



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

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

**Report No. 2001-80  
September 4, 2001  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2001

[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

**IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Texas, 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.**

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

- As of December 31, 2000, the Domestic Violence Fund balance was \$16,662; however, the county disbursed only \$5,790 to domestic violence shelters during the two years ended December 31, 2000. In addition, the county deposited as much as \$9,000 in marriage license domestic violence fees into the county's General Revenue Fund since 1991. While the county began depositing these fees into the Domestic Violence Fund in April 2000, the county has not transferred any money from the General Revenue Fund to the Domestic Violence Fund. The county should determine the amount of domestic violence fees deposited into the General Revenue Fund since 1991 and transfer that amount to the Domestic Violence Fund.

In December 1999, the county authorized the turnover of approximately \$5,400 of unidentified and unclaimed monies to the General Revenue Fund. However, it appears unclaimed monies should be remitted to the state Unclaimed Property Section.

- 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 Texas county's former Associate County Commissioners salaries were each increased approximately \$7,580 yearly.

(over)

YELLOW SHEET

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 former Associate County Commissioners, totaling approximately \$15,160, for the two years ended December 31, 2000, should be repaid. In light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

- The approved budget documents for several county funds did not adequately reflect the anticipated financial condition for the two years ended December 31, 2000. Expenditures were budgeted to use substantially all available resources even though it appears the county planned to maintain balances in these funds. County officials responded that this method of budgeting used for approximately 20 years has provided a stable budget process.

Formal budgets were not prepared or obtained for various county funds for the years ended December 31, 2000 and 1999, and the annual published financial statements of the county did not include the financial activity of some county funds as required.

Also included in the audit are recommendations to improve general fixed assets and matters related to the Ex Officio County Collector, Prosecuting Attorney, Sheriff, Circuit Clerk and Assessor. Several of these issues had been noted in prior audits.

**Copies of the audit are available upon request.**

TEXAS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



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

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

To the County Commission  
and  
Officeholders of Texas County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Texas 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 Texas 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 Texas 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 Texas 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 June 6, 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 Texas 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

June 6, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Mark Ruether, CPA
In-Charge Auditor:	Sharon Eagleburger
Audit Staff:	Rachel Simons
	Troy Royer
	Curt Gannon



**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 Texas County, Missouri

We have audited the special-purpose financial statements of various funds of Texas County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 6, 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 Texas County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

## Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Texas 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 Texas 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

June 6, 2001 (fieldwork completion date)

## Financial Statements

Exhibit A-1

TEXAS 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	\$ 519,112	1,180,630	1,281,650	418,092
Special Road and Bridge	135,856	956,186	963,025	129,017
Assessment	0	182,205	182,205	0
Law Enforcement Training	7,102	7,375	8,271	6,206
Prosecuting Attorney Training	1,089	1,290	521	1,858
WRI-TEX 911	444,787	370,702	325,511	489,978
Recorders User Fees	9,820	10,882	11,279	9,423
Law Enforcement Operations	10,538	62,610	20,444	52,704
Rescue Unit	16,708	1,911	0	18,619
Domestic Violence	17,535	2,807	3,680	16,662
Prosecuting Attorney Bad Check	3,654	9,851	11,526	1,979
Election Services	47	3,713	0	3,760
Local Emergency Preparedness Committee	9,293	4,595	1,262	12,626
Garner Covert Memorial Trust	15,988	765	690	16,063
Texas County Historical Military Museum	6,354	5,925	6,500	5,779
Health Center	123,000	442,319	430,466	134,853
Habilitation Services	87,868	130,046	131,798	86,116
Community Development Block Grant	0	115,507	97,508	17,999
Circuit Clerk Interest	49,654	2,412	2,304	49,762
Law Library	6,493	4,425	3,167	7,751
Associate and Probate Division Interest	5,793	1,031	726	6,098
Total	\$ 1,470,691	3,497,187	3,482,533	1,485,345

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

Exhibit A-2

TEXAS 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	\$ 526,854	1,211,562	1,219,304	519,112
Special Road and Bridge	151,861	942,033	958,038	135,856
Assessment	0	218,717	218,717	0
Law Enforcement Training	6,875	9,564	9,337	7,102
Prosecuting Attorney Training	128	1,910	949	1,089
WRI-TEX 911	396,094	355,722	307,029	444,787
Recorders User Fees	8,826	11,566	10,572	9,820
Law Enforcement Operations	16,736	13,141	19,339	10,538
Rescue Unit	12,954	3,754	0	16,708
Domestic Violence	16,689	2,956	2,110	17,535
Prosecuting Attorney Bad Check	8,965	9,409	14,720	3,654
Election Services	0	47	0	47
Local Emergency Preparedness Committee	11,124	3,427	5,258	9,293
Garner Covert Memorial Trust	15,373	890	275	15,988
Block Grant	39	0	39	0
Texas County Historical Military Museum	0	6,354	0	6,354
Health Center	117,984	403,852	398,836	123,000
Habilitation Services	69,060	123,412	104,604	87,868
Circuit Clerk Interest	52,922	1,440	4,708	49,654
Law Library	5,542	4,804	3,853	6,493
Associate and Probate Division Interest	5,452	1,206	865	5,793
Total	\$ 1,423,478	3,325,766	3,278,553	1,470,691

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

Exhibit B

TEXAS 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)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,752,988	3,373,812	(379,176)	3,624,932	3,318,316	(306,616)
DISBURSEMENTS	4,469,526	3,378,828	1,090,698	4,349,558	3,269,127	1,080,431
RECEIPTS OVER (UNDER) DISBURSEMENTS	(716,538)	(5,016)	711,522	(724,626)	49,189	773,815
CASH, JANUARY 1	1,408,751	1,408,751	0	1,359,562	1,359,562	0
CASH, DECEMBER 31	692,213	1,403,735	711,522	634,936	1,408,751	773,815
<b>GENERAL REVENUE FUND</b>						
<b>RECEIPTS</b>						
Sales taxes	692,000	682,455	(9,545)	623,000	688,897	65,897
Intergovernmental	95,200	194,255	99,055	107,000	183,958	76,958
Charges for services	210,500	186,470	(24,030)	202,000	217,899	15,899
Interest	13,500	26,327	12,827	14,000	31,804	17,804
Other	28,000	43,211	15,211	36,750	43,312	6,562
Transfers in	49,601	47,912	(1,689)	47,045	45,692	(1,353)
Total Receipts	1,088,801	1,180,630	91,829	1,029,795	1,211,562	181,767
<b>DISBURSEMENTS</b>						
County Commission	84,000	82,834	1,166	84,000	82,662	1,338
County Clerk	101,936	98,302	3,634	99,600	92,514	7,086
Elections	60,000	50,009	9,991	50,000	7,956	42,044
Buildings and grounds	112,992	88,769	24,223	113,432	50,555	62,877
Employee fringe benefits	196,000	173,300	22,700	156,000	144,563	11,437
County Treasurer	54,310	51,969	2,341	54,556	53,197	1,359
Ex Officio County Collector	18,000	9,405	8,595	15,000	14,168	832
County Surveyor	6,000	3,971	2,029	5,500	5,088	412
Ex Officio Recorder of Deeds	31,200	31,048	152	39,720	38,769	951
Circuit Clerk	11,600	10,126	1,474	0	0	0
Associate Circuit Court	11,800	10,349	1,451	10,600	9,633	967
Court administration	57,929	63,201	(5,272)	54,950	34,038	20,912
Public Administrator	11,900	11,068	832	11,900	11,813	87
Sheriff	193,588	195,683	(2,095)	195,237	171,706	23,531
Jail	154,994	148,210	6,784	144,123	159,208	(15,085)
Prosecuting Attorney	94,140	82,818	11,322	81,133	80,357	776
Juvenile Officer	60,710	43,283	17,427	81,512	67,358	14,154
County Coroner	9,914	8,872	1,042	10,000	8,794	1,206
Insurance and bonds	28,000	20,161	7,839	28,000	17,870	10,130
Debt service	12,500	10,590	1,910	12,000	12,515	(515)
Other	148,552	49,340	99,212	191,585	89,525	102,060
Transfers out	44,755	38,342	6,413	72,000	67,015	4,985
Emergency Fund	34,000	0	34,000	31,000	0	31,000
Total Disbursements	1,538,820	1,281,650	257,170	1,541,848	1,219,304	322,544
RECEIPTS OVER (UNDER) DISBURSEMENTS	(450,019)	(101,020)	348,999	(512,053)	(7,742)	504,311
CASH, JANUARY 1	519,112	519,112	0	526,854	526,854	0
CASH, DECEMBER 31	69,093	418,092	348,999	14,801	519,112	504,311

Exhibit B

TEXAS 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)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,481,208	948,215	(532,993)	1,400,910	933,435	(467,475)
Charges for services	100	0	(100)	0	15	15
Interest	2,000	7,971	5,971	2,000	8,583	6,583
Other	100	0	(100)	53,090	0	(53,090)
Total Receipts	1,483,408	956,186	(527,222)	1,456,000	942,033	(513,967)
<b>DISBURSEMENTS</b>						
Distribution to townships	880,299	891,856	(11,557)	836,600	878,597	(41,997)
Road sign project	20,850	12,655	8,195	20,850	9,863	10,987
Insurance	1,000	557	443	1,000	516	484
Construction, repair, and maintenance	603,318	30,000	573,318	644,887	41,567	603,320
Transfers out	27,901	27,957	(56)	26,550	27,495	(945)
Total Disbursements	1,533,368	963,025	570,343	1,529,887	958,038	571,849
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49,960)	(6,839)	43,121	(73,887)	(16,005)	57,882
CASH, JANUARY 1	135,856	135,856	0	151,861	151,861	0
CASH, DECEMBER 31	85,896	129,017	43,121	77,974	135,856	57,882
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	148,360	140,911	(7,449)	150,000	152,626	2,626
Interest	100	836	736	500	886	386
Other	500	5,116	4,616	1,500	1,190	(310)
Transfers in	41,755	35,342	(6,413)	68,000	64,015	(3,985)
Total Receipts	190,715	182,205	(8,510)	220,000	218,717	(1,283)
<b>DISBURSEMENTS</b>						
Assessor	190,715	182,205	8,510	220,000	218,717	1,283
Total Disbursements	190,715	182,205	8,510	220,000	218,717	1,283
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	3,100	2,486	(614)	3,100	3,011	(89)
Charges for services	6,500	4,593	(1,907)	6,700	6,166	(534)
Interest	400	296	(104)	300	387	87
Total Receipts	10,000	7,375	(2,625)	10,100	9,564	(536)
<b>DISBURSEMENTS</b>						
Sheriff	17,102	8,271	8,831	15,375	9,337	6,038
Total Disbursements	17,102	8,271	8,831	15,375	9,337	6,038
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,102)	(896)	6,206	(5,275)	227	5,502
CASH, JANUARY 1	7,102	7,102	0	6,875	6,875	0
CASH, DECEMBER 31	0	6,206	6,206	1,600	7,102	5,502

Exhibit B

TEXAS 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)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	2,000	1,208	(792)	1,400	1,886	486
Interest	20	82	62	100	24	(76)
Other	80	0	(80)	0	0	0
Total Receipts	2,100	1,290	(810)	1,500	1,910	410
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	3,189	521	2,668	1,628	949	679
Total Disbursements	3,189	521	2,668	1,628	949	679
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,089)	769	1,858	(128)	961	1,089
CASH, JANUARY 1	1,089	1,089	0	128	128	0
CASH, DECEMBER 31	0	1,858	1,858	0	1,089	1,089
<b><u>WRI-TEX 911 FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	350,000	335,332	(14,668)	302,000	331,970	29,970
Interest	19,800	25,368	5,568	22,000	23,752	1,752
Other	0	10,002	10,002	0	0	0
Total Receipts	369,800	370,702	902	324,000	355,722	31,722
<b>DISBURSEMENTS</b>						
Salaries	219,400	216,954	2,446	218,200	193,882	24,318
Office expenditures	12,300	9,047	3,253	11,000	10,720	280
Equipment	101,074	7,514	93,560	76,763	21,007	55,756
Mileage and training	8,200	9,263	(1,063)	6,200	5,320	880
Administration expense	10,000	0	10,000	10,000	0	10,000
Mapping	1,000	2,088	(1,088)	1,000	294	706
Service charges	75,000	71,752	3,248	70,000	66,579	3,421
Other	5,000	161	4,839	5,400	416	4,984
Transfers out	11,200	8,732	2,468	10,200	8,811	1,389
Total Disbursements	443,174	325,511	117,663	408,763	307,029	101,734
RECEIPTS OVER (UNDER) DISBURSEMENTS	(73,374)	45,191	118,565	(84,763)	48,693	133,456
CASH, JANUARY 1	444,787	444,787	0	396,094	396,094	0
CASH, DECEMBER 31	371,413	489,978	118,565	311,331	444,787	133,456
<b><u>RECORDERS USER FEES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	11,000	10,394	(606)	11,500	10,124	(1,376)
Interest	1,000	488	(512)	500	1,442	942
Total Receipts	12,000	10,882	(1,118)	12,000	11,566	(434)
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deeds	21,820	11,279	10,541	20,826	10,572	10,254
Total Disbursements	21,820	11,279	10,541	20,826	10,572	10,254
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,820)	(397)	9,423	(8,826)	994	9,820
CASH, JANUARY 1	9,820	9,820	0	8,826	8,826	0
CASH, DECEMBER 31	0	9,423	9,423	0	9,820	9,820

TEXAS 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)
<b><u>LAW ENFORCEMENT OPERATIONS FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	47,115	47,115	0	0	0	0
Charges for services	10,500	12,732	2,232	9,000	10,394	1,394
Interest	500	2,463	1,963	500	1,038	538
Other	300	300	0	500	1,709	1,209
Total Receipts	58,415	62,610	4,195	10,000	13,141	3,141
<b>DISBURSEMENTS</b>						
Sheriff	68,653	20,444	48,209	21,236	14,339	6,897
Transfers out	0	0	0	5,000	5,000	0
Total Disbursements	68,653	20,444	48,209	26,236	19,339	6,897
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,238)	42,166	52,404	(16,236)	(6,198)	10,038
CASH, JANUARY 1	10,538	10,538	0	16,736	16,736	0
CASH, DECEMBER 31	300	52,704	52,404	500	10,538	10,038
<b><u>RESCUE UNIT FUND</u></b>						
<b>RECEIPTS</b>						
Interest	700	911	211	700	754	54
Other	0	0	0	500	0	(500)
Transfers in	0	1,000	1,000	0	3,000	3,000
Total Receipts	700	1,911	1,211	1,200	3,754	2,554
<b>DISBURSEMENTS</b>						
Rescue Unit	17,408	0	17,408	14,154	0	14,154
Total Disbursements	17,408	0	17,408	14,154	0	14,154
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,708)	1,911	18,619	(12,954)	3,754	16,708
CASH, JANUARY 1	16,708	16,708	0	12,954	12,954	0
CASH, DECEMBER 31	0	18,619	18,619	0	16,708	16,708
<b><u>DOMESTIC VIOLENCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	2,000	1,840	(160)	2,700	1,967	(733)
Interest	900	967	67	900	989	89
Total Receipts	2,900	2,807	(93)	3,600	2,956	(644)
<b>DISBURSEMENTS</b>						
Domestic violence shelter	20,435	3,680	16,755	20,289	2,110	18,179
Total Disbursements	20,435	3,680	16,755	20,289	2,110	18,179
RECEIPTS OVER (UNDER) DISBURSEMENTS	(17,535)	(873)	16,662	(16,689)	846	17,535
CASH, JANUARY 1	17,535	17,535	0	16,689	16,689	0
CASH, DECEMBER 31	0	16,662	16,662	0	17,535	17,535
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	9,000	9,720	720	13,493	8,977	(4,516)
Interest	500	131	(369)	500	432	(68)
Total Receipts	9,500	9,851	351	13,993	9,409	(4,584)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	8,554	6,803	1,751	18,382	10,373	8,009
Transfers out	4,600	4,723	(123)	4,576	4,347	229
Total Disbursements	13,154	11,526	1,628	22,958	14,720	8,238
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,654)	(1,675)	1,979	(8,965)	(5,311)	3,654
CASH, JANUARY 1	3,654	3,654	0	8,965	8,965	0
CASH, DECEMBER 31	0	1,979	1,979	0	3,654	3,654

TEXAS 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)
<b><u>ELECTION SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	3,000	3,650	650	100	47	(53)
Interest	50	63	13	10	0	(10)
Total Receipts	3,050	3,713	663	110	47	(63)
<b>DISBURSEMENTS</b>						
Elections	3,097	0	3,097	110	0	110
Total Disbursements	3,097	0	3,097	110	0	110
RECEIPTS OVER (UNDER) DISBURSEMENTS	(47)	3,713	3,760	0	47	47
CASH, JANUARY 1	47	47	0	0	0	0
CASH, DECEMBER 31	0	3,760	3,760	0	47	47
<b><u>LOCAL EMERGENCY PREPAREDNESS COMMITTEE FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	3,000	3,867	867	4,000	2,893	(1,107)
Interest	500	678	178	600	534	(66)
Other	0	50	50	100	0	(100)
Total Receipts	3,500	4,595	1,095	4,700	3,427	(1,273)
<b>DISBURSEMENTS</b>						
Emergency preparedness	12,793	1,262	11,531	15,824	5,258	10,566
Total Disbursements	12,793	1,262	11,531	15,824	5,258	10,566
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,293)	3,333	12,626	(11,124)	(1,831)	9,293
CASH, JANUARY 1	9,293	9,293	0	11,124	11,124	0
CASH, DECEMBER 31	0	12,626	12,626	0	9,293	9,293
<b><u>GARNER COVERT MEMORIAL TRUST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	900	765	(135)	850	890	40
Total Receipts	900	765	(135)	850	890	40
<b>DISBURSEMENTS</b>						
Indigent grants	1,000	0	1,000	1,000	0	1,000
Indigent loans	1,000	0	1,000	1,000	0	1,000
Miscellaneous	2,238	40	2,198	2,223	275	1,948
Transfers out	650	650	0	0	0	0
Total Disbursements	4,888	690	4,198	4,223	275	3,948
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,988)	75	4,063	(3,373)	615	3,988
CASH, JANUARY 1	15,988	15,988	0	15,373	15,373	0
CASH, DECEMBER 31	12,000	16,063	4,063	12,000	15,988	3,988
<b><u>BLOCK GRANT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental				0	0	0
Total Receipts				0	0	0
<b>DISBURSEMENTS</b>						
Transfers out				39	39	0
Total Disbursements				39	39	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(39)	(39)	0
CASH, JANUARY 1				39	39	0
CASH, DECEMBER 31				0	0	0

Exhibit B

TEXAS 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)
<b>TEXAS COUNTY HISTORICAL MILITARY MUSEUM FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	0	2,000	2,000	0	0	0
Interest	200	128	(72)	150	152	2
Other	1,850	1,147	(703)	1,850	6,202	4,352
Transfers in	650	2,650	2,000	0	0	0
Total Receipts	2,700	5,925	3,225	2,000	6,354	4,354
<b>DISBURSEMENTS</b>						
Museum	1,294	0	1,294	1,000	0	1,000
Transfers out	6,500	6,500	0	0	0	0
Total Disbursements	7,794	6,500	1,294	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,094)	(575)	4,519	1,000	6,354	5,354
CASH, JANUARY 1	6,354	6,354	0	0	0	0
CASH, DECEMBER 31	1,260	5,779	4,519	1,000	6,354	5,354
<b>HEALTH CENTER FUND</b>						
<b>RECEIPTS</b>						
Property taxes	121,200	124,901	3,701	120,126	120,601	475
Intergovernmental	238,909	275,141	36,232	249,815	230,953	(18,862)
Charges for services	18,750	19,131	381	12,600	20,049	7,449
Interest	8,000	9,957	1,957	7,000	9,105	2,105
Other	15,540	13,189	(2,351)	13,043	23,144	10,101
Total Receipts	402,399	442,319	39,920	402,584	403,852	1,268
<b>DISBURSEMENTS</b>						
Salaries	363,186	346,543	16,643	322,615	322,595	20
Office expenditures	45,555	43,647	1,908	43,500	43,385	115
Equipment	8,000	10,880	(2,880)	10,360	10,358	2
Mileage and training	9,900	9,772	128	13,875	13,842	33
Other	9,300	19,624	(10,324)	8,715	8,656	59
Total Disbursements	435,941	430,466	5,475	399,065	398,836	229
RECEIPTS OVER (UNDER) DISBURSEMENTS	(33,542)	11,853	45,395	3,519	5,016	1,497
CASH, JANUARY 1	123,000	123,000	0	117,984	117,984	0
CASH, DECEMBER 31	89,458	134,853	45,395	121,503	123,000	1,497
<b>HABILITATION SERVICES FUND</b>						
<b>RECEIPTS</b>						
Property taxes	110,000	124,901	14,901	130,000	120,525	(9,475)
Intergovernmental	100	1,270	1,170	1,000	34	(966)
Interest	2,000	3,875	1,875	1,500	2,853	1,353
Total Receipts	112,100	130,046	17,946	132,500	123,412	(9,088)
<b>DISBURSEMENTS</b>						
Contract services	135,300	130,300	5,000	105,415	103,043	2,372
Other	1,875	1,498	377	1,918	1,561	357
Total Disbursements	137,175	131,798	5,377	107,333	104,604	2,729
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25,075)	(1,752)	23,323	25,167	18,808	(6,359)
CASH, JANUARY 1	87,868	87,868	0	69,060	69,060	0
CASH, DECEMBER 31	62,793	86,116	23,323	94,227	87,868	(6,359)

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

Notes to the Financial Statements

TEXAS 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 Texas 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 Habilitation Services 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>
Community Development Block Grant Fund	2000
Circuit Clerk Interest Fund	2000 and 1999
Law Library Fund	2000 and 1999
Associate and Probate Division Interest Fund	2000 and 1999

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>
Habilitation Services Fund	2000 and 1999
Community Development Block Grant Fund	2000
Circuit Clerk Interest Fund	2000 and 1999
Law Library Fund	2000 and 1999
Associate and Probate Division Interest Fund	2000 and 1999

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 financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2000, \$200,000 was covered by federal depository insurance and \$1,279,532 was covered by collateral securities pledged by the depository bank and held by independent banks but not in the county's name.

Of the county's bank balance at December 31, 1999, \$200,000 was covered by federal depository insurance and \$1,684,644 was covered by collateral securities pledged by the depository bank and held by independent banks but not in the county's name.

Of the Health Center Board's bank balance at December 31, 2000, \$100,000 was covered by federal depository insurance and \$54,965 was covered by collateral securities pledged by the depository bank and held by an independent bank but not in the board's name.

Of the Health Center Board's bank balance at December 31, 1999, \$100,000 was covered by federal depository insurance and \$34,462 was covered by collateral securities pledged by the depository bank and held by an independent bank but not in the board's name.

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

3. Prior Period Adjustment

The Circuit Clerk Interest Fund's cash balance at January 1, 1999, as previously stated has been increased by \$19,646 to reflect interest not previously reported.

Supplementary Schedule

Schedule

TEXAS 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	ER0045-1208	\$ 74,494	85,066
10.559	Summer Food Service Program for Children	ERS046-0208	228	0
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	69,457	75,939
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	99-PF-09	97,508	0
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	14,129	820
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-107(7)	0	33,253

Schedule

TEXAS 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 HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	PG0064-9208IAP	0	2,925
		N/A	22,113	17,552
	Program Total		<u>22,113</u>	<u>20,477</u>
Department of Social Services -				
93.563	Child Support Enforcement	N/A	1,398	4,607
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-1208	3,270	2,050
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-00065	30,307	14,945
93.940	HIV Prevention Activities - Health Department Based	N/A	123	140
93.991	Preventive Health and Health Services Block Grant	N/A	241	209
93.994	Maternal and Child Health Services Block Grant to the States	ER0146-1208	33,272	25,265
		N/A	1,206	1,045
	Program Total		<u>34,478</u>	<u>26,310</u>
	Total Expenditures of Federal Awards		<u>\$ 347,746</u>	<u>263,816</u>

N/A - Not applicable

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

Notes to the Supplementary Schedule

TEXAS 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 Texas 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), \$22,113 and \$17,552 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. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$241 and \$209 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), \$1,206 and \$1,045 also 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. Subrecipients

The county provided no federal awards to subrecipients 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 Texas County, Missouri

Compliance

We have audited the compliance of Texas 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, Texas 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 Texas 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 Texas 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

June 6, 2001 (fieldwork completion date)

Schedule

TEXAS 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? \_\_\_\_\_ yes   x   no

Federal Awards

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ yes   x   no

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

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

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads – Grants to States
14.228	Community Development Block Grants/State’s Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee?        yes   x   no

**Section II - Financial Statement Findings**

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

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

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

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

TEXAS 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

TEXAS 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.

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the special-purpose financial statements of various funds of Texas County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 6, 2001. We also have audited the compliance of Texas 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 June 6, 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.

Because the Texas County Memorial Hospital is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed those audit reports and other applicable information.

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 Texas 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*.

<b>1. County Budgets and Financial Reporting</b>
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- A. The approved budget documents for several county funds (including those prepared by elected officials) did not adequately reflect the anticipated financial condition for the two years ended December 31, 2000. Expenditures were budgeted to use substantially all available resources. For example, the anticipated ending cash balance for the General Revenue Fund for December 31, 2000 was projected at \$69,093, while the actual ending cash balance was \$418,092. In addition, for most of the smaller county funds, the budgets project ending balances of zero while the actual ending balances are normally much higher.

To be of maximum assistance to the county and to adequately inform the public, the budgets should accurately reflect the anticipated receipts, expenditures and ending cash balance. The practice of routinely budgeting to spend the majority of all available resources decreases the effectiveness of the budget as a management planning tool and as a control over expenditures.

Similar conditions were noted in prior reports.

- B. Formal budgets were not prepared or obtained for various county funds for the years ended December 31, 2000 and 1999. Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. Preparing or obtaining budgets for all county funds would enable the County Commission to effectively evaluate all county financial resources.
- C. 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.

**WE RECOMMEND** the County Commission:

- A. Estimate receipts and disbursements as closely as possible to the anticipated actual amounts so that the budget documents present a reasonable estimate of the county's financial plan and ending cash balances.
- B. Ensure budgets are prepared or obtained for all county funds.
- C. Ensure financial information for all county funds is properly reported in the annual published financial statements.

**AUDITEE'S RESPONSE**

- A. *We disagree as we have in past audits.*

*The General Revenue Fund has budgeted expense items that are solely controlled by the County Commission and Budget Officer. Funds are budgeted in case expenditures are needed during the year; however, if the county can operate without them, this means an unnecessary expenditure and an increase in the ending fund balance. Revenues are not always estimated as close as possible due to numerous revisions that the federal and state government may make during the year. If additional revenue is received above the budgeted amounts, this will still cause a larger ending balance.*

*The smaller funds are budgeted for the total allowable expenditures so the applicable elected officials and/or department heads will have available the maximum funds if needed. This is done mainly because the needed expenditures are not always known and/or decided prior to completion of the budget. The County Commission and Budget Officer have little or no control over the expenditures of these special funds. We believe the General Assembly needs to eliminate these special funds and direct all revenue into the General Revenue Fund. If all funds are made available, the elected official does not have to ask the County Commission and Budget Officer to amend the applicable budgets during the fiscal year.*

*We believe the method of budgeting used by the county for the past twenty years has provided a stable budget process.*

- B. *We agree; however the public needs to know that the County Commission and Budget Officer are not at fault. Elected officials and department heads, including judges, have willingly refused to prepare applicable budgets. Nothing short of filing suit for neglect of duty will resolve this matter. The only other hope in obtaining these budgets is when different people hold these offices and positions.*
- C. *We agree for the most part, with the following exceptions. The Budget Officer made an error by not including the Community Development Block Grant Fund. All other funds not published were the result of elected officials and department heads not supplying the needed information in a timely manner as there is a statutory deadline for when the financial statement must be published. Further, we believe the Missouri Press Association needs to back off and allow the General Assembly to pass revisions to the financial statement law for*

*third-class counties. First and second-class counties that spend millions more than third-class counties merely have to publish beginning balances, revenue totals, expense totals, and ending balances for each fund. Schools and cities likewise have to publish only a recap balance sheet. Third class counties are expending large sums of money because state law requires the publication in such a detailed style. Anyone wanting detailed financial information for the county has the right to ask for it.*

## **AUDITOR'S COMMENT**

- A. While we agree that uncertainties at the beginning of the year and changes throughout the year can have a major impact on budgeted revenues and expenditures, the county's current budgeting practices significantly reduces the effectiveness of the budget as a planning tool and does not provide the county with sufficient information to make long-term plans. Regarding the smaller funds, it appears the county may need greater involvement and input from all the elected officials to prepare budgets that more accurately project the anticipated financial activity of these funds.

<b>2. Associate Commissioners' Salaries</b>
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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 Texas County's former Associate County Commissioners salaries were each increased approximately \$7,580 yearly.

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 statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the former Associate County Commissioners, totaling approximately \$15,160 for the two years ended December 31, 2000, should be repaid. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

**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**

*While we plan to discuss this matter with legal counsel, we believe the Texas County Salary Commission made this decision based on allowable state law. The General Assembly should not pass laws that are in violation of the Missouri Constitution. We believe it should be noted that state-paid county and circuit elected officials are allowed increases in compensation during their terms of office and we are not sure why this is not also considered a violation of the Missouri Constitution.*

### **3.**

### **County Procedures**

- A. As of December 31, 2000, the Domestic Violence Fund balance was \$16,662. Although the county disbursed \$5,790 to domestic violence shelters during the two years ended December 31, 2000, the fund balance remains large. Section 488.445, RSMo 2000, authorizes the county to impose certain fees on the issuance of marriage licenses and on any civil case filed in circuit court. These fees are to be used to provide financial assistance to shelters for victims of domestic violence. The county has not adequately been disbursing the fees collected to shelters for victims of domestic violence.

In September 2000, the State Auditor issued an audit report on the statewide collection and distribution of fees for domestic violence shelters. That report concluded that Texas County had deposited as much as \$9,000 in marriage license domestic violence fees into the county's General Revenue Fund since 1991. While the county began depositing these fees into the Domestic Violence Fund in April 2000, the county has not transferred any money from the General Revenue Fund to the Domestic Violence Fund. The county should determine the amount of domestic violence fees deposited into the General Revenue Fund since 1991 and transfer that amount to the Domestic Violence Fund.

- B. In December 1999, the county authorized the turnover of approximately \$5,400 of unidentified and unclaimed monies to the General Revenue Fund. However, it appears unclaimed monies should be remitted to the state Unclaimed Property Section. Sections 447.500 through 447.595, RSMo 2000, apply to the Uniform Disposition of Unclaimed Property which requires unclaimed property to be remitted to the Unclaimed Property Section of the State Treasurer's Office. The county should review these sections of state law and take appropriate action.

### **WE RECOMMEND** the County Commission:

- A. Ensure Domestic Violence Fund monies are disbursed to qualifying shelters in a timely manner. In addition, the county should determine the amount of domestic violence fees deposited into the General Revenue Fund since 1991 and transfer that amount to the Domestic Violence Fund.

- B. Review the county's procedures for disposing of unclaimed and unidentified monies and ensure applicable state laws are followed. The county should review the \$5,400 turned over to the General Revenue Fund and determine if any of this money should be remitted to the state Unclaimed Property Section.

**AUDITEE'S RESPONSE**

- A. *The voters of Texas County initially set the amounts to be collected for the Domestic Violence Fund in the early 1980's. Errors have been corrected as to what fund the monies are being deposited into. If any funds from the General Revenue Fund are transferred into the Domestic Violence Fund, this amount will need to be determined by the current Circuit Clerk and Ex Officio Recorder of Deeds, and budgeted as an expense item in future year's budgets. We do not believe the balance in the Domestic Violence Fund is too large. Qualifying shelters need to report and request funds for services provided and we will continue to provide funding only when proper documentation is received from the shelters.*
- B. *We agree that future unclaimed monies should be deposited with the State Unclaimed Property Section in accordance with the law. We do not believe past turnovers to the county General Revenue Fund should be transferred to the state. For the most part, these monies represent expenses paid from local funds, and if not claimed should be returned to the applicable local fund. We believe the General Assembly should change this law.*

<b>4. General Fixed Assets</b>
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The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, the County Clerk maintains a computerized inventory listing of fixed assets held by county officials. The computerized listing is provided to each officeholder, who is then responsible for conducting the physical inventory in his/her office. However, during our review of equipment expenditures, four of the five purchases reviewed were not recorded on the county's general fixed asset listing. These items included leased computers for the property tax system, Associate Court computers, and two sheriff vehicles. Additions to the inventory listing are not reconciled to equipment expenditures or the County Clerk's annual physical inventory to ensure all fixed assets are properly recorded.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property.

Effective August 28, 1999, Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not

inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

**AUDITEE'S RESPONSE**

*We agree with this recommendation. We will encourage the county elected officials to comply with the changes in state law dealing with county property. We would like to obtain a copy of a written policy used by another county, which meets the state auditor's recommendation, and we will review and adopt such a policy.*

**5. Property Tax System and Ex Officio County Collector's Controls**

- A. Additions and abatement of property taxes are initiated by the County Assessor, who prepares a written form for each addition and abatement. The forms are taken by the taxpayer from the Assessor's office to the Ex Officio County Collector. The Ex Officio County Collector makes the applicable changes to the property tax system for additions and abatements. The Ex Officio County Collector periodically forwards a summary of the additions and abatements along with copies of the Assessor's forms to the County Clerk, who reviews these records and submits them to the County Commission for approval.

Since the Ex Officio County Collector is responsible for collecting the taxes, she should not have the capability to make changes to the tax data. Section 137.260, RSMo 2000, requires that the tax book only be changed by the County Clerk under order of the County Commission. At a minimum, the county should establish procedures for an independent reconciliation between the Assessor's records and the Ex Officio County Collector's records to ensure all additions and abatements are properly recorded.

- B. Check and money orders received are not restrictively endorsed immediately upon receipt. To adequately safeguard receipts, all checks and money orders should be restrictively endorsed immediately upon receipt.
- C. The former Ex Officio County Collector did not file annual settlements with the County Commission on a timely basis. The annual settlement for the year ended February 29, 2000, was not filed until July 12, 2000. In addition, the annual settlement for the year ended February 28, 2001, had not been filed as of July 24, 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 former Ex Officio County Collector needs to complete the annual settlement and file it with the County Commission.

**WE RECOMMEND:**

- A. The Ex Officio County Collector and the County Commission revise the addition/abatement process so that the Ex Officio County Collector does not have the capability to make changes to computerized property tax data. At a minimum, there should be independent reconciliations between the Assessor's records and the Ex Officio County Collector's records of additions and abatements.
- B. The Ex Officio County Collector restrictively endorse checks and money orders immediately upon receipt.
- C. The former Ex Officio County Collector complete the annual settlement for the year ended February 28, 2001, and file it with the County Commission.

**AUDITEE'S RESPONSE**

*The County Commission provided the following response:*

- A. *We are currently reviewing all additions and abatements to the township collectors' records. In the future, we will approve additions and abatements to the Ex Officio County Collector's records on a monthly basis. Independent reconciliations between the Assessor's records and the collectors' records are now being done by the County Clerk.*

*The current Ex Officio County Collector provided the following response:*

- A. *I plan to work with the other officials to ensure all additions and abatements are properly recorded.*
- B. *I plan to implement this recommendation.*

*The former Ex Officio County Collector provided the following response:*

- C. *I have been attempting to complete the annual settlement; however, I currently reside two hours away from the county courthouse where the records are kept which makes it very difficult to commute on a timely basis. I will complete this as soon as possible.*

**6.****Prosecuting Attorney's Accounting Controls and Procedures**

The Prosecuting Attorney's office collects bad check restitution and fees. Bad check fees total approximately \$9,500 annually; however, summary records are not maintained for total restitution received. Bad check collection procedures require that the check issuer pay restitution using two money orders. One money order is made payable to the merchant for restitution and the other to the Prosecuting Attorney for the collection fee. Our review of the Prosecuting Attorney's records, controls, and procedures noted the following areas of concern:

- A. Bad check restitutions and fees are not recorded, transmitted to the merchants, or deposited into the bank account on a timely basis. A cash count conducted on May 16, 2001, disclosed \$11,255 in bad check restitution and fees that had not been recorded as received. Transmittals and deposits are usually made once or twice a month. In addition, fees are not turned over to the County Treasurer on a timely basis. There were only five turnovers to the County Treasurer for year ended December 31, 2000.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be recorded and deposited or transmitted daily or when accumulated receipts exceed \$100. In addition, bad check fees should be turned over monthly to the County Treasurer as required by Section 50.360, RSMo 2000.

- B. Receipt slips are not issued for some monies received and redi-form receipt slips are issued rather than official, pre-numbered receipt slips. To ensure all monies are properly handled, official, pre-numbered receipt slips should be issued for all monies received.
- C. An adequate system has not been established to account for bad check complaints received, as well as the subsequent disposition of these complaints. A bad check complaint log would provide a record of all such complaints filed with the Prosecuting Attorney and a record of all bad check receipts and disbursements. The log should contain information such as the merchant, the issuer of the check, the amount of the check, the amount of the administrative fee, and the disposition of the bad check, including the date payment was received and paid to the merchant and County Treasurer or the criminal case number in which charges were filed or other disposition.
- D. Formal bank reconciliations are not prepared on a monthly basis. Bank reconciliations are normally prepared quarterly. Bank reconciliations should be prepared monthly to help ensure errors or misstatements are detected on a timely basis.

- E. Monthly listings of open items are not prepared. The reconciled bank balance was \$1,109 at December 31, 2000, and although a check register is maintained of the cash balance, the check register balance is not reconciled to open items. Preparing accurate listings of open items and agreeing the total with the reconciled cash balance help ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. Any unidentified differences between the cash balance and open items should be investigated and resolved.
- F. Money orders received are not restrictively endorsed immediately upon receipt. Endorsements are applied at the time deposits are prepared. To adequately safeguard receipts, all money orders should be restrictively endorsed immediately upon receipt.
- G. Voided checks are shredded and are not retained. To ensure all checks are properly accounted for, voided checks should be properly defaced and retained.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100. In addition, turn over all fees monthly to the County Treasurer as required by state law.
- B. Issue prenumbered official receipt slips for all monies received.
- C. Implement procedures to adequately track bad check complaints received as well as the ultimate disposition of each complaint through the use of a bad check complaint log.
- D. Prepare bank reconciliations on a monthly basis.
- E. Prepare monthly listings of open items and reconcile to the cash balance.
- F. Restrictively endorse money orders immediately upon receipt.
- G. Ensure all voided checks are defaced and retained.

**AUDITEE'S RESPONSE**

*A-G. We have already implemented these recommendations.*

<b>7.</b>	<b>Sheriff's Accounting Controls and Procedures</b>
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The Sheriff's office collects approximately \$170,000 annually in fees, bonds, and other miscellaneous receipts, which are deposited into the Sheriff's Fee Account, Bond Account, or Land Account. Our review noted the following concerns regarding the accounting controls and procedures for the Sheriff's office:

- A. Accounting and bookkeeping duties are not adequately segregated. One individual is responsible for recording, depositing, and transmitting monies. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. At a minimum, there should be a documented review of accounting records performed by a supervisor.
- B. Receipts are not deposited in a timely manner. Although the Sheriff's office indicated deposits are normally made twice a week, only two deposits were made during December 2000 totaling \$3,039. In addition, bonds received on May 4, 2001, totaling \$500, were not deposited in the bond account until May 14, 2001, and miscellaneous fees received from May 2 through May 10, 2001, totaling \$2,554, were not deposited in the fee account until May 14, 2001.

To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. Bank reconciliations are not prepared on a timely basis. As of April 2001, the bank accounts had not been reconciled since December 1999. At our request, bank reconciliations were performed for each month of 2000. Failure to prepare monthly bank reconciliations increases the risk that errors or misstatements will not be detected on a timely basis.
- D. Monthly listings of open items are not prepared for the fee or bond account. The reconciled bank balances were \$2,801 and \$32,660 at December 31, 2000; respectively, and although check registers are maintained of the cash balances, the check register balances are not reconciled to open items. We were able to materially reconcile the balance of the fee account to open items at December 31, 2000, but did not attempt to identify open items of the bond account.

Preparing accurate listings of open items and agreeing the total with the reconciled cash balance help ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. Any unidentified differences between the cash balances and open items should be investigated and resolved.

Conditions similar to Parts A and D were noted in a previous report.

**WE RECOMMEND** the Sheriff:

- A. Segregate accounting and bookkeeping duties to the extent possible. At a minimum, there should be documented supervisory reviews of the accounting records.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Prepare bank reconciliations on a monthly basis.

- D. Prepare monthly listings of listings of open items and reconcile to the cash balances.

**AUDITEE'S RESPONSE**

*A&C. These recommendations have been implemented.*

*B. We are currently depositing twice a week.*

*D. To eliminate any further problems with the bond account, we plan to turn over all bonds immediately to the court in accordance with Missouri court rules. We plan to prepare an open items listing on a monthly basis for the fee account.*

**8. Circuit Clerk and Ex Officio Recorder of Deeds' Controls and Procedures**

The Circuit Clerk's office collects approximately \$175,000 annually from court fees, board bills, child support and garnishments. The Ex Official Recorder of Deeds office collects approximately \$140,000 annually from recording fees. Our review noted the following concerns:

- A. Monthly listings of open items are not prepared for the Circuit Clerk's fee account. The reconciled bank balance was approximately \$91,000 at December 31, 2000. Preparing accurate listings of open items and agreeing the total with the reconciled cash balance help ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. Any unidentified differences between the cash balance and open items should be investigated and resolved.
- B. Interest totaling \$1,416 earned on the Ex Officio Recorder's fee account since January 1, 1995 has not been turned over to the County Treasurer. There appears to be no statutory authority for the Ex Officio Recorder of Deeds to keep interest earned on the bank account and therefore, the interest should be turned over periodically to the county.

Similar conditions were noted in a previous report.

**WE AGAIN RECOMMEND** the Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Prepare monthly listings of open items and reconcile to the cash balance.
- B. Disburse the \$1,416 in interest earned on the Ex Officio Recorder of Deeds' account to the County Treasurer, and turn over future interest periodically.

## **AUDITEE'S RESPONSE**

- A. *We have prepared an open items listing as of June 2001 and we plan to prepare a listing on a monthly basis.*
- B. *This has been implemented.*

### **9. Associate and Probate Divisions' Accounting Controls and Procedures**

The Circuit Clerk is the appointed supervisor of the Associate Circuit and Probate Divisions. The Associate Circuit Division maintains a civil bank account and a criminal/traffic bank account. Annual civil and criminal/traffic receipts are approximately \$465,000. The Probate Division maintains one account for fees and collects approximately \$13,000 annually. Our review noted the following concerns:

- A. Accounting and bookkeeping duties are not adequately segregated for the Associate and Probate divisions. One individual in each division is responsible for receiving, recording, depositing, and transmitting monies. To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. At a minimum, there should be a documented review of accounting records performed by a supervisor.
- B. Monthly bank reconciliations are not prepared for the criminal/traffic account. As of April 2001, the account had not been reconciled since March 1998. At our request, bank reconciliations were performed for each month of 1999 and 2000. Failure to prepare monthly bank reconciliations increases the risk that errors or misstatements will not be detected on a timely basis.
- C. Monthly listings of open items are not prepared for the criminal/traffic account. This account is maintained only for court fees which are disbursed on a monthly basis, therefore, the balance in the account should represent the amount of fees collected during the month. The reconciled bank balance was approximately \$12,500 at December 31, 2000, and our review noted an unidentified balance of approximately \$280. Preparing accurate listings of open items and agreeing the total with the reconciled cash balance help ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. The court should follow up on the unidentified balance and dispose of this amount in accordance with applicable statutory provisions.

Conditions similar to Parts A and C were noted in a previous report.

**WE RECOMMEND** the Circuit Clerk:

- A. Segregate accounting and bookkeeping duties to the extent possible. At a minimum, there should be documented supervisory reviews of the accounting records.
- B. Prepare bank reconciliations for the criminal/traffic account on a monthly basis.
- C. Prepare monthly listings of open items for the criminal/traffic account and reconcile to the cash balance.

**AUDITEE'S RESPONSE**

A. *We plan to implement a supervisory review of the records.*

B&C. *These recommendations have been implemented.*

<b>10. Assessor's Accounting Controls and Procedures</b>
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The Assessor transmits approximately \$3,100 annually to the county from the sale of maps and photocopies; however, the Assessor does not maintain adequate records to account for monies received. Our review noted the following concerns:

- A. The Assessor does not transmit receipts to the County Treasurer intact or on a timely basis. Some cash receipts are retained as a change fund or as petty cash for expenditures of the office. A count conducted on April 10, 2001, noted \$302 in cash and checks was held by the Assessor, which apparently included receipts for March and April 2001. The Assessor's records indicated that February 2001 receipts of \$69 were transmitted to the County Treasurer on March 15, 2001.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer intact monthly as required by Section 50.360, RSMo 2000. If a change fund or petty cash fund is necessary, it should be approved by the County Commission and kept at a constant amount, and reimbursements for petty cash expenditures should be made by warrants approved by the County Commission.

- B. Receipt slips are issued; however, copies of the receipt slips are not maintained. To ensure monies are properly accounted for and transmitted intact, prenumbered receipt slips indicating the method of payment should be issued for all monies received and copies of all receipt slips should be maintained. The composition of receipt slips issued should be reconciled to the composition of transmittals to the County Treasurer.

- C. Checks and money orders are not restrictively endorsed immediately upon receipt. Endorsements are applied when transmittals to the County Treasurer are prepared. To adequately safeguard receipts, all checks and money orders should be restrictively endorsed immediately upon receipt.

**WE RECOMMEND** the Assessor:

- A. Transmit all monies to the County Treasurer intact monthly as required by state law. Change funds or petty cash funds should be kept at a constant amount and approved by the County Commission.
- B. Issue pre-numbered receipt slips for all monies received, ensure the method of payment is indicated on all receipt slips, and reconcile total cash, checks, and money orders received to amounts transmitted to the County Treasurer.
- C. Restrictively endorse checks and money orders immediately upon receipt.

**AUDITEE'S RESPONSE**

*A&B. We have already implemented these recommendations.*

*C. We plan to implement this recommendation.*

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

TEXAS 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 Texas 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. The County Commission did not maintain documentation that the collection of a federal reimbursement claim for bridge construction expenditures was adequately pursued.
- B. The County did not have a drug-free workplace policy or awareness programs sufficient to comply with the requirements of the Drug-Free Workplace Act.

Recommendation:

The County Commission:

- A. Investigate and resolve unpaid reimbursement claims on a timely basis.
- B. Establish a written drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act. The Drug-Free Workplace policy and programs should be adequately communicated to all county employees who perform functions associated with federal funds.

Status:

A&B. Implemented.

2. Budgetary Practices

- A. Expenditures in excess of approved budgeted expenditures were made from the Special Road and Bridge Fund.
- B. The budget for the Circuit Clerk Interest Fund contained several errors.

Recommendation:

- A. The County Commission keep expenditures within the amounts budgeted. If excess expenditures are necessary, the circumstances should be fully documented in the County Commission's minutes and the budgets properly amended.
- B. The Circuit Clerk ensure budgets accurately reflect the actual beginning cash balances and estimated revenues, expenditures, and ending cash balances.

Status:

- A. Implemented.
- B. Not implemented. See MAR No. 1.

3. Computer Controls

- A. Backup disks of information were not stored at an off-site location.
- B. The county did not have a formal emergency contingency plan for the computer system.

Recommendation:

The County Commission work with the applicable county officials to:

- A. Ensure backup disks of information are stored in a secure, off-site location.
- B. Develop a formal contingency plan for the county's computer system.

Status:

A&B. Implemented.

4. County Clerk's Account Book

The County Clerk did not maintain an account book with the Ex Officio County Collector.

Recommendation:

The County Clerk maintain an account book with the Ex Officio County Collector and use this information to verify the Ex Officio County Collector's annual settlements.

Status:

Implemented.

5. Ex Officio County Collector's Controls and Records

- A.1. Personal checks were occasionally cashed from collections.
  - 2. Some refunds were made in cash or by money orders purchased from cash receipts.
- B. The annual settlements contained various omissions and errors.
- C. Current and back school surtax collections were not adjusted for the effects of Proposition C. As a result, approximately \$2,007 was due from the school districts to the General Revenue Fund and approximately \$669 was due from the school districts to the Assessment Fund.

Recommendation:

The Ex Officio County Collector:

- A.1. Discontinue the practice of cashing checks, deposit all receipts intact, and reconcile the composition of receipts to the composition of deposits.
  - 2. Make all disbursements by check.
- B. File complete and accurate annual settlements.
- C. Retain \$2,676 from future distributions to school districts and distribute \$2,007 to the General Revenue Fund and \$669 to the Assessment Fund.

Status:

- A. Implemented by the current Ex Officio County Collector who took office on April 1, 2001.
- B&C. Implemented.

6. Circuit Clerk's Controls and Records

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Old outstanding checks remained unresolved on the fee and child support accounts.

- C. Monthly listings of fee account liabilities (open-items) were not prepared and, consequently, liabilities were not reconciled with the cash balances.
- D. A perpetual listing of civil, criminal, and juvenile accrued costs was not prepared by the Circuit Clerk and the total amount of accrued costs was not readily available.
- E. The Circuit Clerk maintained several bank accounts but did not maintain records of the Circuit Clerk Interest Fund receipts, disbursements, and cash balances.

Recommendation:

The Circuit Clerk:

- A. Segregate the cash custody and record-keeping functions for each account and ensure there is a supervisory review of the work performed.
- B. Attempt to locate the payees of the old outstanding checks and reissue checks if possible. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- C. Prepare listings of open-items monthly and reconcile the listings to the cash balances. Any excess cash balances which cannot be identified should be appropriately disposed of through the applicable statutory provisions.
- D. Implement procedures to adequately pursue the collection of accrued costs.
- E. Establish and maintain an interest ledger to record interest transactions and balances. In addition, the Circuit clerk should consider consolidating non-restricted monies into one interest-bearing checking account to minimize record-keeping.

Status:

A, D,  
& E. Implemented.

B. Not implemented. There were five outstanding checks on the Child Support account totaling \$316 at December 31, 2000. Although not repeated in the current MAR, our recommendation remains as stated above.

C. Not implemented. See MAR No. 8.

7. Ex Officio Recorder of Deeds' Controls and Records

A. The numerical sequence of receipt slips was not accounted for properly. Monthly bank reconciliations were not performed, and unidentified monies remained in the

bank account. Several disbursement amounts did not agree to monthly reports generated by the computer system. A review of the deputy recorder's work was not performed.

- B. Checks were not restrictively endorsed immediately upon receipt.
- C. Interest earned on the bank account had not been turned over to the County Treasurer.

Recommendation:

The Ex Officio Recorder of Deeds:

- A.1. Account for the numerical sequence of receipt slips and reconcile receipt slips to deposit slips on a daily basis.
  - 2. Prepare bank reconciliations on a monthly basis and remit the unidentified cash balance to the County Treasurer.
  - 3. Maintain adequate supporting documentation for monthly disbursements and maintain documentation to explain any differences between amounts disbursed and amounts recorded on monthly disbursement reports.
  - 4. Perform a monthly review of the deputy recorders' work.
- B. Restrictively endorse checks immediately upon receipt.
- C. Disburse interest earnings to the County Treasurer on a monthly basis.

Status:

A&B. Implemented.

C. Not implemented. See MAR No. 8.

8. Sheriff's Controls and Records

- A. Accounting duties were not adequately segregated.
- B. Receipt slips issued did not always indicate the method of payment received.
- C. Monthly listings of liabilities (open items) were not prepared and, consequently, liabilities were not reconciled with the cash balance of each account.

- D. The Sheriff's office did not maintain adequate records to account for traffic tickets assigned and issued. Furthermore, no record was maintained indicating the ultimate disposition of all traffic tickets issued.

Recommendation:

The Sheriff:

- A. Provide for adequate segregation of duties and the performance of independent reconciliations and reviews of accounting records.
- B. Record the method of payment on receipt slips, reconcile the composition of receipts to the composition of deposits, and ensure receipts are deposited intact.
- C. Prepare listings of open-items monthly and reconcile the listings to the cash balances. Any remaining unclaimed amounts should be disbursed in accordance with state law.
- D. Ensure traffic tickets are assigned and issued in numerical sequence and that records are maintained to account for the numerical sequence and the ultimate disposition of all traffic tickets.

Status:

A&C. Not implemented. See MAR No. 7.

B. Implemented.

D. Not implemented. The number of traffic tickets issued by the Sheriff's department is not significant. Although not repeated in the current MAR, our recommendation remains as stated above.

9. Associate and Probate Divisions' Controls and Records

- A. The duties of cash custody and record-keeping were not adequately segregated.
- B. The method of payment received was not indicated on the receipt slips.
- C. Cash control ledgers which summarized disbursements for each month were not maintained.
- D. Monthly listings of the civil and probate liabilities (open-items) were not prepared and consequently, liabilities were not reconciled with the cash balances. Unidentified monies were held in the civil and probate accounts.

Recommendation:

The Associate Circuit Judge:

- A. Segregate the cash custody and record-keeping functions for each account and ensure there is a supervisory review of the work performed on a consistent and timely basis.
- B. Ensure the method of payment is recorded on the receipt slips and reconcile the composition of receipts to the composition of deposits.
- C. Require the divisions' clerks to maintain disbursement cash control ledgers and reconcile the disbursement cash control ledgers monthly with bank statements.
- D. Require the divisions' clerks to prepare listings of open-items monthly and reconcile the listings to the cash balances. Any excess cash balances which cannot be identified should be appropriately disposed of through the applicable statutory provisions.

Status:

- A. Not implemented. See MAR No. 9.
- B&D. Partially implemented. The method of payment is recorded on the receipt slips and a reconciliation of the composition of receipts to deposits is performed. In addition, open-items listings are prepared and reconciled on a monthly basis to the cash balance, and unidentified monies were properly disposed for the civil and probate divisions. However, open items lists are not prepared for the criminal/traffic division. See MAR No. 9.
- C. Implemented.

10. Public Administrator's Fees and Records

- A. The Associate Circuit Judge's approval for fees was not always received before the Public Administrator wrote herself checks for services.
- B. Receipts and disbursements were not always listed individually on the Public Administrator's annual settlements.

Recommendation:

The Associate Circuit Judge - Probate Division:

- A. Require the Public Administrator to obtain prior approval before fees are disbursed.

B. Require the Public Administrator to list all receipts and disbursements individually on the settlements.

Status:

A&B. Implemented.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

TEXAS COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1845, the county of Texas was named after the Republic of Texas. Texas County is a township-organized, third-class county and is part of the 25th Judicial Circuit. The county seat is Houston.

Texas 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 Texas 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
Sales taxes	\$ 682,455	32	688,897	32
Federal and state aid	1,142,470	53	1,117,393	52
Fees, interest, and other	311,891	15	347,305	16
Total	\$ 2,136,816	100	2,153,595	100

The following chart shows how Texas 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	\$ 802,784	36	731,881	34
Public safety	478,866	21	487,423	22
Highways and roads	963,025	43	958,038	44
Total	\$ 2,244,675	100	2,177,342	100

The county's townships maintain approximately 70 county bridges and 988 miles of county roads.

The county's population was 18,320 in 1970 and 21,476 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	\$ 83.3	80.4	61.5	22.4	15.5
Personal property	36.5	34.2	16.3	9.2	5.8
Railroad and utilities	11.6	11.4	5.5	5.3	2.7
Total	\$ 131.4	126.0	83.3	36.9	24.0

\* First year of statewide reassessment.

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

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

	Year Ended December 31,	
	2000	1999
General Revenue Fund	\$ .00	.00
Health Center Fund	.10	.10
Habilitation Services Fund	.10	.10

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

	Year Ended February 28 (29),	
	2001	2000
State of Missouri	\$ 39,194	38,643
General Revenue Fund	5,019	4,471
Townships and township roads	565,513	553,919
Assessment Fund	50,870	47,947
Health Center Fund	128,579	126,687
Habilitation Services Fund	128,579	126,687
School districts	4,011,757	3,747,693
Library district	132,979	131,121
Hospital	23	23
Ambulance districts	23,386	23,425
Cities	41,113	43,926
Overplus	6,675	18,699
Tax sale redemption	0	13,187
County Clerk	2,622	2,511
County Employees' Retirement	28,555	32,228
Commissions and fees:		
Township collectors	44,492	41,773
General Revenue Fund	38,492	39,579
Total	\$ <u>5,247,848</u>	<u>4,992,519</u>

Percentages of current taxes collected were as follows:

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

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	N/A	50 %

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:			
Larry Southern, Presiding Commissioner	\$	27,080	27,080
David Impey, Associate Commissioner		25,080	25,080
Terry Kell, Associate Commissioner		25,080	25,080
Donald R. (Don) Troutman, County Clerk		38,000	38,000
Doug Gaston, Prosecuting Attorney		45,000	45,000
Dean Belshe, Sheriff		36,000	36,000
Thomas C. Whittaker, County Coroner		7,000	7,000
Lois England, Public Administrator *		21,755	23,854
Beth Ann Cooper, Treasurer and Ex Officio County Collector, year ended March 31,	28,250	28,250	
Bruce Wilson, County Assessor **, year ended August 31,		38,900	38,900
Louie Carmack Jr., County Surveyor ***		N/A	N/A

\* Includes fees received from probate cases.

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

\*\*\* Compensation on a fee basis.

State-Paid Officials:

Phyllis Staley, Circuit Clerk and Ex Officio Recorder of Deeds		46,127	44,292
John Beeler, Associate Circuit Judge		97,382	87,234

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	2	3
County Clerk *	4	0
Prosecuting Attorney	2	0
Sheriff **	19	0
County Treasurer and Ex Officio Collector *	1	0
County Assessor	5	0
Associate Division	0	4
Road and Bridge***	2	0
Health Center	10	0
911 Office ****	13	0
Total	<u>58</u>	<u>7</u>

- \* Includes one part-time employee.
- \*\* Includes eight part-time employees.
- \*\*\* Includes two part-time employees.
- \*\*\*\* Includes four part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Texas County's share of the 25th Judicial Circuit's expenses is 20.26 percent.