Claire McCaskill
Missouri State Auditor

September 2006

Douglas County, Missouri

Years Ended
December 31, 2005 and 2004

Report No. 2006-55

Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2006

YELLOW SHEET

<u>IMPORTANT</u>: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Douglas, 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 Missouri's Constitution.

- The county's financial condition is expected to deteriorate based upon 2006 budget projections. Because of increasing costs and stagnant or decreasing revenues, the General Revenue Fund's and the Special Road and Bridge Fund's estimated cash balances at December 31, 2006 are projected to decrease significantly. While the County Commission has ordered a hiring freeze on county employees, eliminated four Sheriff Department personnel and cut other expenses, these cuts have not kept pace with the expected decrease in receipts. Additionally, some expenses, such as employee health insurance and fuel costs, have increased. The County Commission does not expect the financial position of the county to improve significantly, and has approved placing two sales tax issues on the ballot in November.

- The Douglas County Assistant Prosecuting Attorney performs work related to child support enforcement (CSE) activities, and the county is reimbursed all of his $20,440 annual salary through the Missouri Department of Social Services Title IV-D. Time sheets prepared by the Assistant Prosecutor reflected only seven hours were worked during July 2005, computing to an hourly rate of $243, or an average of only 12 hours worked per month at $140 per hour for all of 2005. Although the county breaks even under the current arrangement, county officials should take steps to ensure public funds from all sources are spent reasonably and efficiently.

- The 44th Judicial Circuit Drug Court, consisting of Wright, Douglas, and Ozark counties, has not adequately evaluated the costs associated with the drug court program. A $480,134 grant from the U.S. Department of Justice, along with state and local monies have funded the $938,962 cost to operate this program during the last four years. Our review of the drug court identified instances where grant funds were spent for some expenses that are no longer being incurred. Examples include $70,075 in compensation paid to prosecuting and defense attorneys, and $41,938 in compensation paid to individuals to track drug court participants. These services are now being obtained at no cost to the drug court since federal grant funds have been exhausted. Additionally, the cost charged to participants has increased from $100 to $600 with no documented cost analysis to justify how

the fee amount was determined. Because drug court officials do not adequately analyze the various costs associated with operating this program, they cannot ensure all federal, state and local funds provided to the drug court are utilized effectively and efficiently.

- Compensatory balances for the Sheriff Department employees were not calculated correctly resulting in the county owing approximately $10,787 in compensatory time to past employees.

- The county has not adopted formal policies and procedures for the use of the twenty-seven credit cards for five different vendors currently held by the county officials and employees. Additionally, the County Commission did not always document their review and approval of expenses, and the county did not obtain adequate documentation to support $73,530 paid to a local retailer for costs related to public improvements.

- Confidential passwords to limit access to the various property tax system files are not utilized, and interest and penalties on delinquent personal property taxes were waived by the County Collector without obtaining approval by the County Commission.

- Inventory records accounting for county assets need improved, and logs are not maintained to account for the fuel used from the county's gasoline and diesel fuel tanks.

- The Public Administrator did not prepare and file annual settlements with the court, perform bank reconciliations, or maintain accounting records for over five years for one ward with a bank balance of approximately $35,384. Additionally, annual settlements filed by the Public Administrator for another ward contained errors.

Also included in the audit are recommendations related to county officials bonds, budgets, and published financial statements. The audit also suggested improvements in the procedures of the Prosecuting Attorney, County Collector, Sheriff, and Support the Handicapped Board.

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

DOUGLAS COUNTY, MISSOURI

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FINANCIAL SECTION

STATE AUDITOR'S REPORT

CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the County Commission
and
Officeholders of Douglas 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 Douglas County, Missouri, as of and for the years ended December 31, 2005 and 2004. 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 Douglas County, Missouri, as of December 31, 2005 and 2004, or the changes in its financial position for the years then ended.

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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 Douglas 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, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 27, 2006, 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 Douglas County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

Claire McCaskill
State Auditor

April 27, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Troy Royer
Audit Staff:	Monte Davault
	Candi Copley
	Diane Smiley

CLAIRE C. McCASKILL
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 Douglas County, Missouri

We have audited the financial statements of various funds of Douglas County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 27, 2006. 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 Douglas County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Douglas 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,

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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 Douglas 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.

Claire McCaskill
State Auditor

April 27, 2006 (fieldwork completion date)

Financial Statements

Exhibit A-1

DOUGLAS 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	$	176,441	1,717,023	1,659,208	234,256
Special Road and Bridge		158,408	942,293	1,039,912	60,789
Assessment		21,897	164,819	142,883	43,833
Law Enforcement Training		748	1,692	1,066	1,374
Prosecuting Attorney Training		482	421	228	675
Prosecuting Attorney Bad Check		7,062	16,472	16,699	6,835
Law Enforcement		213	727	725	215
Recorder User Fee		14,491	11,627	319	25,799
Local Emergency Planning Commission		2,306	5,408	3,998	3,716
Victims of Domestic Violence		434	586	900	120
Sheriff Civil Fee		4,106	16,503	18,531	2,078
Prosecuting Attorney Delinquent Tax		174	1,040	1,058	156
Election Services		4,745	606	452	4,899
Emergency Management		4,797	58,255	60,340	2,712
44th Judicial Drug Court		20,571	32,584	21,864	31,291
Juvenile Drug Court		500	602	1,085	17
Collector's Tax Maintenance		2,326	9,024	5,639	5,711
Sheriff's Revolving		3,362	969	0	4,331
Election Improvement		15,017	5,358	4,765	15,610
Emergency Shelter		0	7,500	7,500	0
Over/Under Payment		0	20	0	20
Health Center		387,583	960,171	881,195	466,559
Support the Handicapped Board		89,514	88,490	96,189	81,815
Circuit Clerk Interest		1,931	444	1,104	1,271
Law Library		560	3,537	2,180	1,917
Associate Circuit Division Interest		842	507	447	902
Total	$	918,510	4,046,678	3,968,287	996,901

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

Exhibit A-2

DOUGLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2004

Fund		Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	$	284,697	1,614,574	1,722,830	176,441
Special Road and Bridge		131,821	1,024,512	997,925	158,408
Assessment		15,067	139,741	132,911	21,897
Law Enforcement Training		733	1,619	1,604	748
Prosecuting Attorney Training		75	407	0	482
Prosecuting Attorney Bad Check		11,983	14,442	19,363	7,062
Law Enforcement		211	877	875	213
Recorder User Fee		7,333	9,723	2,565	14,491
Local Emergency Planning Commission		5,284	4,200	7,178	2,306
Victims of Domestic Violence		336	698	600	434
Sheriff Civil Fee		482	13,283	9,659	4,106
Prosecuting Attorney Delinquent Tax		1	606	433	174
Election Services		2,241	3,723	1,219	4,745
Emergency Management		2,966	30,529	28,698	4,797
44th Judicial Drug Court		13,517	23,445	16,391	20,571
Juvenile Drug Court		0	500	0	500
Collector's Tax Maintenance		4,762	8,992	11,428	2,326
Sheriff's Revolving		0	3,487	125	3,362
Election Improvement		0	15,017	0	15,017
Health Center		326,811	1,027,409	966,637	387,583
Support the Handicappped Board		118,092	84,774	113,352	89,514
Circuit Clerk Interest		1,857	269	195	1,931
Law Library		779	2,764	2,983	560
Associate Circuit Division Interest		1,675	216	1,049	842
Total	$	930,723	4,025,807	4,038,020	918,510

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

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	$ 3,915,755	4,046,678	130,923	3,832,633	4,025,807	193,174
DISBURSEMENTS	4,298,140	3,968,287	329,853	4,262,237	4,038,020	224,217
RECEIPTS OVER (UNDER) DISBURSEMENTS	(382,385)	78,391	460,776	(429,604)	(12,213)	417,391
CASH, JANUARY 1	918,704	918,510	(194)	930,723	930,723	0
CASH, DECEMBER 31	536,319	996,901	460,582	501,119	918,510	417,391
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	100,000	100,490	490	116,000	125,288	9,288
Sales taxes	825,000	877,771	52,771	723,000	804,566	81,566
Intergovernmental	510,126	504,073	(6,053)	488,403	465,536	(22,867)
Charges for services	156,450	191,065	34,615	164,100	173,272	9,172
Interest	2,500	4,551	2,051	2,500	4,337	1,837
Other	9,400	17,727	8,327	11,600	13,447	1,847
Transfers in	25,533	21,346	(4,187)	16,233	28,128	11,895
Total Receipts	1,629,009	1,717,023	88,014	1,521,836	1,614,574	92,738
DISBURSEMENTS						
County Commission	73,691	73,577	114	68,727	69,742	(1,015)
County Clerk	74,344	73,973	371	72,056	71,508	548
Elections	97,750	77,669	20,081	51,550	50,718	832
Buildings and grounds	96,326	76,308	20,018	62,375	48,456	13,919
Employee fringe benefit	234,423	206,814	27,609	206,444	175,499	30,945
County Treasurer	28,308	28,154	154	36,236	35,943	293
County Collector	62,165	61,618	547	61,790	62,305	(515)
Circuit Clerk	26,315	26,153	162	24,700	25,148	(448)
Associate Circuit Court	8,050	5,472	2,578	8,000	6,832	1,168
Court administration	31,138	25,458	5,680	28,946	14,384	14,562
Public Administrator	37,750	37,754	(4)	36,400	35,734	666
Sheriff	354,247	353,492	755	342,239	348,013	(5,774)
Jail	79,494	109,132	(29,638)	80,900	93,011	(12,111)
Prosecuting Attorney	148,505	146,038	2,467	146,348	141,335	5,013
Juvenile Officer	28,921	32,618	(3,697)	28,921	26,633	2,288
County Coroner	11,095	11,130	(35)	10,120	10,064	56
Victim Advocate	10,834	21,209	(10,375)	20,038	21,556	(1,518)
44th Judicial Drug Court	210,725	151,561	59,164	205,100	192,366	12,734
Meth Investigator Grant	0	0	0	41,993	38,888	3,105
Other	90,042	91,878	(1,836)	176,802	202,537	(25,735)
Transfers out	49,200	49,200	0	53,153	52,158	995
Emergency Fund	48,870	0	48,870	43,162	0	43,162
Total Disbursements	1,802,193	1,659,208	142,985	1,806,000	1,722,830	83,170
RECEIPTS OVER (UNDER) DISBURSEMENTS	(173,184)	57,815	230,999	(284,164)	(108,256)	175,908
CASH, JANUARY 1	176,441	176,441	0	284,697	284,697	0
CASH, DECEMBER 31	3,257	234,256	230,999	533	176,441	175,908

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
SPECIAL ROAD AND BRIDGE FUND						
RECEIPTS						
Property taxes	220,000	229,499	9,499	210,000	219,720	9,720
Intergovernmental	738,663	692,272	(46,391)	705,917	801,928	96,011
Interest	1,500	2,313	813	1,000	1,768	768
Other	500	13,214	12,714	1,100	1,096	(4)
Transfers in	0	4,995	4,995	0	0	0
Total Receipts	960,663	942,293	(18,370)	918,017	1,024,512	106,495
DISBURSEMENTS						
Salaries	394,430	394,494	(64)	388,032	384,863	3,169
Employee fringe benefit	143,174	136,024	7,150	148,900	124,108	24,792
Supplies	92,000	118,950	(26,950)	100,500	83,540	16,960
Insurance	29,000	22,505	6,495	25,000	27,703	(2,703)
Road and bridge materials	110,500	88,504	21,996	82,000	102,541	(20,541)
Equipment repairs	125,000	96,304	28,696	120,000	124,161	(4,161)
Equipment purchases	170,000	123,331	46,669	123,000	121,581	1,419
Construction, repair, and maintenance	0	0	0	10,000	0	10,000
Other	33,000	51,257	(18,257)	32,000	29,428	2,572
Transfers out	0	8,543	(8,543)	0	0	0
Total Disbursements	1,097,104	1,039,912	57,192	1,029,432	997,925	31,507
RECEIPTS OVER (UNDER) DISBURSEMENTS	(136,441)	(97,619)	38,822	(111,415)	26,587	138,002
CASH, JANUARY 1	158,408	158,408	0	131,821	131,821	0
CASH, DECEMBER 31	21,967	60,789	38,822	20,406	158,408	138,002
ASSESSMENT FUND						
RECEIPTS						
Intergovernmental	105,027	112,610	7,583	96,810	95,973	(837)
Charges for services	0	10,837	10,837	0	0	0
Interest	0	372	372	0	168	168
Other	0	141	141	0	42	42
Transfers in	40,600	40,859	259	43,558	43,558	0
Total Receipts	145,627	164,819	19,192	140,368	139,741	(627)
DISBURSEMENTS						
Assessor	157,413	142,883	14,530	140,368	132,881	7,487
Transfers out	0	0	0	0	30	(30)
Total Disbursements	157,413	142,883	14,530	140,368	132,911	7,457
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,786)	21,936	33,722	0	6,830	6,830
CASH, JANUARY 1	21,897	21,897	0	15,067	15,067	0
CASH, DECEMBER 31	10,111	43,833	33,722	15,067	21,897	6,830

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
LAW ENFORCEMENT TRAINING FUND						
RECEIPTS						
Charges for services	2,000	1,686	(314)	2,000	1,615	(385)
Interest	15	6	(9)	15	4	(11)
Total Receipts	2,015	1,692	(323)	2,015	1,619	(396)
DISBURSEMENTS						
Sheriff	2,000	1,066	934	2,500	1,604	896
Total Disbursements	2,000	1,066	934	2,500	1,604	896
RECEIPTS OVER (UNDER) DISBURSEMENTS	15	626	611	(485)	15	500
CASH, JANUARY 1	748	748	0	733	733	0
CASH, DECEMBER 31	763	1,374	611	248	748	500
PROSECUTING ATTORNEY TRAINING FUND						
RECEIPTS						
Charges for services	400	416	16	700	405	(295)
Interest	2	5	3	5	2	(3)
Total Receipts	402	421	19	705	407	(298)
DISBURSEMENTS						
Prosecuting Attorney	375	228	147	775	0	775
Total Disbursements	375	228	147	775	0	775
RECEIPTS OVER (UNDER) DISBURSEMENTS	27	193	166	(70)	407	477
CASH, JANUARY 1	482	482	0	75	75	0
CASH, DECEMBER 31	509	675	166	5	482	477
PROSECUTING ATTORNEY BAD CHECK FUND						
RECEIPTS						
Charges for services	14,875	16,409	1,534	14,900	14,154	(746)
Interest	90	63	(27)	225	78	(147)
Other	0	0	0	0	210	210
Total Receipts	14,965	16,472	1,507	15,125	14,442	(683)
DISBURSEMENTS						
Prosecuting Attorney	6,600	5,582	1,018	10,400	7,821	2,579
Transfers out	11,533	11,117	416	11,534	11,542	(8)
Total Disbursements	18,133	16,699	1,434	21,934	19,363	2,571
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,168)	(227)	2,941	(6,809)	(4,921)	1,888
CASH, JANUARY 1	7,062	7,062	0	11,983	11,983	0
CASH, DECEMBER 31	3,894	6,835	2,941	5,174	7,062	1,888

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
LAW ENFORCEMENT FUND						
RECEIPTS						
Intergovernmental	1,000	725	(275)	1,000	875	(125)
Interest	20	2	(18)	20	2	(18)
Total Receipts	1,020	727	(293)	1,020	877	(143)
DISBURSEMENTS						
Sheriff	1,000	725	275	1,000	875	125
Total Disbursements	1,000	725	275	1,000	875	125
RECEIPTS OVER (UNDER) DISBURSEMENTS	20	2	(18)	20	2	(18)
CASH, JANUARY 1	213	213	0	211	211	0
CASH, DECEMBER 31	233	215	(18)	231	213	(18)
RECORDER USER FEE FUND						
RECEIPTS						
Charges for services	7,500	11,425	3,925	7,000	9,631	2,631
Interest	50	202	152	50	92	42
Total Receipts	7,550	11,627	4,077	7,050	9,723	2,673
DISBURSEMENTS						
Ex Officio Recorder of Deed	10,000	319	9,681	8,200	2,565	5,635
Total Disbursements	10,000	319	9,681	8,200	2,565	5,635
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,450)	11,308	13,758	(1,150)	7,158	8,308
CASH, JANUARY 1	14,491	14,491	0	7,333	7,333	0
CASH, DECEMBER 31	12,041	25,799	13,758	6,183	14,491	8,308
LOCAL EMERGENCY PLANNING COMMISSION FUND						
RECEIPTS						
Intergovernmental	4,445	5,248	803	4,131	1,940	(2,191)
Other	4,000	160	(3,840)	0	2,260	2,260
Total Receipts	8,445	5,408	(3,037)	4,131	4,200	69
DISBURSEMENTS						
Emergency planning	8,445	3,998	4,447	7,055	6,878	177
Transfers out	500	0	500	0	300	(300)
Total Disbursements	8,945	3,998	4,947	7,055	7,178	(123)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	1,410	1,910	(2,924)	(2,978)	(54)
CASH, JANUARY 1	2,306	2,306	0	5,284	5,284	0
CASH, DECEMBER 31	1,806	3,716	1,910	2,360	2,306	(54)

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
VICTIMS OF DOMESTIC VIOLENCE FUND						
RECEIPTS						
Charges for services	850	580	(270)	750	695	(55)
Interest	3	6	3	3	3	0
Total Receipts	853	586	(267)	753	698	(55)
DISBURSEMENTS						
Domestic violence shelte	1,000	900	100	1,000	600	400
Total Disbursements	1,000	900	100	1,000	600	400
RECEIPTS OVER (UNDER) DISBURSEMENTS	(147)	(314)	(167)	(247)	98	345
CASH, JANUARY 1	434	434	0	336	336	0
CASH, DECEMBER 31	287	120	(167)	89	434	345
SHERIFF CIVIL FEE FUND						
RECEIPTS						
Charges for services	12,000	12,545	545	10,000	10,445	445
Interest	20	30	10	20	16	(4)
Other	3,756	3,928	172	1,100	2,822	1,722
Total Receipts	15,776	16,503	727	11,120	13,283	2,163
DISBURSEMENTS						
Sheriff	19,000	18,531	469	11,550	9,659	1,891
Total Disbursements	19,000	18,531	469	11,550	9,659	1,891
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,224)	(2,028)	1,196	(430)	3,624	4,054
CASH, JANUARY 1	4,106	4,106	0	482	482	0
CASH, DECEMBER 31	882	2,078	1,196	52	4,106	4,054
PROSECUTING ATTORNEY DELINQUENT TAX FUND						
RECEIPTS						
Intergovernmental	985	839	(146)	850	605	(245)
Interest	2	1	(1)	4	1	(3)
Transfers in	200	200	0	0	0	0
Total Receipts	1,187	1,040	(147)	854	606	(248)
DISBURSEMENTS						
Prosecuting Attorney	1,336	1,058	278	840	433	407
Total Disbursements	1,336	1,058	278	840	433	407
RECEIPTS OVER (UNDER) DISBURSEMENTS	(149)	(18)	131	14	173	159
CASH, JANUARY 1	174	174	0	1	1	0
CASH, DECEMBER 31	25	156	131	15	174	159

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
ELECTION SERVICES FUND						
RECEIPTS						
Charges for services	300	557	257	2,000	3,695	1,695
Interest	20	49	29	40	28	(12)
Total Receipts	320	606	286	2,040	3,723	1,683
DISBURSEMENTS						
Elections	4,700	452	4,248	4,000	1,219	2,781
Total Disbursements	4,700	452	4,248	4,000	1,219	2,781
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,380)	154	4,534	(1,960)	2,504	4,464
CASH, JANUARY 1	4,745	4,745	0	2,241	2,241	0
CASH, DECEMBER 31	365	4,899	4,534	281	4,745	4,464
EMERGENCY MANAGEMENT FUND						
RECEIPTS						
Intergovernmental	37,408	34,433	(2,975)	20,100	18,410	(1,690)
Other	14,000	11,938	(2,062)	11,300	8,219	(3,081)
Transfers in	7,100	11,884	4,784	3,600	3,900	300
Total Receipts	58,508	58,255	(253)	35,000	30,529	(4,471)
DISBURSEMENTS						
Emergency management	62,208	55,345	6,863	32,774	23,998	8,776
Transfers out	0	4,995	(4,995)	4,700	4,700	0
Total Disbursements	62,208	60,340	1,868	37,474	28,698	8,776
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,700)	(2,085)	1,615	(2,474)	1,831	4,305
CASH, JANUARY 1	4,797	4,797	0	2,966	2,966	0
CASH, DECEMBER 31	1,097	2,712	1,615	492	4,797	4,305
44TH JUDICIAL DRUG COURT FUND						
RECEIPTS						
Intergovernmental	10,300	10,000	(300)	10,000	10,310	310
Charges for services	12,500	11,255	(1,245)	7,000	8,135	1,135
Other	0	6,329	6,329	0	0	0
Transfers in	5,000	5,000	0	5,000	5,000	0
Total Receipts	27,800	32,584	4,784	22,000	23,445	1,445
DISBURSEMENTS						
Drug court	10,000	12,704	(2,704)	7,000	4,889	2,111
Transfers out	13,000	9,160	3,840	15,000	11,502	3,498
Total Disbursements	23,000	21,864	1,136	22,000	16,391	5,609
RECEIPTS OVER (UNDER) DISBURSEMENTS	4,800	10,720	5,920	0	7,054	7,054
CASH, JANUARY 1	20,571	20,571	0	13,517	13,517	0
CASH, DECEMBER 31	25,371	31,291	5,920	13,517	20,571	7,054

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
JUVENILE DRUG COURT FUND						
RECEIPTS						
Intergovernmental	0	602	602	0	0	0
Transfers in	5,000	0	(5,000)	500	500	0
Total Receipts	5,000	602	(4,398)	500	500	0
DISBURSEMENTS						
Drug court	5,000	483	4,517	250	0	250
Transfers out	0	602	(602)	0	0	0
Total Disbursements	5,000	1,085	3,915	250	0	250
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(483)	(483)	250	500	250
CASH, JANUARY 1	500	500	0	0	0	0
CASH, DECEMBER 31	500	17	(483)	250	500	250
COLLECTOR'S TAX MAINTENANCE FUND						
RECEIPTS						
Charges for services	9,000	8,968	(32)	9,000	8,949	(51)
Interest	0	56	56	20	43	23
Total Receipts	9,000	9,024	24	9,020	8,992	(28)
DISBURSEMENTS						
Collector	7,220	5,122	2,098	13,370	11,223	2,147
Transfers out	1,000	517	483	0	205	(205)
Total Disbursements	8,220	5,639	2,581	13,370	11,428	1,942
RECEIPTS OVER (UNDER) DISBURSEMENTS	780	3,385	2,605	(4,350)	(2,436)	1,914
CASH, JANUARY 1	2,326	2,326	0	4,762	4,762	0
CASH, DECEMBER 31	3,106	5,711	2,605	412	2,326	1,914
SHERIFF'S REVOLVING FUND						
RECEIPTS						
Charges for services	1,000	930	(70)	3,300	3,472	172
Interest	10	39	29	10	15	5
Total Receipts	1,010	969	(41)	3,310	3,487	177
DISBURSEMENTS						
Sheriff	200	0	200	250	125	125
Total Disbursements	200	0	200	250	125	125
RECEIPTS OVER (UNDER) DISBURSEMENTS	810	969	159	3,060	3,362	302
CASH, JANUARY 1	3,362	3,362	0	0	0	0
CASH, DECEMBER 31	4,172	4,331	159	3,060	3,362	302

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
ELECTION IMPROVEMENT FUND						
RECEIPTS						
Intergovernmental	0	5,206	5,206	15,000	15,000	0
Interest	0	152	152	0	17	17
Total Receipts	0	5,358	5,358	15,000	15,017	17
DISBURSEMENTS						
Elections	15,000	4,765	10,235	0	0	0
Total Disbursements	15,000	4,765	10,235	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,000)	593	15,593	15,000	15,017	17
CASH, JANUARY 1	15,017	15,017	0	0	0	0
CASH, DECEMBER 31	17	15,610	15,593	15,000	15,017	17
EMERGENCY SHELTER FUND						
RECEIPTS						
Intergovernmental	7,500	7,500	0			
Total Receipts	7,500	7,500	0			
DISBURSEMENTS						
Emergency shelter	7,350	7,350	0			
Transfers out	150	150	0			
Total Disbursements	7,500	7,500	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
OVER / UNDER PAYMENT FUND						
RECEIPTS						
Charges for services	40	20	(20)			
Total Receipts	40	20	(20)			
DISBURSEMENTS						
Over / under expenses	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	40	20	(20)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	40	20	(20)			

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	201,700	209,214	7,514	206,700	202,136	(4,564)
Intergovernmental	259,652	256,664	(2,988)	294,114	256,427	(37,687)
Charges for services	461,975	477,231	15,256	515,375	485,959	(29,416)
Interest	6,000	9,543	3,543	7,000	6,146	(854)
Sale of real estate	0	0	0	0	72,075	72,075
Other	3,000	7,519	4,519	7,500	4,666	(2,834)
Total Receipts	932,327	960,171	27,844	1,030,689	1,027,409	(3,280)
DISBURSEMENTS						
Salaries	702,085	658,409	43,676	757,000	702,327	54,673
Office expenditures	27,450	37,371	(9,921)	43,450	49,566	(6,116)
Equipment	5,000	2,386	2,614	7,900	1,567	6,333
Building and grounds	11,000	7,002	3,998	14,000	4,925	9,075
Mileage and training	3,000	2,814	186	40,500	1,837	38,663
Program services	176,792	169,749	7,043	167,839	201,174	(33,335)
Other	7,000	3,464	3,536	0	5,241	(5,241)
Total Disbursements	932,327	881,195	51,132	1,030,689	966,637	64,052
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	78,976	78,976	0	60,772	60,772
CASH, JANUARY 1	387,583	387,583	0	326,811	326,811	0
CASH, DECEMBER 31	387,583	466,559	78,976	326,811	387,583	60,772
SUPPORT THE HANDICAPPED BOARD FUND						
RECEIPTS						
Property taxes	82,500	86,551	4,051	87,000	82,797	(4,203)
Intergovernmental	610	261	(349)	625	651	26
Interest	1,000	1,678	678	1,500	1,326	(174)
Total Receipts	84,110	88,490	4,380	89,125	84,774	(4,351)
DISBURSEMENTS						
Utilities	15,000	12,754	2,246	15,000	11,095	3,905
Equipment	4,000	6,576	(2,576)	42,000	59,744	(17,744)
Vehicles	12,000	0	12,000	12,000	0	12,000
Transportation	3,800	3,190	610	3,800	3,100	700
Building	39,000	4,850	34,150	5,000	0	5,000
Insurance	27,000	16,836	10,164	25,000	14,713	10,287
Health benefits	0	12,000	(12,000)	0	12,000	(12,000)
Special programs	4,000	12,312	(8,312)	2,000	10,000	(8,000)
Office expenditures	5,500	2,380	3,120	6,500	2,312	4,188
Emergency func	5,000	24,500	(19,500)	5,000	0	5,000
Other	1,000	791	209	1,000	388	612
Total Disbursements	116,300	96,189	20,111	117,300	113,352	3,948
RECEIPTS OVER (UNDER) DISBURSEMENTS	(32,190)	(7,699)	24,491	(28,175)	(28,578)	(403)
CASH, JANUARY 1	89,514	89,514	0	118,092	118,092	0
CASH, DECEMBER 31	57,324	81,815	24,491	89,917	89,514	(403)

Exhibit B

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

	Year Ended December 31,					
	2005			2004		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
CIRCUIT CLERK INTEREST FUND						
RECEIPTS						
Interest	200	444	244	100	269	169
Total Receipts	200	444	244	100	269	169
DISBURSEMENTS						
Circuit Clerk	1,500	1,104	396	1,500	195	1,305
Total Disbursements	1,500	1,104	396	1,500	195	1,305
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,300)	(660)	640	(1,400)	74	1,474
CASH, JANUARY 1	2,125	1,931	(194)	1,857	1,857	0
CASH, DECEMBER 31	825	1,271	446	457	1,931	1,474
LAW LIBRARY FUND						
RECEIPTS						
Charges for services	2,200	3,525	1,325	2,600	2,760	160
Interest	3	12	9	5	4	(1)
Total Receipts	2,203	3,537	1,334	2,605	2,764	159
DISBURSEMENTS						
Law Library	2,700	2,180	520	3,100	2,983	117
Total Disbursements	2,700	2,180	520	3,100	2,983	117
RECEIPTS OVER (UNDER) DISBURSEMENTS	(497)	1,357	1,854	(495)	(219)	276
CASH, JANUARY 1	560	560	0	779	779	0
CASH, DECEMBER 31	63	1,917	1,854	284	560	276
ASSOCIATE CIRCUIT DIVISION INTEREST FUND						
RECEIPTS						
Interest	225	507	282	250	216	(34)
Total Receipts	225	507	282	250	216	(34)
DISBURSEMENTS						
Associate Circuit Clerk	986	447	539	1,650	1,049	601
Total Disbursements	986	447	539	1,650	1,049	601
RECEIPTS OVER (UNDER) DISBURSEMENTS	(761)	60	821	(1,400)	(833)	567
CASH, JANUARY 1	842	842	0	1,675	1,675	0
CASH, DECEMBER 31	81	902	821	275	842	567

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

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

B. Basis of Accounting

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

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo, the county budget law. These budgets are adopted on the cash basis of accounting.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Local Emergency Planning Commission Fund in 2004.

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's published financial statements for the years ended December 31, 2005 and 2004, did not disclose disbursement detail by vendor for the Health Center Fund and the Support the Handicapped Board Fund.

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

The county's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depositary insurance, collateral securities held by a correspondent bank in the county's name, or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

Of the Health Center Board's bank balance at December 31, 2005, $177,302 was exposed to custodial credit risk because that amount was collateralized with securities held by the Federal Reserve bank but not in the Board's name. Of the Health Center Board's bank balance at December 31, 2004, $96,255 was exposed to custodial credit risk because that amount was collateralized with securities held by the Federal Reserve bank but not in the Board's name.

The Support the Handicapped Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depositary insurance or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

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, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Supplementary Schedule

Schedule

DOUGLAS 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, 2005	2004
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed through state			
	Department of Health and Senior Services -			
10.554	Team Nutrition	DH 0503P00002	$ 2,957	1,425
10.557	Special Supplemental Nutrition Program for Women, Infants, and Childre	ERS145-6133	10,481	0
		ERS145-5133	38,809	10,288
		ERS145-4133	0	26,523
	Program total		49,290	36,811
10.559	Summer Food Service Program for Childre	ERS146-5133I	280	0
		ERS146-4133I	0	130
	Program total		280	130
	Office of Administration			
10.665	Schools and Roads - Grants to States	N/A	0	181,324
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through state			
	Department of Social Services -			
14.231	Emergency Shelter Grants Progran	ERO01640	7,500	0
	U.S. DEPARTMENT OF JUSTICE			
	Direct programs:			
16.585	Drug Court Discretionary Grant Program	2002-DC-BX-0030	143,184	179,414
16.729	Communities Support Program	2001-JN-FX-0145	45,602	84,863
	Passed through:			
	State Department of Public Safety			
16.007	Office for Domestic Preparedness Fiscal Year 200 State Homeland Security Grant Program	2003-MU-T3-0003	0	24,260
16.554	National Criminal History Improvement Progran	2000-RH-CX-K024	0	3,448
	Cape Girardeau County -			
16.580	Edward Byrne Memorial State and Local Law Enforcemer Assistance Discretionary Grants Progran	2000DDVX0055	0	38,771

Schedule

DOUGLAS 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, 2005	2004
	Missouri Sheriffs' Association -			
16	Domestic Cannabis Eradication/Suppression Progran	N/A	1,005	1,050
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state			
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	1,927	3,416
	GENERAL SERVICES ADMINISTRATION			
	Passed through state			
	Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	73	0
	Office of Secretary of State			
39.011	Election Reform Payments	N/A	73,500	2,340
	ELECTIONS ASSISTANCE COMMISSION			
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payment	N/A	4,765	0
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services -			
93.197	Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-6133L	940	0
		ERS146-5133L	831	169
	Program total		1,771	169
93.268	Immunization Grants	N/A	15,073	14,478
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	DH040022013	3,500	7,255
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	55,898	53,511

Schedule

DOUGLAS 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, 2005	2004
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA067-6133C	825	0
		PGA067-5133C	2,740	0
		PGA067-5133S	500	0
		PGA067-4133C	0	1,054
		PGA067-4133S	0	125
	Program total		4,065	1,179
	Department of Health and Senior Services			
93.991	Preventive Health and Health Services Block Gran	AOC04380004	32,224	34,414
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-4133M	19,397	17,030
	U.S. DEPARTMENT OF HOMELAND SECURITY			
	Passed through state Department of Public Safety			
97.004	State Domestic Preparedness Equipment Support Prograr	2004-GE-T4-0049	27,830	4,862
97.042	Emergency Management Performance Grant	N/A	3,303	3,248
97.053	Citizen Corps	N/A	1,762	275
	Total Expenditures of Federal Award:		$ 494,906	693,673

N/A - Not applicable

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

Notes to the Supplementary Schedule

DOUGLAS 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 Douglas 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 (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), the Preventive Health and Health Services Block Grant (CFDA number 93.991), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both

cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided $7,500 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the year ended December 31, 2005.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report

CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Douglas County, Missouri

Compliance

We have audited the compliance of Douglas 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, 2005 and 2004. 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, Douglas 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, 2005 and 2004.

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Douglas 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.

Claire McCaskill
State Auditor

April 27, 2006 (fieldwork completion date)

Schedule

DOUGLAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2005 AND 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? _____ yes ___x___ no
- Reportable condition identified that is not considered to be a material weakness? _____ yes ___x___ none reported

Noncompliance material to the financial statements noted? _____ yes ___x___ no

Federal Awards

Internal control over major programs:

- Material weakness identified? _____ yes ___x___ no
- Reportable condition identified that is not considered to be a material weakness? _____ yes ___x___ 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 ___x___ no

Identification of major programs:

CFDA or Other Identifying Number	Program Title
10.665	Schools and Roads-Grants to States
16.585	Drug Court Grant
16.729	Communities Support 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*

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

The prior audit report issued for the two years ended December 31, 2003, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

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

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

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

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

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

03-01. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.585
Program Title:	Drug Court Grant Program
Pass-Through Entity Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable

Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	18.544
Program Title:	Emergency Management – Disaster Relief
Pass-Through Entity Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.729
Program Title:	Drug Free Communities Support Program
Pass-Through Entity Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable

The County did not have adequate procedures in place to ensure the schedule was accurate and free from errors and omissions. As a result, 22 of the 27 amounts reported by the Health Center required adjustment. In addition, two non-federal programs were included in the schedule.

Recommendation:

The County Clerk provide guidance to departments as necessary to ensure that amounts provided accurately present federal award expenditures.

Status:

Partially Implemented. Improvement was made in the presentation of the SEFA schedules for the years ended December 31, 2005 and 2004; however, there were some immaterial errors in the amounts reported on the county's SEFA schedule. Although not repeated in the current report, our recommendation remains as stated above.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Douglas County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 27, 2006. We also have audited the compliance of Douglas 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, 2005and 2004, and have issued our report thereon dated April 27, 2006.

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

1. Financial Condition

According to 2006 budget projections, the cash balance of the General Revenue Fund is expected to decrease significantly by December 31, 2006. With the conclusion of several grant programs and the termination of a contract between the county and the City of Ava for dispatching services, the county expects receipts to decrease significantly. While the County Commission has taken steps to reduce some expenses, the cuts have not kept pace with the expected decrease in receipts. The following chart shows the General Revenue Fund receipts, disbursements, and cash balances for the years ending December 31, 2005 and 2004, and the projected receipts, disbursements, and cash balance for the year ending December 31, 2006.

General Revenue Fund	Projected 2006	2005	2004
Cash Balance January 1,	$ 234,256	$ 176,441	$ 284,697
Receipts	1,391,756	1,717,023	1,614,574
Disbursements	1,551,257	1,659,208	1,722,830
Cash Balance December 31,	$ 74,755	$ 234,256	$ 176,441

The termination of grant programs for a meth investigator ($40,000) and homeland security ($24,000), as well as the dispatching contract with the City of Ava ($50,000) have caused receipts used to fund law enforcement costs to decrease significantly since 2004. In an effort to control costs, the County Commission ordered a hiring freeze on county employees, and allocated the service of one full time employee among four different county offices during 2005. Some of the subsequent reductions in budgeted disbursements for 2006 included the elimination of three Sheriff Department personnel ($50,000), the meth investigator and related expenses ($40,000), a patrol car ($21,000), and a reduction in planned expenses for prisoner boarding ($17,000) and patrol car fuel ($4,600). Additionally, approximately $120,000 in receipts and disbursements related to the 44th Judicial Drug Court and $84,000 in election grant funds were eliminated from the county's budget in 2006.

Although cuts have been made to some expenses, increases have occurred in areas such as employee salaries and fringe benefits. For example, amounts budgeted for employee fringe benefits reflect an expected increase from 2004 to 2006 of approximately $70,000 which includes a $47,000 increase in employee medical insurance. In January 2005 the County Commission attempted to control rising medical insurance costs by paying $5,000 to join an insurance consortium, but subsequently withdrew from the consortium without adequately evaluating the insurance costs, and was later denied when requesting re-entry into the consortium.

Additionally, because compensatory time for Sheriff Department personnel was not calculated correctly, the county is now liable for approximately $10,787 which is not included in the county's budgeted disbursements noted above. (See MAR finding number 4) Further, some increases in county disbursements appear unavoidable. For example, budget estimates anticipate spending less money on fuel; however, because of rising fuel costs the county now expects actual fuel disbursements to significantly exceed budget estimates.

Because of increasing costs and stagnant revenues, the county's Special Road and Bridge Fund has also experienced a declining cash balance. The Special Road and Bridge Fund cash balance at December 31, 2004 was $158,408 and according to the 2006 budget is expected to decrease to only $5,472 by December 31, 2006. While the County Commission has reduced planned disbursements for road materials and capital assets, the costs of road and bridge employee salaries and fringe benefits have increased causing disbursements to remain higher than receipts.

The County Commission is aware of the financial condition of the County and has had meetings with the various county officials informing them of the status of the General Revenue Fund receipts, disbursements and cash balance. Additionally, the county does not expect the financial position of the county to improve significantly, and has approved placing two one-half cent sales taxes, one law enforcement sales tax and one capital improvement sales tax, on the ballot to increase county revenues. The County Commission should continue to review discretionary disbursements to ensure available county resources are used efficiently and effectively, and review ways to maximize receipts from all sources.

WE RECOMMEND the County Commission closely monitor the county's financial condition and consider various alternatives of increasing receipts and/or reducing disbursements.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We have been monitoring expenses for the last two years and will continue to do this. We are looking to increase revenues by placing two one-half cent sales tax issues on the ballot in November 2006.

2. IV-D Child Support Enforcement

The Douglas County Prosecuting Attorney has appointed the Wright County Prosecuting Attorney as the Douglas County Assistant Prosecuting Attorney. The Assistant Prosecuting Attorney only performs work related to child support enforcement (CSE) activities which has allowed the county to be reimbursed for all his salary from the U. S. Department of Health and Human Services through the Missouri Department of Social Services Title IV-D

Program. The Assistant Prosecuting Attorney received an annual salary of $20,440 for this position during 2005 and 2004.

According to the time sheets prepared by the Assistant Prosecutor, he worked only seven hours during July 2005, receiving compensation that computed to a rate of $243 per hour for the month. Additionally, all time sheets submitted for 2005 reflect an average of only twelve hours per month which computes to approximately $140 per hour for this activity. Considering the hourly rate paid for these services, soliciting proposals from local attorneys may produce a lower hourly rate. Further, although the county breaks even under the current arrangement, if the County Prosecuting Attorney prosecuted child support enforcement cases the county would be entitled to receive reimbursement for a portion of his salary resulting in more net revenues for the county.

County officials should take steps to ensure that public funds from all sources (local, state, or federal) are spent reasonably and efficiently.

WE RECOMMEND the County Commission and the Prosecuting Attorney evaluate the reasonableness of the compensation of the Assistant Prosecutor, and contact the Department of Social Services, Child Support Enforcement concerning this matter.

AUDITEE'S RESPONSE

The County Commission provided the following response:

We will discuss this with the Prosecuting Attorney to determine a solution for 2007.

The Prosecuting Attorney provided the following response:

I maintain that this contract is reasonable. In addition, the Assistant Prosecutor prosecutes cases for me when there is a conflict of interest or I am on vacation at no cost to the county. The Assistant Prosecutor does a great job on prosecuting child support cases.

3. 44th Judicial Drug Court

The 44th Judicial Circuit Drug Court, consisting of Wright, Douglas, and Ozark counties, has not adequately evaluated the costs associated with the drug court program. The 44th Judicial Circuit Drug Court is a court-supervised treatment program for nonviolent, drug/DWI offenders who exhibit signs of chemical substance abuse, and have a minimal history of prior criminal convictions. Prosecuting Attorneys for each of the three counties refer drug offenders meeting various qualifications to the drug court program in place of serving time in jail. Participation is voluntary and takes 12 to 24 months to complete.

In 2003 the 44th Judicial Circuit Drug Court was awarded a $480,134 grant from the U.S. Department of Justice. The grant funds were provided over four years with a 25% match required of local funds. The matching funds consisted of a $5,000 annual contribution from

each of the three counties in the circuit, as well as state funded treatment of participants and state paid salaries of the Circuit and Associate Circuit Judges. Additionally, each drug court participant paid a fee of $100 to aid in funding drug court related expenses.

According to the final financial status report filed with the U.S. Department of Justice, the total cost associated with the drug court program between April 1, 2002 and March 31, 2006 was $938,962 (or approximately $234,000 annually). Of the $234,000 annual program cost, approximately $120,000 represents disbursements made through the county budget process with the balance representing the value of services funded by the state. Although the number of participants in the drug court program has increased from only 12 in 2002 to 90 in 2005, the court now anticipates spending only approximately $56,000 during 2006 for this program since the federal grant program has concluded. Our review of the drug court identified instances where grant funds were spent for some expenses that were no longer incurred after grant funds were exhausted. Examples include the following:

- Each of the Prosecuting Attorneys in Wright, Douglas, and Ozark counties contracted with the 44th Judicial Drug Court to prosecute drug court cases for each other. According to the written contracts each received compensation of $750 per month plus mileage for each month services were provided. A total of $58,500 in compensation was paid during the grant period. After federal grant funds were exhausted, each of the three county Prosecuting Attorneys then began prosecuting drug court cases within their own counties for no additional compensation. Additionally, documentation provided to the court by the three county prosecuting attorneys did not indicate the numbers of hours worked to determine if the monthly rate paid was reasonable.

- A local attorney was also compensated $750 per month to provide legal advice to drug court participants. Approximately $11,575 was paid during the two years ended December 31, 2005 for these services. According to drug court personnel, this attorney initially provided these services free of charge during 2003, and after grant funds were exhausted again began providing these services for free. Additionally, the drug court did not have a written contract with this attorney, and invoices were not adequately itemized to determine the service provided or the number of hours worked.

- The drug court contracted with several individuals to track drug court participants and conduct drug screenings, but has eliminated these positions since grant funds have been exhausted. These trackers received approximately $41,938 during 2003, 2004, and 2005. With the elimination of the tracker position, the drug court began requiring participants to call into the local law enforcement offices daily and participate in random drug screenings. The drug court has not maintained documentation to track the costs associated with local law enforcement providing this service versus hiring drug court trackers to determine which method is more efficient.

- During 2005 and 2004 the drug court paid salaries totaling approximately $68,375 and $87,438, respectively to two full time case managers, and a full time Drug Court Coordinator. In June, 2005 the Drug Court Coordinator was terminated and her duties were absorbed by the case managers. While the number of drug court participants has

not decreased since 2004, budget documents for 2006 reflect that the court expects to incur salaries of only $41,500 for two part-time case managers since grant funds have been exhausted.

- The fee charged to participants increased from $100 to $500 in 2005, then again to $600 in 2006. Since federal grant funds have been exhausted, the court is looking for additional funding sources; however, documentation was not maintained to justify how the participant fee increases were determined. Additionally, while the drug court contracted with an individual to evaluate the performance of the drug court program, the evaluation report did not include an evaluation of the cost associated with the program or a breakdown of the cost per client.

Because drug court officials do not adequately analyze the various costs associated with operating this program, they can not ensure all federal, state and local funds provided to the drug court are utilized effectively and efficiently. The court should evaluate prior and current costs, and only those costs which are necessary to effectively operate the program should be incurred by the drug court. Additionally, adequate documentation should be maintained for all disbursements, and written contracts should be utilized for all legal services.

WE RECOMMEND the Drug Court evaluate the cost of the drug court program which would include the cost associated with each participant as well as the fees charged to participants. In addition, documentation should be maintained for all disbursements, and written contracts should be utilized for legal services.

AUDITEE'S RESPONSE

The Circuit Judge provided the following response:

This was done on a trial basis and was a learning process as the Drug Court was developing. Things maybe could have been handled differently; however, we feel the court has been a success and helped lots of individuals of the three counties. In the future, better documentation will be obtained for expenditures and we will ensure that contracts are obtained for all contracted individuals.

4. Personnel Policies and Procedures and Official's Bond

Compensatory balances for the Sheriff Department employees were incorrectly calculated creating a significant potential liability to the county. In addition, the wording of the county's blanket bond did not clearly address whether some officials were covered under the bond.

A. Compensatory balances for the Sheriff Department employees were not calculated in accordance with the Fair Labor Standard Act (FLSA), resulting in a potentially significant liability to the county. Compensatory time credited to sheriff deputies

and dispatchers for overtime worked was calculated at their regular pay rate rather than at a rate of time and one-half. Additionally, compensatory time for dispatchers was computed after 171 work hours in a 28-day period rather than after a 40-hour work week. The County Clerk contacted the Department of Labor regarding the error, and according to her calculations, the county owes approximately $10,787 in compensatory time to past employees.

The Sheriff and the County Commission should review its current policy and procedures to ensure compliance with the FLSA. Further, the personnel policy should be amended, if necessary.

B. The county does not appear to have adequate bond coverage for several elected officials. The county secured a $50,000 blanket bond for all county employees and believed it covered some of the elected officials; however, the wording of the bond is not clear on officials who are required by law to furnish an individual bond to qualify for office. The elected officials who may not be in compliance with statutory bonding provisions are as follows:

Elected Official	Statutory Minimum
County Clerk	$ 5,000
Assessor	1,000
Sheriff	5,000
Coroner	1,000
Recorder of Deeds	1,000
Surveyor	1,000

Sections 51.070, 53.040, 57.020, 58.050, 59.100, and 60.030 RSMo, require these county officials to obtain minimum amounts of bond coverage as shown above. In addition, as a means of safeguarding assets and reducing the county's risk in the event of any misappropriation of funds, these officials should be adequately bonded.

WE RECOMMEND the County Commission:

A. And the Sheriff review the county's current personnel policies to ensure compliance with the FLSA, and work with the Department of Labor to correct the miscalculated compensatory time balances for the Sheriff Department employees.

B. Review the bond coverage of all elected officials to ensure compliance with state statute.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A. Amounts have been paid to former employees and compensatory time was adjusted for current employees. We are working towards amending the county personnel policy.

B. We have now obtained adequate bond coverage for all officials.

The Sheriff provided the following response:

A. The Sheriff will work with the County Commission to review and update the county personnel policy.

5.	**County Expenditures**

Improvements are needed in the controls and procedures over county disbursements and the use of county credit cards.

A. The County Commission does not always document their review or approval of expenditures. Seventeen of the forty items we reviewed (43%) did not indicate approval by the County Commission. During 2005 the County Commission improved procedures for documenting their review and approval of all invoices.

To ensure expenditures are proper, all invoices and supporting documentation should be properly approved and evidence of approval should be documented.

B. The county has twenty-seven credit cards for five different vendors that are used by the county officials and employees for the purchase of supplies and travel expenses. Twenty-three of these credit cards are for one vendor and are assigned to individual county officials or employees. The county expended approximately $12,000 with this vendor for the two years ended December 31, 2005. The county has not adopted formal policies and procedures for the use of these credit cards.

A policy which defines levels of purchase authorization, sets limits on what may be purchased and dollar amounts, and approval requirements for various purchases decreases the possibility of unauthorized purchases occurring. In addition, the County Commission should carefully evaluate the need for each credit card.

C. The county did not retain adequate documentation to support approximately $73,530 paid to a local retailer for costs related to public improvements. The county entered into a written development agreement with a local retailer to pay for a portion of the public improvement costs incurred by the retailer during the construction of a new facility in the City of Ava. The contract specified that the retailer would submit detailed documentation of these costs which included the vendor invoices to the

county. However, the county paid the retailer approximately $73,530 based upon a summary prepared by the retailer without obtaining supporting documentation of the actual costs incurred.

To ensure the validity and propriety of expenditures, adequate supporting documentation should be obtained for all payments to vendors and contracts should be sufficiently detailed to allow the County Commission a basis for adequately monitoring the services received and determining whether the amount paid was reasonable.

WE RECOMMEND the County Commission:

A. Adequately document the review and approval of all county disbursements.

B. Evaluate the need for each credit card and cancel any cards which are determined unnecessary. Adopt formal policies and procedures for using county credit cards including, but not limited to, allowable purchases, maximum dollar limit of purchases, permitted users, required supporting documentation, and approval procedures.

C. Require adequate supporting documentation prior to approving expenditures for payment.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A. We are now documenting our approval of expenditures.

B. We agree and will develop formal policies and procedures regarding credit cards.

C. In the future, we will ensure proper documentation is obtained for expenditures.

6. Property Tax System Controls and Procedures

Controls over the county's property tax system need improved, and penalties and interest on some delinquent taxes are waived.

A. Employees of the County Assessor, County Collector, and County Clerks' offices do not utilize confidential passwords to limit access to the various property tax system files used by each of these offices. A unique password should be assigned to each user of a system, and these passwords should be kept confidential and changed periodically to help limit the effect of unauthorized access to computer files.

B. The County Collector occasionally waives interest and penalties on delinquent personal property taxes. The County Collector indicated she waives interest and

penalties on personal property taxes when the County Assessor waives late assessment charges; however, documentation was not always maintained indicating the reason why a waiver was granted and approval was not obtained by the County Commission. For example, of the $23,467 in delinquent personal property taxes collected for the month of December 2005, $2,627 (12%) did not have interest and penalties charged as appropriate.

Section 139.100, RSMo, requires the County Collector to collect penalties on delinquent taxes. The only provision that allows a County Collector to waive penalties appears to be when current taxes are received after January 1, but are postmarked by December 31, or when a taxpayer is delinquent due to being engaged in the military. Furthermore, Section 139.100.3, RSMo, states the collector is liable for failure to collect delinquent penalties.

WE RECOMMEND the County Commission, County Assessor, County Clerk, and County Collector:

A. Consult with its programmer and establish procedures to restrict access to computer files, including the use of unique passwords, to authorized individuals.

B. Ensure interest and penalties on delinquent taxes are not waived without written court orders with approval by the County Commission.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A. We will discuss this with the applicable county officials, and our computer programmer to determine if software changes to allow for passwords are feasible considering the county's financial condition.

B. Penalties and interest will now only be waived by the County Commission through court order. A new form has been ordered to allow the County Commission to document their approval of the waiving of penalties and interest.

The County Assessor and County Collector provided the following responses:

A. We will discuss this issue with the programmer to come to some type of solution.

B. We will add a line to the court orders for the County Commission to authorize the waiving of penalties and interest.

7. Budgets, Planning, and Published Financial Statements

Actual expenditures exceeded the original budgeted amounts in various county funds, and as a result of inadequate monitoring procedures, the County Commission amended various county budgets after expenditures had already exceeded the original budget. In addition, an annual maintenance plan for county roads and bridges has not been prepared. Further, expenditure detail by vendor for the Health Center Fund and Support the Handicapped Fund was not presented in the county's annual published financial statements.

A. On December 8, 2005, and November 23, 2004, the County Commission amended various county budgets to reflect increased expenditures made during the year. However, prior to the amendment of these budgets, expenditures had already exceeded the original budget. For example, actual expenditures exceeded budgeted amounts in 2005 for the Prosecuting Attorney Bad Check Fund ($605), and the Sheriff Civil Fee Fund ($6,448); and in 2004 for the Local Emergency Planning Commission Fund ($2,316), the Emergency Management Fund ($557), and the Collector's Tax Maintenance Fund ($3,777). While budget to actual comparison reports are prepared periodically, the county's procedures have not resulted in effective monitoring of the various budgets. Amendments made after expenditures have exceeded the budgets do not allow for the budgets to be used as an effective management tool. Amended budget amounts are reflected in the financial statements at Exhibit B of this report.

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo, provides that counties may amend the annual budget during any year in which the county receives additional funds, which could not be estimated when the budget was adopted. Further, to ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

B. An annual maintenance plan for county roads and bridges has not been prepared. A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the road and bridges to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the county commission. In addition, a public hearing should be held to obtain input from the county residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of county roads and bridges throughout the year.

C. The county's annual published financial statements did not include expenditure detailed by vendor for the Health Center Fund and the Support the Handicapped Board Fund. 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.

WE RECOMMEND the County Commission:

A. Ensure expenditures are kept within the amounts budgeted. In addition, implement procedures to ensure budgets are properly amended if necessary, budget amendments are properly made prior to incurring the actual expenditures, and valid reasons which necessitate excess disbursements are provided.

B. Establish a formal annual maintenance plan for county roads and bridges.

C. The Health Center Board, and the Support the Handicapped Board ensure all required information is presented in the county's annual published financial statements.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A. In the future, we will better monitor the budgets, and amend the budgets prior to exceeding budgeted expenditures.

B. We are working towards obtaining a GIS program and computers to track the annual projected maintenance on county roads.

C. We will communicate with the Health Center Board and the Support the Handicapped Board to obtain detailed actual expenditures for the 2006 financial statements published in 2007.

The Health Center Board provided the following response:

C. We were not aware that we were not in compliance and we will work with our County Clerk to determine what information we need to provide for publication.

The Support the Handicapped Board provided the following response:

C. We will provide the appropriate detail of expenditures to the County Clerk for the County's published financial statements.

8. Capital Asset Records and Fuel Controls

Improvement is needed in the county's records and procedures related to capital assets and fuel usage.

A. The county's records and procedures relating to general capital assets are not adequate. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Currently, each county official is responsible for preparing and submitting an inventory listing of fixed assets to the County Clerk annually, and the County Clerk is responsible for maintaining an inventory listing all other assets owned by the county. However, the property records maintained do not always include some necessary information, such as acquisition dates, costs, serial numbers, tag numbers, and date and method of disposal, and some property items do not have property control tags and are not listed in the asset records. For example, fourteen voting machines costing approximately $73,500 were not listed on the county's fixed asset listing and Sheriff Department ATVs did not include adequate information such date of purchase, purchase price, and the VIN.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, RSMo, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of $1,000 or more. The inventory shall list such property by descriptive name, serial number, model, age, and estimated market value, and after the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all fixed asset items and recorded on the inventory listings to help improve accountability and to ensure that assets are properly identified as belonging to the county.

B. The county maintains a gasoline and a diesel fuel tank at two of the county road and bridge barns for use in vehicles and equipment of the road and bridge department and sheriff's department. Fuel usage logs tracking the amount of fuel pumped in each vehicle are not maintained to account for all the fuel used. During the years ending December 31, 2005 and 2004 the county spent approximately $100,000 and $70,000, respectively, for fuel.

To ensure the reasonableness of fuel expenditures, the county should maintain fuel usage logs which include the date fuel pumped, gallons pumped, the vehicle/equipment, odometer readings, and computation of miles per gallon. In addition, a periodic reconciliation of gallons pumped and gallons on hand to actual fuel purchases, should be performed to ensure all usage is recorded and appears reasonable. Failure to account for fuel purchases could result in the loss, theft or misuse.

Similar conditions were noted in our prior report.

WE RECOMMEND the County Commission:

A. Ensure inventory records maintained list property by acquisition dates, costs, serial numbers, tag numbers, and date and method of disposal. In addition, all applicable county property should be listed on the county's general fixed asset records.

B. Maintain fuel logs for all road and bridge and sheriff's department vehicles and equipment, and perform periodic comparisons of fuel used to fuel purchased.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

A. We will work towards making sure that all fixed asset items are properly tagged and listed when they are purchased.

B. We are going to establish procedures to track fuel.

9. Public Administrator

Annual settlements were not always prepared and filed with the Court, and asset balances reported on one annual settlement were not accurate. The Public Administrator is the court appointed personal representative for wards of the Circuit Court-Probate Division, and handled 45 estates worth approximately $295,000 during the two years ended December 31, 2005. She is responsible for properly receiving, disbursing, and accounting for the assets of those individuals.

- Annual settlements have not been filed, bank reconciliations have not been performed, and accounting records for receipts and disbursements have not been maintained for over five years for one of the Public Administrator's wards. In December 2000, the Public Administrator was appointed by the Circuit Judge to be conservator over the funds of a minor child as part of a divorce settlement. While the Public Administrator has not maintained accounting records, performed bank

reconciliations, or filed annual settlements with the Circuit Court; she has disbursed approximately $4,000 from the ward's bank account, including approximately $560 for Public Administrator fees. According to court documents, this ward is to receive a monthly support amount of approximately $644; however, payments were not deposited for February and December 2005, and the Public Administrator had not identified that these two payments had been missed or taken any follow-up action. As of December 31, 2005, this ward had a bank balance of approximately $35,384.

- Annual settlements filed by the Public Administrator for another ward contained errors. For example, a final settlement filed with the Probate Court on February 14, 2006 for a deceased ward indicated all funds had been disbursed leaving a zero ending estate balance; however, the settlement did not include a $241 receipt deposited on January 12, 2006. On April 9, 2006 this bank account was still active with a reconciled balance, including accumulated interest, of approximately $246. Additionally, a vehicle that had been disposed of in 1994 was listed on the beginning asset inventory of the final settlement. The Probate Court had not reviewed the final settlement as of April 2006 when we brought the errors to their attention.

To ensure all assets of wards are properly accounted for, adequate accounting records should be maintained to track each ward's financial activity and these records should be reconciled to bank statements. Additionally, Section 473.540 and 473.543, RSMo, state that every personal representative shall file with the court a complete and accurate annual statement of accounts for settlement. Annual settlements that include complete and accurate reports of transactions and assets are necessary for the court to properly oversee the administration of these cases and lessen the possibility that errors or misuse of funds could go undetected. In addition, all receipt and disbursement transactions should be listed on the annual settlement and any support not received as required by the court should be followed up on in a timely manner.

WE RECOMMEND the Associate Circuit Court ensure the Public Administrator prepare and file annual settlements for all cases, maintain accounting records for all wards to track financial activity, and reconcile accounting records to bank statements monthly. In addition, follow-up on the two monthly payments that were not received.

AUDITEE'S RESPONSE

The Public Administrator provided the following responses:

An annual settlement has been filed with the Circuit Court. I have also made contact with the father to try to catch up on the missed payments. Accounting records are also now being maintained for this minor ward.

The final settlement was corrected and the remaining monies were paid out. I plan to review and update all inventories turned over to me in 2001 when I took office to ensure they are accurate.

The Circuit Judge provided the following response:

The Circuit Judge has now requested and received an annual settlement for this minor ward.

The Associate Circuit Judge provided the following response:

I understand there were two issues with this case. Initially, there was an unaccounted-for deposit of approximately two hundred and forty six dollars ($246). I have discussed this matter with the Public Administrator, and the money has been divided and distributed to the heirs, pursuant to Missouri law. This amount has been annotated on the Amended Final Settlement in the case.

The second issue in the case concerned the whereabouts of a 1972 Plymouth car. This matter has been discussed with the prior public administrator, Evelyn Cantwell, as well as the present public administrator, Linda Coonts. Mrs. Cantwell states that during her tenure, she knew that the car was on the ward's property.

I have ordered the Public Administrator to conduct a title search with the Missouri Department of Revenue to determine whether there now exists a record of the title for the car. Also, Ms. Coonts has stated that she is going to physically visit the property to look for the car.

10. Prosecuting Attorney Controls and Procedures

An adequate system to account for all bad check complaints received by the Prosecuting Attorney's office, as well as the subsequent disposition of these complaints has not been established. The Prosecuting Attorney's office collects court ordered restitution, bad check restitution, and bad check collection fees. Payments are to be made by two separate money orders or cashier's checks; one payable to the vendor for the amount of the bad check and one payable to the Prosecuting Attorney's office for bad check fees. According to the Prosecuting Attorney's records, receipts from bad check fees and restitution (made payable to the Prosecuting Attorney) totaled approximately $87,480 and $79,504 for the years ended December 31, 2005 and 2004, respectively.

Manual complaint forms are not completed for all bad checks, and the complaint forms used are not assigned a sequential control number. While the Prosecuting Attorney's office has a computerized bad check system capable of tracking the receipt and disposition of each bad check complaint, the system is not fully utilized. According to office personnel, bad checks are entered into the computer system only to generate a 10-day letter to be sent to the bad check writer. Further, this computerized information was not periodically backed-up and all the information maintained on the system was lost when the computer system crashed in March 2004.

Our review noted some checks where the statute of limitations had expired and the checks were no longer eligible for prosecution. While the clerk indicated these checks were received after the statute of limitations had expired, they were not logged into the computer or manually tracked through complaint forms to document the date the checks were received by the Prosecuting Attorney's office.

To ensure all bad check complaints turned over to the Prosecuting Attorney are properly handled, a sequentially numbered complaint form should be prepared for each bad check complaint received, and the information entered into the computer system properly tracking the disposition of each bad check. Additionally, because computerized records are at risk of loss due to equipment failure or other electronic disaster, a backup disk should be periodically prepared to provide a means of recreating destroyed master disks. Backup disks should be stored off-site to provide increased assurance that any lost data can be recreated.

WE RECOMMEND the Prosecuting Attorney adequately account for the receipt and ultimate disposition of all bad check complaints through sequentially numbered complaint forms and the bad check computer system. In addition, periodically prepare a backup disk of the bad check system and store it at an off-site location.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following response:

The Prosecuting Attorney will obtain more training for the bad check clerk and also possibly obtain a new bad check computer system. We will also start running daily back-ups and store them at an off-site location.

11. County Collector's Controls and Procedures

The method of payment is not indicated on the tax receipts and the composition of receipts is not reconciled to the bank deposits. In addition, the Collector's annual settlements contained some errors. The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. The County Collector collected property taxes totaling approximately $4 million annually.

A. The method of tax payment (cash, check, or money order) is not always correctly indicated on the tax receipts, and the composition of receipts is not reconciled to bank deposits. The method of payment is routinely indicated as check although cash is occasionally received. Additionally, receipts are generally deposited two or three times per week, rather than daily. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the method of payment should be accurately indicated on tax receipts and reconciled to bank deposits, and receipts should be deposited daily or when accumulated receipts exceed $100.

B. The County Collector's annual settlements contained errors in amounts reported for total collections and distributions for the years ended February 28, 2006 and 2005. For the year ended February 28, 2006, the Collector included late assessment penalties twice overstating total collections and total distributions by approximately $9,564. Additionally, for the year ended February 28, 2005, the Collector did not report the CERF (County Employees Retirement Fund) portion of merchant licenses

understating total collections and total distributions by approximately $3,760. These undetected reporting errors occurred because amounts reported on the annual settlement were not adequately reviewed and compared to monthly settlements. By incorrectly reporting collections and distributions, the County Collector has not provided the County Commission with an accurate and complete settlement. After we brought this matter to the Collector's attention an amended settlement was prepared for the year ended February 28, 2006.

WE RECOMMEND the County Collector:

A. Correctly indicate the method of payment on the tax receipts, and reconcile the composition of receipts to the composition of bank deposits. In addition, deposit receipts daily or when accumulated receipts exceed $100.

B. File complete and accurate annual settlements.

AUDITEE'S RESPONSE

The County Collector provided the following responses:

A. I agree and have already implemented this recommendation.

B. I corrected the 2006 annual settlement and I will ensure to double check the annual settlements for accuracy in the future. I will also correct the 2005 annual settlement.

12. Sheriff Accounting Controls and Procedures

In December 2002, the Sheriff became aware of a $500 bond that was never deposited into the Sheriff's general account. This situation prompted the Sheriff to contact our office, and we subsequently reviewed the Sheriff's general and civil bank accounts for the period January 2002 through May 2003 identifying a shortage of $2,847 and $40 for each account, respectively. The Sheriff turned over documentation to the Prosecuting Attorney, charges were filed on June 22, 2004, on a former Sheriff Department employee, and the case is still pending in Circuit Court.

As a result of this review we issued a letter to the Sheriff on this matter in January 2004 making numerous recommendations to improve controls and procedures over monies collected. While significant improvements have been made by the Sheriff's Department, controls and procedures could be improved by depositing receipts daily or when total receipts exceed $100, and by restrictively endorsing all checks immediately upon receipt.

WE RECOMMEND the Sheriff ensure receipts are deposited daily or when total receipts exceed $100, and restrictively endorse all checks immediately upon receipt. In addition, the Sheriff along with the Prosecuting Attorney should continue to attempt to recoup the misappropriated monies.

AUDITEE'S RESPONSE

The Sheriff provided the following response:

We will ensure that monies are deposited timely and will restrictively endorse checks upon receipt. We will also work with the Prosecuting Attorney to ensure this matter is followed-up on and restitution is received by the defendant.

The Prosecuting Attorney provided the following response:

The defendant pled guilty on August 8, 2006 and was placed on probation and ordered to pay restitution.

13.	**Support the Handicapped Board**

A telephone vote was taken of board members without a quorum physically present, and the board did not always obtain adequate supporting documentation for expenditures. The Support the Handicapped Board receives approximately $85,000 in property tax revenues annually.

A. According to minutes of the Support the Handicapped Board, an emergency funding request of $15,000 for the local sheltered workshop was approved by a telephone poll of board members on June 24, 2005. Section 610.015, RSMo, requires that a quorum of the members be physically present at the meeting location before any other members are allowed to participate by telephone.

B. The Board processed some payments to the local sheltered workshop without obtaining adequate supporting documentation. For example, several payments that were processed did not have original invoices or receipts including one payment for operating expenses for the sheltered workshop totaling approximately $9,500. To ensure the validity and propriety of the disbursements, adequate documentation should be required and obtained.

C. The Support the Handicapped Board has not updated their contract with the local Sheltered Workshop (a Not-For-Profit organization) since 1996. Payments totaling approximately $96,200 and $113,400 in 2005 and 2004, respectively were provided to the Sheltered Workshop. The contract, signed in January 1996, allows for funding up to $40,000 annually unless an emergency situation occurs which would necessitate additional funding. Since payments made to the Sheltered Workshop have increased substantially above the original contracted amount, the Board should consider updating their current contract.

Current up-to-date written contracts are necessary to ensure all parties are aware of their duties, rights, and responsibilities and to provide protection to all parties. In

addition, without a current up-to-date contract or proper written documentation the Support the Handicapped Board lacks adequate assurance that funds are being spent on their specific purpose of providing services to residents of Douglas County.

WE RECOMMEND the Support the Handicapped Board:

A. Ensure full compliance with all provisions of Chapter 610 of the state statutes regarding public votes and meetings.

B. Ensure all payments are adequately documented in the minutes and supported by an invoice or supporting documenting.

C. Update the contract with the local Sheltered Workshop, and ensure payments provided for services above the contract amount are adequately documented.

AUDITEE'S RESPONSE

The Support the Handicapped Board provided the following responses:

A. We will hold public meetings with a quorum as required by law and avoid holding meetings by means of a telephone poll.

B. We are now requiring adequate supporting documentation on all requests for funding.

C. We will update the contract in conjunction with the 2007 budget approval to account for increased funding requests and detail requirements for the funding.

Follow-Up on Prior Audit Findings

DOUGLAS 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 Douglas County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Officials' Compensation and Bonding

   A. In 1999 the Associate Commissioner's salaries were each increased approximately $2,696 yearly, however based on a Supreme Court ruling, the mid-term salary increases were deemed unconstitutional.

   B. Not all county employees that handled money were bonded.

   Recommendations:

   The County Commission:

   A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

   B. Obtain bond coverage for all county employees with access to monies.

   Status:

   A. Not implemented. The county commission discussed repayment of the salary increases at a commission meeting on October 31, 2003 and decided not to seek repayment. Although not repeated in the current MAR, our recommendation remains as stated above.

   B. Partially implemented. The county secured a $50,000 blanket bond for all county employees and believed it also covered some of the elected officials; however, the wording of the bond is not clear on officials who are required by law to furnish an individual bond to qualify for office. See MAR finding number 4.

2. County Commission Minutes

   The County Commission did not maintain adequate minutes of its meetings. Unofficial minutes were not made official in a timely manner, and minutes always indicated that all commissioners were present even when not all were present.
   Recommendation:

The County Commission:

Ensure a formal and complete record of commission meetings is made and approved on a timely basis. In addition, minutes should accurately reflect when members of the commission are present.

Status:

Implemented.

3. General Fixed Assets

A. Fixed asset listings were inadequate and were not reconciled to equipment expenditures. In addition, quarterly inspections of all county land and buildings were not performed.

B. The county did not maintain insurance coverage for all road equipment. The Commission would release insurance coverage on equipment once the lease purchase on the equipment was paid in full.

C. Fuel usage logs were not maintained for the county road and bridge barns.

Recommendations:

The County Commission:

A. Establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition, quarterly inspections of all county land and buildings should be performed.

B. Review insurance coverage on all county property to ensure the county is not subjected to an unnecessary risk of loss.

C. Maintain fuel logs for all road and bridge vehicles and equipment, and perform periodic comparisons of fuel used to fuel purchased.

Status:

A&C. Not implemented. See MAR finding number 8.
B. Implemented.

4. Collector

Approximately $141,232 in property tax commissions and the one-percent assessment withholdings were over withheld from school taxes and disbursed to the County's General Revenue and Assessment Funds. This occurred because of a computer program error in October and November 2001. The monies were refunded to the School fund in February 2002. A similar error totaling $31,605 occurred in 1998.

Recommendation:

The County Collector:

Review formulas entered into the computer prior to the first distribution of the tax year to ensure distributions will be properly calculated. In addition, monthly distribution amounts calculated by the computer should be reviewed for reasonableness.

Status:

Implemented.

5. Circuit Clerk:

Errors were identified on the open items listing prepared by the Circuit Clerk.

Recommendation:

The Circuit Clerk:

Conduct a case by case review to ensure the accuracy of the cash balance of the case fee sheets, and attempt to identify the unidentified balance. Any monies remaining unidentified should be disposed of in accordance with unclaimed property statutes.

Status:

Implemented.

6. Sheriff's Controls and Procedures

A.1. Checks and money orders were not restrictively endorsed until deposits were prepared.

2. Receipts were not deposited daily or when accumulated receipts exceeded $100. Gun permit monies were not deposited with other monies.

B. The Sheriff stored several old guns that had tags identifying the original owner, but the items were not on the seized property listing. The owners could not be found nor could the seized property be identified to a specific case.

Recommendations:

The Sheriff:

A.1. Restrictively endorse all checks and money orders immediately upon receipt.

2. Deposit gun permit monies with other receipts daily or when accumulated receipts exceed $100.

B. Make timely and appropriate dispositions of seized property.

Status:

A.1.
&2. Not implemented. See MAR finding number 12.

B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DOUGLAS COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1857, the county of Douglas was named after Stephen A. Douglas, a former U.S. Senator from Illinois and later presidential candidate. Douglas County is a county-organized, third-class county and is part of the Forty-Fourth Judicial Circuit. The county seat is Ava.

Douglas 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 693 miles of county roads and 25 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 11,594 in 1980 and 13,084 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2005	2004	2003	2002	1985*	1980**
	(in millions)					
Real estate	$ 66.8	61.1	59.6	57.4	32.5	15.3
Personal property	35.2	33.6	31.8	31.5	9.7	5.4
Railroad and utilities	6.4	6.6	7.2	7.0	4.4	4.3
Total	$ 108.4	101.3	98.6	95.9	46.6	25.0

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

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

	Year Ended December 31,			
	2005	2004	2003	2002
General Revenue Fund	$ .0900	.0900	.1250	.1020
Special Road and Bridge Fund	.2139	.2139	.2120	.2120
Health Center Fund	.2000	.2000	.2000	.2000
Senate Bill 40 Board Fund	.0815	.0815	.0808	.0808

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

		Year Ended February 28 (29),			
		2006	2005	2004	2003
State of Missouri	$	33,577	31,034	30,709	29,446
General Revenue Fund		105,123	99,097	128,795	104,416
Special Road and Bridge Fund		240,362	222,121	218,805	210,443
Assessment Fund		50,804	45,477	36,430	34,517
Health Center Fund		218,304	201,770	199,950	191,553
Senate Bill 40 Board Fund		90,628	83,741	82,451	79,083
School districts		3,140,849	2,823,424	2,782,188	2,648,094
Library district		90,631	83,743	82,453	79,187
Ambulance district		100,651	93,450	91,471	87,912
Fire protection district		5,304	5,005	4,584	4,243
Cities		12,566	10,614	9,926	9,352
County Clerk		1,159	1,107	1,162	1,125
County Employees' Retirement		26,974	23,210	23,531	23,762
Commissions and fees:					
General Revenue Fund		76,890	75,713	72,176	59,579
Total	$	4,193,822	3,799,506	3,764,631	3,562,712

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2006	2005	2004	2003	
Real estate	92.5	91.8	92.9	91.2	%
Personal property	92.5	91.6	91.4	90.7	
Railroad and utilities	100.0	100.0	100.0	100.0	

Douglas 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	%
General		.0050	None	None	

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

Officeholder	2006	2005	2004	2003	2002
County-Paid Officials: $					
Donald Potter, Presiding Commissioner		24,572	23,184	23,184	23,184
Danny Dry, Associate Commissioner		22,572	21,384	21,384	
Jimmy Thompson, Associate Commissioner					21,384
Richard Mitchell, Associate Commissioner		22,572	21,384	21,384	
Larry Pueppke, Associate Commissioner					21,384
Karry Davis, County Clerk		34,200	32,400	32,400	32,400
Christopher Swatosh, Prosecuting Attorney		40,500	38,700	38,700	38,700
Gary Koop, Sheriff		37,800	36,000	36,000	36,000
Kathleen (Kathy) Potter, County Treasurer		25,308	23,976	23,976	23,976
Mark Pearson, County Coroner		9,900	9,000	9,000	9,000
Linda Coonts, Public Administrator		34,200	32,400	32,400	32,400
Laura Stillings, County Collector, year ended February 28 (29),	33,900	33,900	32,400		
Patty Kraft, County Collector, year ended February 28 (29),				32,400	32,400
Danny Gray, County Assessor (1), year ended August 31,		34,888	33,165	33,266	33,300
Ray Riggs, County Surveyor (2)		N/A			
Michael Johnson, County Surveyor (2)			N/A	N/A	N/A

(1) Includes $688, $765, $866, and $900 annual compensation received from the state in 2005, 2004, 2003, and 2002 respectively.
(2) Compensation on a fee basis.

State-Paid Officials:					
Judith Denney, Circuit Clerk and Ex Officio Recorder of Deeds		48,500	47,900	47,300	47,300
Robert Carter, Associate Circuit Judge		63,467			
Roger Wall, Associate Circuit Judge (3)		20,267	96,000	96,000	96,000

(3) The Associate Circuit Judge position was vacant for one month after the resignation of Judge Wall.