



Susan Montee, CPA
Missouri State Auditor

August 2007

Nodaway County, Missouri

Years Ended
December 31, 2006 and 2005



Office of
Missouri State Auditor
Susan Montee, CPA

August 2007

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every four years in counties, such as Nodaway, 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.

Budgets were not prepared for the Associate Interest Fund and Probate Interest Fund. Additionally, the county's annual published financial statements did not comply with statutory requirements. While a vendor payment listing is published, actual financial information for the previous year is not published. Rather, the county has been publishing a summary of the approved budgets for the current year. Neither the Health Center nor SB 40 Board publishes financial statements separately.

While the county bid numerous items during our audit period, bids were not solicited or bid documentation was not retained for some expenditures. The County Commission indicated at least one item not bid was due to only being available from one vendor; however, documentation to support this claim was not maintained. In addition, acknowledgement of receipt of goods or services is not required prior to paying invoices.

Usage logs are not maintained from some county vehicles and fuel purchases are not tracked and reviewed for reasonableness. The Sheriff's Department operates 10 vehicles and the Road and Bridge Department operates 7 vehicles and various pieces of equipment and annual fuel costs totaled approximately \$66,000 and \$56,000 during 2006 and 2005, respectively.

Leave records are not updated timely and do not always agree with records maintained by some elected officials for their employees.

An account book is not maintained by the County Clerk summarizing property tax transactions and changes, and no evidence was provided to show the County Commission or County Clerk take any steps to review the accuracy of the Collector's monthly or annual settlements.

Also included in the audit were recommendations related to circuit court accounting procedures and Health Center procedures.

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

YELLOW SHEET

NODAWAY COUNTY, MISSOURI

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NODAWAY 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 Nodaway 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 Nodaway 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 Nodaway 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 Nodaway 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 April 4, 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 Nodaway 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

April 4, 2007

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Todd M. Schuler, CPA
In-Charge Auditor: Tania Williams
Audit Staff: Eartha Taylor, CPA
Karla Swift
Brian Huff



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 Nodaway County, Missouri

We have audited the financial statements of various funds of Nodaway County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 4, 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 Nodaway 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 Nodaway 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 Nodaway 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

April 4, 2007

Financial Statements

Exhibit A-1

NODAWAY 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 | \$ 3,329,448 | 2,969,921 | 2,918,727 | 3,380,642 |
| Special Road and Bridge | 1,587,282 | 2,991,201 | 3,684,551 | 893,932 |
| Assessment | 115,202 | 301,898 | 256,336 | 160,764 |
| Law Enforcement Training | 31,120 | 7,877 | 9,924 | 29,073 |
| Prosecuting Attorney Training | 565 | 1,314 | 1,031 | 848 |
| Recorder User Fee | 21,887 | 13,048 | 16,606 | 18,329 |
| Tax Incentive Payment | 7,081 | 4,900 | 0 | 11,981 |
| Sheriff Crime Cost | 13,958 | 15,065 | 13,962 | 15,061 |
| Nuclear Accident Emergency Preparedness | 6,009 | 5,000 | 1,124 | 9,885 |
| Senior Citizens Fund | 23,980 | 126,082 | 124,037 | 26,025 |
| Local Emergency Preparedness | 16,727 | 2,480 | 132 | 19,075 |
| Adult Abuse | 1,906 | 1,970 | 2,000 | 1,876 |
| 911 | 152,588 | 129,051 | 75,137 | 206,502 |
| Election Services | 25,005 | 14,604 | 7,949 | 31,660 |
| Collector Tax Maintenance | 24,169 | 15,821 | 4,490 | 35,500 |
| Circuit Division Interest | 2,364 | 287 | 360 | 2,291 |
| Law Library | 1,952 | 9,866 | 10,373 | 1,445 |
| Health Center | 322,157 | 464,368 | 500,981 | 285,544 |
| Senate Bill 40 | 21,447 | 128,015 | 130,644 | 18,818 |
| Associate Division Interest | 26,607 | 101 | 13,699 | 13,009 |
| Probate Division Interest | 386 | 16 | 0 | 402 |
| Total | \$ 5,731,840 | 7,202,885 | 7,772,063 | 5,162,662 |

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

Exhibit A-2

NODAWAY 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 | \$ 3,596,238 | 2,685,195 | 2,951,985 | 3,329,448 |
| Special Road and Bridge | 1,284,573 | 4,230,415 | 3,927,706 | 1,587,282 |
| Assessment | 64,992 | 278,117 | 227,907 | 115,202 |
| Law Enforcement Training | 28,821 | 8,108 | 5,809 | 31,120 |
| Prosecuting Attorney Training | 473 | 1,307 | 1,215 | 565 |
| Recorder User Fee | 21,942 | 14,016 | 14,071 | 21,887 |
| Tax Incentive Payment | 7,081 | 0 | 0 | 7,081 |
| Sheriff Crime Cost | 4,710 | 21,766 | 12,518 | 13,958 |
| Nuclear Accident Emergency Preparedness | 6,405 | 0 | 396 | 6,009 |
| Senior Citizen Fund | 15,890 | 123,133 | 115,043 | 23,980 |
| Local Emergency Preparedness | 16,302 | 5,504 | 5,079 | 16,727 |
| Adult Abuse | 5,495 | 3,186 | 6,775 | 1,906 |
| 911 | 82,489 | 139,914 | 69,815 | 152,588 |
| Election Services | 26,659 | 1,924 | 3,578 | 25,005 |
| Collector Tax Maintenance | 13,446 | 12,501 | 1,778 | 24,169 |
| Circuit Division Interest | 1,857 | 531 | 24 | 2,364 |
| Law Library | 2,578 | 3,974 | 4,600 | 1,952 |
| Health Center | 358,800 | 446,066 | 482,709 | 322,157 |
| Senate Bill 40 | 21,575 | 126,232 | 126,360 | 21,447 |
| Associate Division Interest | 26,314 | 293 | 0 | 26,607 |
| Probate Division Interest | 369 | 17 | 0 | 386 |
| Total | \$ 5,587,009 | 8,102,199 | 7,957,368 | 5,731,840 |

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

Exhibit B

NODAWAY 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 | \$ 7,789,878 | 7,202,768 | (587,110) | 6,353,952 | 8,101,889 | 1,747,937 |
| DISBURSEMENTS | 8,723,273 | 7,758,364 | 964,909 | 8,544,293 | 7,957,368 | 586,925 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (933,395) | (555,596) | 377,799 | (2,190,341) | 144,521 | 2,334,862 |
| CASH, JANUARY 1 | 5,704,967 | 5,704,847 | (120) | 5,560,326 | 5,560,326 | 0 |
| CASH, DECEMBER 31 | 4,771,572 | 5,149,251 | 377,679 | 3,369,985 | 5,704,847 | 2,334,862 |
| GENERAL REVENUE FUND | | | | | | |
| RECEIPTS | | | | | | |
| Property taxes | 1,500 | 20,100 | 18,600 | 700 | 18,611 | 17,911 |
| Sales taxes | 1,902,000 | 1,928,909 | 26,909 | 1,801,000 | 1,964,319 | 163,319 |
| Intergovernmental | 641,135 | 393,607 | (247,528) | 123,197 | 170,792 | 47,595 |
| Charges for services | 384,800 | 436,151 | 51,351 | 363,758 | 390,050 | 26,292 |
| Interest | 100,000 | 169,884 | 69,884 | 50,000 | 119,881 | 69,881 |
| Other | 10,500 | 21,270 | 10,770 | 7,600 | 21,542 | 13,942 |
| Total Receipts | 3,039,935 | 2,969,921 | (70,014) | 2,346,255 | 2,685,195 | 338,940 |
| DISBURSEMENTS | | | | | | |
| County Commissioner | 116,926 | 107,614 | 9,312 | 118,492 | 116,161 | 2,331 |
| County Clerk | 103,055 | 96,242 | 6,813 | 101,459 | 90,422 | 11,037 |
| Elections | 225,100 | 201,078 | 24,022 | 260,000 | 151,724 | 108,276 |
| Buildings and grounds | 827,667 | 405,595 | 422,072 | 660,485 | 434,191 | 226,294 |
| Employee fringe benefit | 318,265 | 282,669 | 35,596 | 250,200 | 273,773 | (23,573) |
| County Treasurer | 89,296 | 91,005 | (1,709) | 87,051 | 85,444 | 1,607 |
| Ex Officio Recorder of Deed | 76,234 | 75,316 | 918 | 75,398 | 73,962 | 1,436 |
| Circuit Clerk | 54,500 | 40,603 | 13,897 | 48,300 | 45,586 | 2,714 |
| Associate Circuit Court | 0 | 0 | 0 | 14,200 | 9,263 | 4,937 |
| Court Administration | 11,982 | 5,327 | 6,655 | 39,205 | 9,498 | 29,707 |
| Public Administrator | 32,905 | 32,317 | 588 | 31,852 | 30,875 | 977 |
| Sheriff | 428,919 | 427,849 | 1,070 | 425,644 | 455,367 | (29,723) |
| Jail | 464,707 | 405,431 | 59,276 | 384,774 | 386,957 | (2,183) |
| Prosecuting Attorney | 165,092 | 137,073 | 28,019 | 155,205 | 144,521 | 10,684 |
| Juvenile Offices | 70,450 | 50,480 | 19,970 | 60,500 | 60,666 | (166) |
| County Coroner | 30,807 | 26,534 | 4,273 | 30,447 | 21,507 | 8,940 |
| Computer system | 20,000 | 17,597 | 2,403 | 27,000 | 13,146 | 13,854 |
| General county government | 274,667 | 260,472 | 14,195 | 299,400 | 277,073 | 22,327 |
| Donations | 5,000 | 5,000 | 0 | 5,000 | 5,000 | 0 |
| Other | 500 | 525 | (25) | 0 | 0 | 0 |
| Transfers out | 250,000 | 250,000 | 0 | 250,000 | 250,000 | 0 |
| Emergency Fund | 73,000 | 0 | 73,000 | 73,000 | 16,849 | 56,151 |
| Total Disbursements | 3,639,072 | 2,918,727 | 720,345 | 3,397,612 | 2,951,985 | 445,627 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (599,137) | 51,194 | 650,331 | (1,051,357) | (266,790) | 784,567 |
| CASH, JANUARY 1 | 3,329,448 | 3,329,448 | 0 | 3,596,238 | 3,596,238 | 0 |
| CASH, DECEMBER 31 | 2,730,311 | 3,380,642 | 650,331 | 2,544,881 | 3,329,448 | 784,567 |

Exhibit B

NODAWAY 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 | 122,000 | 125,498 | 3,498 | 122,000 | 122,594 | 594 |
| Intergovernmental | 2,909,275 | 2,363,161 | (546,114) | 2,330,000 | 3,620,397 | 1,290,397 |
| Charges for service: | 190,000 | 197,500 | 7,500 | 190,000 | 180,269 | (9,731) |
| Interest | 40,000 | 50,907 | 10,907 | 17,000 | 41,805 | 24,805 |
| Other | 20,000 | 4,135 | (15,865) | 100 | 15,350 | 15,250 |
| Transfers in | 250,000 | 250,000 | 0 | 250,000 | 250,000 | 0 |
| Total Receipts | 3,531,275 | 2,991,201 | (540,074) | 2,909,100 | 4,230,415 | 1,321,315 |
| DISBURSEMENTS | | | | | | |
| Salaries | 203,220 | 198,693 | 4,527 | 167,516 | 177,482 | (9,966) |
| Employee fringe benefit | 65,450 | 61,014 | 4,436 | 48,700 | 56,585 | (7,885) |
| Supplies | 57,172 | 61,763 | (4,591) | 50,000 | 57,513 | (7,513) |
| Insurance | 35,000 | 35,631 | (631) | 22,000 | 31,504 | (9,504) |
| Road and bridge materials | 1,170,753 | 1,225,308 | (54,555) | 1,654,544 | 1,502,349 | 152,195 |
| Equipment repairs | 20,000 | 20,339 | (339) | 20,000 | 44,231 | (24,231) |
| Equipment purchases | 101,000 | 456,864 | (355,864) | 120,000 | 77,905 | 42,095 |
| Road and bridge construction | 2,176,872 | 1,624,390 | 552,482 | 1,864,721 | 1,979,923 | (115,202) |
| Other | 500 | 549 | (49) | 1,000 | 214 | 786 |
| Debt service | 0 | 0 | 0 | 5,000 | 0 | 5,000 |
| Total Disbursements | 3,829,967 | 3,684,551 | 145,416 | 3,953,481 | 3,927,706 | 25,775 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (298,692) | (693,350) | (394,658) | (1,044,381) | 302,709 | 1,347,090 |
| CASH, JANUARY 1 | 1,587,282 | 1,587,282 | 0 | 1,284,573 | 1,284,573 | 0 |
| CASH, DECEMBER 31 | 1,288,590 | 893,932 | (394,658) | 240,192 | 1,587,282 | 1,347,090 |
| <u>ASSESSMENT FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Intergovernmental | 277,700 | 287,099 | 9,399 | 231,000 | 270,231 | 39,231 |
| Interest | 5,500 | 10,955 | 5,455 | 1,500 | 5,534 | 4,034 |
| Other | 2,800 | 3,844 | 1,044 | 2,700 | 2,352 | (348) |
| Total Receipts | 286,000 | 301,898 | 15,898 | 235,200 | 278,117 | 42,917 |
| DISBURSEMENTS | | | | | | |
| Assessor | 285,970 | 256,336 | 29,634 | 269,482 | 227,907 | 41,575 |
| Total Disbursements | 285,970 | 256,336 | 29,634 | 269,482 | 227,907 | 41,575 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 30 | 45,562 | 45,532 | (34,282) | 50,210 | 84,492 |
| CASH, JANUARY 1 | 115,202 | 115,202 | 0 | 64,992 | 64,992 | 0 |
| CASH, DECEMBER 31 | 115,232 | 160,764 | 45,532 | 30,710 | 115,202 | 84,492 |
| <u>LAW ENFORCEMENT TRAINING FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for service: | 0 | 7,877 | 7,877 | 7,000 | 8,108 | 1,108 |
| Total Receipts | 0 | 7,877 | 7,877 | 7,000 | 8,108 | 1,108 |
| DISBURSEMENTS | | | | | | |
| Training | 12,000 | 9,924 | 2,076 | 12,000 | 5,809 | 6,191 |
| Total Disbursements | 12,000 | 9,924 | 2,076 | 12,000 | 5,809 | 6,191 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (12,000) | (2,047) | 9,953 | (5,000) | 2,299 | 7,299 |
| CASH, JANUARY 1 | 31,120 | 31,120 | 0 | 28,821 | 28,821 | 0 |
| CASH, DECEMBER 31 | 19,120 | 29,073 | 9,953 | 23,821 | 31,120 | 7,299 |

Exhibit B

NODAWAY 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 | | | | | | |
| Intergovernmental revenue: | 1,235 | 1,314 | 79 | 1,225 | 1,307 | 82 |
| Total Receipts | 1,235 | 1,314 | 79 | 1,225 | 1,307 | 82 |
| DISBURSEMENTS | | | | | | |
| Mileage | 500 | 0 | 500 | 0 | 0 | 0 |
| Training | 500 | 1,031 | (531) | 1,000 | 1,215 | (215) |
| Total Disbursements | 1,000 | 1,031 | (31) | 1,000 | 1,215 | (215) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 235 | 283 | 48 | 225 | 92 | (133) |
| CASH, JANUARY 1 | 565 | 565 | 0 | 473 | 473 | 0 |
| CASH, DECEMBER 31 | 800 | 848 | 48 | 698 | 565 | (133) |
| <u>RECORDER USER FEE FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for service: | 13,400 | 12,156 | (1,244) | 14,000 | 13,363 | (637) |
| Interest | 600 | 892 | 292 | 300 | 653 | 353 |
| Total Receipts | 14,000 | 13,048 | (952) | 14,300 | 14,016 | (284) |
| DISBURSEMENTS | | | | | | |
| Equipment | 20,000 | 16,606 | 3,394 | 20,000 | 14,071 | 5,929 |
| Total Disbursements | 20,000 | 16,606 | 3,394 | 20,000 | 14,071 | 5,929 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (6,000) | (3,558) | 2,442 | (5,700) | (55) | 5,645 |
| CASH, JANUARY 1 | 21,887 | 21,887 | 0 | 21,942 | 21,942 | 0 |
| CASH, DECEMBER 31 | 15,887 | 18,329 | 2,442 | 16,242 | 21,887 | 5,645 |
| <u>TAX INCENTIVE PAYMENT FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Intergovernmental | 0 | 4,900 | 4,900 | 0 | 0 | 0 |
| Total Receipts | 0 | 4,900 | 4,900 | 0 | 0 | 0 |
| DISBURSEMENTS | | | | | | |
| Other | 1,000 | 0 | 1,000 | 1,000 | 0 | 1,000 |
| Total Disbursements | 1,000 | 0 | 1,000 | 1,000 | 0 | 1,000 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (1,000) | 4,900 | 5,900 | (1,000) | 0 | 1,000 |
| CASH, JANUARY 1 | 7,081 | 7,081 | 0 | 7,081 | 7,081 | 0 |
| CASH, DECEMBER 31 | 6,081 | 11,981 | 5,900 | 6,081 | 7,081 | 1,000 |
| <u>SHERIFF CRIME COST FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Intergovernmental | 17,000 | 15,065 | (1,935) | 22,000 | 19,891 | (2,109) |
| Donations | 2,000 | 0 | (2,000) | 0 | 1,875 | 1,875 |
| Total Receipts | 19,000 | 15,065 | (3,935) | 22,000 | 21,766 | (234) |
| DISBURSEMENTS | | | | | | |
| Other | 22,000 | 13,962 | 8,038 | 22,000 | 12,518 | 9,482 |
| Total Disbursements | 22,000 | 13,962 | 8,038 | 22,000 | 12,518 | 9,482 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (3,000) | 1,103 | 4,103 | 0 | 9,248 | 9,248 |
| CASH, JANUARY 1 | 13,959 | 13,958 | (1) | 4,710 | 4,710 | 0 |
| CASH, DECEMBER 31 | 10,959 | 15,061 | 4,102 | 4,710 | 13,958 | 9,248 |

Exhibit B

NODAWAY 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>NUCLEAR ACCIDENT EMERGENCY PREPAREDNESS FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Other | 5,000 | 5,000 | 0 | 0 | 0 | 0 |
| Total Receipts | 5,000 | 5,000 | 0 | 0 | 0 | 0 |
| DISBURSEMENTS | | | | | | |
| Mileage | 500 | 182 | 318 | 1,000 | 0 | 1,000 |
| Training | 3,000 | 550 | 2,450 | 3,000 | 165 | 2,835 |
| Other | 1,000 | 392 | 608 | 2,000 | 231 | 1,769 |
| Total Disbursements | 4,500 | 1,124 | 3,376 | 6,000 | 396 | 5,604 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 500 | 3,876 | 3,376 | (6,000) | (396) | 5,604 |
| CASH, JANUARY 1 | 6,009 | 6,009 | 0 | 6,405 | 6,405 | 0 |
| CASH, DECEMBER 31 | 6,509 | 9,885 | 3,376 | 405 | 6,009 | 5,604 |
| <u>SENIOR CITIZEN FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Property taxes | 126,177 | 123,855 | (2,322) | 115,000 | 121,713 | 6,713 |
| Interest | 0 | 2,030 | 2,030 | 300 | 1,073 | 773 |
| Other | 0 | 197 | 197 | 200 | 347 | 147 |
| Total Receipts | 126,177 | 126,082 | (95) | 115,500 | 123,133 | 7,633 |
| DISBURSEMENTS | | | | | | |
| Fund disbursements | 124,000 | 124,037 | (37) | 115,000 | 115,043 | (43) |
| Office expenses | 37 | 0 | 37 | 0 | 0 | 0 |
| Total Disbursements | 124,037 | 124,037 | 0 | 115,000 | 115,043 | (43) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 2,140 | 2,045 | (95) | 500 | 8,090 | 7,590 |
| CASH, JANUARY 1 | 23,980 | 23,980 | 0 | 15,890 | 15,890 | 0 |
| CASH, DECEMBER 31 | 26,120 | 26,025 | (95) | 16,390 | 23,980 | 7,590 |
| <u>LOCAL EMERGENCY PREPAREDNESS FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Intergovernmental | 4,800 | 2,480 | (2,320) | 5,000 | 5,504 | 504 |
| Total Receipts | 4,800 | 2,480 | (2,320) | 5,000 | 5,504 | 504 |
| DISBURSEMENTS | | | | | | |
| Training | 7,500 | 132 | 7,368 | 5,000 | 5,079 | (79) |
| Other | 1,500 | 0 | 1,500 | 6,000 | 0 | 6,000 |
| Total Disbursements | 9,000 | 132 | 8,868 | 11,000 | 5,079 | 5,921 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (4,200) | 2,348 | 6,548 | (6,000) | 425 | 6,425 |
| CASH, JANUARY 1 | 16,727 | 16,727 | 0 | 16,302 | 16,302 | 0 |
| CASH, DECEMBER 31 | 12,527 | 19,075 | 6,548 | 10,302 | 16,727 | 6,425 |

Exhibit B

NODAWAY 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>ADULT ABUSE FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Intergovernmental | 2,900 | 1,970 | (930) | 2,700 | 3,186 | 486 |
| Total Receipts | 2,900 | 1,970 | (930) | 2,700 | 3,186 | 486 |
| DISBURSEMENTS | | | | | | |
| Fund disbursements | 3,000 | 2,000 | 1,000 | 3,000 | 6,775 | (3,775) |
| Total Disbursements | 3,000 | 2,000 | 1,000 | 3,000 | 6,775 | (3,775) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (100) | (30) | 70 | (300) | (3,589) | (3,289) |
| CASH, JANUARY 1 | 1,906 | 1,906 | 0 | 5,495 | 5,495 | 0 |
| CASH, DECEMBER 31 | 1,806 | 1,876 | 70 | 5,195 | 1,906 | (3,289) |
| <u>911 FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for services: | 135,000 | 119,547 | (15,453) | 130,000 | 135,741 | 5,741 |
| Interest | 4,000 | 9,504 | 5,504 | 500 | 4,173 | 3,673 |
| Total Receipts | 139,000 | 129,051 | (9,949) | 130,500 | 139,914 | 9,414 |
| DISBURSEMENTS | | | | | | |
| Supplies | 600 | 587 | 13 | 600 | 557 | 43 |
| Equipment | 20,000 | 18,419 | 1,581 | 20,000 | 14,825 | 5,175 |
| Utilities | 60,000 | 54,961 | 5,039 | 60,000 | 50,403 | 9,597 |
| Sign expenses | 3,000 | 1,170 | 1,830 | 3,000 | 4,030 | (1,030) |
| Total Disbursements | 83,600 | 75,137 | 8,463 | 83,600 | 69,815 | 13,785 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 55,400 | 53,914 | (1,486) | 46,900 | 70,099 | 23,199 |
| CASH, JANUARY 1 | 152,588 | 152,588 | 0 | 82,489 | 82,489 | 0 |
| CASH, DECEMBER 31 | 207,988 | 206,502 | (1,486) | 129,389 | 152,588 | 23,199 |
| <u>ELECTION SERVICES FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for services: | 14,000 | 12,950 | (1,050) | 1,500 | 976 | (524) |
| Interest | 700 | 1,654 | 954 | 100 | 948 | 848 |
| Total Receipts | 14,700 | 14,604 | (96) | 1,600 | 1,924 | 324 |
| DISBURSEMENTS | | | | | | |
| Equipment | 10,000 | 0 | 10,000 | 6,000 | 1,328 | 4,672 |
| HAVA | 0 | 7,949 | (7,949) | 0 | 0 | 0 |
| Scholarship program | 0 | 0 | 0 | 2,500 | 2,250 | 250 |
| Polling place grant | 13,000 | 0 | 13,000 | 0 | 0 | 0 |
| Total Disbursements | 23,000 | 7,949 | 15,051 | 8,500 | 3,578 | 4,922 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (8,300) | 6,655 | 14,955 | (6,900) | (1,654) | 5,246 |
| CASH, JANUARY 1 | 25,005 | 25,005 | 0 | 26,659 | 26,659 | 0 |
| CASH, DECEMBER 31 | 16,705 | 31,660 | 14,955 | 19,759 | 25,005 | 5,246 |

Exhibit B

NODAWAY 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>COLLECTOR TAX MAINTENANCE FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for service: | 12,000 | 14,313 | 2,313 | 10,000 | 11,809 | 1,809 |
| Interest | 600 | 1,508 | 908 | 200 | 640 | 440 |
| Other | 50 | 0 | (50) | 0 | 52 | 52 |
| Total Receipts | 12,600 | 15,821 | 3,221 | 10,200 | 12,501 | 2,301 |
| DISBURSEMENTS | | | | | | |
| Office supplies: | 3,000 | 1,491 | 1,509 | 3,000 | 1,328 | 1,672 |
| Equipment | 1,000 | 1,018 | (18) | 1,000 | 0 | 1,000 |
| Training | 1,500 | 50 | 1,450 | 500 | 450 | 50 |
| Computer programming | 2,500 | 1,631 | 869 | 2,500 | 0 | 2,500 |
| Professional service: | 500 | 300 | 200 | 300 | 0 | 300 |
| Other | 500 | 0 | 500 | 0 | 0 | 0 |
| Total Disbursements | 9,000 | 4,490 | 4,510 | 7,300 | 1,778 | 5,522 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 3,600 | 11,331 | 7,731 | 2,900 | 10,723 | 7,823 |
| CASH, JANUARY 1 | 24,169 | 24,169 | 0 | 13,446 | 13,446 | 0 |
| CASH, DECEMBER 31 | 27,769 | 35,500 | 7,731 | 16,346 | 24,169 | 7,823 |
| <u>CIRCUIT DIVISION INTEREST FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Interest | 287 | 287 | 0 | 531 | 531 | 0 |
| Total Receipts | 287 | 287 | 0 | 531 | 531 | 0 |
| DISBURSEMENTS | | | | | | |
| Miscellaneous and/or equipmen | 360 | 360 | 0 | 24 | 24 | 0 |
| Total Disbursements | 360 | 360 | 0 | 24 | 24 | 0 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (73) | (73) | 0 | 507 | 507 | 0 |
| CASH, JANUARY 1 | 1,857 | 2,364 | 507 | 1,857 | 1,857 | 0 |
| CASH, DECEMBER 31 | 1,784 | 2,291 | 507 | 2,364 | 2,364 | 0 |
| <u>LAW LIBRARY FUND</u> | | | | | | |
| RECEIPTS | | | | | | |
| Charges for service: | 9,000 | 9,866 | 866 | 3,275 | 3,974 | 699 |
| Total Receipts | 9,000 | 9,866 | 866 | 3,275 | 3,974 | 699 |
| DISBURSEMENTS | | | | | | |
| Office supplies and equipmen | 10,500 | 10,373 | 127 | 4,650 | 4,600 | 50 |
| Total Disbursements | 10,500 | 10,373 | 127 | 4,650 | 4,600 | 50 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (1,500) | (507) | 993 | (1,375) | (626) | 749 |
| CASH, JANUARY 1 | 2,578 | 1,952 | (626) | 2,578 | 2,578 | 0 |
| CASH, DECEMBER 31 | 1,078 | 1,445 | 367 | 1,203 | 1,952 | 749 |

Exhibit B

NODAWAY 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 tax | 125,000 | 127,940 | 2,940 | 122,295 | 126,158 | 3,863 |
| Intergovernmental | 281,319 | 267,573 | (13,746) | 282,371 | 279,345 | (3,026) |
| Charges for service: | 44,050 | 50,296 | 6,246 | 19,000 | 29,083 | 10,083 |
| Interest | 6,000 | 12,505 | 6,505 | 2,800 | 7,957 | 5,157 |
| Other | 2,500 | 6,054 | 3,554 | 2,500 | 3,523 | 1,023 |
| Total Receipts | 458,869 | 464,368 | 5,499 | 428,966 | 446,066 | 17,100 |
| DISBURSEMENTS | | | | | | |
| Salaries, contract labor and fringe: | 286,800 | 296,535 | (9,735) | 287,081 | 286,085 | 996 |
| Office expenditure: | 27,200 | 21,130 | 6,070 | 26,000 | 29,838 | (3,838) |
| Equipment and maintenance | 42,600 | 32,164 | 10,436 | 29,000 | 50,014 | (21,014) |
| Program expenses | 116,754 | 96,886 | 19,868 | 117,513 | 90,658 | 26,855 |
| Mileage and travel | 21,000 | 24,725 | (3,725) | 17,000 | 23,524 | (6,524) |
| Professional service: | 16,646 | 16,814 | (168) | 5,000 | 1,189 | 3,811 |
| Other | 11,843 | 12,727 | (884) | 21,050 | 1,401 | 19,649 |
| Total Disbursements | 522,843 | 500,981 | 21,862 | 502,644 | 482,709 | 19,935 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (63,974) | (36,613) | 27,361 | (73,678) | (36,643) | 37,035 |
| CASH, JANUARY 1 | 322,157 | 322,157 | 0 | 358,800 | 358,800 | 0 |
| CASH, DECEMBER 31 | 258,183 | 285,544 | 27,361 | 285,122 | 322,157 | 37,035 |
| SENATE BILL 40 FUND | | | | | | |
| RECEIPTS | | | | | | |
| Property taxes | 125,000 | 127,904 | 2,904 | 120,500 | 126,140 | 5,640 |
| Interest | 100 | 111 | 11 | 100 | 92 | (8) |
| Total Receipts | 125,100 | 128,015 | 2,915 | 120,600 | 126,232 | 5,632 |
| DISBURSEMENTS | | | | | | |
| Contract services | 98,000 | 103,180 | (5,180) | 95,000 | 100,838 | (5,838) |
| Administration | 939 | 773 | 166 | 1,000 | 810 | 190 |
| Special olympics | 5,885 | 5,885 | 0 | 20,000 | 5,000 | 15,000 |
| Group homes | 3,600 | 3,899 | (299) | 0 | 3,450 | (3,450) |
| Emergency | 10,000 | 14,892 | (4,892) | 0 | 14,515 | (14,515) |
| Patient care | 4,000 | 2,015 | 1,985 | 10,000 | 1,747 | 8,253 |
| Total Disbursements | 122,424 | 130,644 | (8,220) | 126,000 | 126,360 | (360) |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 2,676 | (2,629) | (5,305) | (5,400) | (128) | 5,272 |
| CASH, JANUARY 1 | 21,447 | 21,447 | 0 | 21,575 | 21,575 | 0 |
| CASH, DECEMBER 31 | 24,123 | 18,818 | (5,305) | 16,175 | 21,447 | 5,272 |

Notes to the Financial Statements

NODAWAY 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 Nodaway 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, or the Senate Bill 40 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.

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> |
|----------------------------------|---------------------------------|
| Associate Division Interest Fund | 2006 and 2005 |
| Probate Division Interest Fund | 2006 and 2005 |

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> |
|------------------------------------|---------------------------------|
| Prosecuting Attorney Training Fund | 2006 and 2005 |
| Senior Citizen Tax Fund | 2005 |
| Adult Abuse Fund | 2005 |
| Senate Bill 40 Fund | 2006 and 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.

However, the county did not publish financial statements for the years ended December 31, 2006 and 2005. The county did publish a summary of the budgets for most county funds and a detailed vendor payment listing, by fund, for the years ended December 31, 2006 and 2005.

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.

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 depositary 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 depositary bank fails, Nodaway County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's, Health Center Board's and the Senate Bill 40 Board's deposits at December 31, 2006 and 2005, 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, Health Center Board's, or Senate Bill 40 Board's custodial bank in the county's, Health Center Board's or Senate Bill 40 Board's name.

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. At December 31, 2006 and 2005, the county had no such investments. 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 not adopted such a policy.

Supplementary Schedule

Schedule

NODAWAY 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, | |
| | | | 2006 | 2005 |
| U. S. DEPARTMENT OF AGRICULTURE | | | | |
| Passed through state | | | | |
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children | ERS045-5174 | 55,393 | 51,833 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Passed through state | | | | |
| Department of Social Services - | | | | |
| 14.231 | Emergency Shelter Grants Program | ER01640760 | 2,702 | 0 |
| | | ER01640697 | 3,371 | 4,462 |
| | Program Total | | <u>6,073</u> | <u>4,462</u> |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| Passed through state | | | | |
| Department of Public Safety | | | | |
| 16.523 | Juvenile Accountability Incentive Block Grant | 7876G17676-12 | 200 | 200 |
| | | 7647G1647-10 | 0 | 8,389 |
| | | 6856G16856-06 | 0 | 2,400 |
| | Program Total | | <u>200</u> | <u>10,989</u> |
| U. S. DEPARTMENT OF TRANSPORTATION | | | | |
| Passed through state | | | | |
| Highway and Transportation Commission | | | | |
| 20.205 | Highway Planning and Construction | BRO - 074(21) | 1,589 | 0 |
| | | BRO - 074(27) | 0 | 198,166 |
| | | BRO - 074(36) | 0 | 512,170 |
| | | BRO - 074(37) | 586 | 517,878 |
| | | BRO - 074(38) | 2,746 | 273,762 |
| | | BRO - 074(39) | 366,024 | 331,027 |
| | | BRO - 074(40) | 268,759 | 26,074 |
| | | BRO - 074(41) | 362,304 | 27,384 |
| | | BRO - 074(42) | 231,635 | 22,353 |
| | | BRO - 074(43) | 7,736 | 20,343 |
| | | BRO - 074(44) | 28,017 | 0 |
| | | BRO - 074(45) | 18,579 | 0 |
| | | BRO - 074(46) | 19,094 | 0 |
| | | BRO - 074(47) | 20,661 | 0 |
| | Program Total | | <u>1,327,730</u> | <u>1,929,157</u> |
| GENERAL SERVICES ADMINISTRATION | | | | |
| Passed through state Office of Administration | | | | |
| 39.003 | Donation of Federal Surplus Personal Property | N/A | 34 | 1,386 |

Schedule

NODAWAY 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, | |
| | | | 2006 | 2005 |
| | Office of Secretary of State | | | |
| 39.011 | Election Reform Payment: | 47060101808 | 7,949 | 0 |
| | U.S. ENVIRONMENTAL PROTECTION AGENCY | | | |
| | Direct Program | | | |
| 66.202 | Congressionally Mandated Program: | XP987118011 | 398,757 | 472,343 |
| | ELECTIONS ASSISTANCE COMMISSION | | | |
| | Passed through state Office of Secretary of State | | | |
| 90.401 | Help America Vote Act Requirements Payment | HAVA 2002 Fed, 95165 | 99,000 | 133,942 |
| | U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| | Passed through state | | | |
| | Department of Health and Senior Services - | | | |
| 92.968 | HHS Community Mental Health Block Gran | C306194001 | 2,563 | 0 |
| 93.243 | HHS Youth Suicide Program | C306194001 | 5,649 | 0 |
| 93.268 | Immunization Grant | N/A | 45,834 | 43,859 |
| 93.283 | Centers for Disease Control and Prevention Investigations and Technical Assistanc | ERS15160001 ERS16150094 ERS16150094 U50/CCU7237760 UR50/CCU72377 AOCO5380147 DA080011045 | 0 10,940 0 5,946 0 109,665 7,509 | 1,413 2,800 9,902 0 3,544 109,665 0 |
| | Program Total | | <u>134,060</u> | <u>127,324</u> |
| | Department of Health and Senior Services - | | | |
| 93.575 | Child Care and Development Block Gran | PGA67-5226C PGA07-6226C | 435 440 | 1,330 440 |
| | Program Total | | <u>875</u> | <u>1,770</u> |
| | Department of Social Services - | | | |
| 93.658 | Foster Care - Title IV-E | PGA067-6174C | 1,495 | 2,331 |
| | Department of Health and Senior Services | | | |
| 93.994 | Maternal and Child Health Services Block Grant to the States | ERS146-5174M | 18,358 | 21,366 |
| | U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| | Passed through state Department of Public Safety | | | |
| 97.004 | State Domestic Preparedness Equipment Support Progran | 2003-MU-T3-0003 2004-GE-T4-0049 | 0 0 | 23,500 22,410 |
| | Program Total | | <u>0</u> | <u>45,910</u> |
| | Total Expenditures of Federal Award: | | <u>\$ 2,103,970</u> | <u>2,846,672</u> |

N/A - Not applicable

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

Notes to the Supplementary Schedule

NODAWAY 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 Nodaway County, Missouri.

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

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

Amounts for Immunization Grants (CFDA number 93.268) represent 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 \$398,757 and \$472,343, to subrecipients under the U.S. Environmental Protection Agency (CFDA number 66.202) during the years ended December 31, 2006 and 2005, respectively.

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 Nodaway County, Missouri

Compliance

We have audited the compliance of Nodaway 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, 2006 and 2005. 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, Nodaway 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, 2006 and 2005.

Internal Control Over Compliance

The management of Nodaway 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.

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.

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.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the management of Nodaway 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

April 4, 2007

Schedule

NODAWAY 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 programs:

- 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 programs: 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 programs:

| <u>CFDA or Other Identifying Number</u> | <u>Program Title</u> |
|---|-----------------------------------|
| 20.205 | Highway Planning and Construction |
| 66.202 | Congressionally Mandated Program |

Dollar threshold used to distinguish between Type A

and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes

 x no

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

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

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

NODAWAY 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 Nodaway County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2004.

04-1 Budgetary Practices

- A. The county did not adopt budgets for the Associate and Probate Division Interest Funds and the Senate Bill 40 Board Fund for the years ended December 31, 2004 and 2003.
- B. Warrants were issued in excess of approved budgets for several county funds during the years ended December 31, 2004 and 2003.

Recommendations:

- A. The County Commission adopt budgets for all county funds.
- B. Warrants should not be issued in excess of budgeted funds.

Status:

- A. Partially implemented. While budgets were prepared for the Senate Bill 40 Fund, the Associate Division Interest Fund and Probate Division Interest Fund were still not budgeted. See Management Advisory Report (MAR) finding number 1.
- B. Not implemented. While a few funds were still overspent, the County did show improvement in this area by significantly reducing the number of funds incurring expenditures in excess of budgeted amounts. Although not repeated in the current report, the recommendation remains as stated above.

04-2 Published Financial Statements

The County's published financial statements did not include the following County funds:

| <u>Fund</u> | <u>Years Ended December 31,</u> |
|----------------------------------|---------------------------------|
| Senate Bill 40 Fund | 2004 and 2003 |
| Circuit Division Interest Fund | 2004 and 2003 |
| Associate Division Interest Fund | 2004 and 2003 |
| Law Library Fund | 2004 and 2003 |
| Probate Division Interest Fund | 2004 and 2003 |

Recommendation:

The County ensure that financial information for all county funds is properly reported in the annual published financial statements.

Status:

Not implemented. See MAR finding number 1.

04-3 Senate Bill 40 Board

The Senate Bill 40 Board did not prepare formal monthly bank reconciliations.

Recommendation:

Ensure bank reconciliations are performed monthly.

Status:

Not implemented. While formal bank reconciliations are still not documented, a review of the bank statements revealed very few reconciling items existed and the board Treasurer indicated he was comparing the bank balances to book records monthly. Although not repeated in the current report, the recommendation remains as stated above.

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

NODAWAY 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

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

We have audited the financial statements of various funds of Nodaway County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 4, 2007. We also have audited the compliance of Nodaway 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, 2006 and 2005, and have issued our report thereon dated April 4, 2007.

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 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 Nodaway 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 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*. Nodaway 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. Budgetary Practices and Published Financial Statements |
|--|

Budgets were not prepared for some county funds and rather than publishing annual financial statements, the county is publishing a summary of the current year's budget.

- A. The County Commission and Associate Circuit Judge did not ensure that budgets were prepared for the Associate Interest Fund and Probate Interest Fund. While these particular funds are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions.

Sections 50.525 to 50.745, RSMo (the county budget law), requires counties to prepare annual budgets for all funds, describes details to be provided in budget documents, provides timeframes for the completion of certain aspects of the budgetary process, and prohibits the expenditure of public funds without an approved budget that has been filed with the State Auditor's office.

By preparing or obtaining budgets for all county funds, the County Commission, county boards, and other county officials present a complete financial plan to the county citizens, can more effectively monitor and evaluate all county financial resources, can ensure compliance with statutory provisions, and can prepare complete financial statements.

- B. The county's annual published financial statements did not comply with the requirements of the law. While the county publishes vendor payment listings as required, actual financial information for the previous year is not published. Rather, the county publishes a summary of the approved budgets for the current year for county funds, except the Health Center's and Senate Bill 40 funds. Additionally, neither the Health Center Board nor Senate Bill 40 Board published their financial statement separately.

Section 50.800, RSMo, provides details regarding the various information required to be provided in the county's annual published financial statements, and requires that receipts, disbursements, and beginning and ending balance information be presented for all county funds. Complete published financial statements are needed to adequately inform the citizens of the county's financial activities and show compliance with statutory requirements.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission:

- A. Ensure budgets are prepared for all county funds.
- B. Ensure published financial statements contain the required financial information of all county funds as required by state law.

AUDITEE'S RESPONSE

- A. *We will make every attempt to budget every fund in 2008.*
- B. *We agree and will ensure all county funds are properly published in 2008.*

| |
|------------------------|
| 2. Expenditures |
|------------------------|

Bids were not solicited or bid documentation was not retained for some expenditures. Contracts were not always entered into for professional services and controls over fuel purchases for county vehicles need improvement.

- A. While a review of county minutes and bid files indicated the county bid numerous items, bids were not solicited or bid documentation was not retained for some expenditures, including remodeling of the Sheriff's office (\$4,570), a sheriff's vehicle (\$20,438), and courthouse maintenance (\$40,918). Neither the county commission minutes nor the expenditure records contained adequate documentation of the county's efforts to compare prices (i.e., phone contacts, inquiries) or reasons to support sole source purchase determinations. The County Commission indicated that the courthouse maintenance was only available from one vendor in the area; however, documentation of sole source procurements was not maintained.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days.

Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the county's selection process and criteria should be retained to demonstrate compliance with the law and support decisions made.

- B. Usage logs are not maintained for some county vehicles and fuel purchases are not tracked for any of the vehicles and equipment operated by the county. While usage logs are maintained for Sheriff's vehicles, the Road and Bridge Department does not

keep usage logs for their county vehicles. In addition, neither the Sheriff's Department or Road and Bridge Department track fuel purchases for county vehicles and equipment. There are 10 Sheriff's vehicles, 7 Road and Bridge vehicles and various pieces of equipment operated by the county and annual fuel purchases totaled approximately \$66,000 and \$56,000 during 2006 and 2005, respectively.

A log of activity and patrol car usage is documented by deputies in the Sheriff's Department, but fuel purchases were not recorded in these logs. Fuel purchases by deputies are charged to credit cards and a bill is sent to the County monthly, but a comparison of the fuel purchases reported on the bill to the vehicle usage is not performed to ensure the fuel purchases appear reasonable. The Road and Bridge Department has two bulk fuel tanks they use to fuel vehicles and equipment, but have no procedures in place to track fuel usage to ensure all fuel pumped is used for county vehicles and equipment. The Road and Bridge department should maintain a fuel inventory record, adding all fuel purchased and deducting all fuel used. In addition, fuel on hand should be measured on a periodic basis and agreed to the fuel inventory record.

Without adequate usage logs, the county cannot effectively monitor that vehicles are used for official business only, that maintenance and fuel costs for vehicles are reasonable, and that fuel and maintenance billings to the county represent legitimate and appropriate charges.

Vehicle usage logs should include trip information (i.e., employee, dates used, beginning and ending odometer readings, destination, and purpose) and operating costs information (fuel and maintenance). These logs should be reviewed by a supervisor to ensure vehicles are used only for county business and evaluate operating costs. In addition, information on the logs should be reconciled to fuel and maintenance billings received by the county.

- C. Acknowledgment of receipt of goods or services is not required prior to paying invoices. Procedures to approve billings for goods and services that pertain to various elected officials' offices (i.e., fuel for sheriff's vehicles; construction; bridge supplies; etc.) do not require review and approval by those officials or employees that have knowledge of the transactions.

Proper reviews of billings by officials or employees most knowledgeable of the transactions, comparison of receipts or records of individual transactions to overall month-end billings, and verification of receipt, are necessary to ensure the county is paying for legitimate goods or services.

Conditions similar to part A and C were noted in our prior report.

WE RECOMMEND the County Commission:

- A. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- B. Require the preparation of usage logs for all county vehicles, and ensure proper reviews and reconciliations are performed.
- C. Establish effective expenditure review procedures to prevent duplicate payments and ensure payments are only made for legitimate goods and services.

AUDITEE'S RESPONSE

- A. *We will continue to perform competitive procurement for all major purchases and will better document decisions in the future, regardless of whether bids were required or not.*
- B. *We will discuss this recommendation with the Sheriff and the road and bridge supervisor, and develop ways to better document a review of fuel purchases and usage.*
- C. *Implemented.*

| |
|---|
| 3. Property Tax Books and Procedures |
|---|

Neither the County Commission nor the County Clerk provides an adequate review of the activities of the ex-officio 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 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 County Collector, 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 County Collector each year is complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

WE RECOMMEND the County Commission and County Clerk monitor property tax system activities and perform a thorough review of the County Collector's annual settlements.

AUDITEE'S RESPONSE

We are in the process of developing procedures to monitor activities of the ex officio County Collector's office and will review and approve the Collector's annual settlements in the future.

4.

Payroll and Leave Balances

The County Clerk maintains centralized leave records for most county employees, but these records are not updated timely and did not always agree with records maintained by some elected officials for their employees. The County Clerk maintains leave balances for all county employees except the Sheriff's Department, which are tracked by the Sheriff. In addition, it appears some leave balances exceeded the maximum allowed by the county's leave policy.

At our request, the County Clerk updated employee leave records, but a comparison to leave balances maintained by some other officials, including the Prosecuting Attorney, revealed significant differences between the balance reported by the County and some individual employees. The Prosecuting Attorney's leave records for one employee indicated 72 vacation days and 98 sick days had accumulated, while the County Clerk's balances for this employee were significantly lower. One reason for this difference appears to be that the County Clerk did not determine the correct starting balance for this employee when she began tracking leave several years ago. In addition, the county personnel policy states employees may only accumulate up to 30 days each of vacation and sick days, and that any days earned once the maximum accrual has been reached are lost. The County Commission approved paying this employee 65 days vacation time in February 2007, apparently because the employee had earned these additional days before the current policy was adopted.

Without up-to-date leave records, the County Commission cannot ensure that employees' vacation leave, sick leave, and compensatory time balances are accurate and excessive leave time is not used. To ensure leave balances are accurate and employees are treated equitably, leave time earned and taken should be recorded on a timely basis and the county should follow the personnel policy regarding the maximum accumulation of leave. If differences exist between the County Clerk's balances and the officials' records for their employees, these differences should be resolved and balances should be periodically compared.

WE RECOMMEND the County Commission require the County Clerk maintain up-to-date centralized leave records and ensure the personnel policy is enforced regarding the maximum accumulation of leave. In addition, the county should resolve differences between records maintained by elected officials for their employees and the records maintained by the County Clerk.

AUDITEE'S RESPONSE

We will periodically have the County Clerk agree our leave records to the leave records maintained by elected officials for their employees and will ensure the centralized leave records are up to date in the future.

| |
|---|
| 5. Circuit Court Accounting Procedures |
|---|

Accounting duties are not adequately segregated and a supervisory review of the work performed by the clerks is not performed and documented. In addition, bank reconciliations were not performed timely and open items listings for the associate interest account did not reconcile to the cash balance.

The Circuit Division implemented the Justice Information System (JIS), a statewide computerized case management system, in March 2006. Prior to that time, a manual recordkeeping system had been utilized and each division maintained a bank account to process transactions and accumulate interest. The Associate, Probate and Circuit Divisions were combined in March 2006 and now maintain four bank accounts; a JIS account, circuit interest account, old associate interest account, and old probate interest account. Most open items held in the various interest accounts were transferred to the JIS account upon conversion. Receipts processed by the division totaled approximately \$625,000 and \$469,000 for 2006 and 2005, respectively. Since the conversion to JIS some essential accounting and reconciliation procedures were not being performed. Our review of the records and procedures noted the following concerns:

- A. The duties of receiving, recording, depositing, and reconciling receipts are not adequately segregated and an independent review of transactions posted to the JIS system, deposits, and bank reconciliations is not performed. The court has four clerks who can each receive monies, post transactions to the computer, and prepare and make deposits. Although only one of these clerks is responsible for performing bank reconciliations and maintaining the accounting records, her work is not reviewed by an independent person and a review of the daily reports and deposits by the other three clerks is not documented.

Failure to ensure an adequate independent review of financial records is performed may allow errors or misappropriations to go undetected. 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. Bank reconciliations for the various court accounts were not prepared timely and open items listings prepared for the associate court account did not reconcile to the cash balance. Bank reconciliations for the various accounts were not prepared by the court after the conversion to JIS until March 2007. Apparently the clerk responsible

for bank reconciliations missed some JIS training provided during the conversion and fell behind in performing the reconciliations. In addition, open items for the associate account at December 31, 2005 exceeded the reconciled book balance by approximately \$6,135, and open items listings were not prepared monthly after September 2006. Based on a discussion with the Associate Circuit Judge, he approved using a portion of the funds representing interest to cover the shortfall, which amounted to approximately \$5,780 at December 31, 2006, based on information provided by the court.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, to detect and correct errors timely, and to allow old outstanding checks to be resolved more timely. In addition, reconciling the balances to an open items listing is necessary to ensure underlying records are in balance and that sufficient cash is available to pay all liabilities.

WE RECOMMEND the Circuit Clerk:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Ensure bank reconciliations are prepared on a monthly basis for each account. In addition, open items listings should be prepared monthly and reconciled to the account balances.

AUDITEE'S RESPONSE

- A. *We will discuss how to best provide an independent review of the Circuit Court, and will implement those procedures immediately.*
- B. *We are now reconciling all accounts monthly and will ensure they reconcile to open items listings.*

6.

Health Center Procedures

The Heath Center does not have a written policy for capital assets. Also, assets were not tagged and additions and dispositions are not accounted for. Physical inventories are not performed. In addition, closed meetings are not conducted in accordance with state law and final dispositions discussed in closed sessions are not recorded in open session minutes.

- A. Records and procedures used to account for capital assets need improvement. Various items were not properly tagged as property of the Health Center for specific identification, dispositions and additions are not properly accounted for and an annual physical inventory of the property is not performed. Although the Health Center has a list of capital assets, the list is not updated on a periodic basis and did

not always include accurate information. Four items, a personal computer, computer server, copier and photo ID system, with a total value of over \$21,000, were purchased but not added to asset records or tagged. Without adequate property records for capital assets, accountability for all items purchased and owned are lessened and there is no documentation for determining the proper amount of insurance coverage.

To develop appropriate records and procedures for capital assets of the Health Center, the city needs to undertake a comprehensive review of all property owned. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. The Health Center should properly record all capital asset transactions, and ensure the accuracy of the recorded capital assets. In addition, the Health Center should periodically take physical counts of its assets and compare to the detailed records.

- B. Minutes of closed meetings are maintained, but improvement in the handling of and documentation for closed meetings is needed. The specific reason for closing the meeting was not documented in the open minutes, some topics were not allowable, and decisions made in closed session were not always disclosed in open session. The Health Center Board held numerous closed sessions over the past several years. Reasons for closing some meetings were not disclosed and some topics discussed, such as the purchase of a new certificate of deposit, work schedule changes, and assessed valuation and tax levy changes, are not allowable topics for closed sessions. In addition, decisions made in closed session were not properly disclosed in open session.

The Sunshine Law, Chapter 610, RSMo, states the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session and requires minutes be kept for all closed meetings. In addition, the Sunshine Law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. The minutes should provide sufficient details of discussions to demonstrate compliance with statutory provisions and support important decisions made.

WE RECOMMEND the Health Center Board:

- A. Establish a written policy related to accounting for and disposing of capital assets. 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 Health Center's property.

- B. Ensure closed meetings are conducted according to state law. In addition, the Board should ensure the final dispositions of applicable matters discussed in closed session are recorded in the regular public meeting minutes.

AUDITEE'S RESPONSE

The Health Center Administrator responded:

- A. *We have updated our asset record and retagged all of our properties. I will work with the board to develop a written policy for handling capital assets by October 2007.*
- B. *We are now conducting closed sessions in accordance with the state law.*

Follow-Up on Prior Audit Findings

NODAWAY 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 Nodaway 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. Budgetary Practices

- A. The county did not have adequate procedures to ensure budgets were prepared for all county funds, and as a result, budgets were not prepared for various county funds for the years ended December 31, 2002 and 2001. In addition, the county's annual published financial statements presented no information for some county funds.
- B. The County Commission approved expenditures in excess of budgeted amounts for the various funds for the years ended December 31, 2002 and 2001. Procedures were not established to monitor budget to actual amounts.

Recommendations:

- A. Ensure budgets are prepared for all county funds and include all county funds in the published financial statements as required by state law.
- B. Refrain from incurring expenditures in excess of budget amounts. If the county receives additional funds which could not be anticipated when the budget was adopted, the County Commission should amend its budget by following procedures required by law.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Not implemented. While a few funds were still overspent, the County did show improvement by significantly reducing the number of funds incurring expenditures in excess of budgeted amounts. Although not repeated in the current report, our recommendation remains as stated above.

2. County Officials' Compensation

A Supreme Court decision issued May 15, 2001 challenged the validity of raises given to Associate County Commissioner's in 1999. In addition, there was no documentation available to support mid-term raises given to the Sheriff and Coroner in 1999.

Recommendation:

The County Commission review the impact of this court decision and develop a plan for obtaining repayment of any salary overpayments.

Status:

Not implemented. No action has been taken by the County Commission regarding these salary overpayments. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Expenditures

- A. While bids were taken, they were not always solicited through advertisement. In addition, the county commission did not document reasons for not selecting the lowest bid.
- B. A county employee's signature, indicating receipt of goods or services, was not on several invoices.

Recommendations:

- A. Solicit bids through advertisement for all purchases in accordance with state law and retain justification for the bid selected, if it is not the low bid.
- B. Ensure the receipt of goods or services is indicated on all invoices prior to payment.

Status:

- A. Partially implemented. While it appears the County Commission is soliciting bids through advertisement, there were some instances where bids were not solicited or bid documentation was not maintained. See MAR finding number 2.
- B. Not implemented. See MAR finding number 2.

4. Property Tax Books and Procedures

The County Clerk did not reconcile the aggregate abstracts to the tax books and annual settlement.

Recommendation:

The County Clerk reconcile the aggregate abstracts, tax books and annual settlement.

Status:

Not implemented. See MAR finding number 3.

5. Payroll and Leave Balances

Leave taken was not accurately reported on some employee's timesheets and some leave balances exceeded the maximum allowed by the county's leave policy.

Recommendation:

The County Commission ensure leave taken is accurately reported on timesheets and leave balances do not exceed the maximum allowed by the county's leave policy. If the commission believes the policy should be changed, it should be revised accordingly.

Status:

Partially implemented. While leave is accurately reported on employee's timesheets, at least one employee's leave balances still exceeded the maximum allowed by the county's policy. See MAR finding number 4.

6. Sheriff's Accounting Controls and Procedures

A. The Sheriff's Department maintained bank accounts for both general and board of prisoner receipts.

1. Receipts were not deposited intact on a timely basis for both the general and board of prisoner's accounts. In addition, checks were not restrictively endorsed upon receipt.

2. Disbursements to the state, county, and other applicable parties for fees collected were not made timely.

B. Several items on the seized property inventory listing had been on hand for several years and there were no documentation that these items were still needed for trial.

Recommendations:

- A.1. Deposit receipts intact daily or when receipts exceed \$100, restrictively endorse checks immediately upon receipt, and issue all refunds by check.
- 2. Distribute fees collected in a timely manner.
- B. Make timely and appropriate dispositions of seized property.

Status:

A&B. Implemented.

7. Health Center Procedures

- A. The Health Center did not consistently issue checks sequentially and the numerical sequence of checks was not always adequately accounted for. While bank reconciliations were prepared, they did not always reconcile to book records because the outstanding check amounts were not correct for most checks listed as outstanding.
- B. The Health Center did not adequately monitor expenditures and track program costs of the Comprehensive Family Planning Program.
- C. The Health Center did not established formal policies and procedures for general fixed assets, which included procedures to update property records, number, and tag or otherwise identify property items.

Recommendations:

- A. Ensure the preprinted prenumbered check numbers are accurately posted to the computer system and the numerical sequence of checks is accounted for monthly.
- B. Adequately monitor expenditures and track program costs of the Comprehensive Family Planning Program to comply with the program contract. Additionally, administrative expenses should not be included in actual costs of comprehensive family planning services.
- C. Ensure that policies and procedures for general fixed assets with an original cost of \$250 or more are properly added to the fixed asset listing and actual physical inventory of the various property items should be performed periodically.

Status:

A. Implemented.

- B. Not applicable. The Health Center no longer has a Comprehensive Family Planning Program; therefore, no monies were received for this program.
- C. Not implemented. See MAR finding number 6.

8. Associate Division Accounting Controls and Procedures

- A. The Associate Division had not established procedures to routinely follow up on outstanding checks.
- B. Disbursements to the state, county, and other applicable parties for fees collected were not made timely.
- C. The Associate Division maintained a bank account with a balance at December 31, 2002 of \$4,472 that had been inactive for several years.

Recommendations:

- A. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- B. Distribute fees collected to the county and state in a timely manner.
- C. Resolve the balance of this old account and disburse the funds to the appropriate party.

Status:

- A. Partially Implemented. While the Associate Division has significantly reduced the number of old outstanding checks since our last audit, several still exist at December 31, 2006. Although not repeated in the current report, our recommendation remains as stated above.

B&C. Implemented.

9. Juvenile Office

The Juvenile Office procured legal services for juvenile cases but maintained no documentation to support how the attorney was selected. No agreement existed detailing the services to be performed and the amount to be paid and supporting documentation was not available from the Juvenile Office to support these monthly payments.

Recommendation:

The Juvenile Office should ensure documentation is maintained to support the selection of an attorney and that detailed invoices are maintained to support all payments for legal services.

Status:

Implemented.

10. Senate Bill 40 Board

- A. The Senate Bill 40 Board did not prepare a budget for 2002. Actual expenditures exceeded budgeted amounts by \$29,330 for 2001.
- B. The Senate Bill 40 treasurer did not prepare formal monthly bank reconciliations or record receipts in the check register.
- C. Payments to a not-for-profit organization in 2002 and 2001 totaled \$89,568 and \$112,288 respectively. The board did not receive annual budgets from the not-for-profit and did not monitor the use of the funds to ensure they were spent appropriately.

Recommendation:

- A. Prepare budgets as required by state law and ensure expenditures do not exceed budgeted amounts. If additional expenditures are necessary, the budget should be amended and the circumstances adequately documented.
- B. Perform monthly bank reconciliations and record receipts and disbursements in the check register.
- C. Monitor any expenditure made for compliance with the terms of the contract.

Status:

A&C. Implemented.

- B. Partially Implemented. While the Senate Bill 40 treasurer records receipts and maintains a running balance in the check register, formal bank reconciliations are not performed. Although not repeated in the current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

NODAWAY COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Nodaway was named after the Nodaway River. Nodaway County is a township-organized, third-class county and is part of the Fourth Judicial Circuit. The county seat is Maryville.

Nodaway 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 354 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 1,275 miles of county roads.

The county's population was 21,996 in 1980 and 21,912 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 | \$ | 161.7 | 159.5 | 154.0 | 149.3 | 95.6 | 55.8 |
| Personal property | | 86.2 | 79.9 | 77.4 | 82.8 | 32.3 | 24.6 |
| Railroad and utilities | | 14.5 | 11.7 | 14.0 | 14.8 | 9.6 | 11.5 |
| Total | \$ | 262.4 | 251.1 | 245.3 | 246.8 | 137.5 | 91.9 |

* First year of statewide reassessment.

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

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

| | | Year Ended December 31, | | | |
|---------------------------|--|-------------------------|------|------|------|
| | | 2006 | 2005 | 2004 | 2003 |
| Health Center Fund | | .05 | .05 | .05 | .05 |
| Senate Bill 40 Board Fund | | .05 | .05 | .05 | .05 |
| Senior Citizens Fund | | .05 | .05 | .05 | .05 |

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 | \$ 78,977 | 76,546 | 76,169 | 73,427 |
| General Revenue Fund | 21,743 | 20,010 | 20,153 | 20,540 |
| General Road and Bridge | 1,018,023 | 1,002,941 | 975,294 | 930,665 |
| County Road and Bridge | 130,059 | 122,978 | 122,733 | 123,583 |
| Assessment Fund | 222,539 | 201,964 | 196,706 | 148,170 |
| Health Center Fund | 130,129 | 126,165 | 125,509 | 120,894 |
| Senate Bill 40 Board Fund | 130,088 | 126,129 | 125,490 | 120,891 |
| School districts | 12,628,602 | 11,123,081 | 10,943,847 | 10,473,584 |
| Ambulance district | 15,625 | 15,780 | 24,652 | 144,233 |
| Fire protection district | 191,526 | 180,646 | 178,539 | 173,451 |
| Watershed districts | 14,100 | 13,493 | 13,580 | 13,661 |
| Senior Citizen Tax Fund | 126,012 | 122,296 | 121,448 | 117,071 |
| Road Bonds | 403,927 | 361,481 | 495,531 | 259,665 |
| Townships | 760,863 | 714,992 | 712,621 | 152,752 |
| Cities | 1,244,561 | 1,231,171 | 1,233,484 | 1,209,130 |
| County Clerk | 174 | 156 | 167 | 163 |
| County Employees' Retirement | 42,885 | 35,673 | 36,289 | 32,782 |
| Neighborhood Imp. District | 5,883 | 5,883 | 0 | 0 |
| TIF District | 20,765 | 18,514 | 0 | 0 |
| Other | 17,032 | 15,055 | 17,285 | 16,327 |
| Commissions and fees: | | | | |
| Treasurer-Collector | 5,642 | 6,729 | 4,349 | 3,443 |
| Township commissions | 128,948 | 118,116 | 116,368 | 108,037 |
| General Revenue Fund | 82,970 | 70,566 | 82,392 | 79,415 |
| Total | \$ 17,421,073 | 15,710,366 | 15,622,607 | 14,321,885 |

Percentages of current taxes collected were as follows:

| | Year Ended February 28 (29), | | | | |
|------------------------|------------------------------|------|-------|-------|---|
| | 2007 | 2006 | 2005 | 2004 | |
| Real estate | 96.6 | 95.3 | 96.7 | 95.6 | % |
| Personal property | 89.4 | 94.6 | 94.8 | 86.5 | |
| Railroad and utilities | 100.0 | 98.8 | 100.0 | 100.0 | |

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

| | Rate | Expiration Date | Required Property Tax Reduction | |
|----------------------|----------|--------------------|------------------------------------|---|
| General | \$.0050 | None | 50 | % |
| Capital improvements | .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: | \$ | | | | |
| Joe Baumli, Presiding Commissioner | | 31,769 | 30,695 | 29,801 | 29,801 |
| Bob Stiens, Associate Commissioner | | 34,133 | 32,979 | 23,144 | 0 |
| Bob Westfall, Associate Commissioner | | 34,133 | 32,979 | 0 | 0 |
| Larry Dougan, Associate Commissioner | | 0 | 0 | 0 | 27,773 |
| Wayne Nelson, Associate Commissioner | | 0 | 0 | 27,773 | 27,773 |
| Sandra Smail, Recorder of Deeds | | 44,860 | 43,343 | 42,081 | 42,081 |
| Beth Walker, County Clerk | | 44,860 | 43,343 | 42,081 | 42,081 |
| David Baird, Prosecuting Attorney | | 55,129 | 53,265 | 51,714 | 51,714 |
| Ben Espey, Sheriff | | 57,325 | 55,387 | 46,644 | 46,644 |
| Rex Wallace, County Assessor (1), year ended August 31, | | 51,717 | 49,968 | 42,081 | 42,081 |
| Mary Noel, Treasurer-Collector (2), year ended March 31, | 57,279 | 56,911 | 46,162 | 45,865 | |
| Vince Shelby, County Coroner | | 17,447 | 16,857 | 0 | 0 |
| Tom Scarbrough, County Coroner | | 0 | 0 | 14,196 | 14,196 |
| Julia Lyle, Public Administrator | | 31,155 | 30,101 | 25,350 | 25,350 |

(1) Includes \$688, \$688, \$765, and \$900, respectively, of annual compensation from the state.

(2) Includes \$5,562, \$6,943, \$4,028 and \$3,730 respectively, of commissions earned for collecting city taxes.

State-Paid Officials:

| | | | | |
|--|--------|--------|--------|--------|
| Pat O'Riley, Circuit Clerk | 48,500 | 48,500 | 47,300 | 47,300 |
| Glen Dietrich, Associate Circuit Judge | 96,000 | 96,000 | 96,000 | 96,000 |