



**DOUGLAS COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

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

**Report No. 2002-54  
August 9, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2002

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

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

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

- The county has not established cash management procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. Federal project monies were held longer than the two day maximum allowed by the Cash Management Improvement Act. The county participated in the Highway Planning and Construction Program and received approximately \$330,000 through this program.
- 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 Douglas County's Associate County Commissioners salaries were each increased approximately \$2,696 yearly, according to the computations prepared by the county clerk. These computations did not apply the same percentages consistently for all county officials; therefore the exact amount is unclear.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$5,392 for the two years ended December 31, 2000, should be repaid.

(over)

YELLOW SHEET

- The County Commission does not maintain adequate minutes of its meetings. As of April 11, 2002, the last entry in the official record book was for January 24, 2002. In addition, the minutes do not accurately reflect the Commissioners in attendance and the minutes are not signed by the Presiding Commissioner to attest to their accuracy.
- The county does not maintain insurance coverage for all road equipment. It is the County Commission's practice to release insurance coverage on equipment once the lease purchase against the equipment is paid in full; however, documentation is not maintained to support such decision. In May 2001, the county released property coverage on road equipment including four graders and two backhoes totaling \$268,920.

Also included in the audit are recommendations to the County Commission related to bonding county employees, maintaining adequate general fixed asset records and maintaining records of fuel usage. In addition, recommendations were made to improve the accounting controls and procedures of the County Collector, Circuit Clerk and Sheriff.

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

DOUGLAS COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>	
<hr/> <u>FINANCIAL SECTION</u> <hr/>		
State Auditor's Reports: .....	2-6	
Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4	
Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6	
Financial Statements: .....	7-19	
<u>Exhibit</u>	<u>Description</u>	
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2001 .....	8
A-2	Year Ended December 31, 2000 .....	9
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2001 and 2000 .....	10-19
Notes to the Financial Statements .....	20-23	
Supplementary Schedule: .....	24-27	
Schedule of Expenditures of Federal Awards, Years Ended December 31, 2001 and 2000 .....	25-27	
Notes to the Supplementary Schedule .....	28-30	
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>		
State Auditor's Report: .....	32-34	
Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	33-34	

DOUGLAS COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u> <hr/>	
Schedule:.....	35-38
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	36-38
Section I - Summary of Auditor's Results .....	36
Section II - Financial Statement Findings .....	37
Section III - Federal Award Findings and Questioned Costs.....	37
<u>Number</u>	<u>Description</u>
01-1.	Cash Management .....
	37-38
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	39-40
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	41-44
<hr/> <u>MANAGEMENT ADVISORY REPORT SECTION</u> <hr/>	
Management Advisory Report - State Auditor's Findings .....	46-54
<u>Number</u>	
1.	County Officials' Compensation and Bonding.....
	48
2.	County Commission Minutes .....
	49
3.	General Fixed Assets .....
	50
4.	Collector .....
	51
5.	Circuit Clerk .....
	52
6.	Sheriff's Controls and Procedures .....
	53
Follow-Up on Prior Audit Findings.....	55-64
<hr/> <u>STATISTICAL SECTION</u> <hr/>	
History, Organization, and Statistical Information .....	66-71

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 Douglas County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Douglas County, Missouri, as of and for the years ended December 31, 2001 and 2000, 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 Douglas 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 Douglas 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 Douglas 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, 2001 and 2000, 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 April 11, 2002, 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 Douglas County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

April 11, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA
In-Charge Auditor:	Amy E. Fast
Audit Staff:	Rachel A. Simons Curtis 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 Douglas County, Missouri

We have audited the special-purpose financial statements of various funds of Douglas County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 11, 2002. 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 Douglas 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 is 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 Douglas 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 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 Douglas County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

April, 11, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

DOUGLAS COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 405,225	1,272,073	1,285,387	391,911
Special Road and Bridge	73,037	910,522	936,044	47,515
Assessment	29,902	133,042	124,324	38,620
Law Enforcement Training	879	1,481	1,554	806
Prosecuting Attorney Training	222	347	377	192
Prosecuting Attorney Bad Check	7,888	10,065	6,419	11,534
Law Enforcement	215	654	663	206
Recorder User Fee	2,316	8,505	2,700	8,121
Local Emergency Planning Commission	1,880	9,430	8,396	2,914
Vicitms of Domestic Violence	76	648	639	85
Sheriff Civil Fee	2,173	6,650	7,408	1,415
Combined Enforcement Team	75	1	0	76
Sheriff Equipment	0	6,992	6,992	0
Family Access	158	0	158	0
Prosecuting Attorney Delinquent Tax	55	1,039	868	226
County Bridges	3,103	327,393	330,496	0
Sheriff's Equitable Sharing	859	33,505	33,483	881
Election Services	2,984	1,398	1,056	3,326
Emergency Management	247	6,807	5,908	1,146
44th Judicial Drug Court	2,537	7,668	5,086	5,119
Health Center	261,237	754,133	761,231	254,139
Support the Handicapped Board	258,755	80,114	291,274	47,595
Circuit Clerk Interest	(714)	2,011	121	1,176
Law Library	4,703	2,989	5,556	2,136
Associate Circuit Division Interest	1,697	1,562	352	2,907
Total	\$ 1,059,509	3,579,029	3,816,492	822,046

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

Exhibit A-2

DOUGLAS 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	\$ 365,561	1,256,829	1,217,165	405,225
Special Road and Bridge	64,426	867,098	858,487	73,037
Assessment	21,851	125,050	116,999	29,902
Law Enforcement Training	545	1,502	1,168	879
Prosecuting Attorney Training	148	587	513	222
Prosecuting Attorney Bad Check	4,612	8,639	5,363	7,888
Law Enforcement	11	11,591	11,387	215
Recorder User Fee	6,726	6,126	10,536	2,316
Local Emergency Planning Commission	2,312	1,902	2,334	1,880
Victims of Domestic Violence	75	561	560	76
Sheriff Civil Fee	1,476	8,364	7,667	2,173
Combined Enforcement Team	72	3	0	75
Sheriff Equipment	4,113	139	4,252	0
Family Access	152	6	0	158
Prosecuting Attorney Delinquent Tax	1,549	448	1,942	55
County Bridges	0	3,103	0	3,103
Sheriff's Equitable Sharing	827	32	0	859
Election Services	0	2,984	0	2,984
Emergency Management	0	1,255	1,008	247
44th Judicial Drug Court	0	4,026	1,489	2,537
Health Center	163,073	721,179	623,015	261,237
Support the Handicapped Board	201,775	83,237	26,257	258,755
Circuit Clerk Interest	5,861	860	7,435	(714)
Law Library	5,653	3,561	4,511	4,703
Associate Circuit Division Interest	3,393	533	2,229	1,697
Total	\$ 854,211	3,109,615	2,904,317	1,059,509

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

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,425,780	3,579,029	153,249	2,851,732	3,109,615	257,883
DISBURSEMENTS	3,945,487	3,816,492	128,995	3,177,929	2,904,317	273,612
RECEIPTS OVER (UNDER) DISBURSEMENTS	(519,707)	(237,463)	282,244	(326,197)	205,298	531,495
CASH, JANUARY 1	1,059,309	1,059,509	200	849,452	854,211	4,759
CASH, DECEMBER 31	539,602	822,046	282,444	523,255	1,059,509	536,254
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	86,000	87,518	1,518	82,000	85,316	3,316
Sales taxes	650,000	716,678	66,678	600,000	670,456	70,456
Intergovernmental	233,576	283,337	49,761	198,351	277,280	78,929
Charges for services	132,305	146,456	14,151	150,250	167,668	17,418
Interest	15,000	20,580	5,580	6,000	26,761	20,761
Other	9,300	8,008	(1,292)	8,250	16,925	8,675
Transfers in	9,650	9,496	(154)	5,100	12,423	7,323
Total Receipts	1,135,831	1,272,073	136,242	1,049,951	1,256,829	206,878
DISBURSEMENTS						
County Commission	66,388	66,057	331	66,338	65,814	524
County Clerk	67,489	66,702	787	67,235	66,316	919
Elections	3,600	1,084	2,516	44,425	41,956	2,469
Buildings and grounds	78,933	77,050	1,883	66,704	59,979	6,725
Employee fringe benefits	177,775	157,992	19,783	155,304	150,767	4,537
County Treasurer	33,449	33,244	205	35,289	34,599	690
County Collector	71,466	70,827	639	71,369	70,218	1,151
Circuit Clerk	22,272	21,116	1,156	27,069	26,229	840
Associate Circuit Court	5,850	5,359	491	8,750	8,015	735
Court administration	19,831	14,312	5,519	20,658	17,242	3,416
Public Administrator	35,240	35,052	188	26,450	31,821	(5,371)
Sheriff	322,593	332,031	(9,438)	265,261	269,982	(4,721)
Jail	76,059	68,887	7,172	76,059	65,796	10,263
Prosecuting Attorney	112,151	111,452	699	119,161	117,118	2,043
Juvenile Officer	24,947	22,289	2,658	24,952	22,585	2,367
County Coroner	9,726	9,440	286	6,900	6,311	589
Victim Advocate	22,628	21,668	960	21,875	20,738	1,137
44th Judicial Drug Court	15,797	14,763	1,034	13,848	6,644	7,204
Other	128,139	113,371	14,768	106,149	94,261	11,888
Transfers out	41,999	42,691	(692)	40,799	40,774	25
Emergency Fund	33,614	0	33,614	31,000	0	31,000
Total Disbursements	1,369,946	1,285,387	84,559	1,295,595	1,217,165	78,430
RECEIPTS OVER (UNDER) DISBURSEMENTS	(234,115)	(13,314)	220,801	(245,644)	39,664	285,308
CASH, JANUARY 1	405,225	405,225	0	365,561	365,561	0
CASH, DECEMBER 31	171,110	391,911	220,801	119,917	405,225	285,308

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	185,000	190,630	5,630	170,000	185,168	15,168
Intergovernmental	698,680	674,679	(24,001)	674,250	675,809	1,559
Charges for services	1,300	2,289	989	5,000	1,428	(3,572)
Interest	5,000	2,924	(2,076)	4,000	4,393	393
Loan proceeds	0	40,000	40,000	0	0	0
Transfers in	0	0	0	0	300	300
<b>Total Receipts</b>	<b>889,980</b>	<b>910,522</b>	<b>20,542</b>	<b>853,250</b>	<b>867,098</b>	<b>13,848</b>
<b>DISBURSEMENTS</b>						
Salaries	358,885	355,494	3,391	345,891	344,938	953
Employee fringe benefits	108,300	100,168	8,132	98,100	94,012	4,088
Supplies	103,000	79,743	23,257	78,500	92,017	(13,517)
Insurance	16,000	12,076	3,924	16,000	12,068	3,932
Road and bridge materials	121,000	55,877	65,123	108,000	83,077	24,923
Equipment repairs	100,000	89,483	10,517	110,000	78,646	31,354
Equipment purchases	100,000	117,490	(17,490)	110,897	116,986	(6,089)
Construction, repair, and maintenance	0	53,173	(53,173)	0	0	0
Other	46,000	31,182	14,818	42,500	36,743	5,757
Debt service	0	41,358	(41,358)	0	0	0
<b>Total Disbursements</b>	<b>953,185</b>	<b>936,044</b>	<b>17,141</b>	<b>909,888</b>	<b>858,487</b>	<b>51,401</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(63,205)</b>	<b>(25,522)</b>	<b>37,683</b>	<b>(56,638)</b>	<b>8,611</b>	<b>65,249</b>
<b>CASH, JANUARY 1</b>	<b>73,037</b>	<b>73,037</b>	<b>0</b>	<b>64,426</b>	<b>64,426</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>9,832</b>	<b>47,515</b>	<b>37,683</b>	<b>7,788</b>	<b>73,037</b>	<b>65,249</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	95,780	93,188	(2,592)	86,735	85,327	(1,408)
Interest	0	1,014	1,014	900	1,249	349
Other	0	441	441	0	75	75
Transfers in	38,399	38,399	0	38,399	38,399	0
<b>Total Receipts</b>	<b>134,179</b>	<b>133,042</b>	<b>(1,137)</b>	<b>126,034</b>	<b>125,050</b>	<b>(984)</b>
<b>DISBURSEMENTS</b>						
Assessor	144,787	124,324	20,463	135,134	116,974	18,160
Transfers out	0	0	0	0	25	(25)
<b>Total Disbursements</b>	<b>144,787</b>	<b>124,324</b>	<b>20,463</b>	<b>135,134</b>	<b>116,999</b>	<b>18,135</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(10,608)</b>	<b>8,718</b>	<b>19,326</b>	<b>(9,100)</b>	<b>8,051</b>	<b>17,151</b>
<b>CASH, JANUARY 1</b>	<b>29,902</b>	<b>29,902</b>	<b>0</b>	<b>21,851</b>	<b>21,851</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>19,294</b>	<b>38,620</b>	<b>19,326</b>	<b>12,751</b>	<b>29,902</b>	<b>17,151</b>

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	1,200	1,365	165	1,138	1,482	344
Interest	20	13	(7)	15	20	5
Other	0	103	103	0	0	0
Total Receipts	1,220	1,481	261	1,153	1,502	349
<b>DISBURSEMENTS</b>						
Sheriff	1,600	1,554	46	1,500	1,168	332
Total Disbursements	1,600	1,554	46	1,500	1,168	332
RECEIPTS OVER (UNDER) DISBURSEMENTS	(380)	(73)	307	(347)	334	681
CASH, JANUARY 1	879	879	0	545	545	0
CASH, DECEMBER 31	499	806	307	198	879	681
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	400	342	(58)	450	361	(89)
Interest	0	5	5	7	6	(1)
Other	0	0	0	0	220	220
Total Receipts	400	347	(53)	457	587	130
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	400	377	23	600	513	87
Total Disbursements	400	377	23	600	513	87
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(30)	(30)	(143)	74	217
CASH, JANUARY 1	222	222	0	148	148	0
CASH, DECEMBER 31	222	192	(30)	5	222	217
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	9,600	9,857	257	7,500	7,520	20
Interest	0	208	208	100	251	151
Transfers in	0	0	0	0	868	868
Total Receipts	9,600	10,065	465	7,600	8,639	1,039
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	2,091	1,030	1,061	2,700	1,190	1,510
Transfers out	5,397	5,389	8	4,200	4,173	27
Total Disbursements	7,488	6,419	1,069	6,900	5,363	1,537
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,112	3,646	1,534	700	3,276	2,576
CASH, JANUARY 1	7,888	7,888	0	4,612	4,612	0
CASH, DECEMBER 31	10,000	11,534	1,534	5,312	7,888	2,576

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,000	648	(352)	11,387	11,387	0
Charges for services	80	0	(80)	80	80	0
Interest	20	6	(14)	120	124	4
Total Receipts	1,100	654	(446)	11,587	11,591	4
<b>DISBURSEMENTS</b>						
Sheriff	1,000	663	337	11,387	10,519	868
Transfers out	0	0	0	0	868	(868)
Total Disbursements	1,000	663	337	11,387	11,387	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	(9)	(109)	200	204	4
CASH, JANUARY 1	215	215	0	11	11	0
CASH, DECEMBER 31	315	206	(109)	211	215	4
<b><u>RECORDER USER FEE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	5,000	8,419	3,419	5,954	5,954	0
Interest	150	86	(64)	162	172	10
Total Receipts	5,150	8,505	3,355	6,116	6,126	10
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deeds	1,200	1,200	0	10,536	10,536	0
Transfers out	1,500	1,500	0	0	0	0
Total Disbursements	2,700	2,700	0	10,536	10,536	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,450	5,805	3,355	(4,420)	(4,410)	10
CASH, JANUARY 1	2,316	2,316	0	6,726	6,726	0
CASH, DECEMBER 31	4,766	8,121	3,355	2,306	2,316	10
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	7,005	9,430	2,425	1,700	1,902	202
Total Receipts	7,005	9,430	2,425	1,700	1,902	202
<b>DISBURSEMENTS</b>						
Emergency planning	7,135	8,396	(1,261)	3,630	2,334	1,296
Total Disbursements	7,135	8,396	(1,261)	3,630	2,334	1,296
RECEIPTS OVER (UNDER) DISBURSEMENTS	(130)	1,034	1,164	(1,930)	(432)	1,498
CASH, JANUARY 1	1,880	1,880	0	2,312	2,312	0
CASH, DECEMBER 31	1,750	2,914	1,164	382	1,880	1,498

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>VICTIMS OF DOMESTIC VIOLENCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	600	645	45	600	555	(45)
Interest	6	3	(3)	4	6	2
Total Receipts	606	648	42	604	561	(43)
<b>DISBURSEMENTS</b>						
Domestic violence shelter	640	639	1	600	560	40
Total Disbursements	640	639	1	600	560	40
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34)	9	43	4	1	(3)
CASH, JANUARY 1	76	76	0	75	75	0
CASH, DECEMBER 31	42	85	43	79	76	(3)
<b><u>SHERIFF CIVIL FEE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	7,000	6,027	(973)	6,883	7,293	410
Interest	50	29	(21)	56	64	8
Other	0	594	594	1,004	1,007	3
Total Receipts	7,050	6,650	(400)	7,943	8,364	421
<b>DISBURSEMENTS</b>						
Sheriff	8,000	7,408	592	7,720	7,667	53
Total Disbursements	8,000	7,408	592	7,720	7,667	53
RECEIPTS OVER (UNDER) DISBURSEMENTS	(950)	(758)	192	223	697	474
CASH, JANUARY 1	2,173	2,173	0	1,476	1,476	0
CASH, DECEMBER 31	1,223	1,415	192	1,699	2,173	474
<b><u>COMBINED ENFORCEMENT TEAM FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	2,400	0	(2,400)
Interest	0	1	1	29	3	(26)
Total Receipts	0	1	1	2,429	3	(2,426)
<b>DISBURSEMENTS</b>						
Sheriff	0	0	0	2,400	0	2,400
Transfers out	75	0	75	0	0	0
Total Disbursements	75	0	75	2,400	0	2,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(75)	1	76	29	3	(26)
CASH, JANUARY 1	75	75	0	72	72	0
CASH, DECEMBER 31	0	76	76	101	75	(26)

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF EQUIPMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	10,000	6,300	(3,700)	77	77	0
Interest	0	0	0	65	62	(3)
Transfers in	0	692	692	0	0	0
Total Receipts	10,000	6,992	(3,008)	142	139	(3)
<b>DISBURSEMENTS</b>						
Sheriff	10,000	6,992	3,008	4,252	4,252	0
Total Disbursements	10,000	6,992	3,008	4,252	4,252	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(4,110)	(4,113)	(3)
CASH, JANUARY 1	0	0	0	4,113	4,113	0
CASH, DECEMBER 31	0	0	0	3	0	(3)
<b><u>FAMILY ACCESS FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	0	0	0	25	0	(25)
Interest	0	0	0	0	6	6
Total Receipts	0	0	0	25	6	(19)
<b>DISBURSEMENTS</b>						
Transfers out	158	158	0	0	0	0
Total Disbursements	158	158	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(158)	(158)	0	25	6	(19)
CASH, JANUARY 1	158	158	0	152	152	0
CASH, DECEMBER 31	0	0	0	177	158	(19)
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,034	1,034	0	437	426	(11)
Interest	8	5	(3)	7	22	15
Total Receipts	1,042	1,039	(3)	444	448	4
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	1,033	868	165	1,942	1,942	0
Total Disbursements	1,033	868	165	1,942	1,942	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	9	171	162	(1,498)	(1,494)	4
CASH, JANUARY 1	55	55	0	1,549	1,549	0
CASH, DECEMBER 31	64	226	162	51	55	4

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>COUNTY BRIDGES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	350,070	327,393	(22,677)	41,028	3,103	(37,925)
Total Receipts	350,070	327,393	(22,677)	41,028	3,103	(37,925)
<b>DISBURSEMENTS</b>						
Bridge construction	350,070	330,496	19,574	37,925	0	37,925
Total Disbursements	350,070	330,496	19,574	37,925	0	37,925
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(3,103)	(3,103)	3,103	3,103	0
CASH, JANUARY 1	3,103	3,103	0	0	0	0
CASH, DECEMBER 31	3,103	0	(3,103)	3,103	3,103	0
<b><u>SHERIFF'S EQUITABLE SHARING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	33,483	33,483	0	0	0	0
Interest	0	22	22	28	32	4
Total Receipts	33,483	33,505	22	28	32	4
<b>DISBURSEMENTS</b>						
Sheriff	33,483	33,483	0	0	0	0
Total Disbursements	33,483	33,483	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	22	22	28	32	4
CASH, JANUARY 1	859	859	0	827	827	0
CASH, DECEMBER 31	859	881	22	855	859	4
<b><u>ELECTION SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	1,045	1,045	0	0	0
Charges for services	300	278	(22)	2,950	2,950	0
Interest	40	75	35	23	34	11
Total Receipts	340	1,398	1,058	2,973	2,984	11
<b>DISBURSEMENTS</b>						
Elections	1,500	1,056	444	0	0	0
Total Disbursements	1,500	1,056	444	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,160)	342	1,502	2,973	2,984	11
CASH, JANUARY 1	2,984	2,984	0	0	0	0
CASH, DECEMBER 31	1,824	3,326	1,502	2,973	2,984	11

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>EMERGENCY MANAGEMENT FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	1,456	2,677	1,221	0	0	0
Other	1,230	530	(700)	0	55	55
Transfers in	3,600	3,600	0	1,200	1,200	0
Total Receipts	6,286	6,807	521	1,200	1,255	55
<b>DISBURSEMENTS</b>						
Emergency management	5,600	5,908	(308)	1,143	1,008	135
Total Disbursements	5,600	5,908	(308)	1,143	1,008	135
RECEIPTS OVER (UNDER) DISBURSEMENTS	686	899	213	57	247	190
CASH, JANUARY 1	47	247	200	0	0	0
CASH, DECEMBER 31	733	1,146	413	57	247	190
<b>44TH JUDICIAL DRUG COURT FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	5,000	4,998	(2)	3,226	2,301	(925)
Charges for services	600	670	70	0	275	275
Interest	0	2,000	2,000	0	0	0
Transfers in	0	0	0	900	1,450	550
Total Receipts	5,600	7,668	2,068	4,126	4,026	(100)
<b>DISBURSEMENTS</b>						
Drug court	998	1,137	(139)	0	0	0
Transfers out	4,500	3,949	551	1,600	1,489	111
Total Disbursements	5,498	5,086	412	1,600	1,489	111
RECEIPTS OVER (UNDER) DISBURSEMENTS	102	2,582	2,480	2,526	2,537	11
CASH, JANUARY 1	2,537	2,537	0	0	0	0
CASH, DECEMBER 31	2,639	5,119	2,480	2,526	2,537	11
<b>HEALTH CENTER FUND</b>						
<b>RECEIPTS</b>						
Property taxes	165,000	173,782	8,782	150,000	169,480	19,480
Intergovernmental	403,003	384,576	(18,427)	372,274	367,740	(4,534)
Charges for services	147,025	163,287	16,262	110,485	165,273	54,788
Interest	12,500	14,170	1,670	7,500	12,877	5,377
Other	12,660	18,318	5,658	5,700	5,809	109
Total Receipts	740,188	754,133	13,945	645,959	721,179	75,220
<b>DISBURSEMENTS</b>						
Salaries	562,917	512,757	50,160	532,534	517,590	14,944
Office expenditures	48,590	48,594	(4)	48,700	43,496	5,204
Equipment	9,350	8,873	477	9,350	2,222	7,128
Mileage and training	59,630	47,677	11,953	43,000	40,066	2,934
Buildings and grounds	5,250	74,349	(69,099)	4,600	4,503	97
Other	54,450	68,981	(14,531)	7,775	15,138	(7,363)
Total Disbursements	740,187	761,231	(21,044)	645,959	623,015	22,944
RECEIPTS OVER (UNDER) DISBURSEMENTS	1	(7,098)	(7,099)	0	98,164	98,164
CASH, JANUARY 1	261,237	261,237	0	163,073	163,073	0
CASH, DECEMBER 31	261,238	254,139	(7,099)	163,073	261,237	98,164

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SUPPORT THE HANDICAPPED BOARD FUND</u></b>						
<b>RECEIPTS</b>						
Property Taxes	70,000	71,437	1,437	70,000	69,337	(663)
Intergovernmental	500	679	179	1,200	539	(661)
Interest	12,000	7,416	(4,584)	11,000	11,170	170
Other	0	582	582	0	2,191	2,191
Total Receipts	82,500	80,114	(2,386)	82,200	83,237	1,037
<b>DISBURSEMENTS</b>						
Contractual services	293,547	291,274	2,273	91,500	26,257	65,243
Total Disbursements	293,547	291,274	2,273	91,500	26,257	65,243
RECEIPTS OVER (UNDER) DISBURSEMENTS	(211,047)	(211,160)	(113)	(9,300)	56,980	66,280
CASH, JANUARY 1	258,755	258,755	0	201,775	201,775	0
CASH, DECEMBER 31	47,708	47,595	(113)	192,475	258,755	66,280
<b><u>CIRCUIT CLERK FUND</u></b>						
<b>RECEIPTS</b>						
Interest	750	511	(239)	790	860	70
Transfers in	0	1,500	1,500	0	0	0
Total Receipts	750	2,011	1,261	790	860	70
<b>DISBURSEMENTS</b>						
Circuit Clerk	8	121	(113)	1,047	1,024	23
Transfers out	0	0	0	0	6,411	(6,411)
Total Disbursements	8	121	(113)	1,047	7,435	(6,388)
RECEIPTS OVER (UNDER) DISBURSEMENTS	742	1,890	1,148	(257)	(6,575)	(6,318)
CASH, JANUARY 1	(714)	(714)	0	1,102	5,861	4,759
CASH, DECEMBER 31	28	1,176	1,148	845	(714)	(1,559)
<b><u>LAW LIBRARY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	3,000	2,886	(114)	3,287	3,397	110
Interest	0	103	103	166	164	(2)
Total Receipts	3,000	2,989	(11)	3,453	3,561	108
<b>DISBURSEMENTS</b>						
Law Library	5,600	5,556	44	4,436	4,511	(75)
Total Disbursements	5,600	5,556	44	4,436	4,511	(75)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,600)	(2,567)	33	(983)	(950)	33
CASH, JANUARY 1	4,703	4,703	0	5,653	5,653	0
CASH, DECEMBER 31	2,103	2,136	33	4,670	4,703	33

Exhibit B

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

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	400	1,562	1,162	540	533	(7)
Total Receipts	400	1,562	1,162	540	533	(7)
<b>DISBURSEMENTS</b>						
Associate Circuit Clerk	1,847	352	1,495	1,335	1,329	6
Transfers out	0	0	0	900	900	0
Total Disbursements	1,847	352	1,495	2,235	2,229	6
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,447)	1,210	2,657	(1,695)	(1,696)	(1)
CASH, JANUARY 1	1,697	1,697	0	3,393	3,393	0
CASH, DECEMBER 31	250	2,907	2,657	1,698	1,697	(1)

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

Notes to the Financial Statements

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

B. Basis of Accounting

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

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Local Emergency Planning Commission Fund	2001
Emergency Management Fund	2001
Health Center Fund	2001
Circuit Clerk Interest Fund	2001 and 2000
Law Library Fund	2000

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

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

The county's published financial statements for the years ended December 31, 2001 and 2000, included all funds presented in the accompanying financial statements.

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 adopted such a policy.

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

The county's, Health Center's, and Support the Handicapped Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance, by collateral securities held by the county's, health center's, and support the handicapped board's custodial bank in the county's, health center's, or the board's name, or by commercial insurance provided through a surety bond.

3. Audit Adjustment

The December 31, 2001 cash balances and the respective receipt accounts of the General Revenue and Assessment Funds as presented in the county's budget have been decreased by \$84,739 and \$56,493, respectively. A computer programming error caused commissions on

taxes and the one-percent assessment withholdings to be over withheld from school taxes and disbursed to the General Revenue and Assessment Funds. These amounts were refunded to the schools in February 2002.

Supplementary Schedule

Schedule

DOUGLAS 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,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER045-0133 ERS0451-133W ERS045-2133	\$ 0 30,470 10,554	31,053 10,141 0
	Program Total		<u>41,024</u>	<u>41,194</u>
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	12,772	58,121
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	97-UM-WX-1184	5,016	19,628
16.729	Drug-Free Communities Support	2001-JN-FX-0145	34,441	0
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	33,483	0
Passed through:				
State Department of Public Safety -				
16.554	National Criminal History Improvement Program	2000-RH-CX-K024	1,265	10,806
16.579	Byrne Formula Grant Program	98-NCD10-090 2000-NCD10-004	4,836 5,832	4,348 0
	Program Total		<u>10,668</u>	<u>4,348</u>
16.592	Local Law Enforcement Block Grants Program	98-LBG-030 2000-LBG-024	0 6,917	3,400 0
	Program Total		<u>6,917</u>	<u>3,400</u>
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,016	1,080

Schedule

DOUGLAS 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,	
			2001	2000
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-034(3)	288,228	42,268
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,042	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	182	699
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety -				
83.534	Emergency Management - State and Local Assistance	N/A	1,220	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	N/A	16,177	10,940
Department of Social Services -				
93.563	Child Support Enforcement	N/A	29,728	24,879
93.575	Child Care and Development Block Grant	PGA067-0133C	0	568
		PGA067-1133C	440	345
		PGA067-2133C	315	0
		PGA067-0133S	0	325
		PGA067-1133S	455	280
		PGA067-2133S	80	0
	Program Total		<u>1,290</u>	<u>1,518</u>
Department of Health -				
93.940	HIV Prevention Activities - Health Department Based	N/A	0	95
93.991	Preventive Health and Health Services Block Grant	AOC00380204	0	14,530
		AOC01380038	14,911	6,805
		AOC02380046	5,981	0
		N/A	0	117
	Program Total		<u>20,892</u>	<u>21,452</u>
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-0133M	0	15,810
		ERS146-1133M	16,768	3,191

Schedule

DOUGLAS 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,	
			2001	2000
		ERS1750133F	0	2,726
		ERS175-1133F	3,485	1,415
		ERS175-2023F	1,035	0
		C100015022	2,641	178
		N/A	1,424	587
	Program Total		<u>25,353</u>	<u>23,907</u>
	Total Expenditures of Federal Awards		\$ <u><u>532,714</u></u>	<u><u>264,335</u></u>

N/A - Not applicable

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

Notes to the Supplementary Schedule

DOUGLAS 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 Douglas County, Missouri.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

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

Amounts for the National Criminal History Improvement Program (CFDA number 16.554) represent the original acquisition cost of equipment received.

Amounts for Immunization Grants (CFDA number 93.268) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health. Amounts for Preventative Health and Health Services Block Grant (CFDA number 93.991) and Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) during the years ended December 31, 2001 and 2000, include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

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 Douglas County, Missouri

Compliance

We have audited the compliance of Douglas 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, 2001 and 2000. 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, Douglas 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, 2001 and 2000. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

### Internal Control Over Compliance

The management of Douglas 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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

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



Claire McCaskill  
State Auditor

April 11, 2002 (fieldwork completion date)

Schedule

DOUGLAS COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2001 AND 2000

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

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

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

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads -- Grants to States
20.205	Highway Planning and Construction

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

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

## Section II - Financial Statement Findings

This section includes 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 the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

**01-1.**

### Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Number:	BRO-034(3)
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

During the two years ended December 31, 2001, the county participated in the Highway Planning and Construction Program. Through this program, 80 percent of eligible expenses are reimbursed from federal funds passed through the Missouri Department of Transportation. During the two years, the county received and disbursed approximately \$330,000 through this program.

The county has not established cash management procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. The County Commission maintains a separate fund for federal project monies, and makes payments to contractors subsequent to receiving the reimbursement. We noted several reimbursements which were held for an extended time period prior to being disbursed. Two payments, totaling \$39,165, were held for more than 15 days before disbursement, and another payment for \$3,103 was held for more than 180 days.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states

that funds shall be requested such that they are received no more than two days prior to disbursement of a payment.

**WE RECOMMEND** the County Commission establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.

**AUDITEE'S RESPONSE:**

*At the time, we were unaware of this requirement. We are taking steps to ensure this doesn't happen again.*

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

DOUGLAS 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, 1999, 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

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

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

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

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

99-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity	
Identifying Number:	ERO045-8133, ER0045-9133, ER0045-0133
Award Years:	1999 and 1998
Questioned Costs:	Not applicable
Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Office of Administration
Federal CFDA Number:	10.665
Program Title:	Schools and Roads -- Grants to States
Pass-Through Entity	
Identifying Number:	Not applicable
Award Year:	1999 and 1998
Questioned Costs:	Not applicable

Federal Grantor: U.S. Department of Justice  
Pass-Through Grantor: Not applicable  
Federal CFDA Number: 16.710  
Program Title: Public Safety Partnership and Community Policing Grants  
Pass-Through Entity  
Identifying Number: 97-UM-WX-1184  
Award Year: 1999 and 1998  
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Justice  
Pass-Through Grantor: Not applicable  
Federal CFDA Number: 16.unknown  
Program Title: Equitable Sharing of Seized and Forfeited Property  
Pass-Through Entity  
Identifying Number: Not applicable  
Award Year: 1999  
Questioned Costs: Not applicable

The county's Schedule of Expenditures of Federal Awards (SEFA) contained errors and omissions. In 1999, expenditures were understated by approximately \$235,321 due to only two of the county's 19 federal programs being reported.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's office as part of the annual budget.

Status:

Implemented. Improvement was made in the preparation of the SEFA schedules for the two years ended December 31, 2001.

99-2. COPS Grant Procedures

Federal Grantor: U.S. Department of Justice  
Pass-Through Grantor: Not applicable  
Federal CFDA Number: 16.710  
Program Title: Public Safety Partnership and Community Policing Grants  
Pass-Through Entity  
Identifying Number: 97-UM-WX-1184  
Award Year: 1999 and 1998  
Questioned Costs: Not applicable

The county did not request nor receive grant funds from June 1998 to August 2000 for the COPS Grant. Expenditures of \$52,607 through June 30, 2000 were not requested or received by the county.

Recommendation:

The County Commission and the Sheriff ensure the reimbursement of the grant funds in question are pursued to the extent possible. In addition, the county should ensure requests for payment related to any future grant programs are submitted on a timely basis.

Status:

Implemented. The COPS grant reimbursement claim forms were submitted and the county had received all grant monies through December 31, 2001.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the special-purpose financial statements of various funds of Douglas County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 11, 2002. We also have audited the compliance of Douglas 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, 2001 and 2000, and have issued our report thereon dated April 11, 2002.

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 legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

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

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

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings

resulted from our audit of the special-purpose financial statements of Douglas 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 Officials' Compensation and Bonding</b>
--

- A. Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for the 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 Douglas County's Associate County Commissioners salaries were each increased approximately \$2,696 yearly, according to computations prepared by the county clerk. These computations did not apply the same percentages consistently for all county officials; therefore the exact amount is unclear.

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 the 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. Douglas 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 Associate County Commissioners, totaling approximately \$5,392 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.

- B. Several county employees from various offices with access to money are not covered by an employee bond. As a means of safeguarding assets and reducing the county's risk if a misappropriation of funds would occur, all employees handling monies should be adequately bonded.

**WE RECOMMEND** the County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Obtain bond coverage for all county employees with access to monies.

**AUDITEE'S RESPONSE:**

- A. *Because the Supreme Court did not offer guidance on how to respond, we have discussed the situation with our attorneys and decided to wait until guidance is established. We believe these raises were taken in good faith based on laws set by the legislature.*
- B. *We will call other counties to see what type of bonding they have for their employees. We will discuss with our local insurance company and make a decision.*

<b>2. County Commission Minutes</b>
-------------------------------------

The County Commission does not maintain adequate minutes of its meetings. Unofficial, hand written minutes from meetings are kept by the County Clerk and are used to prepare the type written commission minutes in the official record book. As of April 11, 2002, the last entry in the official record book was for the January 24, 2002 meeting. In addition, minutes always indicate all commissioners are present even though not all of them were in attendance. Further, the minutes in the official record book are not reviewed and signed by the Presiding Commissioner (or an Associate Commission in his absence) to attest to their accuracy.

Section 610.023(2), RSMo 2000, states that each public governmental body shall make available for inspection and copying by the public of that body's public records. By not updating the official minute book in a timely manner, the only record of commission meetings available to the public is the unofficial notes. By maintaining an accurate record of commission proceedings the county demonstrates compliance with statutory provisions related to issues such as budget approval, the Sunshine Law (Chapter 610, RSMo), bidding and purchasing decisions.

Pursuant to Section 51.120, RSMo 2000, the county clerk is to maintain an accurate record of orders, rulings, and proceedings of the county commission. Accurately documenting the members present provides assurance as to the accuracy and authenticity of the official commission minutes. Timely approval not only adds assurance to the authenticity of official minutes, but allows a review of the contents to ensure the minutes include all important information regarding the meetings held.

**WE RECOMMEND** the County Commission ensure a formal and complete record of commission meetings is made and approved on a timely basis. In addition, minutes should accurately reflect when members of the commission are present.

**AUDITEE'S RESPONSE:**

*We are now accurately reflecting the number of commissioners present. The minutes will be updated*

by August 1, 2002.

<b>3. General Fixed Assets</b>
--------------------------------

- A. 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; however, the listing has not been updated for property acquired or disposed of since May 2000.

During our review of equipment purchases, we noted nine of twenty-one items were not recorded on the county's general fixed asset listing. These items included a copier (\$1,860), three computers (\$7,350), three vehicles (\$30,500), and a brushcutter (\$44,300). Additions to the inventory listing are not reconciled to equipment expenditures 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 by the county.

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 value of \$250 or more and any property with an aggregate original value of \$1,000 or more. 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. Section 49.093, RSMo 2000, also provides for quarterly inspections by the County Commission of all county land and buildings.

- B. The county does not maintain insurance coverage for all road equipment. It is the County Commission's practice to release insurance coverage on equipment once the lease purchase against the equipment is paid in full. In May 2001, the county released property coverage on road equipment including three graders and two backhoes. These items were covered for \$268,920 prior to being released.

The County Commission did not maintain any documentation to support their decision to release property coverage, such as a comparison of insurance cost to equipment cost. Upon the release of coverage noted above, the county's annual insurance premium decreased by approximately \$2,500. The County Commission should review their practice for releasing property coverage on county equipment to ensure the county is not subjected to an unnecessary risk of loss.

- C. The county maintains a gasoline and a diesel fuel tank at each of the county road and bridge barns for use in vehicles and equipment of the road and bridge department. Fuel usage logs are not maintained to account for all the fuel used. During the years ending December 31, 2001 and 2000 the county spent approximately \$49,400 and \$52,800, respectively, for fuel.

To ensure the reasonableness of fuel expenditures, the county should maintain records of fuel usage, and reconcile them to fuel purchased and on hand. Failure to account for fuel purchases could result in the loss, theft or misuse.

**WE RECOMMEND** the County Commission:

- A. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed.
- B. Review insurance coverage on all county property to ensure the county is not subjected to an unnecessary risk of loss.
- C. Maintain fuel logs for all road and bridge vehicles and equipment, and perform periodic comparisons of fuel used to fuel purchased.

**AUDITEE'S RESPONSE:**

- A. *We have already advised all the officials of their responsibility in writing. We plan to work with the officials to keep the inventory current. We will document our quarterly inspections of land and buildings.*
- B. *In the future, we will document reasons for our decision to release items from the insurance coverage.*
- C. *The tanks do not have accurate inspected meters, but we will look into accounting for the fuel.*

**4.**

**Collector**

Approximately \$141,232 in property tax commissions and the one-percent assessment

withholdings were over withheld from school taxes and disbursed to the County's General Revenue and Assessment Funds. These excess withholdings were the result of a computer programming error in October and November 2001. These amounts were refunded to the Schools fund in February 2002. To ensure monthly distributions are properly calculated by the computer, formulas entered into the computer should be reviewed prior to the first distribution of the tax year, and all distribution amounts should be reviewed in relation to other distribution amounts for reasonableness. A similar error totaling \$31,605 occurred in 1998.

**WE RECOMMEND** the County Collector review formulas entered into the computer prior to the first distribution of the tax year to ensure distributions will be properly calculated. In addition, monthly distribution amounts calculated by the computer should be reviewed for reasonableness.

**AUDITEE'S RESPONSE:**

*Thank you for your assessment and recommendations with respect to the computer errors and the distribution of specified funds. Regarding your recommendation that the County Collector review formulas entered into the computer prior to the first distribution of the tax year, you should know the following:*

1. *Historically I have done that task and had the problem corrected.*
2. *During the extremely busy period that involves the printing of year end tax statements, correcting address errors provided to this office, and the collection of tax receipts, it is not unusual for the people in this office to work ten (10) and eleven (11) hour days. In the past, we have always employed part time clerks to assist with the work load. However, during the most recent tax year, one person decided there would be no part time help in the collector's office. With this decision made, the people of this office were required to commit many hours of unpaid overtime. Tired, over extended, yes it is sometimes possible, even when reviewing, to miss things that should be caught.*

**5.**

**Circuit Clerk**

The Circuit Clerk maintains a listing of liabilities that is reconciled to the balance of the fee account monthly. At December 31, 2001, this listing included an unidentified amount totaling \$3,490. In addition, our review of 15 cases included on the listing noted 6 cases where the open balance did not agree to the listing. It appeared that not all case activity had been properly posted to the case file.

To ensure all receipts and disbursements related to a case have been accounted for properly, this information should be documented on the case fee sheet. Monthly listing of open items should be reconciled to the related cash balances monthly to ensure records are in balance

and sufficient funds are available for the payment of all liabilities. Further, the Circuit Clerk should attempt to determine the reasons for the unidentified balance noted and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

**WE RECOMMEND** the Circuit Clerk conduct a case by case review to ensure the accuracy of the cash balance of the case fee sheets, and attempt to identify the unidentified balance. Any monies remaining unidentified should be disposed of in accordance with unclaimed property statutes.

**AUDITEE'S RESPONSE:**

*We have already performed a case by case review and we will talk with OSCA about disposing of the unidentified amount.*

<b>6. Sheriff's Controls and Procedures</b>
---

The Sheriff's office handles various receipts including fees for serving court documents, gun permit fees, jail board bills, and bond monies. The Sheriff's office collected and deposited approximately \$35,000 and \$57,000 in 2001 and 2000, respectively.

- A. Our review of receipts disclosed the following concerns:
1. Checks and money orders are not restrictively endorsed until deposits are prepared. To adequately safeguard receipts, all checks and money orders should be restrictively endorsed immediately upon receipt.
  2. Receipts are deposited approximately weekly, except for gun permit monies which are normally deposited only once a month. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, gun permit monies should be deposited with other receipts daily or when accumulated receipts exceed \$100.

Similar conditions were noted in our prior report.

- B. The Sheriff stores several old guns that have tags identifying the original owner, but the items are not on the seized property listing. According to the Sheriff, these guns were not on the listing when he came into office January 1, 1997. The owners of the property cannot be found nor can the seized property be identified to a specific case.

Section 542.301(5), RSMo 2000, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure. Proper disposal of such items would eliminate the significant risks of unauthorized access,

use, or theft, and the related potential liability of the county for such possible improper access or use.

**WE RECOMMEND** the Sheriff:

- A.1. Restrictively endorse all checks and money orders immediately upon receipt.
  - 2. Deposit gun permit monies with other receipts daily or when accumulated receipts exceed \$100.
- B. Make timely and appropriate dispositions of seized property.

**AUDITEE'S RESPONSE:**

- A. *This has been implemented.*
- B. *This has been implemented. We had a Sheriff sale on May 11, 2002.*

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

DOUGLAS 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 Douglas County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1997.

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. Written Agreements and Expenditures

- A. The county contributed funding to the City of Ava and the Ava Chamber of Commerce and did not enter into a written agreement or request any documentation to show how the funds were spent.
  - B. A written agreement was not obtained outlining the conditions of the relationship between Ozark Technical College for the free use of office space in the basement of the courthouse.
  - C.1. The Presiding Commissioner did not approve warrants requesting expenditures from the Law Enforcement Fund.
2. Withholdings for applicable federal and state income taxes and social security were not made from payments for unused vacation paid to three deputies. In addition, the wages were not included on the employees' payroll records or W-2 forms.

Recommendations:

The County Commission:

- A. Refrain from making contributions of public funds unless it is pursuant to written contracts which specifically state what services are to be provided to the county and provide a means of monitoring the expenditures.
- B. Secure a written agreement with the college which outlines both parties' rights and duties.
- C.1. Ensure that funds are only expended from the Law Enforcement Fund with the approval of the County Commission

2. Ensure all applicable employee payroll taxes are properly withheld and amounts are reported on employees' W-2 forms. Amended W-2 forms should be prepared for the payments made to the deputies in 1996.

Status:

A&

C.1. Implemented.

B. Implemented. The County Commission now has a written agreement with the current lessee.

C.2. Partially implemented. During the audit period the county properly withheld payroll taxes and properly reported amounts on employees' W-2 forms. However, amended W-2 forms were not prepared for the applicable deputies. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Budgets and Published Financial Statements

A. Budgets were not prepared for various county funds.

B. The county's annual published financial statements did not include the financial activity of some county funds.

Recommendations:

The County Commission:

A. Ensure budgets are prepared or obtained for all county funds as required by state law.

B. Ensure financial information for all county funds is reported in the annual published financial statements in accordance with state law.

Status:

A&B. Implemented.

3. Federal Financial Assistance

A. The Sheriff received reimbursement for reserve officer wages from the U.S. Department of Justice; however, these wages were not paid to the reserve officers, therefore were unallowable reimbursements.

B. The Sheriff's department did not retain all federal reimbursement claim forms for the Domestic Cannabis Eradication/Suppression Program.

Recommendation:

The Sheriff contact the federal grantor agencies to resolve the questioned costs. In addition, the Sheriff should discontinue claiming reimbursement for personal service costs which are not actually incurred for reserve officers, and maintain supporting documentation for all federal reimbursements.

Status:

Partially implemented. All supporting documentation for federal reimbursements is currently being retained; however, the Sheriff indicated he contacted the federal grantor agency but no documentation was retained to indicate a resolution of the questioned costs.

4. Ex Officio Recorder of Deeds' Controls and Procedures

- A. Checks received for payment of fees for photocopies and Uniform Commercial Code (UCC) financing statements were taken to the bank and cashed and the cash was locked in the vault. The fees were not remitted to the county treasury timely and a decrease in fees could not be adequately explained. In addition, fees from the soda machine located in the courthouse were held in cash along with undeposited UCC and photocopy fees.
- B. Accounting duties were not adequately segregated.
- C. The method of payment received was not recorded in the accounting records.

Recommendations:

The Ex Officio Recorder of Deeds:

- A. Ensure all photocopy and UCC fees are recorded, deposited, and remitted monthly to the County Treasurer. In addition, the Ex Officio Recorder of Deeds should discontinue cashing checks received which are payable to his office and should provide the County Commission with valid explanations for the substantial decrease in fees.
- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Indicate the method of payment received in the accounting records and reconcile the composition of monies received to the composition of bank deposits.

Status:

- A. Partially implemented. All photocopy and UCC fees are recorded, deposited, and remitted to the County Treasurer monthly, and the cashing of personal checks has been discontinued. However, the former Ex Officio Recorder of Deeds could not provide the County Commission with a valid explanation for the substantial decrease in fees.
- B. Partially implemented. The Ex Officio Recorder of Deeds indicated that she periodically reviews accounting records; however, this review is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Implemented.

5. Circuit Clerk's Controls and Procedures

- A. The Circuit Clerk was behind in submitting cost bills to the state for reimbursement in criminal cases where the state had been rendered liable. As a result, the county lost at least \$10,580 in revenue.
- B. Accounting duties were not adequately segregated.
- C. Open items listings had not been prepared on the fee account since February 1996.
- D. The state-provided system to account for child support receipts and disbursements generated monthly reports of receipts and disbursements, open items, and bank reconciliations. These monthly bank reconciliations did not agree to monthly open items and the Circuit Clerk had not sufficiently attempted to identify and correct the difference.
- E. Checks outstanding for more than one year were not adequately followed up on.

Recommendations:

The Circuit Clerk:

- A. Submit criminal cost reimbursement forms to the state on a timely basis.
- B. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- C. Prepare monthly listings of open items and reconcile such listings to the cash balance. Any differences should be investigated and resolved.

- D. Ensure accurate monthly child support bank reconciliations are prepared and the reconciled bank balance agrees to the open items. In addition, the Circuit Clerk should make the appropriate adjustments to correct the errors and differences identified by OSCA.
- E. Adopt procedures to routinely follow up on old outstanding checks.

Status:

A&E. Implemented.

- B. Partially implemented. The Circuit Clerk indicated she periodically reviews accounting records; however, this review is not documented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. The Circuit Clerk prepares a monthly listing of open items and reconciles the listing to the cash balance; however, an unidentified difference remains. See MAR No. 5.
- D. The Circuit Clerk no longer collects child support. The child support account was closed in March 2002.

6. Sheriff's Controls and Procedures

- A.1. Accounting duties were not adequately segregated.
  - 2. Civil process fees were not recorded and deposited until the related process papers were served.
  - 3. The method of payment received (cash, check, money order, etc.) was not always indicated on the receipt slips.
  - 4. Checks and money orders were not restrictively endorsed until deposits were prepared.
  - 5. Gun permit receipts were deposited only once a month.
- B. The Sheriff authorized the purchase of gift certificates from a retail store from the Sheriff Civil Fee Fund to give to deputies as bonuses. In addition, \$464 was paid to a local restaurant for a Christmas dinner for all Sheriff employees.

- C. The Sheriff maintained custody of the Sheriff Equipment Fund and the Combined Enforcement Team (CET) Fund of which there was no statutory authority for such accounts to be held outside the county treasury.
- D. The Sheriff personally retained commissions of \$365 from a partition sale which were accountable fees to be turned over to the county's General Revenue Fund.

Recommendations:

The Sheriff:

- A.1. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
  - 2. Issue receipt slips for civil process fees immediately upon receipt and deposit them in the bank account. Any refunds should be made by check.
  - 3. Indicate the method of payment on all receipts slips and reconcile the composition of receipt slips to the composition of bank deposits.
  - 4. Restrictively endorse checks and money orders immediately upon receipt.
  - 5. Deposit gun permit monies with other receipts daily or when accumulated receipts exceed \$100.
- B. Ensure all expenditures from the Civil Fee Fund are reasonable and prudent which are necessary to operate the county, and discontinue paying bonuses to employees.
- C. Turn over custody of the Sheriff Equipment Fund and the CET Fund to the County Treasurer, and turn over all future revenues to the County Treasurer.
- D. Turn over the \$365 in partition sales commissions to the County Treasurer for deposit into the General Revenue Fund.

Status:

A.1.-3.,

B&C. Implemented.

A.4-5. Not implemented. See MAR No. 6.

D. Commissions from subsequent Sheriff sales have been turned over to the County Treasurer for deposit into the General Revenue Fund; however, the Sheriff did not

turn over the commission of \$365 from the 1997 partition sale. Although not repeated in the current MAR, our recommendation remains as stated above.

7. Prosecuting Attorney's Controls and Procedures

- A. Accounting duties were not adequately segregated and supervisory reviews were not performed.
- B. Receipt slips were not issued for some money orders.
- C. The Prosecuting Attorney's secretary was not bonded.
- D. The Prosecuting Attorney authorized overtime payments from the Prosecuting Attorney Bad Check Fund to his three employees. Documentation was not retained. In addition, these payments were not reported to the Internal Revenue Service (IRS) on the employees' W-2 forms.
- E. Warrant requests for disbursements from the Bad Check Fund were signed with signature stamps of the Prosecuting Attorney's signature, of which all employees have access.

Recommendations:

The Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue receipt slips for all monies received.
- C. Obtain bond coverage for all employees handling assets.
- D. Ensure documentation of overtime hours is maintained by all employees. Amended W-2 forms should be filed for 1995 and 1996 to ensure all payments to employees are reported to the IRS.
- E. Sign or initial all warrant requests issued on the Prosecuting Attorney Bad Check Fund.

Status:

- A. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

B&E. Implemented.

C. Not implemented. See MAR No. 1.

D. Partially implemented. Documentation of overtime hours is now maintained for all employees; however, the W-2 forms were not amended. Although not repeated in the current MAR, our recommendation remains as stated above.

8. Health Center

A.1. Listings or logs for monies received for death and birth certificates were not maintained, and receipt slips were not issued for all receipts.

2. The method of payment received (cash, check , money orders, etc.) was not always indicated on the receipt records.

3. Checks and money orders were not restrictively endorsed until deposits were prepared.

B. Actual expenditures exceeded budgeted amounts for the years ended December 31, 1997, 1996, and 1995.

Recommendations:

A.1. Issue receipt slips immediately upon receipt for all birth and death certificate monies or maintain a log or listing of all birth and death certificate receipts.

2. Indicate the method of payment for all receipts and reconcile the composition of the receipts to the composition of bank deposits.

3. Restrictively endorse checks and money orders immediately upon receipt.

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

Status:

A.1-3,

B. Implemented.

9. Support the Handicapped Board

- A. The approved budgets did not adequately project the anticipated financial condition of the Support the Handicapped Board for the three years ended December 31, 1997, and plans for the accumulated cash balance were not documented.
- B. The Board Treasurer did not maintain cash balances in the check register and there were no documented treasurer's reports or bank reconciliations.

Recommendations:

The Support the Handicapped Board:

- A. Estimate disbursements as closely as possible to the anticipated actual amounts so that reasonable estimates of the board's financial position are presented in the budgets. In addition, the board should document its plans for the use of the accumulated cash balance.
- B. Ensure the check register is complete and includes cash balances and is reconciled to the bank balances.

Status:

A&B. Implemented.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

DOUGLAS COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1857, the county of Douglas was named after Stephen A. Douglas, a former U.S. Senator from Illinois and later presidential candidate. Douglas County is a county-organized, third-class county and is part of the Forty-Fourth Judicial Circuit. The county seat is Ava.

Douglas 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 Douglas County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 278,148	13	270,484	13
Sales taxes	716,678	33	670,456	31
Federal and state aid	958,016	44	953,088	45
Fees, interest, and other	229,753	10	229,899	11
Total	\$ 2,182,595	100	2,123,927	100

The following chart shows how Douglas County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 741,288	33	735,373	36
Public safety	544,099	25	481,792	23
Highways and roads	936,044	42	858,487	41
Total	\$ 2,221,431	100	2,075,652	100

The county maintains approximately 21 county bridges and 693 miles of county roads.

The county's population was 9,268 in 1970 and 13,084 in 2000. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2001	2000	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 55.9	54.3	32.5	15.3	9.7
Personal property	29.5	25.0	9.7	5.4	2.9
Railroad and utilities	6.6	6.1	4.4	4.3	1.2
Total	\$ 92.0	85.4	46.6	25.0	13.8

\* First year of statewide reassessment.

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

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

	Year Ended December 31,	
	2001	2000
General Revenue Fund	\$ .1020	.0907
Special Road and Bridge Fund	.2118	.2105
Health Center Fund	.2000	.2000
Senate Bill 40 Board Fund	.0807	.0802

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

	Year Ended February 28,	
	2002	2001
State of Missouri	\$ 28,853	26,492
General Revenue Fund	101,459	85,418
Special Road and Bridge Fund	205,926	188,677
Assessment Fund	33,726	30,736
Health Center Fund	187,591	172,145
Support the Handicapped Board Fund	77,380	70,648
Schools	2,591,474	2,370,031
Library district	77,452	70,805
Ambulance districts	86,156	77,781
Fire district	4,591	3,647
Cities	9,596	9,533
County Clerk	1,269	1,176
County Employees' Retirement	24,986	24,502
Commissions and fees:		
General Revenue Fund	56,878	52,937
Total	\$ <u>3,487,337</u>	<u>3,184,528</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2002	2001
Real estate	92 %	91 %
Personal property	91	90
Railroad and utilities	100	100

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	None	50
General	.0050	None	None

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

Officeholder	2002	2001	2000
County-Paid Officials:			
Donald Potter, Presiding Commissioner	\$	22,196	22,196
Jimmy Thompson, Associate Commissioner		20,196	20,196
Larry Pueppke, Associate Commissioner		20,196	20,196
Karry Davis, County Clerk		30,600	30,600
Christopher Swatosh, Prosecuting Attorney		36,900	36,900
Gary Koop, Sheriff		35,100	35,000
Kathleen (Kathy) Potter, County Treasurer		22,644	22,644
Mark Pearson, County Coroner		8,550	
Logan Brown, County Coroner			5,500
Linda Coonts, Public Administrator		30,600	
Evelyn Cantwell, Public Administrator (1)			29,444
Patty Kraft, County Collector, year ended February 28 (29),	30,900	30,600	
Danny Gray, County Assessor (2), year ended August 31,		34,900	34,900
Michael Johnson, County Surveyor (3)		N/A	
Louie Carmack Jr., County Surveyor (3)			N/A

- (1) Includes fees received from probate cases.
- (2) Includes \$900 annual compensation received from the state.
- (3) Compensation on a fee basis.

State-Paid Officials:

Judith Denney, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
Roger Wall, Associate Circuit Judge		96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds*	2	2
County Clerk	2	0
Prosecuting Attorney	5	0
Sheriff	11	0
County Treasurer*	1	0
County Collector	2	0
County Assessor	3	0
Associate Division	0	1
Probate Division	0	1
Road and Bridge	18	0
Health Center**	25	0
Total	<u>69</u>	<u>4</u>

\* Includes one part-time employee.

\*\* Includes two part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Douglas County's share of the Forty-Fourth Judicial Circuit's expenses is 31.90 percent.