



LINN COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1999

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

Report No. 2000-104
September 26, 2000
www.auditor.state.mo.us

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2000

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Linn, 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 Linn County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Linn County has no county jail. Therefore, the Sheriff's Department must board its prisoners in surrounding jails. In February 1999, Linn County entered into a contract with Livingston County to provide accommodations for up to seven prisoners for a daily rate of \$210. The boarding rate is \$35 per day for each prisoner in excess of seven. A review of the February 1999 through July 2000 monthly board bills determined there were less than seven prisoners at the Livingston County jail 436 days out of the possible 547 days with an average of less than five prisoners per day. During this time period prisoners were also boarded in other counties. The county would have spent approximately \$23,500 less had it paid only for prisoners actually boarded in Livingston County at the normal daily boarding rate of \$35. A formal cost-benefit analysis was not performed to determine the best and most economical means of obtaining prisoner boarding services prior to entering into this contract. Additionally, the contract with Livingston County was renewed for 2000 with no changes in contract terms and the county could provide no documentation to demonstrate they had further reviewed the contract arrangement and related costs.
- As noted in the prior audit, budgets were not prepared for various county funds for the years ended December 31, 1999 and 1998. The lack of budgetary information for these funds is a significant omission from the county's financial statements. Receipts which were not budgeted totaled more than \$195,000 and \$280,000 in 1999 and 1998, respectively. Disbursements which were not budgeted totaled more than \$198,000 and \$274,000 in 1999 and 1998, respectively.

(over)

YELLOW SHEET

- The county does not have a procedure in place to track federal financial assistance for the preparation of the schedule of expenditures of federal awards. The county's schedule contained numerous errors and omissions. An accurate schedule of expenditures of federal awards is necessary to ensure federal financial activity is audited and reported in accordance with federal audit requirements.

Also included in the audit are recommendations to improve the county's expenditure procedures, computer controls, and property tax system records. Additionally, it was noted that the Sheriff's department deputies and reserve deputies maintain a checking account outside the county treasury to handle donations and fundraising proceeds, and sponsor programs for area youth. The audit found that some monies deposited into this account represent county monies and should have been deposited into the county treasury.

Copies of the audit are available upon request.

LINN 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 Linn County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Linn County, Missouri, as of and for the years ended December 31, 1999 and 1998, 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 Linn 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 Linn County.

As more fully described in Note 1 to the financial statements, the county's financial statements do not include statements of receipts, disbursements, and changes in cash - budget and actual for various funds totaling \$195,175 and \$280,766 in receipts and \$198,080 and \$274,213 in disbursements for the years ended December 31, 1999 and 1998, respectively. Statements of receipts, disbursements, and changes in cash - budget and actual are required by the comprehensive

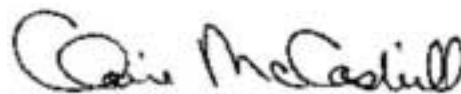
basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In our opinion, except for the omission of the information discussed in the preceding paragraph, 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 Linn 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, 1999 and 1998, 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 July 19, 2000, 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.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Linn County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

July 19, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Brian Benter
	David Gregg



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 Linn County, Missouri

We have audited the special-purpose financial statements of various funds of Linn County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 19, 2000. 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 Linn 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 and Questioned Costs as finding number 99-1. We also noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

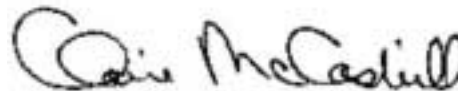
Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Linn 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 as finding number 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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 consider the reportable condition described above, finding number 99-1, to be a material weakness. We also noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Linn 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" being more prominent than the last name "McCaskill".

Claire McCaskill
State Auditor

July 19, 2000 (fieldwork completion date)

Financial Statements

Exhibit A-1

LINN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 316,903	1,060,044	1,011,164	365,783
Special Road and Bridge	221,085	1,610,957	1,402,224	429,818
Assessment	663	142,295	142,789	169
Law Enforcement Training	4,376	3,011	3,835	3,552
Prosecuting Attorney Training	5,642	512	50	6,104
911	(11,020)	116,429	94,955	10,454
Recorder's User Fees	8,699	6,495	0	15,194
Prosecuting Attorney Bad Check	21,510	9,922	5,731	25,701
Domestic Violence	450	425	420	455
Juvenile Office Grant	(6,051)	23,775	23,838	(6,114)
Sheriff Civil Fee	6,646	0	6,646	0
Grant	0	13,954	13,954	0
DFS Grant	0	6,659	11,860	(5,201)
CDBG - Linn County PWSD #1	0	146,219	146,219	0
CDBG - Linn/Livingston Rural Water #3	0	24,000	24,000	0
Health Center	475,693	593,454	520,747	548,400
Law Library	5,206	2,884	1,396	6,694
Probate Division Interest	56	1	57	0
Associate Division Interest	2,401	328	218	2,511
Circuit Clerk's Interest	1,638	1,130	376	2,392
Total	\$ 1,053,897	3,762,494	3,410,479	1,405,912

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

Exhibit A-2

LINN 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	\$ 215,702	1,144,677	1,043,476	316,903
Special Road and Bridge	410,599	1,336,459	1,525,973	221,085
Assessment	14,597	121,767	135,701	663
Law Enforcement Training	4,037	3,965	3,626	4,376
Prosecuting Attorney Training	5,613	556	527	5,642
911	(8,694)	112,423	114,749	(11,020)
Recorder's User Fees	12,085	6,450	9,836	8,699
Prosecuting Attorney Bad Check	17,041	7,897	3,428	21,510
Domestic Violence	1,000	420	970	450
Use Tax	189,423	0	189,423	0
Juvenile Office Grant	(3,742)	13,269	15,578	(6,051)
Sheriff Civil Fee	0	6,646	0	6,646
Microfilm Grant	(1,792)	1,792	0	0
CDBG - Linn County PWSD #1	0	269,781	269,781	0
Health Center	384,083	588,972	497,362	475,693
Law Library	4,188	2,771	1,753	5,206
Probate Division Interest	55	1	0	56
Associate Division Interest	2,027	431	57	2,401
Circuit Clerk's Interest	3,124	1,136	2,622	1,638
Total	\$ 1,249,346	3,619,413	3,814,862	1,053,897

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

Exhibit B

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 88,500	94,208	5,708	84,000	91,984	7,984
Sales and use taxes	560,000	589,258	29,258	504,000	581,876	77,876
Intergovernmental	150,023	120,042	(29,981)	121,000	124,872	3,872
Charges for services	163,100	172,747	9,647	136,000	171,987	35,987
Interest	22,000	21,200	(800)	20,000	23,649	3,649
Other	27,915	28,847	932	26,950	30,497	3,547
Transfers in	35,980	33,742	(2,238)	110,419	119,812	9,393
Total Receipts	1,047,518	1,060,044	12,526	1,002,369	1,144,677	142,308
DISBURSEMENTS						
County Commission	63,907	63,424	483	58,029	57,480	549
County Clerk	70,718	65,336	5,382	80,511	73,017	7,494
Elections	35,200	22,848	12,352	60,850	53,473	7,377
Buildings and grounds	104,769	59,112	45,657	66,029	55,296	10,733
Employee fringe benefits	103,000	74,996	28,004	88,000	65,086	22,914
County Treasurer and Ex Officio Collector	63,515	60,991	2,524	61,772	56,458	5,314
Ex Officio Recorder of Deeds	37,475	33,513	3,962	46,100	44,032	2,068
Circuit Clerk	20,020	13,712	6,308	21,286	19,099	2,187
Associate Circuit and Probate Court	17,150	10,654	6,496	18,000	14,809	3,191
Court administration	14,500	15,169	(669)	22,780	18,514	4,266
Public Administrator	16,200	18,098	(1,898)	15,245	21,802	(6,557)
Sheriff	235,436	229,581	5,855	201,828	223,295	(21,467)
Board of prisoners and prisoner care	130,000	113,786	16,214	130,000	77,858	52,142
Prosecuting Attorney	62,648	67,898	(5,250)	62,425	59,250	3,175
Juvenile Officer	63,932	55,860	8,072	86,678	78,940	7,738
County Coroner	12,220	8,090	4,130	11,165	10,613	552
Insurance	23,500	20,950	2,550	20,000	22,215	(2,215)
University Extension	18,500	18,500	0	17,500	17,500	0
Copy Machines	11,500	10,900	600	12,000	10,610	1,390
Legal Fees	60,000	10,456	49,544	72,939	53,117	19,822
Planning and Zoning	5,000	0	5,000	5,000	0	5,000
Public health and welfare services	800	800	0	300	300	0
Other	19,519	20,575	(1,056)	16,965	10,712	6,253
Transfers out	27,400	15,915	11,485	0	0	0
Emergency Fund	70,000	0	70,000	40,000	0	40,000
Total Disbursements	1,286,909	1,011,164	275,745	1,215,402	1,043,476	171,926
RECEIPTS OVER (UNDER) DISBURSEMENTS	(239,391)	48,880	288,271	(213,033)	101,201	314,234
CASH, JANUARY 1	316,903	316,903	0	215,702	215,702	0
CASH, DECEMBER 31	\$ 77,512	365,783	288,271	2,669	316,903	314,234

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

Exhibit C

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 43,000	43,390	390	36,000	42,306	6,306
Sales taxes	475,000	535,582	60,582	474,000	490,341	16,341
Intergovernmental	1,862,200	999,256	(862,944)	1,192,408	761,869	(430,539)
Interest	28,000	25,025	(2,975)	37,500	30,350	(7,150)
Other	1,000	7,704	6,704	0	3,231	3,231
Transfers in	0	0	0	8,362	8,362	0
Total Receipts	2,409,200	1,610,957	(798,243)	1,748,270	1,336,459	(411,811)
DISBURSEMENTS						
Salaries	140,000	106,941	33,059	140,000	120,567	19,433
Employee fringe benefits	47,000	28,648	18,352	45,000	23,674	21,326
Supplies	5,000	2,711	2,289	3,200	2,957	243
Insurance	2,000	2,013	(13)	2,000	960	1,040
Road and bridge materials	205,000	187,968	17,032	190,000	261,806	(71,806)
Equipment purchases	54,000	55,718	(1,718)	29,000	18,941	10,059
Construction, repair, and maintenance	1,441,750	225,326	1,216,424	976,000	389,161	586,839
Distributions to townships:						
Sales taxes	470,000	471,937	(1,937)	470,000	416,051	53,949
County aid road trust monies	121,298	121,787	(489)	161,730	161,730	0
Federal emergency management monies	0	172,079	(172,079)	0	0	0
Capital Improvements	50,000	0	50,000	33,002	102,509	(69,507)
Transfers out	32,000	27,096	4,904	20,000	27,617	(7,617)
Total Disbursements	2,568,048	1,402,224	1,165,824	2,069,932	1,525,973	543,959
RECEIPTS OVER (UNDER) DISBURSEMENTS	(158,848)	208,733	367,581	(321,662)	(189,514)	132,148
CASH, JANUARY 1	221,085	221,085	0	410,599	410,599	0
CASH, DECEMBER 31	\$ 62,237	429,818	367,581	88,937	221,085	132,148

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

Exhibit D

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

Year Ended December 31,						
1999			1998			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 128,429	129,216	787	121,020	118,858	(2,162)
Interest	1,800	834	(966)	1,200	2,350	1,150
Other	200	145	(55)	100	559	459
Transfers in	17,400	12,100	(5,300)	0	0	0
Total Receipts	147,829	142,295	(5,534)	122,320	121,767	(553)
DISBURSEMENTS						
Assessor	147,799	142,789	5,010	136,873	135,701	1,172
Total Disbursements	147,799	142,789	5,010	136,873	135,701	1,172
RECEIPTS OVER (UNDER) DISBURSEMENTS	30	(494)	(524)	(14,553)	(13,934)	619
CASH, JANUARY 1	663	663	0	14,597	14,597	0
CASH, DECEMBER 31	\$ 693	169	(524)	44	663	619

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

Exhibit E

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

		Year Ended December 31,					
		1999			1998		
				Variance			Variance
		Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
RECEIPTS							
Intergovernmental	\$	0	965	965	0	1,733	1,733
Charges for services		4,000	2,046	(1,954)	1,700	2,232	532
Total Receipts		4,000	3,011	(989)	1,700	3,965	2,265
DISBURSEMENTS							
Sheriff		4,300	3,835	465	4,368	3,626	742
Total Disbursements		4,300	3,835	465	4,368	3,626	742
RECEIPTS OVER (UNDER) DISBURSEMENTS		(300)	(824)	(524)	(2,668)	339	3,007
CASH, JANUARY 1		4,376	4,376	0	4,037	4,037	0
CASH, DECEMBER 31	\$	4,076	3,552	(524)	1,369	4,376	3,007

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

Exhibit F

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

		Year Ended December 31,					
		1999			1998		
				Variance Favorable (Unfavorable)			Variance Favorable (Unfavorable)
		Budget	Actual		Budget	Actual	
RECEIPTS							
Charges for services	\$	550	512	(38)	1,500	556	(944)
Total Receipts		550	512	(38)	1,500	556	(944)
DISBURSEMENTS							
Prosecuting Attorney		1,000	50	950	1,700	527	1,173
Transfers out		2,500	0	2,500	0	0	0
Total Disbursements		3,500	50	3,450	1,700	527	1,173
RECEIPTS OVER (UNDER) DISBURSEMENTS		(2,950)	462	3,412	(200)	29	229
CASH, JANUARY 1		5,642	5,642	0	5,613	5,613	0
CASH, DECEMBER 31	\$	2,692	6,104	3,412	5,413	5,642	229

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

Exhibit G

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

Year Ended December 31,						
1999			1998			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 115,423	116,300	877	113,160	112,423	(737)
Interest	0	129	129	0	0	0
Total Receipts	115,423	116,429	1,006	113,160	112,423	(737)
DISBURSEMENTS						
Personal services	31,329	31,328	1	38,588	47,776	(9,188)
Contractual services	66,436	63,597	2,839	68,436	66,973	1,463
Office supplies	100	30	70	50	0	50
Training and education	1,000	0	1,000	850	0	850
Total Disbursements	98,865	94,955	3,910	107,924	114,749	(6,825)
RECEIPTS OVER (UNDER) DISBURSEMENTS	16,558	21,474	4,916	5,236	(2,326)	(7,562)
CASH, JANUARY 1	(11,020)	(11,020)	0	(8,694)	(8,694)	0
CASH, DECEMBER 31	\$ 5,538	10,454	4,916	(3,458)	(11,020)	(7,562)

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

Exhibit H

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 5,700	6,078	378	5,500	5,862	362
Interest	0	417	417	600	588	(12)
Total Receipts	5,700	6,495	795	6,100	6,450	350
DISBURSEMENTS						
Software Support & Printer	8,000	0	8,000	0	0	0
Maintenance	1,200	0	1,200	800	1,029	(229)
Bookbinding	4,000	0	4,000	5,000	8,807	(3,807)
Total Disbursements	13,200	0	13,200	5,800	9,836	(4,036)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,500)	6,495	13,995	300	(3,386)	(3,686)
CASH, JANUARY 1	8,699	8,699	0	12,085	12,085	0
CASH, DECEMBER 31	\$ 1,199	15,194	13,995	12,385	8,699	(3,686)

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

Exhibit I

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

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 7,200	8,902	1,702	5,000	7,090	2,090
Interest	0	1,020	1,020	0	807	807
Total Receipts	7,200	9,922	2,722	5,000	7,897	2,897
DISBURSEMENTS						
Part-time help	1,000	0	1,000	300	0	300
Office expense	450	249	201	0	138	(138)
Equipment	1,000	821	179	2,000	1,034	966
Case expense	0	4,161	(4,161)	0	0	0
Other	500	500	0	1,000	500	500
Transfers out	1,500	0	1,500	1,500	1,756	(256)
Total Disbursements	4,450	5,731	(1,281)	4,800	3,428	1,372
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,750	4,191	1,441	200	4,469	4,269
CASH, JANUARY 1	21,510	21,510	0	17,041	17,041	0
CASH, DECEMBER 31	\$ 24,260	25,701	1,441	17,241	21,510	4,269

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

Exhibit J

LINN COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 DOMESTIC VIOLENCE FUND

		Year Ended December 31,					
		1999			1998		
				Variance Favorable			Variance Favorable
		Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
RECEIPTS							
Charges for services	\$	420	425	5	500	420	(80)
Total Receipts		420	425	5	500	420	(80)
DISBURSEMENTS							
Other		420	420	0	970	970	0
Total Disbursements		420	420	0	970	970	0
RECEIPTS OVER (UNDER) DISBURSEMENTS		0	5	5	(470)	(550)	(80)
CASH, JANUARY 1		450	450	0	1,000	1,000	0
CASH, DECEMBER 31		\$ 450	455	5	530	450	(80)

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

Exhibit K

LINN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
USE TAX FUND

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Use taxes	\$ 0	0	0
Total Receipts	0	0	0
DISBURSEMENTS			
Repayment of use tax	90,622	90,622	0
Transfers out	98,801	98,801	0
Total Disbursements	189,423	189,423	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(189,423)	(189,423)	0
CASH, JANUARY 1	189,423	189,423	0
CASH, DECEMBER 31	\$ 0	0	0

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

Exhibit L

LINN COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 JUVENILE OFFICE GRANT FUND

		Year Ended December 31,					
		1999			1998		
				Variance Favorable			Variance Favorable
		Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
RECEIPTS							
Intergovernmental	\$	22,000	23,775	1,775	18,000	13,269	(4,731)
Total Receipts		22,000	23,775	1,775	18,000	13,269	(4,731)
DISBURSEMENTS							
Salaries		22,000	18,295	3,705	22,707	15,502	7,205
Office and computer equipment and repair		0	5,543	(5,543)	0	76	(76)
Total Disbursements		22,000	23,838	(1,838)	22,707	15,578	7,129
RECEIPTS OVER (UNDER) DISBURSEMENTS		0	(63)	(63)	(4,707)	(2,309)	2,398
CASH, JANUARY 1		(6,051)	(6,051)	0	(3,742)	(3,742)	0
CASH, DECEMBER 31	\$	(6,051)	(6,114)	(63)	(8,449)	(6,051)	2,398

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

Exhibit M

LINN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
SHERIFF CIVIL FEE FUND

Year Ended December 31,			
1999			
			Variance
	Budget	Actual	Favorable
			(Unfavorable)
RECEIPTS			
Charges for services	\$ 0	0	0
Total Receipts	0	0	0
DISBURSEMENTS			
Transfers out	6,646	6,646	0
Total Disbursements	6,646	6,646	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,646)	(6,646)	0
CASH, JANUARY 1	6,646	6,646	0
CASH, DECEMBER 31	\$ 0	0	0

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

Exhibit N

LINN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
MICROFILM GRANT

Year Ended December 31,			
1998			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental	\$ 1,792	1,792	0
Total Receipts	1,792	1,792	0
DISBURSEMENTS			
Other	0	0	0
Total Disbursements	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,792	1,792	0
CASH, JANUARY 1	(1,792)	(1,792)	0
CASH, DECEMBER 31	\$ 0	0	0

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

Exhibit O

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

Year Ended December 31,						
1999			1998			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 223,000	226,338	3,338	180,000	196,986	16,986
Intergovernmental	191,000	216,059	25,059	194,000	233,744	39,744
Charges for services	120,000	103,742	(16,258)	85,000	116,890	31,890
Interest	28,000	30,609	2,609	22,000	26,365	4,365
Other	16,000	16,706	706	14,000	14,987	987
Total Receipts	578,000	593,454	15,454	495,000	588,972	93,972
DISBURSEMENTS						
Salaries	479,000	450,825	28,175	476,000	433,622	42,378
Office expenditures	37,000	35,247	1,753	39,000	34,051	4,949
Equipment	32,000	19,022	12,978	16,000	15,051	949
Mileage and training	16,000	15,653	347	13,000	14,638	(1,638)
Capital expenditures	50,000	0	50,000	0	0	0
Total Disbursements	614,000	520,747	93,253	544,000	497,362	46,638
RECEIPTS OVER (UNDER) DISBURSEMENTS	(36,000)	72,707	108,707	(49,000)	91,610	140,610
CASH, JANUARY 1	475,693	475,693	0	384,083	384,083	0
CASH, DECEMBER 31	\$ 439,693	548,400	108,707	335,083	475,693	140,610

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

Notes to the Financial Statements

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

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from 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. 1999, 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>
Sheriff Civil Fee Fund	1998
Grant Fund	1999
DFS Grant Fund	1999
CDBG - Linn County PWSD #1 Fund	1999 and 1998
CDBG - Linn/Livingston Rural Water #3 Fund	1999
Law Library Fund	1999 and 1998
Probate Division Interest Fund	1999 and 1998
Associate Division Interest Fund	1999 and 1998
Circuit Clerk's Interest Fund	1999 and 1998

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

<u>Fund</u>	<u>Years Ended December 31,</u>
911 Fund	1998
Recorder's User Fees Fund	1998
Prosecuting Attorney Bad Check Fund	1999
Juvenile Office Grant Fund	1999

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

Although Section 50.740, RSMo 1994, requires a balanced budget, deficit balances were budgeted in the 911 Fund for the year ended December 31, 1998 and in the Juvenile Office Grant Fund for the years ended December 31, 1999 and 1998.

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>
CDBG - Linn County PWSD #1 Fund	1999 and 1998
CDBG - Linn/Livingston Rural Water #3 Fund	1999
Health Center Fund	1999 and 1998
Law Library Fund	1999 and 1998
Probate Division Interest Fund	1999 and 1998
Associate Division Interest Fund	1999 and 1998
Circuit Clerk's Interest Fund	1999 and 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. 1999, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Cash includes both deposits and investments. 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 deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's deposits at December 31, 1999 and 1998, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

Of the Health Center Board's bank balance at December 31, 1999, \$100,000 was covered by federal depository insurance and \$460,843 was covered by collateral pledged by one bank and held in the health center's name by the safekeeping department of an affiliate of the same bank holding company.

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

Investments

The only investment of the various funds at December 31, 1998, was a repurchase agreement with a carrying amount of \$450,000 (which approximated market). This amount represents uninsured and unregistered investments for which the securities were held by the dealer bank's trust department or agent in the health center's name.

Supplementary Schedule

Schedule

LINN 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,	
			1999	1998
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state:			
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-9158	\$ 34,806	35,102
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state:			
	Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	96-PF-22	146,219	269,781
		97-PF-840	24,000	0
	Program Total		170,219	269,781
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.710	Public Safety Partnership and Community Policing Grants	97UMWX1366	6,546	4,369
	Passed through:			
	State Department of Public Safety -			
16.592	Local Law Enforcement Block Grants Program	98-LGB-054	8,599	0
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,378	1,041
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-058-(27)	71,726	239,179
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	0	148

Schedule

LINN 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,	
			1999	1998
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.544	Public Assistance Grants	1253-DR-MO	186,378	20,430
U. S. DEPARTMENT OF EDUCATION				
Passed through:				
State Department of Health -				
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	N/A	94	87
Missouri Association of Community Task Forces -				
84.186	Safe and Drug-Free Schools and Communities	N/A	2,250	2,093
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct program -				
93.268	Immunization Grants	N/A	6,020	6,536
Passed through state:				
Department of Health -				
93.268	Immunization Grants	PG0064-9158IAP	2,385	11,190
			31,510	23,570
	Program Total		33,895	34,760
Department of Social Services -				
93.563	Child Support Enforcement	N/A	2,336	3,446
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-9158S	330	1,018
		ER0146-9158CCH&SSC	1,420	1,310
	Program Total		1,750	2,328
Department of Social Services -				
93.667	Social Services Block Grant	ER0172028	18,883	7,529
Department of Health -				
93.940	HIV Prevention	N/A	27	0

Schedule

LINN 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,	
			1999	1998
93.991	Preventive Health and Health Services Block Grant	AOC9000114	19,379	16,625
			375	612
	Program Total		19,754	17,237
93.994	Maternal and Child Health Services Block Grant to the States	ER0146-9158MCH	21,310	13,096
			1,876	2,143
	Program Total		23,186	15,239
	Total Expenditures of Federal Awards		\$ 587,847	659,305

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

LINN 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 Linn County, Missouri.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

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

The direct program amounts for Immunization Grants (CFDA number 93.268) represent the original acquisition cost of varicella (chicken pox) vaccine provided to the Health Center through the Centers for Disease Control of the U.S. Department of Health and Human Services. Of the pass-through amounts for that program, \$31,510 and \$23,570 represent the original acquisition cost of other vaccines purchased by the Centers for Disease Control but distributed to the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$375 and \$612 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$1,876 and \$2,143 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. The remaining pass-through amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$170,219 and \$269,781 to subrecipients under the Community Development Block Grants/State's Program (CFDA number 14.228) during the years ended December 31, 1999 and 1998.

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 Linn County, Missouri

Compliance

We have audited the compliance of Linn County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with 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, Linn County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998. However, the results of our auditing procedures disclosed an

instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 99-2.

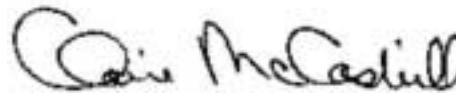
Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 99-2.

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 noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

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

July 19, 2000 (fieldwork completion date)

Schedule

LINN COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 1999 AND 1998

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

Material weaknesses identified?

 x yes no

Reportable conditions identified that are
not considered to be material weaknesses?

 yes x none reported

Noncompliance material to the financial statements
noted?

 x yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

 yes x no

Reportable conditions identified that are
not considered to be material weaknesses?

 x yes none reported

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

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133?

 x yes no

Identification of major programs:

CFDA or
Other Identifying
Number

Program Title

14.228

Community Development Block Grant/State's Program

20.205

Highway Planning and Construction

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

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

Section II - Financial Statement Findings

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

99-1. Budget Omissions

The county does not have adequate procedures to ensure budgets are prepared for all county funds, and as a result, budgets were not prepared for various county funds for the years ended December 31, 1999 and 1998. The lack of budgetary information for these funds is a significant omission from the county's financial statements. Receipts which were not budgeted totaled \$195,175 and \$280,766 in 1999 and 1998, respectively. Disbursements which were not budgeted totaled \$198,080 and \$274,213 in 1999 and 1998, respectively.

Chapter 50, RSMo 1994 and RSMo Cumulative Supp. 1999, requires preparation of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission and other county officials and boards would be able to more efficiently evaluate all county financial resources.

A similar condition was noted in our prior report.

WE AGAIN RECOMMEND the County Commission and other applicable officials implement procedures to ensure budgets are prepared for all county funds as required by state law.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will continue our efforts to obtain budgets from other county officials and will budget all county grant funds held by the County Treasurer in 2001.

Section III - Federal Award Findings and Questioned Costs

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

99-2.**Schedule of Expenditures of Federal Awards**

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	96-PF-22 and 97-PF-840
Award Years:	1999 and 1998
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-058-27
Award Years:	1999 and 1998
Questioned Costs:	Not Applicable

Section .310(b) of Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported.

The county does not have a procedure in place to track federal financial assistance for the preparation of the SEFA. The county's Schedule of Federal Awards contained numerous errors and omissions. For example, expenditures of some federal grants pertaining to drug eradication, child support enforcement, and juvenile office activities were omitted. In addition, some federal grant expenditures were overstated as a result of the county including matching funds in the expenditure totals. The County Clerk relies on the Health Center to provide information regarding the federal grants it receives. However, the information provided by the Health Center did not include vaccines distributed by the state Department of Health and some 1999 block grant expenditures.

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

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. In addition, the Health Center should provide complete federal grant information to the County Clerk.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk provided the following response:

I will attempt to prepare a complete and accurate schedule to be included with the county's 2001 budget and will continue to contact other county officials and departments to obtain information regarding federal grants they handle.

The Health Center Administrator provided the following response:

Our intent has always been to provide complete information to the county. Vaccine information has not been provided because vials of vaccines were furnished, rather than monies to purchase the vaccines. Now that we know it is needed, we will attempt to determine the value of the vaccines and include it on our report to the county, beginning with the report pertaining to 2000 federal program receipts and disbursements.

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

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

Our prior audit report issued for the two years ended December 31, 1997, 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

LINN 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.

Our prior audit report issued for the two years ended December 31, 1997, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the special-purpose financial statements of various funds of Linn County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 19, 2000. We also have audited the compliance of Linn County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 19, 2000.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

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

Because the Senate Bill 40 Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed those audit reports and the substantiating working papers for the years ended September 30, 1999 and 1998.

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

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials and the county board referred to above. In addition, this report includes

findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Linn 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*.

1. Board of Prisoner Contract

Because Linn County has no county jail, the Sheriff's Department must board its prisoners in surrounding jails. In February 1999, Linn County entered into a contract with Livingston County for the boarding of prisoners. According to the contract terms, Livingston County provides accommodations for up to seven prisoners per day at a rate of \$210 (\$30 per prisoner). This \$210 rate applies regardless of the actual number of prisoners boarded so long as the number does not exceed seven. Should Livingston County board more than seven prisoners, the boarding rate per prisoner is \$35 per day for each prisoner in excess of seven. While prisoners are also boarded in other counties, the county does not have written agreements with those counties detailing the services to be provided or the daily charges. The other counties most regularly used for boarding prisoners bill Linn County \$30 per prisoner per day.

We reviewed the monthly board bills from Livingston County and found that Linn County had less than seven prisoners at the Livingston County jail 436 days out of the possible 547 days from February 1999 through July 2000, or approximately 80 percent of the time. For many of those same days, the Sheriff's Department was also boarding prisoners at jails in counties other than Livingston.

Because the number of prisoners boarded in Livingston County has averaged less than five prisoners per day, the county has not been able to benefit from the discounted daily rate provided for in the contract. Had the county paid only for prisoners actually boarded in Livingston County during the period February 1999 through July 2000, at the normal daily boarding rate of \$35, the county would have paid approximately \$23,500 less.

The Sheriff indicated that reasons for initially entering into this contract included an increasing difficulty in obtaining prisoner space in nearby counties, the need to reduce deputies travel time and costs for transporting prisoners, and an expected decrease in the cost of providing medical care for prisoners. However, a formal cost-benefit analysis was not performed to determine the best and most economical means of obtaining boarding of prisoner services. Additionally, the county provided no documentation to demonstrate they had further reviewed the contract and related costs to determine if the expected costs and time savings were being met. The contract with Livingston County was renewed for 2000 with no changes in the contract terms. The March 14, 2000, Linn County Commission minutes document that the County Commission has requested the Sheriff attempt to fully utilize Livingston County prior to boarding prisoners in other jails whenever possible.

WE RECOMMEND the County Commission review the board of prisoner contract with Livingston County for reasonableness and possibly modify the terms to allow for a better matching of number of prisoners spaces to the average number of prisoners generally housed in Livingston County. A cost-benefit analysis should be performed and other options considered prior to renewing this contract in the future.

AUDITEE'S RESPONSE

We entered into the board of prisoner contract based upon the Sheriff's recommendation. Various issues including space availability, transportation costs, medical costs, and deputy time spent out of the county were considered when making the decision. We have been and are presently monitoring the arrangement. Costs and other factors will be considered prior to renewing the contract again.

2. Controls Over County Expenditures

- A. A review of expenditures indicated that while the county generally made efforts to seek competitive prices for major purchases, the methods utilized did not always comply with statutory provisions. For example, advertisement of bids was not always performed as required. Rather, bids were often solicited through mailings to vendors, telephone calls or personal contact. Documentation regarding these efforts was generally insufficient and usually consisted of the bidder name, date, and price quote. No information regarding the specifications of the equipment or services being offered was documented.

Section 50.660, RSMo Cumulative Supp. 1999, requires advertisement of bids for all purchases of \$4,500 or more. Bidding procedures for major purchases provide a framework for economical management of county resources and help ensure the county it receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business. Documentation of bids should always be retained as evidence that the county's established purchasing procedures as well as statutory requirements are followed.

- B. The County Commission approved some payments for road and bridge work where the invoices submitted did not indicate what work was done, the work site, or the number of hours charged to the job. In addition, the County Commission approved road and bridge payments to vendors without requiring acknowledgement of receipt of goods or services to be documented on the invoices. The County Clerk indicated verbal acknowledgement is obtained from the road and bridge supervisor prior to submitting invoices for County Commissioner approval.

To ensure the validity and propriety of expenditures, adequate supporting documentation, including acknowledgment that the specific goods and/or services were in fact received, should be maintained for all payments to vendors.

WE RECOMMEND the County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained. If bids are not obtained and/or sole source procurement is necessary, the County Commission minutes should thoroughly reflect the circumstances.
- B. Ensure that the invoices adequately document the items and/or services for which payment is being requested and the documented acknowledgment of receipt of goods and/or services prior to approving payment.

AUDITEE'S RESPONSE

- A. *We are currently making efforts to ensure bids are obtained in accordance with state law and that all bids are properly and thoroughly documented.*
- B. *This recommendation has been implemented.*

3. Computer Controls and Property Tax System

The county's assessment lists and tax books are maintained on a computerized property tax system. During our review of controls related to the property tax system, we noted the following concerns:

- A. The county does not have a formal contingency plan for the computer system. As a result, the county has not made a formal arrangement for backup facilities in the event of a disaster.

Contingency plans should include plans for a variety of situations, such as short- and long-term plans for backup hardware, software, facilities, personnel, and power usage. Involvement of users in contingency planning is important since users will likely be responsible for maintaining at least a portion of the backup under various contingencies. The major benefit of a thorough disaster recovery plan is the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county. Because of the county's degree of reliance on data processing, the need for contingency planning is evident.

- B. No security system is in place to detect and stop incorrect log-on attempts after a certain number of tries. An unauthorized individual could try an infinite number of times to log on the system and if successful, have unrestricted access to program and data files.

To help protect computer files, a security system should be implemented to stop incorrect log on attempts after a certain number of tries. Such a system should

produce a log of the incorrect attempts which should be reviewed periodically by an authorized official.

- C. The computer program does not generate property tax book page or control totals, but only a summary total at the end of each tax book. Without page and control totals, the ability to verify the accuracy of the tax books is limited.
- D. The County Clerk does not maintain an account book with the Ex Officio County Collector. An account book would summarize all taxes charged to the Ex Officio County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. This account book, prepared by the County Clerk from aggregate abstracts, court orders, monthly statements of collections, and the tax books, would enable the County Clerk to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate.

Additionally, Section 51.150(2), RSMo 1994, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book can also be used by the County Commission to verify the accuracy of the Ex Officio County Collector's annual settlements.

Conditions similar to A-C were noted in the prior report.

WE RECOMMEND:

- A. The County Commission seek arrangements of alternate data processing equipment for use during emergency situations.
- B. The County Commission establish a security system to stop and report incorrect log-on attempts after a certain number of tries.
- C. The County Commission authorize programming changes to print future tax books with the appropriate control totals. This would include page totals, a summary page of all page totals, and a grand total for each tax book.
- D. The County Clerk establish and maintain an account book with the Ex Officio County Collector for the County Commission to use to verify the accuracy of the Ex Officio County Collector's annual settlements.

AUDITEE'S RESPONSE

- A. *This has been discussed and we will be contacting our computer system provider and another county using the same system to try to develop a contingency plan. We hope to accomplish this within the next year.*
- B&C. *Consideration will be given to these recommendations and a determination made as to whether these are practical and cost-effective for the county.*

- D. *The County Clerk indicated she is working on developing a record system to provide the necessary information to verify annual settlement information. This system will be in place by March 2001.*

4. Sheriff Civil Fee Fund

In 1998, the county established a separate fund for the deposit of Sheriff's civil fees as required by Section 57.280, RSMo Cumulative Supp. 1999. The statute requires counties to account for these fees separately as of July 1, 1997, and to ensure that the proceeds are spent on law enforcement purposes.

Sheriff's civil fees were credited to the new fund for part of 1998, however this was stopped and the fees were again credited to the General Revenue Fund. The new fund was closed in 1999 and the balance was transferred to the General Revenue Fund. The County Commission minutes do not document the reasons for the fund being closed.

WE RECOMMEND the County Commission have the County Treasurer reestablish the Sheriff Civil Fee Fund as required by state law, and start crediting sheriff civil fees to this fund. In addition, the County Sheriff should prepare an annual budget outlining his plans for this fund.

AUDITEE'S RESPONSE

Based upon discussions with the Sheriff, there are no current plans to reestablish this fund.

5. Prosecuting Attorney Accounting Controls and Procedures

The Prosecuting Attorney collects court-ordered restitution, bad check restitution, and related fees. These receipts totaled approximately \$30,000 and \$32,000 for the years ended December 31, 1999 and 1998, respectively. The following weaknesses were identified in the Prosecuting Attorney's accounting controls and procedures.

- A. Accounting duties are not adequately segregated. Currently, the clerk is responsible for receiving and recording monies, preparing deposits, preparing checks, and reconciling bank statements. The Prosecuting Attorney does sign all the checks; however, this is his only review of the work performed by the clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. This could be achieved by segregating the functions of receiving and depositing court monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent

comparison of recorded receipts and bank deposits and an independent review of bank reconciliations.

- B. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as subsequent disposition of these bad checks has not been established.

To ensure all bad checks turned over to the Prosecuting Attorney are properly handled and accounted for, a sequential number should be assigned to each bad check received and a log should be maintained listing each bad check and its disposition. The log should contain information such as the assigned number, the merchant's name, the issuer of the check, the amount of the bad check fee, and the disposition of the bad check, including date payment was received and disbursed to the merchant, the criminal case in which charges were filed, or other disposition.

- C. Receipts are not deposited intact on a timely basis or kept in a secure location prior to being deposited. In addition, checks and money orders are not being restrictively endorsed until the deposit is prepared. From January 1998 to March 2000, receipts were often deposited only two or three times a month. In April 2000, the clerk discovered a \$40 cash receipt from February 2000 which could not be traced to a subsequent deposit. In addition, we noted two instances where money orders had been held in the case files for extended periods. One involved \$200 that was held from August 1999 until deposited in March 2000. The other was a series of money orders received from September 1999 to December 1999 totaling \$595 which were not deposited until January 2000.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.

- D. Receipt slips were not issued for some monies received. During the period September 1, 1998 to March 31, 2000, 48 receipts totaling \$11,211 were deposited, for which receipts slips had not been issued. We also noted three instances in which monies had been receipted twice.

Failure to issue receipt slips for all monies received increases the risk that loss or misappropriation of funds will not be detected in a timely manner. Receipt slips should be reconciled to deposits and the numerical sequence accounted for.

- E. Monthly listings of open items are no longer being prepared. The last monthly listing prepared was for July 1998 and agreed to the reconciled cash balance. The total reconciled bank balance of the restitution and fee accounts was approximately \$10,800 at March 31, 2000.

We prepared a listing of liabilities as of each year end of the audit period and as of March 31, 2000. We found three cases in which the total amount due of \$561 had

been received between February 1999 and August 1999 but monies had not been distributed as of April 2000. In addition, we noted instances in which partial payments totaling \$784 were being held in eight cases that had no activity in over a year. It appears that many of these cases have balances which could be distributed to the victims. Finally, numerous errors from January 1999 to February 2000 were also found in amounts paid over to the County Treasurer for fees resulting in \$225 currently being held in the Prosecuting Attorney's bank account.

Monthly listings of liabilities are necessary to ensure the proper disposition of cash balances. The periodic reconciliation of liabilities with the cash balance provides assurance that the records are in balance and that sufficient cash is available for payment of all liabilities. Timely reconciliations are necessary and helpful in the investigation of any differences. In addition, failure to prorate available monies when it is unlikely the balance will be collected, deprives the individual due the restitution of the use of those monies.

- F. Adequate records of payments received and disbursements made are not being maintained in case files. Four instances, totaling \$153, were noted in which more monies were paid out in restitution and fees than had been received. Three of these errors had not been identified prior to our audit. Currently, the clerk is working on preparing case balance records on index cards; however, this has not been done for all open cases.

To provide for timely monitoring of balances owed on restitution cases and to strengthen internal controls, the case balance records should indicate the original amount of restitution owed, all payments received, and a balance of the amount currently owed. In addition, the Prosecuting Attorney's disbursement of the restitution to the victim should be noted. These case balance records should periodically be reviewed by the Prosecuting Attorney to ensure the payments are being handled properly and in a timely manner.

WE RECOMMEND the Prosecuting Attorney:

- A. Provide for segregation of duties and ensure that independent reconciliations and reviews of accounting records are performed.
- B. Maintain a log to adequately account for all bad checks filed with the Prosecuting Attorney's office and their ultimate disposition. A bad check log would provide a record of all bad checks filed with the Prosecuting Attorney and provide more assurance that all receipts and disbursements related to these cases are properly handled.
- C. Restrictively endorse money orders immediately upon receipt, maintain receipts in a secure location until deposited, and deposit receipts intact daily or when accumulated receipts exceed \$100. In addition, the Prosecuting Attorney should repay any undeposited amounts to his official bank account.

- D. Immediately issue receipt slips for all monies received and reconcile receipts to deposits.
- E. Prepare accurate monthly listings of open items and reconcile such listings to the cash balance, and require that any differences be investigated and resolved. For cases where the total amount due has been received the balances should be distributed and monies held in inactive cases should be prorated and distributed. In addition, the Prosecuting Attorney should remit the \$225 in fees to the County Treasurer.
- F. Indicate the original amount of restitution owed, all payments received, and a balance of the amount currently owed on the case balance records along with disbursements of restitution to the victim. These case balance records should periodically be reviewed by the Prosecuting Attorney to ensure the payments are being handled properly and in a timely manner.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated that all of these recommendations will be implemented within one month.

6. Sheriff's Reserve Deputy Association Bank Account

Sheriff's department deputies and reserve deputies maintain a checking account outside the county treasury, designated as the "Sheriff's Reserve Deputy Association", into which calendar commissions, donations from businesses and the public, and fundraising proceeds are deposited. According to the Sheriff and deputies monies in this account are utilized to help fund programs for area youth.

Bank statements for January 1998 through May 2000 showed the account had deposits totaling \$14,424. Our review found that calendar commissions of \$2,394 and a \$1,041 reimbursement related to a federal grant program were deposited into this account. As of May 2000, the balance in this account was approximately \$2,300.

Because the calendar commissions are earned in the Sheriff's official capacity and the federal grant reimbursement relates to a program for which the county was the designated grantee, these accountable fees should have been deposited into the county treasury. The Sheriff indicated the remaining receipts represent monies raised through various fund raising activities which the reserve deputies handle.

The State Auditor's Office requested records for this account, but the Sheriff and the deputies denied access to any records beyond the bank statements noted above. As a result, the purpose or appropriateness of account disbursements which totaled \$15,227 from January 1998 through May 2000 was not reviewed. There is also no assurance that the remaining receipts amounts do not contain additional accountable monies.

The Sheriff is authorized by statute to receive and distribute various fees and monies. However, Attorney General's Opinion No. 45-92 to Henderson states sheriffs of third class counties are not authorized to maintain a bank account for law enforcement purposes separate from the county treasury. Accountable fees should be turned over to the County Treasurer and disbursed only as authorized by a warrant approved by the County Commission and signed by the County Clerk. Section 50.550, RSMo 1994, authorizes the County Commission to establish separate funds as necessary.

WE RECOMMEND the Sheriff meet with the Prosecuting Attorney and County Commission regarding this account and the appropriate handling of the various types of receipts. In addition, the Sheriff needs to ensure that all accountable monies be transmitted to the County Treasurer in the future.

AUDITEE'S RESPONSE

The Sheriff provided the following response:

The calendars will be stopped and the bank account will be closed. The children of this county will no longer benefit from monies raised and handled through this bank account.

AUDITOR'S COMMENT

The Sheriff's decision to cease these operations is unfortunate. The recommendation is simply to improve accountability over public funds.

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

Follow-Up on Prior Audit Findings

LINN 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 Linn County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the county should consider implementing these recommendations.

1. Assessment Procedures and Controls

- A. The Assessor was allowed continued access to the master computerized property tax record files and made changes throughout the year. An abatement was noted that was initiated by the Ex Officio Collector based on information provided by a property owner that incorrectly suggested the taxes had already been paid.
- B. A tax payment had not been processed by the Ex Officio Collector. Rather, the \$207 check was listed on a deposit slip into the County Assessor's personal account.

Recommendations:

The County Commission:

- A. Establish control procedures to remove the Assessor's system access, and change policy to shift the responsibility for records changes made after the May 31 cutoff date, and ensure all changes to the master property tax records after this date are made by the county clerk's office. Additionally, a corrected property tax record should be printed by the County Clerk and sent to the appropriate township collector, and/or the Ex Officio Collector, so the tax books could be updated. Abatements should only be initiated in appropriate circumstances.
- B. Work with the Assessor and the Ex Officio Collector to ensure that all payments for taxes are payable to the township collector or Ex Officio Collector and all such payments are processed through official bank accounts.

In addition, the County Assessor should reimburse the \$207 to the Ex Officio Collector, and work with law enforcement officials to resolve this matter.

Status:

- A. Partially implemented. The current Assessor is allowed access to the system until September when the current tax records are turned over to the County Clerk's Office. The County Clerk's office reconciles September property tax records to the May 31

data. Although not repeated in the current report, our recommendation remains as stated above.

- B. Implemented. No problems were noted during the current audit. The former Assessor reimbursed the \$207 to the Ex Officio Collector.

2. Computer Operations and Controls

The county's computer system had been in use since 1991, and a review of the controls noted several concerns. The system password controls did not adequately limit users to access and use of appropriate and authorized programs and data files. Periodic reports of changes were not generated and reviewed for appropriateness. The capability of periodically producing a usage log for the various record systems had not been used. The system was incapable of generating page totals for the tax books. The system had no security system to detect and stop incorrect log-on attempts. The county had not developed a disaster recovery plan for use in the event a fire or other major disaster were to disable the county's EDP system.

Recommendation:

The County Commission ensure that all the above weaknesses are corrected as a part of the establishment of the new computer systems.

Status:

Partially implemented. The new system's password controls do limit access and use of programs and data files. See MAR No. 3.

3. County Financial Statement Procedures and Expenditures Documentation

- A. The county's published financial statements did not include the financial activity of some county funds, and information regarding payment for election and jury services was not presented in the required form.
- B. Adequate supporting documentation was not required for reimbursement claims submitted by the Circuit Judge for various office expenses.

Recommendations:

The County Commission:

- A. Include all county funds in the published financial statements as required by state law.
- B. Require adequate supporting documentation prior to approving expenditures for payment.

Status:

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

4. Budgetary Procedures and Monitoring

- A. Formal budgets were not prepared for various county funds.
- B. Actual expenditures exceeded budgeted amounts for various funds.
- C.1. The County Commission approved expenditures in excess of available monies for some funds.
 - 2. For the year ended December 31, 1997, budgeted expenditures in the 911 Fund exceeded budgeted revenues plus beginning balances resulting in a budgeted deficit.

Recommendations:

The County Commission:

- A. Prepare or obtain budgets for all county funds as required by state law.
- B. Monitor budgeted to actual disbursements on a timely basis and not authorize disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's Office.
- C.1.
 - &2. Refrain from approving expenditures in excess of available monies.

Status:

- A. Not implemented. See MAR No. 99-1.
- B. Not implemented. Actual expenditures exceeded budgets by small amounts for the Prosecuting Attorney Bad Check Fund and the Juvenile Office Grant Fund in 1999 and the 911 Fund and the Recorder's Users Fees Fund in 1998. Although not repeated in the current report, our recommendation remains as stated above.
- C.1. Not implemented. The Juvenile Office Grant Fund and the DFS Grant Fund had negative cash balances as of December 31, 1999. These funds operate on a

reimbursement basis and the only revenues have been reimbursements from the state which are received after actual expenditures are made. As a result, these funds continue to have negative cash balances. Although not repeated in the current report, our recommendation remains as stated above.

C.2. Implemented. No deficit balances were budgeted in the county's 2000 budget.

5. Collateral Securities

The amount of collateral securities pledged by the county's depositary bank in January 1997, and January 1996, were insufficient to cover monies in the custody of the Ex Officio Collector.

Recommendation:

The Ex Officio Collector ensure collateral securities pledged by the depositary bank are sufficient to protect county monies at all times.

Status:

Implemented.

6. Sheriff's Procedures

- A. Receipts were not always deposited on a timely basis. In addition, prenumbered receipt slips had not been issued for any of the monies.
- B. Accounting duties were not adequately segregated.
- C. At December 31, 1997, the Sheriff's bank account contained approximately \$289 in unidentified monies and a small check which had been outstanding for over two years.

Recommendations:

The Sheriff:

- A. Issue receipts for all monies received, restrictively endorse checks immediately upon receipt, and deposit receipts daily or when accumulated receipts exceed \$100.
- B. Adequately segregate the record keeping duties or perform and document periodic reviews of the accounting records.

- C. Attempt to locate the payees for any old outstanding checks and reissue the checks, if possible. Any remaining unclaimed amounts should be turned over to the county treasurer for eventual distribution in accordance with state law.

Status:

A-C. Implemented.

7. Prosecuting Attorney Procedures

Receipts were not posted to the cash control record in a timely manner, and receipt slip or money order numbers were not posted to the record.

Recommendation:

The Prosecuting Attorney post receipts to the cash control record in a timely manner and record receipt slip or money order numbers to the cash control record for all monies received.

Status:

Not implemented. See MAR No. 5.

STATISTICAL SECTION

History, Organization, and
Statistical Information

LINN COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1837, the county of Linn was named after Lewis F. Linn, a U.S. Senator. Linn County is a township-organized, third-class county and is part of the Ninth Judicial Circuit. The county seat is Linneus.

Linn County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Linn County received its money in 1999 and 1998 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 137,598	5	134,290	5
Sales taxes	1,124,840	42	1,072,217	43
Federal and state aid	1,119,298	42	886,741	36
Fees, interest, and other	289,265	11	387,888	16
Total	\$ 2,671,001	100	2,481,136	100

The following chart shows how Linn County spent monies in 1999 and 1998 from the General Revenue and Special Road and Bridge Funds:

USE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 535,949	22	593,520	23
Public safety	475,215	20	449,956	18
Highways and roads	1,402,224	58	1,525,973	59
Total	\$ 2,413,388	100	2,569,449	100

The county maintains approximately 400 county bridges and 800 miles of county roads.

The county's population was 15,125 in 1970 and 13,885 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		1999	1998	1985*	1980**	1970**
		(in millions)				
Real estate	\$	54.3	51.8	48.6	26.9	21.8
Personal property		32.0	29.9	15.2	11.0	7.7
Railroad and utilities		15.5	15.0	12.6	7.8	7.3
Total	\$	101.8	96.7	76.4	45.7	36.8

* First year of statewide reassessment.

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

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

		Year Ended December 31,	
		1999	1998
General Revenue Fund	\$.09	.08
Health Center Fund		.19	.23
Senate Bill 40 Board Fund		.20	.19

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

	Year Ended February 28 (29),	
	2000	1999
State of Missouri	\$ 32,455	29,817
General Revenue Fund	114,341	96,518
Special Road and Bridge Fund	48,344	43,390
Assessment Fund	67,511	63,962
Health Center Fund	203,339	223,673
Senate Bill 40 Board Fund	206,550	184,043
School districts	3,863,826	3,544,466
Special road districts	61,009	67,189
Township Road and Bridge Fund	486,509	432,865
Townships	108,375	96,667
Fire districts	33,740	32,840
Township Bond Fund	76,153	49,331
Ambulance district	305,391	276,003
Yellow Creek Watershed	74	1,699
Cities	105,460	104,553
County Clerk	251	233
County Employees' Retirement	21,186	18,381
Investment interest	10,000	6,705
Commissions and fees:		
General Revenue Fund	65,489	59,487
Township Collectors	47,101	44,012
Total	\$ 5,857,104	5,375,834

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2000	1999
Real estate	92.2 %	90.8 %
Personal property	91.8	89.1
Railroad and utilities	100.0	96.0

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %
Capital improvements, Road & Bridge	.0050	2004	None
Use	.0010	None	None

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

Officeholder	2000	1999	1998
County-Paid Officials:			
Rick Solomon, Presiding Commissioner	\$	21,483	
Charles Farrenkoph, Presiding Commissioner			17,500
Becky Thudium, Associate Commissioner		17,500	17,500
Jim Libby, Associate Commissioner		17,500	17,500
Loretta Brookshier, Recorder of Deeds (1)			27,000
Peggy Ward, County Clerk (2)		29,520	24,583
Kathleen Jones, County Clerk (3)			4,917
John Casey, Prosecuting Attorney		35,260	
William DeVoy, Prosecuting Attorney			34,000
Tom Parks, Sheriff		35,000	35,000
Wesley Rhodes, County Coroner		6,000	6,000
Leroy Duncan, Public Administrator *		15,497	19,469
Pamela Reed, Treasurer and Ex Officio County Collector, year ended March 31, (4)	32,742	630	
David Long, Treasurer and Ex Officio County Collector, April 1, 1998 to March 25, 1999 (5)		32,112	
David Long, County Assessor **, March 25, 1999 to August 31, 1999 (5)		15,270	
Patty Rushton, County Assessor ***, year ended August 31, (6)		17,450	34,900

- (1) The separate position of Recorder of Deeds was abolished in January 1999 when the office was combined with the Circuit Clerk.
- (2) Appointed March 3, 1998.
- (3) Resigned effective February 28, 1998.
- (4) Appointed March 25, 1999.
- (5) Served as Treasurer and Ex Officio Collector from April 1, 1998 to March 25, 1999. He resigned when appointed Assessor by Governor on March 25, 1999.
- (6) Resigned effective February 23, 1999.

* Includes fees received from probate cases.

** Includes \$450 annual compensation received from the state.

*** Includes \$450 and \$900 annual compensation received from the state, respectively.

State-Paid Officials:

Elaine Clough, Circuit Clerk and Ex Officio Recorder of Deeds		44,292	42,183
James Williams, Associate Circuit Judge		87,235	85,158

A breakdown of employees (excluding the elected officials) by office at December 31, 1999, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	2	2
County Clerk	3	0
Prosecuting Attorney	1	0
Sheriff	5	0
Treasurer and Ex Officio County Collector	1	0
County Assessor	4	0
Associate Division	0	1
Probate Division	0	1
Road and Bridge	6	0
Health Center	12	0
Other	2	0
Total	<u>36</u>	<u>4</u>

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Linn County's share of the Ninth Judicial Circuit's expenses is 47.21 percent.