



**LEWIS COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

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

**Report No. 2001-100
September 27, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2001

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Lewis, 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 Lewis County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Lewis County's Associate County Commissioners salaries were each increased approximately \$5,440 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$10,880 for the two years ended December 31, 2000, should be repaid.

- As noted in three prior reports, the County Collector does not perform monthly reconciliations between the bank balance and the monthly statement of collections and other monies which were undistributed. There has been very little action by the County Collector to remedy the condition or implement the prior recommendations.
- The Public Administrator does not perform monthly bank reconciliations. In addition, several instances were noted where amounts due for services or products received by wards were not paid timely by the Public Administrator. Funds were available to pay these bills when they were due.

(over)

YELLOW SHEET

Also included in the audit are recommendations to improve the county's budgetary practices and published financial statements. In addition, the audit recommended improvements in the accounting controls and procedures of the Prosecuting Attorney, Sheriff and the Health Center. Several of these issues had been noted in prior audits.

All reports are available on our website: www.auditor.state.mo.us

LEWIS COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<hr/> <u>FINANCIAL SECTION</u> <hr/>		
State Auditor's Reports:	1-6	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4	
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	5-6	
Financial Statements:	7-17	
<u>Exhibit</u>	<u>Description</u>	
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2000	8
A-2	Year Ended December 31, 1999	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2000 and 1999	10-17
Notes to the Financial Statements	18-21	
Supplementary Schedule:	22-24	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2000 and 1999	23-24	
Notes to the Supplementary Schedule	25-27	
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>		
State Auditor's Report:	29-31	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	30-31	

LEWIS COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
Schedule:.....	32-35
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2000 and 1999.....	33-35
Section I - Summary of Auditor's Results.....	33-34
Section II - Financial Statement Findings.....	34-35
<u>Number</u> <u>Description</u>	
00-1. Budgetary Practices.....	34
Section III - Federal Award Findings and Questioned Costs.....	35
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	36-37
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133.....	38-39
<hr/> <u>MANAGEMENT ADVISORY REPORT SECTION</u> <hr/>	
Management Advisory Report - State Auditor's Findings.....	41-50
<u>Number</u>	
1. Budgetary Practices and Published Financial Statements.....	43
2. Officials' Salaries.....	44
3. County Collector's Accounting Controls and Procedures.....	45
4. Prosecuting Attorney's Accounting Controls and Procedures.....	46
5. Sheriff's Accounting Controls and Procedures.....	47
6. Public Administrator's Accounting Controls and Procedures.....	48
7. Health Center.....	49
Follow-Up on Prior Audit Findings.....	51-57
<hr/> <u>STATISTICAL SECTION</u> <hr/>	
History, Organization, and Statistical Information.....	59-64

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 Lewis County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Lewis County, Missouri, as of and for the years ended December 31, 2000 and 1999, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Lewis 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 Lewis 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 Lewis 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, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 19, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 Lewis 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

July 19, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Jeannette Eaves, CPA
In-Charge Auditor:	Todd Stoll
Audit Staff:	Susan M. Cessac
	Anissa Falconer
	Karla Carter



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 Lewis County, Missouri

We have audited the special-purpose financial statements of various funds of Lewis County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 19, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Lewis 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-1. We also 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 Lewis 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 Lewis 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 that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

July 19, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

LEWIS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 124,178	1,150,556	1,073,571	201,163
Special Road and Bridge	8,401	822,238	796,967	33,672
Assessment	6,081	113,032	114,937	4,176
Road and Bridge Capital Improvement	31,444	254,798	215,097	71,145
Law Enforcement Training	3,135	3,760	3,733	3,162
Prosecuting Attorney Training	1,854	639	53	2,440
County Farm	49,226	39,415	41,371	47,270
Domestic Violence	3,179	688	3,182	685
Prosecuting Attorney Bad Check	1,824	2,340	2,920	1,244
DWI	279	246	189	336
Recorder's User Fee	3,635	3,689	4,744	2,580
Law Enforcement Operating	30,590	452,264	453,509	29,345
Special Projects Law Enforcement	2,608	0	2,608	0
Sheriff Civil Fees	18,179	14,998	19,003	14,174
DARE	840	1,482	1,530	792
Circuit Clerk and Recorder Interest	4,711	2,039	3,146	3,604
Associate Judge Interest	1,632	1,606	2,709	529
Health Center	195,170	608,284	577,475	225,979
Election Services	0	1,892	344	1,548
Local Law Enforcement Block Grant	0	9,082	9,082	0
Clark County Water Supply District #1 - Ramsey Jones	1,000	1,100	1,100	1,000
E-911 Fund	0	147,004	36,156	110,848
Total	\$ 487,966	3,631,152	3,363,426	755,692

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

Exhibit A-2

LEWIS COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 218,722	975,325	1,069,869	124,178
Special Road and Bridge	45,424	765,953	802,976	8,401
Assessment	11,858	106,088	111,865	6,081
Road and Bridge Capital Improvements	41,078	705,829	715,463	31,444
Law Enforcement Training	2,065	6,711	5,641	3,135
Prosecuting Attorney Training	1,241	669	56	1,854
County Farm	31,805	56,583	39,162	49,226
Domestic Violence	2,140	1,044	5	3,179
Prosecuting Attorney Bad Check Fund	920	1,523	619	1,824
DWI	40	244	5	279
Recorder's User Fee	1,482	4,565	2,412	3,635
Law Enforcement Operating	9,160	433,964	412,534	30,590
Special Projects Law Enforcement	3,123	6,450	6,965	2,608
Sheriff Civil Fees	10,709	15,245	7,775	18,179
DARE	1,502	627	1,289	840
Circuit Clerk and Recorder Interest	1,968	3,092	349	4,711
Associate Judge Interest	767	1,510	645	1,632
Health Center	282,101	514,374	601,305	195,170
Law Enforcement Soccer League	0	4,410	4,410	0
Clark County Water Supply District #1 - Ramsey Jones	0	216,000	215,000	1,000
Total	\$ 666,105	3,820,206	3,998,345	487,966

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

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 3,642,644	3,473,966	(168,678)	3,790,589	3,604,206	(186,383)
DISBURSEMENTS	4,126,345	3,317,088	809,257	4,456,417	3,783,345	673,072
RECEIPTS OVER (UNDER) DISBURSEMENTS	(483,701)	156,878	640,579	(665,828)	(179,139)	486,689
CASH, JANUARY 1	485,751	486,966	1,215	665,977	666,105	128
CASH, DECEMBER 31	2,050	643,844	641,794	149	486,966	486,817
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	205,015	223,375	18,360	197,450	147,286	(50,164)
Sales taxes	516,000	514,315	(1,685)	509,600	484,271	(25,329)
Intergovernmental	23,823	26,565	2,742	37,376	32,883	(4,493)
Charges for services	173,070	162,922	(10,148)	158,670	147,092	(11,578)
Interest	10,000	14,305	4,305	7,500	13,292	5,792
Other	160,280	197,274	36,994	156,009	138,644	(17,365)
Transfers in	11,800	11,800	0	11,857	11,857	0
Total Receipts	1,099,988	1,150,556	50,568	1,078,462	975,325	(103,137)
DISBURSEMENTS						
County Commission	74,320	74,380	(60)	74,120	75,082	(962)
County Clerk	54,097	53,664	433	52,423	52,300	123
Elections	25,896	26,068	(172)	16,832	17,566	(734)
Buildings and grounds	32,040	29,171	2,869	40,617	33,758	6,859
Employee fringe benefits	91,781	79,436	12,345	93,540	64,157	29,383
County Treasurer	27,830	26,920	910	27,540	27,342	198
County Collector	62,884	63,274	(390)	59,675	59,837	(162)
Ex Officio Recorder of Deeds	32,148	28,320	3,828	26,106	29,229	(3,123)
Circuit Clerk	14,753	13,000	1,753	13,700	12,341	1,359
Associate Circuit Court	10,420	10,436	(16)	10,850	10,909	(59)
Court Reporter	832	437	395	832	417	415
Court administration	6,570	2,527	4,043	24,476	4,816	19,660
Public Administrator	23,387	21,274	2,113	21,254	21,243	11
Prosecuting Attorney	67,642	66,758	884	67,880	70,400	(2,520)
Juvenile Officer	92,074	66,941	25,133	104,528	83,933	20,595
County Coroner	10,550	9,196	1,354	10,650	8,039	2,611
Other	263,392	263,379	13	260,073	230,400	29,673
Public health and welfare services	35,160	0	35,160	50,348	5,000	45,348
Transfers out	238,390	238,390	0	281,740	241,740	40,000
Emergency Fund	60,000	0	60,000	60,000	21,360	38,640
Total Disbursements	1,224,166	1,073,571	150,595	1,297,184	1,069,869	227,315
RECEIPTS OVER (UNDER) DISBURSEMENTS	(124,178)	76,985	201,163	(218,722)	(94,544)	124,178
CASH, JANUARY 1	124,178	124,178	0	218,722	218,722	0
CASH, DECEMBER 31	0	201,163	201,163	0	124,178	124,178

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	251,000	245,042	(5,958)	232,000	208,664	(23,336)
Intergovernmental	460,345	477,619	17,274	458,100	475,091	16,991
Interest	4,000	2,430	(1,570)	4,500	3,269	(1,231)
Other	32,000	35,147	3,147	40,100	18,929	(21,171)
Transfers in	35,000	62,000	27,000	30,000	60,000	30,000
Total Receipts	782,345	822,238	39,893	764,700	765,953	1,253
DISBURSEMENTS						
Salaries	270,030	255,470	14,560	255,079	254,453	626
Employee fringe benefits	101,143	91,878	9,265	96,410	95,191	1,219
Supplies	64,000	72,717	(8,717)	69,700	64,166	5,534
Insurance	16,000	14,490	1,510	13,999	15,581	(1,582)
Road and bridge materials	190,000	182,156	7,844	199,659	177,465	22,194
Equipment repairs	65,000	72,521	(7,521)	65,000	72,566	(7,566)
Rentals	650	0	650	2,690	0	2,690
Equipment purchases	48,288	48,171	117	61,588	61,522	66
Other	35,635	32,486	3,149	45,999	32,032	13,967
Transfers out	0	27,078	(27,078)	0	30,000	(30,000)
Total Disbursements	790,746	796,967	(6,221)	810,124	802,976	7,148
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,401)	25,271	33,672	(45,424)	(37,023)	8,401
CASH, JANUARY 1	8,401	8,401	0	45,424	45,424	0
CASH, DECEMBER 31	0	33,672	33,672	0	8,401	8,401
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	100,496	92,549	(7,947)	86,415	81,989	(4,426)
Interest	650	716	66	900	652	(248)
Other	300	52	(248)	0	382	382
Transfers in	19,715	19,715	0	23,065	23,065	0
Total Receipts	121,161	113,032	(8,129)	110,380	106,088	(4,292)
DISBURSEMENTS						
Assessor	115,442	103,137	12,305	110,381	100,008	10,373
Transfers out	11,800	11,800	0	11,857	11,857	0
Total Disbursements	127,242	114,937	12,305	122,238	111,865	10,373
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,081)	(1,905)	4,176	(11,858)	(5,777)	6,081
CASH, JANUARY 1	6,081	6,081	0	11,858	11,858	0
CASH, DECEMBER 31	0	4,176	4,176	0	6,081	6,081

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND						
RECEIPTS						
Sales taxes	170,000	165,795	(4,205)	170,000	170,101	101
Intergovernmental	416,807	70,633	(346,174)	545,510	534,785	(10,725)
Interest	1,300	1,078	(222)	1,700	943	(757)
Other	0	264	264	0	0	0
Transfers in	0	17,028	17,028	0	0	0
Total Receipts	588,107	254,798	(333,309)	717,210	705,829	(11,381)
DISBURSEMENTS						
Contract labor	22,735	6,905	15,830	33,307	20,428	12,879
Road and bridge materials	125,184	83,547	41,637	246,000	223,629	22,371
Equipment	74,132	60,276	13,856	56,867	61,236	(4,369)
Bridge construction	360,000	10,736	349,264	352,000	380,171	(28,171)
Other	1,500	1,633	(133)	40,115	0	40,115
Transfers out	35,000	52,000	(17,000)	30,000	30,000	0
Total Disbursements	618,551	215,097	403,454	758,288	715,463	42,825
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,444)	39,701	70,145	(41,078)	(9,634)	31,444
CASH, JANUARY 1	30,444	31,444	1,000	41,078	41,078	0
CASH, DECEMBER 31	0	71,145	71,145	0	31,444	31,444
LAW ENFORCEMENT TRAINING FUND						
RECEIPTS						
Intergovernmental	1,500	1,202	(298)	600	1,411	811
Charges for services	2,450	2,558	108	3,098	2,676	(422)
Other	200	0	(200)	150	74	(76)
Transfers in	0	0	0	0	2,550	2,550
Total Receipts	4,150	3,760	(390)	3,848	6,711	2,863
DISBURSEMENTS						
Sheriff	7,285	3,733	3,552	5,913	5,641	272
Total Disbursements	7,285	3,733	3,552	5,913	5,641	272
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,135)	27	3,162	(2,065)	1,070	3,135
CASH, JANUARY 1	3,135	3,135	0	2,065	2,065	0
CASH, DECEMBER 31	0	3,162	3,162	0	3,135	3,135
PROSECUTING ATTORNEY TRAINING FUND						
RECEIPTS						
Charges for services	600	628	28	800	661	(139)
Other	0	11	11	0	8	8
Total Receipts	600	639	39	800	669	(131)
DISBURSEMENTS						
Prosecuting Attorney	2,454	53	2,401	2,041	56	1,985
Total Disbursements	2,454	53	2,401	2,041	56	1,985
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,854)	586	2,440	(1,241)	613	1,854
CASH, JANUARY 1	1,854	1,854	0	1,241	1,241	0
CASH, DECEMBER 31	0	2,440	2,440	0	1,854	1,854

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>COUNTY FARM FUND</u>						
RECEIPTS						
Interest	1,000	1,255	255	1,000	886	(114)
Rental income	23,200	25,672	2,472	23,200	23,200	0
Other	2,600	2,438	(162)	3,500	2,497	(1,003)
Transfers in	0	10,050	10,050	0	30,000	30,000
Total Receipts	26,800	39,415	12,615	27,700	56,583	28,883
DISBURSEMENTS						
Farm expenses	0	4,539	(4,539)	0	0	0
Maintenance	60,626	13,202	47,424	50,955	1,215	49,740
County programs	15,400	13,630	1,770	8,550	7,947	603
Transfers out	0	10,000	(10,000)	0	30,000	(30,000)
Total Disbursements	76,026	41,371	34,655	59,505	39,162	20,343
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49,226)	(1,956)	47,270	(31,805)	17,421	49,226
CASH, JANUARY 1	49,226	49,226	0	31,805	31,805	0
CASH, DECEMBER 31	0	47,270	47,270	0	49,226	49,226
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	1,100	688	(412)	1,200	1,044	(156)
Total Receipts	1,100	688	(412)	1,200	1,044	(156)
DISBURSEMENTS						
Health and welfare	3,179	3,182	(3)	3,340	5	3,335
Total Disbursements	3,179	3,182	(3)	3,340	5	3,335
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,079)	(2,494)	(415)	(2,140)	1,039	3,179
CASH, JANUARY 1	3,179	3,179	0	2,140	2,140	0
CASH, DECEMBER 31	1,100	685	(415)	0	3,179	3,179
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	1,500	2,340	840	1,500	1,523	23
Total Receipts	1,500	2,340	840	1,500	1,523	23
DISBURSEMENTS						
Prosecuting Attorney	3,324	2,920	404	2,420	619	1,801
Total Disbursements	3,324	2,920	404	2,420	619	1,801
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,824)	(580)	1,244	(920)	904	1,824
CASH, JANUARY 1	1,824	1,824	0	920	920	0
CASH, DECEMBER 31	0	1,244	1,244	0	1,824	1,824

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DWI FUND</u>						
RECEIPTS						
Charges for services	250	246	(4)	500	244	(256)
Total Receipts	250	246	(4)	500	244	(256)
DISBURSEMENTS						
Sheriff	343	3	340	540	5	535
Transfers out	186	186	0	0	0	0
Total Disbursements	529	189	340	540	5	535
RECEIPTS OVER (UNDER) DISBURSEMENTS	(279)	57	336	(40)	239	279
CASH, JANUARY 1	279	279	0	40	40	0
CASH, DECEMBER 31	0	336	336	0	279	279
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for services	4,650	3,604	(1,046)	4,000	4,418	418
Interest	140	85	(55)	138	147	9
Total Receipts	4,790	3,689	(1,101)	4,138	4,565	427
DISBURSEMENTS						
Ex Officio Recorder of Deeds	8,425	4,744	3,681	5,620	2,412	3,208
Total Disbursements	8,425	4,744	3,681	5,620	2,412	3,208
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,635)	(1,055)	2,580	(1,482)	2,153	3,635
CASH, JANUARY 1	3,635	3,635	0	1,482	1,482	0
CASH, DECEMBER 31	0	2,580	2,580	0	3,635	3,635
<u>LAW ENFORCEMENT OPERATING FUND</u>						
RECEIPTS						
Sales taxes	113,000	110,542	(2,458)	108,000	113,117	5,117
Intergovernmental	67,000	90,124	23,124	86,220	99,652	13,432
Charges for services	2,000	0	(2,000)	0	0	0
Interest	600	1,479	879	600	455	(145)
Other	3,500	1,568	(1,932)	0	2,065	2,065
Transfers in	258,648	248,551	(10,097)	230,675	218,675	(12,000)
Total Receipts	444,748	452,264	7,516	425,495	433,964	8,469
DISBURSEMENTS						
Salaries	274,051	270,059	3,992	263,644	255,782	7,862
Employee fringe benefits	84,932	74,479	10,453	77,553	70,491	7,062
Equipment purchases	54,521	46,586	7,935	31,909	31,368	541
Office expenses	24,700	24,984	(284)	24,200	17,347	6,853
Prisoner board	37,134	37,401	(267)	37,349	37,546	(197)
Total Disbursements	475,338	453,509	21,829	434,655	412,534	22,121
RECEIPTS OVER (UNDER) DISBURSEMENTS	(30,590)	(1,245)	29,345	(9,160)	21,430	30,590
CASH, JANUARY 1	30,590	30,590	0	9,160	9,160	0
CASH, DECEMBER 31	0	29,345	29,345	0	30,590	30,590

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL PROJECTS LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Charges for services	0	0	0	15,000	6,450	(8,550)
Total Receipts	0	0	0	15,000	6,450	(8,550)
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	9,000	5	8,995
Transfers out	2,608	2,608	0	9,123	6,960	2,163
Total Disbursements	2,608	2,608	0	18,123	6,965	11,158
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,608)	(2,608)	0	(3,123)	(515)	2,608
CASH, JANUARY 1	2,608	2,608	0	3,123	3,123	0
CASH, DECEMBER 31	0	0	0	0	2,608	2,608
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	20,000	14,998	(5,002)	12,000	15,245	3,245
Total Receipts	20,000	14,998	(5,002)	12,000	15,245	3,245
DISBURSEMENTS						
Sheriff	0	3	(3)	10,560	7,775	2,785
Transfers out	38,179	19,000	19,179	12,000	0	12,000
Total Disbursements	38,179	19,003	19,176	22,560	7,775	14,785
RECEIPTS OVER (UNDER) DISBURSEMENTS	(18,179)	(4,005)	14,174	(10,560)	7,470	18,030
CASH, JANUARY 1	18,179	18,179	0	10,709	10,709	0
CASH, DECEMBER 31	0	14,174	14,174	149	18,179	18,030
<u>DARE FUND</u>						
RECEIPTS						
Donations	0	482	482	1,000	627	(373)
Transfers in	1,000	1,000	0	1,500	0	(1,500)
Total Receipts	1,000	1,482	482	2,500	627	(1,873)
DISBURSEMENTS						
Sheriff	1,840	1,530	310	4,002	1,289	2,713
Total Disbursements	1,840	1,530	310	4,002	1,289	2,713
RECEIPTS OVER (UNDER) DISBURSEMENTS	(840)	(48)	792	(1,502)	(662)	840
CASH, JANUARY 1	840	840	0	1,502	1,502	0
CASH, DECEMBER 31	0	792	792	0	840	840

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK AND RECORDER INTEREST FUND</u>						
RECEIPTS						
Interest	2,350	2,039	(311)	1,890	3,092	1,202
Total Receipts	2,350	2,039	(311)	1,890	3,092	1,202
DISBURSEMENTS						
Supplies and equipment	6,961	3,146	3,815	3,858	349	3,509
Total Disbursements	6,961	3,146	3,815	3,858	349	3,509
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,611)	(1,107)	3,504	(1,968)	2,743	4,711
CASH, JANUARY 1	4,711	4,711	0	1,968	1,968	0
CASH, DECEMBER 31	100	3,604	3,504	0	4,711	4,711
<u>ASSOCIATE JUDGE INTEREST FUND</u>						
RECEIPTS						
Interest	1,270	1,606	336	1,120	1,510	390
Total Receipts	1,270	1,606	336	1,120	1,510	390
DISBURSEMENTS						
Supplies and equipment	2,052	2,709	(657)	1,974	645	1,329
Total Disbursements	2,052	2,709	(657)	1,974	645	1,329
RECEIPTS OVER (UNDER) DISBURSEMENTS	(782)	(1,103)	(321)	(854)	865	1,719
CASH, JANUARY 1	1,632	1,632	0	854	767	(87)
CASH, DECEMBER 31	850	529	(321)	0	1,632	1,632
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	78,472	83,927	5,455	75,000	59,374	(15,626)
Intergovernmental	175,770	183,624	7,854	171,098	170,208	(890)
Charges for services	253,293	308,470	55,177	332,225	252,605	(79,620)
Interest	6,500	8,079	1,579	8,600	7,868	(732)
Other	27,050	24,184	(2,866)	27,600	24,319	(3,281)
Total Receipts	541,085	608,284	67,199	614,523	514,374	(100,149)
DISBURSEMENTS						
Salaries	480,500	461,016	19,484	459,820	465,139	(5,319)
Office expenses	36,800	35,223	1,577	40,000	35,300	4,700
Equipment	2,500	6,452	(3,952)	16,000	15,301	699
Mileage and training	36,000	30,287	5,713	43,426	35,316	8,110
Building Fund	86,172	0	86,172	249,257	0	249,257
Other	94,068	44,497	49,571	87,906	50,249	37,657
Total Disbursements	736,040	577,475	158,565	896,409	601,305	295,104
RECEIPTS OVER (UNDER) DISBURSEMENTS	(194,955)	30,809	225,764	(281,886)	(86,931)	194,955
CASH, JANUARY 1	194,955	195,170	215	281,886	282,101	215
CASH, DECEMBER 31	0	225,979	225,979	0	195,170	195,170

Exhibit B

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,400	1,892	492			
Total Receipts	1,400	1,892	492			
DISBURSEMENTS						
Office expenses	1,400	344	1,056			
Total Disbursements	1,400	344	1,056			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,548	1,548			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	1,548	1,548			
<u>LAW ENFORCEMENT SOCCER LEAGUE FUND</u>						
RECEIPTS						
Transfers in				7,623	4,410	(3,213)
Total Receipts				7,623	4,410	(3,213)
DISBURSEMENTS						
Lewis County Law Enforcement Soccer League, Inc.				7,623	4,410	3,213
Total Disbursements				7,623	4,410	3,213
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0

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

Notes to the Financial Statements

LEWIS 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 Lewis 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 E-911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, 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 2000, 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>
Local Law Enforcement Block Grant Fund	2000
Clark County Water Supply District #1 - Ramsey Jones Fund	2000 and 1999
E-911 Fund	2000

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Special Road and Bridge Fund	2000
Domestic Violence Fund	2000
Associate Judge Interest Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, 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>
Local Law Enforcement Block Grant Fund	2000
Clark County Water Supply District #1 – Ramsey Jones Fund	2000 and 1999
E-911 Fund	2000

2. Cash

Section 110.270, RSMo 2000, 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 2000, requires political subdivisions with 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 not adopted such a policy.

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

The county's and the Health Center Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the county's or board's custodial bank in the county's or board's name.

Of the E-911 Board's bank balance at December 31, 2000, \$100,000 was covered by federal depository insurance and \$10,848 was uninsured and uncollateralized.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

LEWIS 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,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-0156	35,298	33,557
U.S. DEPARTMENT OF DEFENSE				
Passed through state:				
Office of Administration -				
12.112	Payments to States in Lieu of Real Estate Taxes	N/A	206	206
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	98-PF-17	1,100	215,000
		98-PF-18	53,698	194,452
	Program Total		<u>54,798</u>	<u>409,452</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	97UMWX0640	14,841	17,644
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	99-LBG-059	9,000	0

Schedule

LEWIS 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,	
			2000	1999
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-056(7)	3,520	13,847
		BRO-056(8)	0	331,513
	Program Total		<u>3,520</u>	<u>345,360</u>
State Emergency Management Agency -				
20.703	Hazardous Material and Emergency Preparedness	N/A	2,555	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	PG0064-9156LAP	20,465	19,314
Department of Social Services -				
93.563	Child Support Enforcement	N/A	1,633	4,340
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0156C	4,383	4,095
93.940	HIV Prevention Activities - Health Department Based	N/A	62	99
93.991	Preventive Health and Health Services Block Grant	N/A	197	210
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-0156M	27,728	29,285
	Total Expenditures of Federal Awards		\$ <u><u>174,686</u></u>	<u><u>863,562</u></u>

N/A - Not applicable

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

Notes to the Supplementary Schedule

LEWIS 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 Lewis 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.

Of the amounts for Immunization Grants (CFDA number 93.268), \$20,465 and \$17,614 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the

years ended December 31, 2000 and 1999. The amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991) represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$986 and \$1,048 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipient

Of the federal expenditures presented in the schedule, the county provided \$1,100 and \$215,000 to a subrecipient under the Community Development Block Grants/State's Program (CFDA number 14.228) during the years ended December 31, 2000 and 1999.

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 Lewis County, Missouri

Compliance

We have audited the compliance of Lewis County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

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

In our opinion, Lewis County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999.

Internal Control Over Compliance

The management of Lewis 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 Lewis 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

July 19, 2001 (fieldwork completion date)

Schedule

LEWIS COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? x yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are not considered to be a material weaknesses? yes x none reported

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

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

Identification of major programs:

CFDA or
Other Identifying
Number
14.228
20.205

Program Title
Community Development Block Grants/State's Program
Highway Planning and Construction

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 the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

00-1.	Budgetary Practices
--------------	----------------------------

Formal budgets were not prepared for various county funds for the two years ended December 31, 2000.

The County Commission failed to budget the Clark County Water Supply District #1 – Ramsey Jones Fund, a Community Development Block Grant passed through to a subrecipient. In addition, the County Commission approved and budgeted the Local Law Enforcement Block Grant Fund in 1999, as grant monies were expected but not received. However, the county failed to budget the Local Law Enforcement Block Grant Fund in 2000 and grant monies were received during the year.

A new 911 sales tax became effective in 2000 and the E-911 Fund was established. However, the E-911 Board failed to budget the fund in 2000.

Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission and the E-911 Board are able to more effectively evaluate all county financial resources. In addition, Section 50.622, RSMo 2000, 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.

WE RECOMMEND the County Commission and the E-911 Board ensure financial information for all county funds is included in the annual budgets. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor’s Office.

AUDITEE’S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission provided the following response:

We were not aware that pass through grants needed to be budgeted. In the future, we will budget these funds. The Local Law Enforcement Block Grant was applied for and approved in 1999.

However, the former Sheriff resigned before the funds were disbursed. During 2000, the new Sheriff became aware that the grant had not been used and disbursed the funds.

The Secretary/Treasurer of the E-911 Board provided the following response:

Beginning in January 2002, I will ensure the E-911 Fund is budgeted.

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*

LEWIS 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 two years ended December 31, 1998, 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

LEWIS 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.

98-1. Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-056(6) & BRO-056(8)
Award Year:	1998 and 1997
Questioned Costs:	Not applicable

During the two years ended December 31, 1998, the county participated in the Highway Planning and Construction Program. The county had not established cash management procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. Two reimbursements were noted which were held for six days before the related payments were made to contractors.

Recommendation:

The County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursements of such funds.

Status:

Implemented. Since the prior audit report was received, we have disbursed federal monies in accordance with federal requirements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the special-purpose financial statements of various funds of Lewis County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 19, 2001. We also have audited the compliance of Lewis County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 19, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit 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 audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. 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 audit, 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.

Our audit 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 audit of the elected county officials 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 audit of the special-purpose financial statements of Lewis County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.**Budgetary Practices and Published Financial Statements**

- A. For the year ended December 31, 2000, actual expenditures exceeded budgeted amounts by \$6,221 for the Special Road and Bridge Fund. During 2000, \$27,078 was transferred from the Special Road and Bridge Fund to other funds and the transfers were not budgeted. Actual expenditures also exceeded budgeted expenditures by \$657 for the Associate Judge Interest Fund for the year ended December 31, 2000.

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 2000, 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 the budget.

- B. The annual published financial statements of the county did not include the financial activity of some county funds as required. Section 50.800, RSMo 2000, 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.
- C. Budget documents prepared by the County Clerk and approved by the County Commission do not properly reflect the anticipated financial position of several county funds. The County Clerk and County Commission annually budget to spend all available resources, resulting in estimated ending cash balances of zero.

Budgeting to spend all available resources results in an inaccurate statement of the county's financial position. For budgets to be of maximum assistance to the County Commission and to the general public, disbursements should be budgeted based on historical experience and known additional programs.

WE RECOMMEND the County Commission:

- A. Not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.

- B. And the County Clerk and the E-911 Board ensure the financial information for all county funds is properly reported in the annual published financial statements.
- C. Base estimated expenditures on historical experience and known additional programs, and present a reasonable estimate of the county's financial position.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *The Special Road and Bridge Fund borrowed money from the County Farm Fund until the tax settlement was received. In the future, we will amend the budgets when necessary.*
- B. *We will ask the County Clerk to ensure all funds are included in the published financial statements.*
- C. *We agree. We will implement this recommendation when preparing the 2002 budget.*

The Secretary/Treasurer of the E-911 Board provided the following response:

- B. *I will ensure the 2001 financial statement is published in March 2002.*

2.	Officials' Salaries
-----------	----------------------------

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Lewis County's Associate County Commissioners salaries were each increased approximately \$5,440 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$10,880 for the two years ended December 31, 2000, should be repaid.

WE RECOMMEND the County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

The Salary Commission consisting of eleven elected officials with the Prosecuting Attorney met as required by law in odd years and reviewed the new Senate Bill 11, which was passed and signed by the Governor in 1997 and became law. (RSMo 50.333(13))

The Salary Commission voted at the time to remain at the 100 percent level for the county officials' salaries and all salaries were set according to the law. Since we acted in good faith and complied with the law until May 15, 2001 when the law was over ruled, we do not feel any changes should be made years later that affect the salaries.

3. County Collector's Accounting Controls and Procedures

- A. The County Collector does not perform monthly reconciliations between the bank balance and the monthly statement of collections and other monies which were undistributed. During the audit period, bank reconciliations were only documented for the period of April 2000 through September 2000. Since September 2000, the Collector has not posted all transactions to his cash control ledger and therefore is unable to reconcile the book balance with the bank balance. We reviewed the September 2000 bank reconciliation prepared by the Collector and noted an unidentified balance of approximately \$1,100, that remained in the Collector's account as of September 30, 2000.

A similar condition was noted in three prior audit reports and there has been very little action by the County Collector to remedy the condition or implement the prior recommendations. Reconciliations of monthly statements of collections to bank statements and the cash balance are necessary to ensure that all collections have been distributed, to ensure that sufficient assets exist to cover liabilities, and to identify errors in a timely manner.

- B. The County Collector did not file annual settlements with the County Commission on a timely basis. The settlement for the year ended February 29, 2000 was not filed until October 3, 2000 and the settlement for the year ended February 28, 2001 was not filed until July 3, 2001.

Section 139.160, RSMo 2000, requires the annual settlement to be filed with the County Commission by the first Monday in March. While filing the annual settlement by the statutory due date is difficult, the County Collector needs to make a greater effort to ensure his annual settlement is filed on a more timely basis.

WE RECOMMEND the County Collector:

- A. Perform monthly reconciliations between bank balances, cash balances, and monthly statement of collections. In addition, any remaining balance should be properly identified and disbursed in accordance with state law.

- B. File annual settlements in a timely manner.

AUDITEE'S RESPONSE

- A. *We will attempt to be in compliance with this recommendation by the end of October.*
- B. *We will attempt to be in compliance with this recommendation.*

4. Prosecuting Attorney's Accounting Controls and Procedures

The Prosecuting Attorney collected restitution and administrative fees on bad checks totaling approximately \$10,400 and \$11,100 for the years ended December 31, 2000 and 1999. Administrative fees are remitted to the County Treasurer monthly. Our review of the Prosecuting Attorney's accounting controls and procedures indicated the following concerns:

- A. Accounting duties are not adequately segregated. The Prosecuting Attorney's bookkeeper is primarily responsible for collecting, recording, depositing and disbursing all monies. To ensure proper recording of all transactions, the duties of handling, recording, distributing, and reconciling cash should be segregated. If the duties cannot be adequately segregated, at a minimum, an independent person, such as the Prosecuting Attorney, should review and initial bank reconciliations and agree recorded receipts to deposits. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.
- B. Monthly open items listings are not prepared. Consequently, open items were not reconciled to the cash balance. Although it appears that bank reconciliations are being prepared, an unidentified balance has remained in the bank account since May 1999 and has not been identified.

Preparation of monthly open items listings, in conjunction with reconciliations to book and bank balances, is necessary to ensure sufficient assets exist to cover liabilities and allow for timely correction of errors. Unidentified balances should be disposed of as provided by state law.

Conditions A and B were noted in the prior report.

WE AGAIN RECOMMEND the Prosecuting Attorney:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances. Dispose of unidentified monies in accordance with state law.

AUDITEE'S RESPONSE

- A. *I will review bank reconciliations beginning with the September 2001 bank reconciliation. The review will be documented.*
- B. *We have disbursed some monies to the Treasurer's Unclaimed Fees Fund and will transfer the remaining unidentified monies to the fund. Within 30 days, we will prepare an open items listing and reconcile to the cash balance.*

5. Sheriff's Accounting Controls and Procedures
--

The Sheriff's office handles receipts in the form of cash and checks for sheriff fees, bonds, gun permits, and garnishments. These monies, totaling in excess of \$32,000 and \$27,000 for the years ended December 31, 2000 and 1999, respectively, are remitted to the County Treasurer or Associate Court monthly. Sheriff Bringer's term of office ended on May 12, 2000 and Sheriff Parrish's term of office began May 13, 2000. Our review of accounting controls and procedures revealed the following:

- A. Accounting duties are not properly segregated. The Sheriff's bookkeeper is primarily responsible for collecting, recording, depositing, and disbursing all monies. To ensure proper recording of all transactions, the duties of handling, recording, distributing, and reconciling cash should be segregated. If duties cannot be adequately segregated, at a minimum, an independent person, such as the Sheriff, should review and initial bank reconciliations and agree recorded receipts to deposits. Failure to adequately segregate duties or provide a supervisory review increases the risk that errors or irregularities will not be detected in a timely manner.
- B. Receipts are not always deposited intact on a timely basis. Deposits are prepared approximately once a week from the one-write ledger. However, the one-write ledger may not include all monies received, therefore some receipts are not included in the deposit. The Sheriff issues rediform receipt slips for some monies received and one-write receipt slips for monies deposited. During our review, we noted rediform receipt slips were not always posted to the one-write ledger in the correct order or in a timely manner. Because the one-write ledger was not complete, we found several instances where cash was received, but was not deposited until two or three weeks later.

The issuance of a single sequence of prenumbered receipt slips for all monies received is necessary to better ensure proper recording and accountability of receipts. If the Sheriff continues to issue two sets of receipt slips, a reconciliation of receipts on each set of receipt slips should be performed. In addition, to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

Conditions A and B were noted in the prior report.

WE AGAIN RECOMMEND the current Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue one set of sequential official prenumbered receipt slips for all monies received or reconcile monies recorded on the two sets of receipts currently issued. In addition, deposit all receipts intact daily or when accumulated receipts exceed \$100.

AUDITEE'S RESPONSE

- A. *Effective immediately, we will implement a policy where the Sheriff or his designee, who is independent of the bookkeeper, will on a monthly basis review the reconciliations and accounting records. The review will be documented.*
- B. *Effective August 1, 2001, prenumbered one-write receipt slips are issued for all monies received and all monies are deposited and disbursed by check. Deposits are made when accumulated receipts exceed \$100.*

6. Public Administrator's Accounting Controls and Procedures

The Public Administrator acts as the court appointed personal representative for approximately 34 wards of the Probate Court. Our review of the Public Administrator's records and procedures revealed the following concerns:

- A. Monthly bank reconciliations are not performed. In addition, a review of the check registers maintained for some cases indicated that they do not always represent a complete listing of receipt and disbursement activity and cash balances. As monthly bank reconciliations are not performed and annual settlements are prepared strictly from the bank statements, the annual settlements may not include all receipt and disbursement activity. For two cases we reviewed, we noted checks that were written during the settlement period but not recorded on the settlement. These checks were recorded on subsequent settlements when they cleared the bank.

Periodic bank reconciliations are necessary to ensure the accounting records are in agreement with the bank and that any errors are identified and corrected on a timely basis. Furthermore, to provide an appropriate record of bank account activity and to facilitate the preparation of bank reconciliations and settlements, the Public Administrator should ensure check registers maintained for each case present all receipts, disbursements, and cash balances.

- B. We noted several instances where amounts due for services or products received by wards were not paid timely by the Public Administrator. For example, the September 2000 nursing home bill for one case reviewed indicated a past due amount of \$4,884, which appeared to be charges for July and August room and care. For another case reviewed, \$7,084 was paid to a nursing home on June 30, 1999 for room and care for

three months, of which at least two months were past due. In addition, we noted a late charge was assessed on one case and pharmacy bills were paid as much as 90 days late. Funds were available to pay these bills when they were due. Failure to pay bills promptly exposes clients to potential loss of sometimes critically needed medication and care services.

WE RECOMMEND the Public Administrator:

- A. Maintain a complete check register for each case and perform monthly bank reconciliations. The annual settlements should include all receipt and disbursement activity and indicate the reconciled cash balance.
- B. Pay bills when due.

AUDITEE'S RESPONSE

- A. *I will attempt to have this recommendation implemented within 90 days.*
- B. *Some of the bills may have been paid late because the wards passed away and funds were frozen until decedent estate administration could be conducted. I will attempt to pay bills when due.*

AUDITOR'S COMMENT

- B. The late payments noted in our review were not delayed due to the death of the ward.

7.	Health Center
-----------	----------------------

Our review of the Lewis County Health Center noted the following areas of concern:

- A. Receipting duties are not adequately segregated. The Health Center bookkeeper is primarily responsible for receiving, recording, preparing the deposits, making the deposits, and preparing month-end bank reconciliations and monthly reports. Although the Health Center administrator reviews the monthly bank reconciliations and monthly reports, an independent review is not performed to ensure that receipts are properly recorded and deposited intact.

To adequately safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all receipting transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps provide this assurance.

- B. Monies received are not deposited intact. Personal checks are cashed for health center employees from the daily receipts. To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, receipts should be deposited intact.

- C. Budget documents prepared by the Health Center do not properly reflect the anticipated financial position. The Health Center annually budgets to spend all available resources, resulting in significant over budgeting of disbursements and unreasonable estimates of ending cash balances.

The practice of overestimating expenditures results in an inaccurate statement of the Health Center's financial position. For budgets to be of maximum assistance to the Health Center and to the general public, amounts should be more reasonably estimated. Without a reasonable budget document for projecting the Health Center's true financial position, the taxpayers cannot readily determine the efficiency or the soundness of the Health Center's financial position.

WE RECOMMEND the Health Center Board of Trustees:

- A. Ensure that receipting duties are properly segregated, or at a minimum, require someone other than the bookkeeper to perform and document a periodic review of receipts to deposits.
- B. Deposit all monies received intact and discontinue cashing checks for employees.
- C. Base estimated expenditures on historical experience and known additional programs, and present a reasonable estimate of the Health Center's financial position.

AUDITEE'S RESPONSE

The Health Center Administrator provided the following responses:

- A. *I will routinely compare the receipt log to deposits during my review of the bank reconciliations. This review will be performed and documented beginning with the September 2001 bank reconciliation.*
- B. *This was a rare occurrence and the amount of personal checks was small. We have discontinued cashing checks for employees.*
- C. *We will implement this recommendation beginning with the January 2002 budget.*

This report is intended for the information of the management of Lewis 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

LEWIS 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 Lewis County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1996.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Federal Financial Assistance

- A. During 1995, the county received a federal grant to provide overtime enforcement. Overtime was not recorded on the deputies' time sheets for the dates claimed and the overtime rate used to compute the reimbursement amount was not in compliance with the grant agreement. In addition, documentation was not retained by the county which indicated activities performed on the dates claimed.
- B. During 1996, the county received \$2,700 from the U.S. Department of Justice for the Community Oriented Policing Services (COPS) Making Officer Redeployment Effective (MORE) program related to overtime enforcement. Overtime was charged to the COPS MORE grant for activities which were not allowable activities according to the COPS MORE grant manual. Additionally, the overtime charged was in excess of actual overtime worked and the overtime rate charged was in excess of the deputies' normal overtime pay rate.
- C. During 1996, the county received reimbursement of \$1,595 for the full cost of a computer from the Department of Justice for the COPS MORE program. No matching was provided by the county as required by the grant.
- D. Purchases made from the Domestic Cannabis Eradication/Suppression Program totaling \$697 lacked supporting documentation.
- E. The county did not advertise or solicit bids for welding costing \$7,120, which was claimed as a Community Development Block Grant (CDBG) expenditure.

Recommendation:

The County Commission:

- A. Contact the federal grantor agency to resolve the questioned costs.

- B&C. Contact the federal grantor agency to resolve the questioned costs. In addition, future reimbursement requests should be based on allowable expenditures and all matching requirements should be met.
- D. Contact the federal grantor agency to resolve the questioned costs. In addition, the Sheriff should ensure proper documentation of grant expenditures is retained.
- E. Contact state and federal grantor agencies to resolve the questioned costs. In addition, bids should be obtained in compliance with state law.

Status:

- A. Not implemented. However, the county received no federal financial assistance from the Department of Public Safety, Division of Highway Safety – State and Community Safety Program during our audit period. Although not repeated in the current MAR, our recommendation remains as stated above.
- B&C. Partially implemented. Procedures have been improved by the current Sheriff and it appears reimbursement requests were based on allowable expenditures and the county complied with the matching requirements of the COPS MORE grant during the audit period. However, the county had no evidence of contacting the federal grantor agency to resolve the questioned costs noted in our audit of the two years ended December 31, 1996. Although not repeated in the current MAR, our recommendation remains as stated above.
- D. Not implemented. The county had no evidence of contacting the federal grantor agency to resolve the questioned costs noted in our audit of the two years ended December 31, 1996. However, the county received no federal financial assistance from the Domestic Cannabis Eradication/Suppression Program during our audit period. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. Partially implemented. Our review noted no CDBG expenditures in which bidding requirements were not met. However, our review noted two instances in which the county did not comply with state bidding rules. In addition, the county had no evidence of contacting the state and federal grantor agencies to resolve the questioned costs noted in our audit of the two years ended December 31, 1996. Although not repeated in the current MAR, our recommendation remains as stated above.

2. County Collector's Distributions

- A. The County Collector did not perform monthly reconciliations between the reconciled cash balance and the monthly statement of collections and other monies which were undistributed. Interest, commissions, and one percent Assessment Fund withholdings were not distributed timely.
- B. The County Collector withheld less than required for commissions and Assessment Fund withholdings.

Recommendation:

The County Collector:

- A. Perform monthly reconciliation between bank balances, cash balances, and monthly statements of collections.
- B. Withhold \$18,535 and \$134 from school tax distributions and surtax distributions respectively. Of these amounts, \$11,114 and \$7,555 should be distributed to the General Revenue Fund and Assessment Fund, respectively.

Status:

- A. Not implemented See MAR finding number 3.
- B. Implemented.

3. Prosecuting Attorney Controls and Procedures

- A. Cash duties were not adequately segregated.
- B. Prenumbered receipt slips were not issued for some monies received.
- C. The Prosecuting Attorney maintained a cash control ledger; however, some receipts and disbursements were not included in the ledger. In addition, the cash control ledger did not indicate whether monies were deposited or turned over directly to the victim and receipts were not posted to the cash control ledger in a timely manner.
- D. Monthly open items listings were not prepared. Consequently, open items were not reconciled to the cash balance.
- E. The Prosecuting Attorney's secretary, who handled all cash receipts and disbursements functions, was not bonded.

- F. Monthly bad check fees were not turned over to the County Treasurer intact. In addition, a monthly report of bad check fees collected was not filed with the Commission.
- G. An adequate system to account for all bad checks received as well as the subsequent disposition of these bad checks had not been established. No records were maintained by the Prosecuting Attorney to account for all bad checks turned over to his office for collection.
- H. During the year ended December 31, 1995, the Prosecuting Attorney authorized the purchase of soccer equipment totaling \$797 for an area soccer league from the Prosecuting Attorney Bad Check Fund.

Recommendation:

The Prosecuting Attorney:

- A. Provide for adequate segregation of duties and performance of independent reconciliations and reviews of accounting records.
- B. Ensure official prenumbered receipt slips are issued for all monies received.
- C. Ensure all receipts, disbursements, and disposition of monies are recorded in the cash control ledger.
- D. Prepare a listing of open items on a monthly basis and reconcile the listing to bank and book balances.
- E. Acquire a bond for all employees handling assets.
- F. Ensure bad check administrative fees are turned over intact to the County Treasurer monthly.
- G. Implement procedures to adequately account for bad checks received as well as the ultimate disposition through the use of sequential numbers assigned to each bad check and a log to account for the numerical sequence and ultimate disposition of each bad check.
- H. Limit future expenditures of the Prosecuting Attorney Bad Check Fund to expenses related to the prosecution of bad checks.

Status:

A&D. Not implemented. See MAR finding number 4.

B, C,
E, G,
& H. Implemented.

F. Partially implemented. Although bad check administrative fees are turned over intact to the County Treasurer, during 1999, they were not always turned over monthly. A monthly report of bad check fees collected is prepared, however, monthly reports have not been filed with the County Commission since February 1999. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Sheriff Accounting Controls and Procedures:

- A. Accounting duties were not adequately segregated.
- B. In May 1996, the former Sheriff maintained a \$200 petty cash fund which was funded by the General Revenue Fund to be used as a prisoner transportation fund. In January 1997, the Sheriff and County Clerk indicated the petty cash fund had only \$11, the remaining \$189 had not been accounted for.
- C. Formal monthly bank reconciliations were not prepared. An unidentified balance of \$173 remained in the former Sheriff's official account.
- D. The Sheriff issued two different sets of receipt slips for monies received. Some receipts were not recorded in the one-write receipt ledger and receipt slips were issued out of sequence.
- E. Deputies who served as guards received a guard per diem and mileage fee from the state in addition to their regular compensation. These fees were not subjected to payroll withholdings and were not reported on the respective W-2 forms.

Recommendation:

The current Sheriff:

- A. Provide for adequate segregation of duties and the performance of independent reconciliations and reviews of accounting records.
- B. Investigate the \$189 that is unaccounted for from the petty cash fund and pursue recovery of the monies.
- C. Prepare and document monthly bank reconciliations. The unidentified balance in the former Sheriff's official account should be disbursed in accordance with state law.
- D. Issue one set of sequential official prenumbered receipt slips for all monies received or reconcile monies recorded on the two sets of receipt slips currently issued.

- E. And County Commission review this situation. Deputies who serve as guards should be paid their normal salary for the amount of time spent, and all payments should be included on W-2 forms.

Status:

A&D. Not implemented. See MAR finding number 5.

B&E. Implemented.

- C. Partially implemented. Monthly bank reconciliations are performed. However, an unidentified balance of \$255 has remained in the sheriff's bank account since 1998. Although not repeated in the current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

LEWIS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1833, the county of Lewis was named after Meriwether Lewis, an explorer and governor of the Missouri Territory. Lewis County is a county-organized, third-class county and is part of the Second Judicial Circuit. The county seat is Monticello.

Lewis 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 Lewis County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 468,417	24	355,950	20
Sales taxes	514,315	26	484,271	28
Federal and state aid	504,184	26	507,974	29
Fees, interest, and other	485,878	24	393,083	23
Total	\$ 1,972,794	100	1,741,278	100

The following chart shows how Lewis County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 712,001	38	688,822	37
Public safety	361,570	19	381,047	20
Highways and roads	796,967	43	802,976	43
Total	\$ 1,870,538	100	1,872,845	100

During 2000 and 1999, the Law Enforcement Operating Fund had receipts totaling \$452,264 and \$433,964, respectively, which includes a yearly transfer of \$218,675 from the General Revenue Fund. During 2000 and 1999, the Law Enforcement Operating Fund expended \$453,509 and \$412,534, respectively, for operations of the Sheriff's office.

During 2000 and 1999, the Road and Bridge Capital Improvements Fund had receipts totaling \$254,798 and \$705,829, respectively. During 2000 and 1999, the fund expended \$215,097 and \$715,463, respectively, for construction of bridges and upgrading equipment. Included in the amounts expended are transfers to the Special Road and Bridge Fund totaling \$52,000 and \$30,000, respectively, during 2000 and 1999.

The county maintains approximately 139 county bridges and 544 miles of county roads.

The county's population was 10,993 in 1970 and 10,233 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2000	1999	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 42.9	42.2	37.7	18.2	13.8
Personal property	24.5	22.9	11.8	8.3	5.3
Railroad and utilities	13.1	13.2	11.2	6.0	5.0
Total	\$ 80.5	78.3	60.7	32.5	24.1

* First year of statewide reassessment.

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

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

	Year Ended December 31,	
	2000	1999
General Revenue Fund	\$.2650	.25
Special Road and Bridge Fund*	.4800	.48
Health Center Fund	.1000	.10

* The county retains all tax proceeds from areas not within road districts. The county has three road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

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

	Year Ended February 28 (29),	
	2001	2000
State of Missouri	\$ 23,893	23,317
General Revenue Fund	217,273	199,384
Special Road and Bridge Fund	309,724	302,506
Assessment Fund	37,416	37,335
Health Center Fund	78,839	76,926
Nursing Home Fund	118,284	115,413
School districts	2,532,924	2,477,963
Library district	65,940	64,378
Ambulance district	197,131	192,338
Fire protection district	143,003	139,006
Watershed Districts Fund	36,217	35,357
Town of Monticello	3,248	3,071
Drainage Districts	57,549	55,527
Interest	8,078	6,683
Surtax	61,428	59,796
Private Car Trust Fund	14,186	0
Cities	38,183	38,125
County Clerk	1,057	1,035
County Employees' Retirement	22,715	22,234
Commissions and fees:		
General Revenue Fund	61,442	59,254
County Collector	1,174	1,133
Total	\$ <u>4,029,704</u>	<u>3,910,781</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2001	2000
Real estate	94 %	94 %
Personal property	91	90
Railroad and utilities	100	100

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

	Rate	Expiration Date	Required Property Tax Reduction
General Sales Tax	\$ 0.005	None	50 %
General Sales Tax	0.00375	2004	None
Bridges and other capital improvement sales tax	0.00375	2004	None
Law enforcement sales tax	0.0025	None	None
Local option use tax	Fluctuates with local sales tax rate		None
Enhanced 911 Sales Tax	0.00375	None	None

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

Officeholder	2001	2000	1999
County-Paid Officials:			
Nancy Goehl, Presiding Commissioner	\$	24,440	24,440
Don Neil, Associate Commissioner		22,440	22,440
Jesse Roberts, Associate Commissioner		22,440	22,440
Sharon Schlager, County Clerk		34,000	34,000
Jules DeCoster, Prosecuting Attorney		41,000	41,000
David Parrish, Sheriff		21,552	
Mike Bringer, Sheriff		12,448	34,000
Bill Schlager, County Treasurer		25,160	25,160
Jerry L. Davis, County Coroner		6,000	6,000
Bill Murphy, Public Administrator *		21,434	25,080
Robert Veatch, County Collector**, year ended February 28 (29),	35,174	35,133	
Wayne E. Priebe, Jr., County Assessor ***, year ended August 31,	34,900	34,900	
Harold R. Crane, County Surveyor ****			

* Includes fees received from probate cases.

** Includes commissions from drainage districts of \$1,174 in 2001 and \$1,133 in 2000.

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

**** Compensation on a fee basis.

State-Paid Officials:

William B. Smith, Circuit Clerk and Ex Officio Recorder of Deeds	50,593	48,609
Fred Westoff, Associate Circuit Judge	97,382	87,235

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	2 *	
Prosecuting Attorney	1	
Sheriff	18 **	
Public Administrator	1 *	
County Collector	2 *	
County Assessor	3 *	
Associate Division		1
Probate Division		1
Road and Bridge	12	
Health Center	15 ***	
Total	55	4

- * Includes 1 part time employee
- ** Includes 6 part time employees
- *** Includes 3 part time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Lewis County's share of the Second Judicial Circuit's expenses is 26.04 percent.