



NODAWAY COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

**From The Office Of State Auditor
Claire McCaskill**

Report No. 99-75
September 15, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 1999

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Nodaway, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

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

- < The county does not maintain centralized records of leave and compensatory time. Inconsistent application of personnel policies and instances of noncompliance with personnel policies were noted.
- < The Public Administrator determines fees from estates each year using two methods - an hourly rate for most cases and a percentage of total estate assets method for larger estates. The Associate Circuit Judge does not determine the fee method or percentages used, but does approve the fees taken. The Public Administrator generally used the method which resulted in higher fees. Additionally, for the larger estates the percentages applied varied among estates and between years for the same estate. The audit suggested fee guidelines be established to ensure fees are charged in an equitable manner.

Also included in the audit are recommendations to improve the accounting controls and procedures for the Associate Division, Sheriff, Assessor, County Clerk, and Senate Bill 40 Board. The audit also suggested improvements be made in the county's financial statement reporting and general fixed asset records and procedures.

Copies of the audit are available upon request.

YELLOW SHEET

NODAWAY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



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 Nodaway County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Nodaway County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Nodaway County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Nodaway County.

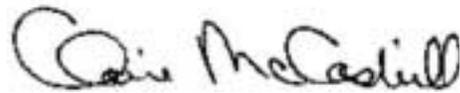
In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Nodaway County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

Nodaway County, Missouri, has not presented the disclosures required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, that the GASB has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the county is or will become year 2000-compliant, that the county's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the county does business are or will become year 2000-compliant.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 21, 1999, 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 grants.

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 special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Nodaway County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

April 21, 1999 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Nodaway County, Missouri

We have audited the special-purpose financial statements of various funds of Nodaway County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated April 21, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

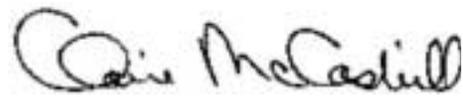
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Nodaway County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Nodaway 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 special-purpose financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the special-purpose 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. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

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

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

April 21, 1999 (fieldwork completion date)

Financial Statements

Exhibit A-1

NODAWAY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,572,315	2,130,055	2,161,376	1,540,994
Special Road and Bridge	1,035,037	2,139,763	1,660,216	1,514,584
Assessment	83,941	222,819	257,013	49,747
Law Enforcement Training	3,271	7,176	2,792	7,655
Prosecuting Attorney Training	432	1,443	544	1,331
Recorder User Fee	17,882	8,209	10,145	15,946
Tax Incentive Payment	2,662	10	0	2,672
911	2,418	75,399	46,692	31,125
Sheriff Crime Cost	5,281	19,069	6,775	17,575
Nuclear Accident Emergency Preparedness	1,008	3,038	1,114	2,932
Local Emergency Planning Committee	2,517	3,344	2,283	3,578
Health Center	280,587	414,546	398,914	296,219
Senate Bill 40	21,567	91,818	82,569	30,816
Circuit Division Interest	8,145	4,878	1,682	11,341
Adult Abuse	210	2,830	3,040	0
Associate Division Interest	3,836	4,365	0	8,201
Law Library	603	3,398	3,661	340
Probate Division Interest	32	69	0	101
Total	\$ 3,041,744	5,132,229	4,638,816	3,535,157

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

Exhibit A-2

NODAWAY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1997

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 1,299,563	2,144,924	1,872,172	1,572,315
Special Road and Bridge	427,229	2,361,070	1,753,262	1,035,037
Assessment	123,188	180,267	219,514	83,941
Law Enforcement Training	3,556	3,673	3,958	3,271
Prosecuting Attorney Training	496	1,739	1,803	432
Flood	13,529	302,503	316,032	0
Recorder User Fee	15,820	9,657	7,595	17,882
Tax Incentive Payment	2,639	23	0	2,662
Nuclear Accident Emergency Preparedness	2,265	0	1,257	1,008
Local Emergency Planning Committee	3,783	0	1,266	2,517
Health Center	237,817	378,188	335,418	280,587
Circuit Division Interest	4,904	3,926	685	8,145
Adult Abuse	0	3,310	3,100	210
Sheriff Crime Cost	0	5,281	0	5,281
911	0	41,450	39,032	2,418
Use Tax	42,360	240	42,600	0
Senate Bill 40	11,250	87,218	76,901	21,567
Associate Division Interest	1,918	1,918	0	3,836
Law Library	608	2,945	2,950	603
Probate Division Interest	0	32	0	32
Total	\$ 2,190,925	5,528,364	4,677,545	3,041,744

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

Exhibit B

NODAWAY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 13,600	13,111	-489	12,500	13,631	1,131
Sales taxes	1,470,000	1,481,847	11,847	1,400,000	1,483,595	83,595
Intergovernmental	127,775	144,719	16,944	115,911	111,764	-4,147
Charges for services	226,500	216,551	-9,949	188,150	235,391	47,241
Interest	101,000	91,589	-9,411	55,000	101,020	46,020
Other	130,109	182,238	52,129	103,900	156,864	52,964
Transfers in	0	0	0	35,000	42,659	7,659
Total Receipts	<u>2,068,984</u>	<u>2,130,055</u>	<u>61,071</u>	<u>1,910,461</u>	<u>2,144,924</u>	<u>234,463</u>
DISBURSEMENTS						
County Commission	75,455	75,115	340	78,355	75,029	3,326
County Clerk	91,512	79,436	12,076	98,597	86,623	11,974
Elections	48,900	46,289	2,611	33,350	20,007	13,343
Buildings and grounds	322,286	341,078	-18,792	227,900	233,323	-5,423
Employee fringe benefits	148,000	87,457	60,543	105,000	68,504	36,496
County Treasurer and Ex Officio						
County Collector	68,948	68,190	758	69,264	66,973	2,291
Recorder of Deeds	61,849	61,471	378	60,479	59,401	1,078
Circuit Clerk	37,400	27,728	9,672	33,800	24,100	9,700
Associate Circuit Court	9,500	13,630	-4,130	9,300	9,262	38
Public Administrator	47,818	41,775	6,043	12,538	53,376	-40,838
Sheriff	326,381	302,035	24,346	310,633	291,063	19,570
Jail	216,616	224,136	-7,520	207,838	181,396	26,442
Prosecuting Attorney	126,105	115,988	10,117	116,690	110,451	6,239
Juvenile Officer	105,456	128,349	-22,893	103,760	98,164	5,596
County Coroner	14,267	12,156	2,111	11,435	10,704	731
Other general county government	165,185	177,466	-12,281	151,572	142,526	9,046
Public health and welfare services	2,250	674	1,576	2,250	1,270	980
Transfers out	385,000	340,000	45,000	340,000	340,000	0
Emergency Fund	40,000	18,403	21,597	40,000	0	40,000
Total Disbursements	<u>2,292,928</u>	<u>2,161,376</u>	<u>131,552</u>	<u>2,012,761</u>	<u>1,872,172</u>	<u>140,589</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	-223,944	-31,321	192,623	-102,300	272,752	375,052
CASH, JANUARY 1	1,572,315	1,572,315	0	1,298,014	1,299,563	1,549
CASH, DECEMBER 31	<u>\$ 1,348,371</u>	<u>1,540,994</u>	<u>192,623</u>	<u>1,195,714</u>	<u>1,572,315</u>	<u>376,601</u>

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

Exhibit C

NODAWAY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 88,200	88,029	-171	87,000	88,152	1,152
Sales taxes	0	0	0	243,500	0	-243,500
Intergovernmental	1,672,000	1,473,410	-198,590	1,436,000	1,521,013	85,013
Interest	40,000	59,343	19,343	20,000	42,342	22,342
Other	134,000	178,981	44,981	157,000	155,204	-1,796
Transfers in	340,000	340,000	0	340,000	554,359	214,359
Total Receipts	2,274,200	2,139,763	-134,437	2,283,500	2,361,070	77,570
DISBURSEMENTS						
Salaries	190,000	151,547	38,453	185,000	146,153	38,847
Employee fringe benefits	52,385	31,311	21,074	53,503	31,961	21,542
Supplies	35,200	25,850	9,350	39,800	26,277	13,523
Insurance	13,000	25,441	-12,441	13,000	21,828	-8,828
Road and bridge materials	1,030,000	1,053,602	-23,602	1,055,000	849,973	205,027
Equipment repairs	25,000	12,105	12,895	30,000	10,752	19,248
Equipment purchases	125,000	116,070	8,930	60,000	38,706	21,294
Construction, repair, and maintenance	700,000	243,990	456,010	800,000	627,212	172,788
Other	0	300	-300	0	400	-400
Transfers out	0	0	0	35,000	0	35,000
Total Disbursements	2,170,585	1,660,216	510,369	2,271,303	1,753,262	518,041
RECEIPTS OVER (UNDER) DISBURSEMENTS	103,615	479,547	375,932	12,197	607,808	595,611
CASH, JANUARY 1	1,035,037	1,035,037	0	427,229	427,229	0
CASH, DECEMBER 31	\$ 1,138,652	1,514,584	375,932	439,426	1,035,037	595,611

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

Exhibit D

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

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 170,213	207,298	37,085	144,084	171,149	27,065
Interest	5,000	5,484	484	2,000	7,400	5,400
Other	3,000	10,037	7,037	2,500	1,718	-782
Total Receipts	178,213	222,819	44,606	148,584	180,267	31,683
DISBURSEMENTS						
Assessor	261,700	257,013	4,687	248,740	219,514	29,226
Total Disbursements	261,700	257,013	4,687	248,740	219,514	29,226
RECEIPTS OVER (UNDER) DISBURSEMENTS	-83,487	-34,194	49,293	-100,156	-39,247	60,909
CASH, JANUARY 1	83,941	83,941	0	123,188	123,188	0
CASH, DECEMBER 31	\$ 454	49,747	49,293	23,032	83,941	60,909

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

Exhibit E

NODAWAY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 0	1,526	1,526	0	43	43
Charges for services	3,500	5,650	2,150	3,600	3,630	30
Total Receipts	3,500	7,176	3,676	3,600	3,673	73
DISBURSEMENTS						
Sheriff	6,500	2,792	3,708	6,500	3,958	2,542
Total Disbursements	6,500	2,792	3,708	6,500	3,958	2,542
RECEIPTS OVER (UNDER) DISBURSEMENTS	-3,000	4,384	7,384	-2,900	-285	2,615
CASH, JANUARY 1	3,271	3,271	0	3,556	3,556	0
CASH, DECEMBER 31	\$ 271	7,655	7,384	656	3,271	2,615

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

Exhibit F

NODAWAY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 2,000	1,443	-557	2,300	1,739	-561
Total Receipts	2,000	1,443	-557	2,300	1,739	-561
DISBURSEMENTS						
Prosecuting Attorney	2,000	544	1,456	2,750	1,803	947
Total Disbursements	2,000	544	1,456	2,750	1,803	947
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	899	899	-450	-64	386
CASH, JANUARY 1	432	432	0	496	496	0
CASH, DECEMBER 31	\$ 432	1,331	899	46	432	386

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

Exhibit G

NODAWAY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HEALTH CENTER FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 88,000	91,109	3,109	82,000	89,151	7,151
Intergovernmental	242,071	253,121	11,050	222,997	219,677	-3,320
Interest	8,000	12,548	4,548	8,000	11,554	3,554
Other	41,325	57,768	16,443	33,300	57,806	24,506
Total Receipts	379,396	414,546	35,150	346,297	378,188	31,891
DISBURSEMENTS						
Salaries	218,300	222,675	-4,375	195,240	191,887	3,353
Office expenditures	19,900	16,783	3,117	17,000	19,111	-2,111
Equipment	9,600	9,633	-33	5,000	135	4,865
Mileage and training	10,050	8,063	1,987	10,000	6,768	3,232
Other	142,110	141,760	350	126,489	117,517	8,972
Total Disbursements	399,960	398,914	1,046	353,729	335,418	18,311
RECEIPTS OVER (UNDER) DISBURSEMENTS	-20,564	15,632	36,196	-7,432	42,770	50,202
CASH, JANUARY 1	280,722	280,587	-135	237,917	237,817	-100
CASH, DECEMBER 31	\$ 260,158	296,219	36,061	230,485	280,587	50,102

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

Exhibit H

NODAWAY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER USER FEE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 9,000	7,466	-1,534	8,000	8,970	970
Interest	0	743	743	0	687	687
Total Receipts	9,000	8,209	-791	8,000	9,657	1,657
DISBURSEMENTS						
Recorder	16,100	10,145	5,955	7,100	7,595	-495
Total Disbursements	16,100	10,145	5,955	7,100	7,595	-495
RECEIPTS OVER (UNDER) DISBURSEMENTS	-7,100	-1,936	5,164	900	2,062	1,162
CASH, JANUARY 1	17,882	17,882	0	15,820	15,820	0
CASH, DECEMBER 31	\$ 10,782	15,946	5,164	16,720	17,882	1,162

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

Exhibit I

NODAWAY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 TAX INCENTIVE PAYMENT FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 0	10	10	30	23	-7
Total Receipts	0	10	10	30	23	-7
DISBURSEMENTS						
Prosecuting Attorney	500	0	500	500	0	500
Total Disbursements	500	0	500	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	-500	10	510	-470	23	493
CASH, JANUARY 1	2,662	2,662	0	2,639	2,639	0
CASH, DECEMBER 31	\$ 2,162	2,672	510	2,169	2,662	493

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

Exhibit J

NODAWAY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 NUCLEAR ACCIDENT EMERGENCY PREPAREDNESS FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 0	3,038	3,038	3,000	0	-3,000
Total Receipts	0	3,038	3,038	3,000	0	-3,000
DISBURSEMENTS						
Other	1,000	1,114	-114	2,235	1,257	978
Total Disbursements	1,000	1,114	-114	2,235	1,257	978
RECEIPTS OVER (UNDER) DISBURSEMENTS	-1,000	1,924	2,924	765	-1,257	-2,022
CASH, JANUARY 1	1,008	1,008	0	2,265	2,265	0
CASH, DECEMBER 31	\$ 8	2,932	2,924	3,030	1,008	-2,022

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

Exhibit K

NODAWAY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LOCAL EMERGENCY PLANNING COMMITTEE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 0	3,344	3,344	3,000	0	-3,000
Total Receipts	0	3,344	3,344	3,000	0	-3,000
DISBURSEMENTS						
Other	2,500	2,283	217	3,783	1,266	2,517
Total Disbursements	2,500	2,283	217	3,783	1,266	2,517
RECEIPTS OVER (UNDER) DISBURSEMENTS	-2,500	1,061	3,561	-783	-1,266	-483
CASH, JANUARY 1	2,517	2,517	0	3,783	3,783	0
CASH, DECEMBER 31	\$ 17	3,578	3,561	3,000	2,517	-483

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

Exhibit L

NODAWAY COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT DIVISION INTEREST FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 3,500	4,878	1,378	1,500	3,926	2,426
Total Receipts	3,500	4,878	1,378	1,500	3,926	2,426
DISBURSEMENTS						
Circuit Clerk	1,500	1,682	-182	1,000	685	315
Total Disbursements	1,500	1,682	-182	1,000	685	315
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,000	3,196	1,196	500	3,241	2,741
CASH, JANUARY 1	8,145	8,145	0	4,904	4,904	0
CASH, DECEMBER 31	\$ 10,145	11,341	1,196	5,404	8,145	2,741

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

Exhibit M

NODAWAY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 911 FUND

		Year Ended December 31,		
		1998		
		Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS				
Phone taxes	\$	84,000	74,281	-9,719
Interest		0	1,118	1,118
Transfers in		45,000	0	-45,000
Total Receipts		129,000	75,399	-53,601
DISBURSEMENTS				
Personnel		47,404	0	47,404
Contract services		38,400	34,000	4,400
Signs		44,000	12,692	31,308
Total Disbursements		129,804	46,692	83,112
RECEIPTS OVER (UNDER) DISBURSEMENTS		-804	28,707	29,511
CASH, JANUARY 1		2,418	2,418	0
CASH, DECEMBER 31	\$	1,614	31,125	29,511

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

Exhibit N

NODAWAY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF CRIME COST FUND

	Year Ended December 31,		
	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 7,700	19,069	11,369
Total Receipts	7,700	19,069	11,369
DISBURSEMENTS			
Equipment	7,000	6,775	225
Total Disbursements	7,000	6,775	225
RECEIPTS OVER (UNDER) DISBURSEMENTS	700	12,294	11,594
CASH, JANUARY 1	5,281	5,281	0
CASH, DECEMBER 31	\$ 5,981	17,575	11,594

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

Exhibit O

NODAWAY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SENATE BILL 40 FUND

	Year Ended December 31,		
	1998		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Property taxes	\$ 85,241	91,070	5,829
Interest	0	748	748
Total Receipts	85,241	91,818	6,577
DISBURSEMENTS			
Funding for services	68,192	77,081	-8,889
Individual requests	8,524	4,886	3,638
Office expenditures	0	32	-32
Other	0	570	-570
Total Disbursements	76,716	82,569	-5,853
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,525	9,249	724
CASH, JANUARY 1	21,882	21,567	-315
CASH, DECEMBER 31	\$ 30,407	30,816	409

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

Exhibit P

NODAWAY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 FLOOD FUND

				Year Ended December 31,		
				1997		
				Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$	125,000		298,062		173,062
Interest		1,000		4,441		3,441
Total Receipts		<u>126,000</u>		<u>302,503</u>		<u>176,503</u>
DISBURSEMENTS						
Other		10,000		60,200		-50,200
Transfers out		125,000		255,832		-130,832
Total Disbursements		<u>135,000</u>		<u>316,032</u>		<u>-181,032</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS		-9,000		-13,529		-4,529
CASH, JANUARY 1		13,529		13,529		0
CASH, DECEMBER 31	\$	<u>4,529</u>		<u>0</u>		<u>-4,529</u>

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

Notes to the Financial Statements

NODAWAY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Nodaway 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, the Health Center Board, or the Senate Bill 40 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 generally accepted accounting principles, which 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 1994 and RSMo Cumulative Supp. 1998, 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 formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Adult Abuse Fund	1998 and 1997
Associate Division Interest Fund	1998 and 1997
Law Library Fund	1998 and 1997
Probate Division Interest Fund	1998 and 1997
911 Fund	1997
Senate Bill 40 Fund	1997
Sheriff Crime Cost Fund	1997
Use Tax Fund	1997

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Division Interest Fund	1998
Nuclear Accident Emergency Preparedness Fund	1998
Senate Bill 40 Fund	1998
Flood Fund	1997
Recorder User Fee Fund	1997

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, 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 statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Adult Abuse Fund	1998 and 1997
Associate Division Interest Fund	1998 and 1997
Circuit Division Interest Fund	1998 and 1997
Law Library Fund	1998 and 1997
Probate Division Interest Fund	1998 and 1997
Recorder User Fee Fund	1998 and 1997
Sheriff Crime Cost Fund	1998 and 1997
Senate Bill 40 Fund	1998 and 1997
Tax Incentive Payment Fund	1998 and 1997
Flood Fund	1997
Health Center Fund	1997
911 Fund	1997
Nuclear Accident Emergency Preparedness Fund	1997
Use Tax Fund	1997

2. Cash

Section 110.270, RSMo 1994, 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 Cumulative Supp. 1998, effective August 28, 1997, requires political subdivisions with existing authority to invest in instruments other than depository 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 financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 1998, \$1,590,563 was covered by federal depositary insurance and \$2,542,130 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

Of the county's bank balance at December 31, 1997, \$1,486,346 was covered by federal depositary insurance and \$2,177,424 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

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

To protect the safety of county deposits, Section 110.020, RSMo 1994, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

The Health Center Board's deposits at December 31, 1998 and 1997, were entirely covered by federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name.

The Senate Bill 40 Board's deposits at December 31, 1998 and 1997, were entirely covered by federal depositary insurance.

3. Use Tax Liability

The local use tax under Section 144.748, RSMo 1994, was struck down in its entirety by the Missouri Supreme Court in *Associated Industries of Missouri v. Director of Revenue*, 918 S.W.2d 780 (Mo. banc 1996). In *St. Charles County v. Director of Revenue*, 961 S.W.2d 44 (Mo. banc 1998), the Missouri Supreme Court ruled that local use taxes paid prior to the repeal of Section 144.748, RSMo 1994, must be refunded to taxpayers and authorized the Department of Revenue (DOR) to withhold amounts otherwise due to political subdivisions to the extent such withholding is necessary to cover the refund expense. On March 24, 1998, the Cole County Circuit Court entered final judgment in accordance with the Supreme Court's opinion and ordered the DOR to process refund claims filed.

The county has received \$252,360 in local use tax since its inception. The DOR has estimated the county's share of the total refund liability to be \$120,964. As of December 31, 1998, \$45,364 remains to be paid.

Supplementary Schedule

Schedule

NODAWAY 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,	
			1998	1997
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.6	Special Supplemental Nutrition Program for Women, Infants, and Children			
		ERO045-7174	\$ 0	30,298
		ERO045-8174	26,935	10,041
		ERO045-9174	10,050	0
	Program Total		<u>36,985</u>	<u>40,339</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.7	Public Safety Partnership and Community Policing ("Cops") Grants	MO07400U	18,988	5,488
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission -				
20.2	Off-System Bridge Replacement and Rehabilitation Program			
		BRO-074(19)	176,562	186,045
		BRO-074(23)	0	461,308
		BRO-074(29)	36,940	0
		BRO-074(30)	36,854	0
	Program Total		<u>250,356</u>	<u>647,353</u>
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.0	Donation of Federal Surplus Personal Property	N/A	2,563	1,148
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.5	Emergency Management - State and Local Assistance	N/A	0	1,350
83.5	Public Assistance Grants	FEMA-1054-DR-MO	0	6,200
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
93.3	Department of Health - Immunization Grants	PGO064-7174IAP	0	13,075

		PGO064-8174IAP	13,490	0
	Program Total		<u>13,490</u>	<u>13,075</u>
	Department of Social Services -			
93.6	Emergency Community Services for the Homeless	HCP-48	5,911	5,911
93.7	Community Services Grant	ERO172001	2,140	3,573
93.7	Intensive Probation Grant	ERO172022	18,692	2,193
93.7	Parent Education Grant	ERO172095	2,200	990
	Program Total		<u>23,032</u>	<u>6,756</u>
::	Department of Health -			
94.0	Preventive Health and Health Services Block Grant	AOC9000170	5,433	0
94.0	Maternal and Child Health Services Block Grant to the States	ERO146-7174MCH	0	15,895
		ERO146-8174MCH	19,193	3,367
		ERO146-9174MCH	6,092	0
	Program Total		<u>25,285</u>	<u>19,262</u>
94.0	Comprehensive Family Planning	ERO175-7174FP	0	2,443
		ERO175-8174FP	3,623	2,105
	Program Total		<u>3,623</u>	<u>4,548</u>
	Total Expenditures of Federal Awards		<u>\$ 385,666</u>	<u>751,430</u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Supplementary Schedule

NODAWAY 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 Nodaway 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 Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$5,911 and \$5,911 to a subrecipient under Emergency Community Services for the Homeless (CFDA number 93.569) during the years ended December 31, 1998 and 1997.

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 Nodaway County, Missouri

Compliance

We have audited the compliance of Nodaway 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 its major federal program for the years ended December 31, 1998 and 1997. The county's major federal program is 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 its major federal program 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 generally accepted auditing standards; 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.

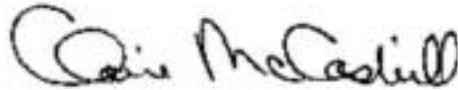
In our opinion, Nodaway County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 1998 and 1997.

Internal Control Over Compliance

The management of Nodaway 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 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 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 of the management of Nodaway County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

April 21, 1999 (fieldwork completion date)

Schedule

NODAWAY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 1998 AND 1997

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 x no

Reportable condition identified that is not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major program

Material weakness identified? yes x no

Reportable condition identified that is not considered to be a material weakness? yes x none reported

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

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

Identification of major program:

CFDA or Other Identifying <u>Number</u>	<u>Program Title</u>
20.205	Off -System Bridge Replacement and Rehabilitation Program

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*

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

Our prior audit report issued for the three years ended December 31, 1996, 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

NODAWAY 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.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

4. Federal Financial Assistance

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	83.516
Program Title:	Disaster Assistance
Pass-Through Entity	
Identifying Numbers:	FEMA-995-DR-MO and FEMA-1054-DR-MO
Award Years:	1996, 1995, and 1994
Questioned Costs:	Unknown

During the three years ended December 31, 1996, the county received approximately \$2.7 million in federal funds from a disaster assistance grant passed through the state Department of Public Safety. The majority of these funds was received prior to when the related costs were incurred and the monies were invested by the county. Interest earnings totaling approximately \$57,500 were retained by the county.

Recommendation:

The County Commission establish procedures to identify interest earned on the advance of federal monies received and contact the appropriate grantor agencies to resolve the questioned costs.

Status:

We contacted the Department of Public Safety (DPS) which indicated we were required to remit any interest earned on advances to the federal agency. We complied by remitting

\$54,000 to the applicable federal agency. In addition, the DPS indicated that any future interest earned on advances by Nodaway County was to be remitted to the federal agency "promptly, but at least quarterly."

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Current Findings

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

We have audited the special-purpose financial statements of various funds of Nodaway County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated April 21, 1999. We also have audited the compliance of Nodaway 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 its major federal program for the years ended December 31, 1998 and 1997, and have issued our report thereon dated April 21, 1999.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Nodaway County Public Housing Authority Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and the substantiating working papers for the year ended December 31, 1997.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials and the county boards referred to above. In addition, this report includes

findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audits of the special-purpose financial statements of Nodaway County and of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance 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*.

1. Published Financial Statements
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The annual published financial statements of the county did not include the financial activity of some county funds and did not include all required information for other county funds. In addition, no information was included regarding the Senate Bill 40 Board Fund. Section 50.800, RSMo 1994, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds.

For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.

This condition was noted in our prior report.

WE RECOMMEND the County Commission ensure financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

We will make an attempt to obtain the necessary information concerning these funds for inclusion in the annual published financial statements.

2. Personnel Policies and Procedures

A. The county personnel manual currently provides that full-time employees, except in the Sheriff's Department, work 35 hours per week and compensatory time cannot be earned unless actual hours worked exceed 40 hours. It is not clear whether employees are currently entitled to compensatory time for working their lunch hours or other additional hours between 35 and 40 hours per week. Clear, written policies detailing the employee's work week and the requirements for earning compensatory time are necessary to ensure employees are properly compensated and treated fairly.

- B. Each official is responsible for maintaining leave and compensatory time records for their employees. The County Clerk does not maintain records of vacation leave, sick leave, and compensatory time earned or subsequently taken by county employees. Based on records provided by various officeholders, we noted one employee who appears to have used sick leave in excess of hours accrued during the year ended December 31, 1997. In addition, we noted an employee with a balance of 24 days of vacation time available at December 31, 1998, which exceeds the 20 day maximum accrual as stated in the personnel policy.

Without centralized records, the County Commission cannot ensure that employees' vacation leave, sick leave, and compensatory time balances are accurate and excessive leave time is not used. Centralized leave records also aid in determining final compensation for employees leaving county employment. In addition, such records will better document compliance with the Fair Labor Standards Act.

- C. Personnel files do not always include current signed authorizations for payroll deductions. Internal Revenue Service regulations require that employees requesting advance earned income credit (EIC) payments complete a W-5 form annually or whenever their status changes. We noted one employee receiving advance EIC payments had not completed a W-5 form since 1995. In addition, we noted employee credit union payroll deductions were not supported by signed employee authorizations. Without such information in the files, there is less assurance that payroll deductions and payments to employees are properly authorized.
- D. The county's personnel policy requires employee time sheets be reviewed and approved by each employee's supervisor. During a review of time sheets, we noted instances where time sheets were not signed by the appropriate supervisor. Proper controls over payroll require time sheets be signed by supervisors indicating their approval and to provide evidence that the appropriate salary is paid each month.
- E. We noted inconsistencies in holiday pay for part-time employees. The personnel policy states that part-time employees receive holiday pay in proportion to the hours per week normally worked; however, we noted some part-time employees receive a full day of holiday pay while other employees receive only a proportionate amount of holiday pay. Adherence to the county's established policy is necessary to ensure proper compensation and equitable treatment among employees.

The County Commission needs to re-evaluate certain aspects of its personnel policies to ensure clarity. In addition, if inconsistent application of policies or instances of noncompliance with established policies are identified, timely action should be taken to determine the cause and rectify the problems. Improved oversight of the payroll process is necessary and could be better accomplished, at least in part, by requiring the County Clerk to maintain centralized records of leave and compensatory time.

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

WE RECOMMEND the County Commission:

- A. Develop written policies that provide clear guidance as to when compensatory time can be earned.
- B. Require the County Clerk maintain centralized records of vacation leave, sick leave and compensatory time earned, taken, and paid for all county employees.
- C. Maintain complete personnel files for each county employee, including current authorizations for payroll deductions and payments.
- D. Ensure employee time sheets are signed by applicable supervisors indicating their approval.
- E. Ensure part-time employees are compensated for holiday pay in accordance with county policy.

AUDITEE'S RESPONSE

- A. *We will address this issue in the next calendar year.*
- B. *We will attempt to centralize records for leave with the cooperation of all officeholders.*
- C&D. *These recommendations have been implemented.*
- E. *We will monitor the situation and with the cooperation of all officeholders, ensure county policy is followed.*

3. General Fixed Asset Records and Procedures
--

The County Clerk maintains a computerized listing of general fixed assets held by county officials. Our review of these records and related procedures indicate improvements are needed to ensure the general fixed asset records are complete.

Additions and dispositions of fixed assets are generally recorded annually when the physical inventory is performed. Although the County Clerk conducts an annual inventory of general fixed assets, inventory procedures consist of providing various offices with the previous year's general fixed asset list and relying on those offices to provide applicable additions and deletions information. The County Clerk does not reconcile general fixed asset purchases to additions to the general fixed asset inventory in order to verify changes to the records. In addition, formal disposition approval and documentation procedures are not in place.

These problems have resulted in general fixed asset records which are not complete and accurate. We noted approximately \$224,400 in equipment purchased, land acquired, and capital improvements made during the audit period that were not recorded on the fixed asset listing. Among the equipment purchased and not recorded on the fixed asset listing was a vehicle (federal surplus property) purchased from the State Agency for Surplus Property. We also noted several instances where information such as model, serial number, date of purchase, and/or cost were not recorded on the listing.

Recording additions as they occur would allow for a more complete and up-to-date records and would allow the physical inventory to be used as a check against the fixed asset records. Written authorization for the disposal of property is necessary to lessen the possibility of misuse and to provide adequate support for changes to the general fixed asset records. Adequate general fixed asset records and procedures are necessary to meet statutory requirements, secure better internal control over county assets, and provide a basis for determining proper insurance coverage.

WE RECOMMEND the County Clerk establish procedures to ensure fixed asset purchases and dispositions are properly recorded on the general fixed asset records as they occur, periodically reconcile asset purchases to the fixed asset records additions, work with the County Commission to establish a formal method of disposing of general fixed assets, and ensure the fixed asset records provide a detailed description of each item.

AUDITEE'S RESPONSE

We will attempt to maintain fixed asset records on a more current basis and establish procedures to properly handle additions and dispositions.

4. Public Administrator Controls and Procedures
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The Public Administrator acts as the court appointed personal representative for wards of the Associate Circuit Division (Probate Court) and is responsible for receiving, disbursing, and accounting for the assets of those individuals. During the two years ended December 31, 1998, the Public Administrator had responsibilities for approximately thirty wards. Of these wards four had assets exceeding approximately \$50,000 (larger estates); whereas, the assets of other wards ranged from approximately \$650 to \$30,000 (smaller estates).

A. The Public Administrator maintains records of tasks performed and the related hours worked, mileage driven, and other costs incurred (i.e., telephone calls) for each of her wards. As compensation for these services the Public Administrator receives fees paid from each ward's estate.

The Public Administrator receives fees from estates each year upon approval of the Associate Circuit Judge. The Public Administrator charges \$20 per hour on most cases; however, larger estates were charged a fee based on a percentage, ranging from

2 to 4 percent, applied to the value of the estate assets. For 1998 and 1997 fees, we compared fees actually taken for larger estates on the percentage basis to the estimated fee amount using the hourly rate method (calculated by extending hours worked according to the Public Administrator's records by the \$20 per hour rate). This comparison showed that fees were significantly more using the percentage rather than hourly basis. For example, fees actually taken on a percentage basis from one of the larger estates totaled approximately \$12,260 during the two years ended December 31, 1998, whereas fees calculated on an hourly basis would have been approximately \$4,095. For the other larger estates there were also significant differences between percentage basis fees and hourly basis fees. A review of fees charged to smaller estates revealed that in most cases the fees charged would have been significantly lower had a percentage basis rather than an hourly basis been utilized. For the larger estates we also noted the percentages applied varied among estates and between years for the same estate.

The Associate Circuit Judge does not determine the fee method or percentages to be used, but does approve fees taken by the Public Administrator.

To ensure all estates are treated equitably the Public Administrator should work with the Associate Circuit Judge to develop a fee policy. If the current practice is continued, criteria should be established for determining which method (percentage or hourly) should be used as a basis for fees when cases are assigned to the Public Administrator and the policy should address the allowable rate per hour and percentages considered appropriate.

- B. During our review of one estate's annual settlements for the periods ending April 3, 1997 and 1998, we noted the value of assets reported on the annual settlement prepared by the estate's attorney was approximately \$50,000 less than the value of the assets reported on the Public Administrator's annual report and request for compensation. It appears the value of the estate's assets indicated on the annual settlement has not been updated since the case was opened in 1995.

Settlements filed by the Public Administrator should provide complete and accurate reports of the applicable estate's assets.

- C. The Public Administrator maintains an office, case files, and records in her home which is located approximately ten miles northwest of Maryville. Mileage, travel time, and toll calls incurred in performing various tasks (such as visits, banking, and shopping) are charged to wards living in Maryville. The County Commission has made office space available to the Public Administrator in the Courthouse Annex for three days per week; however, this space is also used two days each week by other offices. The Public Administrator believes this office space does not provide the privacy or security necessary for case records.

The County Commission should work with the Public Administrator to evaluate added costs assessed to wards as a result of the current working arrangement and continue to pursue the possibility of providing the Public Administrator with a permanent and secure office location in the courthouse or annex.

WE RECOMMEND:

- A. The Public Administrator and Associate Circuit Judge establish fee guidelines that will ensure all estates are charged fees in an equitable manner.
- B. The Public Administrator ensure accurate values of estate assets are presented on annual settlements.
- C. The County Commission work with the Public Administrator to evaluate the costs to wards associated with the current working arrangement and the potential benefits of providing suitable office space.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

- A. *I will present a percentage chart to the Associate Judge and will try to come up with something fair and suitable.*
- B. *This recommendation has been implemented.*
- C. *I have been trying for over six years to accomplish this.*

The Associate Circuit Judge provided the following response:

- A. *I plan to issue a Probate advisory relating to compensation of guardians, conservators, and attorneys. Although some revision may be necessary, it will be fairly close to the following:*

Section 475.265, RSMo, provides that guardians and conservators shall be allowed compensation "as the court shall deem just and reasonable." The same section also authorizes "reasonable attorney fees if the employment of an attorney. . . is necessary." What is just and reasonable under the circumstances will vary widely from case to case. However, this court will give the following information for some guidance.

1. Attorneys

- A. *Compensation will be allowed on a timely basis at the attorney's hourly charge, but not to exceed \$150 per hour.*
- B. *Applications should be documented itemizing the dates, nature of the service and time incurred. If the guardian/conservator joins in the application, the application will ordinarily be granted without a hearing.*

C. *In lieu of submitting an itemized application for services in commencing an uncontested guardianship/conservatorship, including preparing the application, hearing and inventory a flat fee of \$350 will ordinarily be allowed.*

2. Guardians

Guardians will ordinarily be compensated on a per hour basis. An hourly charge not exceeding \$20 will ordinarily be considered as reasonable. Services rendered by the guardians should not duplicate those provided by institutions when the ward is in an institution, nor should charge be made for those services typically rendered by family members if the ward is a member of the guardian's family.

3. Conservators

- A. *Conservators may be compensated on an hourly basis the same as guardians.*
- B. *As an alternative to compensation on an hourly basis the conservator may apply for compensation based on the size of the estate. Annual compensation for the conservator may be calculated by applying the statutory schedule for personal representatives (Section 473.153, RSMo) to the income for the year or to expenditures for the year, whichever is greater.*

The County Commission provided the following response:

- C. *We will consider this recommendation; however, we believe the working space currently provided is suitable and could be utilized to reduce these added costs.*

5. Associate Division's Accounting Controls and Procedures

The Associate Division processes receipts for civil cases, criminal cases, traffic tickets, and bonds. We noted the following concerns regarding Associate Division operations:

- A. Disbursements to the state, county, and other applicable parties for fees collected are untimely. For the two years ended December 31, 1998, we noted time lags between the month the fees were received and the date they were distributed frequently exceeded one month. In late 1998 and early 1999 the time lags increased and some monies had not been disbursed for two to four months after the month of receipt.

County officials have indicated that the time lag problem has increased even more during 1999.

State law requires that all fees collected by the Associate Clerk for court cases be distributed monthly to the state and county treasurer.

- B. Monthly listings of open items (liabilities) and formal bank reconciliations are not prepared on a timely basis for the Associate Division bank account.

To ensure proper accountability over open cases and ensure monies held in trust by the court are sufficient to meet liabilities, monthly listings of open items should be prepared by the court and reconciled to the reconciled cash balance. In addition, failure to prepare formal bank reconciliations on a timely basis increases the risk that errors or irregularities will not be detected. Any discrepancies found should be investigated and resolved on a timely basis.

WE RECOMMEND the Associate Division:

- A. Distribute fees on a monthly basis.
- B. Prepare a listing of open items and bank reconciliation on a monthly basis, and ensure the total open items reconciles to the cash balance.

AUDITEE'S RESPONSE

The Associate Circuit Judge provided the following response:

Regarding the above matter, the Associate Division of the Nodaway County Circuit Court shares your concerns. Employees of the office have been informed that the situation is not tolerable. The clerk who previously had accounting responsibilities for the office (reconciling the bank account and open items, making monthly reports, and the monthly disbursements) retired in late 1996, resulting in a reassignment of those responsibilities.

A number of factors, including inexperience and unfamiliarity with accounting procedures, increasing case load, the press of other office matters, and difficulty with reconciling open items, have contributed to the present state of delinquent reporting and disbursement. Last week (August 18, 1999) the February 1999 report was completed and money disbursed. I am informed that we are close to completing the March report and disbursement.

This is to advise that the following remedies are being utilized:

- 1. *Accounting personnel at the Office of State Courts Administrator (OSCA) have been contacted and help requested. An accounting representative from OSCA is to be on-site the week of September 13, 1999, to:*
 - A. *Help us complete delinquent reports so as to bring us current in reporting and disbursement.*
 - B. *Help us move to an automated system (Excel) to track and account for open items each month.*
 - C. *Help personnel to understand and use appropriate accounting principles.*

2. *The Associate Division of this Court did, on August 11, 1999, sign a one year agreement, effective October 1, 1999, to utilize the Fine Collection Center program. This started as a pilot program in Boone and Callaway counties on July 1, 1999. This office processes between 3,600 - 4,000 traffic tickets per year. Accounting wise, this accounts for about 300 receipts each month. Preliminary statistics show that about 70 percent of the tickets written are being processed through the Fine Collection Center, rather than the local court offices. If these figures hold true for Nodaway County, it will obviously reduce our accounting workload. Of course, payment to the Fine Collection Center will be disbursed back to the county as required by law. We are hopeful this will somewhat ease the accounting burden.*

6. Sheriff's Accounting Controls and Procedures
--

The Sheriff's Department maintains a bank account for both general receipts and for board of prisoner receipts. Our review noted the following concerns:

- A. Receipts pertaining to both the general and board of prisoners accounts were not deposited on a timely basis. Bank deposits are made approximately three to four times a month into both bank accounts. We reviewed deposits for one month each year during the audit period for each account and noted that deposits averaged approximately \$2,600 and \$1,000 for the general account and the board of prisoner account, respectively.

To adequately safeguard monies and reduce the risk of loss or misuse of funds, deposits should be made daily or when accumulated receipts exceed \$100.

A similar condition was noted in the prior report.

- B. Accounting duties are not adequately segregated. Currently, the responsibilities of collecting, recording, and depositing receipts, performing month-end reconciliations, and preparing and signing checks are assigned to one employee. There is no documented independent review of the accounting records and reconciliations.

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. If proper segregation cannot be achieved, due to limited staff available, the Sheriff should at least compare bank deposits with recorded receipts. Proper supervision by the Sheriff and documented reviews help ensure that financial records are properly maintained and help detect errors on a timely basis.

WE RECOMMEND the Sheriff:

- A. Require monies be deposited daily or when accumulated receipts exceed \$100.

- B. Adequately segregate the record keeping duties or perform and document periodic reviews of the accounting records.

AUDITEE'S RESPONSE

- A. *We will attempt to follow this recommendation. If significant monies are collected, a deposit will be made. Small amounts of money may be held over if time will not permit a deposit to be made. In any case, if monies are kept on hand they will be adequately secured and locked in a vault.*
- B. *Accounting records will be reviewed and I will initial the records to document my review.*

7. Assessor's Controls and Procedures
--

The Assessor's office collects monies for maps and photocopies. Our review of the Assessor's controls and procedures revealed the following concerns:

- A. The Assessor does not transmit receipts to the County Treasurer intact. Some cash receipts are retained for use as a change fund and as petty cash for expenditures of the office; however, the change/petty cash fund is not maintained at a constant amount and no documentation of expenditures is retained. Transmitting receipts to the County Treasurer intact is necessary to ensure proper recording and accountability of receipts. If a change/petty cash fund is determined to be necessary, it should be maintained at a constant amount. In addition, a log of petty cash transactions including receipts for expenditures should be maintained.
- B. Checks and money orders received are not restrictively endorsed immediately upon receipt. We noted endorsements were applied at the time receipts were turned over to the County Treasurer. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- C. The Assessor does not file monthly reports of fees with the County Commission. Section 50.370, RSMo 1994, requires county officials to prepare and file with the County Commission monthly reports of fees collected.

WE RECOMMEND the Assessor:

- A. Transmit all monies received to the County Treasurer intact. The composition of checks and cash received should be reconciled to the composition of amounts turned over to the County Treasurer. In addition, if a change/petty cash fund is needed it should be maintained at a constant amount and documentation to support expenditures retained.
- B. Restrictively endorse all checks and money orders immediately upon receipt.

- C. File monthly reports of fees in accordance with state law.

AUDITEE'S RESPONSE

We will attempt to comply with all the recommendations noted above.

8. County Clerk's Controls and Procedures
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The County Clerk's office collects monies for clerk fees, plat books, notary fees, liquor licenses, auctioneer licenses, voter registration lists, and maps. Our review of the County Clerk's controls and procedures revealed the following concerns:

- A. Prenumbered receipt slips are not issued for some monies received in the County Clerk's office. To account for monies received, prenumbered receipt slips should be issued for all monies received. Issuing prenumbered receipt slips is necessary to ensure proper recording of receipts.
- B. The County Clerk files monthly reports of fees with the County Commission; however only notary fees and clerk fees received from the Ex-Officio Collector are listed on these reports. Other monies received by the County Clerk are not included on the monthly reports. To give an accurate representation of fees collected by the County Clerk's office, all fees should be included on the monthly report of fees collected.

WE RECOMMEND the County Clerk:

- A. Issue receipt slips for all monies received.
- B. Include all monies received on the monthly reports of fees collected.

AUDITEE'S RESPONSE

- A. *If monies are received in my office and the County Treasurer is available these monies will be immediately turned over to that office and a receipt slip obtained. If the County Treasurer is not available a receipt slip will be issued by my office.*
- B. *All monies receipted by my office will be included on the monthly report.*

The Senate Bill (SB) 40 Board receives approximately \$90,000 in property taxes annually. Most expenditures made by the SB 40 Board are to a local sheltered workshop. Our review of the SB 40 Board's financial reporting procedures noted the following concerns:

- A. Actual expenditures exceeded budgeted amounts for the for the year ended December 31, 1998 by \$5,853. It was ruled in State ex rel. Strong V. Cribb 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget 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. In addition, Section 50.622, RSMo Cumulative Supp. 1998, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.
- B. The SB 40 Board's budgets are not complete. The budgets do not include a comparative statement of actual receipts and disbursements for the two previously completed fiscal years, and the beginning and ending cash balance information provided was inaccurate or not provided. In addition, the SB 40 Board did not perform a reconciliation of prior year's beginning cash, receipts, and disbursements to the ending cash balance.

Amounts for the two previous years provide comparative information to help evaluate the reasonableness of the budget estimates for the upcoming year and the preparation of the cash reconciliation would help ensure the accuracy of cash balance information presented. In addition, Chapter 50, RSMo 1994, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year.

WE RECOMMEND the Senate Bill 40 Board:

- A. Ensure the annual budget includes reasonable estimates of expenditures and keep expenditures within budgetary limits. Extenuating circumstances should be fully documented and budgets properly revised.
- B. Ensure budgets are complete and accurate.

AUDITEE'S RESPONSE

The Senate Bill 40 Board President provided the following responses:

- A. *We are currently monitoring the budget more closely and will amend the budget if necessary.*
- B. *This recommendation will be implemented.*

This report is intended for the information of the management of Nodaway County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

NODAWAY 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 Nodaway County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended December 31, 1996. Finding number 4 is omitted since the related follow-up appears in an earlier section of this report. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

1. County Expenditures and Contracts

- A. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases.
- B. The road and bridge supervisor used a county truck for commuting to and from work. The county did not report the commuting mileage on the employee's W-2.
- C. The county disbursed approximately \$30,000 to various not-for-profit organizations. There was not adequate documentation to support the particular goods or services provided to the county or to clearly show that public funds were expended for public purposes within the scope of its authority.
- D. The county did not always update or renew contracts on a timely basis.
- E. The county did not receive approximately \$2,900 in juvenile officers' salary reimbursement from Worth County for the month of December 1996.

Recommendation:

The County Commission:

- A. Solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the County Clerk should retain documentation of these circumstances.
- B. Comply with IRS guidelines for reporting fringe benefits relating to county-provided vehicles.
- C. Refrain from making contributions of public funds. If the County Commission desires to purchase specific goods or services, it should ensure such monies are spent for county-provided services and enter into written contracts which specifically state services to be provided to the county and provide a means of monitoring the expenditures.

- D. Maintain current, written contracts with all entities with which the county does business.
- E. Review and follow up on juvenile salary reimbursements. In addition, request the December 1996 salary reimbursement from Worth County.

Status

- A, C,
& E. Implemented.
- B. Partially implemented. The road and bridge supervisor did submit a report of personal miles driven in the county vehicle; however, this fringe benefit was not reported by the county on his W-2. Although not repeated in our current MAR, our recommendation remains as stated above.
- D. Partially implemented. The county farm lease arrangement was rebid in 1999 and a current, written contract was obtained. A current contract has not been obtained with the Nodaway County Economic Development Council (NCEDC); however, the NCEDC submits annual proposals to the county documenting its funding request. The County Commission approves these requests during the budget preparation process, and monitors the NCEDC's use of these funds to ensure compliance with the approved proposal. Although not repeated in our current MAR, our recommendation remains as stated above.

2. Budgetary and Reporting Practices

- A. Actual expenditures exceeded approved budgeted expenditures for some funds.
- B. Formal budgets were not prepared for various county funds. Additionally, budgets were prepared for some funds, but were not filed with the State Auditor's office.
- C. Actual beginning and ending cash balances were not always accurately reflected on county budgets and the cash reconciliation portion of the budget was not completed for various funds.
- D. The annual published financial statements of the county did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. Not authorize warrants in excess of budgeted expenditures.
- B. Ensure budgets are obtained or prepared for all county funds and filed with the State Auditor's office.
- C. Prepare more complete and accurate budgets.

- D. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status

A&B. Partially implemented. Although some funds were overspent, not budgeted, or not filed with the State Auditor's office, we noted improvements in these areas. Although not repeated in our current MAR, our recommendations remain as stated above.

C. Implemented.

D. Not implemented. See MAR No. 1.

3. Personnel Policies and Procedures

A. The county had not established a formal written leave policy for all county employees.

B. County employees were required to prepare and submit time sheets to the County Clerk; however, the County Clerk's office did not maintain records of vacation leave, sick leave, and compensatory time earned or subsequently taken.

Recommendation:

The County Commission:

A. Establish a formal comprehensive written policy regarding vacation, sick leave, and compensatory time for all employees.

B. Require the County Clerk maintain centralized records of vacation leave, sick leave and compensatory time earned, taken, and paid for all county employees.

Status

A. Partially implemented. The county has revised the personnel manual to include a leave policy; however, the policy still does not address all issues related to compensatory time. See MAR No. 2.

B. Not implemented. See MAR No. 2.

5. Cemetery Funds

A. Annual reports were not filed with the County Commission by some cemetery boards. In addition, annual reports were not filed by the County Commission with the Circuit Court showing in detail the manner in which said trust funds had been managed.

- B. A record of receipts and disbursements of each trust fund and a detailed account of the management of the same were not maintained by the County Clerk.

Recommendation:

The County Commission:

- A. Require each cemetery board to file an annual report with the Commission. In addition, the County Commission should file an annual report with the Circuit Court detailing the management of each nonexpendable cemetery trust fund.
- B. Require the County Clerk to maintain a record of the receipts and disbursements of cemetery funds.

Status

A&B. Not implemented. Although not repeated in our current MAR, our recommendations remain as stated above.

6. Recorder of Deeds' Procedures

Receipts were not deposited intact. Cash refunds were made without adequate documentation.

Recommendation:

The Recorder of Deeds deposit all monies intact. In addition, all refunds should be made by check or documentation should be maintained to properly support all noncheck disbursements.

Status

Partially implemented. While the Recorder of Deeds has begun documenting most cash refunds, we noted some instances where cash refunds were not documented. Although not repeated in our current MAR, our recommendation remains as stated above.

7. Sheriff's Procedures

- A. Monthly statements for prisoner board bills prepared by the Sheriff's office stated payments were to be made to the Nodaway County Sheriff, who then remitted the applicable monies monthly to the county.
- B. Receipts pertaining to both the general and board of prisoners accounts were not deposited on a timely basis.

Recommendation:

The Sheriff:

- A. Ensure billing statements stipulate that payments be made directly to the County Treasurer. The Sheriff should compare copies of the County Treasurer's receipts to the board billings on a regular basis.
- B. Require monies be deposited daily or when accumulated receipts exceed \$100.

Status

- A. Not implemented. Although not repeated in our current MAR, our recommendation remains as stated above.
- B. Not implemented. See MAR No. 6.

8. Health Center

- A. The Board of Trustees approved expenditures totaling \$46,551 in excess of budgeted amounts for the year ended December 31, 1996.
- B. Vacation and sick leave records were not always accurate. Errors in recording leave and computing leave balances resulted in an apparent \$211 overpayment to a former employee.
- C. The board obtained an 800 telephone number. A board member was a representative for one of the companies contacted. Board minutes indicated the service was bid; however, the minutes provide no details on the bids or this board member's involvement.

Recommendation:

The Health Center Board of Trustees:

- A. Not authorize expenditures in excess of budgeted expenditures.
- B. Ensure accurate vacation and sick leave records are maintained and periodically reviewed for accuracy. Consider contacting the former employee regarding the overpayment of the \$211.
- C. Examine transactions closely to identify and avoid apparent and actual conflicts of interest. Board members who have a conflict of interest should fully disclose their interests and abstain from voting on matters which involve them personally. Such matters and transactions should be completely documented so that the public has assurance that no board member has profited improperly. In addition, the health center should consider establishing a formal conflict of interest and financial disclosure policy.

Status

A&C. Implemented.

B. Partially implemented. Improvements in the records were noted; however, no effort was made to recoup the \$211 overpayment.

9. Associate Circuit and Probate Divisions' Accounting Controls

The duties of receiving, recording, and distributing receipts were not adequately segregated.

Recommendation:

The Associate Division Judge ensure the duties of receiving, recording, and distributing receipts are adequately segregated. If duties cannot be adequately segregated, a supervisory review of the work performed should be performed and documented on a timely basis.

Status

Partially implemented. While the Associate Division Judge is doing some supervisory reviews of the court clerk's work, we still noted concerns with some procedures. See MAR No. 5.

10. Senate Bill 40 Board

A. Formal budgets were not prepared by the SB 40 Board and filed with the State Auditor's office for the years ended December 31, 1996, 1995, and 1994.

B. The contract between the sheltered workshop and the SB 40 Board did not address additional payments for equipment nor does it include written criteria to enable the board to evaluate whether the additional services received were commensurate to the extra payments made. The SB 40 Board did not require the sheltered workshop to formally bid or retain bid documentation for these large purchases.

C. Various financial records for the SB 40 Board could not be found.

Recommendation:

The Senate Bill 40 Board:

A. Ensure budgets are prepared for the Senate Bill 40 Fund and filed with the State Auditor's office as required by state law.

B. Require the sheltered workshop to solicit formal bids for all large purchases funded by the SB 40 Board and revise its current contract to account for additional payments for equipment.

C. Retain records in a secure location in accordance with state law.

Status

- A. Partially implemented. Budgets were prepared by the SB 40 Board; however, they were not filed with the State Auditor's office. Although not repeated in our current MAR, our recommendation remains as stated above.
- B. Implemented.
- C. Partially implemented. All records were retained except for one book of unused checks that could not be located. Although not repeated in our current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

NODAWAY COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Nodaway was named after the Nodaway River. Nodaway County is a township-organized, third-class county and is part of the Fourth Judicial Circuit. The county seat is Maryville.

Nodaway 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 county roads and 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 of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Nodaway County received its money in 1998 and 1997 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 101,140	2	101,783	2
Sales taxes	1,481,847	35	1,483,595	33
Federal and state aid	1,618,129	38	1,632,777	36
Fees, interest, and other	1,068,702	25	1,287,839	29
Total	\$ 4,269,818	100	4,505,994	100

The following chart shows how Nodaway County spent monies in 1998 and 1997 from the General Revenue and Special Road and Bridge Funds:

USE	1998		1997	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,378,712	36	1,180,394	33
Public safety	782,664	21	691,778	19
Highways and roads	1,660,216	43	1,753,262	48
Total	\$ 3,821,592	100	3,625,434	100

The county and townships maintain approximately 450 county bridges and 1,250 miles of county roads.

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The county's population was 22,467 in 1970 and 21,709 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	1998	1997	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 111.5	108.4	95.6	55.8	40.7
Personal property	57.2	54.6	32.3	24.6	11.6
Railroad and utilities	14.3	13.7	9.6	11.5	11.4
Total	\$ 183.0	176.7	137.5	91.9	63.7

* First year of statewide reassessment.

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

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

	Year Ended December 31,	
	1998	1997
Health Center Fund	\$.05	.05
Senate Bill 40 Board Fund	.05	.05

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 and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28,	
	1999	1998
State of Missouri	\$ 59,540	54,270
General Revenue Fund	10,632	14,779
Township Road and Bridge Fund	778,788	756,112
County Road and Bridge Fund	92,878	88,266
Assessment Fund	121,497	116,707
Health Center Fund	92,276	89,579
Senate Bill 40 Board Fund	92,241	89,541
School districts	7,753,715	7,374,163
Ambulance district	315,809	305,961
Fire districts	142,887	134,282
Watershed districts	20,044	22,014
Road Bonds	168,545	106,767
Townships	90,416	89,983
Cities	966,954	943,273
County Clerk	172	156
County Employees' Retirement	19,273	18,736
Other	11,824	7,540
Commissions and fees:		
Township Collectors	84,749	82,020
EOC Commissions	2,188	2,053
General Revenue Fund	61,807	56,568
Total	\$ 10,886,235	10,352,770

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Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	1999	1998
Real estate	95.0 %	95.9 %
Personal property	94.4	93.8
Railroad and utilities	100.0	100.0

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.005	None	50
General	0.005	None	None

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

Officeholder	1999	1998	1997
County-Paid Officials:			
Lester Keith, Presiding Commissioner	\$	20,000	20,000
Wayne Nelson, Associate Commissioner		20,000	20,000
Larry Dougan, Associate Commissioner		20,000	20,000
Donna Carmichael, Recorder of Deeds		32,500	32,500
John Zimmerman, County Clerk		30,000	30,000
David Baird, Prosecuting Attorney		37,000	37,000
Ben Espey, Sheriff		38,000	38,000
Thomas Scarbrough, County Coroner		6,417	N/A
Dennis Martin, County Coroner		555	5,221
Earl Sibert, County Coroner		N/A	583
Margaret Cordell, Public Administrator *		37,929	48,286
Mary Noel, Treasurer and Ex Officio County Collector, year ended March 31,**	43,734	43,677	
Pat Nelson, County Assessor, year ended August 31,***		41,900	34,300

* Includes \$29,929 and \$40,286 in fees received from probate cases in 1998 and 1997, respectively.

** Includes \$2,180 and \$2,123 in annual commissions relating to collections of taxes for various cities in Nodaway County for the years ended March 31, 1999 and 1998, respectively.

*** Includes \$900 annual compensation received from the state.

State-Paid Officials:

Pat O'Riley, Circuit Clerk	42,183	40,176
Glen Dietrich, Associate Circuit Judge	85,158	81,792

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A breakdown of employees (excluding the elected officials) by office at December 31, 1998, is as follows:

Number of Employees Paid by

Office	County	State
County Commission	2 *	0
Circuit Clerk	0	3 *
Recorder of Deeds	2	0
County Clerk	1	0
Prosecuting Attorney	3 *	0
Sheriff	24 **	0
Treasurer and Ex Officio County Collector	2 ***	0
County Assessor	5 *	0
Associate Division	0	2
Probate Division	0	1
Road and Bridge	8	0
Health Center	10 ***	0
Total	<u>57</u>	<u>6</u>

* Includes 1 part time employee

** Includes 4 part time employees

*** Includes 2 part time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Nodaway County's share of the Fourth Judicial Circuit's expenses is 48.8 percent.