



**SUSAN MONTEE, JD, CPA**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Nodaway County, Missouri

The Office of the State Auditor, in cooperation with Nodaway County, has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2008, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in cursive script, reading "Susan Montee".

Susan Montee, JD, CPA  
State Auditor

October 2009  
Report No. 2009-117

ANNUAL FINANCIAL REPORT

**NODAWAY COUNTY, MISSOURI**

For the Years Ended  
December 31, 2008 and 2007

NODAWAY COUNTY, MISSOURI  
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## **INTRODUCTORY SECTION**

NODAWAY COUNTY, MISSOURI  
List of Elected Officials

*County Commission*

Presiding Commissioner – Joe Baumli

South District Commissioner – Bob Stiens

North District Commissioner – Bob Westfall

*Other Elected Officials*

Assessor – Rex Wallace

Circuit Clerk – Kim Carmichael

Collector/Treasurer – Marilyn Jenkins

Coroner – Vincent Shelby

County Clerk – Beth Walker

Prosecuting Attorney – David Baird

Public Administrator – Diane Thomsen

Recorder – Sandra Smail

Sheriff – Darren White

**McBRIDE, LOCK & ASSOCIATES**

**INDEPENDENT AUDITORS' REPORT**

To the County Commission  
and  
Officeholders of Nodaway County, Missouri

We have audited the accompanying financial statements of Nodaway County, Missouri as of and for the years ended December 31, 2008 and 2007, which collectively comprise the County's basic financial statements as identified in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described more fully in Note 1, Nodaway County, Missouri has prepared these financial statements using accounting practices prescribed or permitted by the Missouri State Auditor's Office, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Nodaway County, Missouri, as of December 31, 2008 and 2007, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Nodaway County, Missouri, as of December 31, 2008 and 2007, and the receipts, disbursements and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 29, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nodaway County, Missouri'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 Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information 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.

*(Original signed by Auditor)*

McBride, Lock & Associates  
May 29, 2009

## **FINANCIAL SECTION**



NODAWAY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2007 AND 2008

Fund	Cash January 1, 2007	Receipts 2007	Disbursements 2007	Cash December 31, 2007	Receipts 2008	Disbursements 2008	Cash December 31, 2008
General Revenue	\$ 3,380,641	\$ 3,480,560	\$ 4,967,227	1,893,974	\$ 3,240,662	\$ 3,044,902	\$ 2,089,734
Special Road and Bridge	893,931	3,924,789	4,600,962	217,758	2,438,094	2,570,274	85,578
Assessment	160,764	336,551	257,286	240,029	297,591	258,605	279,015
Election Services	31,659	8,130	12,331	27,458	3,481	4,045	26,894
Tax Incentive Payment	11,981	-	-	11,981	1,871	5,764	8,088
Police Officer Training	29,073	6,164	16,958	18,279	5,896	5,948	18,227
Prosecuting Attorney Training	848	1,022	605	1,265	971	1,871	365
911	206,501	142,649	97,817	251,333	126,383	255,108	122,608
Adult Abuse	1,876	2,006	-	3,882	1,582	4,452	1,012
Tax Maintenance	35,499	17,334	26,595	26,238	25,645	23,788	28,095
Nuclear Accident Emergency Preparedness	9,885	-	-	9,885	10,000	323	19,562
Local Emergency Preparedness	19,075	14,480	10,011	23,544	6,268	1,416	28,396
Senior Citizens	26,024	129,630	126,000	29,654	134,355	135,036	28,973
Sheriff Criminal Cost	15,062	14,656	2,416	27,302	10,143	19,324	18,121
Recorder User Fee	18,329	13,508	10,969	20,868	11,639	11,341	21,166
Construction	-	2,129,445	742,668	1,386,777	4,926,758	2,985,082	3,328,453
Senate Bill 40	18,818	132,053	142,177	8,694	138,541	122,059	25,176
Circuit Court	23,231	11,709	18,298	16,642	13,553	11,751	18,444
Deputy Supplemental and Revolving	-	-	-	-	8,439	735	7,704
Total	<u>\$ 4,883,197</u>	<u>\$ 10,364,686</u>	<u>\$ 11,032,320</u>	<u>\$ 4,215,563</u>	<u>\$ 11,401,872</u>	<u>\$ 9,461,824</u>	<u>\$ 6,155,611</u>

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

NODAWAY COUNTY  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

GENERAL FUND Year Ended December 31,				
	2007		2008	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ 365,000	\$ 18,441	\$ 20,000	\$ -
Sales taxes	2,071,000	2,025,476	2,005,000	2,023,537
Intergovernmental	539,247	417,190	717,832	361,468
Charges for services	235,150	288,318	444,600	599,418
Interest	150,000	515,757	350,000	58,019
Other	451,670	215,378	185,732	198,220
Transfers in	-	-	-	-
Total Receipts	<u>\$ 3,812,067</u>	<u>\$ 3,480,560</u>	<u>\$ 3,723,164</u>	<u>\$ 3,240,662</u>
DISBURSEMENTS				
County Commission	\$ 119,899	\$ 118,160	\$ 118,783	\$ 118,722
County Clerk	110,196	101,280	111,714	109,458
Elections	73,640	42,857	151,316	129,027
Buildings and grounds	1,193,553	1,017,139	671,246	322,180
Employee fringe benefits	303,000	290,564	296,464	292,367
Treasurer	142,656	136,614	141,154	149,697
Recorder of Deeds	92,156	91,033	89,988	89,997
Circuit Clerk	59,000	39,050	45,900	44,550
Court administration	11,982	6,579	10,624	5,417
Public Administrator	33,360	33,465	34,024	33,769
Sheriff	493,828	471,319	470,897	454,629
Jail	459,663	423,256	437,300	431,242
Prosecuting Attorney	212,929	209,160	233,783	233,863
Juvenile Officer	60,650	46,237	63,200	48,793
Coroner	31,140	25,335	31,763	30,130
Other general revenue	279,007	340,186	316,370	297,061
Health and welfare	7,550	7,550	4,000	4,000
Transfers out	250,000	1,567,443	250,000	250,000
Emergency fund	114,302	-	126,000	-
Total Disbursements	<u>\$ 4,048,511</u>	<u>\$ 4,967,227</u>	<u>\$ 3,604,526</u>	<u>\$ 3,044,902</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ (236,444)	\$ (1,486,667)	\$ 118,638	\$ 195,760
CASH, JANUARY 1	<u>3,380,641</u>	<u>3,380,641</u>	<u>1,893,974</u>	<u>1,893,974</u>
CASH, DECEMBER 31	<u><u>\$ 3,144,197</u></u>	<u><u>\$ 1,893,974</u></u>	<u><u>\$ 2,012,612</u></u>	<u><u>\$ 2,089,734</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

NODAWAY COUNTY  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -  
BUDGET AND ACTUAL - REGULATORY BASIS

	ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 125,000	\$ 129,730	\$ 130,000	\$ 167,956	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	3,536,345	3,543,393	3,149,269	1,787,452	280,000	317,229	290,000	270,129
Charges for services	-	-	-	-	-	-	-	-
Interest	50,000	38,983	30,000	12,112	7,500	14,276	13,000	10,216
Other	227,000	212,683	211,000	220,574	2,100	5,046	3,500	17,246
Transfers in	252,000	-	251,000	250,000	700	-	600	-
Total Receipts	<u>\$ 4,190,345</u>	<u>\$ 3,924,789</u>	<u>\$ 3,771,269</u>	<u>\$ 2,438,094</u>	<u>\$ 290,300</u>	<u>\$ 336,551</u>	<u>\$ 307,100</u>	<u>\$ 297,591</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 212,198	\$ 214,285	\$ 226,013	\$ 220,674	\$ 164,102	\$ 170,734	\$ 175,404	\$ 152,716
Employee fringe benefits	61,300	56,608	56,216	53,728	-	-	-	-
Materials and Supplies	1,256,200	1,399,865	1,126,700	1,313,664	36,000	26,309	35,000	15,588
Services and Other	140,500	152,904	61,500	63,765	86,650	60,243	91,385	90,301
Capital Outlay	120,000	135,435	100,000	95,732	-	-	-	-
Construction	2,761,345	2,641,865	2,126,269	822,711	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,551,543</u>	<u>\$ 4,600,962</u>	<u>\$ 3,696,698</u>	<u>\$ 2,570,274</u>	<u>\$ 286,752</u>	<u>\$ 257,286</u>	<u>\$ 301,789</u>	<u>\$ 258,605</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (361,198)	\$ (676,173)	\$ 74,571	\$ (132,180)	\$ 3,548	\$ 79,265	\$ 5,311	\$ 38,986
CASH, JANUARY 1	<u>893,931</u>	<u>893,931</u>	<u>217,758</u>	<u>217,758</u>	<u>160,764</u>	<u>160,764</u>	<u>240,029</u>	<u>240,029</u>
CASH, DECEMBER 31	<u>\$ 532,733</u>	<u>\$ 217,758</u>	<u>\$ 292,329</u>	<u>\$ 85,578</u>	<u>\$ 164,312</u>	<u>\$ 240,029</u>	<u>\$ 245,340</u>	<u>\$ 279,015</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

NODAWAY COUNTY  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	ELECTION SERVICES FUND				TAX INCENTIVE PAYMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	3,000	-	2,000	1,871
Charges for services	1,000	6,497	5,000	2,798	-	-	-	-
Interest	1,500	1,633	1,600	683	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,500</u>	<u>\$ 8,130</u>	<u>\$ 6,600</u>	<u>\$ 3,481</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 1,871</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	5,000	-	5,000	558	-	-	-	-
Services and Other	20,500	12,331	6,000	3,487	1,000	-	1,000	5,764
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 25,500</u>	<u>\$ 12,331</u>	<u>\$ 11,000</u>	<u>\$ 4,045</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 5,764</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (23,000)	\$ (4,201)	\$ (4,400)	\$ (564)	\$ 2,000	\$ -	\$ 1,000	\$ (3,893)
CASH, JANUARY 1	<u>31,659</u>	<u>31,659</u>	<u>27,458</u>	<u>27,458</u>	<u>11,981</u>	<u>11,981</u>	<u>11,981</u>	<u>11,981</u>
CASH, DECEMBER 31	<u>\$ 8,659</u>	<u>\$ 27,458</u>	<u>\$ 23,058</u>	<u>\$ 26,894</u>	<u>\$ 13,981</u>	<u>\$ 11,981</u>	<u>\$ 12,981</u>	<u>\$ 8,088</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

NODAWAY COUNTY  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	POLICE OFFICER TRAINING FUND				PROSECUTING ATTORNEY TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,200	1,022	1,100	971
Charges for services	8,000	6,164	7,000	5,896	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 8,000</u>	<u>\$ 6,164</u>	<u>\$ 7,000</u>	<u>\$ 5,896</u>	<u>\$ 1,200</u>	<u>\$ 1,022</u>	<u>\$ 1,100</u>	<u>\$ 971</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	21,000	16,958	21,000	5,948	1,000	605	1,000	1,871
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 21,000</u>	<u>\$ 16,958</u>	<u>\$ 21,000</u>	<u>\$ 5,948</u>	<u>\$ 1,000</u>	<u>\$ 605</u>	<u>\$ 1,000</u>	<u>\$ 1,871</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (13,000)	\$ (10,794)	\$ (14,000)	\$ (52)	\$ 200	\$ 417	\$ 100	\$ (900)
CASH, JANUARY 1	<u>29,073</u>	<u>29,073</u>	<u>18,279</u>	<u>18,279</u>	<u>848</u>	<u>848</u>	<u>1,265</u>	<u>1,265</u>
CASH, DECEMBER 31	<u>\$ 16,073</u>	<u>\$ 18,279</u>	<u>\$ 4,279</u>	<u>\$ 18,227</u>	<u>\$ 1,048</u>	<u>\$ 1,265</u>	<u>\$ 1,365</u>	<u>\$ 365</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

NODAWAY COUNTY  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	911 FUND				ADULT ABUSE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,800	2,006	1,900	1,582
Charges for services	120,000	88,152	85,000	72,473	-	-	-	-
Interest	8,000	11,997	8,000	3,791	-	-	-	-
Other	-	42,500	60,000	50,119	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 128,000</u>	<u>\$ 142,649</u>	<u>\$ 153,000</u>	<u>\$ 126,383</u>	<u>\$ 1,800</u>	<u>\$ 2,006</u>	<u>\$ 1,900</u>	<u>\$ 1,582</u>
DISBURSEMENTS								
Salaries	\$ 50,000	\$ 25,891	\$ 53,128	\$ 48,545	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	4,089	6,200	10,024	-	-	-	-
Materials and Supplies	80,600	61,779	83,200	62,811	-	-	-	-
Services and Other	8,000	6,058	141,900	133,728	2,000	-	2,000	4,452
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 138,600</u>	<u>\$ 97,817</u>	<u>\$ 284,428</u>	<u>\$ 255,108</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 4,452</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (10,600)	\$ 44,832	\$ (131,428)	\$ (128,725)	\$ (200)	\$ 2,006	\$ (100)	\$ (2,870)
CASH, JANUARY 1	<u>206,501</u>	<u>206,501</u>	<u>251,333</u>	<u>251,333</u>	<u>1,876</u>	<u>1,876</u>	<u>3,882</u>	<u>3,882</u>
CASH, DECEMBER 31	<u>\$ 195,901</u>	<u>\$ 251,333</u>	<u>\$ 119,905</u>	<u>\$ 122,608</u>	<u>\$ 1,676</u>	<u>\$ 3,882</u>	<u>\$ 3,782</u>	<u>\$ 1,012</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

NODAWAY COUNTY  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL-REGULATORY BASIS

	TAX MAINTENANCE FUND				NUCLEAR ACCIDENT EMERGENCY PREPAREDNESS FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	500	1,640	1,500	641	-	-	-	-
Other	12,025	15,694	15,000	25,004	-	-	5,000	10,000
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 12,525</u>	<u>\$ 17,334</u>	<u>\$ 16,500</u>	<u>\$ 25,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 10,000</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	30,200	25,717	30,200	23,347	-	-	-	-
Services and Other	4,800	878	4,800	441	6,000	-	1,000	323
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 35,000</u>	<u>\$ 26,595</u>	<u>\$ 35,000</u>	<u>\$ 23,788</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 323</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (22,475)	\$ (9,261)	\$ (18,500)	\$ 1,857	\$ (6,000)	\$ -	\$ 4,000	\$ 9,677
CASH, JANUARY 1	<u>35,499</u>	<u>35,499</u>	<u>26,238</u>	<u>26,238</u>	<u>9,885</u>	<u>9,885</u>	<u>9,885</u>	<u>9,885</u>
CASH, DECEMBER 31	<u>\$ 13,024</u>	<u>\$ 26,238</u>	<u>\$ 7,738</u>	<u>\$ 28,095</u>	<u>\$ 3,885</u>	<u>\$ 9,885</u>	<u>\$ 13,885</u>	<u>\$ 19,562</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

NODAWAY COUNTY  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	LOCAL EMERGENCY PREPARENESS FUND				SENIOR CITIZENS FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 122,000	\$ 127,309	\$ 126,000	\$ 133,370
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	2,000	1,986	1,900	985
Other	2,500	14,480	7,000	6,268	200	335	350	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,500</u>	<u>\$ 14,480</u>	<u>\$ 7,000</u>	<u>\$ 6,268</u>	<u>\$ 124,200</u>	<u>\$ 129,630</u>	<u>\$ 128,250</u>	<u>\$ 134,355</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	4,232	3,500	416	-	-	-	-
Services and Other	14,478	5,779	2,000	1,000	126,000	126,000	135,000	135,036
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 14,478</u>	<u>\$ 10,011</u>	<u>\$ 5,500</u>	<u>\$ 1,416</u>	<u>\$ 126,000</u>	<u>\$ 126,000</u>	<u>\$ 135,000</u>	<u>\$ 135,036</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (11,978)	\$ 4,469	\$ 1,500	\$ 4,852	\$ (1,800)	\$ 3,630	\$ (6,750)	\$ (681)
CASH, JANUARY 1	<u>19,075</u>	<u>19,075</u>	<u>23,544</u>	<u>23,544</u>	<u>26,024</u>	<u>26,024</u>	<u>29,654</u>	<u>29,654</u>
CASH, DECEMBER 31	<u>\$ 7,097</u>	<u>\$ 23,544</u>	<u>\$ 25,044</u>	<u>\$ 28,396</u>	<u>\$ 24,224</u>	<u>\$ 29,654</u>	<u>\$ 22,904</u>	<u>\$ 28,973</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.



NODAWAY COUNTY  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	SHERIFF CRIMINAL COST FUND				RECORDER USER FEE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	13,000	14,656	16,000	10,143	12,500	12,643	12,300	11,264
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	500	865	800	375
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 13,000</u>	<u>\$ 14,656</u>	<u>\$ 16,000</u>	<u>\$ 10,143</u>	<u>\$ 13,000</u>	<u>\$ 13,508</u>	<u>\$ 13,100</u>	<u>\$ 11,639</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	10,000	-	10,000	2,977	12,000	10,969	10,000	11,341
Services and Other	10,000	2,416	10,000	16,347	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 20,000</u>	<u>\$ 2,416</u>	<u>\$ 20,000</u>	<u>\$ 19,324</u>	<u>\$ 12,000</u>	<u>\$ 10,969</u>	<u>\$ 10,000</u>	<u>\$ 11,341</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (7,000)	\$ 12,240	\$ (4,000)	\$ (9,181)	\$ 1,000	\$ 2,539	\$ 3,100	\$ 298
CASH, JANUARY 1	<u>15,062</u>	<u>15,062</u>	<u>27,302</u>	<u>27,302</u>	<u>18,329</u>	<u>18,329</u>	<u>20,868</u>	<u>20,868</u>
CASH, DECEMBER 31	<u>\$ 8,062</u>	<u>\$ 27,302</u>	<u>\$ 23,302</u>	<u>\$ 18,121</u>	<u>\$ 19,329</u>	<u>\$ 20,868</u>	<u>\$ 23,968</u>	<u>\$ 21,166</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

NODAWAY COUNTY  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	CONSTRUCTION FUND				SENATE BILL 40 FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ 49,456	\$ 350,000	\$ 442,487	\$ -	\$ 131,961	\$ 132,163	\$ 138,433
Sales taxes	-	198,458	180,000	156,774	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	14,088	15,000	46,651	-	92	100	108
Other	-	300,000	3,700,000	4,280,846	-	-	-	-
Transfers in	-	1,567,443	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 2,129,445</u>	<u>\$ 4,245,000</u>	<u>\$ 4,926,758</u>	<u>\$ -</u>	<u>\$ 132,053</u>	<u>\$ 132,263</u>	<u>\$ 138,541</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	1,730,087	742,668	3,985,000	2,985,082	122,424	142,177	132,905	122,059
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,730,087</u>	<u>\$ 742,668</u>	<u>\$ 3,985,000</u>	<u>\$ 2,985,082</u>	<u>\$ 122,424</u>	<u>\$ 142,177</u>	<u>\$ 132,905</u>	<u>\$ 122,059</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (1,730,087)</u>	<u>\$ 1,386,777</u>	<u>\$ 260,000</u>	<u>\$ 1,941,676</u>	<u>\$ (122,424)</u>	<u>\$ (10,124)</u>	<u>\$ (642)</u>	<u>\$ 16,482</u>
CASH, JANUARY 1	<u>-</u>	<u>-</u>	<u>1,386,777</u>	<u>1,386,777</u>	<u>18,798</u>	<u>18,818</u>	<u>8,694</u>	<u>8,694</u>
CASH, DECEMBER 31	<u><u>\$ (1,730,087)</u></u>	<u><u>\$ 1,386,777</u></u>	<u><u>\$ 1,646,777</u></u>	<u><u>\$ 3,328,453</u></u>	<u><u>\$ (103,626)</u></u>	<u><u>\$ 8,694</u></u>	<u><u>\$ 8,052</u></u>	<u><u>\$ 25,176</u></u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

NODAWAY COUNTY  
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - REGULATORY BASIS

	CIRCUIT COURT FUND				DEPUTY SUPPLEMENTAL & REVOLVING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	11,709	11,550	13,553	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	78
Other	-	-	-	-	-	-	-	8,361
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ -	\$ 11,709	\$ 11,550	\$ 13,553	\$ -	\$ -	\$ -	\$ 8,439
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	20,913	18,298	12,500	11,751	-	-	-	735
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 20,913	\$ 18,298	\$ 12,500	\$ 11,751	\$ -	\$ -	\$ -	\$ 735
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (20,913)	\$ (6,589)	\$ (950)	\$ 1,802	\$ -	\$ -	\$ -	\$ 7,704
CASH, JANUARY 1	23,231	23,231	16,642	16,642	-	-	-	-
CASH, DECEMBER 31	\$ 2,318	\$ 16,642	\$ 15,692	\$ 18,444	\$ -	\$ -	\$ -	\$ 7,704

The accompanying Notes to the Financial Statements are an integral part of these statements.

NODAWAY COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nodaway County, Missouri ("County") is governed by a three-member board of commissioners. In addition to the three board members, there are nine elected Constitutional Officers: Assessor, County Clerk, Circuit Clerk, Recorder, Coroner, Prosecuting Attorney, Public Administrator, Sheriff and Collector-Treasurer.

As discussed further in Note 1, these financial statements are presented on the cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include the primary government of Nodaway County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity, and also the Senate Bill 40 Board and Senior Citizens Board, which are separate legal entities within the County.

B. Basis of Presentation

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The following fund types are used by the County:

Governmental Fund Type – Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds. The Circuit Court fund includes the following court accounts: circuit court interest, associate interest, probate interest and law library.

Fiduciary Fund Type – Fiduciary funds (agency funds) are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector and other officeholders.

### C. Basis of Accounting

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

### D. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.
2. On or before the second Monday in January, each elected officer and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance.
5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.
6. Prior to February 1 the budget is legally enacted by a vote of the County Commission.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.
8. Budgets are prepared and adopted on the cash basis of accounting.
9. Adoption of a formal budget is required by law. The county did not adopt a formal budget for the Deputy Supplemental & Revolving fund in 2008.

10. Section 50.740 RSMo. Prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds.

	<u>2007</u>	<u>2008</u>
a. General	X	NA
b. Road & Bridge	X	NA
c. Tax Incentive Payment	NA	X
d. Prosecuting Attorney Training	NA	X
e. Adult Abuse	NA	X
f. Senior Citizens	NA	X
g. Recorder User	NA	X
h. Senate Bill 40	X	NA
i. Deputy Supplemental and Revolving	NA	X

E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and tax bills are mailed to taxpayers in October and November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2008 and 2007, for purposes of taxation was:

	<u>2008</u>	<u>2007</u>
Real Estate	\$ 184,395,050	\$ 175,472,370
Personal Property	73,468,760	86,497,810
Railroad and Utilities	14,596,438	13,931,968

During 2008 and 2007 the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2008 and 2007, for purposes of County taxation, as follows:

	<u>2008</u>	<u>2007</u>
General Revenue (Construction)	\$ 0.1600	\$ 0.1600
Senior Citizens	0.0500	0.0497
Sheltered Workshop	0.0500	0.0497

#### F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less.

State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par. Funds in the form of cash on deposit or time

certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

#### G. Interfund Transactions

During the course of operations, transactions occur between individual funds for goods provided or services rendered.

Interfund transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated for governmental activities in the government-wide financial statements.

### 2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Cash and Equivalents" under each fund's caption. The investment pool is comprised of demand and savings deposits and CDARS (Certificate of Deposit Account Registry Service) accounts.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2008 and 2007, the carrying amounts of the County's deposits were \$6,155,610 and \$4,215,562. In addition, at December 31, 2008 and 2007 the County Collector held cash representing collections of property taxes on behalf of various taxing districts in the County, including the County General Revenue, Senior Citizens and Sheltered Workshop funds. These carrying amounts, all of which were secured by pledged collateral, amounted to \$15,267,092 and \$14,647,218 at December 31, 2008 and 2007, respectively. The corresponding bank balances were \$17,060,900 and \$15,207,673, respectively. Of the bank balances, \$2,024,919 and \$2,428,354 for December 31, 2008 and December 31, 2007, respectively, were covered by federal depository insurance and \$11,782,053 and \$12,779,319, respectively, were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent, in the County's name.

The County did not have collateral pledged to secure deposits in the amount of \$3,253,928 at December 31, 2008 as required by state statute.

### 3. RETIREMENT PLANS

#### Missouri Local Government Employees Retirement Systems (LAGERS)

The following information is presented in accordance with the Governmental Accounting Standards Board Statement 27 (GASB 27), "Accounting for Pensions by State and Local Governmental Employees":

#### A. Plan Description

Nodaway 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 government entities in Missouri. LAGERS is a defined benefit pension plan, which provides retirement,

disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

#### B. Funding Status

Nodaway County's full-time employees contribute 4% of gross pay to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 0.3% (general), 2.9% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

#### C. Annual Pension Cost

For 2008 and 2007, the political subdivision's annual pension costs were \$32,096 and \$29,407 respectively. These amounts were equal to the required and actual contribution.

##### County Employees' Retirement Fund - CERF

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

#### D. Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of nine persons.

#### E. Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.



Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement is at age fifty-five. Any member terminating with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, P.O. Box 2271, Jefferson City, MO 65102-2271, or by calling 1-573-632-9203.

#### F. Funding Policy

Pursuant to State Statutes, CERF is partially funded from a portion of delinquent property tax penalties and other penalties and fees. Further, a contribution to CERF of 4% to 6% of gross compensation, depending on LAGERS participation, is required for all participants hired on or after February 2002. A contribution of 0% to 4% of compensation, depending on LAGERS participation, is required of employees hired before February 2002. A lesser contribution requirement applies to employees who participate in LAGERS. The source of funding of these contributions is determined by each county. During 2008 and 2007, the County collected and remitted to CERF employee contributions of approximately \$34,670 and \$30,824, respectively, for the years then ended, equal to the required contributions.

### 4. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County.

### 5. CLAIMS COMMITMENT AND CONTINGENCIES

#### A. Compensated Absences

The County provides regular full-time employees with up to 30 days of sick time – to accrue at one day for each calendar month worked. Permanent part-time employees accrue sick leave proportional to hours worked up to 30 days. Upon termination, the employee is not compensated for accrued sick time. Vacation time is accrued for full-time regular employees after a six-month probationary period based on years of employment with the County. During the first two years, employees are eligible for two weeks vacation, three weeks during years three through eight, four weeks during years eight through twelve, and five weeks from thirteen years and on. Vacation is accrued on a monthly basis up to a maximum of five weeks and is awarded retroactively for the six-month probationary period for all employees lasting longer than six months. Upon termination, the employee is compensated for accrued vacation time up to a maximum of four weeks.

## B. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

### 6. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections which are intended to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

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

### 7. CHANGE IN REPORTING ENTITY

Pursuant to a Missouri Attorney General's ruling, the County has changed its definition of the reporting entity, as of January 1, 2006, to exclude the financial statements of the Health Services Fund from the county's basic financial statements. The effect of this change is a reduction in the balance of cash and equivalents of the governmental funds at January 1, 2007 of \$285,544.

### 8. LONG TERM DEBT

The County's long-term debt outstanding at December 31, 2008 consisted of a \$4,470,139 loan from U.S. Bank, dated June 1, 2008, for the construction of a new Administrative Building that will house most of the elected officials' offices. The loan is scheduled to be paid in monthly installments over 240 months with an interest rate of 4.85% annually.

## **COMPLIANCE SECTION**

## McBRIDE, LOCK & ASSOCIATES

### AUDITORS' 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 Nodaway County, Missouri

We have audited the accompanying financial statements of Nodaway County, Missouri as of and for the years ended December 31, 2008 and 2007, which collectively comprise the County's basic financial statements as identified in the table of contents, and have issued our report thereon dated May 29, 2009. We conducted our audits 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 audits, we considered Nodaway County, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nodaway County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Nodaway County, Missouri's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Nodaway County, Missouri's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Nodaway County, Missouri's financial statements that is more than inconsequential will not be prevented or detected by the Nodaway County, Missouri's internal control. We consider the deficiencies described in the schedule of findings and recommendations as items 08-1 and 08-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Nodaway County, Missouri's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are not material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nodaway County, Missouri's financial statements are free of material misstatement, we performed tests of its 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 certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* that are identified as items 08-3 through 08-5.

We noted certain matters that we reported to management of Nodaway County, Missouri, in the findings and recommendations section as items 08-6 and 08-7.

Nodaway County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. We did not audit Nodaway County, Missouri's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Commission, County Officeholders, the Missouri State Auditors, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*(Original signed by Auditor)*

McBride, Lock & Associates  
May 29, 2009

## McBRIDE, LOCK & ASSOCIATES

### AUDITORS' 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 of Nodaway County, Missouri

#### Compliance

We have audited the compliance of Nodaway County, Missouri, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2007. Nodaway County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal 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 Nodaway County, Missouri's management. Our responsibility is to express an opinion on Nodaway County, Missouri's compliance based on our audits.

We conducted our audits 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 Nodaway County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination of Nodaway County, Missouri's compliance with those requirements.

In our opinion, Nodaway County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2007. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

### Internal Control Over Compliance

The management of Nodaway County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audits, we considered Nodaway County, Missouri's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nodaway County, Missouri's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County Commission, County Officeholders, the Missouri State Auditor, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*(Original signed by Auditor)*

McBride, Lock & Associates  
May 29, 2009

NODAWAY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31	
			2007	2008
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through State:				
14.228	Department of Social Services - Emergency Shelter Grants Program	ERO 1640	\$ 10,590	
14.231	Emergency Shelter Grants Program	ERO 1640935		\$ 5,546
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through State:				
20.205	Highway and Transportation Commission - Highway Planning and Construction	BRO-074 (27)	2,698	
		BRO-074 (42)	23,301	
		BRO-074 (43)	437,115	37,671
		BRO-074 (44)	64,893	
		BRO-074 (45)	214,388	
		BRO-074 (46)	302,349	
		BRO-074 (47)	342,131	
		BRO-074 (48)	26,757	281,083
		BRO-074 (49)	28,165	
		BRO-074 (50)	23,713	
		BRO-074 (51)	33,144	10,530
20.703	Department of Public Safety - Interagency Hazardous Materials Public Sector Training and Planning Grants	STP-9900(102)	164,830	
GENERAL SERVICES ADMINISTRATION				
Passed through State Office of Administration -				
39.003	Donation of Federal Surplus Personal Property		18,000	
Passed through the Office of Secretary of State -				
39.011	Election Reform Payments	47060101808	4,231	
ELECTION ASSISTANCE COMMISSION				
Passed through the Office of Secretary of State :				
90.401	Help America Vote Act Requirements Payments	SC231S8EL0000152		1,465
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through State:				
93.617	HHS Polling Place Accessibility	N/A	7,898	
Department of Social Services -				
93.569	Community Services Block Grant	CSBG 08-02		5,911
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through State Department of Public Safety:				
97.036	Disaster Grants - Public Assistance Grants (Presidentially declared disasters)	2007-FEMA-1708-DR-MO		420,476
97.067	Homeland Security Grant Program	2005-GE-T5-0022	46,779	
Total Expenditures of Federal Awards			<u>\$ 1,750,982</u>	<u>\$ 762,682</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.



**NODAWAY COUNTY, MISSOURI**  
**NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditure of Federal Awards (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE C – SUBRECEIPIENTS**

The County provided no federal awards to sub-recipients during the years ended December 31, 2008 and 2007.

NODAWAY COUNTY, MISSOURI  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2008 AND 2007

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

Type of Auditors' Report Issued: Unqualified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ Yes ☐ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards:**

Internal Control Over Major Programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of Auditor's Report Issued on Compliance  
For Major Programs:

Unqualified

Any audit findings disclosed that required to be  
Reported in accordance with section 510(A) of  
Circular A-133?

☐ Yes ☒ No

Identification of Major Programs:

CFDA Number(s)

Name of Federal Program or Cluster

20.205

Highway and Transportation – Highway Planning  
and Construction.

97.036

Department of Homeland Security – Public Assistance  
Grants

Dollar Threshold Used to Distinguish Between  
Type A and Type B Programs:

\$300,000

Auditee Qualified as low-risk:

☐ Yes ☒ No

## **SECTION II – FINANCIAL STATEMENTS FINDINGS**

Financial Statement Findings Required to be Reported Under Generally Accepted Governmental Auditing Standards. See Findings and Recommendation Section:

- 08-1. Senate Bill 40 Internal Controls
- 08-2. Internal Controls Over Non-Payroll Expenditures
- 08-3. Bidding Procedures
- 08-4. Budgetary Practices
- 08-5. Insufficient Collateralization of Bank Balances

Summary Schedule of Prior Audit Findings

None

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Federal Award Findings Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

None

Schedule of Prior Federal Award Findings:

There were no prior audit findings pertaining to Federal Awards.

## **FINDINGS AND RECOMMENDATIONS**

NODAWAY COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**MATERIAL WEAKNESS IN INTERNAL CONTROL**

None

**SIGNIFICANT INTERNAL CONTROL DEFICIENCIES**

**08-1. Senate Bill 40 Internal Controls**

Condition: The Senate Bill 40 Board appoints a Treasurer who handles all of the financial information for the Board. He has possession of the checkbook, is the only person required to sign the checks, has the bank statements sent to his residence and records all of the financial activity of the fund. Although, the Board is a small entity, better separation of duties is needed to maintain adequate internal controls. Also, the Treasurer has not been formally performing reconciliations of the monthly bank statements.

Recommendation: We recommend that other members of the Board play a role in the financial activities of the Board. This could be done by requiring another Board member to sign the checks, or by delegating the bank reconciliation process to another board member.

County's Response: The Commission will make a recommendation to the Senate Bill 40 board that financial duties be shared by other members of the board.

**08-2. Internal Controls Over Non-Payroll Expenditures**

Condition: The County requires that all non-recurring expenditures over \$50 have a Requisition Form approved by the County Commission. Once the purchase is approved, the County Clerk produces a Purchase Order allowing the purchase to be completed. A warrant is drawn up by a deputy clerk and all of these documents are submitted with the invoice to the County Commission. The County requires the signature of all three County Commissioners for approval of the payments. All of these documents are to be kept on hand in the County Clerk's office.

During our audit testwork we noted that a number of the expenditures selected for review did not include a Requisition Form and/or a Purchase Order showing the Commission's approval to make the purchase. Also, a number of the warrants contained less than the three required Commissioner's signatures, although all of the warrants were approved by at least one Commissioner.

Recommendation: We recommend the County keep Requisition Forms and Purchase Orders on file with expenditure warrants to show that the Commissioners approved the purchase. The

County should also be aware that their purchasing/disbursement policy is more restrictive than is normally required to create strong internal controls.

Accordingly, the Commission may wish to consider changing their policy requiring three Commissioner's signatures for approval of requisitions and warrants to a less restrictive, yet still effective policy.

County's Response: The Commission changed their policy requiring only two signatures on requisitions and warrants.

## **ITEMS OF NONCOMPLIANCE**

### **08-3. Bidding Procedures**

Condition: The County did not perform bidding for Road & Bridge fuel in 2007 and 2008, and did not bid property insurance for the new Administration Building in 2008. Bid documentation could not be found for a section of work on the new building in 2008, although the County Clerk indicated that bidding was performed. On one occasion, the County solicited bids by telephone and documented the losing bid on the Requisition Form for the expenditure to the winning bidder. However, the Form indicated that the losing bid quoted a lower price than the winning bid, but no indication was given as to why the winning bid was chosen.

Another issue involved expenditures for which the County Clerk indicated there was only one bid received. The County did not keep any documentation required to waive the competitive bidding requirements. Section 50.783, RSMo, requires that the County make note in the Commission minutes that an item or service was only available from one source and that the County must post notice or advertise their intent to make the purchase from the single source vendor at least ten days before completing the transaction.

Recommendation: We recommend that the County perform competitive bidding for all major purchases and maintain the required documentation of bids received and justification for selecting the winning bid. We also recommend that the County follow the requirements for documentation of single source bids.

County's Response: The Commission will improve the county's bid process and require all pertinent documentation.

### **08-4. Budgetary Practices**

Condition: The County spent in excess of the authorized budget for a number of funds in both 2007 and 2008. In 2007, the General and Road & Bridge funds both exceeded their budget and the County exceeded its budget in total. In 2008, various minor funds were overspent. Procedures were in place for monitoring the budget to actual amounts for expenditures during

the year. However, tests of expenditures revealed that the Commission approved a number of warrants payable from funds with a zero or a negative balance available in the budget prior to charging the expenditure.

Recommendation: We recommend that the County Commission not approve expenditures in excess of budgeted amounts or follow the appropriate procedures to amend the budget and ensure funds are available to finance the expenditure.

County's Response: The Commission will endeavor to eliminate expenditures in excess of budgeted amounts.

#### **08-5. Bank Balances Under-Collateralized**

Condition: Bank account balances of Nodaway County were under-collateralized on December 31, 2008 by \$3,253,928. According to RSMo 30.270.2, securities deposited shall be in an amount whose market value is at least one hundred percent of the aggregate amount on deposit with the particular financial institution less the amount, if any, which is insured by the Federal Deposit Insurance Corporation which amount was \$250,000 at December 31, 2008.

Recommendation: We recommend the County Treasurer review the monthly Statement of Holdings report of pledged collateral provided by the Federal Reserve Bank and monitor collateral holdings on a monthly basis in order to be aware when additional collateral coverage is needed.

County's Response: The County Treasurer has implemented a process with the financial institution to monitor collateral holdings on a monthly basis.

#### **OTHER MATTERS**

In planning and performing our audit of the financial statements of Nodaway County, Missouri (the County) as of and for the years ended December 31, 2008 and 2007, in accordance with generally accepted government auditing standards, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are summarized below. We previously reported on the County's internal control in our report dated May 29, 2009. (A separate report dated May 29, 2009, included herein, contains our report on significant deficiencies in the County's internal control). This document does not affect our report dated May 29, 2009.

#### **08-6. Long Term Debt**

Condition: The amount of long-term debt outstanding at December 31, 2008 was misstated on the 2009 budget. The County deducted total debt service payments during 2008 from the original loan amount, rather than subtracting only the principal portion of the payments. This resulted in an understatement of the County's outstanding debt at December 31, 2008 by \$138,009.

Recommendation: We recommend the County separate debt service payments into principal and interest portions on the budget in order to avoid misstatement of the outstanding obligation.

County's Response: Clerk will report principal and interest amounts on the county budget and financial report.

#### **08-7. Personnel Policy Manual**

Condition: The County Commissioner's Personnel Policy Manual contains hand written notes on proposed changes to certain policies. In one case, the typed text indicates that six weeks of vacation is the maximum amount that may be accrued, but the six has been crossed out and replaced with a five indicating that the County's policy actually allows for only five weeks of vacation. The Commission minutes indicate that the Commission has considered updating the manual to include some of the proposed changes; however, the Manual has not yet been formally updated.

Recommendation: We recommend that the County formally adopt an updated Personnel Policy Manual to eliminate any confusion that County employees and officials may have as to the actual policies governing County employees.

County's Response: The Commission will adopt an updated Personnel Policy Manual.



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

In accordance with Government Auditing Standards, this section reports the auditors' follow-up on action taken by Nodaway County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2006 and 2005.

1. Budgets were not prepared for some County funds and rather than publishing annual financial statements, the County published a summary of the current year's budget.

*Status – Partially Implemented; See Finding No. 4.*

Budgets were not prepared for all County funds (See Finding No. 4), although annual budgets were published in their entirety in both years 2007 and 2008.

2. Bids were not solicited or bid documentation was not retained for some expenditures; acknowledgement of receipt of goods or services is not required prior to paying invoices.

*Bids:*

*Status – Not Implemented; See Finding No. 3.*

*Receiving:*

*Status – Implemented*

3. Neither the County Commission nor the County Clerk provides an adequate review of the activities of the ex-officio Collector.

*Status – Implemented*

4. The County Clerk maintains centralized leave records for most county employees, but these records are not updated timely and did not agree with records maintained by some elected officials for their employees.

*Status – Implemented*

Leave balances are kept by County Clerk and reviewed at the end of the year by the employee and their department head.