



**HOWARD COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

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

**Report No. 2001-59
August 3, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2001

www.auditor.state.mo.us

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Howard, 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 Howard County was a financial and compliance audit of various county operating funds. The following concerns were noted:

- The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards. The county's schedule did not include expenditures related to the majority of its federal grants. In total, expenditures were understated by approximately \$117,000 and \$250,000 for 2000 and 1999, respectively.
- The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Off-System Bridge Replacement and Rehabilitation Program. The county incurred engineering costs of \$20,828 for the BRO project. There was no documentation that the County Commission considered other engineering firms when procuring these services. The County Commission indicated the engineering firm was chosen because of prior experience with the firm on other county bridge projects.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Howard County's Associate County Commissioners salaries were each increased approximately \$5,440 yearly.

(over)

YELLOW SHEET

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$10,880 for the two years ended December 31, 2000, should be repaid.

- Formal budgets were not prepared for some county funds and disbursements were made in excess of approved budgets for various funds. Additionally, the county's annual published financial statements did not include the financial activity of some funds and presented budgeted rather than actual data for some funds.
- As of May 15, 2001, the County Clerk had not typed the minutes into the official record book or submitted them to the County Commissioners for their approval since January 2001. Despite recommendations in two previous audits, the County Commission has yet to formalize a plan for the use or disposition of the Keller Building and formally document its decision on returning the \$285,000 property tax windfall (created when property taxes were paid by taxpayers for a hospital that was no longer in operation) to taxpayers via a future tax reduction.

The audit also includes some matters related to personnel policies, computer issues, significant soda machine proceeds on hand, bridge project expenditures, general fixed assets, and the health department, upon which the county should consider and take appropriate corrective action. Several of these issues had been noted in prior audits.

Copies of the audit are available upon request.

HOWARD 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 Howard County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Howard County, Missouri, as of and for the years ended December 31, 2000 and 1999, 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 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 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 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Howard 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 Howard 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 Howard 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, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1,

which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 15, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 15, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	Robyn Lamb
Audit Staff:	Shantaye Atkinson



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 Howard County, Missouri

We have audited the special-purpose financial statements of various funds of Howard County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 15, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Howard 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 Howard 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 Howard 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, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 15, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

HOWARD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 514,014	975,894	1,101,220	388,688
Special Road and Bridge	413,959	822,928	965,357	271,530
Assessment	1,606	117,615	117,961	1,260
Law Enforcement Training	505	1,742	449	1,798
Prosecuting Attorney Training	285	260	0	545
Law Enforcement Sales Tax	15,643	430,061	443,992	1,712
Recorder's User Fees	6,367	4,427	5,805	4,989
911 Board	84,779	250,960	222,731	113,008
Sheltered Services Board	92,445	86,612	75,096	103,961
Keller Building Fund	1,766	103,455	104,064	1,157
Victims of Domestic Violence	1,056	364	200	1,220
Civil Defense	2,947	12,434	12,434	2,947
Local Emergency Planning	14,223	792	353	14,662
Sheriff Civil Fees	5,987	11,661	14,729	2,919
Peace Officer Safety Training	0	506	506	0
Levee Districts	213,761	114,498	101,205	227,054
Prosecuting Attorney Bad Check	5,081	5,649	6,238	4,492
Howard County Economic Development	40,408	36,545	24,532	52,421
Election Services	0	1,383	0	1,383
Emergency Shelter Grant	0	5,000	5,000	0
Circuit Clerk Interest	8,718	1,897	0	10,615
Law Library	6,249	1,300	0	7,549
Focus on Kids	395	735	775	355
Total	\$ 1,430,194	2,986,718	3,202,647	1,214,265

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

Exhibit A-2

HOWARD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 554,404	943,668	984,058	514,014
Special Road and Bridge	359,225	991,409	936,675	413,959
Assessment	1,717	108,239	108,350	1,606
Law Enforcement Training	1,123	1,208	1,826	505
Prosecuting Attorney Training	75	300	90	285
Law Enforcement Sales Tax	1,517	408,639	394,513	15,643
Recorder's User Fees	7,340	5,009	5,982	6,367
911 Board	125,981	236,145	277,347	84,779
Sheltered Services Board	75,623	83,712	66,890	92,445
Keller Building Fund	2,502	104,414	105,150	1,766
Victims of Domestic Violence	876	380	200	1,056
Civil Defense	2,947	11,714	11,714	2,947
Local Emergency Planning	11,631	2,792	200	14,223
Sheriff Civil Fees	5,655	7,474	7,142	5,987
Peace Officer Safety Training	0	500	500	0
CDBG-Regional Port Authority	0	279,845	279,845	0
Levee Districts	144,418	161,545	92,202	213,761
Prosecuting Attorney Bad Check	5,769	5,217	5,905	5,081
Howard County Economic Development	29,585	35,502	24,679	40,408
Circuit Clerk Interest	7,546	1,172	0	8,718
Law Library	4,739	1,510	0	6,249
Focus on Kids	35	1,995	1,635	395
Total	\$ 1,342,708	3,392,389	3,304,903	1,430,194

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

Exhibit B

HOWARD COUNTY, MISSOURI

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 4,159,696	2,982,786	(1,176,910)	3,978,471	3,185,448	(793,023)
DISBURSEMENTS	4,063,414	3,201,872	861,542	3,822,339	3,180,482	641,857
RECEIPTS OVER (UNDER) DISBURSEMENTS	96,282	(219,086)	(315,368)	156,132	4,966	(151,166)
CASH, JANUARY 1	828,121	1,414,832	586,711	775,502	1,150,616	375,114
CASH, DECEMBER 31	924,403	1,195,746	271,343	931,634	1,155,582	223,948
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	292,800	215,671	(77,129)	263,000	201,831	(61,169)
Sales taxes	275,000	241,663	(33,337)	260,000	234,010	(25,990)
Intergovernmental	457,278	158,072	(299,206)	287,927	149,888	(138,039)
Charges for services	193,900	144,125	(49,775)	236,937	138,337	(98,600)
Interest	39,500	33,363	(6,137)	57,000	28,631	(28,369)
Other	207,822	165,000	(42,822)	336,803	163,271	(173,532)
Transfers in	27,700	18,000	(9,700)	0	27,700	27,700
Total Receipts	1,494,000	975,894	(518,106)	1,441,667	943,668	(497,999)
DISBURSEMENTS						
County Commission	74,706	72,595	2,111	78,857	72,689	6,168
County Clerk	53,894	56,660	(2,766)	56,110	55,867	243
Elections	21,200	37,541	(16,341)	9,000	16,652	(7,652)
Buildings and grounds	406,640	55,667	350,973	418,648	50,592	368,056
Employee fringe benefits	75,000	71,290	3,710	69,000	62,175	6,825
County Treasurer	26,751	27,348	(597)	26,669	26,537	132
County Collector	64,607	60,594	4,013	65,370	59,906	5,464
Ex Officio Recorder of Deeds	14,600	8,048	6,552	15,893	10,722	5,171
Circuit Clerk	21,380	6,666	14,714	19,750	3,671	16,079
Associate Circuit Court	18,437	16,621	1,816	18,800	15,773	3,027
Jury	12,300	1,314	10,986	10,000	4,021	5,979
Court administration	30,205	11,463	18,742	24,750	13,821	10,929
Computer operation	20,548	18,459	2,089	19,951	17,631	2,320
Public Administrator	15,200	15,232	(32)	16,305	16,040	265
Prosecuting Attorney	75,119	73,508	1,611	74,117	74,388	(271)
Juvenile Officer	75,638	68,128	7,510	80,145	79,290	855
County Coroner	10,075	7,372	2,703	10,075	10,522	(447)
Domestic Violence	200	200	0	200	200	0
Civil Defense	17,000	11,249	5,751	16,850	10,511	6,339
Keller Hospital Building	83,209	98,742	(15,533)	84,595	87,576	(2,981)
Public health and welfare services	170,352	165,157	5,195	157,515	156,668	847
Child Support Division	1,299	1,086	213	899	729	170
Presiding Circuit Judge	5,000	0	5,000	5,000	0	5,000
Other	92,788	81,765	11,023	96,712	86,571	10,141
Emergency Fund	44,820	0	44,820	44,104	0	44,104
Transfers out	62,694	134,515	(71,821)	22,352	51,506	(29,154)
Total Disbursements	1,493,662	1,101,220	392,442	1,441,667	984,058	457,609
RECEIPTS OVER (UNDER) DISBURSEMENTS	338	(125,326)	(125,664)	0	(40,390)	(40,390)
CASH, JANUARY 1	514,014	514,014	0	554,404	554,404	0
CASH, DECEMBER 31	514,352	388,688	(125,664)	554,404	514,014	(40,390)

Exhibit B

HOWARD COUNTY, MISSOURI

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	176,500	170,489	(6,011)	225,400	164,462	(60,938)
Sales taxes	204,000	211,499	7,499	250,000	203,934	(46,066)
Intergovernmental	635,969	402,773	(233,196)	699,886	581,601	(118,285)
Charges for services	20,000	9,557	(10,443)	35,000	20,291	(14,709)
Interest	5,500	21,781	16,281	7,500	18,179	10,679
Other	6,531	6,829	298	3,564	2,942	(622)
Transfers in	328,018	0	(328,018)	0	0	0
Total Receipts	1,376,518	822,928	(553,590)	1,221,350	991,409	(229,941)
DISBURSEMENTS						
Salaries	253,000	251,092	1,908	236,000	230,103	5,897
Employee fringe benefits	65,500	55,170	10,330	58,500	47,323	11,177
Supplies	55,000	61,739	(6,739)	50,000	40,895	9,105
Insurance	15,000	12,426	2,574	20,000	12,017	7,983
Road and bridge materials	20,000	13,778	6,222	20,000	17,468	2,532
Equipment repairs	75,000	59,264	15,736	65,000	49,387	15,613
Equipment purchases	210,000	106,897	103,103	200,000	75,827	124,173
Construction, repair, and maintenance	627,124	312,804	314,320	440,000	377,743	62,257
Other	90,500	92,187	(1,687)	86,000	85,912	88
Total Disbursements	1,411,124	965,357	445,767	1,175,500	936,675	238,825
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34,606)	(142,429)	(107,823)	45,850	54,734	8,884
CASH, JANUARY 1	34,606	413,959	379,353	15,120	359,225	344,105
CASH, DECEMBER 31	0	271,530	271,530	60,970	413,959	352,989
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	94,484	95,809	1,325	83,500	89,744	6,244
Charges for services	2,600	3,352	752	5,230	4,427	(803)
Interest	0	907	907	1,200	668	(532)
Other	0	1,247	1,247	1,075	540	(535)
Transfers in	34,994	16,300	(18,694)	22,352	12,860	(9,492)
Total Receipts	132,078	117,615	(14,463)	113,357	108,239	(5,118)
DISBURSEMENTS						
Assessor	117,415	117,961	(546)	111,082	108,350	2,732
Total Disbursements	117,415	117,961	(546)	111,082	108,350	2,732
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,663	(346)	(15,009)	2,275	(111)	(2,386)
CASH, JANUARY 1	1,606	1,606	0	1,717	1,717	0
CASH, DECEMBER 31	16,269	1,260	(15,009)	3,992	1,606	(2,386)

Exhibit B

HOWARD COUNTY, MISSOURI

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	3,500	1,008	(2,492)	2,960	1,188	(1,772)
Interest	45	34	(11)	40	20	(20)
Other	0	700	700	0	0	0
Total Receipts	3,545	1,742	(1,803)	3,000	1,208	(1,792)
DISBURSEMENTS						
Sheriff	2,500	449	2,051	2,500	1,826	674
Total Disbursements	2,500	449	2,051	2,500	1,826	674
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,045	1,293	248	500	(618)	(1,118)
CASH, JANUARY 1	505	505	0	1,123	1,123	0
CASH, DECEMBER 31	1,550	1,798	248	1,623	505	(1,118)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	365	249	(116)	340	296	(44)
Interest	10	11	1	10	4	(6)
Total Receipts	375	260	(115)	350	300	(50)
DISBURSEMENTS						
Prosecuting Attorney	375	0	375	375	90	285
Total Disbursements	375	0	375	375	90	285
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	260	260	(25)	210	235
CASH, JANUARY 1	285	285	0	75	75	0
CASH, DECEMBER 31	285	545	260	50	285	235
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	245,000	242,273	(2,727)	240,000	234,218	(5,782)
Intergovernmental	12,000	18,796	6,796	0	11,840	11,840
Charges for services	162,200	51,130	(111,070)	136,500	125,707	(10,793)
Interest	1,800	1,509	(291)	900	1,546	646
Other	9,000	8,503	(497)	15,000	7,628	(7,372)
Transfers in	27,700	107,850	80,150	0	27,700	27,700
Total Receipts	457,700	430,061	(27,639)	392,400	408,639	16,239
DISBURSEMENTS						
Sheriff	272,713	254,095	18,618	197,937	190,473	7,464
Jail	142,259	171,897	(29,638)	157,726	176,340	(18,614)
Transfers out	0	18,000	(18,000)	0	27,700	(27,700)
Total Disbursements	414,972	443,992	(29,020)	355,663	394,513	(38,850)
RECEIPTS OVER (UNDER) DISBURSEMENTS	42,728	(13,931)	(56,659)	36,737	14,126	(22,611)
CASH, JANUARY 1	15,643	15,643	0	1,517	1,517	0
CASH, DECEMBER 31	58,371	1,712	(56,659)	38,254	15,643	(22,611)

Exhibit B

HOWARD COUNTY, MISSOURI

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	23,000	4,166	(18,834)	23,000	4,800	(18,200)
Interest	500	261	(239)	1,000	209	(791)
Total Receipts	23,500	4,427	(19,073)	24,000	5,009	(18,991)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	12,750	5,805	6,945	12,750	5,982	6,768
Total Disbursements	12,750	5,805	6,945	12,750	5,982	6,768
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,750	(1,378)	(12,128)	11,250	(973)	(12,223)
CASH, JANUARY 1	6,367	6,367	0	7,340	7,340	0
CASH, DECEMBER 31	17,117	4,989	(12,128)	18,590	6,367	(12,223)
<u>911 BOARD FUND</u>						
RECEIPTS						
Sales taxes	242,000	243,644	1,644	256,729	231,187	(25,542)
Interest	3,000	4,590	1,590	2,000	4,787	2,787
Other	0	2,726	2,726	0	171	171
Total Receipts	245,000	250,960	5,960	258,729	236,145	(22,584)
DISBURSEMENTS						
Salaries	171,000	151,303	19,697	160,000	167,501	(7,501)
Office expenditures	6,920	6,008	912	6,079	7,254	(1,175)
Equipment	35,630	35,315	315	30,000	69,082	(39,082)
Phone services	28,500	27,650	850	27,000	26,064	936
Mileage and training	2,000	805	1,195	750	4,156	(3,406)
Other	950	1,650	(700)	900	3,290	(2,390)
Total Disbursements	245,000	222,731	22,269	224,729	277,347	(52,618)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	28,229	28,229	34,000	(41,202)	(75,202)
CASH, JANUARY 1	84,530	84,779	249	122,458	125,981	3,523
CASH, DECEMBER 31	84,530	113,008	28,478	156,458	84,779	(71,679)
<u>SHELTERED SERVICES BOARD FUND</u>						
RECEIPTS						
Property taxes	78,000	80,880	2,880	69,000	78,530	9,530
Interest	1,000	5,732	4,732	2,500	5,182	2,682
Total Receipts	79,000	86,612	7,612	71,500	83,712	12,212
DISBURSEMENTS						
Office and equipment expenses	1,120	668	452	11,120	538	10,582
Client services	86,500	73,707	12,793	103,900	66,352	37,548
Other	0	721	(721)	0	0	0
Total Disbursements	87,620	75,096	12,524	115,020	66,890	48,130
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,620)	11,516	20,136	(43,520)	16,822	60,342
CASH, JANUARY 1	102,044	92,445	(9,599)	51,084	75,623	24,539
CASH, DECEMBER 31	93,424	103,961	10,537	7,564	92,445	84,881

Exhibit B

HOWARD COUNTY, MISSOURI

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>KELLER BUILDING FUND</u>						
RECEIPTS						
Rental income	118,000	100,109	(17,891)	149,750	100,585	(49,165)
Interest	0	740	740	750	481	(269)
Other	0	1,372	1,372	0	0	0
Transfers in	0	1,234	1,234	0	3,348	3,348
Total Receipts	118,000	103,455	(14,545)	150,500	104,414	(46,086)
DISBURSEMENTS						
Personnel	26,009	29,694	(3,685)	25,295	28,439	(3,144)
Building, office and rental expenses	57,200	74,370	(17,170)	59,300	76,711	(17,411)
Total Disbursements	83,209	104,064	(20,855)	84,595	105,150	(20,555)
RECEIPTS OVER (UNDER) DISBURSEMENTS	34,791	(609)	(35,400)	65,905	(736)	(66,641)
CASH, JANUARY 1	1,766	1,766	0	2,502	2,502	0
CASH, DECEMBER 31	36,557	1,157	(35,400)	68,407	1,766	(66,641)
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	0	295	295	350	335	(15)
Interest	0	69	69	50	45	(5)
Transfers in	200	0	(200)	0	0	0
Total Receipts	200	364	164	400	380	(20)
DISBURSEMENTS						
Domestic Violence Shelter	200	200	0	400	200	200
Total Disbursements	200	200	0	400	200	200
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	164	164	0	180	180
CASH, JANUARY 1	1,056	1,056	0	876	876	0
CASH, DECEMBER 31	1,056	1,220	164	876	1,056	180
<u>CIVIL DEFENSE FUND</u>						
RECEIPTS						
Intergovernmental	3,863	3,287	(576)	18,900	4,096	(14,804)
Interest	30	16	(14)	100	20	(80)
Transfers in	19,000	9,131	(9,869)	0	7,598	7,598
Total Receipts	22,893	12,434	(10,459)	19,000	11,714	(7,286)
DISBURSEMENTS						
Personnel	10,800	11,990	(1,190)	10,900	11,275	(375)
Office and equipment	6,200	444	5,756	5,950	439	5,511
Total Disbursements	17,000	12,434	4,566	16,850	11,714	5,136
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,893	0	(5,893)	2,150	0	(2,150)
CASH, JANUARY 1	0	2,947	2,947	0	2,947	2,947
CASH, DECEMBER 31	5,893	2,947	(2,946)	2,150	2,947	797

Exhibit B

HOWARD COUNTY, MISSOURI

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING FUND</u>						
RECEIPTS						
Intergovernmental	2,300	0	(2,300)	3,000	2,278	(722)
Interest	525	792	267	500	514	14
Total Receipts	2,825	792	(2,033)	3,500	2,792	(708)
DISBURSEMENTS						
Office and equipment	1,100	334	766	2,600	200	2,400
Training	725	0	725	0	0	0
Other	1,000	19	981	900	0	900
Total Disbursements	2,825	353	2,472	3,500	200	3,300
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	439	439	0	2,592	2,592
CASH, JANUARY 1	14,223	14,223	0	11,631	11,631	0
CASH, DECEMBER 31	14,223	14,662	439	11,631	14,223	2,592
<u>SHERIFF CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	15,500	9,660	(5,840)	8,800	7,160	(1,640)
Interest	350	304	(46)	200	287	87
Other	100	1,697	1,597	0	27	27
Total Receipts	15,950	11,661	(4,289)	9,000	7,474	(1,526)
DISBURSEMENTS						
Sheriff	15,900	14,729	1,171	7,990	7,142	848
Total Disbursements	15,900	14,729	1,171	7,990	7,142	848
RECEIPTS OVER (UNDER) DISBURSEMENTS	50	(3,068)	(3,118)	1,010	332	(678)
CASH, JANUARY 1	5,987	5,987	0	5,655	5,655	0
CASH, DECEMBER 31	6,037	2,919	(3,118)	6,665	5,987	(678)
<u>PEACE OFFICER SAFETY TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,123	506	(617)	1,123	500	(623)
Total Receipts	1,123	506	(617)	1,123	500	(623)
DISBURSEMENTS						
Sheriff	1,123	506	617	1,123	500	623
Total Disbursements	1,123	506	617	1,123	500	623
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

HOWARD COUNTY, MISSOURI

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CDBG-REGIONAL PORT AUTHORITY FUND</u>						
RECEIPTS						
Intergovernmental				268,595	279,845	11,250
Charges for services				0	0	0
Total Receipts				268,595	279,845	11,250
DISBURSEMENTS						
Grant				268,595	279,845	(11,250)
Office				0	0	0
Total Disbursements				268,595	279,845	(11,250)
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0
<u>LEVEE DISTRICTS FUND</u>						
RECEIPTS						
Property taxes	140,810	110,190	(30,620)			
Interest	2,919	4,308	1,389			
Total Receipts	143,729	114,498	(29,231)			
DISBURSEMENTS						
Office expenditures	7,411	3,374	4,037			
Construction, repair, and maintenance	47,435	43,265	4,170			
Loan payment	59,792	53,433	6,359			
Other	3,351	1,133	2,218			
Total Disbursements	117,989	101,205	16,784			
RECEIPTS OVER (UNDER) DISBURSEMENTS	25,740	13,293	(12,447)			
CASH, JANUARY 1	0	213,761	213,761			
CASH, DECEMBER 31	25,740	227,054	201,314			
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	6,000	5,515	(485)			
Interest	200	134	(66)			
Total Receipts	6,200	5,649	(551)			
DISBURSEMENTS						
Prosecuting Attorney	3,750	6,238	(2,488)			
Total Disbursements	3,750	6,238	(2,488)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,450	(589)	(3,039)			
CASH, JANUARY 1	5,081	5,081	0			
CASH, DECEMBER 31	7,531	4,492	(3,039)			

Exhibit B

HOWARD COUNTY, MISSOURI

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

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HOWARD COUNTY ECONOMIC DEVELOPMENT FUND</u>						
RECEIPTS						
Intergovernmental	0	29	29			
Interest	0	2,688	2,688			
Lease Revenues	36,000	33,828	(2,172)			
Total Receipts	36,000	36,545	545			
DISBURSEMENTS						
Loan payments	36,000	24,532	11,468			
Total Disbursements	36,000	24,532	11,468			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	12,013	12,013			
CASH, JANUARY 1	40,408	40,408	0			
CASH, DECEMBER 31	40,408	52,421	12,013			
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,060	1,347	287			
Interest	0	36	36			
Total Receipts	1,060	1,383	323			
DISBURSEMENTS						
Elections	0	0	0			
Total Disbursements	0	0	0			
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,060	1,383	323			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	1,060	1,383	323			
<u>EMERGENCY SHELTER GRANT FUND</u>						
RECEIPTS						
Intergovernmental	0	5,000	5,000			
Total Receipts	0	5,000	5,000			
DISBURSEMENTS						
Grant	0	5,000	(5,000)			
Total Disbursements	0	5,000	(5,000)			
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.

Notes to the Financial Statements

HOWARD 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 Howard 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 Howard County Sheltered Services Board, the Howard County Levee Districts Boards, or the Howard County 911 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 by warrant or in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, 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 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Levee Districts Fund	1999
Prosecuting Attorney Bad Check Fund	1999
Howard County Economic Development Fund	1999
Circuit Clerk Interest Fund	2000 and 1999
Law Library Fund	2000 and 1999

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Assessment Fund	2000
Law Enforcement Sales Tax Fund	2000 and 1999
911 Board Fund	1999
Keller Building Fund	2000 and 1999
CDBG-Regional Port Authority Fund	1999
Prosecuting Attorney Bad Check Fund	2000
Emergency Shelter Grant Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2000 and 1999
Prosecuting Attorney Training Fund	2000 and 1999
Peace Officer Safety Training Fund	2000 and 1999
CDBG-Regional Port Authority Fund	1999
Levee Districts Fund	2000 and 1999
Prosecuting Attorney Bad Check Fund	2000 and 1999
Howard County Economic Development Fund	2000 and 1999
Emergency Shelter Grant Fund	2000
Circuit Clerk Interest Fund	2000 and 1999
Law Library Fund	2000 and 1999

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than 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 financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2000, \$200,660 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$3,921,943 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

Of the bank balance at December 31, 1999, \$300,011 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$3,474,743 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

The deposits of the 911 Board and Howard County Sheltered Services Board at December 31, 2000 and 1999, were entirely covered by federal depositary insurance.

3. Prior Period Adjustment

The Levee Districts Fund's cash balance at January 1, 1999, as previously stated has been increased by \$144,418 to reflect the actual combined cash balance of the Howard County Levee Districts' bank accounts instead of only monies held in the County Treasurer's Levee Districts' agency funds .

The Howard County Economic Development Fund's cash balance at January 1, 1999, as previously stated, has been decreased by \$2,000 to adjust for outstanding warrants of the fund at December 31, 1998.

Supplementary Schedule

Schedule

HOWARD 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,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERO045-9144	\$ 0	11,954
		ERO045-0144	11,866	5,360
		ERS045-1144W	4,240	0
	Program Total		<u>16,106</u>	<u>17,314</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	93-DR-62	0	279,845
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO1640318	5,000	0
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	1999UMWX3257	18,796	11,839
Passed through:				
Missouri Sheriff's Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,009	828
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-045 (12)	5,143	0
		BRO-045 (14)	0	190,238
		BRO-045 (19)	16,662	0
	Program Total		<u>21,805</u>	<u>190,238</u>
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	36,845	9,089

Schedule

HOWARD 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,	
			2000	1999
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	PG0064-9144IAP	0	1,075
		N/A	15,252	13,042
	Program Total		15,252	14,117
Department of Social Services -				
93.563	Child Support Enforcement	N/A	327	1,068
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0144S	955	640
		PGA067-1144S	240	0
	Program Total		1,195	640
93.991	Preventive Health and Health Services Block Grant	N/A	168	155
93.994	Maternal and Child Health Services	ERO175-9144IAP	0	3,795
	Block Grant to the States	ERS175-0144F	4,175	1,898
		ERS175-1144F	1,587	0
		ERO146-9144MCH	0	9,222
		ERS146-0144M	10,627	3,226
		ERS146-1144M	2,890	0
		N/A	842	776
	Program Total		20,121	18,917
	Total Expenditures of Federal Awards		\$ 136,624	544,050

N/A - Not applicable

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

Notes to the Supplementary Schedule

HOWARD 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 Howard 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 Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Of the amounts for Immunization Grants (CFDA number 93.268), \$15,252 and \$13,042 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$168 and \$155 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$842 and \$776 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The remaining amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$279,845 to a subrecipient under the Community Development Block Grants/State's Program (CFDA number 14.228) during the year ended December 31, 1999.

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 Howard County, Missouri

Compliance

We have audited the compliance of Howard 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, 2000 and 1999. 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, Howard 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, 2000 and 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 00-1 and 00-2.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 00-1 and 00-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Howard 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

May 15, 2001 (fieldwork completion date)

Schedule

HOWARD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

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

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

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
14.228	Community Development Block Grants/State's Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

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

00-1. Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	93-DR-62
Award Years:	1999
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-045 (12), BRO-045 (14), and BRO-045 (19)
Award Years:	2000 and 1999
Questioned Costs:	Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. For the years ended December 31, 2000 and 1999, the county's SEFA did not include expenditures related to the majority of its federal grants. Information pertaining to only one federal grant for 2000

and two federal grants for 1999 were presented. In total, expenditures were understated by approximately \$117,000 and \$250,000 for 2000 and 1999, respectively. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. Considering the overall incompleteness of the SEFA, it appears the County Clerk's efforts to prepare an accurate and complete SEFA were inadequate.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk's office will look into each program that has any potential of being a federal grant. In previous years, it was not clear that some programs, such as the emergency shelter grant and health department programs, were federal and, therefore, they were not included on the SEFA. For future budgets, if programs are determined to be federal, they will be included on the SEFA. The County Clerk will try to implement the recommendation.

00-2. Procurement of Professional Services Contract

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-045(12), BRO-045(14), and BRO-045(19)
Award Years:	2000 and 1999
Questioned Costs:	\$16,662

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Off-System Bridge Replacement and Rehabilitation Program. These projects are 80 percent federally funded.

The county incurred engineering costs of \$20,828 for project BRO-045(19). There was no documentation that the County Commission considered other engineering firms when procuring these services. The County Commission indicated the engineering firm was chosen because of the county's prior experience with the firm on other county bridge projects.

Sections 8.289 and 8.291, RSMo 2000, provide that when obtaining engineering services for any capital improvement project, at least three firms should be considered. The firms should be evaluated based upon specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of

performance, and the firm's proximity to and familiarity with the area in which the project is located. As a result, we have questioned costs of \$16,662, which is the federal share of engineering costs paid during 2000.

WE RECOMMEND the County Commission obtain information as required by law when contracting for professional services.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We have already taken this recommendation into consideration. We are currently working on a bridge project for which we solicited proposals from five engineering firms. We considered only three firms because two firms submitted their qualifications late. We developed an evaluation process and rating scale, and chose the firm with the highest rating.

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

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

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Howard County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1998.

98-1. Omission of Budgetary Information

Budgets were not prepared for various county funds.

Recommendation:

The County Commission and other applicable officials ensure budgets are prepared for all county funds as required by state law.

Status:

Partially implemented. The number of county funds for which budgets were not prepared in 1999 and 2000 was greatly reduced from the prior audit. The lack of budgetary information for the funds not budgeted in 1999 and 2000 was not a significant omission from the county's financial statements. While not repeated in the current finding, our recommendation remains as stated above. See additional comments regarding budgetary procedures in the Letter on Other Matters.

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

HOWARD 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.

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

SECTION ON OTHER MATTERS

HOWARD COUNTY, MISSOURI LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Howard County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 15, 2001. We also have audited the compliance of Howard 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, 2000 and 1999, and have issued our report thereon dated May 15, 2001.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited 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 audits of the special-purpose financial statements of Howard County and of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Budgets and Financial Reporting

Budgets were not prepared for various county funds for the two years ended December 31, 2000. In addition, disbursements were made in excess of approved budgets for various funds.

Several inaccuracies were noted with the cash, receipts, and disbursements data presented for several funds. Receipts such as federal and state reimbursements and distributions were not always classified in specific and appropriate categories. There was a failure to consistently reflect transfers between county funds. The General Revenue Fund budget also included budget estimates and actual receipt and disbursement activity for some other funds, which were separately budgeted and had the same financial data reported.

For some funds budgeted receipts and/or disbursements varied significantly from actual receipts and/or disbursements. Budgeted projections clearly exceeded prior historical information and, as a result, the budgets lacked reasonableness and were less effective as a monitoring tool.

Financial activity pertaining to some funds was not included in the county's annual published financial statements. In addition, budgeted rather than actual data was included for some funds.

The 911 Board overspent its budget by approximately \$52,000 in 1999.

The Sheltered Services Board prepares budgets in December for the subsequent year. As a result, the 2000 and 1999 budgets presented actual receipts and disbursements data as of the budget preparation date, rather than for the entire year, and cash balances prior to December 31.

2. Personnel Policies and Procedures

Time sheets are not submitted to the County Clerk's office for some employees. As a result, the County Clerk is not monitoring leave and compensatory time usage and balances for some employees. In addition, several county employees had accumulated vacation leave balances in excess of 96 hours, which is the maximum allowed by county policy.

Road and bridge employees are accruing vacation and sick leave at the beginning of the year instead of monthly as stated in the personnel manual and are therefore able to use leave prior to it actually being earned.

3. County Commission Minutes and Keller Building

As of May 15, 2001, the County Clerk had not typed the minutes into the official record book or submitted them to the County Commissioners for their approval since January 2001.

In our previous two audits we had recommended the County Commission develop a formal plan for the use or disposition of the Keller Building and formally document its decision on returning the \$285,000 property tax windfall (created when property taxes were paid by taxpayers for a hospital that was no longer in operation) to taxpayers via a future tax reduction. The County Commission indicated to us they have not addressed these recommendations and have yet to formalize any decisions regarding the Keller Building and property tax monies.

In addition, a review of the Keller Building rental receipts and related operating costs during the audit period shows that receipts are significantly less than anticipated while operating costs are significantly more than planned for by the county commission.

4. County Computer Issues

The county has not developed a formal disaster recovery plan. Various officials do not keep backup disks offsite.

5. Soda Machine Commissions

The County Commission maintains two soda machines on county property. The Commission does not have adequate controls over the proceeds of these machines, which are used to replenish soda supplies and pay for the county's annual Christmas party. No ledger of receipts, disbursements, and cash balances is maintained. Monies are not deposited into a

bank account, but are held in cash by the county commissioners. As of April 30, 2001, cash of approximately \$1,200 from soda machine proceeds was on hand locked in a file cabinet.

6. Federal Awards

The county participates in various federal highway planning and construction bridge projects. While the county normally pays the contractor before requesting reimbursement, we noted one instance during 1999 in which \$5,143 of federal monies was received and held approximately ten months before being disbursed to the contractor. As a result, the county did not comply with federal guidelines which limit the time which elapses between receipt of federal project monies and the disbursement of such monies to contractors.

7. General Fixed Assets

The county does not maintain adequate property records. Although the County Clerk obtains inventory lists from the various county officials each year, no review of these lists are performed and no comprehensive county property records or procedures have been developed. Property tags are not affixed to county property.

8. Howard County Health Department

The receipts of the health department are not transmitted to the County Treasurer intact or timely. Some monies are retained from transmittals for use as a change fund; however, the change fund is not maintained at a set amount.

In addition, health center personnel do not monitor amounts expended on Comprehensive Family Planning (CFP) services and the average cost per client of providing CFP services is not periodically calculated. We also noted that for several months of 2000, administrative expenses were being inappropriately included in actual costs of comprehensive family planning services.

9. Associate Commissioner Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed county salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Howard County's Associate County Commissioners salaries were each increased approximately \$5,440 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of the statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$10,880 for the two years ended December 31, 2000, should be repaid.

The County Commission indicated they have already consulted with the county Prosecuting Attorney and he will be providing a written legal opinion.

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