



NEWTON COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

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

Report No. 99-87
September 29, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 1999

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

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

This audit of Newton County was a financial and compliance audit of various county operating funds.

The audit includes some matters upon which the county should consider and take appropriate corrective action.

Copies of the audit are available upon request.

YELLOW SHEET

NEWTON COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Newton County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Newton County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

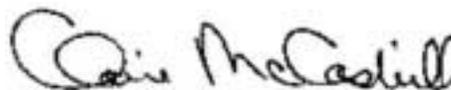
The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Newton County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Newton County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Newton 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, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

Newton County, Missouri, has not presented the disclosures required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, that the GASB has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the county is or will become year 2000-compliant, that the county's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the county does business are or will become year 2000-compliant.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 15, 1999, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.



Claire McCaskill
State Auditor

July 15, 1999 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Newton County, Missouri

We have audited the special-purpose financial statements of various funds of Newton County, Missouri, as of and for the years ended December 31, 1998 and 97, and have issued our report thereon dated July 15, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

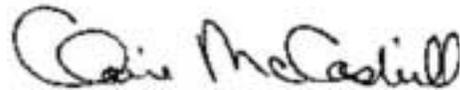
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Newton County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance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

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Newton County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material

weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

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

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

July 15, 1999 (fieldwork completion date)

Financial Statements

Exhibit A-1

NEWTON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1998

Fund	Cash,			Cash, December 31
	January 1	Receipts	Disbursements	
General Revenue	\$ 2,071,906	5,278,307	4,938,117	2,412,096
Special Road and Bridge	543,954	2,004,358	1,780,505	767,807
Assessment	57,269	337,207	375,894	18,582
Law Enforcement Training	14,139	16,128	5,271	24,996
Prosecuting Attorney Training	4,080	5,249	4,097	5,232
Prosecuting Attorney Administrative Fees	42,877	38,775	9,975	71,677
Emergency 911	82,404	641,254	706,208	17,450
Sheriff's Criminal Activity Forfeiture Account	14,055	722	2,296	12,481
Recorder's User Fees	34,303	29,349	9,550	54,102
Local Emergency Planning Council	7,590	4,066	3,338	8,318
Mental Health	71,742	313,796	305,000	80,538
County Fair	8,997	44,153	48,831	4,319
Sheriff's Civil Fees	21,029	37,710	3,788	54,951
Domestic Violence	3,630	7,527	7,237	3,920
Health Center	152,005	697,933	630,522	219,416
Law Library	7,760	19,089	7,507	19,342
Circuit Clerk Interest	9,894	10,133	10,586	9,441
Associate Circuit Division Interest	13,863	4,489	0	18,352
Prosecuting Attorney Delinquent Sales Tax	9,882	395	0	10,277
DARE	918	946	1,123	741
Emergency Shelter	0	5,000	5,000	0
Local Records Grant	0	4,111	0	4,111
Family Access	0	75	0	75
Total	\$ 3,172,297	9,500,772	8,854,845	3,818,224

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

Exhibit A-2

NEWTON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 1997

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 2,651,057	5,194,120	5,773,271	2,071,906
Special Road and Bridge	79,854	2,492,950	2,028,850	543,954
Assessment	47,450	358,433	348,614	57,269
Law Enforcement Training	7,473	10,464	3,798	14,139
Prosecuting Attorney Training	4,683	6,668	7,271	4,080
Prosecuting Attorney Administrative Fees	26,291	29,833	13,247	42,877
Emergency 911	95,341	622,198	635,135	82,404
Sheriff's Criminal Activity Forfeiture Account	14,387	1,843	2,175	14,055
Recorder's User Fees	17,001	23,922	6,620	34,303
Local Emergency Planning Council	8,362	4,920	5,692	7,590
Mental Health	31,564	268,155	227,977	71,742
County Fair	15,485	38,848	45,336	8,997
Sheriff's Civil Fees	0	21,029	0	21,029
Domestic Violence	4,330	7,601	8,301	3,630
Community Development Block Grant	0	2,000,000	2,000,000	0
Health Center	98,800	658,573	605,368	152,005
Law Library	3,817	10,473	6,530	7,760
Circuit Clerk Interest	8,242	19,775	18,123	9,894
Associate Circuit Division Interest	5,663	8,450	250	13,863
Prosecuting Attorney Delinquent Sales Tax	3,965	34,384	28,467	9,882
DARE	0	1,309	391	918
Emergency Shelter	0	5,000	5,000	0
Total	\$ 3,123,765	11,818,948	11,770,416	3,172,297

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

Exhibit B

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 20,000	21,822	1,822	17,900	20,707	2,807
Sales taxes	3,750,000	3,666,992	-83,008	3,700,000	3,624,995	-75,005
Intergovernmental	511,710	483,111	-28,599	497,097	514,828	17,731
Charges for services	722,925	704,872	-18,053	625,500	658,108	32,608
Interest	164,000	142,201	-21,799	175,000	163,669	-11,331
Other	127,400	259,309	131,909	225,925	211,813	-14,112
Total Receipts	5,296,035	5,278,307	#VALUE!	5,241,422	5,194,120	#VALUE!
DISBURSEMENTS						
County Commission	80,820	79,503	1,317	79,865	76,583	3,282
County Clerk	116,800	115,267	1,533	105,836	103,493	2,343
Elections	48,200	39,240	8,960	14,300	14,926	-626
Buildings and grounds	405,312	354,444	50,868	371,708	354,451	17,257
Employee fringe benefits	576,100	484,224	91,876	556,200	542,508	13,692
County Treasurer	22,980	22,746	234	24,302	22,861	1,441
County Collector	137,363	128,503	8,860	132,742	123,466	9,276
Ex Officio Recorder of Deeds	97,466	86,670	10,796	87,621	88,706	-1,085
Circuit Clerk	25,004	23,290	1,714	25,004	23,983	1,021
Associate Circuit Court	49,138	45,049	4,089	42,028	41,829	199
Probate Court	32,915	30,075	2,840	32,108	26,193	5,915
Court administration	58,250	40,892	17,358	55,225	42,313	12,912
Public Administrator	17,245	16,326	919	16,115	19,038	-2,923
Sheriff	1,108,329	1,109,207	-878	1,148,741	1,127,809	20,932
Jail	601,007	529,904	71,103	603,316	520,425	82,891
Prosecuting Attorney	304,722	275,554	29,168	287,084	282,841	4,243
Juvenile Officer	153,846	140,850	12,996	150,257	140,774	9,483
County Coroner	23,200	22,941	259	23,050	22,603	447
Data processing	75,792	67,807	7,985	83,248	74,385	8,863
Contingency costs	244,500	22,387	222,113	205,250	20,286	184,964
Capital improvements	500,000	265,997	234,003	500,000	541,873	-41,873
Grants	232,222	160,302	71,920	206,177	203,597	2,580
Public health and welfare services	16,500	9,912	6,588	16,500	8,292	8,208
Postage	70,000	63,024	6,976	70,000	69,265	735
Insurance premiums	120,000	108,063	11,937	110,000	102,023	7,977
Emergency management	81,418	89,870	-8,452	72,574	73,925	-1,351
Other	210,069	245,564	-35,495	102,183	104,823	-2,640
Transfers out	380,000	350,000	30,000	1,000,000	1,000,000	0
Emergency Fund	1,000,000	10,506	989,494	1,000,000	0	1,000,000
Total Disbursements	6,789,198	4,938,117	1,851,081	7,121,434	5,773,271	1,348,163
RECEIPTS OVER (UNDER) DISBURSEMENTS	-1,493,163	340,190	#VALUE!	-1,880,012	-579,151	#VALUE!
CASH, January 1	2,071,906	2,071,906	0	2,651,057	2,651,057	0
CASH, December 31	\$ 578,743	2,412,096	#VALUE!	771,045	2,071,906	#VALUE!

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

Exhibit C

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 250,000	283,635	33,635	215,000	238,269	23,269
Intergovernmental	1,177,000	1,307,767	130,767	1,076,204	1,176,952	100,748
Interest	12,000	30,331	18,331	9,500	13,268	3,768
Other	8,000	32,625	24,625	3,500	64,461	60,961
Transfers in	350,000	350,000	0	1,100,000	1,000,000	-100,000
Total Receipts	1,797,000	2,004,358	207,358	2,404,204	2,492,950	88,746
DISBURSEMENTS						
Salaries	382,000	370,318	11,682	303,441	318,543	-15,102
Employee fringe benefits	95,400	84,146	11,254	79,000	83,537	-4,537
Supplies	135,000	134,891	109	202,100	136,042	66,058
Equipment repairs	40,000	44,159	-4,159	72,000	33,241	38,759
Equipment purchases	170,000	213,446	-43,446	216,500	242,712	-26,212
Construction, repair, and maintenance	540,000	413,467	126,533	1,069,000	757,550	311,450
Distributions to special road districts	683,280	432,542	250,738	349,000	418,652	-69,652
Other	36,000	87,536	-51,536	99,300	38,573	60,727
Total Disbursements	2,081,680	1,780,505	301,175	2,390,341	2,028,850	361,491
RECEIPTS OVER (UNDER) DISBURSEMENTS	-284,680	223,853	508,533	13,863	464,100	450,237
CASH, JANUARY 1	543,954	543,954	0	79,854	79,854	0
CASH, DECEMBER 31	\$ 259,274	767,807	508,533	93,717	543,954	450,237

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

Exhibit D

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

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 364,211	323,307	-40,904	311,160	348,050	36,890
Charges for services	5,000	9,636	4,636	6,000	4,726	-1,274
Interest	4,525	3,675	-850	6,000	5,113	-887
Other	475	589	114	1,000	544	-456
Total Receipts	374,211	337,207	-37,004	324,160	358,433	34,273
DISBURSEMENTS						
Assessor	384,297	375,894	8,403	317,160	348,614	-31,454
Total Disbursements	384,297	375,894	8,403	317,160	348,614	-31,454
RECEIPTS OVER (UNDER) DISBURSEMENTS	-10,086	-38,687	-28,601	7,000	9,819	2,819
CASH, JANUARY 1	57,269	57,269	0	47,450	47,450	0
CASH, DECEMBER 31	\$ 47,183	18,582	-28,601	54,450	57,269	2,819

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

Exhibit E

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 10,000	16,128	6,128	10,000	10,464	464
Total Receipts	10,000	16,128	6,128	10,000	10,464	464
DISBURSEMENTS						
Sheriff	17,474	5,271	12,203	17,041	3,798	13,243
Total Disbursements	17,474	5,271	12,203	17,041	3,798	13,243
RECEIPTS OVER (UNDER) DISBURSEMENTS	-7,474	10,857	18,331	-7,041	6,666	13,707
CASH, JANUARY 1	14,139	14,139	0	7,473	7,473	0
CASH, DECEMBER 31	\$ 6,665	24,996	18,331	432	14,139	13,707

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

Exhibit F

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 11,350	5,249	-6,101	11,903	6,668	-5,235
Total Receipts	11,350	5,249	-6,101	11,903	6,668	-5,235
DISBURSEMENTS						
Prosecuting Attorney	15,430	4,097	11,333	16,586	7,271	9,315
Total Disbursements	15,430	4,097	11,333	16,586	7,271	9,315
RECEIPTS OVER (UNDER) DISBURSEMENTS	-4,080	1,152	5,232	-4,683	-603	4,080
CASH, JANUARY 1	4,080	4,080	0	4,683	4,683	0
CASH, DECEMBER 31	\$ 0	5,232	5,232	0	4,080	4,080

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

Exhibit G

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 PROSECUTING ATTORNEY ADMINISTRATIVE FEES FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	10,000	36,836	26,836	10,000	27,846	17,846
Interest		0	1,939	1,939	1,000	1,987	987
Total Receipts		10,000	38,775	28,775	11,000	29,833	18,833
DISBURSEMENTS							
Prosecuting Attorney		52,877	9,975	42,902	37,291	13,247	24,044
Total Disbursements		52,877	9,975	42,902	37,291	13,247	24,044
RECEIPTS OVER (UNDER) DISBURSEMENTS		-42,877	28,800	71,677	-26,291	16,586	42,877
CASH, JANUARY 1		42,877	42,877	0	26,291	26,291	0
CASH, DECEMBER 31	\$	0	71,677	71,677	0	42,877	42,877

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

Exhibit H

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 EMERGENCY 911 FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	611,015	636,157	25,142	581,530	616,846	35,316
Interest		4,700	2,338	-2,362	3,800	4,672	872
Other		100	2,759	2,659	11,075	680	-10,395
Transfers in		30,000	0	-30,000	0	0	0
Total Receipts		<u>645,815</u>	<u>641,254</u>	<u>-4,561</u>	<u>596,405</u>	<u>622,198</u>	<u>25,793</u>
DISBURSEMENTS							
Salaries		537,859	497,496	40,363	484,510	436,271	48,239
Office expenditures		16,500	7,440	9,060	13,500	18,964	-5,464
Equipment		157,400	184,015	-26,615	148,000	157,751	-9,751
Mileage and training		10,000	10,560	-560	10,000	9,399	601
Other		3,000	6,697	-3,697	14,000	12,750	1,250
Total Disbursements		<u>724,759</u>	<u>706,208</u>	<u>18,551</u>	<u>670,010</u>	<u>635,135</u>	<u>34,875</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS		<u>-78,944</u>	<u>-64,954</u>	<u>13,990</u>	<u>-73,605</u>	<u>-12,937</u>	<u>60,668</u>
CASH, JANUARY 1		<u>82,404</u>	<u>82,404</u>	<u>0</u>	<u>95,341</u>	<u>95,341</u>	<u>0</u>
CASH, DECEMBER 31	\$	<u><u>3,460</u></u>	<u><u>17,450</u></u>	<u><u>13,990</u></u>	<u><u>21,736</u></u>	<u><u>82,404</u></u>	<u><u>60,668</u></u>

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

Exhibit I

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF'S CRIMINAL ACTIVITY FORFEITURE ACCOUNT FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Interest	\$	800	502	-298	600	775	175
Other		200	220	20	400	1,068	668
Total Receipts		1,000	722	-278	1,000	1,843	843
DISBURSEMENTS							
Sheriff		3,500	2,296	1,204	3,000	2,175	825
Total Disbursements		3,500	2,296	1,204	3,000	2,175	825
RECEIPTS OVER (UNDER) DISBURSEMENTS		-2,500	-1,574	926	-2,000	-332	1,668
CASH, JANUARY 1		14,055	14,055	0	14,387	14,387	0
CASH, DECEMBER 31	\$	11,555	12,481	926	12,387	14,055	1,668

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

Exhibit J

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 RECORDER'S USER FEES FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	21,146	27,862	6,716	19,400	22,440	3,040
Interest		1,500	1,487	-13	1,000	1,482	482
Total Receipts		22,646	29,349	6,703	20,400	23,922	3,522
DISBURSEMENTS							
Recorder of Deeds		56,949	9,550	47,399	37,401	6,620	30,781
Total Disbursements		56,949	9,550	47,399	37,401	6,620	30,781
RECEIPTS OVER (UNDER) DISBURSEMENTS		-34,303	19,799	54,102	-17,001	17,302	34,303
CASH, JANUARY 1		34,303	34,303	0	17,001	17,001	0
CASH, DECEMBER 31	\$	0	54,102	54,102	0	34,303	34,303

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

Exhibit K

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LOCAL EMERGENCY PLANNING COUNCIL FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Intergovernmental	\$	5,000	3,798	-1,202	5,000	4,672	-328
Interest		250	268	18	300	248	-52
Total Receipts		5,250	4,066	-1,184	5,300	4,920	-380
DISBURSEMENTS							
Local emergency planning		4,672	3,338	1,334	0	5,692	-5,692
Total Disbursements		4,672	3,338	1,334	0	5,692	-5,692
RECEIPTS OVER (UNDER) DISBURSEMENTS		578	728	150	5,300	-772	-6,072
CASH, JANUARY 1		7,590	7,590	0	8,362	8,362	0
CASH, DECEMBER 31	\$	8,168	8,318	150	13,662	7,590	-6,072

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

Exhibit L

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 MENTAL HEALTH FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 258,600	305,247	46,647	230,978	259,434	28,456
Intergovernmental	3,200	1,324	-1,876	4,000	3,017	-983
Interest	5,000	7,225	2,225	3,000	5,704	2,704
Total Receipts	266,800	313,796	46,996	237,978	268,155	30,177
DISBURSEMENTS						
Mental health services	305,000	305,000	0	237,978	227,977	10,001
Total Disbursements	305,000	305,000	0	237,978	227,977	10,001
RECEIPTS OVER (UNDER) DISBURSEMENTS	-38,200	8,796	46,996	0	40,178	40,178
CASH, JANUARY 1	71,742	71,742	0	31,564	31,564	0
CASH, DECEMBER 31	\$ 33,542	80,538	46,996	31,564	71,742	40,178

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

Exhibit M

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

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Property taxes	\$	44,900	43,045	-1,855	33,850	36,638	2,788
Intergovernmental		0	189	189	500	406	-94
Interest		1,700	919	-781	1,500	1,804	304
Total Receipts		46,600	44,153	-2,447	35,850	38,848	2,998
DISBURSEMENTS							
County fair		51,200	48,831	2,369	44,030	45,336	-1,306
Total Disbursements		51,200	48,831	2,369	44,030	45,336	-1,306
RECEIPTS OVER (UNDER) DISBURSEMENTS		-4,600	-4,678	-78	-8,180	-6,488	1,692
CASH, JANUARY 1		8,997	8,997	0	15,485	15,485	0
CASH, DECEMBER 31	\$	4,397	4,319	-78	7,305	8,997	1,692

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

Exhibit N

NEWTON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SHERIFF'S CIVIL FEES FUND

				Year Ended December 31,		
				1998		
				Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$	60,000		37,710		-22,290
Total Receipts		60,000		37,710		-22,290
DISBURSEMENTS						
Sheriff		50,000		3,788		46,212
Total Disbursements		50,000		3,788		46,212
RECEIPTS OVER (UNDER) DISBURSEMENTS			10,000	33,922		23,922
CASH, JANUARY 1			21,029	21,029		0
CASH, DECEMBER 31	\$		31,029	54,951		23,922

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

Exhibit O

NEWTON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 DOMESTIC VIOLENCE FUND

	Year Ended December 31,		
	1997		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	\$ 8,000	7,601	-399
Total Receipts	8,000	7,601	-399
DISBURSEMENTS			
Domestic violence shelter	12,330	8,301	4,029
Total Disbursements	12,330	8,301	4,029
RECEIPTS OVER (UNDER) DISBURSEMENTS	-4,330	-700	3,630
CASH, JANUARY 1	4,330	4,330	0
CASH, DECEMBER 31	\$ 0	3,630	3,630

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

Exhibit P

NEWTON COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 COMMUNITY DEVELOPMENT BLOCK GRANT FUND

	Year Ended December 31,		
	1997		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Intergovernmental	\$ 2,000,000	2,000,000	0
Total Receipts	2,000,000	2,000,000	0
DISBURSEMENTS			
Float Loan to Hook-Up, Inc.	2,000,000	2,000,000	0
Total Disbursements	2,000,000	2,000,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	\$ 0	0	0

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

Exhibit Q

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 HEALTH CENTER FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 212,313	216,726	4,413	156,000	184,394	28,394
Intergovernmental	427,530	381,608	-45,922	372,054	412,578	40,524
Charges for services	30,000	33,823	3,823	36,400	29,115	-7,285
Interest	7,800	10,543	2,743	5,000	7,643	2,643
Other	28,230	55,233	27,003	49,700	24,843	-24,857
Total Receipts	705,873	697,933	-7,940	619,154	658,573	39,419
DISBURSEMENTS						
Salaries	477,766	467,153	10,613	429,120	410,516	18,604
Office expenditures	62,560	52,539	10,021	41,700	57,026	-15,326
Equipment	22,500	16,317	6,183	97,000	20,335	76,665
Mileage and training	17,800	12,243	5,557	15,250	14,983	267
Other	125,150	82,270	42,880	36,000	102,508	-66,508
Total Disbursements	705,776	630,522	75,254	619,070	605,368	13,702
RECEIPTS OVER (UNDER) DISBURSEMENTS	97	67,411	67,314	84	53,205	53,121
CASH, JANUARY 1	152,005	152,005	0	95,946	98,800	2,854
CASH, DECEMBER 31	\$ 152,102	219,416	67,314	96,030	152,005	55,975

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

Exhibit R

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 LAW LIBRARY FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Charges for services	\$	7,200	19,089	11,889	4,800	10,473	5,673
Interest		0	0	0	50	0	-50
Total Receipts		7,200	19,089	11,889	4,850	10,473	5,623
DISBURSEMENTS							
Law library		14,960	7,507	7,453	8,667	6,530	2,137
Total Disbursements		14,960	7,507	7,453	8,667	6,530	2,137
RECEIPTS OVER (UNDER) DISBURSEMENTS		-7,760	11,582	19,342	-3,817	3,943	7,760
CASH, JANUARY 1		7,760	7,760	0	3,817	3,817	0
CASH, DECEMBER 31	\$	0	19,342	19,342	0	7,760	7,760

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

Exhibit S

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 3,000	10,133	7,133	2,526	19,775	17,249
Total Receipts	3,000	10,133	7,133	2,526	19,775	17,249
DISBURSEMENTS						
Circuit Clerk	12,894	10,586	2,308	10,760	18,123	-7,363
Total Disbursements	12,894	10,586	2,308	10,760	18,123	-7,363
RECEIPTS OVER (UNDER) DISBURSEMENTS	-9,894	-453	9,441	-8,234	1,652	9,886
CASH, JANUARY 1	9,894	9,894	0	8,234	8,242	8
CASH, DECEMBER 31	\$ 0	9,441	9,441	0	9,894	9,894

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

Exhibit T

NEWTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 ASSOCIATE CIRCUIT DIVISION INTEREST FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 0	0	263	0	0	0
Interest	3,500	4,226	726	2,100	8,450	6,350
Total Receipts	3,500	4,489	989	2,100	8,450	6,350
DISBURSEMENTS						
Associate Circuit Division	250	0	250	5,750	250	5,500
Total Disbursements	250	0	250	5,750	250	5,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,250	4,489	1,239	-3,650	8,200	11,850
CASH, JANUARY 1	13,494	13,863	369	5,663	5,663	0
CASH, DECEMBER 31	\$ 16,744	18,352	1,608	2,013	13,863	11,850

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

Notes to the Financial Statements

NEWTON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Newton 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 Mental Health 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 generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1998, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Civil Fees Fund	1997
Domestic Violence Fund	1998
DARE Fund	1998 and 1997
Emergency Shelter Fund	1998 and 1997
Local Records Grant Fund	1998
Family Access Fund	1998

Warrants issued were in excess of budgeted amounts for the Assessment Fund, Local Emergency Planning Council Fund, County Fair Fund, and Circuit Clerk Interest

Fund in 1997. Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Community Development Block Grant Fund	1997
Health Center Fund	1998 and 1997
Law Library Fund	1998 and 1997
Circuit Clerk Interest Fund	1998 and 1997
Associate Circuit Division Interest Fund	1998 and 1997

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1998, effective August 28, 1997, requires political subdivisions with existing 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 not adopted such a policy.

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

The county's deposits at December 31, 1998 and 1997, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board of Trustees' deposits at December 31, 1998 and 1997, were entirely covered by federal depositary insurance or by collateral securities held by the health center's custodial bank in the health center's name.

3. Use Tax Liability

The local use tax under Section 144.748, RSMo 1994, was struck down in its entirety by the Missouri Supreme Court in *Associated Industries of Missouri v. Director of Revenue*, 918 S.W.2d 780 (Mo. banc 1996). In *St. Charles County v. Director of Revenue*, 961 S.W.2d 44 (Mo. banc 1998), the Missouri Supreme Court ruled that local use taxes paid prior to the repeal of Section 144.748, RSMo 1994, must be refunded to taxpayers and authorized the Department of Revenue (DOR) to withhold amounts otherwise due to political subdivisions to the extent such withholding is necessary to cover the refund expense. On March 24, 1998, the Cole County Circuit Court entered final judgment in accordance with the Supreme Court's opinion and ordered the DOR to process refund claims filed.

The county has received \$670,353 in local use tax since its inception. The DOR has estimated the county's share of the total refund liability to be \$306,862. As of December 31, 1998, \$132,569 remains to be paid.

Supplementary Schedule

Schedule

NEWTON 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,	
			1998	1997
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Social Services -				
10.6	Food Distribution	N/A	\$ 352	498
Department of Health -				
10.6	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-8173	150,187	114,871
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.2	Community Development Block Grants/State's Program	97FL001	0	2,000,000
Department of Social Services -				
14.2	Emergency Shelter Grants Program	ERO1640207	5,000	5,000
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.7	Public Safety Partnership and Community Policing ("Cops") Grants		0	35,449
16.unknown	Equitable Sharing of Seized and Forfeited Property	N/A	9,546	1,716
Passed through:				
State Department of Public Safety -				
16.5	Juvenile Justice and Delinquency Prevention - Allocation to States	ERO172085	29,678	27,874
16.6 Crime Victim Assistance				
		97VOCA0132	3,130	0
		97VOCA0052	13,479	2,965
		96VOCA0045	0	13,054
	Program total		<u>16,609</u>	<u>16,019</u>
16.6 Byrne Formula Grant Program				
		98NCD2028	21,920	0
		97NCD2042	47,728	78,215
		96NCD2063	0	40,000
	Program total		<u>69,648</u>	<u>118,215</u>
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	679	392

U. S. DEPARTMENT OF TRANSPORTATION

	Passed through state Highway and Transportation Commission -			
20.2	Off-System Bridge Replacement and Rehabilitation Program	BRO-073-13	131,563	75,902
		BRO-073-15	41,922	50,834
		BRO-073-16	15,002	0
	Program total		<u>188,487</u>	<u>126,736</u>

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GENERAL SERVICES ADMINISTRATION

	Passed through state Office of Administration -			
39.0	Donation of Federal Surplus Personal Property	N/A	140	0

FEDERAL EMERGENCY MANAGEMENT AGENCY

	Passed through state Department of Public Safety:			
83.5	Emergency Management - State and Local Assistance	N/A	19,159	20,731

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

	Passed through state:			
	Department of Health -			
93.3	Immunization Grants	PG0064-8173	10,425	14,543
	Department of Social Services -			
93.6	Child Support Enforcement	N/A	16,697	16,374
	Department of Health -			
93.6	Child Care and Development Block Grant	ERO146-8173	3,872	1,986
93.9	HIV Care Formula Grants	ERO178	16,126	18,751
93.9	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERO161-0065	8,535	21,012
94.0	Maternal and Child Health Services Block Grant to the States	ERO146-8173	54,505	54,013
	Total Expenditures of Federal Awards		<u>\$ 599,645</u>	<u>2,594,180</u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Supplementary Schedule

NEWTON 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 Newton 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 Food Distribution Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services. Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

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

<u>Federal CFDA Number</u>	<u>Program Title</u>	<u>Amount Provided</u>	
		<u>Year Ended December 31, 1998</u>	<u>1997</u>
14.228	Community Development Block Grants/State's Program	\$ -0-	2,000,000
16.579	Byrne Formula Grant Program	69,648	118,215

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 Newton County, Missouri

Compliance

We have audited the compliance of Newton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 1998 and 1997. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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.

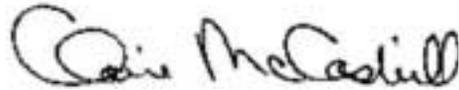
In our opinion, Newton County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 1998 and 1997.

Internal Control Over Compliance

The management of Newton 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 condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 of the management of Newton County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

July 15, 1999 (fieldwork completion date)

Schedule

NEWTON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 1998 AND 1997

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 material weakness? _____ yes X none reported

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

Federal Awards

Internal control over major program:

Material weakness identified? _____ yes X no

Reportable condition identified that is not considered to be material weakness? _____ yes X none reported

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

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

Identification of major program:

CFDA or
Other Identifying
Number Program Title
14.228 Community Development Block Grants/State's 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*

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

Our prior audit report issued for the three years ended December 31, 1996, 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

NEWTON 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.

3. Federal Financial Assistance

Federal Grantor: U.S. Department of Justice
Pass-Through Grantor: Department of Public Safety
Federal CFDA Number: 16.579
Program Title: Drug Control and System Improvement-Formula Grant
Pass-Through Entity
Identifying Number: 96-NCD2-0063, 95-NCD2-0050, and 94-NCD2-0059
Award Year: 1996, 1995, and 1994
Questioned Cost: N/A

A. The County Commission did not receive or review documentation supporting subrecipient expenditures. In addition, the County Commission did not ensure the subrecipient obtained an annual audit.

Federal Grantor: U. S. Department of Justice
Pass-Through Grantor: Department of Public Safety
Federal CFDA Number: 16.579
Program Title: Drug Control and System Improvement-Formula Grant
Pass-Through Entity
Identifying Number: 94-NCD8-0062 and 93-NCD8-007
Award Year: 1996, 1995, and 1994
Questioned Cost: \$50,900

- B. The county was a grant recipient for a Drug Control and System Improvement Grant, passed through the state Department of Public Safety (DPS). Newton County used the grant monies to fund the hiring of an Assistant Prosecuting Attorney; however, the county did not maintain time sheets or other records to document the time worked on this program.

Federal Grantor:	U. S. Department of Justice
Pass-Through Grantor:	N/A
Federal CFDA Number:	16.726
Program Title:	Community Oriented Policing Service (COPS-MORE)
Pass-Through Entity	
Identifying Number:	N/A
Award Year:	1996
Questioned Cost:	\$45,366

- C. The county did not advertise or solicit bids for equipment purchased related to a computer assisted dispatching system pursuant to the Community Oriented Policing Service (COPS-MORE) grant program.

Recommendation:

The County Commission work with applicable federal grantor agencies to resolve the findings and amounts presented on the Schedule of Questioned Costs. In the future, the County Commission should ensure bids are properly solicited, ensure adequate supporting documentation is maintained related to federal program expenditures, adequately review supporting documentation for all expenditures prior to approving reimbursement requests, and ensure subrecipients of federal financial assistance comply with federal regulations, including obtaining an annual audit when necessary.

Status:

- A-C. Implemented. The county currently receives financial data including an audit related to Drug Control and System Improvement grant. Department of Public Safety personnel indicated no action will be taken. The U.S. Department of Justice personnel indicated no action will be taken applicable to the COPS-MORE grant program.

SECTION ON OTHER MATTERS

NEWTON COUNTY, MISSOURI
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Newton County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated July 15, 1999. We also have audited the compliance of Newton County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 1998 and 1997, and have issued our report thereon dated July 15, 1999.

We did not review the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be reviewed and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audit of the special-purpose financial statements of Newton County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Payroll Policies and Procedures

Centralized leave records are only maintained for the sheriff's department and emergency 911 department. Employees of the sheriff's department are allowed to carry negative compensatory and holiday leave balances. The county clerk does not perform a reconciliation of the sheriff's department compensatory time payment requests to the balance of compensatory time recorded on the related employee's time sheet. The number of hours worked by courthouse employees vary by department.

2. Budgetary Practices

Several budgets prepared by the county did not adequately reflect the county's anticipated financial condition. Appropriations were budgeted to use all available resources. The practice of budgeting to spend all available resources or over estimating disbursements decreases the effectiveness of the budget as a management planning tool and as a control over disbursements.

This Letter on Other Matters is intended for the information of the management of Newton County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.