



# Claire McCaskill

Missouri State Auditor

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December 2006

## Dekalb County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of  
Missouri State Auditor  
Claire McCaskill

December 2006

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

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- The ACCD 911 Board did not have adequate procurement procedures and did not closely follow the terms of a federal Homeland Security grant for emergency communications equipment received from the state Department of Public Safety (DPS). Due to favorable pricing on its initial bid for equipment approved under the grant, the board purchased additional equipment with the remaining grant funding. However, the board could not provide documentation of specific approval from the DPS for these additional purchases, nor were the additional purchases bid as required. Items purchased without bids totaled approximately \$236,000. In addition, the board did not solicit requests for qualifications when contracting for engineering services related to the grant, totaling approximately \$68,000 and the board did not ensure that the vendors providing services were in good standing with the federal government.
- The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as required, resulting in an accumulation of approximately \$154,000 of excess property taxes as of December 31, 2005. In addition, no rollback calculations have been performed since 2001 and the accumulated excess property tax collections have not been tracked.
- While the county bid numerous items, county records did not always contain adequate documentation of the county's efforts to compare prices (i.e. phone contacts, inquiries) or reasons to support selecting other than a low bidder or sole source purchase decisions. For example, the county did not maintain bid documentation or contracts for remodeling work at the nursing home totaling about \$86,000 during 2003, 2004 and 2005 nor did the county document its basis for selecting the high bidder for a courthouse landscaping and sidewalk project or its basis for not bidding the concrete for the project. In addition the county made duplicate payments totaling about \$5,000 for nine concrete deliveries on the project and improperly charged \$40,000 of project costs to the Special Road and Bridge Fund.

(over)

YELLOW SHEET

- The current and former Ex Officio County Collectors (EOC) did not prepare accurate and timely annual settlements and did not reconcile bank account balances to existing liabilities. In addition, both EOCs charged a certification fee not allowable by law and some worksheets supporting the calculations of commissions earned for delinquent city tax collections could not be located.
- The ACCD 911 Board has accumulated a large cash balance with no documented plans for its use, has not solicited bids or performed other price comparison procedures for some major purchases, has not solicited requests for qualifications for the services provided by its consulting engineer, and has not executed contracts with the counties and city for dispatching and 911 coordination services. In addition, the financial records of the board are not properly reconciled and procedures for review, approval, and processing of expenditures should be improved.
- In November 2005, the commissioners of the new Daviess-Dekalb Regional Jail District contracted to acquire a 270 bed private jail facility in Daviess County and on February 15, 2006, the district assumed operations at the jail facility. The district's 2006 budget did not adequately disclose the jail district commission's current and long range plans and the jail district commission has not received periodic budget to actual comparative reports. In addition, accounting duties are not adequately segregated and the supervisory reviews of financial records are not adequate, bank reconciliations on the operating account are not current, and the commissary account reconciliations are not adequately documented. Also, receipt slips are not issued for some monies received and some collections are not immediately recorded in the accounting records.

Also included in the audit were recommendations related to the preparation of the county's Schedule of Expenditures of Federal Awards, and to the operations of the Circuit Clerk, Sheriff, and Prosecuting Attorney.

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

DEKALB COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



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

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

To the County Commission  
and  
Officeholders of DeKalb County, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DeKalb County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed more fully in Note 1, the county prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of DeKalb County, Missouri, as of December 31, 2005 and 2004, and the respective changes in financial position—cash basis thereof for the years then ended in conformity with the basis of accounting discussed in Note 1.

As discussed more fully in Note 1, for the years ended December 31, 2005 and 2004, the county implemented applicable provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. The implementation of these Statements resulted in significant changes in the format and contents of the basic financial statements and other information in the county's financial report. The county also implemented the provisions of Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 13, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Schedule of Funding Progress for Missouri Local Government Employees Retirement System, and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required to accompany those financial statements. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. 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 basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 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 DeKalb County, Missouri, and was not subjected to the auditing procedures applied in the audit of the basic financial statements. Accordingly, we express no opinion on the information.



Claire McCaskill  
State Auditor

July 13, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Karla Swift
	Alvin Cochren
	Sara Pottebaum
	Yomil Leon-Ortiz



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

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

To the County Commission  
and  
Officeholders of DeKalb County, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DeKalb County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated July 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

## Compliance and Other Matters

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

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

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



Claire McCaskill  
State Auditor

July 13, 2006 (fieldwork completion date)

## Management's Discussion and Analysis

DEKALB COUNTY, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED DECEMBER 31, 2005 AND 2004

This discussion and analysis of DeKalb County's financial performance provides an overview of the county's financial activity for the years ended December 31, 2005 and 2004. The information below, prepared by the county's management, should be read in conjunction with the financial statements that immediately follow.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The contents of this report comply with the presentation requirements of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as applicable to the cash basis of accounting. The county's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. The notes are an integral part of the government-wide and fund financial statements and provide more detail about the information presented in the statements. This report also contains other financial information in addition to the basic financial statements.

The county has elected to present its financial statements on the cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America. "Basis of accounting" refers to when financial events are recorded. Under the cash basis of accounting, revenues are recorded when received rather than when earned, and expenditures are recorded when paid rather than when the related liabilities are incurred. Therefore, when reviewing the financial information and discussion in this report, the reader should recall the limitations resulting from use of the cash basis of accounting.

#### Government-Wide Financial Statements

The Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities report information about the county as a whole. These statements present the county's net assets and show how they have changed. Over time, increases or decreases in the county's net assets are one indicator of whether its financial health or position is improving or deteriorating. However, to assess the county's overall financial health, the reader needs to consider additional nonfinancial factors. The government-wide financial statements report only governmental activities—activities such as general government operations, public safety, and health and welfare that are usually financed through taxes and intergovernmental receipts. The county has no business-like activities—activities financed wholly or partially by fees charged to external parties for goods or services.

#### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the county as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Commission establishes other funds to help it control and

manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, or other sources of receipts. The fund financial statements include only governmental funds, which focus on the flow of money into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed view of the county's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether more or fewer financial resources can be spent in the near future to finance the county's programs.

### The County as Trustee

The county is the trustee, or fiduciary, for its trust and agency funds that are used to account for assets held by the county's elected officials in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The county's fiduciary assets are reported in a separate Statement of Fiduciary Net Assets. Fiduciary funds are excluded from the county's other financial statements because the county cannot use these assets to finance its operations. The county is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### Other Information

The report also includes as required supplementary information this Management's Discussion and Analysis, the Schedule of Funding Progress for Missouri Local Government Employees Retirement System, and the Budgetary Comparison Schedule - General Fund and Major Special Revenue Funds - Cash Basis. Such information is intended to supplement the government-wide financial statements, fund financial statements, and notes to the financial statements but is not a part of those statements.

In addition, the report includes the following components that are not a required part of the financial statements: the Schedule of Expenditures of Federal Awards, required for audits of federal program expenditures conducted in accordance with Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the History, Organization, and Statistical Information.

## FINANCIAL HIGHLIGHTS

The most significant financial changes that occurred during the two years ended December 31, 2005, were the increase in federal grant receipts and disbursements for the BRO bridge program and 911 equipment for the multi-county ACCD 911 Board. Also, gravel expenditures from the Capital Improvements Sales Tax Fund increased significantly during this period.

## THE COUNTY AS A WHOLE

The following chart displays assets, receipts and disbursements for 2003 through 2005.

	Year Ended December 31,		
	2005	2004	2003
Net Assets	\$ 2,044,193	2,055,785	1,576,272
Program Receipts	2,466,304	1,566,815	*
General Receipts	2,146,514	2,165,661	3,465,143
Disbursements	4,624,410	3,252,963	3,324,437
Change in Net Assets	(11,592)	479,513	140,706

\* A breakdown of receipts between program receipts and general receipts was not available for 2003.

Much of the general receipts relates to sales taxes and 911 telephone taxes and these amounts have remained relatively stable during the three year period. Program receipts rose in 2005 due to increased federal grant receipts under the BRO program and a large federal grant received for 911 equipment. The increase in disbursements in 2005 is principally due to the disbursements related to these federal grants. The increase in net assets since 2003 has also been due to the county's careful management of each fund.

## THE COUNTY'S FUNDS

The cash balance of the General Revenue Fund has increased from its low levels in 2002. In that year, the county completed the installation of the courthouse elevator and Phase I of the tax increment financing (TIF) development project involving the Wal-Mart in Cameron expired. As a result and also due to careful spending practices by the county, the total receipts of the General Revenue Fund exceeded the total expenditures of the fund during 2003, 2004, and 2005.

Much of the receipts and expenditures of the Special Road and Bridge Fund are related to bridge construction under the federal BRO program. From 2003 through 2005, the county constructed four bridges under this program. The bridges were constructed entirely using federal funds. Construction of a relatively large bridge over Grindstone Creek near Weatherby occurred in 2005. The county has participated in the BRO bridge program for many years and is presently constructing the 31st bridge under the program. Additionally, the county's bridge crew repairs and replaces about six bridges annually.

The cash balance of the Capital Improvement Sales Tax Fund has also increased from its low levels in 2002 due to the expiration of Phase I of the TIF and, as a result, the county has been able to increase the rock tonnage per mile of road from 80 tons in 2003 to 100 tons in 2004 and 120 tons in 2005.

The ACCD 911 Board received a federal grant for equipment in 2005. Using the grant funds, the board acquired and installed 911 equipment in each of the four counties and the city of Cameron to enhance the operation of the existing 911 system.

Included among the other governmental funds is the Court Services Fund which the county administers for the courts in the 43rd Judicial Circuit. In July 2005, the circuit court created the Court Services Program and employed four probation officers to supervise probationers in the circuit. The program is funded by charges to the probationers. During 2005, these service charges totaled about \$79,000 and expenditures of the fund totaled about \$64,000. The counties in the circuit provided start-up loans to the court totaling about \$20,000 and the court expects to repay the loans in 2006.

### General Fund Budgetary Highlights

The General Revenue Fund budget was amended in 2004 to increase the county's funding to the University Extension Service to comply with a recent court decision. The amendment to this budget item increased the current year's funding and provided for a retro-active payment for the under-funding in 2003. The county decided to not make the planned operating transfer to the Assessment Fund in 2004 to offset the amended increase in the University Extension item. The General Revenue Fund budget was not amended in 2005.

Total actual revenues of the General Revenue Fund exceeded the budgeted amounts in 2005 and 2004 principally because prisoner board reimbursements from the state of Missouri were larger than budgeted.

Variances between actual and budgeted expenditures of the General Revenue Fund were relatively small and within 10 percent of the budgeted amount for most expenditure categories. In 2005, fringe benefit expenditures were less than budgeted principally because the county overestimated the required contributions to the Missouri Local Government Employees Retirement System for that year. Expenditures for the Sheriff's Office were larger than the budgeted amounts in 2005 and 2004 principally because costs to board prisoners and dispatchers salaries were larger than expected. In 2004, total actual expenditures of the General Revenue Fund exceeded the total budgeted amount because the county decided at the end of the year to transfer \$31,000 to the Nursing Home Sales Tax Fund to help with remodeling costs. The transfer had not been budgeted.

### CAPITAL ASSET AND DEBT ADMINISTRATION

In 2003, the county began remodeling the county nursing home. Much of the work was completed by 2005 and included remodeling to 36 rooms, a hallway, shower facilities, and other improvements. The county intends to make repairs to the roof in 2006. A portion of the funds remaining from the former nursing home sales tax were used to make the improvements. The county transferred \$31,000 from the General Revenue Fund to the Nursing Home Sales Tax Fund in 2004 to help finance the improvements.

In 2005, the ACCD 911 Board improved the 911 communications system in the four counties by acquiring and installing equipment procured with grant funds. The new systems were completed in 2006.

The county has been awarded grants totaling about \$120,000 for the purchase of new election equipment. The county expects to acquire the equipment in 2006.

In 2004 and 2005, the county made improvements to the courthouse grounds including new sidewalks, parking lot, retaining walls, and benches. The county received donations from area residents and businesses to help offset some of the costs. The remaining costs were paid with monies from the General Revenue and Special Road and Bridge Funds.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In 2005, the county and Daviess county formed a regional jail district. District voters approved a sales tax to provide funding and the district purchased a private jail facility in Pattonsburg formerly owned by Midwest Security Housing. The district began operating the jail in February 2006. The county closed its jail and moved its prisoners to the district's jail. The district expects to generate profits from housing prisoners for other counties and will not charge Daviess and DeKalb counties for housing their prisoners. In 2005, the county paid Midwest Security Housing about \$140,000 for housing DeKalb county prisoners. DeKalb and Daviess counties have agreed to provide operating subsidies to the district jail, if necessary.

The county expects to roll back its general property tax levy to zero for 2006. The roll back is necessary to comply with the rollback provisions of the general sales tax. The improved financial condition in the General Revenue Fund will allow the county to make the roll back. In 2005, the county's general levy of \$.05 per \$100 assessed value generated about \$55,000 in property tax revenues.

The county has agreed to issue revenue bonds to finance the construction of a Case New Holland facility in Cameron. The project is expected to cost about \$30 million. The county will lease the facility to Case New Holland and use the lease proceeds to retire the bonds. The new facility is expected to increase the county's property tax assessed valuations by about \$10 million. However, it is expected the company will receive property tax abatements for the first fifteen years and will make payments in lieu of taxes during that period.

#### CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

Questions about this report or requests for additional information should be addressed to Mary Berry, DeKalb County Clerk, 109 West Main Street, Maysville, MO 64469, (816) 449-5402.

## Basic Financial Statements

Exhibit A-1

DEKALB COUNTY, MISSOURI  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ <u>2,044,193</u>
Total Assets	<u>2,044,193</u>
<b>NET ASSETS</b>	
Restricted	1,884,993
Unrestricted	<u>159,200</u>
Total Net Assets	<u>\$ <u>2,044,193</u></u>

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

Exhibit A-2

DEKALB COUNTY, MISSOURI  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2004

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ <u>2,055,785</u>
Total Assets	<u>2,055,785</u>
<b>NET ASSETS</b>	
Restricted	1,959,685
Unrestricted	<u>96,100</u>
Total Net Assets	<u>\$ <u>2,055,785</u></u>

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

Exhibit B-1

DEKALB COUNTY, MISSOURI  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS  
 YEAR ENDED DECEMBER 31, 2005

		<u>Program Receipts</u>		Net (Disbursements) Receipts and Changes in Cash Balances
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Intergovernmental</u>	<u>Primary Governmental Activities</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
General county government	\$ 743,359	115,520	178,610	(449,229)
Roads and bridges	1,894,329	13,077	1,286,612	(594,640)
Public safety	1,777,101	281,059	586,755	(909,287)
Health and welfare	170,105	560	70	(169,475)
Other	39,516	25	4,016	(35,475)
 Total Governmental Activities	 <u>4,624,410</u>	 <u>410,241</u>	 <u>2,056,063</u>	 <u>(2,158,106)</u>
 Total Primary Government	 <u>\$ 4,624,410</u>	 <u>410,241</u>	 <u>2,056,063</u>	 <u>(2,158,106)</u>
 <b>GENERAL RECEIPTS</b>				
Taxes				
Property taxes				175,485
Sales taxes				1,232,914
911 telephone tax				498,264
Interest				83,628
Other				156,223
 Total General Receipts				 <u>2,146,514</u>
 Change in Cash Balances				 (11,592)
 NET ASSETS, JANUARY 1				 <u>2,055,785</u>
 NET ASSETS, DECEMBER 31				 <u>\$ 2,044,193</u>

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

Exhibit B-2

DEKALB COUNTY, MISSOURI  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS  
 YEAR ENDED DECEMBER 31, 2004

		<u>Program Receipts</u>		Net (Disbursements) Receipts and Changes in Cash Balances
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Intergovernmental</u>	<u>Primary Governmental Activities</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
General county government	\$ 704,953	129,863	147,731	(427,359)
Roads and bridges	1,323,237	5,684	1,022,177	(295,376)
Public safety	956,101	145,306	104,231	(706,564)
Health and welfare	220,910	495	70	(220,345)
Other	47,762	55	11,203	(36,504)
Total Governmental Activities	<u>3,252,963</u>	<u>281,403</u>	<u>1,285,412</u>	<u>(1,686,148)</u>
Total Primary Government	<u>\$ 3,252,963</u>	<u>281,403</u>	<u>1,285,412</u>	<u>(1,686,148)</u>
<b>GENERAL RECEIPTS</b>				
Taxes				
Property taxes				167,698
Sales taxes				1,241,807
911 telephone tax				479,849
Interest				54,058
Other				222,249
Total General Receipts				<u>2,165,661</u>
Change in Cash Balances				479,513
NET ASSETS, JANUARY 1				<u>1,576,272</u>
NET ASSETS, DECEMBER 31				<u>\$ 2,055,785</u>

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

Exhibit C-1

DEKALB COUNTY, MISSOURI  
 GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS  
 DECEMBER 31, 2005

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax Fund	ACCD 911 Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 159,200	523,265	296,360	644,564	420,804	2,044,193
Total Assets	<u>\$ 159,200</u>	<u>523,265</u>	<u>296,360</u>	<u>644,564</u>	<u>420,804</u>	<u>2,044,193</u>
<b>FUND BALANCES</b>						
Unreserved	\$ 159,200	0	0	0	0	159,200
Unreserved special revenue funds	0	523,265	296,360	644,564	0	1,464,189
Unreserved reported in nonmajor funds	0	0	0	0	420,804	420,804
Total Fund Balances	<u>\$ 159,200</u>	<u>523,265</u>	<u>296,360</u>	<u>644,564</u>	<u>420,804</u>	<u>2,044,193</u>

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

Exhibit C-2

DEKALB COUNTY, MISSOURI  
 GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS  
 DECEMBER 31, 2004

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax Fund	ACCD 911 Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 96,100	450,307	332,521	737,510	439,347	2,055,785
Total Assets	<u>\$ 96,100</u>	<u>450,307</u>	<u>332,521</u>	<u>737,510</u>	<u>439,347</u>	<u>2,055,785</u>
<b>FUND BALANCES</b>						
Unreserved	\$ 96,100	0	0	0	0	96,100
Unreserved special revenue funds	0	450,307	332,521	737,510	0	1,520,338
Unreserved reported in nonmajor funds	0	0	0	0	439,347	439,347
Total Fund Balances	<u>\$ 96,100</u>	<u>450,307</u>	<u>332,521</u>	<u>737,510</u>	<u>439,347</u>	<u>2,055,785</u>

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

Exhibit D-1

DEKALB COUNTY, MISSOURI  
 GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
 YEAR ENDED DECEMBER 31, 2005

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax Fund	ACCD 911 Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property taxes	\$ 55,561	0	0	0	119,924	175,485
Sales taxes	616,504	0	616,410	0	0	1,232,914
911 telephone tax	0	0	0	498,264	0	498,264
Intergovernmental	140,475	1,286,612	0	470,637	158,339	2,056,063
Charges for services	275,109	13,077	0	0	122,055	410,241
Interest	8,726	20,515	17,400	20,416	16,571	83,628
Other	89,143	26,145	0	22,347	18,588	156,223
<b>Total Receipts</b>	<b>1,185,518</b>	<b>1,346,349</b>	<b>633,810</b>	<b>1,011,664</b>	<b>435,477</b>	<b>4,612,818</b>
<b>DISBURSEMENTS</b>						
General county government	554,160	0	0	0	189,199	743,359
Roads and bridges	0	1,234,546	659,783	0	0	1,894,329
Public safety	579,138	0	0	1,104,610	93,353	1,777,101
Health and welfare	8,356	0	0	0	161,749	170,105
Other	29,170	0	3,555	0	6,791	39,516
<b>Total Disbursements</b>	<b>1,170,824</b>	<b>1,234,546</b>	<b>663,338</b>	<b>1,104,610</b>	<b>451,092</b>	<b>4,624,410</b>
<b>EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>14,694</b>	<b>111,803</b>	<b>(29,528)</b>	<b>(92,946)</b>	<b>(15,615)</b>	<b>(11,592)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	68,406	8,182	0	0	20,000	96,588
Transfers out	(20,000)	(47,027)	(6,633)	0	(22,928)	(96,588)
<b>Total Other Financing Sources (Uses)</b>	<b>48,406</b>	<b>(38,845)</b>	<b>(6,633)</b>	<b>0</b>	<b>(2,928)</b>	<b>0</b>
<b>NET CHANGE IN CASH BALANCES</b>	<b>63,100</b>	<b>72,958</b>	<b>(36,161)</b>	<b>(92,946)</b>	<b>(18,543)</b>	<b>(11,592)</b>
<b>CASH BALANCES, JANUARY 1</b>	<b>96,100</b>	<b>450,307</b>	<b>332,521</b>	<b>737,510</b>	<b>439,347</b>	<b>2,055,785</b>
<b>CASH BALANCES, DECEMBER 31</b>	<b>\$ 159,200</b>	<b>523,265</b>	<b>296,360</b>	<b>644,564</b>	<b>420,804</b>	<b>2,044,193</b>

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

Exhibit D-2

DEKALB COUNTY, MISSOURI  
 GOVERNMENTAL FUNDS STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
 YEAR ENDED DECEMBER 31, 2004

	General Fund	Special Road and Bridge Fund	Capital Improvement Sales Tax Fund	ACCD 911 Fund	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>						
Property taxes	\$ 60,512	0	0	0	107,186	167,698
Sales taxes	621,004	0	620,803	0	0	1,241,807
911 telephone tax	0	0	0	479,849	0	479,849
Intergovernmental	145,504	1,022,177	0	0	117,731	1,285,412
Charges for services	226,079	5,684	0	0	49,640	281,403
Interest	6,828	9,276	12,345	8,114	17,495	54,058
Other	104,235	25,589	0	70,565	21,860	222,249
<b>Total Receipts</b>	<b>1,164,162</b>	<b>1,062,726</b>	<b>633,148</b>	<b>558,528</b>	<b>313,912</b>	<b>3,732,476</b>
<b>DISBURSEMENTS</b>						
General county government	564,880	0	0	0	140,073	704,953
Roads and bridges	0	809,688	513,549	0	0	1,323,237
Public safety	504,543	0	0	422,857	28,701	956,101
Health and welfare	8,356	0	0	0	212,554	220,910
Other	41,524	0	6,238	0	0	47,762
<b>Total Disbursements</b>	<b>1,119,303</b>	<b>809,688</b>	<b>519,787</b>	<b>422,857</b>	<b>381,328</b>	<b>3,252,963</b>
<b>EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>44,859</b>	<b>253,038</b>	<b>113,361</b>	<b>135,671</b>	<b>(67,416)</b>	<b>479,513</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	36,732	0	0	0	31,000	67,732
Transfers out	(31,000)	(24,291)	(5,178)	0	(7,263)	(67,732)
<b>Total Other Financing Sources (Uses)</b>	<b>5,732</b>	<b>(24,291)</b>	<b>(5,178)</b>	<b>0</b>	<b>23,737</b>	<b>0</b>
<b>NET CHANGE IN CASH BALANCES</b>	<b>50,591</b>	<b>228,747</b>	<b>108,183</b>	<b>135,671</b>	<b>(43,679)</b>	<b>479,513</b>
<b>CASH BALANCES, JANUARY 1</b>	<b>45,509</b>	<b>221,560</b>	<b>224,338</b>	<b>601,839</b>	<b>483,026</b>	<b>1,576,272</b>
<b>CASH BALANCES, DECEMBER 31</b>	<b>\$ 96,100</b>	<b>450,307</b>	<b>332,521</b>	<b>737,510</b>	<b>439,347</b>	<b>2,055,785</b>

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

Exhibit E-1

DEKALB COUNTY, MISSOURI  
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
DECEMBER 31, 2005

ASSETS

Cash	\$	<u>391,575</u>
Total Assets		<u>391,575</u>

NET ASSETS

Restricted		391,575
Unrestricted		<u>0</u>
Total Net Assets	\$	<u><u>391,575</u></u>

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

Exhibit E-2

DEKALB COUNTY, MISSOURI  
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
DECEMBER 31, 2004

ASSETS

Cash	\$	<u>400,384</u>
Total Assets		<u>400,384</u>

NET ASSETS

Restricted		400,384
Unrestricted		<u>0</u>
Total Net Assets	\$	<u><u>400,384</u></u>

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

Notes to the Financial Statements

DEKALB COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

As Note 1.C. discusses further, the accompanying financial statements of DeKalb County, Missouri, are presented in conformity with the cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for state and local governments. The significant accounting policies related to those principles and used by the county are described below.

A. Reporting Entity

A financial reporting entity consists of (1) the primary government, (2) component units, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. The primary government of DeKalb County consists of all funds, departments, offices, or organizations that are not legally separate from the county.

Component units are legally separate organizations for which the county government is financially accountable. The county is financially accountable for an organization if the county appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services provided or performed by the organization or (2) is legally entitled to and or can otherwise access the organization's resources, is legally obligated for or has otherwise assumed the obligation to finance the organization's deficits or provide financial support to it, or is obligated in some manner for the organization's debt. Component units also may include organizations that are fiscally dependent on the county because their budgets, tax levies, or debt issuances are approved by the county.

Based on application of the above criteria, the county has no component units.

B. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements display information about the county as a whole. These statements include the financial activities of the primary government, except for the activities of fiduciary funds. The primary government's financial activities are required to be classified as governmental or business-like. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange transactions. Business-like activities are financed wholly or partially by fees

charged to external parties for goods or services. For the years ended December 31, 2005 and 2004, the county had only governmental activities.

The Government-Wide Statement of Net Assets presents the financial condition of the county's governmental activities at year-end. The Government-Wide Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the county's governmental activities. Direct disbursements are specifically associated with and clearly identifiable to a particular function. The county does not allocate indirect costs to those functions. Program receipts include (a) charges paid by the recipients of goods or services offered by the programs and (b) intergovernmental receipts that are restricted to meeting the operational or capital requirements of a particular program. Receipts not classified as program receipts, including all taxes, are presented as general receipts. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the county.

## 2. Fund Financial Statements

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The county uses funds to segregate transactions related to certain functions or activities in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the county primary government at this detailed level. The fund financial statements focus on major funds. Each major fund is presented in a separate column, and nonmajor funds are aggregated and presented in a single column. Major funds include (a) the county's primary operating fund, (b) any fund for which total cash, receipts, or disbursements of an individual fund are at least 10 percent of the corresponding element total for all funds of that type, and (c) any other fund that county officials believe is particularly important to financial statement users.

The accompanying financial statements are structured into two categories of funds—governmental and fiduciary. Governmental funds are those through which most governmental functions typically are financed. Reporting for such funds focuses on the sources, uses, and balances of current resources. The county's major governmental funds are as follows:

General Fund: The General Fund is the primary operating fund of the county, accounting for all financial resources except those required to be accounted for in another fund.

### Special Revenue Funds

Special Road and Bridge Fund: This fund accounts for property tax collections and other receipts that are legally restricted to disbursements for road and bridge purposes.

Capital Improvement Sales Tax Fund: This fund accounts for sales tax collections that are legally restricted to disbursements for major capital improvements.

ACCD 911 Fund: This fund accounts for telephone tax collections that are legally restricted to disbursements for implementing and operating an emergency response system for Andrew, Caldwell, Clinton, and DeKalb counties.

The county's nonmajor governmental funds include special revenue funds and a cemetery trust fund, a permanent fund that provides resources for the ongoing maintenance of several public cemeteries from the earnings on the fund principal.

Fiduciary funds account for assets held by the county as a trustee or an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund reporting focuses on net assets and changes in net assets; fiduciary assets are reported in a separate Statement of Fiduciary Net Assets because the county cannot use those assets to finance its operations. The county's fiduciary funds consist of agency funds, which report assets held in a purely custodial capacity and do not involve measurement of results of operations.

The agency funds include the Ex Officio County Collector's fund which has a fiscal year ending February 28 (29); therefore, financial information for its reporting periods is included in the accompanying Statement of Fiduciary Net Assets.

The agency funds also include the Public Administrator's fund. The financial information included for this fund in the Statement of Fiduciary Net Assets consists of estate assets (cash) held in trust by the Public Administrator as reported in the annual settlements filed throughout the years ended December 31, 2005 and 2004.

#### C. Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. The government-wide and fund financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. Consequently, certain assets and their related revenues (such as accounts receivable and revenues billed but not yet collected for goods and services provided) and certain liabilities and their related

expenditures (such as accounts payable and expenditures for goods and services received but not yet paid for) are not recorded in these financial statements. Generally accepted accounting principles for state and local governments require revenues to be recognized when they are earned or when they become available and measurable and expenditures or expenses to be recognized when the related liabilities are incurred.

The accounting treatment for specific account balances and transaction types is as follows:

Equity classifications: On the Government-Wide Statement of Net Assets, equity is classified as net assets and displayed in two components: restricted and unrestricted. Net assets are reported as restricted when limitations are imposed on their use through either the enabling legislation adopted by the County Commission or external restrictions imposed by creditors, grantors, or the laws and regulations of other governments. All other net assets are reported as unrestricted. The county applies restricted resources first when a disbursement is made for which both restricted and unrestricted net assets are available.

In the fund financial statements, equity is classified as fund balance and also may be displayed in two components: reserved and unreserved. Fund balance is reported as reserved to indicate that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use. When such restrictions do not exist, fund balance is reported as unreserved.

Inventories and capital assets: Inventories include office, housekeeping, and road maintenance supplies. Capital assets consist of land, buildings, furniture, equipment, vehicles, and infrastructure such as roads and bridges. Both inventories and capital assets are recorded as disbursements when they are purchased or constructed.

Compensated absences: Vacation leave is accumulated at a rate of one and one-quarter days to one and three quarter days per month depending on the number of years of employment. Accumulated vacation leave cannot exceed 15 days, 20 days, or 25 days depending on the number of years of employment. Compensatory time is accumulated as earned by an individual employee. Sick leave is accumulated at a rate of one and one-quarter days per month subject to a maximum accumulation of 90 days.

Vacation and sick leave amounts are reported as disbursements when they are paid. Accrued liabilities related to compensated absences and any employer-related costs earned and unpaid are not reflected in the government-wide or fund financial statements. The county has not restricted any net assets or reserved any fund balance for these commitments.

Other postemployment benefits: The county does not provide postemployment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation

Act (COBRA). Under the COBRA the county provides health care benefits to eligible former employees and their dependents. The premiums are paid by the former employees. The county incurs no cost for these benefits.

Long-term debt: Consistent with the cash basis of accounting, long-term debt is not reported in the government-wide or fund financial statements. Proceeds from debt issuances are reported when received, and payments of principal and interest are reported when disbursements are made.

D. Accounting Changes

For the years ended December 31, 2005 and 2004, the county implemented applicable provisions of the following GASB Statements:

Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*: The implementation of these Statements resulted in significant changes in the format and contents of the basic financial statements and other information in the county's financial report. As Note 1.B. discusses, the basic financial statements now include government-wide financial statements that report information for the county as a whole and fund financial statements that focus on major funds. However, as Note 1.C. discusses, because the basic financial statements are prepared on the cash basis of accounting, they exclude certain items and amounts that would be recorded under the bases of accounting prescribed by generally accepted accounting principles for state and local governments. Also, agency funds, a type of fund not reported in the county's prior-period financial statements, are now included in the Statement of Fiduciary Net Assets.

Statement No. 40, *Deposit and Investment Risk Disclosures*: This Statement amends Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. Statement No. 40 revises Statement No. 3's requirements regarding disclosure of custodial credit risk and establishes new requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

2. Deposits and Investments

Disclosures are provided below to comply with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. 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. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

## Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, DeKalb County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The County Treasurer's, ACCD 911 Board's, Senate Bill 40 Board's, and the Senior Citizens Services Board's deposits at December 31, 2005 and 2004, and the Ex Officio County Collector's deposits at February 28, 2006 and 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's (and the ACCD 911 Board's and/or Ex Officio County Collector's) names.

## Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

### 3. Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bill and collect property taxes for the county and most other local governments (except some cities). Collections by the county for other governments and remittances to those governments are accounted for in various County Treasurer and Ex Officio County Collector's agency funds.

### 4. Defined Benefit Pension Plan

#### Plan Description

DeKalb County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments in Missouri. The LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. Created and governed by Sections 70.600 through 70.755, RSMo, the system is responsible for administering the law in accordance with the expressed intent of the Missouri General Assembly. The plan is qualified under Internal Revenue Code Section 401(a) and is tax-exempt. The LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of the report may be requested from:

Missouri Local Government Employees Retirement System  
P.O. Box 1665  
Jefferson City, MO 65102

Funding Policy

DeKalb County's full-time employees do not contribute to the pension plan. The county is required to contribute at an actuarially determined rate; the current rate is 7.6 percent (general) and 5.6 percent (law enforcement) of annual covered payroll. The contribution requirements of plan members are determined by the County Commission. The contribution provisions of the county are established by statute.

Annual Pension Cost

For 2005 and 2004, the county's annual pension cost of \$48,580 and \$52,751, respectively, was equal to the county's required and actual contributions. The required contributions were determined, respectively, as part of the February 29, 2004, and February 28, 2002 and/or February 28, 2003, actuarial valuations using the entry age actuarial cost method.

The actuarial assumptions included (a) an investment rate of return of 7.5 percent per year, compounded annually; (b) projected salary increases of 4 percent per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0 to 4.2 percent per year, depending on age, attributable to seniority or merit; (d) pre-retirement mortality based on the 1983 Group Annuity Mortality Table; and (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table projected to 2000, set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 5-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 28, 2005, was 18 years.

3-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension</u>	<u>Percentage of</u>	<u>Net Pension</u>
--------------------	-----------------------	----------------------	--------------------

<u>Ending</u>		<u>Cost (APC)</u>	<u>APC Contributed</u>		<u>Obligation</u>
06/30/03	\$	54,069	100	% \$	0
06/30/04		52,751	100		0
06/30/05		48,580	100		0

5. Defined Benefit Pension Plan

Plan Description

DeKalb County contributes to the County Employees' Retirement System (CERS), a mandatory cost-sharing multiple-employer public employee retirement system for Missouri counties, excluding first-class counties with a charter form of government and any city not within a county. The CERS, a defined benefit plan, provides retirement and death benefits to its members and is administered in accordance with Sections 50.1000 through 50.1300, RSMo. Responsibility for the operation and administration of the system is vested in the CERS Board of Directors. The CERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of the report may be requested from:

County Employees' Retirement System  
2121 Schotthill Woods Drive  
Jefferson City, MO 65101

Funding Policy

Before January 1, 2003, members, except for those who participated in the LAGERS, were required to make contributions equal to 2 percent of gross compensation. Effective January 1, 2003, in addition to the prior contribution requirements, members hired on or after February 25, 2002, must contribute 4 percent if they participate in the LAGERS and 6 percent if they do not participate. If an employee terminates employment before attaining 8 years of creditable service, the CERS refunds the accumulated contributions to the employee. The contribution rate is set by statute.

In addition, the CERS receives a portion of delinquent property tax penalties, penalties for late filing of personal property tax declarations, a portion of document recording fees, a portion of fees for merchants and manufacturers licenses, and any interest derived from the collection and investment of any part of the penalties and fees. The Office of Secretary of State also collects and remits fees for certain filing transactions to the system.

The county's contributions to the CERS for the years ending December 31, 2005, 2004, and 2003, were \$57,598, \$54,778, and \$51,944, respectively, equal to the required contributions for each year.

6. Defined Contribution and Deferred Compensation Plans

Plan Description

DeKalb County offers employees the opportunity to participate in the CERS defined contribution plan and Internal Revenue Code (IRC) Section 457 deferred compensation plan. The plans' provisions and contribution requirements are established and may be amended only by the Missouri General Assembly. Pension plan members are eligible to participate.

Contributions

Participation in the deferred compensation plan is voluntary, and the employee elects the contribution level, subject to the limitations of IRC Sections 401(a) and 457. The CERS Board of Directors decides if matching contributions from the pension plan trust funds for a calendar year will be made to the defined contribution plan accounts of those who participated in the deferred compensation plan. The amount of any matching contribution is determined by the Board and is limited to 50 percent of a non-LAGERS member's (25 percent of a LAGERS member's) voluntary contributions to the deferred compensation plan, up to 3 percent of the non-LAGERS member's (2.5 percent for the LAGERS member's) compensation. Matching contributions for the years ended December 31, 2005 and 2004, were \$2,475 and \$1,986, respectively.

Administration

Maintenance of individual member accounts and custody of assets have been contracted to a third-party administrator and investment custodian, respectively. The counties send member contributions directly to the third-party administrator. Members have several options for investing their contributions and respective share of matching contributions.

7. Interfund Transfers

Interfund transfers, the flow of assets from one fund to another when repayment is not expected, are reported as transfers in and out. The county made the following interfund transfers:

Year Ended December 31, 2005			
Transfers In:			
	General Fund	Special Road and Bridge Fund	Nonmajor Governmental Funds
Transfers Out:			
General Fund	\$ 0	0	20,000
Special Road and Bridge Fund	47,027	0	0
Capital Improvement Sales Tax Fund	6,633	0	0
Nonmajor Governmental Funds	14,746	8,182	0

Year Ended December 31, 2004		
Transfers In:		
	General Fund	Nonmajor Governmental Funds
Transfers Out:		
General Fund	\$ 0	31,000
Special Road and Bridge Fund	24,291	0
Capital Improvement Sales Tax Fund	5,178	0
Nonmajor Governmental Funds	7,263	0

Interfund transfers occurred primarily because they were statutorily required or allowed—for example, transfer of an administrative service fee to the General Fund from the Special Road and Bridge Fund or contribution of General Fund monies to the Assessment Fund to pay for assessment and equalization maintenance costs not met by other sources of receipts. The General Fund also contributed monies to certain other funds when fund receipts were insufficient for specific purposes.

#### 8. Risk Management

The county carries commercial insurance for various risks of loss to which it is exposed, including risks related to torts; theft of, damage to, or destruction of assets; natural disasters; errors and omissions; injuries to employees; and employees' health and life. No significant reductions in coverage were made since December 31, 2003, and settlements have not exceeded coverage in the past 3 years.

The county is a participant in the Missouri Public Entity Risk Management Fund, a body corporate and politic created and governed by Sections 537.700 through 537.756, RSMo. The purpose of the fund is to provide liability protection to participating public entities and their officials and employees. Annual contributions are collected based on actuarial projections sufficient to pay losses and expenses. Should contributions not be sufficient to meet the fund's obligations, the fund's board can make special assessments. Participants are jointly and severally liable for all claims against the fund.

The county is a member of the Missouri Association of Counties Self-Insurance Workers' Compensation and Insurance Fund. The county purchases workers' compensation insurance through this fund, a non-profit corporation established to provide insurance coverage to Missouri counties. The fund is self-insured up to \$2,000,000 per occurrence and reinsured up to the statutory limit through excess insurance.

#### 9. Commitments and Contingencies

##### A. Contracts

In May 2006, the county executed a 10 year contract for the lease of the county-owned nursing home. The tenant is required to make lease payments to the county totaling \$7,000 monthly. The county is required to repair and replace the nursing home's roof and parking lot, install a fire protection sprinkler system, and share with the tenant the cost of other repairs. During the audit period, the county had a similar agreement with a previous tenant. The termination of the former agreement and execution of the new agreement occurred on May 1, 2006.

B. Property Taxes

Through December 31, 2005, DeKalb County collected \$153,613 in excess property taxes. Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. DeKalb County voters enacted a one-half cent sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

10. Subsequent Events

In June 2006, the county entered an agreement to issue taxable Industrial Development Revenue Bonds as authorized by Article VI, Section 27 of the Missouri Constitution and Sections 100.010 to 100.200, RSMo. The proceeds of the bonds, totaling about \$30 million, are to be used for the construction and furnishing costs related to an industrial development project in the city of Cameron. The county expects to lease the facility to a company and retire the bonds with the lease payments. The bonds have not yet been issued.

11. Jointly Governed Organizations

The county, in conjunction with the counties of Andrew, Buchanan, and Clinton in Missouri and Atchison, Brown, and Doniphan in Kansas, is a member of the Mo-Kan Regional Council of Governments (Mo-Kan). The Mo-Kan provides special planning, economic development, and administrative services to member organizations. The governing board is composed of one county commissioner from each of the member governments. The council assesses a fee to member counties based on population. DeKalb county paid about \$1,600 in fees annually.

The county, in conjunction with Worth and Gentry Counties, has created the Tri-County Health Center to provide public health services to residents of the three counties. The governing board is composed of the presiding commissioner from each of the participating counties. DeKalb County provides \$5,000 per year for health center operations.

The county, in conjunction with the counties of Andrew and Clinton and cities within the counties, has created the Region D Solid Waste Management District for solid waste management planning. The district is governed by a council appointed by the presiding county commissioners and chief city elected officials.

12. Joint Venture

In May 2005, the county, in conjunction with Daviess County, created the Daviess-DeKalb Regional Jail District to house prisoners for the counties as well as other governments on a contractual basis. A four member commission which governs the district is comprised of the presiding commissioners and sheriffs from the two counties. In November 2005, the district voters approved a one-half cent sales tax to provide regional jail services and court facilities and equipment for the two counties. Also in November 2005, the district acquired a 270 bed private jail facility in Daviess County for \$3.5 million. On February 15, 2006, the district assumed operations at the jail facility. The jail district also expects to receive payments from other governmental entities for housing prisoners. The counties will share equally in any net operating losses of the regional jail.

Required Supplementary Information

Schedule 1

DEKALB COUNTY, MISSOURI  
 SCHEDULE OF FUNDING PROGRESS FOR  
 MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)— Entry Age (b)	Unfunded AAL (UAAL) (b-a) or (Excess of Assets over AAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c] or (Excess as a Percentage of Covered Payroll) [(a-b)/c]
2/28/03	\$ 840,372	\$ 778,886	\$ (61,486)	108 %	\$ 637,121	(10) %
2/29/04	893,544	792,316	(101,228)	113	606,002	(17)
2/28/05	997,198	910,176	(87,022)	110	636,769	(14)

See related Note 4 (Defined Benefit Pension Plan) to the basic financial statements.

Schedule 2

DEKALB COUNTY, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

	Year Ended December 31,							
	2005				2004			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Cash Basis	Final Budget-- Favorable (Unfavorable)	Original	Final	Cash Basis	Final Budget-- Favorable (Unfavorable)
<b>GENERAL REVENUE FUND</b>								
<b>RECEIPTS</b>								
Property taxes	\$ 56,440	56,440	55,561	(879)	53,350	53,350	60,512	7,162
Sales taxes	621,000	621,000	616,504	(4,496)	606,500	606,500	621,004	14,504
Intergovernmental	92,612	92,612	140,475	47,863	80,550	80,550	145,504	64,954
Charges for service	235,810	235,810	275,109	39,299	196,075	196,075	226,079	30,004
Interest	5,000	5,000	8,726	3,726	2,500	2,500	6,828	4,328
Other	99,922	99,922	89,143	(10,779)	68,930	68,930	104,235	35,305
Transfers in	43,000	43,000	68,406	25,406	65,000	65,000	36,732	(28,268)
<b>Total Receipts</b>	<b>1,153,784</b>	<b>1,153,784</b>	<b>1,253,924</b>	<b>100,140</b>	<b>1,072,905</b>	<b>1,072,905</b>	<b>1,200,894</b>	<b>127,989</b>
<b>DISBURSEMENTS</b>								
County Commission	75,980	75,980	79,348	(3,368)	75,380	75,380	75,036	344
County Clerk	76,425	76,425	75,890	535	75,869	75,869	81,957	(6,088)
Elections	15,000	15,000	15,528	(528)	40,000	40,000	46,106	(6,106)
Buildings and grounds	48,860	48,860	49,653	(793)	47,860	47,860	41,315	6,545
Employee fringe benefits	184,000	184,000	145,090	38,910	129,000	129,000	119,435	9,565
County Treasurer	41,010	41,010	44,648	(3,638)	41,260	41,260	40,967	293
Ex Officio County Collector	10,000	10,000	6,255	3,745	7,000	7,000	6,565	435
Sheriff	419,610	419,610	459,624	(40,014)	367,500	367,500	399,070	(31,570)
Circuit Clerk & Ex Officio Recorder	48,480	48,480	47,373	1,107	51,470	51,470	51,377	93
Associate Circuit Court	22,970	22,970	15,597	7,373	17,700	17,700	13,003	4,697
Public Administrator	15,700	15,700	15,454	246	15,700	15,700	15,449	251
Prosecuting Attorney	84,690	84,690	93,208	(8,518)	80,846	80,846	84,138	(3,292)
Juvenile Officer	13,970	13,970	7,894	6,076	13,917	13,917	7,168	6,749
County Coroner	15,342	15,342	18,412	(3,070)	15,300	15,300	14,167	1,133
Health and welfare	8,400	8,400	8,356	44	8,400	8,400	8,356	44
Other general county government	81,799	81,799	59,324	22,475	73,645	73,645	73,670	(25)
Other	20,030	20,030	29,170	(9,140)	11,500	26,500	41,524	(15,024)
Transfers out	20,000	20,000	20,000	0	15,000	0	31,000	(31,000)
Emergency Fund	34,522	34,522	0	34,522	30,000	30,000	0	30,000
<b>Total Disbursements</b>	<b>1,236,788</b>	<b>1,236,788</b>	<b>1,190,824</b>	<b>45,964</b>	<b>1,117,347</b>	<b>1,117,347</b>	<b>1,150,303</b>	<b>(32,956)</b>
Net Change in Cash Balances	(83,004)	(83,004)	63,100	146,104	(44,442)	(44,442)	50,591	95,033
CASH BALANCE, JANUARY 1	96,100	96,100	96,100	0	45,509	45,509	45,509	0
CASH BALANCE, DECEMBER 31	\$ 13,096	\$ 13,096	\$ 159,200	\$ 146,104	\$ 1,067	\$ 1,067	\$ 96,100	\$ 95,033

Schedule 2

DEKALB COUNTY, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

	Year Ended December 31,							
	2005				2004			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Cash Basis	Final Budget-- Favorable (Unfavorable)	Original	Final	Cash Basis	Final Budget-- Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>								
<b>RECEIPTS</b>								
Intergovernmental	\$ 997,000	997,000	1,286,612	289,612	1,258,000	1,258,000	1,022,177	(235,823)
Charges for service	6,000	6,000	13,077	7,077	3,000	3,000	5,684	2,684
Interest	8,000	8,000	20,515	12,515	6,000	6,000	9,276	3,276
Other	24,100	24,100	26,145	2,045	31,500	31,500	25,589	(5,911)
Transfers in	8,181	8,181	8,182	1	0	0	0	0
<b>Total Receipts</b>	<b>1,043,281</b>	<b>1,043,281</b>	<b>1,354,531</b>	<b>311,250</b>	<b>1,298,500</b>	<b>1,298,500</b>	<b>1,062,726</b>	<b>(235,774)</b>
<b>DISBURSEMENTS</b>								
Salaries	180,000	180,000	126,704	53,296	180,000	180,000	123,936	56,064
Employee fringe benefits	43,000	43,000	31,238	11,762	41,000	41,000	26,872	14,128
Supplies	28,800	28,800	22,878	5,922	28,800	28,800	21,273	7,527
Insurance	15,000	15,000	10,264	4,736	15,000	15,000	10,152	4,848
Road and bridge materials	219,000	219,000	191,208	27,792	219,000	219,000	173,921	45,079
Equipment repairs	14,000	14,000	3,831	10,169	14,000	14,000	11,785	2,215
Equipment rentals/purchases	45,500	45,500	4,324	41,176	13,500	13,500	5,909	7,591
Bridge construction	813,000	813,000	821,994	(8,994)	913,000	913,000	409,701	503,299
Other	21,500	21,500	22,105	(605)	11,000	11,000	26,139	(15,139)
Transfers out	61,694	61,694	47,027	14,667	40,000	40,000	24,291	15,709
<b>Total Disbursements</b>	<b>1,441,494</b>	<b>1,441,494</b>	<b>1,281,573</b>	<b>159,921</b>	<b>1,475,300</b>	<b>1,475,300</b>	<b>833,979</b>	<b>641,321</b>
Net Change in Cash Balances	(398,213)	(398,213)	72,958	471,171	(176,800)	(176,800)	228,747	405,547
CASH BALANCE, JANUARY 1	450,307	450,307	450,307	0	221,560	221,560	221,560	0
CASH BALANCE, DECEMBER 31	\$ 52,094	\$ 52,094	\$ 523,265	\$ 471,171	\$ 44,760	\$ 44,760	\$ 450,307	\$ 405,547
<b><u>CAPITAL IMPROVEMENT SALES TAX FUND</u></b>								
<b>RECEIPTS</b>								
Sales taxes	\$ 620,000	620,000	616,410	(3,590)	606,500	606,500	620,803	14,303
Interest	10,000	10,000	17,400	7,400	5,000	5,000	12,345	7,345
<b>Total Receipts</b>	<b>630,000</b>	<b>630,000</b>	<b>633,810</b>	<b>3,810</b>	<b>611,500</b>	<b>611,500</b>	<b>633,148</b>	<b>21,648</b>
<b>DISBURSEMENTS</b>								
Gravel	650,000	650,000	659,783	(9,783)	550,000	550,000	513,549	36,451
Transfers out	5,500	5,500	6,633	(1,133)	5,500	5,500	5,178	322
Tax increment financing district	6,500	6,500	3,555	2,945	5,000	5,000	6,238	(1,238)
<b>Total Disbursements</b>	<b>662,000</b>	<b>662,000</b>	<b>669,971</b>	<b>(7,971)</b>	<b>560,500</b>	<b>560,500</b>	<b>524,965</b>	<b>35,535</b>
Net Change in Cash Balances	(32,000)	(32,000)	(36,161)	(4,161)	51,000	51,000	108,183	57,183
CASH BALANCE, JANUARY 1	332,521	332,521	332,521	0	224,338	224,338	224,338	0
CASH BALANCE, DECEMBER 31	\$ 300,521	\$ 300,521	\$ 296,360	\$ (4,161)	\$ 275,338	\$ 275,338	\$ 332,521	\$ 57,183

Schedule 2

DEKALB COUNTY, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS

	Year Ended December 31,							
	2005				2004			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Cash Basis	Final Budget-- Favorable (Unfavorable)	Original	Final	Cash Basis	Final Budget-- Favorable (Unfavorable)
<b><u>ACCD 911 FUND</u></b>								
<b>RECEIPTS</b>								
911 telephone tax	\$ 442,000	442,000	498,264	56,264	465,500	465,500	479,849	14,349
Intergovernmental	677,084	677,084	470,637	(206,447)	0	0	0	0
Interest	4,500	4,500	20,416	15,916	6,000	6,000	8,114	2,114
Other	0	0	22,347	22,347	500	500	70,565	70,065
Total Receipts	<u>1,123,584</u>	<u>1,123,584</u>	<u>1,011,664</u>	<u>(111,920)</u>	<u>472,000</u>	<u>472,000</u>	<u>558,528</u>	<u>86,528</u>
<b>DISBURSEMENTS</b>								
Coordinators and dispatchers	175,000	175,000	175,000	0	150,000	150,000	175,000	(25,000)
Telephone company charges	117,200	117,200	142,486	(25,286)	128,200	128,200	93,275	34,925
Equipment	76,000	76,000	8,523	67,477	225,000	225,000	9,544	215,456
Homeland security grant	757,084	757,084	612,487	144,597	0	0	0	0
Consulting contracts	88,050	88,050	76,970	11,080	32,000	32,000	81,635	(49,635)
Other	160,400	160,400	89,144	71,256	163,400	163,400	63,403	99,997
Total Disbursements	<u>1,373,734</u>	<u>1,373,734</u>	<u>1,104,610</u>	<u>269,124</u>	<u>698,600</u>	<u>698,600</u>	<u>422,857</u>	<u>275,743</u>
Net Change in Cash Balances	(250,150)	(250,150)	(92,946)	157,204	(226,600)	(226,600)	135,671	362,271
CASH BALANCE, JANUARY 1	737,510	737,510	737,510	0	603,577	603,577	601,839	(1,738)
CASH BALANCE, DECEMBER 31	\$ <u>487,360</u>	<u>487,360</u>	<u>644,564</u>	<u>157,204</u>	<u>376,977</u>	<u>376,977</u>	<u>737,510</u>	<u>360,533</u>

The accompanying Note to the Required Supplementary Information is an integral part of this information.

Note to the Required Supplementary Information

DEKALB COUNTY, MISSOURI  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgets and Budgetary Practices

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

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Capital Improvement Sales Tax Fund in 2005 and the General Revenue Fund in 2004.

Other Supplementary Information

Schedule 3

DEKALB 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,	
			2005	2004
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>				
Passed through state Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO-032(26)	\$ 0	15,202
		BRO-032(27)	35,482	181,625
		BRO-032(28)	106,577	136,729
		BRO-032(29)	490,948	29,129
		BRO-032(30)	329	21,379
		BRO-032(31)	29,926	0
	Program total		<u>663,262</u>	<u>384,064</u>
<b>GENERAL SERVICES ADMINISTRATION</b>				
Passed through state				
Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	1,550	0
Office of Secretary of State				
39.011	Election Reform Payment	47-0601-0-1-808	15,000	0
<b>ELECTIONS ASSISTANCE COMMISSION</b>				
Passed through state Office of Secretary of State				
90.401	Help America Vote Act Requirements Payment	HAVA-2002-FED	6,765	0
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Passed through state Department of Public Safety				
83.562	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	0	5,700
97.004	State Domestic Preparedness Equipment Support Progran	2003-MU-T3-003	651,868	25,160
		2004-GE-T4-0049	3,030	17,087
	Program total		<u>654,898</u>	<u>42,247</u>
	Total Expenditures of Federal Award:		<u>\$ 1,341,475</u>	<u>432,011</u>

N/A - Not applicable

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

Notes to the Schedule of  
Expenditures of Federal Awards

DEKALB COUNTY, MISSOURI  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 DeKalb County, Missouri.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

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

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

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 DeKalb County, Missouri

Compliance

We have audited the compliance of DeKalb 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, 2005 and 2004. 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.

As described in item 05-2 in the accompanying schedule of findings and questioned costs, the ACCD 911 Board did not comply with requirements regarding Procurement, Suspension, and Debarment and limitations on authorizations for expenditures that are applicable to its State

Domestic Preparedness Equipment Support Program. Compliance with such requirements is necessary, in our opinion, for the ACCD 911 Board to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, DeKalb County 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, 2005 and 2004.

#### Internal Control Over Compliance

The management of DeKalb 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 reportable conditions. 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. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 05-1 and 05-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 believe that none of the reportable conditions described above are material weaknesses.

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

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

Claire McCaskill  
State Auditor

July 13, 2006 (fieldwork completion date)

Schedule

DEKALB COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2005 AND 2004

**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  no
- Reportable conditions identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to the financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Reportable conditions identified that are not considered to be material weaknesses?  yes  none reported

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

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

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
97.004	State Domestic Preparedness Equipment Support Program

Dollar threshold used to distinguish between Type A

and Type B programs: \$300,000

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

## Section II - Financial Statement Findings

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

## Section III - Federal Award Findings and Questioned Costs

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

<b>05-1.</b>	<b>Schedule of Expenditures of Federal Awards</b>
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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 032(26), BRO 032(27), BRO 032(28), BRO 032(29), BRO 032(30), and BRO 032(31)
Award Years:	2005 and 2004
Questioned Costs:	N/A
Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	97.004
Program Title:	State Domestic Preparedness Equipment Support Program
Pass-Through Entity	
Identifying Number:	2003-MU-T3-003 and 2004-GE-T4-0049
Award Years:	2005 and 2004
Questioned Costs:	N/A

The county does not have procedures in place to adequately track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained several errors and omissions.

Section .310(b) of Circular A-133, *Audit of States, Local Governments, and Non-profit Organizations*, requires the county to prepare a SEFA for the period covered by the county's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

Expenditures relating to several federal grants were reported incorrectly on the SEFA schedule. For example, in 2005 the County Clerk understated expenditures under the Highway Planning and Construction Program by about \$205,000 because these expenditures had been misclassified as non-federal bridge expenditures in the county's expenditure ledgers. Additionally, the County Clerk reported 2004 costs totaling about \$25,000 under the State Domestic Preparedness Equipment Support Program as expended in 2005. Also in 2005, the County Clerk included amounts awarded under the Help America Vote Act Requirements Payments program totaling \$117,000 as expenditures on the SEFA although no amounts had been expended. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal awards.

Similar conditions were noted in our prior report. Although the County Commission and County Clerk indicated they would implement the recommendations, the county has not improved these controls and procedures.

**WE AGAIN RECOMMEND** the County Commission and County Clerk work to ensure the SEFA is complete and accurate.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*We will add line items in the computer expenditure and income system for tracking federal dollars separately. Additionally, we will keep a notebook for documentation related to these federal programs. The County Clerk will begin these procedures on January 1, 2007.*

**05-2. Multi-County (ACCD) 911 Board Homeland Security Grant**

Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	97.004
Program Title:	State Domestic Preparedness Equipment Support Program
Pass-Through Entity	
Identifying Number:	2003-MU-T3-003
Award Years:	2004 and 2005
Questioned Costs:	\$303,542

The ACCD 911 Board purchased additional equipment without specific documented approval from the state Department of Public Safety (DPS) and did not solicit bids for these items or request qualifications for consulting and engineering services. Additionally, the

board did not verify the consulting vendor and project vendor were not suspended or debarred.

The ACCD 911 system was formed in 1992 by the counties of Andrew, Caldwell, Clinton, and DeKalb and the City of Cameron. A nine member governing board is comprised of two representatives from each county (mostly county commissioners) and one representative from the city. While the main 911 equipment is located in the City of Cameron, the majority of the 911 operations are decentralized in each county.

In May 2004, the board applied for grant funding from DPS for expected costs for equipment totaling about \$1.6 million to upgrade and improve the 911 system. Some of the items listed in its application were not approved for funding by DPS. In July 2004, the DPS approved equipment, installation, and consulting and engineering items on the application totaling \$677,084. After receiving the grant award, the board contracted for consulting and engineering services totaling \$68,000 and solicited bids for the equipment and installation for the project. One equipment and installation bid was received and it was much lower than the board expected when developing the grant application. The board accepted the bid and executed a contract with the project vendor in May 2005 for \$358,670.

- A. The board did not have adequate procurement procedures and did not closely follow the grant terms. Consequently, the board purchased additional equipment without specific documented approval from the DPS, did not solicit bids for these additional equipment items, and did not request qualifications for the consulting and engineering services.

Because the total grant award exceeded the total initial contracts, the board decided to acquire additional equipment to further enhance its system and executed contract addendums in November 2005 totaling \$235,542 with the equipment contractor as follows.

Description	Quantity	Amount
DeKalb County Remote Bases	2	\$39,998
Caldwell County Remote Bases	1	19,999
Cameron Voting Receivers	1	54,419
800 MHz Control Stations	5	37,500
Additional Interoperability Repeaters	2	25,970
Clinton County Repeater Upgrade	1	58,784
Miscellaneous credit		(1,128)
Total		\$235,542

Except for the 800 MHz control stations which were approved in the grant but omitted from the original bid, the addendum items were not specifically listed in the original grant or were for additional quantities of items already approved in the grant.

Although the board received reimbursement from the DPS for the contract addendum costs, the board maintained no documentation to show that the DPS specifically

approved the changes to the original budget or was aware that the claimed costs included additional equipment beyond the original budget. Grant program guidance documents provided by DPS to the board stated the grant was for items only as allowed in the approved line item budget and the budget was to be considered a contract. The documentation further stated that any savings realized after purchases were made should be returned to the DPS for redistribution.

Additionally, the board did not solicit bids for the additional items and did not request qualifications for the consulting and engineering services. The board chairman and the board's consultant indicated that much of the equipment acquired in the contract addendums were similar to items acquired as part of the original bid and the addendum items were obtained at the original bid price. However, the board and consultant could provide no documentation to show that the addendum prices were equal to the original bid prices. The original bid documentation maintained by the board contained package prices summarized by location (i.e. county or city) and not detailed by item making it difficult, if not impossible, to identify the original bid prices for comparison to the addendum prices. The board's consultant indicated the voting receivers and 800 MHz control stations could not be bid because no other vendor could provide items compatible to the existing equipment, however, the board had no documentation of this consideration. Also, the board chairman indicated to us that the board did not request qualifications from other firms for the consulting and engineering services because the engineer has consulted with the board for many years and understands the board's 911 system well. The chairman also indicated the board was aware of no other vendor who could provide these services. However, the board did not document these reasons at the time the actions were taken.

OMB Circular A-102, Common Rule, requires local governments to follow applicable procurement laws. Section 50.660, RSMo, requires the advertisement for bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of 90 days. For engineering services, sections 8.289 and 8.291, RSMo, provide guidance on obtaining, evaluating, and negotiating for such services. These rules require the board to obtain statements of qualifications and performance data from interested firms and consider at least three highly qualified firms. If bids or qualifications cannot be obtained due to sole source or other considerations, the board meeting minutes should reflect the necessitating circumstances to show full compliance with state law. Additionally, documentation should be maintained relating contract addendums to original bid prices and the board should obtain documented approval from DPS for equipment acquired beyond the original grant budget.

Because the board did not obtain documented approval from DPS for the contract additions and the procurement procedures for the contract additions and consulting contract were not adequate, we question the costs for the contract additions and the consulting and engineering services totaling \$303,542.

- B. The board did not ensure the vendors providing services under the grant had not been debarred or suspended by the federal government. Program guidelines and the Common Rule, require entities receiving federal awards to determine that vendors receiving procurement contracts equal to or exceeding \$25,000 and their principals are not suspended or debarred. The board was not aware of this requirement and did not verify the standing of the consulting vendor or project vendor. We consulted the General Service Administration's Excluded Parties List System and determined the vendors were eligible for contracts.

**WE RECOMMEND** the ACCD 911 Board:

- A. Consult with the grantor agency to resolve the questioned costs and determine if other action is needed. In the future, the board should obtain documented agency approval for additions to the project and maintain detailed documentation of bids and/or requests for qualifications and its reasons for not soliciting bids for contract addendums.
- B. For future grants, establish procedures to ensure vendors are not suspended or debarred.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

- A. *We will consult with the engineer about providing documented approval by DPS and then consult with the grantor agency. In the future, we will maintain better documentation in our minutes of our decisions about bidding. Regarding engineering services, we are aware of only one other engineer who could provide these services. In the future, we will consider soliciting requests for qualifications from other engineers if possible.*
- B. *We agree with the recommendation and will comply with it to the best of our ability in the future.*

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

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

The prior audit report issued for the two years ended December 31, 2003, 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

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

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

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

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DeKalb County, Missouri, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the county's basic financial statements, and have issued our report thereon dated July 13, 2006. We also have audited the compliance of DeKalb 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, 2005 and 2004, and have issued our report thereon dated July 13, 2006.

This Management Advisory Report (MAR) includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of DeKalb County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

## 1.

## County Sales Tax

The county has not sufficiently reduced its property tax revenues by 50 percent of the sales tax revenues as provided in the ballot issue passed by the DeKalb County voters under provisions of Section 67.505 RSMo. Following are calculations used in determining excess property tax revenues collected for the four years ended December 31, 2005:

	Year Ended December 31,							
	2005		2004		2003		2002	
ACTUAL SALES TAX REVENUES		\$612,949		614,766		587,076		538,953
Required percentage of revenue reduction	X	50%	X	50%	X	50%	X	50%
Required property tax revenue reduction		306,475		307,383		293,538		269,477
Maximum possible tax revenue reduction *		302,031		281,556		278,633		273,097
Lesser of required or maximum possible reduction		302,031		281,556		278,633		269,477
Assessed valuation		101,216,807		93,168,641		92,201,518		90,369,488
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X	.2484	X	.2522	X	.2322	X	.2522
Actual property tax revenue reduction		251,423		234,971		214,092		227,912
EXCESS PROPERTY TAX REVENUES COLLECTED		50,608		46,584		64,541		41,565
Excess property tax revenue collections from prior years		103,005		56,421		(8,120)		(49,685)
NET EXCESS		\$153,613		103,005		56,421		(8,120)

\* based on total assessed valuation and the tax rate ceiling

According to the analysis above, due to increasing sales tax receipts the county should have reduced the property tax levy to zero in 2005, 2004, and 2003. Instead, the county levied property taxes at 5 cents, 5 cents, and 7 cents per \$100 assessed valuation, respectively, in those years.

No rollback calculations have been performed since 2001 and the accumulated excess property tax collections have not been tracked. The County Clerk indicated while she and the County Commission were aware that the tax levy reductions were less than required in

those years, the County Commission believed they could not reduce the levies further due to the poor financial condition of the General Revenue Fund (GRF). They believed a certain level of property tax revenues were needed each year, regardless of the rollback requirements. However, the county did not disclose these considerations in the county commission meeting minutes. In addition, it is unclear how sales tax monies distributed to the city Tax Increment Financing (TIF) district would have been considered in the county's previous rollback calculations. State law does not address the effect of sales tax distributions to city TIF districts on property tax rollback calculations. The county has not had to make significant TIF distributions since 2001.

The decision to disregard statutory requirements and not adequately reduce property tax rates has resulted in an accumulation of approximately \$154,000 of excess property taxes as of December 31, 2005. While the county has reduced property tax rates to zero for 2006, that reduction is likely to only meet the requirements for 2006 sales tax collections and not address the prior excess collections. In addition, the County Commission has no other property tax levies at its disposal that it could reduce to address the excess. As a result, the county has little or no ability to correct these prior excess collections.

**WE RECOMMEND** the County Commission calculate and track excess property tax collections and continue to reduce the county property tax levy to zero until the prior excess property taxes collected have been corrected. In addition, the county should consult with legal counsel to determine the effect of sales tax distributions to TIF districts on the calculations.

**AUDITEE'S RESPONSE**

*We have reduced the levy to zero and will keep it at zero until the net excess has been recovered, if possible. We could not reduce the levy in previous years because expenditures required of the General Revenue Fund for the elevator prohibited that reduction. We will begin again to calculate the net excess each year.*

**2.**

**Expenditures**

The county does not have adequate procedures regarding the procurement of major purchases. In addition, the county's expenditure review procedures are lax and some purchases were not allowable uses of a restricted fund.

- A. While a review of county minutes and bid files indicated the county bid numerous items, the county did not always solicit bids, or bid documentation was not always retained for various purchases as discussed below.

Neither the county commission minutes nor the expenditure records contained adequate documentation of the county's efforts to compare prices (i.e. phone

contacts, inquiries) or reasons to support selecting other than a low bidder or sole source purchase decisions.

- The county did not maintain bid documentation or contracts for remodeling work at the nursing home performed by one contractor and totaling about \$86,000 during 2003, 2004 and 2005. The project costs were paid from the county's Nursing Home Sales Tax Fund and partially subsidized by the GRF. County officials indicated they had delegated the responsibility for bidding to the operator to which the nursing home was leased. The operator of the nursing home indicated he obtained price quotes from two companies for this remodeling work and, with the county's input, chose the remodeling contractor because of previous experience with the contractor. However, neither the operator nor the county could provide documentation of the various price quotes received. Without bid documentation or a contract, the county cannot ensure the amounts invoiced are proper.
- The county did not document its basis for selecting the high bidder for a courthouse landscaping and sidewalk project and did not document its basis for not bidding the concrete for the project. The county received two bids for construction and the bid totals differed by about \$400. The county indicated they selected the high bidder for the construction because he also proposed to help organize the project and arrange volunteer labor. The county paid this vendor about \$16,000. Also, the county did not solicit bids for the concrete for the project. The county indicated they considered this procurement a sole source purchase because only one vendor was available who could supply the concrete amounts required for the project. The county paid this vendor about \$9,000 in 2005 for concrete for the project. The county did not document the basis for its decisions on these two items.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the county's selection process and criteria, should be retained to demonstrate compliance with the law and support decisions made.

- B. The county's accounts payable process does not provide adequate controls to prevent duplicate payments. Payments are sometimes made based on a statement, rather than original invoice. The county made duplicate payments totaling about \$5,000 for nine concrete deliveries that the vendor included on consecutive statements to the county. Because the county did not compare the statements to each other or to the delivery

invoices, the county paid for the nine deliveries twice. After we brought this to the county's attention, the county contacted the vendor and obtained a refund for the overpayment. To ensure against duplicate payment of bills, payments should be based on original invoices.

- C. The county improperly charged much of its costs for improvements to the courthouse grounds to the Special Road and Bridge Fund (SRBF). In addition, donations to the project that were deposited into the GRF exceeded costs paid from the GRF. The project consisted of improvements to sidewalks, retaining walls, parking lot, and benches during the two years ended December 31, 2005. The county received donations for the project totaling about \$15,000 which were deposited to the GRF and paid about \$5,000 of the project costs from the GRF. All other project costs totaling about \$40,000 were paid from the SRBF. The SRBF derives most of its funding, other than grants restricted to certain projects, from County Aid Road Trust (CART) payments. Article IV, Section 30(a), Missouri Constitution, requires the county use CART monies in its SRBF for road and bridge purposes only. These expenses were not for road and bridge purposes and consequently, the GRF should reimburse the SRBF for these costs.

**WE RECOMMEND** the County Commission:

- A. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- B. Establish effective expenditure review procedures to prevent duplicate payments.
- C. Ensure expenses of the Special Road and Bridge Fund are for road and bridge purposes and reimburse that fund from the General Revenue Fund for the project costs.

**AUDITEE'S RESPONSE**

- A. *We agree with the recommendation and will comply with it in the future.*
- B. *We will review expenditures more closely to prevent duplicate payments.*
- C. *We will ensure that future expenditures comply with the law and will develop a plan with the 2007 budget to repay the Special Road and Bridge Fund over a period of a few years with interest.*

<b>3. Ex Officio County Collector's Controls and Procedures</b>
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The current and former Ex Officio County Collectors (EOC) did not prepare accurate and timely annual settlements and did not reconcile bank account balances to existing liabilities.

In addition, both EOCs charged a certification fee not allowable by law and some worksheets supporting the calculations of commissions earned for delinquent city tax collections could not be located. The office of EOC and township collectors processed property taxes totaling approximately \$5.8 million and \$5.6 million for the years ended February 28, 2006 and 2005, respectively. The former EOC retired and the current EOC was elected and took office on April 1, 2005.

A. Problems were noted with the EOCs' annual settlements and with the county's review of the EOCs' transactions.

1. The EOC does not always file annual settlements with the County Commission on a timely basis. The former EOC filed the annual settlement for the year ended February 28, 2004 on March 16, 2005. The current EOC filed the annual settlement for the year ended February 28, 2006 as of May 31, 2006 and filed an amended settlement on June 19, 2006. To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the EOC file annual settlements on a timely basis. Section 139.160, RSMo, requires the EOC to settle accounts with the County Commission by the first Monday in March.

2. The EOCs' annual settlements contained errors in amounts reported. For example, for the year ended February 28, 2005, total collections were overstated by about \$62,000 because interest on taxes were reported twice causing total collections to exceed total distributions on the annual settlement. Also, total distributions exceeded total collections by about \$89,000 for the year ended February 28, 2004. In addition, for the year ended February 28, 2006, total collections and distributions were understated by about \$25,000 on the EOC's original annual settlement primarily because delinquent city taxes collected by the EOC and penalties collected by the township collectors were omitted from the settlement. The EOC revised this settlement after we brought these omissions to her attention. The County Clerk maintains an account book with the EOC and she reviews the settlement and compares amounts to the account book. However, her review did not detect the misstated collections. Incomplete and/or inaccurate annual settlement information reduces the effectiveness of the settlement as a mechanism for accounting for all property tax monies.

B. The former and current EOCs did not reconcile the bank account balances to existing liabilities. The current EOC began preparing reconciliations of her account balance to liabilities beginning with the March 30, 2006, reconciliation after we explained the procedure to her. An account used by the former EOC currently has an unidentified balance totaling about \$14,000.

Adequate reconciliations between liabilities and cash balances are necessary to ensure the balances in the bank account are properly identified and monies are

sufficient to meet liabilities. Amounts which cannot be identified should be disposed of in accordance with applicable state laws.

A similar condition was noted in prior reports.

- C. The EOC assesses a \$5 certification fee for which there is no apparent statutory authority. The fee is charged when personal property taxes are added after the tax books have been printed and distributed to the township collectors. Approximately \$2,000 is assessed and collected annually which is distributed to the General Revenue Fund. This certification fee was established by order of the County Commission; however, there appears to be no statutory authority to collect this fee.

This condition was noted in prior reports.

- D. Some worksheets supporting the calculation of commissions earned by the former EOC for delinquent city tax collections could not be located. The former EOC paid herself about \$4,860 from her official account in March 2005 for commissions earned on delinquent city tax collections from 1998 through February 2005. Worksheets detailing the commissions earned for the years ended February 28, 2005, 2002, and 1999, could not be located. As a result, the propriety of the amount paid to the former EOC cannot be verified. Since worksheets were not found for the years noted above, we estimated the amount of commissions earned for those years based on the reported city tax collections and the contracted commission rate. Using these estimates and the amounts from the worksheets for the other years, the commissions earned for the seven year period totaled about \$3,290. Consequently, it appears the former EOC may have received excess commissions totaling about \$1,570. Worksheets detailing the commissions earned on delinquent city taxes should be maintained to support the commissions paid to the EOC. The EOC and County Commission should review available information and consider if repayment should be pursued.

**WE RECOMMEND** the Ex Officio County Collector:

- A. Prepare accurate and timely annual settlements. In addition, the County Commission should adequately review the settlements to ensure all transactions are properly stated.
- B. Reconcile the amounts in the bank account to related liabilities on a monthly basis and disburse the unidentified amounts in the old account in accordance with state law.
- C. Discontinue assessing the \$5 certification fee. In addition, the County Commission should rescind its order to collect this fee unless specific statutory authority is found.
- D. Ensure that all worksheets supporting commissions earned on delinquent city tax collections are maintained. Additionally, the EOC and County Commission should review the information and consider if repayment should be pursued.

## **AUDITEE'S RESPONSE**

*The current EOC provided the following responses:*

- A. *Accurate annual settlements will be completed in the month of March.*
- B. *The recommendation of the auditors was initiated in March 2006.*
- C. *The commissioners have chosen to continue assessing the fee.*
- D. *The commissions will be reviewed by the Collector and the commissioners.*

*The County Commission provided the following responses:*

- A. *We agree and will comply with the recommendation.*
- C. *We think the fee is reasonable and necessary to cover county expenses for processing the late additions.*
- D. *We will take this under advisement and talk to our legal counsel.*

*The former EOC provided the following response:*

- D. *I did maintain worksheets on all the years in question to support the commissions earned. Apparently, these worksheets were misplaced during the transition in officeholders. The commissions taken were entirely earned.*

<b>4. Circuit Clerk's Accounting Controls and Procedures</b>
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The Circuit Clerk's procedures related to criminal cost billings are not adequate and the Circuit Clerk did not reconcile cash and open items, or timely distribute amounts on open cases. Receipts of the Circuit Clerk's Office totaled about \$174,000 and \$156,000 during the years ended December 31, 2005 and 2004.

- A. The Circuit Clerk does not adequately monitor the cases in which the individual has been sentenced to prison to ensure the state is billed for board bills and court costs within two years of the date of judgment or sentencing. Generally, the Circuit Clerk submits reimbursement requests monthly, however reimbursement requests were not submitted on several cases. In January 2006, the Sheriff's Office prepared a listing of cases on which no state reimbursement had been received. Based on the listing, it appears the two year filing time period has expired and reimbursements are no longer available for about six cases since 2002 with unreimbursed board bills totaling \$7,440. The Circuit Clerk indicated he had some difficulty monitoring cases that were pending reimbursement at least partly because some of the defendants were

incarcerated in the county jail for more than one period of time and a state billing had been prepared on the initial incarceration but not on subsequent incarcerations.

Section 221.105, RSMo, allows for the reimbursement of certain costs in criminal cases where the state has been rendered liable. The Sheriff is to certify the number of incarceration days and the Circuit Clerk is responsible for preparing and submitting cost bills to the state for reimbursement. Section 33.120, RSMo, requires all such billings to be submitted to the state's Office of Administration within two years of the date of judgment or sentence. Failure to ensure criminal cost billings are submitted in a timely manner affects the county's cash flow and may result in lost revenue to the county.

A similar condition was noted in our prior report.

- B. The Circuit Clerk did not reconcile open items listings to the cash balance, or disburse open items in a timely manner. During the two years ended December 31, 2005, the Circuit Clerk prepared manual open items listings monthly but was unable to reconcile the total open item balances to the cash balances. The differences between the total open items balance and cash balance fluctuated significantly from month to month. Also, the Circuit Clerk had not always timely disbursed amounts collected on open cases. The open items listing as of December 31, 2005, contained about 90 cases filed before 2004 with open balances totaling about \$34,000. In January 2006, the Office of State Courts Administrator installed the Judicial Information System (JIS) in the Circuit Clerk's office and assisted the office in paying out many of the old open items and transferring many of the other open cases to the JIS system and bank account. For cases on the JIS, the total open items and cash balance are reconciled monthly and fees collected on open cases are disbursed monthly. The Circuit Clerk was unable to transfer many of the old open cases to the JIS. The Circuit Clerk is currently working to identify and distribute the balances on these old cases. As of March 31, 2006, the non-JIS open items listing contained about 93 cases totaling about \$7,600 and the non-JIS cash balance totaled about \$7,000.

The Circuit Clerk should continue to correct the old open items listing and disburse the monies to applicable parties. Any monies remaining unidentified should be disposed of in accordance with state law.

**WE RECOMMEND** the Circuit Clerk:

- A. Establish and implement procedures to track reimbursable board of prisoner costs and submit applicable reimbursement claims to the state in a timely manner.
- B. Continue to reconcile and identify discrepancies between the cash balance of the old account and open items and distribute the open balances on the old cases.

**AUDITEE'S RESPONSE**

*A&B. I agree with the recommendations and will try to implement each one. Also, I will discuss the recommendations with the newly-elected Circuit Clerk.*

<b>5. Sheriff's Accounting Controls and Procedures</b>
--

The Sheriff's Office has not promptly recorded collections for civil fees and mileage, deposited receipts timely, or adequately segregated financial duties. Receipts of the Sheriff's Office totaled about \$460,000 and \$390,000 for the years ended December 31, 2005 and 2004.

A. The Sheriff's Office receipts payments collected for fees and mileage for civil process services after the documents are served, instead of when the payments are received. The Sheriff's Office often receives prepayment for these services and holds each payment until one of the deputies serves the related document to avoid writing refund checks for those documents that cannot be served. The Sheriff's bookkeeper indicated that only occasionally is it necessary to actually return the prepayment. We counted the undeposited collections of the Sheriff's Office on February 27, 2006 and noted 24 checks totaling about \$782 on hand for civil fees and mileage that had not been recorded. These checks were dated from 4 to 53 days prior to the day of our count. These payments were recorded in the receipt ledger on subsequent dates ranging from one to three days after our count. The collections of the Sheriff's Office for civil fees and mileage totaled about \$34,000 for the two years ended December 31, 2005.

All monies received should be receipted immediately in the accounting records to adequately safeguard the monies and reduce the risk of fraud or theft. If service is not performed for prepaid documents, refund checks should be issued by the Sheriff's Office.

B. Monies received are not always deposited timely. While money is collected on most business days, we noted only three to five deposits during each of four months reviewed, which sometimes resulted in significant collections being held several days before deposit. For example, during January 2005, one deposit totaling \$4,805 contained payments totaling about \$4,538 that were held eight days before deposit and another deposit totaling \$2,858 (including \$2,400 in cash) whose receipts were held six days before deposit.

Receipts should be deposited timely to reduce the risk of theft or misuse. Deposits should be more frequent if significant amounts of cash are collected.

C. Cash custody and recordkeeping duties have not been adequately segregated and the supervisory reviews of financial records are not adequate. The Sheriff's bookkeeper records most receipts, makes bank deposits, prepares bank reconciliations and prepares and signs checks. The Sheriff indicated he occasionally records receipts

and writes checks and responds to questions from the bookkeeper about accounting issues, however he does not routinely review the financial records.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

**WE RECOMMEND** the Sheriff:

- A. Ensure civil process fees and mileage are receipted in the accounting records immediately upon collection.
- B. Deposit all monies received on a timely basis.
- C. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.

**AUDITEE'S RESPONSE**

- A. *We have already begun recording these items in the receipt ledger upon receipt.*
- B. *I will try to implement this recommendation within 30 days.*
- C. *I agree and will try to implement this recommendation within 30 days.*

<b>6. Prosecuting Attorney's Controls and Procedures</b>
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The Prosecuting Attorney's office does not have an adequate system to account for the receipt and eventual disposition of bad checks. In addition, pre-numbered receipt slips are not issued for monies received; monies received for bad check fees are not always deposited in a timely manner; and documentation is not obtained from merchants indicating their receipt of the restitution.

The Prosecuting Attorney's Office collects bad check related restitution and fees and court-ordered restitution. Restitution monies are remitted directly to the merchants and fees are deposited into an account maintained by the Prosecuting Attorney's Office and remitted to the County Treasurer monthly.

- A. The Prosecuting Attorney's office does not have an adequate system to account for the receipt and eventual disposition of bad checks. Currently, DeKalb County merchants complete an unnumbered complaint form when turning the bad check over to the Prosecuting Attorney for collection. Information from the complaint form is entered into the computer file, and the complaint form and information regarding the

handling of each case is maintained in a file drawer until payment is received or charges are filed. No identifying or tracking numbers are assigned to the complaint forms or bad checks, and the bad check data file is not maintained in a manner that allows all bad check complaint forms and bad checks to be accounted for. Also, without some numbering or tracking procedure, there is no assurance all bad check information is entered into the computer file.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and this number should be used to track the status and disposition of the corresponding bad check.

- B. Pre-numbered receipt slips are not issued for monies received. Collections in the form of checks or money orders for bad check restitution and the related fees are recorded on the computerized case files and an unnumbered receipt is printed and filed in the case files. Unnumbered receipts for court-ordered restitution are printed from a separate system and filed in the case files. Additionally, the receipts are not reconciled to bank deposits or transmittals to merchants and daily or monthly reports of amounts received are not produced. One money order for bad check fees was on hand June 29, 2006, that had been receipted on June 9, 2006, and inadvertently omitted from the previous bank deposits.

To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received, and the numerical sequence accounted for properly. In addition, to ensure all monies are deposited or transmitted to the proper party, the receipt slips should be reconciled to the bank deposits or transmittals to the merchants and reports of amounts received.

- C. Monies received for bad check fees are not always deposited in a timely manner. These monies are normally collected each business day, but deposits are normally made only about three times per month. As indicated above, a count of monies on hand on June 29, 2006 included a money order for bad check fees that had been receipted on June 9, 2006.

Receipts should be deposited timely to reduce the risk of theft or misuse.

- D. The Prosecuting Attorney does not obtain documentation from the merchant indicating their receipt of the restitution. To reduce the risk of loss, theft or misuse of funds, the Prosecuting Attorney should obtain documentation for all restitution monies forwarded to merchants or should issue the payments by official check after depositing restitution monies in an official bank account.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Develop procedures and records that provide sufficient information to track the disposition of all bad check complaints.

- B. Require pre-numbered receipt slips be issued for all monies received and the numerical sequence of those receipt slips be accounted for properly. In addition, the receipt slips should be reconciled to bank deposits and transmittals to the merchants and reports of amounts received.
- C. Deposit monies received for bad check fees on a timely basis.
- D. Obtain documentation from the vendor when the restitution is turned over to them or issue restitution payments to vendors by official check.

**AUDITEE'S RESPONSE**

A, B

*&D. A wise woman (namely, my mother) once told me if it is not broken, then do not fix it. This is at least the second time your office has criticized the way my team and I handle the bad check collections, and I must again state I believe my system is adequate. Furthermore, the procedures my bad check team follows are commonly utilized among other prosecuting attorney offices around the state. In sum, all bad checks turned over to this office are handled and accounted for properly.*

*C. As you correctly noted, this situation involved a fee due this office, and not restitution due a merchant. (I wish to emphasize you are referring to a money order made payable to "Prosecuting Attorney" and not cash because my bad check team is not allowed to receive cash payments.) I believe this was an isolated incident, the sum involved was relatively small, and no real risk of theft or misuse presents itself under these facts.*

**7.**

**Multi-County (ACCD) 911 Board**

The board has accumulated a large cash balance with no documented plans for its use; has not solicited bids or performed other price comparison procedures for some major purchases; and has not executed contracts with the counties and city for dispatching and 911 coordination services. In addition, the financial records of the board are not properly reconciled and procedures for review, approval, and processing of expenditures should be improved.

The ACCD 911 system was formed in 1992 by the counties of Andrew, Caldwell, Clinton, and DeKalb and the City of Cameron. A nine member governing board is comprised of two representatives from each county (mostly county commissioners) and one representative from the city. The DeKalb County Treasurer, County Clerk, and deputy County Clerk maintain the financial records for the board. While the main 911 equipment is located in the City of Cameron, the majority of the 911 operations are decentralized in each county. Each county is responsible for providing dispatching and coordination services. Operations are funded by an emergency telephone tax authorized by Section 190.305 RSMo and tax revenues for 2005 and 2004 totaled approximately \$498,000 and \$480,000, respectively.

- A. The cash balance in the Multi-County (ACCD) 911 Fund at December 31, 2005, was \$644,564, approximately equal to the total expected operating disbursements for 2006. In addition, the 2006 budget reflects an anticipated ending cash balance of approximately \$737,000. Most of the expected 2006 increase in the cash balance is due to reimbursements in 2006 of 2005 expenditures on the Homeland Security Grant totaling about \$206,000. The board chairman indicated the board desires to maintain cash reserves sufficient to make equipment upgrades as needed in the future and continue operations in the event of decreases in telephone tax collections. However, the board has not documented these intentions or established a cash reserve target amount. Also, the additional equipment needs of the board are not clear from the 2006 budget and the board's recent upgrades. The board expended about \$680,000 in federal grant receipts for equipment during the two years ended December 31, 2005, based on recommendations for upgrades from its consultant. Even after making these improvements, the board's budget for 2006 includes \$50,000 for additional equipment, however the detail of this additional equipment is not identified in the budget. The board also budgeted \$50,000 in this category in 2005 but had no expenditures charged to this budget item that year. It appears that the recent grant may have addressed the board's significant equipment needs for several years.

Accumulating an excessive cash balance with no specific long-term plans for the use of the monies puts an unnecessary burden on taxpayers. The ACCD 911 Board should consider reducing the telephone tax rate if monies are not needed. Additionally, the board should establish a cash reserve target or document future plans for the monies. Any plans for additional equipment upgrades should be specifically detailed in the budget.

This condition was also noted in our prior audit report.

- B. The board did not solicit bids or perform other price comparison procedures for some major purchases and did not solicit requests for qualifications from engineering firms. In addition, neither the board minutes nor the expenditure records contained adequate documentation of the board's efforts to compare prices (i.e. phone contacts, inquiries) or reasons to support sole source purchase decisions.

The board purchased 22 flat screen monitors totaling about \$19,000 without soliciting bids. The board chairman indicated no other vendor was available to provide monitors compatible with the existing equipment, but these reasons were not documented. Additionally, the board has not solicited proposals or requests for qualifications for the services provided by its consulting engineer, including consulting services, software maintenance, updating maps, and other services. Board expenditures to this vendor under the various contracts with the board totaled about \$91,000, not including an additional \$68,000 related to a federal grant discussed in finding 05-2, during the two years ended December 31, 2005. The board chairman indicated to us that the board has not considered soliciting requests for qualifications

from other firms for these services because the engineer has consulted with the board for many years and understands the board's 911 system well. The chairman also indicated the board was aware of no other vendor who could provide these services. However, the board did not document these reasons.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. For engineering services, sections 8.289 and 8.291, RSMo, provide guidance on obtaining, evaluating, and negotiating for such services. These rules require the board to annually obtain statements of qualifications and performance data from interested firms and consider at least three highly qualified firms.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, requests for qualifications, etc.) for major purchases ensures the board has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in board business. Documentation of the various proposals received, and the board's selection process and criteria, should be retained to demonstrate compliance with the law and support decisions made.

- C. The board has not executed contracts with the counties and city for dispatching and 911 coordination services nor has it considered costs of the entities for non-emergency dispatching and non-911 duties of the coordinators in determining the subsidy amounts. The board annually provides \$10,000 to each county and city to employ a 911 coordinator and \$25,000 to each county and city for employing dispatchers. The board provides the funding to the counties and city upon receiving requests for the funding from the entities. The counties and city submit a copy of their budget with their requests.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Also, the board should obtain more detailed cost information from the entities to evaluate the equity and reasonableness of subsidies provided.

- D. The financial records of the board were not properly reconciled. As a result, errors in the board's budgets and accounting records went undetected. The DeKalb County Treasurer maintains and reconciles the board's bank account and the DeKalb County Clerk prepares the accounting records, budgets, and financial reports for the board. Cash balances reported by the County Clerk on the board's budgets differed from the County Treasurer's reconciled bank balances at December 31, 2005. The County Clerk researched the differences and identified and corrected errors in the receipts reported on the budgets for 2005 and 2004 and accounting records for 2004 and modified the December 31, 2005 and 2004, cash balances reported on the budget.

After making these changes, the accounting records and budget are in agreement but the cash balance reported in the budgets differs from the reconciled bank balance as follows:

	December 31,	
	2005	2004
Reconciled bank balance	\$636,000	\$747,877
Balance per budget	\$644,564	\$737,510
Reconciled bank over (under) budget	\$(8,564)	\$10,367

To provide an effective check-and-balance system, increase the likelihood of timely detection of errors and omissions, and improve financial reporting, the County Treasurer and County Clerk should reconcile their records monthly and resolve any discrepancies. Had the County Treasurer and County Clerk performed such reconciliations, errors could have been detected and corrected.

- E. Disbursement procedures are not adequate. Invoices are generally reviewed and approved by the DeKalb County Clerk, checks are prepared by the DeKalb County Treasurer based on the approved invoices, and checks are signed by the DeKalb County Clerk and deputy County Clerk. None of these officials are members of the board. At each board meeting (normally held every month or so), the board reviews a listing of all checks issued since the last meeting but the listing does not include the check numbers and the listing is not filed with the official board minutes. Several checks were signed only by the DeKalb County Clerk when two signatures are required. Additionally, the board does not review invoices for routine expenditures and several invoices had not been marked as paid. To ensure expenditures are valid and proper, the board should require all invoices be marked as paid and checks contain the required signatures. The board should also ensure check numbers are included on the payment listing, review the invoices for routine expenditures included on the payment listing, and file the listing with the official board meeting minutes.

A similar condition was noted in our prior audit report.

**WE RECOMMEND** the Multi-County (ACCD) 911 Board:

- A. Develop and document a specific long-term plan for the use of the excessive cash balance and/or consider reducing the telephone tax rate.
- B. Perform a competitive procurement process for all major purchases, solicit requests for qualifications for engineering services, and maintain documentation of decisions made.
- C. Develop written contracts with the counties and city for 911 coordination and dispatching services. Additionally, the board should obtain detailed cost information from the entities and use the costs to evaluate the equity and reasonableness of subsidy amounts.

- D. Ensure the financial records are reconciled monthly and any discrepancies promptly resolved.
- E. Ensure invoices are marked as paid, checks contain the required signatures, and check numbers are listed on the report to the board. Additionally, the board should review all invoices and file the listing of paid bills with the board minutes.

**AUDITEE'S RESPONSE**

- A. *In the future, we will better document our plans in the budget message.*
- B. *In the future, we will maintain better documentation of our decisions in the minutes. Regarding engineering services, we are aware of only one other engineer who could provide these services. In the future, we will consider soliciting requests for qualifications from other engineers, if possible.*
- C. *We will execute contracts with the counties and city beginning January 1, 2007. The contracts will require the coordinators submit timesheets to the board and the dispatchers receive the required training before the counties and cities can receive the funding from the board. We feel each entity is receiving fair compensation and we have no current plans to reconsider the funding amounts.*
- D. *The errors have been corrected and monthly reconciliations are now prepared and working properly.*
- E. *We will implement this recommendation immediately.*

<b>8.</b>	<b>Daviess-DeKalb Regional Jail District</b>
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The district's 2006 budget did not adequately disclose the jail district commission's current and long range plans and the jail district commission has not received budget to actual comparative reports. In addition, duties are not adequately segregated and the supervisory reviews of financial records are not adequate, bank reconciliations on the operating account are not current, and the commissary account reconciliations are not adequately documented. Also, receipt slips are not issued for some monies received and some collections are not immediately recorded in the accounting records.

In May 2005 the counties of DeKalb and Daviess formed a regional jail district to construct or acquire and operate jail facilities for the two counties. At the time, DeKalb County operated a county jail with a capacity of about 10 beds and housed most of its prisoners via contract with a private jail facility in Daviess County. As required by Section 221.405 RSMo, the jail district is governed by a commission comprised of the presiding commissioner and sheriff from both DeKalb and Daviess counties. The jail district commission began studying various alternatives, including constructing a facility or

purchasing an existing facility. In November 2005, the district voters approved a one-half cent sales tax to provide regional jail services and court facilities and equipment for the two counties. Also in November 2005, the commissioners contracted to acquire the 270 bed private jail facility in Daviess County for \$3.5 million. The district financed the acquisition with revenue bonds that require repayment over 10 years. The district hired a jail administrator in January 2006 who then hired (or retained) staff for the district jail. On February 15, 2006, the district assumed operations at the jail facility. DeKalb County closed its jail and moved all its remaining prisoners to the district jail facility.

The capacity of the district jail facility exceeds the current needs of DeKalb and Daviess counties. The jail district commission intends to house the prisoners of DeKalb and Daviess counties, which ranged between 60 and 80 prisoners in total, and also continue housing prisoners of other counties and jurisdictions. The commission expects to generate revenues from housing prisoners for other entities sufficient to offset the jail operating costs and to dedicate the sales tax proceeds for principal and interest payments on the bonds. DeKalb and Daviess counties have agreed to provide funding equally to the jail district if the jail district experiences net operating losses.

The administrator has been developing policies and procedures governing the operations of the district jail facility. Since the regional jail has only been in operation for a few months, we visited the facility and reviewed various controls and procedures.

A. The district's budget does not adequately disclose the commission's current and long-range plans and the commission does not review budget to actual comparative reports. The administrator developed a budget for 2006 that was approved by the commissioners on April 28, 2006. The budget reflects expected revenues from the sales tax, billings to other jurisdictions and commissary sales totaling about \$2.3 million. Budgeted expenses for operations and making the first required interest payment totaled about \$1.8 million. The budgeted revenues are expected to exceed expenses in 2006 by about \$460,000.

1. The budget does not adequately disclose the commission's current and long-range plans.

- While the jail district commission expressed an intent to dedicate the sales tax proceeds for repayment of principal and interest on the revenue bonds, the budget does not clearly reflect this intention. Sales tax receipts for 2006 were simply budgeted as part of ordinary income, resulting in a budgeted profit at year-end of approximately \$460,000.

The sales tax revenues and principal and interest repayments should be reported separately on the budget to reflect the commission's intent to dedicate these revenues to repayment of principal and interest. Additionally, establishing an adequate reserve for payment of the

principal and interest due should be considered in the budget analysis.

- The commission has made no decisions about the court facilities and equipment authorized in the ballot. The commission should determine its intentions about the court facilities and equipment and document these plans as part of its budget.

2. The jail district commission has not received budget to actual comparison reports. The commission reviews monthly reports detailing operating expenses and amounts invoiced to other jurisdictions but does not compare these actual revenues and expenses to budgeted amounts. The number of inmates housed at the jail has varied considerably during the first four months of operation.

To be of maximum assistance to the district and to adequately inform citizens of the district's operations and financial position, the budget document should provide a clear indication of the district's plans. Plans for the sales tax revenues, interest and principal repayments, and long-range plans for court facilities should be noted in the budget message. Because the district is new, it will be necessary for the commission to ensure the budget is realistic and to review monthly reports of budgeted and actual revenues and expenses to properly monitor its financial condition and ensure the operation remains solvent and can meet its obligations.

- B. Duties are not adequately segregated and supervisory reviews of financial records are not adequate.

- For operating receipts and disbursements, the office assistant is responsible for generating billings; receiving, recording, and depositing payments; preparing checks; and reconciling the bank accounts.
- For commissary activities, the commissary clerk is responsible for receiving, depositing, and posting payments received on inmates accounts; maintaining inventories; debiting sales to inmate accounts; reconciling the commissary bank account; and producing checks disbursing inmate balances upon release.

Involvement and oversight in these activities by the administrator and commission is generally limited to signing checks and reviewing monthly financial reports. Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- C. Bank reconciliations on the operating account are not current and the commissary account reconciliations are not adequately documented. As of June 29, 2006, the

office assistant had last reconciled the operating account through April 30, 2006. Also, the commissary clerk indicated she reconciles the commissary bank account on the computerized commissary accounting system but retains no reports detailing the reconciling items or the composition of the account balance. We asked her to provide these reports to us and she was unable to produce them.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, to detect and correct errors timely, and to allow old outstanding checks to be resolved more timely. In addition, reconciling the commissary account balance to inmate balances and commissary sales is necessary to ensure underlying records are in balance and that sufficient cash is available to pay all liabilities.

D. Receipt slips are not issued for some monies received and some collections are not immediately recorded in the accounting records.

- Receipt slips are not issued for operating receipts for housing prisoners and these collections are not recorded immediately upon receipt. The office assistant indicated she posts the collections to the general ledger and accounts receivable as time permits and ensures the posting are current by month-end. One payment totaling about \$172,000 on hand June 29, 2006, had not been posted to the general ledger or accounts receivable and not prepared for deposit. Consequently, the district had no written record of the collection. The office assistant indicated the payment was received on the previous day.
- Receipt slips for payments on inmate accounts and bonds are only issued for payments made in person. Payments received through the mail are recorded separately in a chronological log of those collections.

Without issuing receipt slips for all collections immediately upon receipt, the district cannot ensure all monies collected are ultimately recorded and deposited.

**WE RECOMMEND** the Daviess-DeKalb Regional Jail District Commission:

- A. More clearly disclose current and long-term plans in the budget document and review budget to actual comparison reports on a monthly basis.
- B. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- C. Ensure bank reconciliations are prepared on a monthly basis for each account.
- D. Require prenumbered receipt slips be issued immediately upon receipt for all monies received and the numerical sequence of those receipt slips be accounted for properly.

**AUDITEE'S RESPONSE**

- A. *The actual money due on March 1, 2007 is \$86,682. The actual money due on September 1, 2007 is \$426,682. The current cash balance as of November 20, 2006 is \$347,965. The board has projected incomes of around \$60,000 per month from using the prior nine months of income data. We should have more than enough income to pay our bonds.*

*We have now segregated the sales tax activity into an account of its own in our system to show that the commission's intent is to pay off the bonds with tax dollars and to also reflect this in our budget.*

- B. *We have now addressed segregated accounting duties by additional staffing.*
- C. *We have now corrected the problem of ensuring bank reconciliations being done on a monthly basis.*
- D. *We have now taken care of the problem by issuing a receipt for all monies received.*

## Follow-Up on Prior Audit Findings

DEKALB 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 DeKalb County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001.

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

1. Financial Condition

The financial condition of the county's General Revenue Fund was poor and had been declining for several years.

Recommendation:

The County Commission consider various alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the General Revenue Fund and to maintain an adequate operating cash reserve.

Status:

Partially implemented. The year-end cash balance of the General Revenue Fund has increased every year since 2002, with an ending balance of approximately \$159,000 at December 31, 2005. The cash balance has improved because of several factors, including increased sales tax receipts. The creation of a regional jail district in 2006 will likely further reduce General Revenue Fund disbursements for prisoner housing. However as noted in MAR finding number 1, the county will have to consider a reduced property tax levy to adequately roll back the General Revenue Fund property taxes for sales taxes collected, including about \$150,000 in prior overcollections. Also, as noted in MAR finding number 2, the county improperly charged courthouse beautification project costs to the Special Road and Bridge Fund and, as a result, about \$40,000 may be due from the General Revenue Fund to the Special Road and Bridge Fund. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Procurement Policies and Expenditures

- A. The County Commission's decision not to re-bid the construction of a courthouse elevator and/or re-apply for grant funding when the initial contractor was unable to perform on his bid may have resulted in significant additional costs to the county.
- B. Bids were not advertised or solicited, or adequate bid documentation was not maintained for various purchases.

- C. The County Commission did not adequately monitor the expenditure of monies provided to the University Extension Council.

Recommendations:

The County Commission:

- A. In the future, solicit new bids for major projects when the accepted bidder cannot complete the project. If the project involves grant reimbursements to cover the cost of the project, the County Commission should also consider re-applying for a new grant agreement prior to incurring significant additional costs.
- B. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- C. Monitor the expenditure of county monies by requiring the University Extension Council to submit monthly and annual financial reports as required by state law.

Status:

- A. The county had no similar situations during the current audit period.
- B. Partially implemented. While the County Commission solicited bids for many of its major purchases like road rock, steel, and bridge construction, there were instances where the county did not follow proper bidding procedures or retain adequate documentation. See MAR finding number 2.
- C. Implemented.

3. Budgetary Practices

- A. Actual disbursements exceeded budgeted amounts in various funds due to inadequate monitoring.
- B. The county's budgets contained several misclassifications of actual receipts and disbursements.

Recommendations:

The County Commission:

- A. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended with the State Auditor's office.
- B. Ensure that budget documents contain complete and accurate information about the county's finances, including more accurate classifications of actual receipts and disbursements.

Status:

- A. Partially implemented. The County Commission reviews quarterly reports comparing budget to actual data for all budgeted funds and discusses variances with county officials as necessary. Expenditures from the General Revenue Fund exceeded the budgeted amounts in 2004 by about \$33,000 primarily because the county decided at year-end to transfer \$31,000 from the General Revenue Fund to the Nursing Home Sales Tax Fund to help cover nursing home remodeling costs. This transfer was not budgeted. Total expenditures also exceeded the budgeted amount by small amounts in several other funds during the audit period. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. Some revenue and expenditure items were misclassified on the county's budgets. However, the items were classified consistently in the budgets from year-to-year. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Associate County Commissioners' Salaries

The Associate County Commissioners were each given salary increases totaling about \$18,000 that were not allowable based on a Missouri Supreme Court decision.

Recommendation:

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

Status:

Not implemented. The County Commission decided to not require repayment of the salary overpayments. The County Prosecuting Attorney indicated the county's decision cannot be reconsidered because the statute of limitations has expired and therefore recovery of the overpayments is no longer possible.

5. Assessment Fund

The county did not bill various cities that collected their own property taxes for their share of assessment costs.

Recommendation:

The County Commission ensure the cities are billed for their share of assessment costs in accordance with state law.

Status:

Implemented.

6. Ex Officio County Collector's Controls and Procedures

- A. The annual settlements prepared by the Ex Officio County Collector contained errors in amounts reported. The County Clerk then certified the erroneous settlements.
- B. The Ex Officio County Collector did not reconcile the bank account balance to existing liabilities.
- C. The Ex Officio County Collector assessed a \$5 certification fee for adding personal property tax charges after the tax books had already been printed. There appeared to be no statutory authority to collect this fee.
- D. Several old outstanding checks were not followed up on or disposed of properly.

Recommendations:

The Ex Officio Collector:

- A. Prepare complete and accurate annual settlements and the County Clerk should ensure the account book is properly reconciled to the annual settlement. In addition, the County Commission should properly review the settlement to ensure collections and distributions are in agreement.
- B. Reconcile the amounts in her bank account to related liabilities and other reconciling items on a monthly basis and determine the disposition of the remaining unidentified amounts in the bank account.
- C. Discontinue assessing the \$5 certification fee. In addition, the County Commission should rescind its order to collect this fee.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

Status:

A, B&

C. Not implemented. See MAR finding number 3.

D. Implemented.

7. Circuit Clerk's Controls and Procedures

A. The Circuit Clerk did not maintain a listing of accrued costs owed to the court and did not have procedures to consistently pursue the collection of accrued costs. In addition, the Circuit Clerk did not usually disburse partial payments collected on old cases where collection of the full amount was considered remote.

B. There was no system in place to ensure monies on resolved cases were disbursed in a timely manner.

C. The Circuit Clerk did not prepare state board bill reimbursement requests timely and did not have an adequate system in place to track applicable costs, resulting in some reimbursements being lost because the costs were not claimed before the filing period expired.

Recommendations:

The Circuit Clerk:

A. Maintain a complete and accurate listing of accrued costs and adopt procedures for pursuing collection of accrued costs. If collection of such costs cannot be made, partial payments received should be distributed on a pro-rata basis, after obtaining a court order from the Circuit Judge.

B. Establish and implement procedures to ensure monies are disbursed in a timely manner on cases that have been resolved.

C. Establish and implement procedures to track reimbursable board of prisoner costs and submit applicable reimbursement claims to the state in a timely manner.

Status:

A. Partially implemented. The Circuit Clerk does not maintain a complete listing of accrued costs owed to the court, but these cases are filed separately and the Circuit Clerk generally sends annual billings on the cases. In January 2006, the Circuit Clerk's office installed the Judicial Information System (JIS) and has begun receiving collections on accrued costs from tax intercepts on cases recorded on the JIS.

However, the Circuit Clerk still maintains some old cases outside the JIS with balances that have not been distributed. See MAR finding number 4.

- B. Partially implemented. The Circuit Clerk's office made payouts on many cases in January 2006 as it transitioned to the newly installed JIS and, under the JIS, disbursements on partial payments and resolved cases are made monthly. The Circuit Clerk still maintains balances on some cases in an old account outside the JIS that are pending distribution. See MAR finding number 4.
- C. Partially implemented. The Circuit Clerk generally submits monthly reimbursement claims to the state. However, the Circuit Clerk did not remit reimbursement claims to the state on several cases. See MAR finding number 4.

8. Associate Circuit Division's Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipt slips were not always prepared immediately upon receipt nor related monies subsequently deposited on a timely basis.

Recommendations:

The Associate Circuit Judge:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Ensure receipt slips are issued immediately upon receipt and monies are deposited in a timely manner.

Status:

A&B. Implemented.

9. Multi-County (ACCD) 911 Board

- A. The board did not maintain adequate documentation to support 911 mapping expenditures incurred by the member counties, and it appeared each county received 911 revenues which exceeded applicable mapping expenditures.
- B. Tax revenues from the telephone companies were paid to each of the member counties and then transmitted to the 911 board, rather than being paid directly to the board, making it difficult for the board to monitor amounts collected and received.

- C. The approved budgets did not adequately project anticipated expenditures of the ACCD Fund, with the budgets significantly overestimating expenditures.
- D. Expenditures were not reviewed and approved by the board prior to payment and policies were not adequate to prevent duplicate payments or to ensure invoices were mathematically accurate, resulting in several duplicate or overpayments.
- E. The board did not adequately track training of dispatchers to ensure state minimum training standards were met.
- F. The board did not maintain a fixed asset listing nor were assets tagged as board property.

Recommendations:

The Multi-County (ACCD) 911 Board carefully review the proposal to centralize operations and ensure such a decision will be cost beneficial to the taxpayers. If the board does not adopt a plan to centralize operations, the board should review its current operations and take steps to reduce the large accumulated balance of the Multi-County (ACCD) 911 Fund. In addition, the board should:

- A. Work with the counties to obtain and review all supporting documentation for mapping expenditures and resolve any questions or discrepancies. All overpayments to the counties should be refunded. In addition, the board should discontinue the policy of advancing monies.
- B. Consider requiring all revenues to be sent directly to the board and continue to monitor revenues to determine reasons for the significant fluctuations.
- C. Prepare budgets which more accurately report anticipated expenditures.
- D. Adopt procedures to ensure all expenditures are reviewed and approved prior to payment, and maintain documentation of board approval such as a listing of all expenditures which is filed with the official board minutes. In addition, billing statements and invoices should be checked for accuracy and canceled upon payment. The board should follow up on the overpayments noted to determine if refunds should be obtained.
- E. Maintain records of training received by all dispatchers and ensure all dispatchers receive adequate training in accordance with state regulations.
- F. Prepare general fixed asset records which include pertinent information for all board assets. In addition, the board should properly tag or otherwise identify all property and conduct annual physical inventories to ensure the accuracy of the records.

Status:

Not implemented. The board has not adopted a plan for centralization and has no documented plans for the accumulated fund balance, which still totaled approximately \$645,000 at December 31, 2005. See MAR finding number 7.

- A. Partially implemented. The board has not advanced additional monies to the counties since the last audit, but instead now pays vendors directly. The board decided to not require the counties to refund the monies to the board and did not require the counties to provide supporting documentation for the mapping expenditures. Although not repeated in the current MAR, the board should require the counties provide an accounting of the mapping expenditures.
- B. Implemented. The board requested the telephone companies remit payment directly to the board, but several telephone companies in Andrew County continue to sometimes make payment to Andrew County, which then remits the payment to the board. Also, the board tracks receipts by each county and company.
- C. Implemented.
- D. Partially implemented. The board received refunds or credit for the noted overpayments. However, the board only reviews non-routine invoices and invoices are not always cancelled upon payment. Also, the board reviews a listing of expenditures paid since the last meeting but this listing is not filed with the board minutes. See MAR finding number 7.
- E. Partially implemented. The board retains invoices for training courses paid by the board detailing the courses taken by the dispatchers and number of training hours received by the dispatchers. However, the board does not summarize the training hours received by each dispatcher to ensure each dispatcher received the minimum training hours required. One dispatcher received only 8 hours of the required 16 hours of training during the most recent two year recertification period. Although not repeated in the current MAR, the board should track the training hours received for each dispatcher and ensure each dispatcher received the minimum training hours required.
- F. Partially implemented. The board has listings of fixed assets and their location. While the board requests the counties to tag the property when received and conduct inventories of the property as part of their county inventories, the board does not note the tag numbers on its inventory records or receive reports from the counties of the inventory results. Although not repeated in the current MAR, the board should note the tag numbers on the fixed asset listings and require counties report the results of the annual inventories.

10. Senate Bill 40 Board

- A. The board had not entered into written contracts with the entities that provided services to the board. In addition, board approval nor the purpose was documented for several equipment purchases made by the board for various entities.
- B. The board purchased playground equipment costing \$27,000 for a public school district located in Clinton County, though only a small number of the students using the equipment were developmentally disabled or residents of DeKalb County.
- C. Monthly bank reconciliations were not prepared.
- D. Procedures to monitor budgeted and actual expenditures were inadequate, resulting in expenditures exceeding approved budgets.
- E. The board did not solicit bids for banking services and the Board Treasurer had a financial interest in the board's depository bank.
- F. Board minutes did not indicate board approval and were not signed. Notices of board meetings and tentative agendas were not always posted.

Recommendations:

The Senate Bill 40 Board:

- A. Enter into written contracts with organizations that receive funding for both goods and services. Contracts should specifically address the goods and services to be provided and compensation to be paid, and allow the board a means to monitor compliance with the contract terms.
- B. Carefully consider the benefits to county residents for future expenditures of this type.
- C. Prepare monthly bank reconciliations and ensure the accounting records accurately reflect the balance of the Senate Bill 40 Board Fund.
- D. Not authorize expenditures in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- E. Solicit bids for banking services and ensure the Board Treasurer abstains from voting on proposals involving the bank in which he has a financial interest.
- F. Ensure board minutes are properly approved and signed. In addition, meeting notices and tentative agendas should be posted as required by state law.

Status:

A, B,

D&F. Implemented.

C. Partially implemented. Bank reconciliations were prepared at December 31, 2006 and 2005. However, bank reconciliations were not prepared at other times during the year. Although not repeated in the current MAR, our recommendation remains as stated above.

E. Partially implemented. The board solicited bids for banking services in May 2004. However, the board member with the financial interest in the bank which was awarded the contract did not abstain from voting. Although not repeated in the current MAR, the board should require board members abstain from voting on matters in which they have personal interests.

11. Senior Citizens Services Board

A. Four board members did not abstain from voting when awarding an exclusive contract for a meals program to another entity for which they also served as board members, creating a potential conflict of interest.

B. The board did not adequately monitor expenditures for the meal program to ensure only eligible county residents were served.

Recommendations:

The Senior Citizens Services Board:

A. And the County Commission review this matter with legal counsel. At a minimum, the board should ensure members serving on both boards abstain from voting on matters involving the DeKalb Senior Citizen Center.

B. Require a more detailed listing of the meal expenses billed and periodically review the listing for propriety. At a minimum, the listing should contain the names of citizens participating in the meals program, the number of meals served, and the cost per meal.

Status:

A. Not implemented. Four of the seven current board members also serve on the DeKalb Senior Citizen Center's board and these members did not abstain from voting on matters involving the center. The board made payments totaling about \$33,000 to the center for meals during the two years ended December 31, 2005. The board's secretary indicated she and the other board members were not aware of the recommendation. After we discussed this issue with her during the current audit, she indicated the board agreed to begin requiring the four members abstain from voting. Although not repeated in the current audit, our recommendation remains as stated above.

- B. Partially implemented. The board now obtains monthly reports detailing the number of meals served daily. However, the reports do not contain the names of participating citizens and the cost per meal. The board secretary indicated the DeKalb Senior Citizen Center would not release the names of meal recipients due to participant privacy rules. Also, the board secretary indicated she visits the center daily and personally knows the meal recipients are county residents. Other board members who serve on the center's board are also aware of the center's clients. Although not repeated in the current MAR, the board should continue to monitor the meals provided by the center and its costs to ensure that only eligible county residents are served.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

DEKALB COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1845, the county of DeKalb was named after Baron Johann DeKalb, a member of the French army and a General in the American Revolution. DeKalb County is a township-organized, third-class county and is part of the Forty-Third Judicial Circuit. The county seat is Maysville.

DeKalb County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 200 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens. The townships maintain approximately 564 miles of county roads.

The county's population was 8,222 in 1980 and 11,597 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2005	2004	2003	2002	1985*	1980**
		(in millions)					
Real estate	\$	69.6	62.4	61.1	59.2	33.3	19.5
Personal property		24.8	23.9	24.7	24.5	8.6	7.6
Railroad and utilities		6.5	6.9	6.4	6.3	7.3	5.2
Total	\$	100.9	93.2	92.2	90.0	49.2	32.3

\* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.0500	.0500	.0700	.0500
Senate Bill 40 Board Fund		.0889	.0900	.0900	.0900
Senior Citizens Services Board Fund		.0296	.0300	.0300	.0300

Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2006	2005	2004	2003
State of Missouri	\$ 30,765	28,573	28,518	27,138
General Revenue Fund	51,283	47,579	62,575	48,461
Assessment Fund	74,321	70,470	59,680	55,264
Senate Bill 40 Board Fund	89,055	86,363	85,160	80,687
School districts	3,657,002	3,474,721	3,431,070	3,229,541
Ambulance districts	218,254	204,929	205,739	196,296
Fire protection districts	194,168	181,455	170,883	162,587
Senior Citizens Services Fund	29,653	28,103	28,350	26,890
Tax increment financing district	5,431	4,938	5,019	0
Townships	99,528	92,260	92,543	87,874
Township bonds	59,163	54,235	55,397	53,075
Township road and bridge	367,923	350,777	351,830	332,997
Nursing home	70	70	70	70
Watershed	30,290	28,946	28,289	26,758
Cities	22,214	24,659	30,683	24,487
Surtax	162,668	149,167	148,873	136,610
Certification fees	2,130	2,030	668	785
County Employees' Retirement	39,920	36,774	40,540	37,143
Tax Maintenance Fund	10,335	8,688	9,086	486
Other	2,847	1,163	4,440	3,960
Commissions and fees:				
General Revenue Fund	39,139	44,418	41,820	36,906
Township collectors	39,640	37,195	36,542	35,399
Ex Officio Collector	389	4,860	0	0
Total	\$ 5,226,188	4,962,373	4,917,775	4,603,414

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2006	2005	2004	2003	
Real estate	94.3	94.1	93.3	92.5	%
Personal property	88.8	90.0	88.5	88.4	
Railroad and utilities	97.3	98.4	99.9	90.4	

DeKalb 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	%
Road capital improvements	.0050	December 2010	None	

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

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials:	\$				
David R. Lippold, Presiding Commissioner		27,080	25,760	25,760	25,760
Wayne Colhour, Associate Commissioner		25,080	23,760	23,760	23,760
Garry McFee, Associate Commissioner		25,080			
Ken Keesaman, Associate Commissioner (1)			23,760	1,462	
Wayne McFee, Associate Commissioner				20,257	23,760
Mary Berry, County Clerk (2)		40,060	38,060	38,060	38,060
Bart Spear, Prosecuting Attorney		60,000	58,000	63,000	63,000
Wes Raines, Sheriff		42,000	40,000	10,000	
Brad Mefford, Sheriff (3)				30,000	40,000
Peter Bram, County Coroner		11,000	10,000	10,000	10,000
Larry Wolf, Public Administrator		15,000			
Dale Boyer, Public Administrator			15,000	15,000	15,000
Joan Pearl, County Treasurer and Ex Officio County Collector (4), year ended March 31,	40,150				
Illah Marie Pulley, County Treasurer and Ex Officio County Collector (5), year ended March 31,		42,920	38,060	38,060	38,060
Ruth Ross, County Assessor (6), year ended August 31,		38,021	36,765	36,225	6,000
Cathy Walters, County Assessor (7), year ended August 31,					24,900

(1) Wayne McFee died November 9, 2003, and Ken Keesaman was appointed December 10, 2003, to complete his term

(2) Includes \$2,060 in ACCD 911 salary

(3) Brad Mefford resigned effective September 30, 2003

(4) Includes \$389 in commissions earned for collecting city property taxes and \$2,060 in ACCD 911 salary

(5) Includes \$4,860 for the year ended March 31, 2005, in commissions earned for collecting city taxes since 1998 and \$2,060 annually in ACCD 911 salary

(6) Includes \$688, \$765, and \$225 annual compensation received from the state for the years ended August 31, 2005, 2004, and 2003, respectively

(7) Resigned effective May 1, 2002. Includes \$900 compensation received from the state

State-Paid Officials:

Clifton DeShon, Circuit Clerk and Ex Officio Recorder of Deeds	48,500	47,850	47,300	47,300
R. Brent Elliott, Associate Circuit Judge	96,000	96,000	96,000	96,000