



**DAVISS COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2000**

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

**Report No. 2001-101  
September 27, 2001  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

September 2001

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

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

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This audit of Daviess County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such monies to contractors.
- The Special Road and Bridge Fund budgets do not present a reasonable estimate of the fund's expenditures. Budgeted expenditures exceeded actual expenditures of the Special Road and Bridge Fund during the years ended December 31, 2000 and 1999, by more than \$600,000 and \$450,000, respectively. A more reasonable and accurate estimate would also allow better compliance with the 3% administrative transfer allowed by state law.
- The Central Dispatch for Emergency Services Board (CDES) approved expenditures in excess of the approved budgeted amounts for the years ended December 31, 2000 and 1999. In addition, the CDES budgets were not complete or accurate and did not always agree to accounting records.

The audit also includes some matters related to closed meeting minutes, accounting controls of the Ex-Officio Recorder of Deeds, and Health Center Board procedures, upon which the county should consider and take appropriate corrective action.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

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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 Daviess County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Daviess County, Missouri, as of and for the years ended December 31, 2000 and 1999, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Daviess 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 Daviess County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Daviess 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, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1,



which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated August 2, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 Daviess 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

August 2, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA  
Audit Manager: Todd M. Schuler, CPA  
In-Charge Auditor: Lori Bryant  
Audit Staff: Christina Brown  
Kelly Davis  
Mark Heater  
Nicole Mortensen



**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 Daviess County, Missouri

We have audited the special-purpose financial statements of various funds of Daviess County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 2, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Daviess 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 black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

August 2, 2001 (fieldwork completion date)

## Financial Statements

Exhibit A-1

DAVISS COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 634,860	656,100	592,499	698,461
Special Road and Bridge	923,767	912,055	872,359	963,463
Assessment	9,781	126,094	135,875	0
Law Enforcement Training	9,750	5,446	6,350	8,846
Prosecuting Attorney Training	2,079	1,303	1,928	1,454
Frazier Trust	13,764	991	159	14,596
Law Enforcement Training - POST	1,220	3,081	3,014	1,287
Law Enforcement Sales Tax	66,841	281,857	270,403	78,295
Mays Estate	13,227	658	0	13,885
Domestic Violence	916	352	0	1,268
Prosecuting Attorney Bad Check	1,984	3,396	2,489	2,891
Jackson Township Grant Maintenance	48,817	12,622	649	60,790
Local Emergency Planning Committee	4,384	5,330	3,149	6,565
Sheriff Civil Fees	16,207	9,158	0	25,365
Prosecuting Attorney Forfeitures	267	8	0	275
Sheriff Forfeitures	588	18	0	606
Recorder's User Fees	19,626	5,396	1,693	23,329
Prosecuting Attorney Delinquent Tax	2	0	0	2
Election Services	0	1,862	429	1,433
Jail Capital Improvement	210,199	119,760	0	329,959
Care Center Lease	56,655	103,978	14,987	145,646
Health Care Reserve	133,437	22,669	4,952	151,154
Health Center	161,651	295,948	320,466	137,133
Central Dispatch Emergency Services	243,868	226,002	185,010	284,860
Developmentally Disabled	51,277	70,331	27,410	94,198
Circuit Clerk Interest	1,799	1,242	180	2,861
Associate Circuit Interest	1,442	2,526	1,765	2,203
Law Library	1,024	1,660	1,043	1,641
Total	\$ 2,629,432	2,869,843	2,446,809	3,052,466

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

Exhibit A-2

DAVISS 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	\$ 565,962	642,209	573,311	634,860
Special Road and Bridge	838,064	921,544	835,841	923,767
Assessment	4,709	127,178	122,106	9,781
Law Enforcement Training	9,664	7,606	7,520	9,750
Prosecuting Attorney Training	1,370	1,850	1,141	2,079
Frazier Trust	13,356	658	250	13,764
Law Enforcement Training - POST	1,161	3,161	3,102	1,220
Law Enforcement Sales Tax	18,313	302,939	254,411	66,841
Mays Estate	12,838	389	0	13,227
Domestic Violence	540	376	0	916
Prosecuting Attorney Bad Check	4,566	2,255	4,837	1,984
Jackson Township Grant Maintenance	40,353	8,464	0	48,817
Local Emergency Planning Committee	2,523	2,687	826	4,384
Sheriff Civil Fees	9,494	6,713	0	16,207
Prosecuting Attorney Forfeitures	486	11	230	267
Sheriff Forfeitures	571	17	0	588
Recorder's User Fees	21,180	5,700	7,254	19,626
Prosecuting Attorney Delinquent Tax	85	0	83	2
Jail Capital Improvement	102,752	107,447	0	210,199
Care Center Lease	0	58,470	1,815	56,655
Health Care Reserve	0	135,205	1,768	133,437
Health Center	178,161	283,176	299,686	161,651
Central Dispatch Emergency Services	199,860	233,304	189,296	243,868
Developmentally Disabled	9,457	62,074	20,254	51,277
Community Development Block Grant	81	50,288	50,369	0
Circuit Clerk Interest	762	1,037	0	1,799
Associate Circuit Interest	1,083	1,260	901	1,442
Law Library	404	2,140	1,520	1,024
Total	\$ 2,037,795	2,968,158	2,376,521	2,629,432

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

Exhibit B

DAVISS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,162,994	2,869,843	(293,151)	2,919,679	2,913,433	(6,246)
DISBURSEMENTS	3,605,789	2,446,809	1,158,980	3,110,329	2,323,731	786,598
RECEIPTS OVER (UNDER) DISBURSEMENTS	(442,795)	423,034	865,829	(190,650)	589,702	780,352
CASH, JANUARY 1	2,629,432	2,629,432	0	2,063,527	2,035,465	(28,062)
CASH, DECEMBER 31	2,186,637	3,052,466	865,829	1,872,877	2,625,167	752,290
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	197,600	202,230	4,630	208,400	191,915	(16,485)
Sales taxes	216,500	210,694	(5,806)	199,000	215,962	16,962
Intergovernmental	35,850	41,489	5,639	32,550	36,295	3,745
Charges for services	112,175	107,946	(4,229)	97,000	115,608	18,608
Interest	28,000	38,779	10,779	27,000	27,038	38
Other	18,000	15,490	(2,510)	18,600	20,182	1,582
Transfers in	40,000	39,472	(528)	33,000	35,209	2,209
Total Receipts	648,125	656,100	7,975	615,550	642,209	26,659
DISBURSEMENTS						
County Commission	63,532	63,172	360	60,448	60,341	107
County Clerk	63,303	61,830	1,473	63,526	62,456	1,070
Elections	42,680	37,789	4,891	25,430	15,075	10,355
Buildings and grounds	130,950	50,443	80,507	94,025	54,175	39,850
Employee fringe benefits	29,000	20,099	8,901	23,000	20,292	2,708
County Treasurer	38,964	35,831	3,133	37,977	34,965	3,012
County Collector	2,710	1,793	917	2,000	1,617	383
Circuit Clerk and Ex Officio Recorder of Deeds	21,756	16,217	5,539	22,685	18,654	4,031
Associate Circuit and Probate Court	19,597	19,031	566	19,200	16,791	2,409
Court administration	22,950	14,469	8,481	14,150	5,643	8,507
Public Administrator	6,253	5,837	416	6,335	5,951	384
Prosecuting Attorney	82,212	78,670	3,542	82,466	72,840	9,626
Juvenile Officer	14,609	6,056	8,553	17,208	12,117	5,091
County Coroner	7,871	9,673	(1,802)	10,773	6,442	4,331
Public health and welfare services	1,000	625	375	1,000	0	1,000
Other	102,600	54,018	48,582	84,826	61,374	23,452
Transfers out	129,575	116,946	12,629	136,250	124,578	11,672
Emergency Fund	30,000	0	30,000	30,000	0	30,000
Total Disbursements	809,562	592,499	217,063	731,299	573,311	157,988
RECEIPTS OVER (UNDER) DISBURSEMENTS	(161,437)	63,601	225,038	(115,749)	68,898	184,647
CASH, JANUARY 1	634,860	634,860	0	565,962	565,962	0
CASH, DECEMBER 31	473,423	698,461	225,038	450,213	634,860	184,647

Exhibit B

DAVISS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	1,175,000	854,127	(320,873)	1,043,470	811,334	(232,136)
Charges for services	0	0	0	10,000	0	(10,000)
Interest	34,000	51,726	17,726	30,000	35,089	5,089
Other	24,000	6,202	(17,798)	1,500	43,057	41,557
Transfers in	0	0	0	0	32,064	32,064
Total Receipts	1,233,000	912,055	(320,945)	1,084,970	921,544	(163,426)
<b>DISBURSEMENTS</b>						
Salaries	120,000	105,187	14,813	115,700	102,235	13,465
Employee fringe benefits	21,150	11,973	9,177	17,050	11,584	5,466
Supplies	25,500	15,482	10,018	26,800	11,292	15,508
Insurance	8,300	6,037	2,263	8,200	5,486	2,714
Road and bridge materials	407,000	375,186	31,814	405,500	366,348	39,152
Equipment repairs	20,000	14,223	5,777	20,000	9,995	10,005
Rentals	2,000	111	1,889	2,000	135	1,865
Equipment purchases	200,000	39,766	160,234	190,000	69,778	120,222
Construction, repair, and maintenance	630,000	255,440	374,560	464,000	223,808	240,192
Other	13,400	5,114	8,286	13,401	5,180	8,221
Transfers out	43,840	43,840	0	38,193	30,000	8,193
Total Disbursements	1,491,190	872,359	618,831	1,300,844	835,841	465,003
RECEIPTS OVER (UNDER) DISBURSEMENTS	(258,190)	39,696	297,886	(215,874)	85,703	301,577
CASH, JANUARY 1	923,767	923,767	0	838,064	838,064	0
CASH, DECEMBER 31	665,577	963,463	297,886	622,190	923,767	301,577
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	101,186	108,220	7,034	106,600	101,717	(4,883)
Interest	500	615	115	400	526	126
Other	300	313	13	2,050	357	(1,693)
Transfers in	24,700	16,946	(7,754)	21,550	24,578	3,028
Total Receipts	126,686	126,094	(592)	130,600	127,178	(3,422)
<b>DISBURSEMENTS</b>						
Assessor	136,059	135,875	184	135,308	122,106	13,202
Total Disbursements	136,059	135,875	184	135,308	122,106	13,202
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,373)	(9,781)	(408)	(4,708)	5,072	9,780
CASH, JANUARY 1	9,781	9,781	0	4,709	4,709	0
CASH, DECEMBER 31	408	0	(408)	1	9,781	9,780



Exhibit B

DAVISS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	5,000	5,037	37	5,000	7,205	2,205
Interest	400	409	9	300	401	101
Total Receipts	<u>5,400</u>	<u>5,446</u>	<u>46</u>	<u>5,300</u>	<u>7,606</u>	<u>2,306</u>
<b>DISBURSEMENTS</b>						
Sheriff	5,500	1,878	3,622	7,350	2,311	5,039
Transfers out	5,000	4,472	528	3,000	5,209	(2,209)
Total Disbursements	<u>10,500</u>	<u>6,350</u>	<u>4,150</u>	<u>10,350</u>	<u>7,520</u>	<u>2,830</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(5,100)</u>	<u>(904)</u>	<u>4,196</u>	<u>(5,050)</u>	<u>86</u>	<u>5,136</u>
CASH, JANUARY 1	9,750	9,750	0	9,664	9,664	0
CASH, DECEMBER 31	<u>4,650</u>	<u>8,846</u>	<u>4,196</u>	<u>4,614</u>	<u>9,750</u>	<u>5,136</u>
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	2,000	1,252	(748)	1,500	1,810	310
Interest	40	51	11	10	40	30
Total Receipts	<u>2,040</u>	<u>1,303</u>	<u>(737)</u>	<u>1,510</u>	<u>1,850</u>	<u>340</u>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	1,300	1,928	(628)	2,650	1,141	1,509
Total Disbursements	<u>1,300</u>	<u>1,928</u>	<u>(628)</u>	<u>2,650</u>	<u>1,141</u>	<u>1,509</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>740</u>	<u>(625)</u>	<u>(1,365)</u>	<u>(1,140)</u>	<u>709</u>	<u>1,849</u>
CASH, JANUARY 1	2,079	2,079	0	1,370	1,370	0
CASH, DECEMBER 31	<u>2,819</u>	<u>1,454</u>	<u>(1,365)</u>	<u>230</u>	<u>2,079</u>	<u>1,849</u>
<b><u>FRAZIER TRUST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	650	991	341	600	658	58
Total Receipts	<u>650</u>	<u>991</u>	<u>341</u>	<u>600</u>	<u>658</u>	<u>58</u>
<b>DISBURSEMENTS</b>						
School supplies	501	159	342	500	250	250
Total Disbursements	<u>501</u>	<u>159</u>	<u>342</u>	<u>500</u>	<u>250</u>	<u>250</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>149</u>	<u>832</u>	<u>683</u>	<u>100</u>	<u>408</u>	<u>308</u>
CASH, JANUARY 1	13,764	13,764	0	13,356	13,356	0
CASH, DECEMBER 31	<u>13,913</u>	<u>14,596</u>	<u>683</u>	<u>13,456</u>	<u>13,764</u>	<u>308</u>

Exhibit B

DAVIESS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING-POST</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	3,000	3,014	14	900	3,102	2,202
Interest		67	67	60	59	(1)
Total Receipts	3,000	3,081	81	960	3,161	2,201
<b>DISBURSEMENTS</b>						
Sheriff	3,000	3,014	(14)	2,000	3,102	(1,102)
Total Disbursements	3,000	3,014	(14)	2,000	3,102	(1,102)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	67	67	(1,040)	59	1,099
CASH, JANUARY 1	1,220	1,220	0	1,161	1,161	0
CASH, DECEMBER 31	1,220	1,287	67	121	1,220	1,099
<b><u>LAW ENFORCEMENT SALES TAX</u></b>						
<b>RECEIPTS</b>						
Sales taxes	216,500	210,620	(5,880)	199,000	215,962	16,962
Intergovernmental	48,000	25,147	(22,853)	44,800	50,222	5,422
Charges for services	10,500	9,548	(952)	8,971	10,746	1,775
Interest	1,300	2,723	1,423	906	1,307	401
Other	29,522	33,819	4,297	9,719	24,702	14,983
Transfer in	0	0	0	10,200	0	(10,200)
Total Receipts	305,822	281,857	(23,965)	273,596	302,939	29,343
<b>DISBURSEMENTS</b>						
Salaries	127,232	126,295	937	125,479	123,125	2,354
Office expenses	5,700	2,790	2,910	5,900	4,580	1,320
Equipment	1,200	755	445	1,200	0	1,200
Mileage	35,605	37,633	(2,028)	22,000	17,082	4,918
Other	4,140	4,332	(192)	4,740	4,035	705
Insurance	18,300	14,796	3,504	15,467	14,245	1,222
Prisoner costs	110,000	83,802	26,198	117,100	91,344	25,756
Total Disbursements	302,177	270,403	31,774	291,886	254,411	37,475
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,645	11,454	7,809	(18,290)	48,528	66,818
CASH, JANUARY 1	66,841	66,841	0	18,313	18,313	0
CASH, DECEMBER 31	70,486	78,295	7,809	23	66,841	66,818
<b><u>MAYS ESTATE</u></b>						
<b>RECEIPTS</b>						
Interest	400	658	258	0	389	389
Total Receipts	400	658	258	0	389	389
<b>DISBURSEMENTS</b>						
Equipment	13,225	0	13,225	10,000	0	10,000
Total Disbursements	13,225	0	13,225	10,000	0	10,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(12,825)	658	13,483	(10,000)	389	10,389
CASH, JANUARY 1	13,227	13,227	0	12,838	12,838	0
CASH, DECEMBER 31	402	13,885	13,483	2,838	13,227	10,389

Exhibit B

DAVISS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>DOMESTIC VIOLENCE</u></b>						
<b>RECEIPTS</b>						
Charges for services	355	320	(35)	350	355	5
Interest	25	32	7	10	21	11
Total Receipts	380	352	(28)	360	376	16
<b>DISBURSEMENTS</b>						
Domestic violence shelter	1,296	0	1,296	900	0	900
Total Disbursements	1,296	0	1,296	900	0	900
RECEIPTS OVER (UNDER) DISBURSEMENTS	(916)	352	1,268	(540)	376	916
CASH, JANUARY 1	916	916	0	540	540	0
CASH, DECEMBER 31	0	1,268	1,268	0	916	916
<b><u>PROSECUTING ATTORNEY BAD CHECK</u></b>						
<b>RECEIPTS</b>						
Charges for services	3,000	3,396	396	3,700	2,255	(1,445)
Total Receipts	3,000	3,396	396	3,700	2,255	(1,445)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	4,500	2,489	2,011	8,000	4,837	3,163
Total Disbursements	4,500	2,489	2,011	8,000	4,837	3,163
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	907	2,407	(4,300)	(2,582)	1,718
CASH, JANUARY 1	1,984	1,984	0	4,566	4,566	0
CASH, DECEMBER 31	484	2,891	2,407	266	1,984	1,718
<b><u>JACKSON TOWNSHIP GRANT MAINTENANCE</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	500	500	0	500	500	0
Interest	2,500	3,282	782	1,700	1,964	264
Other	6,000	0	(6,000)	6,000	6,000	0
Transfers in	8,840	8,840	0	4,420	0	(4,420)
Total Receipts	17,840	12,622	(5,218)	12,620	8,464	(4,156)
<b>DISBURSEMENTS</b>						
Road maintenance	0	649	(649)	0	0	0
Total Disbursements	0	649	(649)	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	17,840	11,973	(5,867)	12,620	8,464	(4,156)
CASH, JANUARY 1	48,817	48,817	0	40,353	40,353	0
CASH, DECEMBER 31	66,657	60,790	(5,867)	52,973	48,817	(4,156)

Exhibit B

DAVISS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LOCAL EMERGENCY PLANNING COMMITTEE</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	2,500	5,183	2,683	0	2,622	2,622
Interest	80	147	67	40	65	25
Total Receipts	<u>2,580</u>	<u>5,330</u>	<u>2,750</u>	<u>40</u>	<u>2,687</u>	<u>2,647</u>
<b>DISBURSEMENTS</b>						
Training	5,500	3,149	2,351	1,500	826	674
Total Disbursements	<u>5,500</u>	<u>3,149</u>	<u>2,351</u>	<u>1,500</u>	<u>826</u>	<u>674</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(2,920)</u>	<u>2,181</u>	<u>5,101</u>	<u>(1,460)</u>	<u>1,861</u>	<u>3,321</u>
CASH, JANUARY 1	4,384	4,384	0	2,523	2,523	0
CASH, DECEMBER 31	<u>1,464</u>	<u>6,565</u>	<u>5,101</u>	<u>1,063</u>	<u>4,384</u>	<u>3,321</u>
<b><u>SHERIFF CIVIL FEE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	6,000	7,965	1,965	7,000	6,265	(735)
Interest	299	1,193	894	200	448	248
Total Receipts	<u>6,299</u>	<u>9,158</u>	<u>2,859</u>	<u>7,200</u>	<u>6,713</u>	<u>(487)</u>
<b>DISBURSEMENTS</b>						
Sheriff	0	0	0	8,000	0	8,000
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,000</u>	<u>0</u>	<u>8,000</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>6,299</u>	<u>9,158</u>	<u>2,859</u>	<u>(800)</u>	<u>6,713</u>	<u>7,513</u>
CASH, JANUARY 1	16,207	16,207	0	9,494	9,494	0
CASH, DECEMBER 31	<u>22,506</u>	<u>25,365</u>	<u>2,859</u>	<u>8,694</u>	<u>16,207</u>	<u>7,513</u>
<b><u>PROSECUTING ATTORNEY FORFEITURES</u></b>						
<b>RECEIPTS</b>						
Interest	10	8	(2)	14	11	(3)
Total Receipts	<u>10</u>	<u>8</u>	<u>(2)</u>	<u>14</u>	<u>11</u>	<u>(3)</u>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	200	0	200	500	230	270
Total Disbursements	<u>200</u>	<u>0</u>	<u>200</u>	<u>500</u>	<u>230</u>	<u>270</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(190)</u>	<u>8</u>	<u>198</u>	<u>(486)</u>	<u>(219)</u>	<u>267</u>
CASH, JANUARY 1	267	267	0	486	486	0
CASH, DECEMBER 31	<u>77</u>	<u>275</u>	<u>198</u>	<u>0</u>	<u>267</u>	<u>267</u>

Exhibit B

DAVIESS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF FORFEITURES</u></b>						
<b>RECEIPTS</b>						
Interest	17	18	1	9	17	8
Total Receipts	17	18	1	9	17	8
<b>DISBURSEMENTS</b>						
Sheriff	600	0	600	570	0	570
Total Disbursements	600	0	600	570	0	570
RECEIPTS OVER (UNDER) DISBURSEMENTS	(583)	18	601	(561)	17	578
CASH, JANUARY 1	588	588	0	571	571	0
CASH, DECEMBER 31	5	606	601	10	588	578
<b><u>RECORDER'S USER FEE</u></b>						
<b>RECEIPTS</b>						
Charges for services	4,000	4,286	286	5,000	4,706	(294)
Interest	800	1,110	310	0	994	994
Total Receipts	4,800	5,396	596	5,000	5,700	700
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deeds	20,801	1,693	19,108	21,000	7,254	13,746
Total Disbursements	20,801	1,693	19,108	21,000	7,254	13,746
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,001)	3,703	19,704	(16,000)	(1,554)	14,446
CASH, JANUARY 1	19,626	19,626	0	21,180	21,180	0
CASH, DECEMBER 31	3,625	23,329	19,704	5,180	19,626	14,446
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	99	0	(99)	150	0	(150)
Total Receipts	99	0	(99)	150	0	(150)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	0	0	0	230	83	147
Total Disbursements	0	0	0	230	83	147
RECEIPTS OVER (UNDER) DISBURSEMENTS	99	0	(99)	(80)	(83)	(3)
CASH, JANUARY 1	2	2	0	85	85	0
CASH, DECEMBER 31	101	2	(99)	5	2	(3)

Exhibit B

DAVISS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ELECTION SERVICES</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	2,000	1,848	(152)			
Interest	5	14	9			
Total Receipts	2,005	1,862	(143)			
<b>DISBURSEMENTS</b>						
Equipment	500	240	260			
Supplies	500	0	500			
Training and mileage	500	189	311			
Salaries	500	0	500			
Total Disbursements	2,000	429	1,571			
RECEIPTS OVER (UNDER) DISBURSEMENTS	5	1,433	1,428			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	5	1,433	1,428			
<b><u>JAIL CAPITAL IMPROVEMENT</u></b>						
<b>RECEIPTS</b>						
Interest	10,000	19,760	9,760	3,500	7,447	3,947
Transfers in	100,000	100,000	0	100,000	100,000	0
Total Receipts	110,000	119,760	9,760	103,500	107,447	3,947
<b>DISBURSEMENTS</b>						
Jail construction	10,000	0	10,000	0	0	0
Total Disbursements	10,000	0	10,000	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	100,000	119,760	19,760	103,500	107,447	3,947
CASH, JANUARY 1	210,199	210,199	0	102,752	102,752	0
CASH, DECEMBER 31	310,199	329,959	19,760	206,252	210,199	3,947
<b><u>CARE CENTER LEASE</u></b>						
<b>RECEIPTS</b>						
Interest	500	3,228	2,728	1,500	220	(1,280)
Lease payment	96,000	96,000	0	56,000	56,000	0
Other	0	4,750	4,750	0	2,250	2,250
Total Receipts	96,500	103,978	7,478	57,500	58,470	970
<b>DISBURSEMENTS</b>						
Equipment	35,000	14,987	20,013	21,000	1,815	19,185
Total Disbursements	35,000	14,987	20,013	21,000	1,815	19,185
RECEIPTS OVER (UNDER) DISBURSEMENTS	61,500	88,991	27,491	36,500	56,655	20,155
CASH, JANUARY 1	56,655	56,655	0	0	0	0
CASH, DECEMBER 31	118,155	145,646	27,491	36,500	56,655	20,155

Exhibit B

DAVIESS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>HEALTH CARE RESERVE</u></b>						
RECEIPTS						
Intergovernmental	0	0	0	85,000	134,982	49,982
Interest	200	13,080	12,880	1,500	223	(1,277)
Other	5,540	9,589	4,049	0	0	0
Total Receipts	5,740	22,669	16,929	86,500	135,205	48,705
DISBURSEMENTS						
Health care	120,000	4,952	115,048	20,000	1,768	18,232
Total Disbursements	120,000	4,952	115,048	20,000	1,768	18,232
RECEIPTS OVER (UNDER) DISBURSEMENTS	(114,260)	17,717	131,977	66,500	133,437	66,937
CASH, JANUARY 1	133,437	133,437	0	0	0	0
CASH, DECEMBER 31	19,177	151,154	131,977	66,500	133,437	66,937
<b><u>HEALTH CENTER</u></b>						
RECEIPTS						
Property taxes	58,000	69,363	11,363	55,000	63,843	8,843
Intergovernmental	123,074	161,009	37,935	136,250	142,490	6,240
Charges for services	56,600	45,661	(10,939)	56,000	58,052	2,052
Interest	9,700	8,533	(1,167)	9,550	9,585	35
Other	77,057	11,382	(65,675)	9,200	9,206	6
Total Receipts	324,431	295,948	(28,483)	266,000	283,176	17,176
DISBURSEMENTS						
Salaries	233,105	214,879	18,226	221,942	229,918	(7,976)
Office	14,450	7,846	6,604	17,350	13,567	3,783
Mileage	13,800	9,050	4,750	14,216	12,555	1,661
Other	70,267	61,199	9,068	34,664	30,049	4,615
Contracts	24,750	27,492	(2,742)	15,379	13,597	1,782
Total Disbursements	356,372	320,466	35,906	303,551	299,686	3,865
RECEIPTS OVER (UNDER) DISBURSEMENTS	(31,941)	(24,518)	7,423	(37,551)	(16,510)	21,041
CASH, JANUARY 1	161,651	161,651	0	178,161	178,161	0
CASH, DECEMBER 31	129,710	137,133	7,423	140,610	161,651	21,041

Exhibit B

DAVIESS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CENTRAL DISPATCH EMERGENCY SERVICES</u></b>						
<b>RECEIPTS</b>						
Sales taxes	192,000	210,005	18,005	188,000	215,519	27,519
Interest	6,800	12,252	5,452	6,000	7,661	1,661
Other	1,200	3,745	2,545	10,000	10,124	124
Total Receipts	200,000	226,002	26,002	204,000	233,304	29,304
<b>DISBURSEMENTS</b>						
Salaries	98,355	112,351	(13,996)	81,000	91,559	(10,559)
Office	1,600	5,454	(3,854)	1,500	7,664	(6,164)
Equipment	46,840	38,021	8,819	54,775	45,771	9,004
Insurance	17,403	11,463	5,940	11,450	12,475	(1,025)
Consultant	4,200	4,514	(314)	4,450	27,914	(23,464)
Other	5,500	13,207	(7,707)	27,066	3,913	23,153
Total Disbursements	173,898	185,010	(11,112)	180,241	189,296	(9,055)
RECEIPTS OVER (UNDER) DISBURSEMENTS	26,102	40,992	14,890	23,759	44,008	20,249
CASH, JANUARY 1	243,868	243,868	0	227,922	199,860	(28,062)
CASH, DECEMBER 31	269,970	284,860	14,890	251,681	243,868	(7,813)
<b><u>DEVELOPMENTALLY DISABLED</u></b>						
<b>RECEIPTS</b>						
Property taxes	60,000	67,079	7,079	60,000	61,083	1,083
Intergovernmental	0	791	791	0	991	991
Interest	0	2,270	2,270	0	0	0
Other	0	191	191	0	0	0
Total Receipts	60,000	70,331	10,331	60,000	62,074	2,074
<b>DISBURSEMENTS</b>						
Proposals	98,857	26,267	72,590	56,199	19,390	36,809
Office	1,801	1,143	658	2,801	864	1,937
Equipment	1,000	0	1,000	0	0	0
Mileage	1,000	0	1,000	1,000	0	1,000
Total Disbursements	102,658	27,410	75,248	60,000	20,254	39,746
RECEIPTS OVER (UNDER) DISBURSEMENTS	(42,658)	42,921	85,579	0	41,820	41,820
CASH, JANUARY 1	51,277	51,277	0	9,457	9,457	0
CASH, DECEMBER 31	8,619	94,198	85,579	9,457	51,277	41,820



Exhibit B

DAVISS COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST</u></b>						
<b>RECEIPTS</b>						
Interest	720	1,242	522			
Total Receipts	720	1,242	522			
<b>DISBURSEMENTS</b>						
Equipment	2,500	180	2,320			
Total Disbursements	2,500	180	2,320			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,780)	1,062	2,842			
CASH, JANUARY 1	1,799	1,799	0			
CASH, DECEMBER 31	19	2,861	2,842			
<b><u>ASSOCIATE CLERK INTEREST</u></b>						
<b>RECEIPTS</b>						
Interest	1,400	2,526	1,126			
Total Receipts	1,400	2,526	1,126			
<b>DISBURSEMENTS</b>						
Equipment	650	1,765	(1,115)			
Other	300	0	300			
Total Disbursements	950	1,765	(815)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	450	761	311			
CASH, JANUARY 1	1,442	1,442	0			
CASH, DECEMBER 31	1,892	2,203	311			
<b><u>LAW LIBRARY</u></b>						
<b>RECEIPTS</b>						
Charges for services	2,050	1,660	(390)			
Total Receipts	2,050	1,660	(390)			
<b>DISBURSEMENTS</b>						
Library updates	2,000	1,043	957			
Total Disbursements	2,000	1,043	957			
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	617	567			
CASH, JANUARY 1	1,024	1,024	0			
CASH, DECEMBER 31	1,074	1,641	567			

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

Notes to the Financial Statements

DAVIESS 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 Daviess 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, the Central Dispatch for Emergency Services Board, the Health Center Board, or the Developmentally Disabled 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 accounting principles generally accepted in the United States of America, 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 2000, 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>
Community Development Block Grant Fund	1999
Circuit Clerk Interest Fund	1999
Associate Circuit Interest Fund	1999
Law Library Fund	1999

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	2000
Law Enforcement Training - POST Fund	2000 and 1999
Jackson Township Grant Maintenance Fund	2000
Central Dispatch Emergency Services Fund	2000 and 1999
Associate Circuit Interest Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, 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.

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	1999
Central Dispatch for Emergency Services	2000 and 1999
Developmentally Disabled Fund	2000 and 1999
Circuit Clerk Interest Fund	2000 and 1999
Associate Circuit Interest Fund	2000 and 1999
Law Library Fund	2000 and 1999

2. Cash

Section 110.270, RSMo 2000, 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 2000, 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.

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

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2000, \$2,827,761 was covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name and \$73,751 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositories to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

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

The Health Center Board's and Developmentally Disabled Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance.

The Central Dispatch for Emergency Services Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the Central Dispatch for Emergency Services Board's custodial bank in the Central Dispatch for Emergency Services Board's name.

### 3. Subsequent Event

In April 2001, a former employee of the Daviess County Sheriff's department filed a lawsuit in federal court against Daviess County alleging uncompensated overtime and other wages. The plaintiff is asking for damages of approximately \$250,000 from the county. The potential liability to the county cannot be determined at this time.

Supplementary Schedule

Schedule

DAVIESS 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,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-9130 ER0045-0130 ER0045-1130	\$ 26,495	29,103
10.561	State Administrative Matching Grants for Food Stamp Program	SDA42300006	4,099	0
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	93-PF-10	0	50,288
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.unknown	Equitable Sharing of Seized and Forfeited Property	NA	0	230
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-031(14)	0	97,423
		BRO-031(16)	0	65,425
		BRO-031(18)	219,119	15,310
		BRO-031(19)	15,253	0
	Program Total		<u>234,372</u>	<u>178,158</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct program -				
93.268	Immunization Grants	N/A	3,662	2,823

Schedule

DAVIESS 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,	
			2000	1999
Passed through state:				
Department of Health -				
93.268	Immunization Grants	N/A	18,130	17,784
		PG0064-9130IAP	0	1,085
	Program Total		<u>18,130</u>	<u>18,869</u>
Department of Social Services -				
93.563	Child Support Enforcement	N/A	373	2,121
Department of Health -				
93.575	Child Care and Development Block Grant	ER0146-9130CCH&SCS ER0146-0130CCH&SCS PG0067-9130	1,436	545
93.991	Preventive Health and Health Services Block Grant	N/A	216	212
93.994	Maternal and Child Health Services Block Grant to the States	N/A ERO146-9130MCH ERO146-0130MCH ERO146-1130MCH	1,079 14,839	1,059 16,031
	Program Total		<u>15,918</u>	<u>17,090</u>
	Total Expenditures of Federal Awards		<u>\$ 304,701</u>	<u>299,439</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.



Notes to the Supplementary Schedule

DAVIESS 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 Daviess 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.

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, \$18,130

and \$17,784 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, 2000 and 1999. The Preventive Health and Health Services Block Grant (CFDA number 93.991) represents the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$1,079 and \$1,059 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, 2000 and 1999. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2000 and 1999.

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 Daviess County, Missouri

Compliance

We have audited the compliance of Daviess County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2000 and 1999. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

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

In our opinion, Daviess County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2000 and 1999. 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 00-1.

### Internal Control Over Compliance

The management of Daviess 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 00-1.

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 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 Daviess 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.



Claire McCaskill  
State Auditor

August 2, 2001 (fieldwork completion date)

Schedule



DAVIESS COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2000 AND 1999

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements noted?        yes   x   no

Federal Awards

Internal control over major program:

Material weaknesses identified?        yes   x   no

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

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

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

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
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  no

**Section II - Financial Statement Findings**

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

**Section III - Federal Award Findings and Questioned Costs**

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

**00-1. Cash Management**

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Number:	BRO-031(14), BRO-031(16), BRO-031(18)
Award Year:	1998 and 1999
Questioned Costs:	NA

Daviess County has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the disbursement of such monies to contractors. The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction Program. We noted several reimbursements which were held for various time periods prior to disbursement. Four payments, totaling \$27,629, were held for more than six days before disbursement. Additionally, one payment for \$13,941 was held for more than 30 days and another payment for \$1,316 was held for 14 days.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that funds shall be requested such that they are received not more than two days prior to the disbursement of those funds.

Non-compliance with the Cash Management Improvement Act with regard to timely disbursement of federal funds could result in future reductions of those funds.

**WE RECOMMEND** the County Commission establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.

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

*We agree and will ensure these monies are paid out timely, effective immediately.*

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

DAVISS 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, 1998, 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

DAVIESS 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, 1998, 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

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

We have audited the special-purpose financial statements of various funds of Daviess County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 2, 2001. We also have audited the compliance of Daviess County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 2, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit 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 audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 audit, 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.

Our audit 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 audit of the elected county officials 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 audits of the special-purpose financial statements of Daviess 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. Special Road and Bridge Fund Administrative Service Fee**

The budgets for the Special Road and Bridge Fund did not present a reasonable estimate of the fund's expenditures. As Exhibit B illustrates, budgeted expenditures exceeded actual expenditures of the Special Road and Bridge Fund during the years ended December 31, 2000 and 1999, by \$618,831 and \$465,003, respectively. Additionally, the county budgeted expenditures in excess of revenues by over \$200,000 in each year. Part of the reason for significant differences between budgeted and actual expenditures is bridge projects being budgeted in full even if only a portion of the project will be completed. The uncompleted portion of projects is budgeted again in the subsequent year, causing the total amount budgeted for the project to be inflated.

Such budgeting procedures do not allow for proper monitoring and use of the budget as a management tool. The Special Road and Bridge Fund budgets do not reflect realistic estimates or goals of what the county intends to accomplish during the budget year. Additionally, having a larger budget has allowed the county to transfer \$35,000 and \$30,000 during the years ended December 31, 2000 and 1999, respectively to the General Revenue Fund. Section 50.515, RSMo 2000, allows the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The fee is statutorily limited to a maximum of 3 percent of the Special Road and Bridge Fund budget. While Daviess County transferred less than 3 percent of budgeted expenditures, had a more reasonable budget estimate been used or actual disbursements, the transfer amounts to the General Revenue Fund would have been approximately \$15,000 less during the audit period.

Budgets that do not reasonably estimate the actual activity of the Special Road and Bridge Fund do not represent an accurate financial position of the fund and result in more monies being transferred to the General Revenue Fund than would otherwise occur. The County Commission needs to review its budgeting procedures for the Special Road and Bridge Fund as well as reevaluate the amounts being transferred annually for the administrative service fee.

**WE RECOMMEND** the County Commission review procedures used to establish the annual Special Road and Bridge Fund budget and prepare more reasonable budgets. The County Commission should also limit the administrative service fee to 3 percent of actual or reasonable budgeted expenditures of that fund.

**AUDITEE'S RESPONSE**

*We agree and will attempt to make our budgets for Special Road and Bridge Fund as reasonable as possible in the future and ensure the administrative service fee transfer is based upon a reasonable amount.*

- A. The Central Dispatch for Emergency Services (CDES) Board approved expenditures in excess of the approved budgeted amounts for the years ended December 31, 2000 and 1999 by \$11,112 and \$9,055, respectively. It appears this occurred at least in part because the treasurer does not present any written financial reports to the board. In addition, no formal budget amendments were filed with the county or the State Auditor's office, although the board minutes indicate the 2000 budget was amended by approximately \$7,800 in January 2001. As a result, the approved 2000 budget amounts reported on the 2001 budget were approximately \$8,800 higher than the approved amounts presented on the 2000 budget. No explanation was given for the additional \$1,000 increase.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W. 2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, written financial reports including actual activity and budgeted amounts would allow the board to monitor the situation during the year.

- B. The CDES Board's budgets are not complete or accurate. The 2001 budget did not include a cash reconciliation for 2000. While the 2000 budget did have a cash reconciliation for 1999, beginning cash was overstated by \$28,063.

Because cash reconciliations were not properly prepared and due to the lack of written financial reports referred to in Part A, there is less assurance that budget data is accurate. Our review indicated that actual cash, receipts, and disbursements as reflected on the budget documents for both 2000 and 1999 did not agree to the accounting records. It was necessary to make adjustments to the financial statements to reflect this information.

These errors could have been detected had an adequate review of the amounts presented in the budget been performed by the CDES Board. In addition, corrections should be made to ensure the actual amounts on the budget agree to the board treasurer's check register and budgeted amounts agree to the budgets that had been approved by the CDES board and presented in public hearings.

Chapter 50, RSM0 2000, requires the budget present a complete financial plan for the ensuing year. Documenting a complete summary of available resources, a cash reconciliation, and accurate actual data from preceding years is necessary to present a complete financial plan.

**WE RECOMMEND** the Central Dispatch for Emergency Services Board:

- A. Keep expenditures within budgetary limits. Extenuating circumstances should be fully documented and budgets properly revised. In addition, ensure maintenance of accurate accounting records and an effective financial reporting system to accurately monitor budgeted and actual financial activity.
- B. Ensure budgets are accurate and complete.

**AUDITEE'S RESPONSE**

- A. *We agree and will fully implement this recommendation with the 2002 budget.*
- B. *We agree and will ensure budgets are complete and accurate effective with the 2002 budget.*

<b>3. Closed Meeting Minutes</b>
----------------------------------

Section 610.021, RSMo 2000, allows the County Commission to close meetings to the extent the meetings relate to certain subjects, including litigation, real estate transactions, and personnel matters. The County Commission held several closed sessions during the two years ended December 31, 2000, and while the regular meeting minutes did appear to disclose the reason for entering into closed session, minutes were not maintained for the closed portion of the meetings. In addition, the actions taken by the commission in closed meetings are not generally recorded in the regular minutes.

Minutes constitute the official record of proceedings of the County Commission. Failure to maintain accurate minutes results in an inadequate record of the County Commission's actions, proceedings, and decisions. In addition, without adequate minutes, the County Commission cannot demonstrate that actions taken or business conducted during closed sessions related solely to the specific allowable reason announced for closing the meeting.

**WE RECOMMEND** the County Clerk ensure minutes are prepared, approved, and retained for all closed meetings.

**AUDITEE'S RESPONSE**

*We agree and will ensure this is done, effective immediately.*

<b>4. Ex Officio Recorder of Deeds Accounting Controls and Procedures</b>
---------------------------------------------------------------------------

The Ex Officio Recorder of Deed's office collected approximately \$64,000 and \$69,000 in 2000 and 1999, respectively. We noted the following concerns:

- A. Receipts are not deposited intact. Cash is withheld from deposits to make cash refunds and pay out passport fees to the Ex Officio Recorder of Deeds. Payments requiring a refund are recorded at the net receipt amount on the bank deposit slips with the only indication of the cash withheld from the deposit being a notation off to the side.

To adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are properly handled, recorded and deposited, receipts should be deposited intact and all refunds made by check.

- B. Copy monies received are held until the end of the month and put into a change fund to use as a petty cash fund. During the month, the cash is used to purchase postage for the Circuit Clerk's Office and employees are sometimes allowed to cash personal checks. At the end of the month, the amount in excess of \$15 is deposited and included in the monthly abstract of fees reports. A worksheet is maintained that summarizes receipts and disbursements of the petty cash fund. However, the worksheets are not reconciled to the amount of cash deposited at the end of the month and the invoices for purchases.

Depositing all receipts intact is necessary to ensure proper recording and accountability of receipts. If a petty cash fund is determined to be necessary, it should be kept at a constant amount. At a minimum, a reconciliation is necessary to ensure the amount of copy monies received and reported on the worksheet agrees to the amount deposited.

- C. The method of payment received (cash, check, or money order) is not recorded on the Ex Officio Recorder of Deeds' abstract of fees. To ensure receipts are accounted for properly, the method of payment should be entered on receipt records and the composition of payments received should be reconciled to deposits.

**WE RECOMMEND** the Ex Officio Recorder of Deeds:

- A. Deposit all monies intact and write checks for all disbursements.
- B. Maintain the petty cash fund on an imprest basis. If this is not possible, at a minimum, the amount of copy monies received and reported on the worksheets should be reconciled to deposits.
- C. Record the method of payment on the receipt records and reconcile the cash, checks, and money orders received to the composition of bank deposits.

**AUDITEE'S RESPONSE**

- A. *All cash and checks received are deposited into the proper accounts in a timely manner. All money is deposited and disbursed to the proper accounts as set out by statute. The only cash withheld is from overpayment of fees, which are returned to the payors. All refunds are noted on the bank deposit slips so these transactions may be easily tracked by the auditors.*

*Due to the small dollar amount of these transactions my policy is less costly and time consuming than drawing checks.*

- B. All copy money receipts and payments out of said "copy box fund" will be shown on the worksheets and a notation made as to the reason for a disbursement as per recommendation of the audit.*
- C. Cash amounts will be noted on the Abstract of Fee Sheets in addition to the notation on the deposit slips we already do.*

<b>5. Health Center Board</b>
-------------------------------

- A. In 1999, the Board gave employee's bonuses, totaling approximately \$4,000. These payments represent additional compensation in the form of a bonus for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution.
- B. The board regularly conducts closed meetings. Minutes were not prepared to document the matters discussed in closed meetings, and board minutes did not always indicate the reasons for closing the meetings. In addition, the actions taken by the board in closed meetings are not generally recorded in the regular minutes.

Section 610.021, RSMo 2000, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigation, real estate transactions, and personnel matters. Section 610.022, RSMo 2000, requires a closed meeting, record, or vote be held only for the specific reasons announced publicly at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

Without adequate minutes, the Board cannot demonstrate that actions taken or business conducted during closed sessions related solely to the specific allowable reason announced for closing the meeting.

**WE RECOMMEND** the Health Center Board:

- A. Discontinue the practice of paying employee bonuses.
- B. Ensure minutes are prepared for all closed meetings. In addition, board minutes should document the reasons for closing the meeting and decisions made in closed session should be disclosed in open session.

**AUDITEE'S RESPONSE**

- A. *The board agrees and has discontinued to practice of paying bonuses and does not plan to do this in the future.*
- B. *This topic will be discussed at the next full board meeting and every effort will be made to comply with state statute.*

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

DAVIESS 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 Daviess County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1996. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Property Tax System and Computer Controls

- A. The County Clerk did not review the back tax book information or verify totals and documentation of reviews need to be kept.
- B. The County Clerk did not maintain an account book with the Ex Officio Collector (EOC) and did not adequately test information provided on the EOC's annual settlement.
- C. The Assessor and his staff had access to the assessment data at all times.
- D. Passwords and user identifications were not changed periodically by some users of the property tax system and restrictions were not placed on various computer files and programs.
- E. The property tax computer program did not generate tax book page or control totals, only a summary total at the end of each tax book.
- F. Backup tapes of the financial data on the system were not stored off-site.

Recommendation:

The County Commission:

- A. Require the County Clerk to test the back tax book totals and extensions and perform independent, subsequent reviews of any changes made by the EOC. These tests and reviews should be documented.
- B. Require the County Clerk to establish and maintain an account book with the EOC. The County Clerk and County Commission should use the account book to verify the annual settlement filed by the EOC.
- C. Authorize programming changes to lock out unauthorized personnel during periods when they are not statutorily authorized to make changes.

- D. Establish procedures to periodically change passwords and user IDs and restrict access to computer files to only those individuals who need to use the information.
- E. Authorize programming changes to print 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.
- F. Require off-site storage of backup tapes.

Status:

A, B,  
& F. Implemented.

- C. Not implemented. However, the County Clerk's Office accounts for all changes in the assessed valuation after May 31.
- D. Partially implemented. Passwords are changed monthly in the Assessor's office but not in the County Clerk's office. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. Not implemented. However, the County Clerk's office runs tapes of the tax statements which are agreed to the summary totals for each township in the tax book.

2. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for some county funds. In addition, the budgets for some funds were not sufficiently detailed.
- B. Actual expenditures exceeded budgeted amounts for some county funds.
- C. Several of the county funds were not presented in the published financial statements.

Recommendation:

The County Commission:

- A. Prepare and/or obtain budgets for all county funds as required by state law. In addition, the county needs to include detailed classifications of receipts and disbursements in the budgets, and report actual receipt and disbursement amounts for the two preceding years for all funds requiring budgets.
- B. Keep expenditures within the budgetary limits. If necessary, extenuating circumstances should be fully documented and budgets properly revised and filed with the State Auditor's office.

- C. Include all county funds in the published financial statements as required by state law.

Status:

- A-C. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Personnel Policies and Procedures

Sheriff's department employees did not prepare time sheets to document time worked. Leave records maintained by the Sheriff's department were not forwarded to the County Clerk's office.

Recommendation:

The County Commission require the Sheriff's Department employees to prepare time sheets and submit them to the County Clerk for the approval and preparation of payroll. In addition, leave records for Sheriff's Department employees should be maintained by the County Clerk.

Status:

Implemented. Effective January 2001, the current Sheriff began requiring all employees in his department to prepare time sheets which are turned over to the County Clerk.

4. Ex Officio Recorder of Deed's Controls and Procedures

- A.1. The Ex Officio Recorder of Deeds maintained custody of the Recorder User Fees Fund.
  - 2. The Ex Officio Recorder of Deeds overpaid a vendor, who refused to refund the money, but offered a credit to be applied to future services. Eighteen months later, the vendor was allowed to amend their bid to an amount lower than the other bid received and was awarded the contract. In addition, the Ex Officio Recorder of Deeds purchased two air conditioners without soliciting bids.
- B. Receipts were not deposited timely or when exceeded \$100, refunds were not issued by check, and the change fund was not maintained at a constant amount.

Recommendation:

The Ex Officio Recorder of Deeds:

- A.1. Turn custody of the Recorder's User Fees Fund over to the County Treasurer.

2. Notify the County Commission and Prosecuting Attorney of similar situations in the future so that appropriate actions can be taken. In addition, the Ex Officio should solicit bids for all purchases in accordance with state law and provide all vendors the opportunity to bid again in those cases where original bids received are not accepted, and ensure that purchases made are allowable under the law.
- B. Deposit all monies received intact daily or when accumulated receipts exceed \$100, issue refunds by check, and maintain the change fund at a constant amount.

Status:

- A. Implemented.
- B. Not implemented. See MAR No. 1.

5. Sheriff's Receipting Procedures

Two road deputies of the Sheriff's Department collected monies for garnishments and small bonds using a prenumbered receipt book, which was not reviewed or verified to monies collected nor was the numerical sequence accounted for.

Recommendation:

The Sheriff establish procedures to review these receipt slips and ensure their subsequent entry in the receipt records, and account for their numerical sequence periodically.

Status:

Implemented. Road deputies no longer collect monies.

6. Forfeiture Funds

The Sheriff and Prosecuting Attorney maintain custody of the Sheriff Forfeiture and Prosecuting Attorney Forfeiture Funds, respectively.

Recommendation:

The Sheriff and Prosecuting Attorney turn over custody of the Forfeiture Funds to the County Treasurer to be placed in special funds established by the County Commission. Expenditures requested by the Sheriff and/or Prosecuting Attorney should be made by duly authorized warrants. In addition, bids should be solicited as required by state law.

Status:

Implemented.

7. Public Administrator's Fees

The Public Administrator paid herself \$200 more than the \$700 allowed by the Associate Circuit Judge as fees on a case.

Recommendation:

The Associate Circuit Judge require the Public Administrator to make reimbursement to the appropriate party for the overpayment and ensure that all future fees taken are for the authorized amount.

Status:

Implemented.

8. Prosecuting Attorney

There was not a written agreement between Prosecuting Attorney and the county regarding the Prosecuting Attorney use of his office in the courthouse for both county business and his private practice.

Recommendation:

The County Commission and Prosecuting Attorney formalize this arrangement and prepare documentation on the allocation of resources between the county and the Prosecuting Attorney's private practice. The Prosecuting Attorney needs to ensure there is a clear distinction between his county and private practice resources and work.

Status:

This recommendations currently does not apply. The current Prosecuting Attorney does not operate a private law practice from her courthouse office.

9. Health Center

- A. Actual expenditures exceeded budgeted amounts for the Health Center for the year ending December 31, 1996.
- B. The budgets of the Health Center did not contain all required information.
- C. The Health Center entered into an agreement with an employee to pay health insurance costs while she took a leave of absence and returned to school. Since the individual did not return to work for the Health Center after graduation, she was to repay the Health Center for those costs by January 1997. As of June 1997, \$732 remained due.

Recommendation:

The Health Center Board of Trustees:

- A. Keep expenditures within the budgetary limits. If necessary, extenuating circumstances should be fully documented and the budget amended.
- B. Prepare a complete budget document.
- C. Carefully evaluate the reasonableness and benefit to the health center of such arrangements in the future. In addition, the \$732 which remains due should be actively pursued.

Status:

Implemented.

10. Central Dispatch Emergency Services Board

Board did not maintain adequate documentation of the evaluation of bid proposals for mapping/addressing services and the justification for awarding the bid to other than the lowest bidder.

Recommendation:

The Central Dispatch Emergency Services Board ensure the basis and justification for accepting all bids is adequately documented, particularly when the bid selected is not the lowest bid.

Status:

Implemented.

11. Proposition C Calculations

Incorrect unadjusted tax levies were used when computing the Proposition C ratios for some school districts.

Recommendation:

The EOC consider recomputing commissions related to these school districts and making corrections for amounts improperly distributed to the schools, General Revenue Fund, and Assessment Fund. In addition, the EOC needs to ensure future Proposition C commissions are computed correctly.

Status:

Not implemented. While we noted instances of incorrect unadjusted tax levies being used, the actual effect on distributions to schools does not appear to be significant.



STATISTICAL SECTION

History, Organization, and  
Statistical Information

DAVIESS COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1836, the county of Daviess was named after Colonel J. H. Daviess of Kentucky. Daviess County is a township-organized, third class county and is part of the Forty-Third Judicial Circuit. The county seat is Gallatin.

Daviess 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 Daviess County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 202,230	13	191,915	12
Sales taxes	210,694	13	215,962	14
Federal and state aid	895,616	57	847,629	54
Fees, interest, and other	259,615	17	308,247	20
Total	\$ 1,568,155	100	1,563,753	100

The following chart shows how Daviess County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 498,100	34	481,912	34
Public safety	94,399	6	91,399	7
Highways and roads	872,359	60	835,841	59
Total	\$ 1,464,858	100	1,409,152	100

In addition, Daviess County has a Law Enforcement Sales Tax Fund, with receipts of approximately \$290,000 per year, for the purpose of public safety.

The county maintains approximately 356 county bridges and 703 miles of county roads.

The county's population was 8,420 in 1970 and 7,865 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	2000	1999	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 45.9	44.4	33.7	23.9	18.8
Personal property	17.9	16.2	8.2	7.9	4.5
Railroad and utilities	6.2	7.1	5.1	4.1	4.2
Total	\$ 70.0	67.7	47.0	35.9	27.5

\* First year of statewide reassessment.

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

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

	Year Ended December 31,	
	2000	1999
General Revenue Fund	\$ 0.29	0.29
Health Center Fund	0.10	0.10
Senate Bill 40 Board Fund	0.10	0.10

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

	Year Ended February 28 (29),	
	2001	2000
State of Missouri	\$ 20,982	20,333
General Revenue Fund	205,893	204,582
Assessment Fund	44,411	42,855
Health Center Fund	69,201	67,034
Senate Bill 40 Board Fund	67,885	65,464
School districts	2,968,946	2,867,475
Fire protection district	109,026	102,862
Townships	61,039	58,935
Township Road and Bridge	460,289	431,884
Watershed districts	4,359	4,546
Special Road Bonds	59,231	57,223
Cities	12,405	12,941
Nursing Home Debt Service Fund	31	25
County Employees' Retirement Fund	18,956	18,734
Commissions and fees:		
Township Collectors	40,172	38,660
General Revenue Fund	28,866	29,249
Total	\$ 4,171,692	4,022,802

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2001	2000
Real estate	93.5%	93.4%
Personal property	87.3%	88.2%
Railroad and utilities	100.0%	98.8%

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ 0.005	None	None
Law Enforcement	0.005	None	None
Central Dispatch for Emergency Services Board	0.005	None	None

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

Officeholder	2001	2000	1999
<b>County-Paid Officials:</b>			
David Tolen, Presiding Commissioner	\$	24,972	23,120
David Holcomb, Associate Commissioner		18,530	18,139
Danny Heldenbrand, Associate Commissioner		18,530	18,139
Linda Steward, County Clerk		34,736	32,000
Julia Roselle, Prosecuting Attorney		41,897	37,008
Tom Houghton, Sheriff		37,117	36,312
Wallace Greene, County Coroner		6,004	5,873
Rhea Youtsey, Public Administrator *		12,057	14,615
Judy Carder, Treasurer and Ex Officio County Collector, year ended March 31,	31,483	30,479	
Tom Everly, County Assessor**, year ended August 31,		35,172	33,199

\* Includes fees received from probate cases.

\*\* Includes \$900 in annual compensation received from the state.

**State-Paid Officials:**

Linda Adkins, Circuit Clerk and Ex Officio Recorder of Deeds	46,127	44,292
Daren L. Adkins, Associate Circuit Judge	97,382	87,235

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	0	0
Circuit Clerk and Ex Officio Recorder of Deeds*	0	2
County Clerk	1	0
Prosecuting Attorney	1	0
Sheriff	4	0
Public Administrator	0	0
Treasurer and Ex Officio County Collector**	2	0
County Assessor	3	0
County Surveyor	0	0
Associate Division	1	1
Probate Division	0	1
Road and Bridge	5	0
Health Center**	9	0
Central Dispatch Emergency Services**	7	0
Total	33	4

\* Includes one full-time employee paid 75% by the state and 25% by the county.

\*\* Includes two part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Daviess County's share of the Forty-Third Judicial Circuit's expenses is 13.7 percent.