



MARIES COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

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

Report No. 99-100  
October 25, 1999

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

October 1999

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

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

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This audit of Maries County was a financial and compliance audit of various county operating funds. The following concerns were noted as part of the audit:

- < As noted in our prior two reports, 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 Maries County voters.

While the rollback for 1997 was insufficient as compared to that year's sales tax collections, the rollback for 1998 was sufficient for that year and also resulted in some reduction in the balance of prior years' excess property tax revenue collections. Additional reductions will need to be made in future years to offset the balance of prior years' excess property tax revenue collections.

- < In November 1996, Maries County voters passed a one-half cent sales tax for the purpose of renovating the courthouse. The county entered into a contract for courthouse renovations at a cost of \$564,762. Ten amendments, or change orders, to the original contract, totaling approximately \$99,000, were apparently necessary for a variety of reasons including, bid specification inaccuracies and omissions, unanticipated problems, and additional work the county desired to have completed once the project was underway. Most of the change orders in the county's files were not signed by the county or the contractor and the work related to several change orders was completed before the change order was prepared and authorized. The county's overall documentation related to project change orders was not adequate.

While the County Commission agreed about the documentation, they indicated they did discuss and were aware of the work required by the change orders and they monitored the work throughout the course of the project.

The audit also includes some other matters upon which the county should consider and take appropriate corrective action.

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

YELLOW SHEET

MARIES COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



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

INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS

To the County Commission  
and  
Officeholders of Maries County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

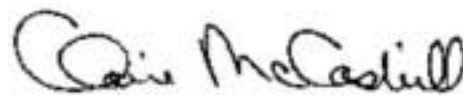
The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Maries County.

Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, requires disclosure of certain matters regarding the year 2000 issue. Maries County has included such disclosures in Note 3. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the county's disclosures with respect to the year 2000 issue made in Note 3. Further, we do not provide assurance that the county is or will become year 2000-compliant, that the county's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the county does business are or will become year 2000-compliant.



In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 20, 1999, 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.

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

Claire McCaskill  
State Auditor

May 20, 1999 (fieldwork completion date)



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

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

To the County Commission  
and  
Officeholders of Maries County, Missouri

We have audited the special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated May 20, 1999. That report expressed a qualified opinion on the special-purpose financial statements. Except as discussed in that report, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Maries County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as finding number 98-1. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

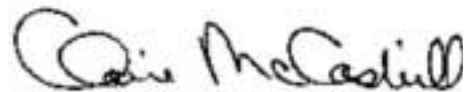
Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Maries County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions

of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 98-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weaknesses. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Maries County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

May 20, 1999 (fieldwork completion date)

## Financial Statements

Exhibit A-1

MARIES COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 60,684	864,070	856,415	68,339
Special Road and Bridge	15,770	1,831,118	1,779,631	67,257
Assessment	13,533	87,222	89,928	10,827
Law Enforcement Training	4,328	3,151	3,116	4,363
Prosecuting Attorney Training	365	491	492	364
Prosecuting Attorney Bad Check	12,046	5,609	17,608	47
Children's Trust	686	336	0	1,022
Law Enforcement	215	9	0	224
Maries County Law Enforcement	3,628	9,256	12,637	247
Recorder's Record Storage	17,971	5,481	159	23,293
911	70,617	62,878	76,904	56,591
Courthouse Renovation	66,766	591,473	657,385	854
Law Library	87	2,904	2,719	272
Family Court	2,107	43	0	2,150
Circuit Clerk Interest	3,454	309	37	3,726
Associate Circuit Division Interest	157	101	238	20
Total	\$ 272,414	3,464,451	3,497,269	239,596

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

Exhibit A-2

MARIES COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 1997

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 65,187	792,438	796,941	60,684
Special Road and Bridge	64,830	581,790	630,850	15,770
Assessment	3,274	96,280	86,021	13,533
Law Enforcement Training	2,971	3,765	2,408	4,328
Prosecuting Attorney Training	311	903	849	365
Prosecuting Attorney Bad Check	6,698	5,348	0	12,046
Children's Trust	390	296	0	686
Law Enforcement	206	9	0	215
Maries County Law Enforcement	15,978	8,552	20,902	3,628
Recorder's Record Storage	12,927	5,044	0	17,971
911	82,384	61,210	72,977	70,617
Courthouse Renovation	0	111,748	44,982	66,766
Law Library	950	3,086	3,949	87
Family Court	1,950	157	0	2,107
Circuit Clerk Interest	3,148	306	0	3,454
Associate Circuit Division Interest	1,592	271	1,706	157
Total	\$ 262,796	1,671,203	1,661,585	272,414

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

Exhibit B

MARIES COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 242,556	223,290	-19,266	244,000	215,087	-28,913
Sales taxes	349,200	352,786	3,586	292,386	344,185	51,799
Intergovernmental	22,474	33,095	10,621	49,895	28,393	-21,502
Charges for services	154,227	135,604	-18,623	155,771	129,335	-26,436
Interest	7,675	6,938	-737	10,500	6,039	-4,461
Other	9,265	42,179	32,914	20,650	69,399	48,749
Transfers in	25,000	70,178	45,178	6,161	0	-6,161
Total Receipts	810,397	864,070	#VALUE!	779,363	792,438	#VALUE!
<b>DISBURSEMENTS</b>						
County Commission	49,480	49,416	64	43,970	43,675	295
County Clerk	45,455	49,128	-3,673	42,335	44,096	-1,761
Elections	35,571	33,494	2,077	15,950	12,157	3,793
Buildings and grounds	38,828	38,310	518	37,300	38,709	-1,409
Employee fringe benefits	77,328	77,290	38	69,900	79,386	-9,486
County Treasurer	18,844	19,916	-1,072	18,780	16,952	1,828
County Collector	51,495	52,179	-684	49,914	48,057	1,857
<b>Circuit Clerk and Ex Officio</b>						
Recorder of Deeds	15,900	15,241	659	16,122	14,406	1,716
Associate Circuit and Probate Courts	6,800	6,445	355	8,225	8,288	-63
Court administration	6,768	2,780	3,988	6,418	3,844	2,574
Public Administrator	7,700	9,104	-1,404	5,050	7,827	-2,777
Sheriff	161,665	174,362	-12,697	155,634	165,815	-10,181
Jail	90,681	110,860	-20,179	93,513	93,793	-280
Prosecuting Attorney	46,615	46,855	-240	44,610	43,629	981
Juvenile Officer	24,075	28,434	-4,359	21,270	30,845	-9,575
County Coroner	10,460	11,118	-658	11,260	9,194	2,066
License Office	19,035	20,681	-1,646	24,406	22,092	2,314
Health and Welfare	9,650	9,201	449	9,950	8,714	1,236
Other	80,234	86,688	-6,454	103,310	82,686	20,624
Transfers out	14,913	14,913	0	22,776	22,776	0
Emergency Fund	23,870	0	23,870	22,215	0	22,215
Total Disbursements	835,367	856,415	-21,048	822,908	796,941	25,967
RECEIPTS OVER (UNDER) DISBURSEMENTS	-24,970	7,655	#VALUE!	-43,545	-4,503	#VALUE!
CASH, JANUARY 1	60,684	60,684	0	63,112	65,187	2,075
CASH, DECEMBER 31	\$ 35,714	68,339	#VALUE!	19,567	60,684	#VALUE!

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

Exhibit C

MARIES COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 136,712	125,201	-11,511	122,250	97,419	-24,831
Sales taxes	65,000	59,413	-5,587	64,450	61,613	-2,837
Intergovernmental	403,451	426,777	23,326	372,850	401,148	28,298
Charges for services	0	0	0	6,000	0	-6,000
Interest	2,700	4,215	1,515	3,300	2,927	-373
Other	4,500	14,962	10,462	18,600	11,976	-6,624
Equipment sales	0	606,550	606,550	0	6,707	6,707
Loan proceeds	0	594,000	594,000	0	0	0
Total Receipts	612,363	1,831,118	#VALUE!	587,450	581,790	#VALUE!
<b>DISBURSEMENTS</b>						
Salaries	200,000	189,707	10,293	192,000	193,004	-1,004
Employee fringe benefits	45,910	40,462	5,448	45,190	42,654	2,536
Supplies	72,905	89,251	-16,346	35,000	52,706	-17,706
Insurance	8,000	0	8,000	4,500	7,505	-3,005
Road and bridge materials	71,500	104,089	-32,589	45,000	73,057	-28,057
Equipment purchases	20,775	824,207	-803,432	174,668	45,919	128,749
Road and bridge construction	2,000	11,844	-9,844	2,000	15,830	-13,830
Other	97,320	69,810	27,510	133,795	85,196	48,599
Transfers out	5,975	5,975	0	6,161	0	6,161
Loan payments	100,921	444,286	-343,365	0	114,979	-114,979
Total Disbursements	625,306	1,779,631	#VALUE!	638,314	630,850	#VALUE!
RECEIPTS OVER (UNDER) DISBURSEMENTS	-12,943	51,487	#VALUE!	-50,864	-49,060	#VALUE!
CASH, JANUARY 1	15,770	15,770	0	64,830	64,830	0
CASH, DECEMBER 31	\$ 2,827	67,257	#VALUE!	13,966	15,770	#VALUE!

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



Exhibit D

MARIES COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 ASSESSMENT FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>							
Intergovernmental	\$	73,174	71,436	-1,738	68,148	72,787	4,639
Interest		365	693	328	500	365	-135
Other		400	180	-220	300	352	52
Transfers in		14,913	14,913	0	22,776	22,776	0
Total Receipts		88,852	87,222	-1,630	91,724	96,280	4,556
<b>DISBURSEMENTS</b>							
Assessor		97,641	89,928	7,713	91,724	86,021	5,703
Total Disbursements		97,641	89,928	7,713	91,724	86,021	5,703
RECEIPTS OVER (UNDER) DISBURSEMENTS		-8,789	-2,706	6,083	0	10,259	10,259
CASH, JANUARY 1		13,533	13,533	0	3,274	3,274	0
CASH, DECEMBER 31	\$	4,744	10,827	6,083	3,274	13,533	10,259

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

Exhibit E

MARIES COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW ENFORCEMENT TRAINING FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 500	1,052	552	0	813	813
Charges for services	1,500	1,922	422	1,250	2,096	846
Interest	100	177	77	100	142	42
Other	0	0	0	0	714	714
Total Receipts	2,100	3,151	1,051	1,350	3,765	2,415
DISBURSEMENTS						
Sheriff	3,750	3,116	634	2,630	2,408	222
Total Disbursements	3,750	3,116	634	2,630	2,408	222
RECEIPTS OVER (UNDER) DISBURSEMENTS	-1,650	35	1,685	-1,280	1,357	2,637
CASH, JANUARY 1	4,328	4,328	0	2,971	2,971	0
CASH, DECEMBER 31	\$ 2,678	4,363	1,685	1,691	4,328	2,637

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

Exhibit F

MARIES COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 PROSECUTING ATTORNEY TRAINING FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>							
Charges for services	\$	850	480	-370	950	890	-60
Interest		0	11	11	40	13	-27
Total Receipts		850	491	-359	990	903	-87
<b>DISBURSEMENTS</b>							
Prosecuting Attorney		850	492	358	1,260	849	411
Total Disbursements		850	492	358	1,260	849	411
RECEIPTS OVER (UNDER) DISBURSEMENTS		0	-1	-1	-270	54	324
CASH, JANUARY 1		365	365	0	311	311	0
CASH, DECEMBER 31	\$	365	364	-1	41	365	324

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

Exhibit G

MARIES COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	4,000	5,004	1,004	3,500	4,982	1,482
Interest	300	605	305	0	366	366
Total Receipts	4,300	5,609	1,309	3,500	5,348	1,848
DISBURSEMENTS						
Prosecuting Attorney	0	390	-390	3,500	0	3,500
Transfers out	9,000	17,218	-8,218	0	0	0
Total Disbursements	9,000	17,608	-8,608	3,500	0	3,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	-4,700	-11,999	-7,299	0	5,348	5,348
CASH, JANUARY 1	12,046	12,046	0	6,698	6,698	0
CASH, DECEMBER 31	\$ 7,346	47	-7,299	6,698	12,046	5,348

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

Exhibit H

MARIES COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 CHILDREN'S TRUST FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	250	300	50	260	275	15
Interest	0	36	36	102	21	-81
Transfers in	0	0	0	66	0	-66
Total Receipts	250	336	86	428	296	-132
DISBURSEMENTS						
Domestic violence shelter	500	0	500	0	0	0
Total Disbursements	500	0	500	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	-250	336	586	428	296	-132
CASH, JANUARY 1	686	686	0	390	390	0
CASH, DECEMBER 31	\$ 436	1,022	586	818	686	-132

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

Exhibit I

MARIES COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW ENFORCEMENT FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	0	9	9	10	9	-1
Total Receipts	0	9	9	10	9	-1
DISBURSEMENTS						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	9	9	10	9	-1
CASH, JANUARY 1	215	215	0	206	206	0
CASH, DECEMBER 31	\$ 215	224	9	216	215	-1

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

Exhibit J

MARIES COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 MARIES COUNTY LAW ENFORCEMENT FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	8,500	8,962	462	10,000	8,175	-1,825
Interest	100	294	194	500	377	-123
Total Receipts	8,600	9,256	656	10,500	8,552	-1,948
DISBURSEMENTS						
Equipment	8,000	12,566	-4,566	15,500	20,181	-4,681
Other	500	71	429	0	721	-721
Total Disbursements	8,500	12,637	-4,137	15,500	20,902	-5,402
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	-3,381	-3,481	-5,000	-12,350	-7,350
CASH, JANUARY 1	3,628	3,628	0	15,978	15,978	0
CASH, DECEMBER 31	\$ 3,728	247	-3,481	10,978	3,628	-7,350

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

Exhibit K

MARIES COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 RECORDER'S RECORD STORAGE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	4,000	4,616	616	5,310	4,408	-902
Interest	600	865	265	481	636	155
Total Receipts	4,600	5,481	881	5,791	5,044	-747
DISBURSEMENTS						
Ex Officio Recorder of Deeds	5,000	159	4,841	4,500	0	4,500
Total Disbursements	5,000	159	4,841	4,500	0	4,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	-400	5,322	5,722	1,291	5,044	3,753
CASH, JANUARY 1	17,971	17,971	0	12,927	12,927	0
CASH, DECEMBER 31	\$ 17,571	23,293	5,722	14,218	17,971	3,753

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



Exhibit L

MARIES COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 911 FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	61,000	59,639	-1,361	45,935	57,949	12,014
Interest	0	3,239	3,239	0	3,261	3,261
Total Receipts	61,000	62,878	1,878	45,935	61,210	15,275
DISBURSEMENTS						
Salaries	6,000	14,338	-8,338	27,968	5,046	22,922
Equipment	50,000	22,979	27,021	80,855	67,250	13,605
Mileage and training	400	229	171	0	387	-387
Other	0	5,572	-5,572	15,270	294	14,976
Transfers out	0	33,786	-33,786	0	0	0
Total Disbursements	56,400	76,904	-20,504	124,093	72,977	51,116
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,600	-14,026	-18,626	-78,158	-11,767	66,391
CASH, JANUARY 1	70,617	70,617	0	82,384	82,384	0
CASH, DECEMBER 31	\$ 75,217	56,591	-18,626	4,226	70,617	66,391

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

Notes to the Financial Statements

MARIES COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Maries County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

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

C. Budgets and Budgetary Practices

The County Commission is responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1998, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	1998 and 1997
Family Court Fund	1998 and 1997
Circuit Clerk Interest Fund	1998 and 1997
Associate Circuit Division Interest Fund	1998 and 1997

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

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	1998
Special Road and Bridge Fund	1998
Prosecuting Attorney Bad Check Fund	1998
Maries County Law Enforcement Fund	1998 and 1997
911 Fund	1998
Courthouse Renovation Fund	1998

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Family Court Fund	1998 and 1997
Circuit Clerk Interest Fund	1998 and 1997
Associate Circuit Division Interest Fund	1998 and 1997
Law Library Fund	1998

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1998, effective August 28, 1997, requires political subdivisions with existing authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

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

The county's deposits at December 31, 1998 and 1997, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

3. Property Tax

Through December 31, 1998, Maries County had collected \$67,295 in excess property taxes. Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Maries County voters enacted 1/2 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 taxes received.

4. Year 2000 Compliance

The Maries County Commission has reviewed its various computer systems and determined the systems are Year 2000 compliant.

Schedule

MARIES COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 1998 AND 1997

This schedule includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**98-1. Property Tax Reduction Due to 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 Maries County voters under the provisions of Section 67.505, RSMo 1994.

Following are the calculations used in determining excess property tax revenues collected for the two years ended December 31, 1998:

	Tax Year Ended December 31,	
	1998	1997
Actual sales tax revenue	\$ 202,009	185,528
Required percentage of reduction	X 50 %	50 %
Required property tax revenue reduction	101,005	92,764
Assessed valuation	69,947,720	68,276,269
General Revenue Fund tax levy reduction (per \$100 assessed valuation)	X 0.15	0.13
Actual property tax revenue reduction	104,922	88,759
Excess property tax revenues collected	(3,917)	4,005
Excess property tax revenues collected for prior years	71,212	67,207
Excess through December 31,	\$ 67,295	71,212

While the rollback for 1997 was insufficient as compared to that year's sales tax collections, the rollback for 1998 was sufficient for that year and also resulted in some reduction in the balance of prior years' excess property tax revenue collections. Additional reductions will need to be made in future years to offset the balance of prior years' excess property tax revenue collections. Based on estimated assessed valuation and estimated sales tax revenue as reflected on the 1999 budget, and to account for prior years' excess property tax revenues collected, the County Commission should reduce the General Revenue Fund tax levy in 1999 by 24 cents.

This condition was noted in our prior two reports.

**WE RECOMMEND** the County Commission continue to reduce the property tax levy adequately to meet the sales tax reduction requirements and ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

**AUDITEE'S RESPONSE**

*We intend to reduce the property tax levy gradually over several years to offset the excess accumulated from prior years. In our opinion we believe we can utilize an erroneous rollback of the road and bridge tax levy in 1996, which reduced road and bridge property taxes collected by approximately \$30,000, to offset a portion of the accumulated excess. In addition, based on calculations made when setting the 1999 General Revenue Fund levy it appears this excess may be reduced by approximately \$3,000. This would result in an excess property tax collection of approximately \$34,000 as of December 31, 1999.*

**98-2.**

**Courthouse Renovation Project**

In November 1996, Maries County voters passed a one-half cent sales tax for the purpose of renovating the courthouse. Renovations involved installation of an elevator and other courthouse improvements. The county contracted with a consulting engineer to design the project and help oversee the construction. In October 1997, the county entered into a contract for courthouse renovations at a cost of \$564,762. Ten amendments, or change orders, to the original contract totaling approximately \$99,000 were apparently necessary for a variety of reasons including, bid specification inaccuracies and omissions, unanticipated problems, and additional work the County Commission desired to have completed once the project was underway. As of May 1999, payments made to the contractor totaled approximately \$617,000.

Our review of the overall project and, in particular, the numerous change orders revealed some concerns with regard to the county's planning and monitoring process, and record keeping procedures.

Most of the change orders in the county's files were not signed by the county or the contractor and the work related to several change orders was completed before the change order was prepared and authorized. The costs related to these change orders totaled \$49,409. The project engineer and a county commissioner indicated that because of the nature of the work related to some of the change orders it was necessary to proceed without delay. They also indicated the work was closely monitored and that verbal authorization was given to the contractor to proceed. To ensure a complete understanding of the work and cost of any materials and labor required by change orders and reduce the potential for subsequent misunderstandings, change order documents should be prepared prior to initiation of the related work and be signed by both the contractor and the county.

Two change orders were necessary due to errors or omissions in the original work specifications. In one case, the installation of boiler pumps and accessories was omitted



from the specifications. As a result, all of the original project bids omitted these items. A change order for \$32,588 was necessary to correct the oversight. In another case, an air-conditioning unit was found to be undersized after the unit had been purchased. The unit, which cost approximately \$2,000, was incorrectly required in the original work specifications. A change order was needed to cover the cost and installation of a larger unit. The county has no current plans for the undersized unit. The county should ensure the work specifications provided to prospective bidders are accurate to provide for complete bids and reduce the possibility of unanticipated costs and inappropriate construction.

The county's overall documentation related to the project change orders was not adequate. Documentation regarding one change order for \$12,584 was not on file at the county and had to be obtained from the engineer. Complete documentation regarding the reasons for change orders, change order copies themselves, and any other relevant information should be retained by the county in order to minimize possible misunderstandings and provide adequate support for the related expenditures.

To ensure that adequate resources are available to fund major projects of this type, it is important that the initial project plans be comprehensive and accurate. If change orders are necessary, it is important that they be approved prior to the initiation of the related work to ensure the changes are cost efficient.

**WE RECOMMEND** the County Commission ensure work specifications are complete and accurate and ensure change orders are prepared, signed and approved by both parties prior to the initiation of the related work.

### **AUDITEE'S RESPONSE**

*While some of the change orders were not signed by all parties involved, we were aware of the work required by the change orders and monitored the work along with our engineer throughout the course of the project. Detailed discussions were held regarding each change order. Should similar projects be undertaken again in the future, we will be more careful to ensure work specifications are complete and accurate and documentation is adequate and retained.*

## Follow-Up on Prior Audit Findings

MARIES 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 Maries County, Missouri, on a certain finding in our prior audit report issued for the two years ended December 31, 1996. The finding is the one that *Government Auditing Standards* requires to be reported for an audit of financial statements.

4. Property Tax Reduction Due to Sales Tax

The property tax rollback was insufficient for current years' sales tax collections and additional reductions were necessary in future years to offset the balance of prior years' excess property tax revenue collections. The 1997 General Revenue tax levy reflected a 2-cent voluntary reduction; however, the county's intentions with regard to this voluntary reduction were unclear.

Recommendation:

The County Commission ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years. In addition, the County Commission needs to better document decisions regarding tax levy reductions, tax levies set, and their intentions with regard to voluntary levy reductions.

Status:

Partially implemented. In 1998 the County Commission reduced the property tax levy sufficiently and made some progress toward reducing the accumulated excess property tax collections from prior years. While the County Commission has not formally documented its intentions with regard to the 1997 voluntary reduction, this two-cent reduction was utilized by the county when evaluating the results of the 1997 rollback based on actual data. A significant accumulation of excess property tax revenues continues to exist. See finding number 98-1.

SECTION ON OTHER MATTERS

MARIES COUNTY, MISSOURI  
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Maries County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated May 20, 1999. That report expressed a qualified opinion on the special-purpose financial statements.

We did not review the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be reviewed and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings. These matters resulted from our audit of the special-purpose financial statements of Maries County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Budgetary and Financial Reporting Procedures

Actual expenditures exceeded approved budgeted amounts for several funds. While it appears the County Clerk and County Commission were aware of excess expenditures for some funds, they need to improve their overall monitoring procedures and documentation of budget amendments. Better anticipation and planning during the budget preparation process would help prevent some of these problems.

Budgets were not prepared for some county funds and the annual published financial statements did not include the financial activity of some county funds.

2. County Expenditures

The county does not always adequately document all efforts to obtain bids and does not always maintain documentation to support its decisions to not solicit bids for those purchases where it is considered impractical (ie, sole source ).

The County Commission approves some payments to vendors without requiring approval from the applicable county official or the acknowledgment of receipt of goods or services. In addition, invoices supporting payments and attached to the claim are not always marked paid.

3. Fund Transfers

The County Commission did not maintain documentation to support the amount of an inter-fund reimbursement. In 1998 the county transferred \$32,498 from the 911 Fund to the General

Revenue Fund for reimbursement of dispatching salaries related to 911. The County Commission indicated the amount transferred was derived by estimating the percentage of time dispatchers spend on 911 duties and applying that percentage to total dispatcher salaries, but had no documentation to support the determined percentage and calculation of the amount transferred.

4. Salaries

Effective January 1999, the County Commission increased salaries for elected officials by 2 ½ percent for a cost of living allowance (COLA). At its 1997 meetings the Salary Commission approved an increase in elected officials' salaries by ten percent of the difference between the current salaries and the statutory maximum, effective for terms of office beginning in 1999. There was not adequate information in the Salary Commission minutes or written legal opinions from the county Prosecuting Attorney to support these increases and the method used to calculate them.

This Letter on Other Matters is intended for the information of the management of Maries County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.