accounting software does not have a password system or procedures to restrict access to the computer systems.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the accounting records should be performed and documented. Further, to establish individual responsibility as well as help preserve the integrity of computer programs and data files, access to computerized records should be limited to those persons who need to use the information. A system of unique IDs and passwords should be used to properly restrict access.

- B. The Prosecuting Attorney's office does not adequately monitor court ordered restitution due from defendants. We noted numerous instances where defendants who were on a court ordered restitution plan were delinquent in their payments and no follow up action had been taken by the Prosecuting Attorney' office such as the issuance of a warrant or the revocation of probation. For example, an \$8,371 balance remains on a case for which \$10,000 restitution was ordered in 1997 and for which the individual's probation ended in January 2000. There was no documentation in the case file to indicate any follow up procedures to attempt to collect the balance had been performed, and no warrant was issued. Adequate procedures are necessary to ensure proper and timely follow up action on amounts due.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible, or ensure periodic supervisory reviews are performed and documented. Further, establish improved procedures to restrict access to computer files, through the use of unique IDs and passwords.
- B. Establish procedures to properly monitor court ordered restitution, and ensure appropriate action is taken for individuals who are delinquent.

### **AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following responses:*

- A. *Due to budgetary constraints, the Barry County Prosecuting Attorney's Office has limited resources for personnel. Because of these limited resources, appropriate segregation of duties without additional staff is not feasible. However, a periodic review of the money received and disbursed will be attempted. Beginning next month, the Prosecuting Attorney will conduct reviews quarterly and attempt to document said reviews. It is the Barry County Prosecuting Attorneys' understanding that the current bad check/restitution software being used by the Barry County Prosecuting Attorney does not have password protection available. The software provider will be contacted to determine if password protection can be installed.*
- B. *The Prosecuting Attorney's Office is unaware of said deficiencies in monitoring court ordered restitution due from defendants. The example cited is from a 1997 case that was filed and/or occurred before the current auditing period and the defendant was apparently discharged before the current auditing period. In addition, the example cited was filed before the current Prosecuting Attorney took office and was disposed and/or discharged before the current Prosecuting Attorney took office. If there are any concerns about more recent cases, the Prosecuting Attorney's Office will gladly address them.*

*Currently defendants on felony probation are supervised by the Board of Probation and Parole, and any restitution payments or lack thereof are the responsibility of said officers. Typically, in felony probation cases the court will receive violation reports and then the*



*court will order that a violation hearing be set. In misdemeanor cases, if the defendant is supervised, the supervising agency is responsible for ensuring restitution is being paid as ordered. If the defendant is unsupervised then the Associate Court is responsible for ensuring all conditions have been met, including restitution. If a violation has occurred then the court will set a violation hearing.*

*The Prosecuting Attorney is aware of a recent legislation allowing the state to request revocation on its own motion. However, there have been occasions in which a defendant has been discharged by the Board of Probation and Parole at their discretion without consulting the court or the Prosecuting Attorney. This has been done in the past, and the Prosecuting Attorney is unaware of a general restriction on the Board of Probation and Parole from discharging defendants while restitution is still owed. There are not sufficient resources for the Prosecuting Attorney's Office to constantly monitor every defendant who owes restitution. That duty must fall to those agencies whose sole responsibility is to monitor defendants on probation. The Prosecuting Attorney's Office must rely on the Board of Probation and Parole or any other supervising agency to supervise defendant's on supervised probation and ensure that restitution is paid. Also, the Prosecuting Attorney's Office must rely on the Associate Circuit Court to ensure restitution has been paid before a defendant on unsupervised probation is discharged.*

*As of December 1, 2005, the Prosecuting Attorney's Office has established a procedure in which probation cases with restitution ordered are monitored monthly to ensure that cases with probation ending the next month have no restitution owed. If restitution is owed, the Prosecuting Attorney will ensure that the defendant's case is either suspended, set for hearing or a warrant issued.*

**13.**

**Juvenile Division's Controls and Procedures**

Restitution receipts are not deposited timely, the composition of deposits is not reconciled to the composition of receipts, a record of liabilities (open items) is not maintained for restitution monies being held, and adequate procedures are not in place to follow up on old outstanding checks. Additionally, the Juvenile Division paid individuals for providing various services without properly reporting the compensation for income tax purposes, and general capital asset records are inadequate.

The home base of the Juvenile Division of the Thirty-Ninth Judicial Circuit is located in Barry County. The Division maintains two bank accounts, one for the reimbursement of office expenses, and one for restitution received from juveniles. The Juvenile Division handled restitution receipts of approximately \$1,613 and \$6,330 during the years ended December 31, 2004 and 2003, respectively. The Division stopped collecting restitution in July 2004. The Division also handled receipts/disbursements in the office expense account of approximately \$283,000 and \$250,000 during the years ended December 31, 2004 and 2003, respectively.

A. We identified the following weaknesses regarding the handling of restitution:

1. Receipts are not always deposited timely, receipts are not written for all monies received, and receipt slips are not reconciled to amounts deposited. Examples included:

- Receipts totaling \$914 received between December 31, 2003 and July 26, 2004 (which were composed of \$20 in cash and \$894 in money orders) were not deposited until July 25, 2005. The Chief Juvenile Officer indicated that these monies, for which receipt slips had been issued on the date of receipt, had been misplaced until deposited in 2005. Further, \$319 in money orders from this deposit were subsequently returned by the bank because the Division had waited too long to deposit them.
- A spreadsheet prepared by the Chief Juvenile Officer detailing receipts deposited into the restitution account for the year ended December 31, 2004 included five receipts totaling \$180 for which no receipt slip had been issued. Further, there was no record to show that a \$58 cash receipt, for which a receipt slip dated March 2004 was issued, was deposited into the restitution account. The Chief Juvenile Officer stated that it may have been returned to the juvenile; however, no documentation was provided to support this.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100, a prenumbered receipt slip noting the method of payment should be issued for all monies received, and the composition of monies received should be reconciled to the composition of monies deposited.

2. Although the Division had ceased collecting restitution in July 2004, the balance in the restitution account on December 31, 2005 (over one year later) was \$3,063. The Division had no record of liabilities (open items) for these restitution monies being held. At our request, the Chief Juvenile Officer prepared an open items listing which was \$1,166 less than the reconciled bank balance in the restitution account. Additionally, the account had incurred bank fees of \$65 since 2003.

An accurate listing of open items should be maintained and reconciled to the related cash balance monthly to ensure records are in balance and sufficient funds are available for the payment of all liabilities. Further, the Juvenile Division should attempt to determine the reason for any unidentified liabilities that exist, and if proper disposition cannot be determined, dispose of them in accordance with state law.

3. At December 31, 2005, 10 checks totaling \$834 had been outstanding in the restitution account for more than one year. The Juvenile Division should adopt procedures to routinely follow up on old outstanding checks and reissue the check if the payee can be located. If the payee cannot be located, various statutory provisions provide for the disposition of unclaimed monies.
- B. The Juvenile Division paid individuals from the office expense account for transportation, counseling, and legal services without reporting the compensation for income tax purposes. The Division paid approximately \$177,000 for these services in 2004 including payments in excess of \$600 to numerous individuals.

Sections 6042 and 6051 of the Internal Revenue Code requires an IRS Form 1099-MISC be completed for every payee other than corporations receiving \$600 or more in aggregate during a calendar year for services performed as a trade or business by non-employees. In addition, the Internal Revenue Code requires employers to report all wages on W-2 forms.

- C. The Juvenile Office has not established formal policies and procedures to account for general capital assets, including procedures to update property records, and number, tag or otherwise identify property items. Also, annual physical inventories of property have not been performed. While a list of some assets is maintained, the listing is not complete and does not include an adequate description of each property item.

Adequate general capital assets records are necessary to secure better internal controls over property and provide a basis for determining proper insurance coverage. Inventories and proper tagging of property are necessary to ensure fixed asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.

**WE RECOMMEND** the Juvenile Division:

- A. Take steps to immediately pay out all monies in the restitution account for which the victim can be identified and dispose of any remaining unidentified balance in accordance with unclaimed property statutes. Also, attempt to recover any bank fees and follow up on any recorded receipts which have not been deposited. Further, the Division should follow up on old outstanding checks and if payees cannot be located should dispose of the monies in accordance with state law.
- B. Issue IRS Forms 1099-MISC or report wages on W-2 forms as required by the Internal Revenue Code.

- C. Maintain property records for general capital assets that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition, if applicable. Actual physical inventory of the various property items should be performed periodically.

**AUDITEE'S RESPONSE**

*The Circuit Judge and the Chief Juvenile Officer provided the following responses:*

- A. *A letter has been sent to the bank in order to recover any bank fees. Letters have been sent to victims to follow up on outstanding checks. All outstanding checks will be cancelled by March 23, 2006. Steps are already being taken in regards to paying all victims who have been identified. We will have all located victims paid by no later than April 15, 2006. All monies that can not be identified will be divided and turned over to the Barry, Lawrence, and Stone County Treasurers by May 23, 2006. In regards to the \$58 cash which was receipted for court costs in the restitution receipt book, evidence that it was returned to the juvenile has been located. The cash was used to pay his court costs in Barry County and was receipted as cash by the Barry County Circuit Clerk. The restitution account will be closed as soon as all checks have been deposited; the exception date is June 23, 2006.*
- B. *Starting December 2006 the Juvenile Office will issue IRS Forms 1099-MISC or report wages on W-2 forms as required by the Internal Revenue Code. This is the first time in numerous audits that this issue has been raised.*
- C. *Inventory lists will be completed annually in compliance with 49.093 RSMo. An updated list will be kept on hand at the Juvenile Office as well as all County Clerks within our circuit.*

<b>14. Developmentally Disabled Board</b>
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The Developmentally Disabled Board has accumulated a significant cash reserve, and does not have documentation of how these funds will be spent to benefit the developmentally disabled. Additionally, bank balances were not always sufficiently collateralized, and telephone votes were taken of board members without a quorum physically present.

- A. The Developmentally Disabled Board has accumulated a significant cash reserve without any specific plans for its use. Receipts have exceeded disbursements in five of the last six years ended December 31, 2004, resulting in the cash balance increasing from approximately \$350,000 at December 31, 1999 to approximately \$600,000 at December 31, 2004.

While the Board responded in our prior audit report that they anticipated using the cash reserves to fund requests from service providers for capital improvements, this has not occurred. As of November 30, 2005, the bank balance has accumulated to approximately \$630,000 and the Board does not have a documented plan of how the funds will be spent.

Additionally, the approved budget did not adequately reflect the anticipated financial condition of the Board. For example, expenditures were budgeted to use a substantial portion of the reserve funds resulting in a projected cash balance at December 31, 2004 of \$346,867; however, the Board's actual cash balance on this date was \$600,898. Further, accrued interest on certificates of deposits (CDs) was not properly reported in the Board's budget.

In an effort to use the property tax monies for the intended use, the Board should determine future needs, and consider such information when setting future property tax levies. Additionally, to be of maximum assistance to the Board, and to adequately inform the public, the budgets should accurately reflect the anticipated receipts, expenditures, and ending cash balance.

- B. The Developmentally Disabled Board has not solicited bids for banking services since 2001, and has not entered into a written agreement with its depository bank. Additionally, at January 31, 2005 and 2004, the amount of collateral securities pledged by the Board's depository bank for deposits in excess of the Federal Depository Insurance Corporation (FDIC) coverage was insufficient by approximately \$115,000 and \$97,000, respectively.

To ensure the quality of banking services and ensure interest earnings received are maximized, the Board should procure its banking services through a competitive bid process. Further, Section 110.020, RSMo, requires the value of securities pledged to be at all times not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave funds unsecured and subject to loss in the event of bank failure. Also, a written agreement should require that deposits in excess of FDIC limits be secured by bank assets pledged to the Developmentally Disabled Board. In addition, the bank service agreement provisions should include, but not be limited to, any bank fees for check printing, checking account services, and interest rate for invested funds. A written depository agreement helps the Board and bank understand and comply with the requirements of any banking arrangement.

- C. According to minutes of the Developmentally Disabled Board, two funding requests totaling \$19,767 were each approved by a telephone poll of board members taken by the Board Chairman on February 4, 2005. The Board did not have a meeting during February 2005. Section 610.015, RSMo, requires that a quorum of the members be physically present at the meeting location before any other members are allowed to participate by telephone.

Conditions similar to Parts A. and B. were noted in our prior report.

**WE RECOMMEND** the Developmentally Disabled Board:

- A. Review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document. However, the budgets should provide a reasonable estimate of receipts and disbursements to the anticipated actual amounts so that the budget documents present a reasonable estimate of the Board's financial plan and ending balance.
- B. Seek competitive bids for banking services on a periodic basis, ensure all deposits are adequately secured, and enter into a written agreement with the depository bank.
- C. Ensure full compliance with all provisions of Chapter 610 of the state statutes regarding public votes and meetings.

**AUDITEE'S RESPONSE**

*The Developmentally Disabled Board provided the following responses:*

- A. *The Barry County Board for the Developmentally Disabled review the cash balances quarterly. Due to the uncertainty of future budgeting for the Department of Mental Health and the Developmentally Disabled programs and services from the state level, it would be unlikely that we would be able to maintain the level of services for the Developmentally Disabled from this county without the use of local funding. As a result, the maintenance of the present levy would safeguard the continued availability of services for the Developmentally Disabled in our county. We will review the budgeting process to improve the estimates for receipts and disbursements, and also the ending balance on the budget documents.*
- B. *We will be advertising for competitive bids for banking services to be provided to the Board for the Developmentally Disabled. We will enter into a written agreement with the selected depository bank at the time of its selection.*
- C. *The Board has and will continue to comply with the provisions of Chapter 610 of the state statutes regarding public votes and meetings.*

**15.**

**Health Center Board Minutes**

The open meeting minutes of the Health Center Board did not always document the specific reasons for going into closed session. On 14 occasions from January 2003 thru November 2005, the Board went into closed session without citing the statute or the specific reason allowing the closed session. In addition, the board did not document how some items discussed in closed session complied with state law. Examples include discussing bank signature cards, the Administrator's health insurance, and lawn care and cleaning service contracts.

Section 610.022, RSMo, requires that before any meeting may be closed, the question of

holding the closed meeting and the reason for the closed meeting shall be voted on at an open session and entered into the minutes. Section 610.021, RSMo, allows the board to discuss certain subjects in closed meetings, including litigation, real estate transactions, bid specifications and sealed bids, personnel matters, and confidential or privileged communications with auditors. The board should restrict the discussion in closed sessions to the specific topics listed in state statutes.

**WE RECOMMEND** the Health Center Board ensure open meeting minutes document the reasons for going into closed session, and discuss only matters authorized by law in closed session meetings.

**AUDITEE'S RESPONSE**

*The health Center Board provided the following response:*

*We will ensure that all closed meetings comply with the Sunshine Law, and open meeting minutes document the reason for going into closed session.*

## Follow-Up on Prior Audit Findings



BARRY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Barry County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000 and the Barry County Health Department audit report issued January 15, 2003. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. Actual expenditures exceeded budgeted amounts, and officials did not amend the budget.
- B. Property acquired by the county from the State Agency for Surplus Property (SASP), which was supposed to be used by the county, was sold to private organizations and individuals, some of which did not fully reimburse the county.
- C. Vehicle expenses paid to a police officer based on county contracts to police several small cities were not reported to the IRS or on his W-2, and no procedures were in place to document the vehicle expenses incurred.

Recommendation:

The County Commission:

- A. Ensure expenditures are kept within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the budgets properly amended.
- B. Contact the SASP to resolve this matter, and ensure that future purchases from SASP be made in compliance with state and federal regulations.
- C. Obtain documentation to support payments for vehicle expenses, and report undocumented payments on W-2 forms. Amended W-2 forms should be prepared for undocumented expense payments made in prior years.

Status:

- A. Not implemented. See MAR No. 2.
- B. Implemented. According to the County Clerk, all the property was returned to the county and then returned to SASP. The county made no purchases from SASP during the two years ended December 31, 2004.

- C. Not implemented. Amended W-2 forms were not prepared for prior years. The county no longer contracts to provide city police services.

2. County Deposits and Controls

- A. The amount of collateral securities pledged by the county's depository bank was insufficient to cover monies in custody of the County Treasurer.
- B. Password security for the county's computerized property tax system was inadequate.

Recommendation:

The County Commission:

- A. Implement procedures to ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times.
- B. Implement a password system which requires each user be assigned a unique password, and require passwords to be changed periodically.

Status:

- A. Implemented.
- B. Partially implemented. Password procedures have improved in the Assessor's office, however, unique passwords are still not assigned and periodically changed in the Collector's office. Although not repeated in the current MAR, our recommendation remains as stated above.

3. General Fixed Assets

Not all fixed assets were recorded on the county' asset listing. Also, reconciliations for new purchases were not performed and quarterly inspections of county owned land and buildings were not performed.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed.

Status:

Partially implemented. The county has established a written policy related to the handling and accounting for general capital assets; however, records and procedures for the handling of general capital assets remain inadequate. See MAR No. 5.

4. County Collector

- A. The County Collector retained a five percent penalty for city taxes, which state law indicated should be distributed two-fifths to the county general fund and three-fifths to the county employee's retirement fund (CERF). Further, there was no city ordinance authorizing the five percent penalty collected on delinquent taxes.
- B. The method of payment was not recorded consistently on paid tax receipts, therefore the composition of monies deposited could not be reconciled.

Recommendation:

The County Collector:

- A. And the County Commission ensure penalty amounts prescribed in contracts are based upon applicable state laws or city ordinances.
- B. Indicate the method of payment on paid tax receipts, and reconcile the composition of receipts to the composition of monies deposited.

Status:

- A. Implemented. City ordinances now authorize a five percent penalty to be assessed on delinquent taxes and retained by the County Collector, rather than distributing a portion to the CERF as prescribed by state law. The additional two percent penalty allowed by state law to be collected and distributed to the Tax Maintenance Fund is not charged on city taxes.
- B. Implemented.

5. Circuit Clerk's Accounting Controls and Procedures

- A. Fee account receipts were not deposited timely.
- B. Checks issued from the fee account and the child support account were outstanding for more than one year.
- C. Accurate bank reconciliations were not prepared for the fee account.
- D. The Circuit Clerk maintained a computerized open items (liabilities) listing; however, the items listed did not always agree to the amounts indicated in the case file or other record. Further, the open items listing was not reconciled to the cash balances to ensure records were accurate. Unidentified open items remained on the listing and had not been disposed of in accordance with state law.
- E. A petty cash fund was established with copy receipts and criminal search receipts, for the purchase of small expenditures such as office supplies. No record of receipts, disbursements, or cash balance was maintained for the petty cash fund.

Recommendation:

The Circuit Clerk:

- A. Deposit fee account receipts daily or when accumulated receipts exceed \$100.
- B. Adopt procedures to routinely follow-up on old outstanding checks and reissue them if they payee can be located. If the payee cannot be located or identified, these monies should be disposed of in accordance with state law.
- C. Prepare complete and accurate monthly bank reconciliations, and ensure the book balance is accurate and reconciles to the bank balance.
- D. Conduct a case by case review to determine the accuracy of each entry on the open items listing. Once an accurate open items listing is established, reconcile it to the cash balance to ensure records are in balance, and sufficient funds are available for the payment of all liabilities. Any monies remaining unidentified should be disposed of in accordance with unclaimed property statutes.
- E. Deposit all monies intact into the Circuit Clerk's official bank account and disburse all fees to the county treasury monthly. If a petty cash fund is determined to be necessary, it should be funded by the county and a log of petty cash fund transactions, including invoices for expenditures, should be maintained to properly document the financial activity of the fund.

Status:

A&C. Implemented.

B&E. Not implemented. See MAR No. 7.

D. Partially implemented. A review of open items was performed but unidentified amounts have not been disposed of in accordance with unclaimed property statutes. See MAR No. 7.

6. Prosecuting Attorney's Controls and Procedures

A. Accounting and bookkeeping duties were not adequately segregated.

B.1. Receipt slips were not issued for monies received.

2. Administrative fees were not always transmitted to the County Treasurer timely.

3. Daily collection reports were not reconciled to fees transmitted to the County Treasurer.

4. Money orders and cashier's checks for administrative fees were not always restrictively endorsed immediately upon receipt and were often kept in an unsecured location.

C. A bad check log was not maintained to account for the bad check complaints filed with the Prosecuting Attorney and their ultimate disposition.

D.1. Backup copies of the computerized bad check information was not kept off-site.

2. The bad check accounting software did not have a password system to restrict access to the computer systems.

E. A monthly report of bad check fees turned over to the County Treasurer was not filed with the County Commission.

F. The Prosecuting Attorney did not compare delinquent sales tax payments transmitted to the state to collection fees received and an instance was noted where collection fees dating back to 1999 had not been received.

G. The Prosecuting Attorney's employees responsible for collecting monies were not bonded.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible, or ensure periodic supervisory reviews are performed and documented.
- B.1. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips.
  - 2. Transmit administrative fees to the County Treasurer daily or when accumulated receipts exceed \$100.
  - 3. Reconcile money orders transmitted to the County Treasurer to daily collection reports.
  - 4. Ensure money orders are restrictively endorsed immediately upon receipt and kept in a secure location until transmitted to the County Treasurer.
- C. Maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office and their ultimate disposition.
- D.1. Ensure computerized bad check records are stored in a secure, off-site location.
  - 2. Establish improved procedures to restrict access to computer files, through the use of unique IDs and passwords, to only those individuals who need to use the information.
- E. File a monthly report of bad check fees in accordance with state law.
- F. Compare taxes transmitted to DOR to collection fees received.
- G. Obtain bond coverage for all employees responsible for handling monies.

Status:

- A. Partially implemented. While accounting duties are now shared between two individuals, segregation of duties could still be improved. See MAR No. 12.
- B.1. Partially implemented. Procedures have improved for bad check receipts; however, money orders for delinquent tax collections are not receipted. Although not repeated in the current MAR, our recommendation remains as stated above.
- B.2&3,  
C,D.1,  
E&G. Implemented.
- B.4 Partially implemented. Monies received are now adequately secured until transmittal; however, money orders are not always restrictively endorsed

immediately upon receipt. Although not repeated in the current MAR, our recommendation remains as stated above.

D.2 Not implemented. See MAR No. 12.

F. Not implemented. A comparison is still not performed, however, no instances were noted in the current audit of a failure to receive collection fees due. Although not repeated in the current MAR, our recommendation remains as stated above.

7. Associate Circuit Court's Controls and Procedures

A. Accounting and bookkeeping duties were not adequately segregated, and there was no documented independent review of the accounting records and reconciliations.

B. Checks were outstanding for at least one year.

C. The monthly listings of liabilities were not compared to the reconciled bank and book balances in the criminal and criminal/traffic divisions. The cash balance did not match the liabilities for both divisions and several items on the liabilities list for the criminal division had already been paid.

Recommendation:

The Associate Division:

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

B. Adopt procedures to routinely follow up on old outstanding checks, and disburse the unidentified funds as required by state law.

C. Reconcile the open items listing to the cash balance monthly. The Division should determine reasons for the differences that exist between the open items listing and the cash balance, and make adjustments to the accounting records for identified differences.

Status:

A. Partially implemented. Periodic independent reviews were performed and documented for all divisions of the Associate Court except the civil division. See MAR No. 8.

B. Implemented.

C. Not implemented. See MAR No. 8.

8. Juvenile Division's Controls and Procedures
  - A. The listing of open restitution cases for which monies was received, but not yet disbursed to the victims was inaccurate and the listing was not reconciled to the cash balance monthly.
  - B. The Juvenile Division did not routinely follow up on old outstanding checks.
  - C. The Chief Juvenile Officer deposited and maintained personal funds in the office account to provide an operating balance.

Recommendation:

The Juvenile Division:

- A. Prepare complete and accurate listing of open items and compare the listing to the cash balance monthly. Investigate any differences, and any monies remaining unidentified should be disbursed in accordance with state law.
- B. Adopt procedures to routinely follow up on old outstanding checks. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- C. Withdraw any personal funds that can be adequately documented from the office account upon the approval of the Circuit Judge. Establish a balance of operating funds that has been provided by the counties in the Circuit, and monitor the changes in the account balance monthly.

Status:

A&B. Not implemented. See MAR No. 13.

- C. The Chief Juvenile Officer referred to in the recommendation retired in December 2001. Our review of the office account did not identify any personal funds in the account.

9. Developmentally Disabled Board

- A. The Developmentally Disabled Board had accumulated a significant cash reserve without any specific plans for its use.
- B. Collateral securities were not pledged by the Developmentally Disabled Board's depository bank for deposits in excess of the FDIC coverage.



Recommendation:

The Developmentally Disabled Board:

- A. Review the cash balance and consider reducing the property tax levy. If plans have been made for expending the accumulated fund balance, such plans should be set forth publicly in the budget document.
- B. Ensure collateral securities are pledged for all deposits in excess of FDIC coverage.

Status:

A&B. Not implemented. See MAR No. 14.

**Barry County Health Department**

1. Expenditures

- A.1. Bids were not solicited or advertised for material or labor to purchase the Cassville facility and to purchase and remodel the Monett facility.
  - 2. Invoices submitted by the independent contractors performing the labor related to the remodeling were inadequate, providing no detail of time worked, jobs performed, or labor costs incurred.
  - 3. The Board did not request or obtain an independent appraisal prior to purchasing the land and building in Monett. In addition, board minutes did not adequately document the actions taken by the board to obtain the property and to ensure the amount paid was reasonable.
- B. Approximately \$1,200 was spent for food and drinks for a "Hamburger Fry" and a "community outreach event" and \$2,600 was incurred for staff time for these two events. Further, t-shirts were purchased to wear at the "Hamburger Fry". In December 2001, \$1,166 was spent on hams given as Christmas gifts to employees, board members, a local doctor, and five contractors working on remodeling the facility.
- C. The Board of Trustees did not document approval of invoices for payment.

Recommendation:

The Health Department Board of Trustees:

- A.1. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official board minutes should reflect the necessitating circumstances.
2. Ensure adequate supporting documentation is submitted to substantiate amounts claimed by the independent contractors.
3. Obtain independent appraisals for any property being considered for purchase, and ensure decisions and discussions by the board are adequately documented in the minutes.
- B. Ensure all expenditures of the Health Department monies are a necessary and prudent use of public monies.
- C. Review and approve all expenditures of Health Department funds. In addition, the approval of disbursements should be adequately documented by including a listing of all approved disbursement in the board minutes.

Status:

A.1,2,  
B&C. Implemented.

A.3. The Health Department has not purchased property.

2. Personnel and Payroll Procedures

- A. Expense reimbursements such as mileage and a personal cellular phone bill were not adequately documented.
- B.1. The Administrator did not prepare a time sheet, or submit a leave record for vacation or sick leave taken, and the board minutes do not document approval of absences.
2. Employee time sheets were not approved and signed by the supervisor and compensatory time earned and taken is not adequately tracked and documented.

Recommendation:

The Health Department Board of Trustees:

- A. Obtain documentation to support payments for expense reimbursements and report undocumented payments on W-2 forms. Amended W-2 forms should be prepared for undocumented expense payments made in prior years.
- B.1. Require the Administrator to submit time sheets and document leave activity. Any variation from Health Department personnel policies should be adequately documented in the board minutes.
- 2. Ensure employee time sheets are approved by the applicable supervisor and filed in a central location with the Health Department's payroll records. In addition, compensatory leave records should be maintained for all employees.

Status:

A&B. Implemented.

3. Budgetary and Accounting Procedures

- A. The Board of Trustees did not ensure the beginning and ending cash balance reported in the budget agreed with accounting records, and as a result, the Health Department was carrying the wrong cash balance forward on the budgets for many years.
- B. Accounting duties were not adequately segregated.
- C. Client fee sheets serving as a receipt were not prenumbered.

Recommendation:

The Health Department Board of Trustees:

- A. Ensure the budget document contains accurate financial information.
- B. Adequately segregate accounting duties or ensure periodic supervisory review are performed and documented.
- C. Ensure client summary sheets are prenumbered, or issue separate prenumbered receipt slips to each client for fees received.

Status:

A-C. Implemented.

4. Board Minutes

The Health Department Board of Trustees did not document how a discussion concerning the hours of operation complied with statutory guidelines on closed meetings.

Recommendation:

The Health Department Board of Trustees ensure only topics pursuant to state law are discussed in closed session meetings.

Status:

Not implemented. See MAR No. 15.

5. Written Agreements

Written contracts were not obtained for rental agreements with a not-for-profit organization using Health Department office space or the Health Departments rental of office space for the environmental department.

Recommendation:

The Health Department Board of Trustees formalize and obtain a written agreement for these rental arrangements.

Status:

The not-for-profit organization no longer occupies the Health Department's office space and the Health Department no longer rents office.

6. General Fixed Assets

Formal policies and procedures for general fixed assets were not established, physical inventories were not performed, and the asset listing was not completed. Further, assets were disposed of; however, there were no written procedures regarding the disposition of assets.

Recommendation:

The Health Department Board of Trustees maintain property records for general fixed assets that include all pertinent information for each asset, such as tag number, description, cost acquisition date, location, and subsequent disposition, if applicable. Actual physical inventory of the various property item should be performed periodically. In addition, formal procedures should be established related to the handling and approval of fixed asset dispositions.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

BARRY COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1835, the county of Barry was named after William T. Barry, a U.S. postmaster general. Barry County is a county-organized, third-class county and is part of the Thirty-ninth Judicial Circuit. The county seat is Cassville.

Barry County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 1,043 miles of county roads and 83 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 24,408 in 1980 and 34,010 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2004	2003	2002	2001	1985*	1980**
		(in millions)					
Real estate	\$	229.3	222.2	207.5	198.7	100.9	28.9
Personal property		95.0	93.1	94.3	88.2	22.0	10.4
Railroad and utilities		17.6	17.6	19.0	18.2	6.6	6.6
Total	\$	341.9	332.9	320.8	305.1	129.5	45.9

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

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

		Year Ended December 31,			
		2004	2003	2002	2001
Special Road and Bridge Fund *	\$	N/A	N/A	N/A	N/A
Health Center Fund		.0705	.0705	.0700	.0700
Developmentally Disabled Board Fund		.0700	.0700	.0700	.0700

\* All areas of the county are located in one of the county's twenty-five special road districts or the common road district. The road and bridge levies vary in each road district, and 20 percent is distributed to the Special Road and Bridge Fund and 80 percent is distributed to the various road districts.



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

	Year Ended February 28 (29),			
	2005	2004	2003	2002
State of Missouri	\$ 104,063	100,218	96,422	92,478
General Revenue Fund	26,355	27,620	25,099	31,894
Road Funds	771,315	744,026	708,018	664,996
Assessment Fund	180,948	136,914	131,269	125,853
Health Center Fund	241,233	232,793	222,530	213,438
Senate Bill 40 Board Fund	239,609	231,333	222,530	213,438
School districts	11,429,057	10,748,233	10,339,576	9,929,855
Library district	608,252	586,982	560,829	537,301
Hospital	176,162	171,199	165,255	155,300
Ambulance district	308,703	295,680	265,723	256,144
Fire protection district	232,105	220,835	212,788	207,365
Neighborhood improvement distri	28,048	0	0	0
Tax sale surplus	29,639	69,755	31,854	29,496
Tax increment financing	175,588	143,764	146,291	107,855
Cities	102,112	109,130	125,295	129,638
County Clerk	3,537	3,510	3,378	3,396
Tax Maintenance	38,472	38,147	18,193	0
County Employees' Retirement	108,165	108,781	99,478	80,032
Commissions and fees:				
General Revenue Fund	251,621	237,083	228,683	214,532
County Collector	5,907	5,191	6,319	6,388
Total	\$ 15,060,891	14,211,194	13,609,530	12,999,399

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				%
	2005	2004	2003	2002	
Real estate	92.2	91.3	91.0	91.8	
Personal property	88.0	87.8	87.1	87.2	
Railroad and utilities	100.0	100.0	95.7	100	

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

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ .0050	None	100	%
Capital improvements	.0050	2005	None	

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

Officeholder	2005	2004	2003	2002	2001
<b>County-Paid Officials:</b>					
Cherry Warren, Presiding Commissioner		31,700	31,700	29,164	27,950
Frank Washburn, Associate Commissioner		28,512	28,512	28,512	27,245
Eddie Davison, Associate Commissioner		28,512	28,512	28,512	27,245
Gary Youngblood, County Clerk		45,000	45,000	41,400	39,560
Johnnie E. Cox, Prosecuting Attorney		96,000	96,000	N/A	N/A
Stephen Hemphill, Prosecuting Attorney		N/A	N/A	50,600	48,760
Mick Epperly, Sheriff		48,000	48,000	48,000	46,080
Lois Lowe, County Treasurer		45,000	45,000	30,636	29,274
Donald White, County Coroner (1)		15,360	15,360	16,482	14,440
Barbara White, Public Administrator (2)		46,395	33,445	38,140	16,588
Janice Varner, County Collector (3), year ended February 28 (29),	49,399	50,192	N/A	N/A	N/A
Misha Hull, County Collector year ended February 28 (29), (3)	N/A	N/A	47,719	45,831	N/A
June Smith, County Assessor (4), year ended August 31,		43,927	44,066	44,100	N/A
Glen D. Nicoll, County Assessor (4), year ended August 32,		N/A	N/A	N/A	41,100
Sam Goodman, County Surveyor (5)		N/A	N/A	N/A	N/A

(1) Includes \$1,122 reimbursement from the County Employees' Retirement Fund for 2002.

(2) Includes fees received from probate cases.

(3) Includes \$4,399, \$5,192, \$6,319, and \$6,272 in commission earned for collecting city property taxes for 2005, 2004, 2003, and 2002 respectively.

(4) Includes \$727, \$866, \$900, and \$900 in annual compensation received from the state in 2004, 2003, 2002, and 2001 respectively.

(5) Compensation on a fee basis.

**State-Paid Officials:**

Johnny Williams, Circuit Clerk and Ex Officio Recorder of Deeds		47,900	47,642	N/A	N/A
Dick Sanders, Circuit Clerk and Ex Officio Recorder of Deeds		N/A	N/A	47,300	47,300
Michael Garrett, Associate Circuit Judge		96,000	96,000	96,000	96,000
Carr Woods, Associate Circuit Judge		96,000	96,000	N/A	N/A
William Burke, Associate Circuit Judge		N/A	N/A	96,000	31,000