



SCOTLAND COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

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

Report No. 99-70
September 1, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

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

This audit of Scotland County was a financial and compliance audit of various county operating funds. The audit includes some matters upon which the county should consider and take appropriate corrective action.

Copies of the are available upon request.

YELLOW SHEET

SCOTLAND COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Scotland County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Scotland 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.

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.

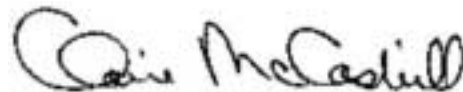
The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Scotland County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county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

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Scotland 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.

Scotland County, Missouri, has not presented the disclosures required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, that the GASB has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, 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 accordance with *Government Auditing Standards*, we also have issued our report dated April 29, 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.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

April 29, 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 Scotland County, Missouri

We have audited the special-purpose financial statements of various funds of Scotland County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated April 29, 1999. 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

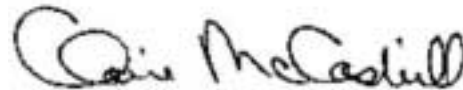
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Scotland County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which 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 Scotland County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

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

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 29, 1999 (fieldwork completion date)

Financial Statements

Exhibit A-1

SCOTLAND 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	\$ 194,155	642,133	609,494	226,794
Special Road and Bridge	341,750	951,208	1,037,705	255,253
Assessment	1,943	58,539	57,817	2,665
Law Enforcement Training	1,308	1,394	953	1,749
Prosecuting Attorney Training	1,199	210	271	1,138
Recorder's User Fees	1,693	2,116	1,809	2,000
Local Emergency Planning Commission- Community Development Block Grant- Federal Emergency Management Agency	0	73,232	69,933	3,299
Off System	44,189	374,575	378,118	40,646
K-9	83	0	83	0
Children's Trust	135	240	275	100
Joint Dispatcher	0	15,000	11,928	3,072
Health Center	146,062	309,853	321,571	134,344
Circuit Clerk Interest	1,694	657	305	2,046
Associate Division Interest	806	158	0	964
Law Library	5,116	1,354	754	5,716
Cemetery Trusts	11,620	11,754	20,767	2,607
D.A.R.E.	304	1,130	400	1,034
Cash Crop	4	0	0	4
Total	\$ 752,061	2,443,553	2,512,183	683,431

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

SCOTLAND 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	\$ 161,764	591,979	559,588	194,155
Special Road and Bridge	281,919	925,464	865,633	341,750
Assessment	4,754	57,977	60,788	1,943
Law Enforcement Training	159	1,172	23	1,308
Prosecuting Attorney Training	1,062	297	160	1,199
Recorder's User Fees	1,629	1,878	1,814	1,693
Local Emergency Planning Commission- Community Development Block Grant- Federal Emergency Management Agency	0	1,600	1,600	0
Off System	44,775	13,841	14,427	44,189
K-9	83	0	0	83
Children's Trust	105	255	225	135
Joint Dispatcher	3,927	15,120	19,047	0
Health Center	139,048	326,613	319,599	146,062
Circuit Clerk Interest	1,211	483	0	1,694
Associate Division Interest	569	237	0	806
Law Library	7,093	1,158	3,135	5,116
Cemetery Trusts	10,570	12,415	11,365	11,620
D.A.R.E.	0	304	0	304
Cash Crop	0	4	0	4
Total	\$ 658,668	1,950,797	1,857,404	752,061

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

Exhibit B

SCOTLAND 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)
RECEIPTS						
Property taxes	\$ 189,293	202,602	13,309	198,659	195,243	-3,416
Sales taxes	220,000	205,876	-14,124	206,000	214,894	8,894
Intergovernmental	111,300	121,920	10,620	45,095	75,162	30,067
Charges for services	70,650	74,855	4,205	64,900	72,817	7,917
Interest	18,000	21,083	3,083	15,000	18,384	3,384
Other	8,857	15,762	6,905	19,305	15,479	-3,826
Transfers in	0	35	35	0	0	0
Total Receipts	618,100	642,133	#VALUE!	548,959	591,979	#VALUE!
DISBURSEMENTS						
County Commission	36,126	35,966	160	35,363	34,925	438
County Clerk	45,581	43,884	1,697	39,564	39,884	-320
Elections	15,000	9,776	5,224	1,000	194	806
Buildings and grounds	77,854	65,097	12,757	71,400	62,855	8,545
Employee fringe benefits	34,000	32,180	1,820	31,000	31,750	-750
County Treasurer	14,266	14,246	20	14,410	13,817	593
County Collector	43,642	44,251	-609	41,845	40,961	884
Ex Officio Recorder of Deeds	12,258	5,347	6,911	14,062	11,471	2,591
Associate Circuit Court	6,500	3,170	3,330	4,000	5,942	-1,942
Court administration	3,916	3,712	204	4,517	3,787	730
Public Administrator	8,420	5,626	2,794	4,650	7,993	-3,343
Sheriff	206,802	206,062	740	195,751	178,162	17,589
Prosecuting Attorney	47,482	47,982	-500	45,726	46,434	-708
Juvenile Officer	41,040	50,540	-9,500	30,844	37,157	-6,313
County Coroner	5,972	3,242	2,730	5,530	2,055	3,475
Public Health and Welfare Services	3,390	949	2,441	491	444	47
Other	42,150	37,464	4,686	37,405	41,637	-4,232
Transfers out	0	0	0	6,823	120	6,703
Emergency Fund	10,000	0	10,000	8,000	0	8,000
Total Disbursements	654,399	609,494	44,905	592,381	559,588	32,793
RECEIPTS OVER (UNDER) DISBURSEMENTS	-36,299	32,639	#VALUE!	-43,422	32,391	#VALUE!
CASH, JANUARY 1	194,155	194,155	0	161,764	161,764	0
CASH, DECEMBER 31	\$ 157,856	226,794	#VALUE!	118,342	194,155	#VALUE!

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

Exhibit C

SCOTLAND 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)
RECEIPTS						
Property taxes	\$ 251,407	268,942	17,535	253,377	258,110	4,733
Sales taxes	146,000	137,246	-8,754	135,000	143,267	8,267
Intergovernmental	459,000	452,697	-6,303	393,000	433,081	40,081
Interest	25,000	26,123	1,123	20,000	27,169	7,169
Other	51,000	66,200	15,200	33,000	62,237	29,237
Transfers in	0	0	0	0	1,600	1,600
Total Receipts	932,407	951,208	18,801	834,377	925,464	91,087
DISBURSEMENTS						
Salaries	220,000	228,986	-8,986	210,000	212,057	-2,057
Employee fringe benefits	43,000	39,591	3,409	36,100	41,653	-5,553
Supplies	85,000	67,196	17,804	85,000	69,817	15,183
Insurance	17,000	16,770	230	21,000	15,876	5,124
Road and bridge materials	315,000	428,442	-113,442	215,000	346,559	-131,559
Equipment repairs	70,000	61,797	8,203	60,000	72,328	-12,328
Rentals	10,000	3,038	6,962	7,000	11,045	-4,045
Equipment purchases	140,000	134,992	5,008	55,000	43,926	11,074
Construction, repair, and maintenance	165,000	56,560	108,440	215,000	52,184	162,816
Other	1,000	333	667	1,500	188	1,312
Transfers out	0	0	0	10,000	0	10,000
Total Disbursements	1,066,000	1,037,705	28,295	915,600	865,633	49,967
RECEIPTS OVER (UNDER) DISBURSEMENTS	-133,593	-86,497	47,096	-81,223	59,831	141,054
CASH, JANUARY 1	341,750	341,750	0	281,919	281,919	0
CASH, DECEMBER 31	\$ 208,157	255,253	47,096	200,696	341,750	141,054

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

Exhibit D

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

		Year Ended December 31,					
		1998			1997		
			Variance			Variance	
			Favorable			Favorable	
		Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
RECEIPTS							
Intergovernmental	\$	58,880	56,906	-1,974	58,357	56,490	-1,867
Interest		700	872	172	600	726	126
Other		550	761	211	150	761	611
Transfers in		800	0	-800	6,823	0	-6,823
Total Receipts		60,930	58,539	-2,391	65,930	57,977	-7,953
DISBURSEMENTS							
Assessor		62,792	57,817	4,975	65,877	60,788	5,089
Total Disbursements		62,792	57,817	4,975	65,877	60,788	5,089
RECEIPTS OVER (UNDER) DISBURSEMENTS		-1,862	722	2,584	53	-2,811	-2,864
CASH, JANUARY 1		1,943	1,943	0	4,754	4,754	0
CASH, DECEMBER 31		\$ 81	2,665	2,584	4,807	1,943	-2,864

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

Exhibit E

SCOTLAND 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						
Charges for services	\$ 1,200	1,394	194	2,800	1,172	-1,628
Total Receipts	1,200	1,394	194	2,800	1,172	-1,628
DISBURSEMENTS						
Sheriff	2,508	953	1,555	2,959	23	2,936
Total Disbursements	2,508	953	1,555	2,959	23	2,936
RECEIPTS OVER (UNDER) DISBURSEMENTS	-1,308	441	1,749	-159	1,149	1,308
CASH, JANUARY 1	1,308	1,308	0	159	159	0
CASH, DECEMBER 31	\$ 0	1,749	1,749	0	1,308	1,308

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

Exhibit F

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

		Year Ended December 31,					
		1998			1997		
				Variance Favorable (Unfavorable)			Variance Favorable (Unfavorable)
		Budget	Actual		Budget	Actual	
RECEIPTS							
Charges for services	\$	300	210	-90	480	297	-183
Total Receipts		300	210	-90	480	297	-183
DISBURSEMENTS							
Prosecuting Attorney		1,499	271	1,228	1,542	160	1,382
Total Disbursements		1,499	271	1,228	1,542	160	1,382
RECEIPTS OVER (UNDER) DISBURSEMENTS		-1,199	-61	1,138	-1,062	137	1,199
CASH, JANUARY 1		1,199	1,199	0	1,062	1,062	0
CASH, DECEMBER 31	\$	0	1,138	1,138	0	1,199	1,199

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

Exhibit G

SCOTLAND COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
RECORDER'S USER FEES FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	1,900	2,116	216	2,100	1,878	-222
Total Receipts		1,900	2,116	216	2,100	1,878	-222
DISBURSEMENTS							
Recorder of Deeds		3,594	1,809	1,785	3,729	1,814	1,915
Total Disbursements		3,594	1,809	1,785	3,729	1,814	1,915
RECEIPTS OVER (UNDER) DISBURSEMENTS		-1,694	307	2,001	-1,629	64	1,693
CASH, JANUARY 1		1,694	1,693	-1	1,629	1,629	0
CASH, DECEMBER 31	\$	0	2,000	2,000	0	1,693	1,693

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

Exhibit H

SCOTLAND COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL

LOCAL EMERGENCY PLANNING COMMISSION-COMMUNITY DEVELOPMENT BLOCK GRANT-FEDERAL EMERGENCY MANAGEMENT

AGENCY FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Intergovernmental	\$	220,967	73,232	-147,735	3,000	1,600	-1,400
Total Receipts		220,967	73,232	-147,735	3,000	1,600	-1,400
DISBURSEMENTS							
Other		220,967	69,933	151,034	3,000	0	3,000
Transfer Out		0	0	0	0	1,600	-1,600
Total Disbursements		220,967	69,933	151,034	3,000	1,600	1,400
RECEIPTS OVER (UNDER) DISBURSEMENTS		0	3,299	3,299	0	0	0
CASH, JANUARY 1		0	0	0	0	0	0
CASH, DECEMBER 31	\$	0	3,299	3,299	0	0	0

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

Exhibit I

SCOTLAND COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
OFF SYSTEM FUND

Year Ended December 31,						
1998			1997			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 425,234	371,996	-53,238	551,979	11,359	-540,620
Interest	2,000	2,579	579	0	2,482	2,482
Transfers in	0	0	0	10,000	0	-10,000
Total Receipts	427,234	374,575	-52,659	561,979	13,841	-548,138
DISBURSEMENTS						
Construction & Engineering fee	425,234	378,118	47,116	601,224	14,427	586,797
Other	0	0	0	0	0	0
Total Disbursements	425,234	378,118	47,116	601,224	14,427	586,797
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,000	-3,543	-5,543	-39,245	-586	38,659
CASH, JANUARY 1	44,189	44,189	0	44,775	44,775	0
CASH, DECEMBER 31	\$ 46,189	40,646	-5,543	5,530	44,189	38,659

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

Exhibit J

SCOTLAND COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
K-9 FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Other	\$	0	0	0	100	0	-100
Total Receipts		0	0	0	100	0	-100
DISBURSEMENTS							
Supplies		83	48	35	183	0	183
Transfer out		0	35	-35	0	0	0
Total Disbursements		83	83	0	183	0	183
RECEIPTS OVER (UNDER) DISBURSEMENTS		-83	-83	0	-83	0	83
CASH, JANUARY 1		83	83	0	83	83	0
CASH, DECEMBER 31	\$	0	0	0	0	83	83

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

Exhibit K

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

		Year Ended December 31,					
		1998			1997		
				Variance Favorable			Variance Favorable
		Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
RECEIPTS							
Charges for services	\$	200	240	40	250	255	5
Total Receipts		200	240	40	250	255	5
DISBURSEMENTS							
Other		335	275	60	355	225	130
Total Disbursements		335	275	60	355	225	130
RECEIPTS OVER (UNDER) DISBURSEMENTS		-135	-35	100	-105	30	135
CASH, JANUARY 1		135	135	0	105	105	0
CASH, DECEMBER 31		\$ 0	100	100	0	135	135

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

Exhibit L

SCOTLAND COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
JOINT DISPATCHER FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 15,000	15,000	0	15,000	15,000	0
Transfers in	0	0	0	0	120	120
Total Receipts	15,000	15,000	0	15,000	15,120	120
DISBURSEMENTS						
Other	15,000	11,928	3,072	18,927	19,047	-120
Total Disbursements	15,000	11,928	3,072	18,927	19,047	-120
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	3,072	3,072	-3,927	-3,927	0
CASH, JANUARY 1	0	0	0	3,927	3,927	0
CASH, DECEMBER 31	\$ 0	3,072	3,072	0	0	0

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

Exhibit M

SCOTLAND COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
HEALTH CENTER FUND

Year Ended December 31,						
1998			1997			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 61,000	63,980	2,980	55,000	58,769	3,769
Intergovernmental	244,681	213,252	-31,429	238,249	238,998	749
Charges for services	5,500	4,492	-1,008	5,500	3,744	-1,756
Interest	11,000	10,038	-962	10,000	10,103	103
Other	20,090	18,091	-1,999	14,140	14,999	859
Total Receipts	342,271	309,853	-32,418	322,889	326,613	3,724
DISBURSEMENTS						
Salaries	230,933	211,044	19,889	222,675	214,897	7,778
Office expenditures	21,850	21,194	656	22,563	19,318	3,245
Equipment	8,800	4,831	3,969	2,250	2,350	-100
Mileage and training	16,000	15,040	960	17,000	14,786	2,214
Other	64,505	69,462	-4,957	57,020	68,248	-11,228
Total Disbursements	342,088	321,571	20,517	321,508	319,599	1,909
RECEIPTS OVER (UNDER) DISBURSEMENTS	183	-11,718	-11,901	1,381	7,014	5,633
CASH, JANUARY 1	0	146,062	146,062	137,169	139,048	1,879
CASH, DECEMBER 31	\$ 183	134,344	134,161	138,550	146,062	7,512

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

Notes to the Financial Statements

SCOTLAND 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 Scotland County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Scotland County Health Center Board of Trustees. 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 and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 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>
Circuit Clerk Interest Fund	1998 and 1997
Associate Division Interest Fund	1998 and 1997
Law Library Fund	1998 and 1997
Cemetery Trust Fund	1998 and 1997
D.A.R.E. Fund	1998 and 1997
Cash Crop Fund	1998 and 1997

Warrants issued were in excess of budgeted amounts for the Assessment Fund and Joint Dispatcher Fund in 1997. 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>
Local Emergency Planning Commission - Community Development Block Grant - Federal Emergency Management Agency Fund	1998 and 1997
K-9 Fund	1998 and 1997
Health Center Fund	1998 and 1997
Circuit Clerk Interest Fund	1998 and 1997
Associate Division Interest Fund	1998 and 1997
Law Library Fund	1998 and 1997
D.A.R.E. Fund	1998 and 1997
Cash Crop Fund	1998 and 1997

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 depositary 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.

Deposits

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.

The Health Center Board of Trustee's deposits at December 31, 1998 and 1997 were entirely covered by federal depository insurance or by collateral securities held by the health center's custodial bank in the health center's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed at those times although not at year-end for the county and the health center.

To protect the safety of county deposits, Section 110.020, RSMo 1994, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

3. Use Tax Liability

The local use tax under Section 144.748, RSMo 1994, was struck down in its entirety by the Missouri Supreme Court in *Associated Industries of Missouri v. Director of Revenue*, 918 S.W.2d 780 (Mo. banc 1996). In *St. Charles County v. Director of Revenue*, 961 S.W.2d 44 (Mo. banc 1998), the Missouri Supreme Court ruled that local use taxes paid prior to the repeal of Section 144.748, RSMo 1994, must be refunded to taxpayers and authorized the Department of Revenue (DOR) to withhold amounts otherwise due to political subdivisions to the extent such withholding is necessary to cover the refund expense. On March 24, 1998, the Cole County Circuit Court entered final judgment in accordance with the Supreme Court's opinion and ordered the DOR to process refund claims filed.

The county has received \$74,174 in local use tax since its inception. The DOR has estimated the county's share of the total refund liability to be \$39,223. As of December 31, 1998, \$14,672 remains to be paid.

Supplementary Schedule

Schedule

SCOTLAND 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,	
			1998	1997
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed through state:			
	Department of Health - Special			
	Supplemental Nutrition Program for			
10.557	Women, Infants, and Children	ER0045-9200	11,745	12,821
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through state:			
	Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	97-PF-25	63,933	1,600
	U.S. DEPARTMENT OF JUSTICE			
	Direct programs:			
	Public Safety Partnership and			
16.710	Community Policing ("Cops") Grants	96-NCD4-0078	12,462	17,343
	Passed through:			
	State Department of Public Safety -			
16.579	Byrne Formula Grant Program	96-NCD1-0022	0	6,964
16.unknown	Cannabis Eradication/Suppression Program	N/A	995	4,449
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state Highway and			
	Transportation Commission - Off-System			
20.205	Bridge Replacement and Rehabilitation Program	BRO-099(11)	378,118	14,427
	GENERAL SERVICES ADMINISTRATION			
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	958	497
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state:			
	Department of Health - Childhood Lead Poisoning			
93.197	Prevention	ERO146-9200CLPP	126	0
93.268	Department of Health - Immunization Grants	PG0064-9200IAP	4,345	1,870
	Department of Social Services - Child Support			
93.563	Enforcement	ERO103	38	0
	Department of Health -			
93.575	Child Care and Development Block Grant			
	Cooperative Agreements for State-Based			
	Child Care Health and Safety Consultation	ERO146-9200	250	0
	Local Sanitation Inspections for Child Care			
	Facilities	PG0067-8200	400	170
	Maternal and Child Health Services			
93.994	Block Grant to the States	ERO146-9200MCH	12,139	12,251
	Total Expenditures of Federal Awards		\$ 485,509	72,392

N/A - Not applicable

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

Notes to the Supplementary Schedule

SCOTLAND COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Scotland County, Missouri, except for the programs accounted for in the Public Housing Agency Fund. Federal awards for that fund are being audited and separately reported on by other independent auditors for its years ended December 31, 1998 and 1997.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

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

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 1998 and 1997.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Scotland County, Missouri

Compliance

We have audited the compliance of Scotland 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 its major federal program for the years ended December 31, 1998 and 1997. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

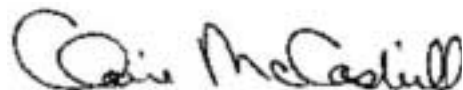
In our opinion, Scotland County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 1998 and 1997.

Internal Control Over Compliance

The management of Scotland County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

April 29, 1999 (fieldwork completion date)

Schedule

SCOTLAND COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 1998 AND 1997

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

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

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major program:

Material weakness identified? yes x no

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

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

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

Identification of major program:

CFDA or Other Identifying Number	Program Title
20.205	Off-System Bridge Replacement and Rehabilitation Program

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

Auditee qualified as a low-risk auditee? ☐ yes ☒ no

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

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

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

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

Our prior audit report issued for the three years ended December 31, 1996, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

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

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

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

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

2. Former Sheriff's Missing Records and Property

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Missouri Sheriff's Association
Federal CFDA Number:	16.unknown
Program Title:	Domestic Cannabis Eradication/Suppression Program
Pass-Through Entity	
Identifying Number:	N/A
Award Year:	1996, 1995, and 1994
Questioned Costs:	\$10,395

- A. Approximately \$550 in federal funds provided could not be accounted for because of incomplete or missing records.
- B.1. Invoices and other documentation for expenditures totaling approximately \$7,090, were not retained by the Sheriff's Department.
 - 2. Because some invoices could not be located, it was not determinable whether some of the equipment items were purchased or rented. At least \$2,755 in supplies and equipment purchased for the Sheriff's Department could not be located, or accounted for.
- C. In addition to operating the local Domestic Cannabis Eradication/Suppression Program, the former Sheriff's office instead of the County Treasurer performed the duties of receiving, disbursing, and accounting for the grant monies.

Recommendation:

The County Commission resolve the questioned costs with the grantor agency. In addition, the commission should:

A&

B.2. Consult with the Prosecuting Attorney and the current Sheriff to determine the county's options in relation to any possible investigation of the unaccounted for cash and equipment.

B.1. Provide any needed support to the current Sheriff to ensure complete documentation is provided and maintained for all future transactions related to the program.

C. Work with the current Sheriff to ensure that all future program monies received by the county are deposited with the County Treasurer, and all related expenditures are processed through the county's regular disbursement operation.

Status:

We have not resolved all questioned costs with the grantor agency and are continuing to attempt to contact the appropriate grantor authorities.

A-C. Implemented. A special prosecutor was appointed to work with the Missouri State Highway Patrol to investigate the missing equipment. During October 1998, several equipment items and \$1,222 were obtained from the former sheriff.

SECTION ON OTHER MATTERS

SCOTLAND COUNTY, MISSOURI LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Scotland County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated April 29, 1999. We also have audited the compliance of Scotland 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 its major federal program for the years ended December 31, 1998 and 1997, and have issued our report thereon dated April 29, 1999.

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 Scotland 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. County Expenditures

We noted five instances of items purchased by the county totaling over \$26,700 where bids were not solicited or advertised by the county or bid documentation was not retained. Examples included a used truck, a truck bed, and liability insurance.

2. Capital Improvement and Law Enforcement Sales Tax

The county did not deposit revenues from the capital improvement sales tax or the law enforcement sales tax into separate funds to properly account for the use of these monies.

3. Property Tax System Control Weaknesses

The County Clerk did not prepare the current or back tax books for real estate and personal property taxes or verify the tax book totals, and did not maintain an account book with the County Collector to help verify the accuracy of the Collector's annual settlements. The County Collector made changes to the property tax records for additions and abatements occurring throughout the year but there was no independent or subsequent review of the actual changes made to the property tax records or to amounts reflected on the Collector's annual settlement to ensure they were correct.

4. Computer Controls

Backup disks of information for the county's computer systems, which are kept to provide a means of recreating destroyed master disks, were not stored at an off-site location.

5. Personnel Policies and Procedures

Centralized leave records were not maintained for county employees. The county does not have a detailed written personnel policies and procedures manual to address issues such as how compensatory time or overtime is earned, the personal use of county equipment, or whether employees are to be compensated for unused leave upon termination.

6. Potential Conflict of Interest

One County Commissioner works as a part-time dispatcher for the Sheriff's department in addition to serving as County Commissioner. This situation may present a conflict of interest under state law.

7. Documentation of Reimbursable Expenses

The county made monthly payments of \$340 and \$150 to the Prosecuting Attorney and the Circuit Court Judge, respectively, as an allowance for their office expenses. Insufficient supporting documentation was maintained to support the amounts paid.

8. Prisoner Board Billings

The county had no formal follow-up procedures for collecting unpaid board bills. As a result, several board bills were left unpaid causing lost revenue for the county. In addition the county failed to obtain written agreements for boarding prisoners from various other political subdivisions.

9. General Fixed Asset Procedures and Controls

The County Clerk did not maintain adequate records of general fixed assets. The listing of fixed assets has not been updated since 1993, periodic inventory counts are not conducted, and fixed assets are not numbered, tagged, or otherwise identified. Four fixed assets with a combined total purchase cost of \$158,372 were noted as not being added to the fixed asset listing.

10. Published Financial Statements

The published financial statements of the county did not include the financial activity of various county funds, including the health center, as required by state law.

11. Health Center Controls and Procedures

After April 1998, the Health Center did not perform or document bank reconciliations for their bank accounts.

The amount of collateral securities pledged by the health center's depository banks at January 13, 1999 and January 29, 1998, was insufficient by approximately \$10,500 and \$29,800 respectively, to cover deposits of the health center.

Health Center expenditures did not always indicate receipt of goods or services, and paid invoices were not always marked as paid or canceled to prevent duplicate payment.

The Health Center operated a Car Seat Program and a Loan Equipment Program during the audit period. The Health Center's budget document did not reflect the financial transactions of these programs.

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