



**PIKE COUNTY, MISSOURI  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

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

**Report No. 2004-97  
December 22, 2004  
[www.auditor.mo.gov](http://www.auditor.mo.gov)**

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2004

**IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Pike, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers 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 Pike 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 Treasurer did not perform bank reconciliations or reconciliations between the fund ledger book balances and the related bank account balances. As a result, errors between the bank and book amounts were undetected by the County Treasurer and accumulated differences had not been identified or corrected. The lack of these reconciliations was noted in the prior three audit reports. The County Treasurer's semi-annual settlements were not complete or accurate, due to the errors noted and other missing information.
- In April 1997, the county passed a Road and Bridge Capital Improvement Sales Tax of one-half of one percent and in November 2001, passed a Hospital Capital Improvement Sales Tax of one-half of one percent. The county appears to have exceeded the statutory maximum for capital improvement sales taxes by one-half of one percent. In addition, neither of the Capital Improvement Sales Tax ballots specified the number of years the sales taxes would be in effect and the county had not adequately monitored the Hospital Capital Improvement Sales Tax to ensure the monies were spent in accordance with state law. Also, the county had not sufficiently reduced property taxes by 50 percent of the total general sales tax revenues.
- Budgets were not prepared for several county funds and many of the same funds were not included in the published financial statements. The total of the unbudgeted disbursements for these funds for the years ended December 31, 2003 and 2002, were \$683,481 and \$981,495, respectively.
- The county did not have procedures in place to adequately track federal awards for preparation of the schedule of expenditures of federal awards. Seventeen grants were omitted for one or both of the years ended December 31, 2003 and 2002 with omitted expenditures totaling \$191,991 and \$350,482, respectively. Five other grants were misstated by a total of \$49,332 and \$41,679 for the years ended December 31, 2003 and 2002, respectively and four other grants were reported

(over)

YELLOW SHEET

under the wrong program numbers. Some errors also involved grants managed by the Sheriff's Department and the Health Center. Also, the County Commission did not adequately document the review and approval of the request for funds and related invoices for some federal grant programs, or adequately document its review of three engineering firms when procuring engineering services. In addition, the County Clerk did not retain copies of all contracts, grant agreements, invoices, or other supporting documentation for the federal programs.

- Increasing costs in the county's law enforcement and 911 services could severely impact the county's financial condition if left unchecked. The Law Enforcement Sales Tax Fund (LEST) had a deficit fund balance of (\$64,005) at December 31, 2003, and the budget for 2004 estimated an increased deficit fund balance of (\$137,854) at December 31, 2004. Likewise, the financial statements of the 911 Fund reflect a decrease in cash balance from \$297,438 at January 1, 2001 to \$133,467 at December 31, 2003. The 911 Fund budget for 2004 estimates a further decrease in cash balance to \$71,865 at December 31, 2004. The declines in the cash balances of the LEST and 911 funds, along with future financial obligations, could deplete General Revenue Fund balances as the General Revenue Fund is likely to have to subsidize these operations.
- The Health Center's internal controls over cash receipts were in need of improvement. Receipt slips were not prenumbered and were not issued for some monies received, monies were not deposited intact or timely, checks were not restrictively endorsed upon receipt and duties were not adequately segregated. In addition, budgets were not accurate and complete, billings for services were not timely, and related payment activity was not adequately monitored.

Also included in the audit were recommendations related to bidding, officials' salaries and bonds, expenditures, fuel usage records, computer controls, and property tax records and procedures of the County Collector.

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PIKE 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 Pike County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Pike County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As more fully discussed in Note 1, the county's financial statements do not include Statements of Receipts, Disbursements, and Changes in Cash - Budget and Actual for various funds totaling \$692,599 and \$983,649 in receipts and \$683,481 and \$981,495 in disbursements for the years ended December 31, 2003 and 2002, respectively. Statements of Receipts, Disbursements, and Changes in Cash - Budget and Actual are required by the comprehensive basis of accounting discussed in Note 1.



In our opinion, except for the effects on the financial statements of the omissions discussed in the preceding paragraph, the 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 Pike 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, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 15, 2004, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 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 Pike County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill  
State Auditor

July 15, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Douglas J. Porting, CPA
In-Charge Auditor:	Katherine K. Cardenas, CPA
Audit Staff:	Andrea Paul
	Julie Moore



**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 Pike County, Missouri

We have audited the financial statements of various funds of Pike County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 15, 2004. 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 financial statements of various funds of Pike 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 through 03-3. 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 financial statements of various funds of Pike 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 financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-1 and 03-3.

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 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 conditions described above, finding numbers 03-1 and 03-3, to be material weaknesses. 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 and use of the management of Pike County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

July 15, 2004 (fieldwork completion date)

## Financial Statements

Exhibit A-1

PIKE COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 556,973	1,742,874	1,603,725	696,122
Special Road and Bridge	255,749	2,079,281	1,951,047	383,983
Assessment	33,925	242,878	222,617	54,186
Law Enforcement Training	7,638	12,011	5,533	14,116
Prosecuting Attorney Training	3,295	975	1,581	2,689
Recorder's User Fees	41,519	22,586	5,709	58,396
Law Enforcement Sales Tax	(19,675)	1,078,534	1,122,864	(64,005)
Prosecuting Attorney Bad Check	15,527	10,663	74	26,116
911	160,019	150,978	177,530	133,467
5% Election Services	9,245	854	8,952	1,147
Prosecuting Attorney Tax	731	680	1,525	(114)
County Health, Homecare, and Hospice	125,388	1,346,529	1,359,515	112,402
Circuit Interest	11,384	484	0	11,868
Law Library	20,332	11,054	18,099	13,287
Pike County Memorial Hospital				
Capital Improvement Sales Tax	0	610,847	610,847	0
Domestic Violence	4,883	1,820	5,208	1,495
Community Development Block Grants	0	66,547	66,547	0
Tax Maintenance	0	13,144	0	13,144
Associate Circuit Division Interest	919	91	566	444
Juvenile Assessment	1,231	150	313	1,068
Total	\$ 1,229,083	7,392,980	7,162,252	1,459,811

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

Exhibit A-2

PIKE COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 387,628	1,532,875	1,363,530	556,973
Special Road and Bridge	296,066	1,816,379	1,856,696	255,749
Assessment	25,541	215,671	207,287	33,925
Law Enforcement Training	3,687	12,031	8,080	7,638
Prosecuting Attorney Training	2,899	871	475	3,295
Recorder's User Fees	33,883	16,345	8,709	41,519
Law Enforcement Sales Tax	9,432	1,049,377	1,078,484	(19,675)
Prosecuting Attorney Bad Check	24,647	11,813	20,933	15,527
Community Service	13,670	206	13,876	0
911	203,436	150,123	193,540	160,019
5% Election Services	6,590	3,414	759	9,245
Prosecuting Attorney Tax	750	500	519	731
County Health, Homecare, and Hospice	113,839	1,254,808	1,243,259	125,388
Circuit Interest	10,057	1,327	0	11,384
Law Library	20,808	9,672	10,148	20,332
Pike County Memorial Hospital				
Capital Improvement Sales Tax	0	358,693	358,693	0
Domestic Violence	2,560	2,323	0	4,883
Community Development Block Grants	0	622,353	622,353	0
Associate Circuit Division Interest	1,007	5	93	919
Juvenile Assessment	1,312	275	356	1,231
Total	\$ 1,157,812	7,059,061	6,987,790	1,229,083

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

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 6,688,087	6,700,381	12,294	5,313,109	6,075,412	762,303
DISBURSEMENTS	7,687,867	6,478,771	1,209,096	7,239,034	6,006,295	1,232,739
RECEIPTS OVER (UNDER) DISBURSEMENTS	(999,780)	221,610	1,221,390	(1,925,925)	69,117	1,995,042
CASH, JANUARY 1	1,113,897	1,222,050	108,153	1,007,407	1,152,933	145,526
CASH, DECEMBER 31	114,117	1,443,660	1,329,543	(918,518)	1,222,050	2,140,568
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	441,069	623,866	182,797	444,684	453,367	8,683
Sales taxes	605,000	599,084	(5,916)	590,000	605,355	15,355
Intergovernmental	65,962	54,165	(11,797)	65,738	53,822	(11,916)
Charges for services	208,520	256,240	47,720	222,890	212,556	(10,334)
Interest	6,000	8,229	2,229	15,000	9,343	(5,657)
Other	123,978	133,790	9,812	132,453	119,932	(12,521)
Transfers in	60,000	67,500	7,500	82,150	78,500	(3,650)
Total Receipts	1,510,529	1,742,874	232,345	1,552,915	1,532,875	(20,040)
DISBURSEMENTS						
County Commissioner	86,180	86,479	(299)	85,980	85,331	649
County Clerk	81,801	80,284	1,517	78,884	78,213	671
Elections	67,619	34,904	32,715	83,465	77,723	5,742
Buildings and grounds	62,219	56,674	5,545	61,179	49,464	11,715
Employee fringe benefit	178,290	154,133	24,157	162,200	134,974	27,226
County Treasurer	42,394	41,286	1,108	40,886	37,379	3,507
County Collector	85,631	74,942	10,689	84,004	74,760	9,244
Ex Officio Recorder of Deed	41,910	41,233	677	40,410	38,851	1,559
Circuit Clerk	6,600	4,637	1,963	6,500	5,385	1,115
Associate Circuit Court	12,500	8,883	3,617	11,050	7,124	3,926
Court administration	42,950	30,401	12,549	43,050	22,201	20,849
Public Administrator	43,210	43,916	(706)	44,996	44,996	0
Prosecuting Attorney	180,828	172,468	8,360	184,437	141,619	42,818
Juvenile Officer	70,184	47,493	22,691	62,625	39,191	23,434
County Coroner	31,500	26,461	5,039	18,250	24,869	(6,619)
Jail lease purchase	135,753	135,753	0	133,656	133,656	0
Miscellaneous	87,149	55,891	31,258	87,121	72,516	14,605
Public health and welfare service	6,000	3,925	2,075	7,000	4,900	2,100
Capital improvements	139,247	126,839	12,408	91,344	30,893	60,451
Other	129,135	123,933	5,202	112,590	104,347	8,243
Transfers out	252,890	252,890	0	292,000	155,138	136,862
Emergency Fund	114,514	300	114,214	120,000	0	120,000
Total Disbursements	1,898,504	1,603,725	294,779	1,851,627	1,363,530	488,097
RECEIPTS OVER (UNDER) DISBURSEMENTS	(387,975)	139,149	527,124	(298,712)	169,345	468,057
CASH, JANUARY 1	551,774	556,973	5,199	382,430	387,628	5,198
CASH, DECEMBER 31	163,799	696,122	532,323	83,718	556,973	473,255

Exhibit B

PIKE COUNTY, MISSOURI

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	342,022	375,639	33,617	334,232	352,705	18,473
Sales taxes	675,000	676,312	1,312	680,144	672,066	(8,078)
Intergovernmental	1,230,388	995,161	(235,227)	1,147,243	757,261	(389,982)
Interest	4,400	6,105	1,705	10,000	4,680	(5,320)
Other	34,900	26,064	(8,836)	46,301	29,667	(16,634)
<b>Total Receipts</b>	<b>2,286,710</b>	<b>2,079,281</b>	<b>(207,429)</b>	<b>2,217,920</b>	<b>1,816,379</b>	<b>(401,541)</b>
<b>DISBURSEMENTS</b>						
Salaries	485,084	475,944	9,140	462,226	461,865	361
Employee fringe benefit	165,700	151,470	14,230	157,700	152,448	5,252
Supplies	101,000	89,205	11,795	107,000	76,917	30,083
Insurance	25,000	21,809	3,191	25,000	21,148	3,852
Road and bridge materials	584,514	451,615	132,899	584,514	527,448	57,066
Equipment repairs	95,000	69,485	25,515	80,000	79,898	102
Rentals	1,500	255	1,245	2,500	890	1,610
Equipment purchases	318,558	278,273	40,285	336,500	320,065	16,435
Construction, repair, and maintenance	704,000	346,464	357,536	585,356	145,933	439,423
Other	13,000	14,527	(1,527)	15,000	11,084	3,916
Transfers out	52,000	52,000	0	59,000	59,000	0
<b>Total Disbursements</b>	<b>2,545,356</b>	<b>1,951,047</b>	<b>594,309</b>	<b>2,414,796</b>	<b>1,856,696</b>	<b>558,100</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(258,646)</b>	<b>128,234</b>	<b>386,880</b>	<b>(196,876)</b>	<b>(40,317)</b>	<b>156,559</b>
<b>CASH, JANUARY 1</b>	<b>258,646</b>	<b>255,749</b>	<b>(2,897)</b>	<b>298,963</b>	<b>296,066</b>	<b>(2,897)</b>
<b>CASH, DECEMBER 31</b>	<b>0</b>	<b>383,983</b>	<b>383,983</b>	<b>102,087</b>	<b>255,749</b>	<b>153,662</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	151,568	176,378	24,810	154,259	157,059	2,800
Interest	565	369	(196)	1,045	565	(480)
Other	10,248	19,241	8,993	5,780	9,909	4,129
Transfers in	46,890	46,890	0	48,738	48,138	(600)
<b>Total Receipts</b>	<b>209,271</b>	<b>242,878</b>	<b>33,607</b>	<b>209,822</b>	<b>215,671</b>	<b>5,849</b>
<b>DISBURSEMENTS</b>						
Assessor	243,196	222,617	20,579	235,363	207,287	28,076
<b>Total Disbursements</b>	<b>243,196</b>	<b>222,617</b>	<b>20,579</b>	<b>235,363</b>	<b>207,287</b>	<b>28,076</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(33,925)</b>	<b>20,261</b>	<b>54,186</b>	<b>(25,541)</b>	<b>8,384</b>	<b>33,925</b>
<b>CASH, JANUARY 1</b>	<b>33,925</b>	<b>33,925</b>	<b>0</b>	<b>25,541</b>	<b>25,541</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>0</b>	<b>54,186</b>	<b>54,186</b>	<b>0</b>	<b>33,925</b>	<b>33,925</b>



Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	1,805	1,805	0	1,543	1,543
Charges for service:	1,600	4,138	2,538	2,700	3,488	788
Interest	0	68	68	0	0	0
Transfers in	6,000	6,000	0	7,000	7,000	0
Total Receipts	<u>7,600</u>	<u>12,011</u>	<u>4,411</u>	<u>9,700</u>	<u>12,031</u>	<u>2,331</u>
<b>DISBURSEMENTS</b>						
Sheriff	7,600	5,533	2,067	8,400	8,080	320
Total Disbursements	<u>7,600</u>	<u>5,533</u>	<u>2,067</u>	<u>8,400</u>	<u>8,080</u>	<u>320</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	6,478	6,478	1,300	3,951	2,651
CASH, JANUARY 1	7,639	7,638	(1)	3,867	3,687	(180)
CASH, DECEMBER 31	<u>7,639</u>	<u>14,116</u>	<u>6,477</u>	<u>5,167</u>	<u>7,638</u>	<u>2,471</u>
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	850	961	111	800	871	71
Interest	0	14	14	0	0	0
Total Receipts	<u>850</u>	<u>975</u>	<u>125</u>	<u>800</u>	<u>871</u>	<u>71</u>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	3,700	1,581	2,119	3,748	475	3,273
Total Disbursements	<u>3,700</u>	<u>1,581</u>	<u>2,119</u>	<u>3,748</u>	<u>475</u>	<u>3,273</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,850)	(606)	2,244	(2,948)	396	3,344
CASH, JANUARY 1	3,344	3,295	(49)	2,948	2,899	(49)
CASH, DECEMBER 31	<u>494</u>	<u>2,689</u>	<u>2,195</u>	<u>0</u>	<u>3,295</u>	<u>3,295</u>
<b><u>RECORDER'S USER FEES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	13,000	21,955	8,955	14,000	15,597	1,597
Interest	0	631	631	600	748	148
Total Receipts	<u>13,000</u>	<u>22,586</u>	<u>9,586</u>	<u>14,600</u>	<u>16,345</u>	<u>1,745</u>
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deed	10,000	5,709	4,291	11,400	8,709	2,691
Total Disbursements	<u>10,000</u>	<u>5,709</u>	<u>4,291</u>	<u>11,400</u>	<u>8,709</u>	<u>2,691</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,000	16,877	13,877	3,200	7,636	4,436
CASH, JANUARY 1	42,206	41,519	(687)	34,570	33,883	(687)
CASH, DECEMBER 31	<u>45,206</u>	<u>58,396</u>	<u>13,190</u>	<u>37,770</u>	<u>41,519</u>	<u>3,749</u>

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	672,360	670,208	(2,152)	684,090	672,365	(11,725)
Intergovernmental	221,650	69,456	(152,194)	82,650	131,835	49,185
Charges for service:	56,000	46,096	(9,904)	58,000	55,596	(2,404)
Interest	1,500	573	(927)	1,200	1,842	642
Other	58,050	67,201	9,151	45,500	62,739	17,239
Transfers in	225,000	225,000	0	261,862	125,000	(136,862)
Total Receipts	1,234,560	1,078,534	(156,026)	1,133,302	1,049,377	(83,925)
<b>DISBURSEMENTS</b>						
Salaries and fringe benefit:	885,220	842,811	42,409	856,828	815,768	41,060
Office expense:	189,700	160,247	29,453	145,941	139,574	6,367
Jail	140,000	119,806	20,194	140,000	123,142	16,858
Total Disbursements	1,214,920	1,122,864	92,056	1,142,769	1,078,484	64,285
RECEIPTS OVER (UNDER) DISBURSEMENTS	19,640	(44,330)	(63,970)	(9,467)	(29,107)	(19,640)
CASH, JANUARY 1	(19,640)	(19,675)	(35)	9,467	9,432	(35)
CASH, DECEMBER 31	0	(64,005)	(64,005)	0	(19,675)	(19,675)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	13,500	10,382	(3,118)	9,500	11,343	1,843
Interest	0	281	281	500	470	(30)
Total Receipts	13,500	10,663	(2,837)	10,000	11,813	1,813
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	13,000	74	12,926	13,000	8,933	4,067
Transfers out	0	0	0	15,650	12,000	3,650
Total Disbursements	13,000	74	12,926	28,650	20,933	7,717
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	10,589	10,089	(18,650)	(9,120)	9,530
CASH, JANUARY 1	16,055	15,527	(528)	25,175	24,647	(528)
CASH, DECEMBER 31	16,555	26,116	9,561	6,525	15,527	9,002
<b><u>COMMUNITY SERVICE FUND</u></b>						
<b>RECEIPTS</b>						
Interest				100	206	106
Total Receipts				100	206	106
<b>DISBURSEMENTS</b>						
Public safety				13,770	13,876	(106)
Total Disbursements				13,770	13,876	(106)
RECEIPTS OVER (UNDER) DISBURSEMENTS				(13,670)	(13,670)	0
CASH, JANUARY 1				13,670	13,670	0
CASH, DECEMBER 31				0	0	0

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>911 FUND</u></b>						
<b>RECEIPTS</b>						
E911 phone tax	150,000	149,203	(797)	145,000	145,675	675
Interest	2,300	1,775	(525)	7,000	4,448	(2,552)
Total Receipts	152,300	150,978	(1,322)	152,000	150,123	(1,877)
<b>DISBURSEMENTS</b>						
Salaries	27,500	25,018	2,482	23,410	22,481	929
Mileage and training	2,000	695	1,305	2,000	0	2,000
Phone line charges and service	102,926	102,926	0	140,966	140,966	0
Other	122,074	23,891	98,183	84,034	5,093	78,941
Transfers out	25,000	25,000	0	25,000	25,000	0
Total Disbursements	279,500	177,530	101,970	275,410	193,540	81,870
RECEIPTS OVER (UNDER) DISBURSEMENTS	(127,200)	(26,552)	100,648	(123,410)	(43,417)	79,993
CASH, JANUARY 1	160,019	160,019	0	203,436	203,436	0
CASH, DECEMBER 31	32,819	133,467	100,648	80,026	160,019	79,993
<b><u>5% ELECTION SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	800	854	54	1,500	3,359	1,859
Interest	20	0	(20)	0	55	55
Total Receipts	820	854	34	1,500	3,414	1,914
<b>DISBURSEMENTS</b>						
County Clerk	9,050	8,952	98	7,340	759	6,581
Total Disbursements	9,050	8,952	98	7,340	759	6,581
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,230)	(8,098)	132	(5,840)	2,655	8,495
CASH, JANUARY 1	9,245	9,245	0	6,590	6,590	0
CASH, DECEMBER 31	1,015	1,147	132	750	9,245	8,495
<b><u>PROSECUTING ATTORNEY TAX FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	750	680	(70)	750	500	(250)
Total Receipts	750	680	(70)	750	500	(250)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	1,400	1,525	(125)	1,500	519	981
Total Disbursements	1,400	1,525	(125)	1,500	519	981
RECEIPTS OVER (UNDER) DISBURSEMENTS	(650)	(845)	(195)	(750)	(19)	731
CASH, JANUARY 1	731	731	0	750	750	0
CASH, DECEMBER 31	81	(114)	(195)	0	731	731

Exhibit B

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

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>COUNTY HEALTH, HOMECARE, AND HOSPICE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	293,249	310,071	16,822	0	274,229	274,229
Intergovernmental	120,016	138,412	18,396	0	135,550	135,550
Charges for service:	833,932	893,978	60,046	0	842,134	842,134
Interest	2,300	2,518	218	0	2,505	2,505
Other	0	1,550	1,550	0	390	390
<b>Total Receipts</b>	<b>1,249,497</b>	<b>1,346,529</b>	<b>97,032</b>	<b>0</b>	<b>1,254,808</b>	<b>1,254,808</b>
<b>DISBURSEMENTS</b>						
Salaries and employee fringe benefit	970,902	980,192	(9,290)	860,462	890,360	(29,898)
Office expense:	91,721	79,587	12,134	97,268	100,977	(3,709)
Equipment	21,619	37,252	(15,633)	12,000	24,778	(12,778)
Mileage and training	63,921	10,656	53,265	56,500	12,164	44,336
Medical supplies and contracted service	210,819	250,026	(39,207)	202,700	206,835	(4,135)
Other	91,928	1,802	90,126	5,100	8,145	(3,045)
<b>Total Disbursements</b>	<b>1,450,910</b>	<b>1,359,515</b>	<b>91,395</b>	<b>1,234,030</b>	<b>1,243,259</b>	<b>(9,229)</b>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(201,413)	(12,986)	188,427	(1,234,030)	11,549	1,245,579
CASH, JANUARY 1	49,953	125,388	75,435	0	113,839	113,839
CASH, DECEMBER 31	(151,460)	112,402	263,862	(1,234,030)	125,388	1,359,418
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	700	484	(216)	2,200	1,327	(873)
<b>Total Receipts</b>	<b>700</b>	<b>484</b>	<b>(216)</b>	<b>2,200</b>	<b>1,327</b>	<b>(873)</b>
<b>DISBURSEMENTS</b>						
Circuit Clerk	2,731	0	2,731	2,731	0	2,731
<b>Total Disbursements</b>	<b>2,731</b>	<b>0</b>	<b>2,731</b>	<b>2,731</b>	<b>0</b>	<b>2,731</b>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,031)	484	2,515	(531)	1,327	1,858
CASH, JANUARY 1	0	11,384	11,384	0	10,057	10,057
CASH, DECEMBER 31	(2,031)	11,868	13,899	(531)	11,384	11,915
<b><u>LAW LIBRARY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	8,000	11,054	3,054	7,500	9,672	2,172
<b>Total Receipts</b>	<b>8,000</b>	<b>11,054</b>	<b>3,054</b>	<b>7,500</b>	<b>9,672</b>	<b>2,172</b>
<b>DISBURSEMENTS</b>						
Other	8,000	2,599	5,401	7,500	2,648	4,852
Transfers out	0	15,500	(15,500)	0	7,500	(7,500)
<b>Total Disbursements</b>	<b>8,000</b>	<b>18,099</b>	<b>(10,099)</b>	<b>7,500</b>	<b>10,148</b>	<b>(2,648)</b>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(7,045)	(7,045)	0	(476)	(476)
CASH, JANUARY 1	0	20,332	20,332	0	20,808	20,808
CASH, DECEMBER 31	0	13,287	13,287	0	20,332	20,332

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

Notes to the Financial Statements

PIKE COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Pike 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 of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

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

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>
County Health, Homecare, and Hospice Fund	2002
Pike County Memorial Hospital	
Capital Improvement Sales Tax Fund	2003 and 2002
Domestic Violence Fund	2003 and 2002
Community Development Block Grants Fund	2003 and 2002
Tax Maintenance Fund	2003

Associate Circuit Division Interest Fund	2003 and 2002
Juvenile Assessment Fund	2003 and 2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Tax Fund	2003
County Health, Homecare, and Hospice Fund	2002
Law Library Fund	2003 and 2002
Community Service Fund	2002

Deficit budget balances are presented for the County Health, Homecare, and Hospice Fund and the Circuit Clerk Interest Fund for the years ended December 31, 2003 and 2002. However, the budgets of those funds failed to include other resources available, such as beginning cash balances. Such resources were sufficient to offset the deficit budget balances presented.

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.

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

<u>Fund</u>	<u>Years Ended December 31,</u>
County Health, Homecare, and Hospice Fund	2003 and 2002
Circuit Interest Fund	2003 and 2002
Law Library Fund	2003 and 2002
Pike County Memorial Hospital	
Capital Improvement Sales Tax Fund	2003 and 2002
Domestic Violence Fund	2003 and 2002
Community Development Block Grants Fund	2003 and 2002
Tax Maintenance Fund	2003
Associate Circuit Division Interest Fund	2003 and 2002
Juvenile Assessment Fund	2003 and 2002

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 county's and the Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depository insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

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

3. Prior Period Adjustment

The General Revenue Fund's cash balance at January 1, 2002, as previously stated has been increased by \$12,000 to reflect receipts not reported on the year ended December 31, 2001 financial statement.

The Recorder's User Fee Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$12,099 to reflect disbursements not reported in the year ended December 31, 2001 financial statement.

The Hospice Fund's cash balance at January 1, 2002, as previously stated has been decreased by \$29,431 to reflect disbursements not reported in the year ended December 31, 2001 financial statement. The fund was closed in June 2001.



The Law Library Fund's cash balance at January 1, 2002, as previously stated has been increased by \$4,467 to reflect receipt and disbursement misstatements reported in the year ended December 31, 2001 financial statement.

The County Health, Homecare, and Hospice Fund's cash balance of \$113,839 at January 1, 2002, was not previously reported but has been added.

Supplementary Schedule

Schedule

PIKE 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,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Service:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2182	0	49,706
		ERS045-3182	50,705	0
	Program Total		\$ 50,705	49,706
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State' Program	2002-PF-016	16,500	0
		2002-MO-04	50,047	198,953
		99-PF-040	0	423,400
	Program Total		66,547	622,353
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO 1640-487	20,000	20,000
U.S. DEPARTMENT OF INTERIOR				
Direct program:				
15.611	Wildlife Restorator	N/A	16,600	17,272
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.606	State Criminal Alien Assistance Program	2003-AP-BX-0543	9,477	21,500
16.607	Bulletproof Vest Partnership Program	N/A	2,640	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commissior				
20.205	Highway Planning and Constructior	BRO-082(19)	231,108	0
		BRO-082(20)	10,335	15,008
	Program Total		241,443	15,008
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administratior				
39.003	Donation of Federal Surplus Personal Propert	N/A	373	250

Schedule

PIKE 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,	
			2003	2002
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state				
Department of Health and Senior Services -				
83.552	Emergency Management Performance Grants	1463-DR-MO N/A	68,181 2,500	77,400 1,250
	Program Total		<u>70,681</u>	<u>78,650</u>
83.562	State and Local All Hazards Emergency Operation Planning Grants*	EMK-2003-GR-2540	0	300
Department of Elementary and Secondary Education				
84.126	Vocational Rehabilitation Grant	N/A	2,400	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ER0146-3182CLPP	6,150	0
93.268	Immunization Grants	PGA064-2182A PGA064-3182A N/A	0 3,650 38,650	4,075 0 38,865
	Program Total		<u>42,300</u>	<u>42,940</u>
Department of Social Services -				
93.563	Child Support Enforcement	N/A	9,879	9,351
93.569	Community Services Block Grant	N/A	37,303	42,143
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-2182S PGA067-3182S	0 1,545	695 0
	Program Total		<u>1,545</u>	<u>695</u>
Department of Social Services -				
93.667	Social Services Block Grant	N/A	285	0
Department of Health and Senior Services				
93.913	Childhood Lead Poisoning Grant	ERS146-3182L	0	3,000
93.989	Bioterrorism Grant	DH040022063	6,700	0

Schedule

PIKE 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,	
			2003	2002
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
93.994	Maternal and Child Health Services Block Grant to the States	ER0146-2182	0	18,030
		ER0146-3182	16,753	0
		N/A	348	349
	Program Total		<u>17,101</u>	<u>18,379</u>
	Total Expenditures of Federal Award:		<u>\$ 602,129</u>	<u>941,547</u>

\* The CFDA number for this program changed to 97.042 in October 200

\*\* This CFDA number for this program changed to 97.051 in October 200:

N/A - Not applicable

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

Notes to the Supplementary Schedule

PIKE 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 Pike County, Missouri, except for the programs accounted for in the Lincoln County Housing Authority Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended September 30, 2003 and 2002.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

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

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2003	2002
14.228	Community Development Block Grants/State's Program	\$ 66,547	\$ 622,353
14.231	Emergency Shelter Grants Program	20,000	20,000
93.569	Community Services Block Grant	37,303	42,143



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 Pike County, Missouri

Compliance

We have audited the compliance of Pike 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, 2003 and 2002. 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 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, Pike 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, 2003 and 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance

with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-4 and 03-5.

### Internal Control Over Compliance

The management of Pike 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 certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. 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. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 03-4 and 03-5.

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 believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the management of Pike County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

July 15, 2004 (fieldwork completion date)

Schedule

PIKE COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2003 AND 2002

**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:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/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

### 03-1. County Treasurer's Reconciliations

The County Treasurer does not perform reconciliations between her fund ledger balances and bank statement balances, resulting in errors in several funds going undetected and significant differences existing between bank account and fund ledger balances. Also, the County Treasurer's semi-annual settlements are not complete and are apparently not reviewed by the County Commission or County Clerk since they accepted the incomplete settlements. In addition, the County Treasurer's fund ledger and semi-annual settlements are not accurate as the book balance does not take into account checks issued by the County Clerk that remain outstanding. Only checks that have cleared the bank are shown as being disbursed, giving an incomplete picture of the monies available to pay bills.

- A. The County Treasurer does not perform bank reconciliations or reconciliations between the fund ledger book balances and the related bank account balances. As a result, errors between the bank and book amounts were undetected by the County Treasurer until we brought them to her attention and accumulated differences have not been identified or corrected. In addition, the County Treasurer's book balances do not reflect checks which have been written but have not yet cleared the bank.

The County Treasurer maintains a separate bank account for the each of the following funds: General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, Law Enforcement Sales Tax Fund, and the Tax Maintenance Fund. All other funds' monies are combined into a single bank account. We compared total bank balances to the County Treasurer's fund ledger book balances for the years ended December 31, 2003, 2002 and 2001. Due to the County Treasurer not performing bank reconciliations and her method for recording disbursements, the figures presented in the tables below are the actual (unreconciled) bank balances and the County Treasurer's book balances (not adjusted for outstanding checks). The following differences were noted:

Year	Bank Balance	Book Balance	Difference
2001	\$ 1,238,682	1,277,781	(39,099)
2002	1,275,247	1,281,497	(6,250)
2003	\$ 1,496,011	1,490,648	5,363

In the table below, the individual bank account balances were compared to the County Treasurer's fund ledger book balances for the related funds for the year ended December 31, 2003. The following differences were noted:

<b>Fund Name</b>	<b>Bank Balance</b>	<b>Book Balance</b>	<b>Difference</b>
General Revenue Fund	\$ 638,847	\$ 723,028	\$ ( 84,181)
Road and Bridge Fund	386,844	402,340	( 15,496)
Assessment Fund	44,697	61,501	( 16,804)
Law Enforcement Sales Tax Fund	40,976	( 25,558)	66,534
Tax Maintenance Fund	13,144	13,144	0
Other Funds	371,503	316,193	55,310
Totals	\$ 1,496,011	\$ 1,490,648	\$ 5,363

In an attempt to determine a reason for the differences, we compared the General Revenue Fund bank receipt and disbursement transactions to the County Treasurer's book receipts and disbursements in the fund ledger for the year ended December 31, 2003. The General Revenue Fund bank account receipts were \$13,896 less than the fund's book receipts for the year ended December 31, 2003. The errors appear to be the result of monies deposited into other funds' bank accounts but belonging to the General Revenue Fund or vice versa. In all instances for the errors identified, it appeared the County Treasurer recorded the receipt correctly in the fund ledger, but failed to detect or correct the errors made in the deposits. Even after adjusting the General Revenue Fund bank balance for the errors noted above, there was still a \$70,285 difference between the bank balance and the county fund ledger balance for the General Revenue Fund. A similar difference (approximately \$70,200) was noted for the prior two semi-annual settlements. The County Treasurer was unable to explain the discrepancies between the bank balances and book balances for the funds in her custody.

The County Treasurer's accounting records are also not accurate as the book balances do not account for checks issued by the County Clerk that remain outstanding. Only checks that have cleared the bank are shown as being disbursed. With this, and the problems noted above, true book balances do not tie to bank balances and the County Treasurer and County Clerk do not have accurate cash balances available for disbursement. Complete reconciliations between the bank receipts, disbursements, and balances and county fund ledgers are necessary to ensure all monies have been accounted for and recorded properly. Any discrepancies noted should be investigated and resolved on a timely basis. Complete and thorough bank reconciliations are an important aid in monitoring the account balances and ensuring sufficient funds are available for disbursements.

The lack of bank reconciliations and reconciliations between the bank statements and the fund ledger balances was noted in the prior three audit reports. In addition, the County Treasurer's response to the finding in the report for the two years ended



December 31, 1999, indicated she had implemented the recommendation. However, our audit found that reconciliations between the fund ledger balances and bank statement balances were not performed during 2002 and 2003. Receipts, disbursements, and cash balances as presented in the financial statements have been adjusted for the effects of outstanding checks and other reconciling items.

- B. The County Treasurer's semi-annual settlements were not complete, due to the errors noted in Part A. and missing information. The General Revenue, Special Road and Bridge, Assessment, and Law Enforcement Sales Tax funds were not included on the June 30, 2002 semi-annual settlement. Bank account balances were not included on any semi-annual settlements. Despite the exclusion of these funds and the bank account information, the County Commission signed off on the semi-annual settlements. In addition, the County Clerk indicated he performs a reconciliation between his records of receipts and disbursements and the County Treasurer's semi-annual settlements. However, the County Clerk's Office was unable to provide us with documentation of the reconciliations performed during the audit period. The County Clerk began documenting the reconciliations in 2004.

The County Treasurer is required to report all accounts in her custody semi-annually. The County Clerk is also required to reconcile the receipts and disbursements with the County Treasurer. In addition, the County Commission is required to review the balances in the funds held by the County Treasurer to ensure the settlement's accuracy and completeness. By signing off on an incomplete semi-annual settlement, the County Commission did not provide the control necessary to ensure all county funds were properly accounted for and recorded.

**WE RECOMMEND** the County Treasurer:

- A. Prepare complete reconciliations between the county fund ledgers and bank statement balances monthly and resolve any discrepancies on a timely basis. In addition, the county fund ledgers should reflect a true book balance including any checks written by the County Clerk which remain outstanding.
- B. Prepare complete and accurate semi-annual settlements. In addition, the County Commission should review the semi-annual settlements for completeness and accuracy and the County Clerk should reconcile his records of receipts and disbursements for each fund to the County Treasurer's receipts, disbursements, and balances shown on the semi-annual settlements.

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

- A. *The County Treasurer indicated she agrees with the recommendation and has already started recording disbursements when checks are written rather than when cleared. She indicated appropriate adjustments to the balances will be made, effective January 1, 2005 and the recommendation will be fully implemented in January 2005.*

- B. *The County Treasurer, County Clerk, and County Commission all indicated they agree with the recommendation and it will be implemented when the next settlement is due.*

03-2.

**Capital Improvement Sales Taxes**

The county appears to have exceeded the statutory maximum for capital improvement sales taxes by one-half of one percent. On April 1, 1997, the county passed a Road and Bridge Capital Improvement Sales Tax of one-half of one percent for the purpose of road and bridge maintenance and repair. On November 6, 2001, the county passed another Capital Improvement Sales Tax of one-half of one percent for the purpose of making capital improvements to the Pike County Memorial Hospital and its ambulance service. The ballot language for the road and bridge sales tax issue did not specifically identify the tax as a capital improvement sales tax; however, the County Commission's signed court order certifying the election results submitted to the Department of Revenue indicated the tax was pursuant to Section 67.700, RSMo, which is the statute authorizing the capital improvement sales tax. The ballot language, as well as the certification letter to the Department of Revenue, for the hospital sales tax specifically cited Section 67.700, RSMo, and identified the purpose of the tax was to be used solely for capital improvements. The sum of these two Capital Improvements Sales Taxes appears to exceed the statutory maximum set by Section 67.700 RSMo. Attorney General's Opinion number 97-99, 1999, to Neel states that total Capital Improvement Sales Tax rates cannot exceed one-half of one percent. During the years ended December 31, 2003 and 2002, the county received approximately \$1,287,159 and \$1,030,759, respectively, from these two sales taxes.

In addition, neither of the Capital Improvement Sales Tax ballots specify the number of years the sales taxes will be in effect. Without such language, the sales taxes may be allowed to continue for an indefinite period.

**WE RECOMMEND** the County Commission review the overall Capital Improvement Sales Taxes being levied and ensure they are in accordance with applicable state statutes.

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

*The County Commission and County Clerk provided the following response:*

*This summarizes the joint opinion of the Hospital Board and the County Commission during the discussions regarding Section 67.700 RSMo.*

*From the Hospital Board attorney's written summary of the legal support for the sales tax, in a letter dated October 17, 2001, the following points were made:*

1. *Section 67.700 is, at best, ambiguous with respect to whether the limits set forth in 67.700.4 apply to all capital improvement sales taxes imposed by a county. In the absence of a more clear statutory requirement, the holding in HOVIS seems to counsel a Missouri court to*

*uphold the will of the voters and to permit a county to impose multiple capital improvement sales taxes, provided no single tax exceeds the "one-half of one percent" limitation.*

2. *In particular, the Court in Hovis considered whether a ballot requesting voter approval for a capital improvement sales tax had to state a specific time limit duration for the tax, even though section 67.700 does not clearly require a specific time limit. The Missouri Supreme Court reiterated general legal principles of statutory interpretation that counsel a court, in the absence of a clear statutory requirement, to uphold the will of the voters when the voters have approved a specific ballot measure and interpreted the statute to permit a sales tax of indefinite duration.*
3. *As of October 2001, several other counties had imposed multiple sales taxes similar to the already ratified Road and Bridge Tax and the planned Hospital Improvement Tax proposed to the voters in Pike County.*

*The prosecuting Attorney of Pike County at the time researched the issue and came up with the same conclusions expressed above. For all the above reasons, the Hospital Board and the County Commission moved ahead with the election in 2001. The issue was overwhelmingly approved by voters.*

<b>03-3. Budgetary Practices and Published Financial Statements</b>
---------------------------------------------------------------------

Budgets were not prepared for several county funds and many of the same funds were not included in the published financial statements.

- A. Formal budgets were not prepared for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
County Health, Homecare, and Hospice Fund	2002
Pike County Memorial Hospital	
Capital Improvement Sales Tax Fund	2003 and 2002
Domestic Violence Fund	2003 and 2002
Community Development Block Grants Fund	2003 and 2002
Tax Maintenance Fund	2003
Associate Circuit Division Interest Fund	2003 and 2002
Juvenile Assessment Fund	2003 and 2002

The Pike County Memorial Hospital Capital Improvement Sales Tax and the Community Development Block Grant funds were the most significant funds excluded. While the County Treasurer handled the funds and wrote checks on the related accounts, the county officials viewed these as pass-through funds to other entities rather than county funds for which they were accountable. Also, while some of these funds are not under the direct control of the County Commission, budgets for

these funds are needed to comply with statutory provisions. The total of the unbudgeted disbursements for these funds for the years ended December 31, 2003 and 2002, were \$683,481 and \$981,495, respectively.

Chapter 50, RSMo 2000, requires preparation of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing and obtaining budgets for all county funds and activities, the County Commission is able to more effectively evaluate all county financial resources.

- B. The county's annual published financial statements did not include the financial activity for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
County Health, Homecare, and Hospice Fund	2003 and 2002
Circuit Interest Fund	2003 and 2002
Law Library Fund	2003 and 2002
Pike County Memorial Hospital	
Capital Improvement Sales Tax Fund	2003 and 2002
Domestic Violence Fund	2003 and 2002
Community Development Block Grants Fund	2003 and 2002
Tax Maintenance Fund	2003
Associate Circuit Division Interest Fund	2003 and 2002
Juvenile Assessment Fund	2003 and 2002

The total beginning cash, receipts, disbursements, and ending cash balance for the funds not included for the years ended December 31, 2003 and 2002, are presented in the table below:

	<u>2003</u>	<u>2002</u>
Beginning Cash Balance	\$ 164,137	\$ 149,582
Receipts	2,050,666	2,249,456
Disbursements	2,061,095	2,234,901
Ending Cash Balance	153,708	164,137

Sections 50.800 and 50.810, RSMo 2000, require the county financial statements to be prepared and published in a local newspaper and show actual receipts or revenues, disbursements or expenditures, and beginning and ending balances for each county fund.

For the published financial statements to meet statutory requirements and adequately inform the citizens of the county's financial activities and operations, all monies received and disbursed by the county should be included.

**WE RECOMMEND** the County Commission:

- A. Ensure budgets are prepared and obtained from other county officials or boards for all county funds as required by state law.
- B. Publish financial statements in accordance with state law and ensure all required financial information for all county funds is properly included.

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

*A&B. The County Commission and County Clerk indicated they agree with the recommendations and they will be implemented when the next budgets and published financial statements are prepared.*

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

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

<b>03-4.</b>	<b>Schedule of Expenditures of Federal Awards</b>
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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 Number: 2002-MO-04, 2002-PF-016, 99-PF-040  
Award Year: 2003 and 2002  
Questioned Costs: N/A

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 082(19)  
BRO 082(20)  
Award Year: 2003 and 2002  
Questioned Costs: N/A

Section .310(b) of Circular A-133, *Audits of State and 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.

The county does not have procedures in place to adequately track federal awards for preparation of the SEFA, and as a result, the county's SEFA contained numerous errors and omissions. Seventeen grants were omitted for one or both of the years ended December 31, 2003 and 2002 with omitted expenditures totaling \$191,991 and \$350,482, respectively. In addition, five grants were misstated by a total of \$49,332 and \$41,679 for the years ended December 31, 2003 and 2002, respectively and four other grants were reported under the wrong program numbers. Many errors involved grants managed by the Sheriff's Department and the Health Center. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or other officials.

Without an accurate 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 Commission and the County Clerk prepare complete and accurate schedules of expenditures of federal awards. The County Commission should take steps to ensure other offices properly track and report federal awards for which they are responsible.

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

*The County Commission and County Clerk indicated they agree with the recommendation and indicated it will be implemented effective January 2005. The County Clerk indicated one of his deputies is being assigned the duty to maintain a log of activity for each grant the county has so information for the schedule may be tracked and summarized.*

<b>03-5.</b>	<b>Federal Awards</b>
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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 Number:	2002-MO-04, 2002-PF-016, 99-PF-040
Award Year:	2003 and 2002
Questioned Costs:	N/A

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 082(19) BRO 082(20)
Award Year:	2003 and 2002
Questioned Costs:	N/A

The County Commission did not adequately document the review and approval of the request for funds (RFFs) and invoices for federal grant programs, or adequately document its review of three engineering firms when procuring engineering services. In addition, the County Clerk did not retain copies of contracts, grant agreements, invoices, or other supporting documentation for the federal programs.

- A. The County Commission did not adequately document the review and approval of all RFFs and related invoices for the CDBG grant programs. In addition, there was one instance in which the County Commission failed to sign the pay estimate and the County Treasurer paid the invoice without the required signature. Other county officials (the County Collector and Recorder of Deeds) who were not involved with the grant projects signed some RFFs affirming the correctness of the information and that the use of the funds would be in compliance with the CDBG grant agreement. No one could provide documentation as to why or by whom these other officials were assigned the responsibility for signing RFFs.

The county received three separate CDBG grants; two were passed through to the Public Water Supply District No. 1, and one was passed through to a local company. Prior to submitting the RFFs and related invoices to the County Commission for review and approval, the invoices related to the grants to the water district were reviewed by the project engineer, water district board, and the county's contracted grant administrator. Because of the unique nature of the pass-through grant to the local company, the RFFs and related invoices for that particular project were reviewed and approved by the Department of Economic Development prior to releasing the funds to the county. The reviews performed by these parties provide some assurance the grant expenditures were allowable. However, as the primary grantee for the CDBG grants, the County Commission is responsible for monitoring the subrecipients of the grants which includes ensuring grant funds are used only for allowable costs as required by the grant program.

Authorizing individuals such as the County Collector or Recorder of Deeds, who may have limited knowledge of, or experience with, the CDBG grant requirements to review and approve the RFFs and related invoices is imprudent. The County Commission indicated they review the RFFs and invoices before the RFFs are signed; however, there is no documentation of this review. There were a few entries in the commission meeting minutes documenting a meeting with the grant administrator to discuss the CDBG projects. However, the minutes did not document that the County Commission reviewed or approved the RFF's and supporting invoices.

Under provisions of the Single Audit Act and OMB Circular A-133, the county, as primary grant recipient, is required to monitor any subrecipients receiving \$25,000 or more in federal financial assistance for compliance with applicable laws and regulations. In addition, Section 410(d) of Circular A-133 requires the county to inform the subrecipients of information about the award or requirements imposed on them by federal laws and regulations. Without documentation of the County

Commission's review and approval of the grant expenditures, there is no assurance the County Commission adequately monitored the county's subrecipients. As the grant recipient, the county is ultimately responsible for ensuring compliance with federal requirements.

- B. The County Commission did not adequately document its review of three engineering firms when procuring engineering services. The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction program. These projects are 80 percent federally funded.

The county incurred engineering costs of \$35,357 related to the county bridge projects during the audit period. The only documentation available to support that the County Commission considered other engineering firms when procuring these services is a letter to the Missouri Department of Transportation (MoDOT) certifying they had considered three engineering firms. Attached to the letter was the criteria used to review the engineering firms' qualifications. The criteria included reviewing the education, experience, and qualifications of the members of each firm, the firms' experience record, past usage of the firms, and the location of the firms' headquarters. However, there were no proposals from the other engineering firms on file, nor was there documentation of this review. The Presiding Commissioner indicated the review consisted of ensuring there was a "Professional Engineer" designation after the engineers' names and the firms were listed on MoDOT's list of qualified engineers. However, they did not request experience and education information from the firms when conducting their review. The County Commission indicated the decision to retain the engineering firm used on the BRO projects was based primarily on the county's past experience with the selected firm.

Sections 8.289 and 8.291, RSMo, provide that when obtaining engineering services for any capital improvement project, at least three firms should be considered. The firms should be evaluated based upon specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located.

- C. The county did not retain all contracts, agreements, and invoices for the federal grants they received. The County Clerk was unable to locate many of the grant agreements, engineering contracts, and construction contracts related to the BRO and CDBG projects. Many of the documents needed for our review were obtained from the grant administrator, engineer, subrecipient, or the MoDOT's district project engineer.

The County Clerk should retain copies of contracts, grant agreements and invoices to ensure all parties comply with the terms of the contracts and grant requirements.



**WE RECOMMEND** the County Commission and County Clerk:

- A. Establish procedures to ensure compliance with federal and state requirements for federal grant programs including documenting the review and approval of all reimbursement requests, invoices for payment, and pay estimates.
- B. Obtain a statement of qualifications and performance data from at least three engineering firms before contracting for these services. In addition, documentation of reviews of the qualifications and basis for selection of a particular firm should be retained.
- C. Retain all contracts, grant agreements and invoices for grant programs.

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

*The County Commission and County Clerk indicated:*

- A. *They agree with the recommendation and it will be implemented effective January 2005.*
- B. *They agree with the recommendation and it will be implemented, probably by obtaining such qualifications annually.*
- C. *They agree with the recommendation and it will be implemented immediately.*

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

PIKE COUNTY, MISSOURI

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

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Pike County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2001.

01-1. Segregation of Duties

There was a lack of segregation of duties over the county's financial reporting. The County Treasurer was responsible for recording various cash receipts, reconciling the bank statements, preparing and recording cash disbursements, and reconciling the general ledger.

Recommendation:

These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Status:

Partially implemented. The County Clerk's office prepares disbursement checks for county funds and since early 2004 has had a system in place to reconcile receipts, disbursement and fund balances with the County Treasurer's records on a monthly basis. Based on other concerns noted with the County Treasurer's records, it is unclear whether the fund balances are adequately reconciled. See finding number 03-1.

01-3. County Treasurer's Reconciliations

The County Treasurer did not reconcile cash balances to the fund ledger on a regular basis.

Recommendation:

These areas should be reviewed and consideration given to the improving of the cash reconciliation process.

Status:

Not implemented. See finding number 03-1.

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

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

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

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

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

**Findings – Two Years Ended December 31, 2001**

01-2. Federal Awards

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 082(17), BRO 082(9)
Award Year:	2001
Questioned Costs:	Not applicable.

Federal funds were not disbursed by the county within two days of receipt. The county held reimbursements from five to twenty working days before the related payment was made to the contractor.

Recommendation:

The County Commission needs to establish procedures to minimize the time elapsed between the receipt of federal monies and the disbursement of such funds.

Status:

Implemented. Our review noted only one instance, totaling \$1,353, where the time elapsed between receipt of the federal reimbursement and disbursement was 31 days, which occurred in January 2003.

**Findings – Two Years Ended December 31, 1999**

99-1. Federal Awards

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 082(15), BRO 082(9)
Award Year:	1999
Questioned Costs:	Not applicable.

Federal funds were not disbursed by the county within two days of receipt. The county held eleven reimbursements, totaling over \$356,000, from three to ten working days before the related payment was made to the contractor.

Recommendation:

The County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

Status:

Implemented. Our review noted only one instance, totaling \$1,353, where the time elapsed between receipt of the federal reimbursement and disbursement was 31 days, which occurred in January 2003.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings



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

We have audited the financial statements of various funds of Pike County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 15, 2004. We also have audited the compliance of Pike 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 program for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 15, 2004.

Because the Pike County Hospital Board, Senate Bill 40 Board, and Lincoln County Housing Authority (which serves as the administrative agent for all Housing and Urban Development grants passed through to Pike County, the signatory county for the Lincoln County Housing Authority) are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the Pike County Hospital Board for the years ended June 30, 2003 and 2002, for the Senate Bill 40 Board for the years ended December 31, 2003 and 2002, and for the Lincoln County Public Housing Authority for the years ended September 30, 2003 and 2002.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. 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.

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.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Pike County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

<b>1. Expenditures and Financial Condition</b>
------------------------------------------------

Increasing costs in the county's law enforcement and 911 services could severely impact the county's financial condition if left unchecked. Controls and procedures over county expenditures are in need of improvement. The county did not always solicit bids and/or retain bid documentation for various purchases and paid several expenditures without adequate documentation. In addition, the county did not document reconciliations of fuel usage logs to fuel purchases and fuel on hand.

- A. The audit report for the two years ended December 31, 1999, noted concerns with the declining cash balances of the General Revenue and Law Enforcement Sales Tax (LEST) funds. The General Revenue Fund's balance increased significantly since 1999, due in part to establishing a separate property tax levy for Health Center operations which had previously been operated through the General Revenue Fund and are now operated independently. However, the LEST Fund's balance continues to decline.

The LEST Fund had a deficit fund balance of (\$64,005) at December 31, 2003, and the budget for 2004 estimated an increased deficit fund balance of (\$137,854) at December 31, 2004. These deficits will most likely be covered by the General Revenue Fund. In addition, the General Revenue Fund subsidized the LEST Fund \$200,000 and \$100,000, in addition to making jail lease payments totaling \$133,753 and \$133,656 for the years ended December 31, 2003 and 2002, respectively. The 2004 budget reflected additional anticipated subsidy transfers of \$200,000, plus the 2004 jail lease payments to be made from General Revenue.

While currently the General Revenue Fund appears to be in stable financial condition, the rising costs of law enforcement, which has required the fund to subsidize the LEST Fund every year, combined with the balloon payment of \$338,415 due on the jail lease-purchase agreement in July 2007, could severely strain

the General Revenue Fund's balance by the end of 2007. Likewise, the financial statements of the 911 Fund reflect a decrease in cash balance from \$297,438 at January 1, 2001 to \$133,467 at December 31, 2003. The 911 Fund budget for 2004 estimates a further decrease in cash balance to \$71,865 at December 31, 2004. Since 2001, disbursements in the 911 Fund have outpaced receipts and in August 2001, the county entered a five-year contract with a telephone company to upgrade the 911 system totaling \$355,700. Given the developments in the 911 Fund, it is possible that future subsidies will be required from the General Revenue Fund.

The declines in the cash balances of the LEST and 911 funds, along with future financial obligations, could deplete General Revenue Fund balances. The County Commission should continue to monitor the situation closely to ensure there are adequate funds in the General Revenue Fund, LEST Fund, and 911 Fund to meet the county's current and future financial obligations.

- B. Bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases. Examples of items purchased for which bids were not solicited, advertised, or bid documentation could not be located included:

Tractor with mower	\$ 62,750
Labor to install window trim on courthouse	5,972
Labor to paint jail cells	6,800
911 system upgrade (5 year contract)	355,700

The County Commission and County Clerk indicated that bids were solicited for the first two purchases through telephone calls, the 911 system upgrade was only available from the original vendor, and the contract for painting the jail cells was considered an emergency purchase. However, documentation of these calls and sole source procurement was not maintained and there was no documentation that other alternatives to the 911 system upgrade were considered. In addition, there was no documentation to explain how painting the jail cells was an emergency situation.

In addition to the above items, the county spent approximately \$19,000 in 2003 on gasoline purchases for the Sheriff's Office, however, fuel bids were not solicited. According to the Sheriff, several gasoline stations in the county are used to fill vehicles while on patrol. Two of the service stations used are located in Bowling Green. While the county received a 3% discount at one of the Bowling Green stations for purchases made during normal work hours, only \$1,090 of over \$17,000 in fuel purchases in Bowling Green were made at that station.

Section 50.660, RSMo, requires the advertisement of bids for all purchases greater than \$4,500 from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical

management of county resources, allow the county to obtain and carefully review a wide range of available products, and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding assures all parties an equal opportunity to participate in county business. Documentation of bids should always be retained as evidence the county's established purchasing procedures as well as statutory requirements are followed. In addition, if emergency or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

C. Vendor invoices or other supporting documentation were not retained or adequate for some expenditures. These expenditures include the following:

- The purchase of a single axle dump truck and V-box spreader costing \$51,137 was approved by the County Commission based on a detailed rejection letter to another bidder dated October 14, 2003, not an invoice. A check was issued in December 2003, but the Road and Bridge Department did not receive the equipment until February 2004. In addition, the County Commission did not receive or review the invoice supporting the purchase.
- As noted in part A above, the County Commission approved a \$6,800 disbursement to paint cells and two jail pods. The payment was based on a vendor's estimate, rather than an invoice. In addition, the payment was made prior to completion of the work. Based on our review of the final invoice (which we obtained from the vendor), the actual cost was \$645 less than the estimated cost the county had paid. The vendor had not issued a refund but indicated he had informed the Sheriff of a credit he was carrying for the county. However, the County Clerk and County Commission were not aware of the credit from the vendor.

All expenditures should be supported by paid receipts or vendor invoices to ensure the work is complete, goods are received, the expenditures represent appropriate uses of public funds, and duplicate payments do not occur.

D. Fuel usage logs are not reconciled to fuel purchases and fuel on hand. The county maintains gasoline and diesel fuel in bulk tanks at the Road and Bridge Department and fuel tanks at homes of four road and bridge employees for use in the Road and Bridge vehicles and equipment. In addition, fuel for the Sheriff Department vehicles is purchased from local service stations with gasoline credit cards and billed monthly to the county. Established procedures require employees to complete fuel usage logs for each vehicle indicating how much fuel was pumped. The Sheriff and Road and Bridge supervisor stated that they review these reports for their respective departments on a monthly basis, and perform a reconciliation between fuel usage logs and fuel purchases; however they were unable to provide documentation supporting the reconciliation. The Sheriff's Department and the Road and Bridge Department spent approximately \$19,000 and \$66,000 for fuel, respectively, in 2003.

To ensure the reasonableness of fuel expenditures, the county should reconcile fuel usage logs to fuel purchased and on hand. Failure to account for fuel purchases could result in loss, theft, and misuse.

**WE RECOMMEND** the County Commission:

- A. Closely monitor the financial condition of the General Revenue, Law Enforcement Sales Tax, and 911 funds.
- B. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and emergency or sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- C. Maintain documentation for all disbursements. In addition, the County Commission should review adequate documentation for all disbursements for goods or services prior to approval for payment.
- D. Require the Road and Bridge Department supervisor and Sheriff to perform a documented periodic reconciliation of fuel purchased and on hand to amounts used in county vehicles and equipment and investigate any significant discrepancies.

**AUDITEE'S RESPONSE**

- A. *The County Commission and County Clerk indicated they agree with the recommendation and indicated they are monitoring the General Revenue, Law Enforcement Sales Tax, and 911 funds closely.*
- B&C. *The County Clerk and County Commission indicated they agree with the recommendations and they will be implemented. Regarding fuel purchases, the Sheriff estimated he now makes 95% of his purchases from the station that offered the discount.*
- D. *The County Commission indicated they agree with the recommendation and it will be implemented.*

<b>2. County Officials' Compensation and Bonds</b>
----------------------------------------------------

The salary for the Sheriff's position was overpaid for the three years ended December 31, 2003. In addition, the County Treasurer did not obtain an additional bond for school monies and the County Commission has not developed a plan to seek repayment of salary overpayments to Associate Commissioners in office during 1999 and 2000.

- A. The current Sheriff was paid \$8,250 more than was authorized by the Salary Commission and state law for the three years ended December 31, 2003. In addition,

an interim Sheriff in office during part of January to March 2001 was also overpaid approximately \$570 according to information provided by the County Clerk. The Sheriff was re-elected to a new term of office beginning January 1, 2001. However, the Sheriff resigned January 11, 2001 and in March 2001 was elected again in a special election to fill the unexpired term of office. In 2001, the Sheriff's position began receiving \$4,000 a month, which is equivalent to an annual salary of \$48,000. In 2002 and 2003, the Sheriff received \$48,000 each year.

The Salary Commission, as documented in meeting minutes dated August 7, 1997, considered and approved the salaries for all officials, including those starting new terms in 1999 and those starting new terms in 2001. According to the minutes, the Salary Commission voted to set all salaries at 100% of each official's statutory salary schedule amount. The meeting minutes also include a detailed schedule of the approved compensation to be paid for the next term of office for each county official. The compensation approved agrees with the salary schedule amount for each official based on the assessed valuation at that time. The Salary Commission met again in the Fall of 1999 and re-affirmed the vote that salaries were to remain at 100%. County officials indicated the Salary Commission also met in the Fall of 2001 however they were unable to produce minutes of that meeting.

All officials taking office in 1999, 2001, and 2003, other than the Sheriff, have continued to be paid the specific salaries set at the 1997 Salary Commission meeting. The 1997 Salary Commission meeting minutes set the Sheriff's salary at \$45,000 effective January 2001. However, as noted above, the Sheriff has been paid \$48,000 annually since 2001. County officials were unable to adequately explain how the Sheriff's new salary was determined beginning in 2001.

- B. The County Treasurer has not obtained an additional bond sufficient to cover the school monies she receives. The County Treasurer is currently bonded for \$450,000. The County Treasurer had approximately \$5 million of school monies in her hands on January 22, 2001. Section 54.160, RSMo 2000, requires the Treasurer to give additional bond for school monies sufficient to secure the monies that come into her hands, but cannot be required to give more than one-fourth of the amount collected during the same month of the year immediately preceding her election. The County Treasurer should increase her bond to at least one-fourth of the school funds in her hands for the months when the collections are highest to ensure school funds are adequately secured.
  
- C. The county has not adequately followed-up on the mid-term salary increases given to the Associate Commissioners in 1999. Section 50.333.13, RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based upon this statute, in 1999 Pike

County's Associate County Commissioners' salaries were increased approximately \$7,060, yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners for the two years ended December 31, 2000, should be repaid. The Presiding Commissioner indicated they sought legal counsel on the matter; however, the attorney did not provide a legal opinion. The County Commission also questioned other counties about how they handled the situation and determined approximately half of the counties questioned decided not to pursue repayment. The Presiding Commissioner indicated the County Commission made the decision not to pursue repayment of the overpaid salaries at an official commission meeting; however, there is no documentation of the County Commission's decision.

**WE RECOMMEND:**

- A. The County Commission adjust the salary being paid to the Sheriff to agree to the amount approved by the Salary Commission. In addition the County Commission should seek reimbursement for the amounts previously overpaid.
- B. The County Commission and County Treasurer ensure an additional bond is obtained to secure the school monies that come into the County Treasurer's hands.
- C. The County Commission pursue collection of the salary overpayments from the applicable Associate Commissioners.

**AUDITEE'S RESPONSE**

- A. *The County Clerk indicated the Sheriff's salary was adjusted in August 2004 to the correct monthly salary. The County Commission and County Clerk indicated they will take the issue of repayments under advisement. The Sheriff also indicated he will request the County Commission to deduct the overpayment from his paycheck over 48 months beginning in January 2005.*
- B. *The County Treasurer indicated the recommendation has now been implemented.*

- C. *The County Commission indicated they disagreed with the recommendation as they granted the raises upon the advice of legal counsel that the raises were allowable at the time. They also indicated they will not pursue collection of the salary overpayments and will document this decision in their meeting minutes.*

*In addition, regarding the raise given to Associate Commissioner Clark who was appointed in 1997 to fill a vacancy in the office and was elected to the position effective in 1999, the County Clerk provided the following response:*

*I have provided a copy of the appointment of Mr. Clark to the office of Associate Commissioner by Governor Mel Carnahan. If you will, notice the wording "for a term ending when a successor is duly elected or appointed." The best sense of this wording is that the appointed term ends when the successor is elected, thus beginning a new term. At the time of his election, Mr. Clark made the decision to go ahead and take the raise in question. His reading and interpretation, as well as the reading of other commissioners and the county clerk, were in agreement and no one took exception. His view was clear that he was now elected and he was eligible for the raise in this new term.*

<b>3. County Sales Taxes</b>
------------------------------

The county has not sufficiently reduced property taxes by 50 percent of the total general sales tax revenues. In addition, the county has not adequately monitored the Hospital Capital Improvement Sales Tax to ensure the monies are spent in accordance with state law.

- A. In 1981, voters approved a general county sales tax which required a reduction of county property taxes equivalent to 50 percent of the sales tax revenues, in accordance with Section 67.505, RSMo. The county did not maintain documentation to support how the rollback was calculated. In addition, the county's annual reductions in property tax levies have not been sufficient to reduce property taxes by 50 percent of the total general sales tax revenues. This has been due to changes in assessed valuation as well as sales tax collections for the first half of the year, upon which the rollback is calculated, generally being significantly lower than collections in the second half of the year.



		Tax Year Ended December 31,			
		2003	2002	2001	2000
ACTUAL SALES					
TAX REVENUES	\$	599,084	605,355	592,213	586,292
Voter-approved reduction rate	X	50%	50%	50%	50%
Required property tax reduction		299,542	302,678	296,107	293,146
Assessed Valuation		184,992,718	196,321,580	192,574,618	190,779,662
General Revenue Fund tax levy reduction (per \$100 of assessed valuation)	X	0.1584	0.1583	0.1500	0.1500
Actual property tax revenue reduction		293,028	310,777	288,862	286,169
EXCESS PROPERTY TAX REVENUES COLLECTED					
Excess property tax revenue collections from prior years		6,514	(8,099)	7,245	6,977
NET EXCESS	\$	37,166	45,265	38,020	31,043
		43,680	37,166	45,265	38,020

In 2000 and 2001, accumulated excess property taxes increased because of insufficient levy reductions. In 2002, the county reduced the property tax levy of the General Revenue Fund by \$8,000 more than the calculated reduction in property taxes, which reduced the accumulated excess property taxes. However, for 2003 the new County Clerk indicated he was unclear how to calculate the amount of the rollback so he used the same property tax rate as in the prior year. Because of a \$12,000,000 decrease in assessed valuation in 2003, the rate used was not sufficient to reduce property tax collections by the required level, producing an accumulated excess property tax collection of approximately \$43,700. The County Clerk accounted for only the excess property tax revenue collected in 2003 when calculating the sales tax rollback for 2004.

- B. In April 2002, the county passed a capital improvement sales tax for the purpose of making capital improvements to the Pike County Memorial Hospital and ambulance service. From April 2002 to December 2003, the County Treasurer forwarded the sales tax proceeds to the hospital. In December 2003, the county entered a lease-purchase agreement with a local bank to finance capital improvements to the hospital through the issuance of Certificates of Participation. Beginning in January 2004, the County Treasurer began maintaining the sales tax proceeds in a separate bank account to accumulate the amount needed for the lease payment due in December of each year. Sales tax proceeds in excess of the annual lease payment amount due each year are sent to the hospital. During the period ended June 30, 2004 and the two

years ended December 31, 2003 and 2002, the County Treasurer disbursed to the hospital \$85,327, \$610,847 and \$358,693, respectively.

The County Commission has not adequately monitored the usage of the Hospital Capital Improvements Sales Tax proceeds. The County Commission has not requested or required the hospital to provide any documentation to support how the sales tax proceeds or the financing from the bank were spent. Section 67.700, RSMo requires the revenues received from the sales tax be used only for the designated capital improvements purpose. The County Commission has a responsibility to ensure the capital improvement sales tax funds, as well as any proceeds from the lease-purchase financing to be repaid with such funds, are used in accordance with state law.

**WE RECOMMEND** the County Commission

- A. Set the sales tax reduction rate to ensure the amount of property tax rollback is sufficient to cover 50% of current sales tax collections. In addition, the county should maintain documentation of all property tax rollback calculations to support reported figures, and develop a plan to correct the accumulation of prior years' excess collections.
- B. Ensure the Hospital Capital Improvement Sales Tax and lease-purchase financing proceeds are used for the designated capital improvement purpose.

**AUDITEE'S RESPONSE**

- A. *The County Clerk and County Commission indicated they agree with the recommendation and they intend to adjust for the excess amount over several years.*
- B. *The County Clerk and County Commission indicated they agree with the recommendation and it will be implemented immediately.*

<b>4. Computer Controls</b>
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The county's and Health Center's controls over its computer systems are in need of improvement. Passwords or other procedures are not used to limit access to some county and Health Center systems.

The County Assessor and County Collector utilize the property tax computer system to maintain assessed valuation data, calculate and print the tax books and tax bills, and record property taxes collected. The Health Center utilizes primarily microcomputers with applications related to work each person performs (i.e., financial recordkeeping, payroll, billing, etc.). Our review noted an adequate password system is not used for the property tax system or the Health Center computers. Employees of these offices are not required to enter

passwords before gaining access to the systems. In addition, user identification codes are not used to properly restrict access to only those data files and programs individuals need to accomplish their jobs. Also, no security system is in place to detect and prevent incorrect log-on attempts after a certain number of tries.

Since access is not adequately restricted or identified by user, individual responsibility is not established for changes made to data files, providing the potential for undetected and unauthorized changes to be made to information. A unique and confidential password and user identification code should be assigned to each user of the systems, passwords should be changed periodically and access to data files and programs should be properly restricted. In addition, to help protect computer files, a security system should be implemented to stop incorrect log on attempts after a certain number of attempts. Such a system should produce a log of the incorrect attempts to be reviewed periodically by an authorized official.

**WE RECOMMEND** the County Commission and Health Center Board of Trustees work with the applicable county officials or employees to ensure unique passwords are assigned to each employee using the computer systems and these passwords are periodically changed and remain confidential. In addition, the county should utilize user identification codes to restrict the degree of access to various program and data files. A security system should also be established to stop and report incorrect log-on attempts after a certain number of tries.

**AUDITEE'S RESPONSE**

*The County Commission indicated they agree with the recommendation and will discuss the issues with the other officials to get the recommendation implemented.*

*The Health Center Administrator provided the following response:*

*Computers with sensitive information are kept in offices where the doors can be locked with access restricted to the staff member, the administrator, and one alternate person.*

*We plan to have all computers password protected by April 1, 2005. In addition, passwords will be changed periodically and a security system will be implemented to stop incorrect log on attempts after a certain number of attempts. Our QuickBooks accounting system will be password protected as well.*

**5.**

**Property Tax Records**

The County Collector does not complete and file the annual settlements in a timely manner. In addition, the annual settlement for the year ended February 28, 2004 contained several errors. The County Commission did not perform an adequate review of the annual settlement to ensure it was complete and accurate and the County Clerk did not maintain an account book with the Collector.

- A. The County Collector does not complete and file the annual settlements in a timely manner. The following table shows when the annual settlements were prepared and filed with the County Commission and the Department of Revenue (DOR) for the past 4 years:

<u>Year ended</u>	<u>Date Filed</u>
February 28 (29) 2001	Not filed as of July 29, 2004
2002	May 2003
2003	July 2004
2004	July 2004

Section 139.160, RSMo 2000, requires settlements be filed annually with the County Commission by the first Monday in March. As of July 29, 2004, the County Collector had not prepared an annual settlement for tax year 2001. Settlements for tax years 2002 through 2004 were prepared and filed from four to sixteen months past the date due. In addition, it appears that settlements for tax years 2003 and 2004 were not prepared until we requested them. Timely completion of the settlement is necessary to permit the prompt review and verification of the tax book charges and credits.

- B. The annual settlement for the year ended February 28, 2004, contained several errors, including:

- The County Collector did not include \$450,000 in protested taxes that were part of the settlement between the taxpayer and the county. The monies were due to the taxpayer; however the taxpayer elected to forgive \$450,000. Essentially the forgiveness resulted in the funds being distributed to the taxing entities within the county. Not reporting the collection and distribution of this amount caused collections and distributions on the annual settlement to be understated. The County Collector should report all funds collected and distributed to ensure the annual settlement accurately reflects all funds handled by the County Collector.
- Total reported distributions exceeded reported collections by approximately \$16,000. It appears some collections were left off the annual settlement, however the County Collector was unable to identify and explain the difference.

Section 139.160, RSMo 2000, requires the collector to "...settle his accounts of all moneys received by him on account of taxes and other sources of revenue...". By incorrectly reporting collections and distributions, the collector had not provided the County Commission with an accurate and complete settlement.

- C. As noted in part A above, annual settlements were not prepared and filed timely with the County Commission. No documentation was available to indicate that the County Commission or County Clerk had identified and followed up on the Collector's failure to file the settlements timely. The lack of settlements meant they could not be carefully examined and amounts certified with the DOR as required by Section 139.190, RSMo 2000. Based on discussions with the County Commission, they were not aware that the annual settlements had not been filed with them or the DOR.

The County Commission should ensure the annual settlements are filed timely and are carefully and fully examined to ensure the tax book charges and credits are accurately reported.

- D. The County Clerk does not maintain an account book with the County Collector. As a result, the County Collector's annual settlements cannot be adequately reviewed and errors could go undetected. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts by tax book. These figures could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. These verifications are the County Clerk's method of ensuring the amount of taxes charged to the County Collector and reported credits are complete and accurate.

Section 51.150, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and County Commission to verify the County Collector's annual settlements.

**WE RECOMMEND:**

- A. The County Collector ensure annual settlements are completed in a timely manner.
- B. The County Collector prepare complete and accurate annual settlements.
- C. The County Commission establish procedures to ensure the annual settlements are filed timely and reviewed to ensure the settlements are accurate and complete.
- D. The County Clerk maintain an account book with the County Collector and use this information to verify the accuracy of the County Collector's annual settlements.

**AUDITEE'S RESPONSE**

- A. *The County Collector indicated she agrees with the recommendation and an effort will be made to complete the annual settlements in a timely manner.*

- B. *The County Collector indicated she agrees with the recommendation and it will be implemented.*
- C. *The County Commission and County Clerk indicated they agree with the recommendation and it will be implemented.*
- D. *The County Clerk indicated he agrees with the recommendation and it will be implemented.*

<b>6. County Health Center</b>
--------------------------------

The Health Center's internal controls over cash receipts are in need of improvement and budgets were not accurate and complete. In addition, billings for services were not complete and related payment activity was not adequately monitored.

A. The Health Center is separated into two departments. The Public Health Department collects monies for various services such as flu shots, vital record certificates, child care inspections, tuberculosis testing, paternity testing, blood sugar testing, and grant funds from the Department of Health and Senior Services. Most of these monies are received in cash or check. The Home Health and Hospice Department receives funds from Medicare, Medicaid, and private insurance for home health and hospice services. Most of these funds are received through electronic transfers into the Health Center's bank account or checks. Monies received are turned over to the bookkeeper for deposit. Some essential accounting and reconciliation procedures were not established or performed throughout the audit period.

- 1) Receipt slips are not issued for some monies received and receipt slips used are not always prenumbered. Monies collected by staff at the two departments are turned over to the bookkeeper to prepare and make the deposit; however, both departments issue receipt slips for only some monies received. While staff indicated that check logs and other types of reports are used to track various monies received, these records were not complete. For example, for the month of June 2003, receipts totaling \$7,724 were deposited but not recorded on a receipt slip, receipt log, or check log. In addition, the bookkeeper does not issue receipt slips to the departments for monies turned over to her custody and reconciliations between receipts in the two departments and subsequent deposits are not performed.

To help ensure receipts are properly recorded and deposited, pre-numbered receipt slips should be issued for all monies received immediately upon receipt. The bookkeeper should issue receipt slips to the departments when accepting turnovers for deposit as a means to document the responsibility for the monies. In addition, all receipt slips should indicate the method of payment (i.e. cash, checks, or money orders) and the composition should be

reconciled to the bank deposits to ensure all receipts have been accounted for and deposited.

- 2) Monies received were not deposited intact. Some monies collected were not deposited with other monies received at the same time, but were instead included in later deposits. There was no documentation as to why the monies were not deposited at the same time. To reduce the risk of theft or misuse of funds, all monies received should be deposited intact.
- 3) Receipts are not deposited on a timely basis. The bookkeeper indicated she makes deposits at least twice a week. However, we reviewed the deposits made (not including electronic fund transfers) for June 2003 and December 2003. For these months, deposits were made once in June and twice in December totaling \$32,780 and \$36,726, respectively. Monies on hand during our cash count on March 17, 2004 included checks dated as far back as March 1, 2004. In addition, the monies are not maintained in a secure location before the funds are turned over to the bookkeeper or prior to deposit by the bookkeeper. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made daily or when accumulated receipts exceed \$100. All monies should be maintained in a secure location, such as a lock box or locked file cabinet, at all times.
- 4) Checks are not restrictively endorsed until the deposit is prepared. Also, during a count of cash on hand, several checks were on hand with the payee line left blank. To decrease the risk of monies being misused, checks should be restrictively endorsed immediately upon receipt. This is especially critical given the untimeliness of deposits as noted above. This finding was also noted in our prior audit report for the two years ended December 31, 1999.
- 5) Accounting duties are not adequately segregated. The Health Center bookkeeper is primarily responsible for receiving and recording monies, preparing and making the deposits, and preparing month-end bank reconciliations and monthly accounting activity reports. In addition, there is no documented supervisory review of the work performed by the bookkeeper.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets adequately safeguarded. If proper segregation of duties can not be achieved, at a minimum, periodic supervisory reviews should be performed and documented.

A similar finding was also noted in our prior audit report for the two years ended December 31, 1999.

- B. Budgets prepared by the Health Center were not accurate and complete. The budgets for the years ended December 31, 2003 and 2002 did not include the prior year's

actual receipts and disbursements, nor did the budget for the year ended December 31, 2002 include amounts for budgeted receipts or beginning available cash. Sections 50.550 and 50.590, RSMo 2000, require the budget document to contain total proposed expenditures, total expected income, and the actual or estimated operating deficits or surpluses from prior years, with corresponding figures for the last completed fiscal year and the current fiscal year.

To comply with state law and be of maximum assistance to the Health Center and to adequately inform the public, the budget should accurately reflect the financial activity of the Health Center, including the prior year's receipts, disbursements and cash balance. In addition, accurate information is essential to provide reasonable estimates of anticipated receipts and disbursements so that the board may utilize the budget as a management tool and as a control over expenditures.

C. The Home Health and Hospice department bills various entities (i.e., Medicare, Medicaid, and private insurance companies) for the services provided to patients. The majority of the department's receipts are for payments related to these billings. Receipts totaled approximately \$860,000 and \$800,000 in 2003 and 2002, respectively. Our review of the department's billing and collection procedures noted the following concerns:

- 1) Billings are not always prepared in a timely manner. During our review of billings to Medicaid and Medicare, we noted 11 of 15 billings tested were sent from three to five months after the service was provided.
- 2) Medicare remittance advices, which document the reimbursements received, are supposed to be matched with the corresponding bill when the information is posted to the department's in-house accounts receivable program used to track all patient billings and balances. However, as of July 15, 2004 the department had not updated the billings and related payments on this program since December 2003. Therefore, remittance advices are not being reconciled to the accounts receivable records on a timely basis and the accounts receivable balances are not accurately stated.

Parts 1. and 2. were also noted in our prior audit report for the two years ended December 31, 1999.

To help ensure receipts are maximized, decrease the risk of errors or misappropriation, and provide an accurate picture of the department's financial condition, periodic reconciliations between applicable funding agency reports, bills and remittance advices should be performed, accounts receivable records should be maintained on a current basis and billings should be prepared in a timely manner.



**WE RECOMMEND** the Health Center Board of Trustees:

- A.1. Ensure prenumbered receipt slips, noting the method of payment, are issued for all monies received. In addition, composition of monies received by the two departments should be reconciled to the composition of monies deposited by the bookkeeper.
2. Ensure all monies are deposited intact.
3. Ensure deposits are made daily, or when accumulated receipts exceed \$100. In addition, receipts should be maintained in a secure location at all times.
4. Ensure checks are restrictively endorsed immediately upon receipt.
5. Ensure the accounting duties are properly segregated, or at a minimum, require someone other than the bookkeeper to perform and document a periodic supervisory review of receipts to deposits.
- B. Ensure the budget is prepared accurately to reflect the financial activity of the health center.
- C.1  
&2. Require periodic reconciliations between funding agency reports, bills, and remittance advices, properly maintain accounts receivable records, and prepare billings in a timely manner.

**AUDITEE'S RESPONSE**

*The Health Center Administrator provided the following response:*

- A. *During the audit, recommendations were implemented immediately upon notice by the auditors, including all of the following except for number 5. The secretary that will be in charge of balancing the checkbook has not been fully trained, but will be by February 1, 2005.*
  - 1) *All receipt slips are now prenumbered and receipt slips are also issued as money is turned over to the bookkeeper. Receipt slips indicate the method of payment. All monies received are logged into a check log when the mail is opened.*
  - 2) *Monies received are now deposited intact with all monies received in a given day deposited together.*
  - 3) *Daily deposits are now made when accumulated monies exceed \$100. Starting January 1, 2005, Public Health will bring all monies to the bookkeeper at the same time of day every day. If money received exceeds \$100 a bank deposit will be made that day.*

- 4) *Checks are now restrictively endorsed immediately upon receipt.*
- 5) *The checking account will be balanced by a secretary not involved in any of the original transactions. The Administrator and Treasurer of the Board of Trustees both approve and sign off on all expenditures.*

*Starting January 1, 2005 on the 10<sup>th</sup> day of the month, a secretary not involved in the original transactions will reconcile receipts to deposits.*

*B. Budgets prepared by the Health Center will include two prior years of budget receipts and disbursements reported on the same budget sheet as the current year's budget. In addition, the cash balance will be reflected on the budget.*

*C.1) On February 4, 2004 a Billing Clerk was hired to ensure that all billings for the agency are kept current. We did recognize that our billing was not timely so we took this action to correct the problem. It has taken some time for the orientation to all billing procedures. Presently we are caught up on all Medicare billing. The new Billing Clerk is currently learning the process to bill both Medicaid Home Health and Hospice online. She needs to test a few more claims before she is sure that she is proficient at clean claim submission. She is nearly proficient at Medicare Part B outpatient billing online.*

*2) Accounts receivable records are current through September 30, 2004 for all programs. The bookkeeper is working on a data base to simplify accounts receivable postings. By February 28, 2005 all accounts receivable will be current.*

*Our agency implemented the corrective actions needed in most instances at the time of the audit.*

## Follow-Up on Prior Audit Findings

PIKE 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 Pike County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999.

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. Financial Conditions

Pike County's General Revenue and Law Enforcement Sales Tax funds had declining cash balances.

Recommendation:

The County Commission take the necessary steps to improve the financial condition of the General Revenue and Law Enforcement Sales Tax funds.

Status:

Partially implemented. The General Revenue Fund's balance has increased significantly since 1999. However, the Law Enforcement Sales Tax Fund's (LEST Fund) balance continues to decline. See MAR finding number 1.

2. County Deposits

Securities pledged by one of the county's banks at December 31, 1999, as well as at times during January 2000 and 1999, were not sufficient to cover county funds in excess of the FDIC coverage. The county and its depository banks did not effectively monitor the balances in the accounts to ensure sufficiency of collateral securities coverage.

Recommendation:

The County Commission ensure adequate collateral securities are pledged for all county funds on deposit in excess of FDIC coverage.

Status:

Partially implemented. The bank balances were adequately collateralized at December 31, 2003 and 2002, but were insufficient for several days in January 2003. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Treasurer's Reconciliation

The County Treasurer's fund ledger was not accurate as the book balance did not take into account checks issued by the County Clerk that remained outstanding. In addition, while the County Treasurer performed reconciliations between fund ledger balances and the bank statement balances when preparing the semi-annual settlements, differences noted were not always investigated and followed up on.

Recommendation:

The County Treasurer prepare complete reconciliations between the county fund ledgers and bank statement balances monthly and resolve any discrepancies on a timely basis. In addition, the county fund ledgers should reflect a true book balance including any checks written by the County Clerk which remain outstanding.

Status:

Not implemented. See finding number 03-1.

4. Sheriff's Inmate Account

The Sheriff's Department did not reconcile the total of prisoners' monies in the inmate and commissary bank account with the recorded individual prisoner balances.

Recommendation:

The Sheriff maintain records for the commissary account and reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis.

Status:

Not implemented. Though recommendations were made in the prior two audit reports to strengthen procedures over inmate and commissary monies, which averaged approximately \$30,000 per year for 2002 and 2003, no improvements have been made. Although not repeated in the current report, our recommendation remains as stated above.

5. Circuit Clerk's Procedures

The Circuit Clerk accepted partial payments of fines and court costs on various cases as well as collecting bonds on some criminal cases. Our review noted open-items totaling approximately \$27,200 on 214 cases which were more than one year old.

Recommendation:

The Circuit Clerk review older cases along with the Circuit Judge and determine the appropriate disposition of inactive cases. In addition, any old unclaimed bonds should be disposed of in accordance with state law.

Status:

Implemented.

6. Home Health Department's Records and Procedures

- A. The department did not adequately monitor unpaid billings and, as a result, failed to receive approximately \$50,000 in Medicare reimbursements due for services provided. In addition, billings were not prepared in a timely manner.
- B. Accounting duties related to collecting, recording, and transmitting receipts, as well as billings for related accounts receivables, were not properly segregated.
- C. Checks were not restrictively endorsed until they were received in the transmittal by the County Treasurer.

Recommendation:

The Home Health Department:

- A. Perform periodic reconciliations between funding agency reports, bills, and remittance advices, properly maintain accounts receivable records, and prepare billings in a timely manner.
- B. Adequately segregate the record keeping duties or perform and document periodic reviews of the accounting records.
- C. Restrictively endorse checks immediately upon receipt.

Status:

- A&B. Partially implemented. The department has hired someone to prepare billings and periodically monitor unpaid billings. However, billings are still not prepared in a timely manner. Also, except for billings, the bookkeeper still performs all responsibilities with minimal oversight. See MAR finding number 6.
- C. Not implemented. See MAR finding number 6.

STATISTICAL SECTION

History, Organization, and  
Statistical Information



PIKE COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1818, the county of Pike was named after Zebulon Pike, a leader of an 1818 Missouri River expedition. Pike County is a county-organized, third-class county and is part of the Forty-Fifth Judicial Circuit. The county seat is Bowling Green.

Pike 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 approximately 565 miles of county roads and 104 county 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 important to the county's citizens.

The county's population was 17,568 in 1980 and 18,351 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2003	2002	2001	2000	1985*	1980**
		(in millions)					
Real estate	\$	98.4	105.4	103.3	101.3	82.6	52.0
Personal property		46.4	47.1	45.7	47.0	15.6	13.8
Railroad and utilities		40.4	42.8	43.9	42.6	41.0	18.9
Total	\$	185.2	195.3	192.9	190.9	139.2	84.7

\* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	.2717	.2441	.2504	.2500
Special Road and Bridge Fund *		.3118	.2917	.2903	.2900
County Health, Homecare and Hospice Fund		.1600	.1600	.1600	N/A
Hospital Fund		.2200	.2200	.2200	.2200
Senate Bill 40 Board Fund		.1936	.1811	.1802	.1800

\* The county retains all tax proceeds from areas not within road districts. The county has two road districts that receives four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth.

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 bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 65,478	53,776	52,733	51,194
General Revenue Fund	669,246	449,629	451,481	440,043
Special Road and Bridge Fund	732,986	522,859	510,604	497,926
Assessment Fund	123,855	86,487	83,223	76,880
Hospital Fund	536,465	389,834	382,225	371,663
County Health, Homecare, and Hospice Fund	312,207	275,983	259,276	0
Senate Bill 40 Board Fund	464,335	321,280	313,409	303,592
School districts	8,097,593	6,358,815	6,149,852	5,829,836
Nursing Home Fund	5,638	5,688	5,511	5,627
Ambulance district	7,219	7,307	7,102	7,169
Fire protection district	100,883	90,966	49,754	49,320
Tax Increment District Fund	6,679	6,835	5,263	5,164
Drainage district	17,213	15,779	17,489	18,580
Tax Maintenance Fund	17,582	5,065	0	0
Cities	78,922	105,305	81,458	74,763
County Employees' Retirement	40,861	34,538	29,648	24,090
Commissions and fees:				
General Revenue Fund	168,978	131,437	126,981	115,712
Total	\$ 11,446,140	8,861,583	8,526,009	7,871,559

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2004	2003	2002	2001	
Real estate	94.3	81.7	82.8	82.4	%
Personal property	92.9	80.0	78.2	72.8	
Railroad and utilities	100.0	100.0	100.0	100.0	

Collection percentages for 2001 through 2003 do not reflect taxes collected under protest from a single significant business taxpayer. The case was settled in 2003 with some taxes being abated.

Pike 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	
Law Enforcement	.0050	None	None	
Road and Bridge	.0050	None	None	
Hospital Capital Improvements	.0050	None	None	

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

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Clark Pointer, Presiding Commissioner		29,060	29,060	29,060	29,060
Delbert Clark, Associate Commissioner		27,060	27,060	27,060	27,060
Jack Stumbaugh, Associate Commissioner		27,060	27,060	27,060	
Harold Dietle, Associate Commissioner					27,060
James Robert Kirkpatrick, County Clerk		41,000			
Jim Ford, County Clerk			41,000	41,000	41,000
Paul Williams, Prosecuting Attorney (1)		96,000			
Mark Fisher, Prosecuting Attorney			61,500	61,500	61,500
Jim Wells, Sheriff (2)		48,000	48,000	37,685	36,591
Don Nacke, Sheriff (3)				9,170	
Patti Crane, County Treasurer		30,340	30,340	30,340	30,340
Bill Sterne, County Coroner		13,000	13,000	13,000	6,500
Nina Long, Public Administrator (4)		41,000	41,000	41,000	
Leone Cadwallader, Public Administrator					8,000
Marty Morrison, County Collector , year ended February 28 (29),	41,000	41,000	41,000	41,000	
Donna Prior, County Assessor, year ended August 31,		41,000	41,000	41,000	
John Shade, County Assessor, year ended August 31,					41,000
Dennis Kallash, County Surveyor (5)		0	0	0	0

(1) Effective January 1, 2003, the Prosecuting Attorney became a full-time position.

(2) Sheriff Wells began a new term after winning in a special election for Sheriff on March 20, 2001.

(3) Sheriff Nacke was appointed on January 12, 2001 and served until March 20, 2001.

(4) Effective January 1, 2001, the public administrator elected to change from a fee basis to a salary basis.

(5) Compensation on a fee basis.

State-Paid Officials:

Sherry Crow McCarty, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	47,300	47,300	46,126
David Ash, Associate Circuit Judge	92,000			
J. Rockne Calhoun, Associate Circuit Judge	4,000	96,000	96,000	97,382

In 1994, a new county jail was completed at a cost of approximately \$1.5 million. The county entered into a 15 year lease-purchase agreement to pay for the building. In August 1997, the county refinanced its lease-purchase agreement. As of December 31, 2003, the county still owed \$810,333 on the lease-purchase agreement, including \$705,000 in principal and \$105,333 in interest payable.

In December 2003, the county entered a 20-year lease purchase agreement with U.S. Bank, N.A. to pay for a capital improvement project to the hospital. The terms of the agreement call for the county to lease the real estate to U.S. Bank, N.A. which will provide the funds to pay the cost of the project and then lease the building back to the county with lease payments equal to the amount due to retire the indebtedness. The lease is scheduled to be paid off in the year 2023. The remaining principal and interest due on the lease at December 31, 2003, was \$5,000,000 and \$3,278,581, respectively. The lease will be paid with proceeds from the one-half cent Hospital Capital Improvement sales tax which took effect on April 1, 2002.