



Susan Montee, CPA
Missouri State Auditor

September 2007

Putnam County, Missouri

Years Ended
December 31, 2006 and 2005



Office Of The
State Auditor Of Missouri
Susan Montee, CPA

September 2007

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every four years in counties, such as Putnam, that do not have a county auditor. In addition to a financial 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 the Missouri Constitution.

The county's procedures to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA) should be improved. Total federal expenditures were overstated by approximately \$37,100 for 2006 and understated by approximately \$20,000 for 2005.

The county did not follow statutory requirements when obtaining engineering services totaling \$50,561 for certain bridge projects paid from federal funds. There is no documentation that the County Commission considered other engineering firms when procuring these services. State law requires the county to consider the qualifications and performance data of at least three firms when contracting for engineering services.

The county has not calculated the cost of non-emergency dispatching services provided by the Enhanced 911 Board. The county pays the 911 board \$2,000 per month for providing non-emergency dispatching services for the Sheriff's department. To ensure the amount paid for dispatching services is reasonable and represents the true cost of the services, the county should work with the Enhanced 911 Board to establish some criteria for calculating or estimating the dispatching costs.

The county does not maintain records of compensatory time earned, taken, or accumulated for county employees. County officials indicated the Sheriff's department employees are the only ones to regularly earn compensatory time; however, there was no record of this leave maintained by either the County Clerk or the Sheriff's office.

Also included in the report are recommendations related to budget overspending and county property records. The audit also suggested improvements in the procedures of the Sheriff, Prosecuting Attorney, and Senior Citizen Tax Board.

All reports are available on our Web site: www.auditor.mo.gov

YELLOW SHEET

PUTNAM COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



SUSAN MONTEE, CPA
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 Putnam 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 Putnam County, Missouri, as of and for the years ended December 31, 2006 and 2005. 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 more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Putnam County, Missouri, as of December 31, 2006 and 2005, or the changes in its financial position for the years then ended.

In our opinion, 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 Putnam 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, 2006 and 2005, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 21, 2007, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing 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, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Putnam 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.



Susan Montee, CPA
State Auditor

June 21, 2007

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Mark Ruether, CPA
In-Charge Auditor: Terri Erwin
Audit Staff: Liang Xu
Terese Summers, CPA
Patrick Pullins



SUSAN MONTEE, CPA
Missouri State Auditor

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

To the County Commission
and
Officeholders of Putnam County, Missouri

We have audited the financial statements of various funds of Putnam County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 21, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Putnam County, Missouri, we considered the county's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with applicable accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the county's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Putnam County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

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



Susan Montee, CPA
State Auditor

June 21, 2007

Financial Statements

Exhibit A-1

PUTNAM COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2006

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 76,270	784,595	737,127	123,738
Special Road and Bridge	195,335	1,046,026	976,588	264,773
Assessment	4,543	91,341	90,392	5,492
Law Enforcement	11,162	209,960	217,418	3,704
Law Enforcement Training	2,679	1,211	0	3,890
Record Preservation	9,544	3,677	885	12,336
Local Emergency Planning Commission	3,518	6,676	3,070	7,124
Victims of Domestic Violence	0	247	0	247
Prosecuting Attorney Bad Check	6,582	5,686	2,856	9,412
Prosecuting Attorney Training	983	325	0	1,308
K-9	2,815	1,071	0	3,886
Technology	4,703	1,871	520	6,054
Tax Maintenance	754	5,554	1,161	5,147
Election	405	36	0	441
Senior Citizen Tax	12,767	30,195	32,940	10,022
Sheriff Revolving	1,559	443	0	2,002
Help America Vote Act	15,185	125,764	98,074	42,875
Law Restitution	404	1,649	0	2,053
Health Center	77,520	381,638	315,580	143,578
Enhanced 911	103,661	238,700	234,876	107,485
Associate Circuit Division Interest	98	726	6	818
Circuit Clerk Interest	3,434	525	110	3,849
Law Library	213	2,283	2,281	215
Total	\$ 534,134	2,940,199	2,713,884	760,449

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

Exhibit A-2

PUTNAM COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 73,689	713,365	710,784	76,270
Special Road and Bridge	287,561	628,607	720,833	195,335
Assessment	4	105,202	100,663	4,543
Law Enforcement	8,290	256,059	253,187	11,162
Law Enforcement Training	1,670	1,009	0	2,679
Record Preservation	7,388	3,681	1,525	9,544
Local Emergency Planning Commission	1,123	3,752	1,357	3,518
Victims of Domestic Violence	0	168	168	0
Prosecuting Attorney Bad Check	4,293	3,528	1,239	6,582
Prosecuting Attorney Training	715	268	0	983
K-9	2,101	764	50	2,815
Technology	3,842	1,951	1,090	4,703
Tax Maintenance	8,787	4,992	13,025	754
Election	1,010	27	632	405
Senior Citizen Tax	13,173	28,624	29,030	12,767
Sheriff Revolving	1,054	505	0	1,559
Help America Vote Act	0	15,324	139	15,185
Law Restitution	0	404	0	404
Health Center	70,774	330,837	324,091	77,520
Enhanced 911	78,032	225,895	200,266	103,661
Associate Circuit Division Interest	159	358	419	98
Circuit Clerk Interest	3,206	228	0	3,434
Law Library	179	2,512	2,478	213
Total	\$ 567,050	2,328,060	2,360,976	534,134

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

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 3,132,212	2,940,199	(192,013)	2,655,228	2,328,060	(327,168)
DISBURSEMENTS	3,109,947	2,713,884	396,063	2,840,311	2,360,976	479,335
RECEIPTS OVER (UNDER) DISBURSEMENTS	22,265	226,315	204,050	(185,083)	(32,916)	152,167
CASH, JANUARY 1	534,134	534,134	0	567,050	567,050	0
CASH, DECEMBER 31	556,399	760,449	204,050	381,967	534,134	152,167
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	235,000	233,372	(1,628)	220,000	226,445	6,445
Sales taxes	340,000	339,167	(833)	320,000	334,338	14,338
Intergovernmental	55,900	71,441	15,541	23,750	64,128	40,378
Charges for service:	63,474	60,943	(2,531)	62,918	67,285	4,367
Interest	2,500	6,374	3,874	2,100	2,672	572
Other	4,452	33,298	28,846	1,722	18,497	16,775
Transfers in	60,000	40,000	(20,000)	40,000	0	(40,000)
Total Receipts	761,326	784,595	23,269	670,490	713,365	42,875
DISBURSEMENTS						
County Commissior	64,762	62,540	2,222	64,726	63,117	1,609
County Clerk	64,170	63,199	971	73,102	73,138	(36)
Elections	38,850	37,389	1,461	8,910	11,458	(2,548)
Buildings and grounds	54,200	87,881	(33,681)	61,190	49,451	11,739
Employee fringe benefit	34,090	36,232	(2,142)	24,747	27,536	(2,789)
County Treasurer and Ex Officio Collecto	44,742	47,841	(3,099)	48,918	42,066	6,852
Circuit Clerk and Ex Officio Recorder of Deed	25,350	10,930	14,420	24,106	10,475	13,631
Associate Circuit Court	6,421	4,595	1,826	6,872	5,833	1,039
Associate Circuit (Probate)	554	0	554	555	48	507
Court administration	5,649	2,506	3,143	5,388	2,445	2,943
Public Administrator	16,017	15,481	536	15,717	15,537	180
Prosecuting Attorney	77,490	74,566	2,924	76,310	73,715	2,595
Juvenile Officee	12,398	5,946	6,452	12,398	8,021	4,377
County Coroner	9,510	9,106	404	9,160	9,096	64
County Hospital	170,000	169,540	460	160,000	167,180	(7,180)
County Extension Office	27,500	27,500	0	26,500	26,500	0
Other	68,455	81,875	(13,420)	31,503	70,373	(38,870)
Transfers out	17,645	0	17,645	17,449	54,795	(37,346)
Emergency Fund	22,134	0	22,134	18,915	0	18,915
Total Disbursements	759,937	737,127	22,810	686,466	710,784	(24,318)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,389	47,468	46,079	(15,976)	2,581	18,557
CASH, JANUARY 1	76,270	76,270	0	73,689	73,689	0
CASH, DECEMBER 31	77,659	123,738	46,079	57,713	76,270	18,557

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	29,500	35,276	5,776	30,600	29,481	(1,119)
Intergovernmental	1,209,000	975,682	(233,318)	892,200	580,839	(311,361)
Interest	4,800	17,440	12,640	4,000	4,892	892
Other	8,000	17,628	9,628	99,800	7,100	(92,700)
Transfers in	0	0	0	0	6,295	6,295
Total Receipts	1,251,300	1,046,026	(205,274)	1,026,600	628,607	(397,993)
DISBURSEMENTS						
Salaries	79,560	79,560	0	76,440	70,183	6,257
Employee fringe benefit	12,300	10,301	1,999	11,700	10,843	857
Supplies	3,100	2,798	302	3,100	3,348	(248)
Insurance	2,700	1,106	1,594	2,700	0	2,700
Road and bridge materials	360,000	381,507	(21,507)	420,000	518,977	(98,977)
Equipment repairs	2,200	0	2,200	2,200	255	1,945
Construction, repair, and maintenance	700,000	451,116	248,884	560,000	79,978	480,022
Other	24,800	10,200	14,600	81,300	37,249	44,051
Transfers out	60,000	40,000	20,000	40,000	0	40,000
Total Disbursements	1,244,660	976,588	268,072	1,197,440	720,833	476,607
RECEIPTS OVER (UNDER) DISBURSEMENTS	6,640	69,438	62,798	(170,840)	(92,226)	78,614
CASH, JANUARY 1	195,335	195,335	0	287,561	287,561	0
CASH, DECEMBER 31	201,975	264,773	62,798	116,721	195,335	78,614
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	92,775	88,985	(3,790)	85,161	94,189	9,028
Interest	0	990	990	0	599	599
Other	240	1,366	1,126	740	1,414	674
Transfers in	17,595	0	(17,595)	14,949	9,000	(5,949)
Total Receipts	110,610	91,341	(19,269)	100,850	105,202	4,352
DISBURSEMENTS						
Assessor	110,610	90,392	20,218	99,700	100,663	(963)
Total Disbursements	110,610	90,392	20,218	99,700	100,663	(963)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	949	949	1,150	4,539	3,389
CASH, JANUARY 1	4,543	4,543	0	4	4	0
CASH, DECEMBER 31	4,543	5,492	949	1,154	4,543	3,389

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Sales taxes	171,000	169,628	(1,372)	164,000	167,159	3,159
Intergovernmental	7,000	6,605	(395)	13,000	10,281	(2,719)
Charges for services	32,100	33,090	990	42,650	38,401	(4,249)
Interest	50	342	292	500	75	(425)
Other	1,450	295	(1,155)	0	643	643
Transfer in	0	0	0	2,500	39,500	37,000
Total Receipts	211,600	209,960	(1,640)	222,650	256,059	33,409
DISBURSEMENTS						
Sheriff and jail	183,700	191,418	(7,718)	230,440	253,187	(22,747)
Dispatching services	26,000	26,000	0	0	0	0
Total Disbursements	209,700	217,418	(7,718)	230,440	253,187	(22,747)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,900	(7,458)	(9,358)	(7,790)	2,872	10,662
CASH, JANUARY 1	11,162	11,162	0	8,290	8,290	0
CASH, DECEMBER 31	13,062	3,704	(9,358)	500	11,162	10,662
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	500	500	0	500	500	0
Charges for services	500	538	38	300	457	157
Interest	50	173	123	0	52	52
Total Receipts	1,050	1,211	161	800	1,009	209
DISBURSEMENTS						
Sheriff	800	0	800	800	0	800
Total Disbursements	800	0	800	800	0	800
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	1,211	961	0	1,009	1,009
CASH, JANUARY 1	2,679	2,679	0	1,670	1,670	0
CASH, DECEMBER 31	2,929	3,890	961	1,670	2,679	1,009
<u>RECORD PRESERVATION FUND</u>						
RECEIPTS						
Charges for services	3,500	3,105	(395)	3,500	3,471	(29)
Interest	125	572	447	100	210	110
Total Receipts	3,625	3,677	52	3,600	3,681	81
DISBURSEMENTS						
Ex Officio Recorder of Deed	8,300	885	7,415	3,700	1,525	2,175
Total Disbursements	8,300	885	7,415	3,700	1,525	2,175
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,675)	2,792	7,467	(100)	2,156	2,256
CASH, JANUARY 1	9,544	9,544	0	7,388	7,388	0
CASH, DECEMBER 31	4,869	12,336	7,467	7,288	9,544	2,256

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING</u>						
<u>COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	3,639	6,368	2,729	4,466	3,652	(814)
Charges for services	0	0	0	0	100	100
Interest	70	308	238	0	0	0
Other	0	0	0	4,300	0	(4,300)
Total Receipts	3,709	6,676	2,967	8,766	3,752	(5,014)
DISBURSEMENTS						
Training and mileage	3,400	794	2,606	5,700	191	5,509
Equipment	0	1,352	(1,352)	180	507	(327)
Other	1,637	924	713	2,886	659	2,227
Total Disbursements	5,037	3,070	1,967	8,766	1,357	7,409
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,328)	3,606	4,934	0	2,395	2,395
CASH, JANUARY 1	3,518	3,518	0	1,123	1,123	0
CASH, DECEMBER 31	2,190	7,124	4,934	1,123	3,518	2,395
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	170	240	70	150	165	15
Interest	0	7	7	0	3	3
Total Receipts	170	247	77	150	168	18
DISBURSEMENTS						
Domestic violence shelter	170	0	170	150	168	(18)
Total Disbursements	170	0	170	150	168	(18)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	247	247	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	247	247	0	0	0
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	3,000	5,274	2,274	2,750	3,407	657
Interest	100	412	312	0	121	121
Total Receipts	3,100	5,686	2,586	2,750	3,528	778
DISBURSEMENTS						
Prosecuting Attorney	4,350	2,856	1,494	4,000	1,239	2,761
Total Disbursements	4,350	2,856	1,494	4,000	1,239	2,761
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,250)	2,830	4,080	(1,250)	2,289	3,539
CASH, JANUARY 1	6,582	6,582	0	4,293	4,293	0
CASH, DECEMBER 31	5,332	9,412	4,080	3,043	6,582	3,539

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	240	270	30	250	244	(6)
Interest	0	55	55	0	24	24
Total Receipts	240	325	85	250	268	18
DISBURSEMENTS						
Prosecuting Attorney	750	0	750	1,200	0	1,200
Total Disbursements	750	0	750	1,200	0	1,200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(510)	325	835	(950)	268	1,218
CASH, JANUARY 1	983	983	0	715	715	0
CASH, DECEMBER 31	473	1,308	835	(235)	983	1,218
<u>K-9 FUND</u>						
RECEIPTS						
Interest	0	160	160	0	79	79
Other	500	911	411	400	685	285
Total Receipts	500	1,071	571	400	764	364
DISBURSEMENTS						
K-9 care and food	500	0	500	200	50	150
Total Disbursements	500	0	500	200	50	150
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,071	1,071	200	714	514
CASH, JANUARY 1	2,815	2,815	0	2,101	2,101	0
CASH, DECEMBER 31	2,815	3,886	1,071	2,301	2,815	514
<u>TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for service:	1,800	1,585	(215)	1,800	1,831	31
Interest	50	286	236	40	120	80
Total Receipts	1,850	1,871	21	1,840	1,951	111
DISBURSEMENTS						
Ex Officio Recorder of Deed	2,500	520	1,980	2,500	1,090	1,410
Total Disbursements	2,500	520	1,980	2,500	1,090	1,410
RECEIPTS OVER (UNDER) DISBURSEMENTS	(650)	1,351	2,001	(660)	861	1,521
CASH, JANUARY 1	4,703	4,703	0	3,842	3,842	0
CASH, DECEMBER 31	4,053	6,054	2,001	3,182	4,703	1,521

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services:	4,500	5,369	869	5,200	4,688	(512)
Interest	275	185	(90)	200	304	104
Total Receipts	4,775	5,554	779	5,400	4,992	(408)
DISBURSEMENTS						
Office expenditures:	0	0	0	440	13,025	(12,585)
Equipment	2,000	861	1,139	10,000	0	10,000
Training and mileage	500	300	200	0	0	0
Total Disbursements	2,500	1,161	1,339	10,440	13,025	(2,585)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,275	4,393	2,118	(5,040)	(8,033)	(2,993)
CASH, JANUARY 1	754	754	0	8,787	8,787	0
CASH, DECEMBER 31	3,029	5,147	2,118	3,747	754	(2,993)
<u>ELECTION FUND</u>						
RECEIPTS						
Intergovernmental	300	14	(286)	0	0	0
Interest	0	22	22	0	27	27
Other	0	0	0	445	0	(445)
Total Receipts	300	36	(264)	445	27	(418)
DISBURSEMENTS						
Election services:	500	0	500	100	632	(532)
Total Disbursements	500	0	500	100	632	(532)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	36	236	345	(605)	(950)
CASH, JANUARY 1	405	405	0	1,010	1,010	0
CASH, DECEMBER 31	205	441	236	1,355	405	(950)
<u>SENIOR CITIZEN TAX FUND</u>						
RECEIPTS						
Property taxes	28,000	29,146	1,146	25,000	27,736	2,736
Interest	750	1,049	299	95	888	793
Total Receipts	28,750	30,195	1,445	25,095	28,624	3,529
DISBURSEMENTS						
Senior services:	25,000	32,461	(7,461)	22,000	28,838	(6,838)
Other	245	479	(234)	25	192	(167)
Total Disbursements	25,245	32,940	(7,695)	22,025	29,030	(7,005)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,505	(2,745)	(6,250)	3,070	(406)	(3,476)
CASH, JANUARY 1	12,767	12,767	0	13,173	13,173	0
CASH, DECEMBER 31	16,272	10,022	(6,250)	16,243	12,767	(3,476)

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF REVOLVING FUND</u>						
RECEIPTS						
Charges for service:	250	425	175	0	497	497
Interest	10	18	8	0	8	8
Total Receipts	260	443	183	0	505	505
DISBURSEMENTS						
Sheriff	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	260	443	183	0	505	505
CASH, JANUARY 1	1,559	1,559	0	1,054	1,054	0
CASH, DECEMBER 31	1,819	2,002	183	1,054	1,559	505
<u>HELP AMERICA VOTE ACT FUND</u>						
RECEIPTS						
Intergovernmental	140,666	125,511	(15,155)	15,000	15,223	223
Interest	1,100	253	(847)	450	101	(349)
Total Receipts	141,766	125,764	(16,002)	15,450	15,324	(126)
DISBURSEMENTS						
Equipment	125,500	98,074	27,426	1,500	0	1,500
Training and mileage	200	0	200	0	139	(139)
Other	0	0	0	500	0	500
Total Disbursements	125,700	98,074	27,626	2,000	139	1,861
RECEIPTS OVER (UNDER) DISBURSEMENTS	16,066	27,690	11,624	13,450	15,185	1,735
CASH, JANUARY 1	15,185	15,185	0	0	0	0
CASH, DECEMBER 31	31,251	42,875	11,624	13,450	15,185	1,735
<u>LAW RESTITUTION FUND</u>						
RECEIPTS						
Charges for service:	300	1,588	1,288	0	401	401
Interest	5	61	56	0	3	3
Total Receipts	305	1,649	1,344	0	404	404
DISBURSEMENTS						
Sheriff	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	305	1,649	1,344	0	404	404
CASH, JANUARY 1	404	404	0	0	0	0
CASH, DECEMBER 31	709	2,053	1,344	0	404	404

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	174,481	172,350	(2,131)	156,941	167,035	10,094
Intergovernmental	150,470	181,553	31,083	170,758	144,339	(26,419)
Charges for services	8,000	7,918	(82)	5,500	6,502	1,002
Interest	2,700	6,175	3,475	1,500	2,090	590
Other	12,575	13,642	1,067	10,950	10,871	(79)
Total Receipts	348,226	381,638	33,412	345,649	330,837	(14,812)
DISBURSEMENTS						
Salaries	238,672	231,564	7,108	244,434	242,575	1,859
Office expenditures:	32,885	30,128	2,757	37,400	37,087	313
Equipment	1,200	940	260	1,500	0	1,500
Travel	7,825	7,043	782	9,350	8,783	567
Training	700	0	700	350	705	(355)
Professional services:	61,081	43,330	17,751	39,600	29,426	10,174
Other	5,575	2,575	3,000	12,900	5,515	7,385
Total Disbursements	347,938	315,580	32,358	345,534	324,091	21,443
RECEIPTS OVER (UNDER) DISBURSEMENTS	288	66,058	65,770	115	6,746	6,631
CASH, JANUARY 1	77,520	77,520	0	70,774	70,774	0
CASH, DECEMBER 31	77,808	143,578	65,770	70,889	77,520	6,631
ENHANCED 911 FUND						
RECEIPTS						
Sales taxes	170,000	169,624	(376)	164,900	167,140	2,240
Intergovernmental	55,500	28,140	(27,360)	55,500	55,500	0
Charges for services:	28,800	31,050	2,250	0	0	0
Interest	1,400	2,513	1,113	1,100	1,510	410
Other	0	7,373	7,373	0	1,745	1,745
Total Receipts	255,700	238,700	(17,000)	221,500	225,895	4,395
DISBURSEMENTS						
Salaries	137,000	136,910	90	110,000	101,731	8,269
Office supplies:	5,500	3,857	1,643	5,000	4,958	42
Equipment	64,500	64,219	281	61,500	61,033	467
Training and mileage	7,500	4,157	3,343	6,500	6,039	461
Phone expenditures:	22,000	18,219	3,781	24,000	18,123	5,877
Insurance	6,000	4,605	1,395	4,000	3,889	111
Reserve fund	10,200	0	10,200	5,500	0	5,500
Other	3,000	2,909	91	5,000	4,493	507
Total Disbursements	255,700	234,876	20,824	221,500	200,266	21,234
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	3,824	3,824	0	25,629	25,629
CASH, JANUARY 1	103,661	103,661	0	78,032	78,032	0
CASH, DECEMBER 31	103,661	107,485	3,824	78,032	103,661	25,629

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION</u>						
<u>INTEREST FUND</u>						
RECEIPTS						
Interest	350	726	376	143	358	215
Total Receipts	350	726	376	143	358	215
DISBURSEMENTS						
Associate Circuit Divisor	300	6	294	200	419	(219)
Total Disbursements	300	6	294	200	419	(219)
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	720	670	(57)	(61)	(4)
CASH, JANUARY 1	98	98	0	159	159	0
CASH, DECEMBER 31	148	818	670	102	98	(4)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	200	525	325	100	228	128
Total Receipts	200	525	325	100	228	128
DISBURSEMENTS						
Circuit Clerk	2,500	110	2,390	850	0	850
Total Disbursements	2,500	110	2,390	850	0	850
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,300)	415	2,715	(750)	228	978
CASH, JANUARY 1	3,434	3,434	0	3,206	3,206	0
CASH, DECEMBER 31	1,134	3,849	2,715	2,456	3,434	978
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for service:	2,500	2,283	(217)	2,300	2,512	212
Total Receipts	2,500	2,283	(217)	2,300	2,512	212
DISBURSEMENTS						
Law Library	2,250	2,281	(31)	2,300	2,478	(178)
Total Disbursements	2,250	2,281	(31)	2,300	2,478	(178)
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	2	(248)	0	34	34
CASH, JANUARY 1	213	213	0	179	179	0
CASH, DECEMBER 31	\$ 463	215	(248)	179	213	34

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

Notes to the Financial Statements

PUTNAM 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 Putnam County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Enhanced 911 Board, or the Senior Citizen Tax Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. 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, the county budget law. These budgets are adopted on the cash basis of accounting.

Section 50.740, RSMo, 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>
Law Enforcement Fund	2006 and 2005
Senior Citizen Tax Fund	2006 and 2005
Law Library Fund	2006 and 2005
General Revenue Fund	2005
Assessment Fund	2005
Victims of Domestic Violence Fund	2005
Tax Maintenance Fund	2005
Election Fund	2005
Associate Circuit Division Interest Fund	2005

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Prosecuting Attorney Training Fund for the year ended December 31, 2005.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, 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. The county's published financial statements for the years ended December 31, 2006 and 2005, included all funds presented in the accompanying financial statements.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit. Cash includes both deposits and investments.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial

institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Putnam County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's and Health Center Board's deposits at December 31, 2006 and 2005, and the Enhanced 911 Board's deposits at December 31, 2006, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's or board's custodial banks in the county's or boards' name.

Of the Enhanced 911 Board's bank balance at December 31, 2005, \$6,677 was exposed to custodial risk because that amount was uncollateralized.

Investments

Section 110.270, RSMo, 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, 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 adopted such a policy.

The only investments of the various county funds were overnight repurchase agreements which are an interest in securities that are direct obligations of, or fully guaranteed as to principal and interest by, the U.S. Government or an agency thereof. At December 31, 2006 and 2005, the fair values of the repurchase agreements were \$235,000 and \$195,000, respectively.

Custodial credit risk is the risk that, if the counterparty to an investment transaction fails, Putnam County will not be able to recover the investment's value or collateral securities that are in an outside party's possession. The county's investments at December 31, 2006 and 2005, were not exposed to custodial credit risk because the underlying securities were held by the dealer bank's trust department or agent in the county's name.

Supplementary Schedule

Schedule

PUTNAM 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,	
			2,006	2,005
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state Department of Health and Senior Services				
10.557	Special Supplemental Nutrition Program for Women, Infants and Children	ERS045-5186	\$ 0	11,883
		ERS045-6186	22,823	3,559
	Program Total		<u>22,823</u>	<u>15,442</u>
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Constructior	BRO - O86 (17)	0	1,043
		BRO - O86 (19)	435,082	3,266
		BRO - O86 (20)	0	67,044
		BRO - O86 (21)	17,569	8,625
	Program Total		<u>452,651</u>	<u>79,978</u>
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,549	1,549
ELECTIONS ASSISTANCE COMMISSION				
Passed through state Office of Secretary of State				
90.401	Help America Vote Act Requirements Payment	N/A	98,074	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	N/A	647	1,508
93.268	Immunization Grants	N/A	13,089	13,878
93.283	Centers for Disease Control and Prevention - Investigator and Technical Assistance	AOC0638	2,333	1,167
		DH050032051	0	3,500
		DH060031072	5,887	0
		N/A	2,761	0
	Program Total		<u>10,981</u>	<u>4,667</u>
93.575	Child Care and Development Block Grant	N/A	768	1,781
93.994	Maternal and Child Health Services Block Grant to the State	ERS146-4186M	17,038	19,445
		AOC06380222	5,932	0
	Program Total		<u>22,970</u>	<u>19,445</u>

Schedule

PUTNAM 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,	
			2,006	2,005
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.004	State Domestic Preparedness Equipment Support Program	FY03-Part II IOC	27,750	55,500
		N/A	0	3,600
	Program Total		<u>27,750</u>	<u>59,100</u>
	Total Expenditures of Federal Award:		<u>\$ 651,302</u>	<u>197,348</u>

N/A - Not applicable

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

Notes to the Supplementary Schedule

PUTNAM 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 Putnam County, Missouri.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

Amounts for Immunization Grants (CFDA number 93.268) 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

The county provided no federal awards to subrecipients during the years ended December 31, 2006 and 2005.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



SUSAN MONTEE, CPA
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 Putnam County, Missouri

Compliance

We have audited the compliance of Putnam County, Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2006 and 2005. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

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

In our opinion, Putnam County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2006 and 2005. 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 06-1 and 06-2.

Internal Control Over Compliance

The management of Putnam 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described as finding numbers 06-1 and 06-2 in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over compliance.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the county's internal control. We do not consider any of the significant deficiencies referred to above to be material weaknesses.

The responses of Putnam County, Missouri, to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the county's responses and, accordingly, we express no opinion on them.

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

A handwritten signature in black ink, appearing to read "Susan Montee". The signature is written in a cursive style with a large initial 'S'.

Susan Montee, CPA
State Auditor

June 21, 2007

Schedule

PUTNAM COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2006 AND 2005

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over major program:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

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

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

Identification of major program:

CFDA or Other Identifying <u>Number</u> 20.205	<u>Program Title</u> Highway Planning and Construction
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federal expenditures by approximately \$13,000 and \$14,000 for 2006 and 2005, respectively. Various other errors were noted, including the omission of some federal programs.

Compilation of the SEFA requires consulting county financial records and requesting information from other departments and officials. The County Commission and County Clerk should take steps to ensure all departments and officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

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 awards.

WE RECOMMEND the County Commission and County Clerk work to ensure the SEFA is complete and accurate.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We agree. We will make sure the SEFA is complete and accurate in the future.

06-2.	Highway Planning and Construction
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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-086(17), BRO-086(19), BRO-086 (20) and BRO-086(21)
Award Year:	2006 and 2005
Questioned Costs:	\$40,448

The County did not follow statutory requirements when obtaining engineering services totaling \$50,561 for certain bridge projects. There is no documentation that the County Commission considered other engineering firms when procuring these services. The County Commission indicated the engineering firm was chosen because of the county's prior experience with the firm on other county bridge projects; however, these reasons were not formally documented. We question costs of \$40,448, which represents the federal share (80 percent) of the engineering costs paid during 2006 and 2005.

OMB Circular A-102, Common Rule, requires local governments to follow applicable procurement laws. For engineering services, sections 8.289 and 8.291, RSMo, provide guidance on obtaining, evaluating, and negotiating for such services.

A similar condition was reported in our prior audit which resulted in questioned costs of \$76,956 for the two years ended December 31, 2002. The county has no documentation that these prior questioned costs were resolved with the grantor agency.

WE AGAIN RECOMMEND the County Commission obtain information as required by law when contracting for professional services and resolve the questioned costs with the grantor agency.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We agree and will solicit proposals from engineers for all future projects.

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

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

Because Putnam County, Missouri, did not obtain an audit of its financial statements for the two years ended December 31, 2004, this section does not report the status of any prior audit findings.

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

PUTNAM 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.

The prior audit report issued for the two years ended December 31, 2004, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Putnam County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 21, 2007. We also have audited the compliance of Putnam County, Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 21, 2007.

Because the Putnam County Memorial Hospital is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information.

In addition, to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years, we have audited the operations of elected officials with funds other than those presented in the financial statements. 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 board referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned

Costs. These MAR findings resulted from our audit of the financial statements of Putnam County or of its compliance with the types of compliance requirements applicable to its major federal program but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) 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*. Putnam County's responses to the findings also are presented in this MAR. We did not audit the county's responses and, accordingly, we express no opinion on them.

1.

County Procedures

The county has not calculated the cost of non-emergency dispatching services provided by the Enhanced 911 Board. The county does not maintain records of compensatory time for employees, the County Clerk and County Commission do not provide a formal review of the activities of the Ex Officio County Collector, and disbursements exceeded the budgeted amounts for several county funds.

- A. Beginning January 1, 2006, the county and the Enhanced 911 Board entered into a written agreement for the E911 Telecommunications Center to provide non-emergency services, primarily dispatching services, for the county Sheriff's department for a monthly payment of \$2,000. The payments are made from the county's Law Enforcement Fund to the Enhanced 911 Fund. Prior to this, Sheriff's employees provided non-emergency dispatching services for the county. Neither the county nor the Enhanced 911 Board calculated or estimated the total cost of the services provided by the board. In early 2007, the County Commission minutes indicate the Sheriff expressed concern that the \$2,000 monthly payment was too high for the services the county was receiving.

To ensure the amount paid for dispatching services is reasonable and represents the true cost of the services, the county should work with the Enhanced 911 Board to establish some criteria for calculating or estimating the dispatching costs.

- B. The county does not maintain records of compensatory time earned, taken, or accumulated for county employees. County officials indicated the Sheriff's department employees are the only ones to regularly earn compensatory time; however, there was no record of this leave maintained by either the County Clerk or the Sheriff's office.

Without centralized and complete leave records, the County Commission cannot ensure that employee's compensatory records are accurate, that all employees are treated equitably, and that leave time used does not exceed leave time earned and accumulated. Centralized leave records also aid in the event disputes arise and to demonstrate compliance with the federal Fair Labor Standards Act (FLSA).

- C. Neither the County Commission nor the County Clerk provide a formal review of the activities of the Ex Officio County Collector. The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the Ex Officio County Collector's monthly or annual settlements.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

An account book or other records which summarize all taxes charged to the Ex Officio County Collector and township collectors, monthly collections, delinquent credits, abatements and additions, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure that the amount of taxes charged and credited to the collectors each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the collectors' monthly and annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

- D. Actual disbursements exceeded budgeted amounts for several funds, as follows:

Fund	Years Ended December 31,	
	2006	2005
General Revenue Fund	\$ N/A	24,318
Assessment Fund	N/A	963
Law Enforcement Fund	7,718	22,747
Victims of Domestic Violence Fund	N/A	18
Tax Maintenance Fund	N/A	2,585
Election Fund	N/A	532
Associate Circuit Division Interest Fund	N/A	219
Law Library Fund	31	178

The County Commission and other officials receive budget to actual comparison reports monthly. However, there were no notations on the report copies or evidence in the commission meeting minutes of discussion regarding the budget status. Other county officials indicated they prepared budgets because the County Clerk provided the form and said it was required. However, they do not refer to the budget or monitor the level of disbursements after it is approved, and disbursements are made as long as there is cash available.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which necessitate excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budgets are approved, including holding public hearings and filing the amended

budgets with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

WE RECOMMEND the County Commission:

- A. Work with the Enhanced 911 Board to calculate the costs of non-emergency dispatching services and ensure the amount paid for the services is reasonable.
- B. Ensure compensatory leave records are maintained for all county employees.
- C. Require the County Clerk to establish and maintain an account book with the Ex Officio County Collector. The County Commission and County Clerk should monitor property tax system activities and perform a thorough review of the Ex Officio County Collector's annual settlements.
- D. And other county officials review budget to actual reports carefully and refrain from authorizing disbursements which exceed budgeted amounts.

AUDITEE'S RESPONSE

- A. *We agree and will work with the 911 board to document the amount paid for dispatching services.*
- B&C. *These recommendations have already been implemented.*
- D. *We agree and will work with the other officials and better monitor fund balances in the future. Normally, budget overspending is not a concern but some unusual circumstances led to overspending in 2005.*

2. County Property Records and Procedures
--

Procedures and records to account for county property are not adequate. The County Clerk does not request each department to submit annual inventory reports, and as a result, many departments did not perform annual inventories or submit required reports. In addition, the records are not kept current and some required information is not recorded.

The County Clerk is responsible for maintaining overall county property records; however, each county department is responsible for maintaining their own inventory listing and submitting the listings to the County Clerk. The County Clerk does not formally request each department to submit annual inventory reports, and as a result, many departments do not submit their reports. In addition, some departments do not perform annual physical inventories. The Sheriff, Prosecuting Attorney, and Road and Bridge Department do not

perform inventories nor submit any property information to the County Clerk. While the Circuit Division II, Enhanced 911, Recorder of Deeds, Assessor, and County Treasurer departments do perform annual inventories, only the Circuit Division II, Enhanced 911, and County Treasurer submit reports to the County Clerk.

Additionally, county property records are not kept up-to-date as purchases of assets are not reconciled to additions to the property records. The date of purchase, cost, and date and method of disposal is not always recorded, and authorization for assets disposals are not obtained or documented.

Based on the recordkeeping and reporting problems noted above, it is clear that the county has not complied with statutory provisions. Additionally, the completeness and accuracy of the overall county property records is questionable. These problems increase the possibility of undetected theft and inadequate insurance coverage.

Section 49.093, RSMo requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records. Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage.

Similar conditions were noted in prior reports.

WE AGAIN RECOMMEND the County Clerk work with other county departments to ensure physical inventories are conducted and reports submitted, and implement procedures to track property purchases and dispositions throughout the year and keep property records up-to-date.

AUDITEE'S RESPONSE

I will take the proper steps to ensure that this is done in the future.

3. Sheriff's Accounting Controls and Procedures
--

Accounting duties are not adequately segregated, checks and money orders are not restrictively endorsed immediately upon receipt, and deposits are not made timely. In addition, access to receipts should be restricted to reduce the risk of theft or misuse.

The Sheriff's office collected various fees of approximately \$16,000 and \$26,000 for the years ended December 31, 2006 and 2005, respectively. The Sheriff's accounting controls and procedures should be improved as follows:

- A. Accounting duties are not adequately segregated. Currently all accounting duties, including receiving, depositing, and disbursing monies, preparing bank

reconciliations, and maintaining the accounting records, are performed by one secretary with no independent review or oversight.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Monies received are not always deposited in a timely manner. Monies are normally collected each business day, but deposits are normally made only 2-3 times per month. A cash count performed on May 11, 2007, showed over five working days of un-deposited collections, totaling \$163 and included \$153 in cash. Also, checks and money orders are not restrictively endorsed immediately upon receipt.

In May 2006, approximately \$1,200 in cash receipts were stolen from a locked drawer in the Sheriff's office. The Sheriff indicated he investigated the theft and found no sign of forced entry, but has not yet determined the cause of the theft. The county reimbursed the Sheriff for the amount of bond money stolen which needed to be turned over to the court system. The seriousness of this situation could have been reduced had the monies been deposited on a timely basis. In addition, four individuals have key access to the location where the receipts were stored, and the Sheriff should consider limiting access to receipts to only one or two individuals.

To adequately account for collections and reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt and deposits should be made intact on a timely basis. Deposits should be more frequent if significant amounts of cash are collected. In addition, failure to limit access to the receipts between the time of receipt and the bank deposit to a minimum number of persons increases the risk of theft or misuse of funds.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the Sheriff:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B. Deposit all monies on a timely basis and restrictively endorse checks and money orders immediately upon receipt. In addition, the Sheriff should consider limiting access to the area where receipts are stored before being deposited.

AUDITEE'S RESPONSE

- A. *I have periodically reviewed the bank reconciliations and will try to remember to initial them in the future.*

- B. *Investigation of the theft is still pending. I am in the process of looking for a safe to provide more secure access to cash receipts. Deposits are now made more timely and checks are now restrictively endorsed immediately.*

4. Prosecuting Attorney's Accounting Controls and Procedures

Accounting duties are not adequately segregated, and partial payments for bad checks are not distributed until the amount has been paid in full resulting in amounts being collected and held for several years. Procedures have not been adopted to follow up on old outstanding checks.

The Prosecuting Attorney's office collected various fees of approximately \$5,500 and \$3,800 for the years ended December 31, 2006 and 2005, respectively. The Prosecuting Attorney's accounting controls and procedures should be improved as follows:

- A. Accounting duties are not adequately segregated. One secretary collects monies, records transactions, prepares deposits, and prepares bank reconciliations. The Prosecuting Attorney indicated that he does review the work of the secretary; however, there is no documentation of any reviews.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

A similar condition was noted in our prior report.

- B. The Prosecuting Attorney's office collects reimbursement for bad checks on behalf of area merchants. Office procedure is to accumulate partial payments in the checking account on restitution cases until the total amount has been received and then distribute the funds to the victims. As of December 31, 2006, there were over 50 open cases for which a portion of the restitution and fees had been collected, totaling approximately \$11,900, which had not been disbursed. The oldest five of these cases were filed in 1994 or later, and none had any payments received since 2002. Thirty-five cases were noted with accumulated payments of \$100 or more, including one case with over \$2,000 accumulated. To expedite the distribution of restitution to victims and to reduce the amount of open items necessary to be accounted for, the Prosecuting Attorney's office should consider distributing restitution payments to the victims on a more timely and/or prorated basis.
- C. Procedures have not been established to routinely follow up on outstanding checks. At December 31, 2006, the Prosecuting Attorney's bank account had 11 checks totaling \$198 which had been outstanding for more than three years. These outstanding checks create additional and unnecessary recordkeeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, amounts remaining unclaimed should be disposed of in accordance with state law.

WE RECOMMEND the Prosecuting Attorney:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Distribute restitution partial payments to victims on a more timely basis.
- C. Establish procedures to routinely follow up and reissue old outstanding checks. If the payees cannot be located, these monies should be disposed of in accordance with state law.

AUDITEE'S RESPONSE

- A. *We have implemented procedures for me to review and initial bank statements and reconciliations with my secretary.*
- B. *We will try to more regularly review and distribute restitution monies.*
- C. *This has already been done.*

5.

Senior Citizen Tax Board

The Senior Citizen Tax Board does not have written contracts with any of its service providers and does not adequately monitor monies provided to the entities. In addition, actual expenditures exceeded budgeted amounts, and board minutes are only signed by the preparer.

- A. The board has not entered into written contracts with any organization or individual which provides services to the board, including Putnam County Senior Center, Putnam County Health Department, Green Hills Community Action Center, OATS (Older Adults Transportation Service) Committee of Putnam County, and Putnam County Library, as required by Section 432.070, RSMo. The board paid approximately \$59,600 for these services during the two years ended December 31, 2006. None of the entities provide the board with any type of report of their activities to document how these monies were used.

In addition, the board pays individuals to perform in-home services such as light housekeeping, laundry, dishwashing, woodcutting, etc., for citizens over 60 who

need short-term assistance due to injury or illness. The board spent approximately \$1,200, on these services during the two years ended December 31, 2006. The board chairman indicated that, although there were no written contracts with these individuals during the audit period, she had contacted both the citizens receiving the assistance and the workers who performed the duties to ensure the jobs were being completed; however, no documentation of this monitoring was available.

Written agreements are necessary to specify the services to be performed and the consideration to be paid for the services, provide a means for the board to monitor compliance with the contract terms, and protect the board in the event of a dispute over the terms of the agreement.

- B. The board does not use its budget as an effective tool to monitor the financial activity of the Senior Citizen Tax Fund. The annual budgets do not show any detail regarding the amounts to be distributed to the various entities that provide services. Instead, the budgets include an estimate of property tax receipts, and the board appropriates a lump-sum amount of \$3,000 less than estimated tax receipts to pay for the various services. In addition, actual disbursements exceeded the budgeted amounts by \$7,695 and \$7,005 for the years ended December 31, 2006 and 2005, respectively. Board members indicate they review monthly financial information but do not compare actual receipts and disbursements to the budgeted amounts.

To be of maximum assistance to the board and to adequately inform citizens of the board's operations and financial position, the budgets should provide adequate detail for disbursements, and the board should regularly monitor budget and actual disbursements.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which necessitate excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budgets are approved, including holding public hearings and filing the amended budgets with the State Auditor's office.

- C. The board minutes are prepared and signed by the board secretary, but the minutes are not signed by the board president. The board minutes should be signed by the board president to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.

WE RECOMMEND the Senior Citizen Tax Board:

- A. Enter into written contracts with all entities which receive funding from the board, and require and periodically review records of services provided to residents of the county. At a minimum, the records should contain the names of citizens participating in the program, the services provided, and the cost of each service.

- B. Ensure steps are taken to adequately monitor financial activity on a monthly basis and to see that expenditures are kept within the amounts budgeted. If additional disbursements are necessary, the circumstances should be fully documented and the budgets properly amended. In addition, ensure the budget is prepared accurately to reflect the financial activity of the board.
- C. Ensure board minutes are signed by the board president in addition to the preparer of the minutes.

AUDITEE'S RESPONSE

The Board Chairman provided the following response:

- A. *We have implemented contracts for services. In the past, contact has been made with recipients of tax funds to ensure the monies have been spent accordingly, and that information will now be documented on the back of each contract as I speak with those receiving assistance and those getting assistance.*
- B. *The board will obtain the information to accomplish this. I will ask the County Clerk to provide this information on a monthly basis.*
- C. *Board minutes are now signed by the secretary as well as the chairman or vice chairman in the absence of the chairman.*

Follow-Up on Prior Audit Findings

PUTNAM 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 Putnam County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2002. Any 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. County Procedures

- A. The county's funds on deposit were not always adequately covered by collateral securities.
- B. An employee of the Sheriff's office who was paid a regular salary was also paid by the county to prepare meals for county prisoners; however, bids had not been solicited for this service since 1999. In addition, the county did not document that the employee's time spent on preparing the meals did not conflict with normal county duties.
- C. The County Commission had not established procedures to monitor the expenditure of county hospital capital improvement sales tax monies. These monies were deposited into the county's General Revenue Fund and remitted to the county hospital Board of Trustees.

Recommendation:

The County Commission:

- A. Ensure collateral securities pledged by the depository banks are sufficient to protect monies at all times.
- B. Periodically solicit bids for prisoner meals which are based on per-meal costs. If the county continues to contract with the county employee for meal preparation, adequate documentation should be maintained to ensure this does not conflict with her normal county duties.
- C. Deposit hospital capital improvement sales tax monies in a separate fund as required by state law and establish procedures to ensure these funds are used solely for their intended purpose.

Status:

A&B. Implemented.

- C. Partially implemented. Hospital capital improvement sales taxes are still deposited into the General Revenue Fund and the total amount received is remitted to the hospital. The county does receive information on how the hospital spends this money. Although not repeated in the current MAR, our recommendation remains as stated above.

2. General Fixed Asset Controls and Procedures

The county had not established written policies for fixed assets, and various problems were noted regarding the county's fixed asset records, including lack of reconciliations from period to period, no tags or inventory numbers for some items, no annual physical inventories, lack of written authorization for the disposition of assets, and incomplete information regarding acquisition and disposal dates and costs.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets which include procedures to ensure compliance with the state law. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with the county property.

Status:

Not implemented. See MAR finding number 2.

3. Sheriff's Accounting Control's and Procedures

- A. Accounting duties were not adequately segregated.
- B. Checks payable to the Sheriff were not restrictively endorsed immediately upon receipt, and deposits were not made in a timely manner.
- C. Billings for prisoner incarceration costs were not prepared in a timely manner. Some prisoner board billings to other counties were sent two to five months after the prisoners had been released from the county jail.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.

- B. Restrictively endorse all checks received immediately upon receipt and deposit all monies daily or when accumulated receipts exceed \$100.
- C. Ensure prisoner incarceration costs are billed in a timely manner.

Status:

A&B. Not implemented. See MAR finding number 3.

C. Implemented.

4. Prosecuting Attorney's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Money orders payable to the Prosecuting Attorney were not restrictively endorsed immediately upon receipt.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting duties or ensure periodic independent reviews are performed and documented.
- B. Restrictively endorse all money orders immediately upon receipt.

Status:

A. Not implemented. See MAR finding number 4.

B. Not implemented. Although money orders are not restrictively endorsed until the deposit is prepared, they are normally deposited on a timely basis. Although not repeated in the current MAR, our recommendation remains as stated above.

5. Enhanced 911 Board

- A. The board's budgets did not include accurate beginning cash balances, and actual receipts and disbursements were not always accurately reported on the budgets.
- B. The board did not keep a daily ledger balance or book balance of the Enhanced 911 checking account.

Recommendation:

- A. Ensure budgets are accurate and complete.
- B. Maintain a daily book balance in the check register and reconcile the balance monthly to the bank statements.

Status:

- A. Partially implemented. Beginning balances and actual receipts appear to be fairly stated on the budgets; however, actual disbursements for 2006 were understated by \$55,500 for a disbursement of Homeland Security grant funds. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

PUTNAM COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Putnam was named after General Israel Putnam, a Revolutionary War hero. Putnam County is a township-organized, third-class county and is part of the 3rd Judicial Circuit. The county seat is Unionville.

Putnam 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 177 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 townships maintain approximately 516 miles of county roads.

The county's population was 6,092 in 1980 and 5,223 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2006	2005	2004	2003	1985*	1980**
		(in millions)					
Real estate	\$	45.1	43.3	37.5	36.2	20.2	15.5
Personal property		15.8	15.0	13.7	14.0	6.9	8.8
Railroad and utilities		3.4	3.0	2.8	3.2	1.7	2.3
Total	\$	64.3	61.3	54.0	53.4	28.8	26.6

* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2006	2005	2004	2003
General Revenue Fund	\$.4768	.4768	.5000	.5000
Health Center Fund		.2861	.2861	.3000	.3000
Senior Citizen Tax Fund		.0477	.0477	.0500	.0500
Hospital		.4768	.4768	.5000	.5000

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to

penalties. The county and townships bill and collect property taxes for themselves and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2007	2006	2005	2004
State of Missouri	\$ 19,265	18,305	16,933	16,159
General Revenue Fund	310,513	297,266	287,188	273,078
Road and Bridge	225,320	214,931	191,867	189,361
Townships	288,725	276,944	262,038	260,276
Assessment Fund	50,783	48,491	45,937	35,265
Health Center Fund	180,294	171,584	165,152	157,169
School districts	2,368,166	2,252,201	2,110,658	2,012,560
Library	90,573	86,218	83,356	79,661
Ambulance district	239,150	227,552	219,637	209,466
Fire protection districts	52,549	48,569	46,413	45,754
Hospital	300,660	286,141	276,367	263,894
Cities	19,285	19,587	16,972	22,297
Nursing home district	90,865	86,506	83,679	80,041
Watershed	26,045	25,882	24,616	24,370
Senior Citizen Tax Fund	29,900	28,211	27,131	24,757
Tax Maintenance Fund	5,225	4,763	4,543	4,062
County Employees' Retirement	14,162	12,102	10,792	10,518
Commissions and fees:				
General Revenue Fund	13,180	12,185	15,930	13,638
Township Collectors	38,766	37,679	38,754	34,186
Total	\$ 4,363,426	4,155,117	3,927,963	3,756,512

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				%
	2007	2006	2005	2004	
Real estate	95	95	96	99	
Personal property	94	94	94	84	
Railroad and utilities	100	100	100	100	

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	None
Law enforcement	.0050	None	None
Hospital capital improvements	.0050	2011	None
Enhanced 911 system	.0050	None	None

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

Officeholder	2007	2006	2005	2004	2003
County-Paid Officials:	\$				
Charlie Fowler, Presiding Commissioner		20,274	20,274	20,274	20,344
Brent Minear, Associate Commissioner		18,414	18,414	18,414	18,414
Gerald Owings, Associate Commissioner		18,414	18,414		
Gary Dunkin, Associate Commissioner				18,414	18,414
Sue Ann Varner, County Clerk		27,900	27,900	27,900	27,900
James M. Garrett, Prosecuting Attorney		35,340	35,340	35,340	35,340
Jason Knight, Sheriff		34,410	34,410	34,410	34,410
Dr. W. Stephen Casady, County Coroner		7,905	7,905	7,905	7,905
Deena Collins, Public Administrator		13,950	13,950	13,950	13,950
Sharon Thompson Parks, County Treasurer and Ex Officio County Collector, year ended March 31,	27,900	27,900	27,900	27,900	
Paul L. Rouse, County Assessor (1), year ended August 31,		30,448	28,588	28,665	28,766

(1) Includes \$688, \$688, \$765, and \$866 annual compensation received from the state for the years ended August 31, 2006, 2005, 2004, and 2003, respectively.

State-Paid Officials:

Mitzi D. Shipley, Circuit Clerk and Ex Officio Recorder of Deeds	49,470	48,500	47,850	47,300
Jerri Bush, Associate Circuit Judge	96,000	96,000	96,000	96,000