



**HENRY COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2002**

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

**Report No. 2003-105
September 30, 2003
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2003

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Henry, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide 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 it 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 Henry County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- Numerous personal phone calls were made utilizing the Tri-County Child Support office phone line and calling card. We identified personal calls totaling 6,171 minutes with related charges of approximately \$4,600. These calls were made by the Tri-County assistant prosecuting attorney and a friend of his daughter. This number of minutes and amounts do not represent all personal calls. Additional follow up with the Tri-County assistant prosecuting attorney confirmed there were other personal calls made. Of the \$4,600, \$3,300 was paid by the county. The county Prosecuting Attorney has obtained repayments from individuals totaling approximately \$894, and is planning additional review work related to personal phone calls. Because most of the personal phone call costs were reimbursed to the county by the state through the federal child support enforcement program, most amounts recouped by the county for inappropriate calls are due to the state.
- The county has not taken action on mid-term salary increases given to associate county commissioners elected in 1997. On May 15, 2001 the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law 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. The County Commission responded that they were complying with the law when accepting these raises.

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- The newly elected Prosecuting Attorney's salary was set at \$43,350 or approximately \$5,915 less than was paid to the former Prosecuting Attorney during 2002. This salary decrease was not supported by county salary commission action or a legal opinion.
- Problems were noted with Prosecuting Attorney Bad Check Fund expenditures. Meal costs in excess of the county's policy were paid to the former Prosecuting Attorney and his employees for an August 2002 training meeting. The former Prosecuting Attorney and the former assistant prosecuting attorney were reimbursed for equipment purchases without proper documentation.
- Sheriff's department bond receipts totaling at least \$2,513 were received and not deposited during September and October 2002. Through timely reconciliation procedures and follow up on concerns the Sheriff identified the problem and obtained repayment of the undeposited monies. The Prosecuting Attorney has filed charges in this matter.
- The schedule of expenditures of federal awards did not accurately report expenditures of numerous federal programs.
- There was no documentation that the County Commission considered other engineering firms when procuring engineering services for a federal bridge project, as required by state law.
- As noted in past audit reports, the county has been significantly overestimating expenditure amounts budgeted for the Special Road and Bridge Fund. As a result, administrative service fee transfers from the Special Road and Bridge Fund to the General Revenue Fund have often exceeded three percent of actual disbursements. As of December 31, 2002, \$140,000 is due back to the Special Road and Bridge Fund for these excess transfers.

Also included in the audit are recommendations related to county budgetary, bidding, and expenditure procedures. The audit also suggested improvements in accounting controls and procedures of the Sheriff, Prosecuting Attorney, County Treasurer, and Health Center Board.

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

HENRY 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 Henry County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Henry County, Missouri, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Henry 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, 2002 and 2001, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 10, 2003, 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Henry County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above.



Claire McCaskill
State Auditor

June 10, 2003 (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:	Stacy Griffin-Lowery
Audit Staff:	David Gregg
	Turan Hirji
	Makada Solomon



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 Henry County, Missouri

We have audited the financial statements of various funds of Henry County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 10, 2003. 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 financial statements of various funds of Henry 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 are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Henry County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide 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 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 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 are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Henry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

June 10, 2003 (fieldwork completion date)

Financial Statements

Exhibit A-1

HENRY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 311,842	2,284,845	2,226,460	370,227
Special Road and Bridge	618,890	1,308,407	1,165,522	761,775
Assessment	9,650	231,719	237,366	4,003
Central Emergency Communications	1,637	306,147	298,546	9,238
Law Enforcement Training	2,406	11,321	10,454	3,273
Prosecuting Attorney Training	711	1,861	1,237	1,335
Prosecuting Attorney's Bad Check	15,101	30,067	42,100	3,068
Prosecuting Attorney's Delinquent Tax	2,074	1,501	550	3,025
Tri-County Child Support	5,720	80,025	79,498	6,247
Emergency 911	329,377	409,891	205,848	533,420
Victims of Domestic Violence	28	14,448	14,462	14
Local Use Tax	190,072	82,411	154,072	118,411
Local Emergency Planning Commission	2,134	6,058	4,661	3,531
D.A.R.E	912	190	1,041	61
Corps of Engineers	6,818	55,270	61,938	150
Recorder's Records, Storage, and Preservation	6,928	18,989	9,531	16,386
Federal Grant	571	52,294	51,912	953
Election Services	4,459	5,732	3,114	7,077
Sheriff's Special Project	5,653	85,185	75,655	15,183
Sheriff's Civil	4,986	26,939	31,753	172
Health Center	113,548	494,840	526,126	82,262
Juvenile Office DYS Grant	6,056	24,480	25,432	5,104
Circuit Clerk Interest	1,021	329	235	1,115
Associate Circuit Division Interest	7,047	1,297	5,070	3,274
Law Library	1,379	13,412	14,737	54
LOG JAM CDBG	500	445,401	400,467	45,434
Police Officers Training	0	1,078	1,078	0
County Grant	0	5,837	0	5,837
Tax Maintenance	0	2,825	406	2,419
Law Enforcement Contract	0	267,263	266,565	698
Total	\$ 1,649,520	6,270,062	5,915,836	2,003,746

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

Exhibit A-2

HENRY COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
 YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 402,933	2,122,116	2,213,207	311,842
Special Road and Bridge	901,688	1,884,864	2,167,662	618,890
Assessment	4,929	234,611	229,890	9,650
Central Emergency Communications	3,938	271,526	273,827	1,637
Law Enforcement Training	4,296	11,906	13,796	2,406
Prosecuting Attorney Training	639	1,823	1,751	711
Prosecuting Attorney's Bad Check	9,797	23,776	18,472	15,101
Prosecuting Attorney's Delinquent Tax	4,678	416	3,020	2,074
Tri-County Child Support	5,269	74,021	73,570	5,720
Emergency 911	167,529	315,219	153,371	329,377
Victims of Domestic Violence	0	24,731	24,703	28
Local Use Tax	144,942	67,747	22,617	190,072
Federal Drug Forfeiture Program	23	0	23	0
Local Emergency Planning Commission	4,129	5,796	7,791	2,134
D.A.R.E	3,719	660	3,467	912
Corps of Engineers	14,487	152,413	160,082	6,818
Recorder's Records, Storage, and Preservation	4,272	13,023	10,367	6,928
Federal Grant	556	36,394	36,379	571
Election Services	1,440	4,393	1,374	4,459
Sheriff's Special Project	5,042	99,548	98,937	5,653
Sheriff's Civil	3,551	27,824	26,389	4,986
Health Center	110,407	539,803	536,662	113,548
Juvenile Office DYS Grant	5,024	25,754	24,722	6,056
Circuit Clerk Interest	5,017	1,193	5,189	1,021
Associate Circuit Division Interest	5,323	1,832	108	7,047
Law Library	2,110	9,982	10,713	1,379
LOG JAM CDBG	0	342,599	342,099	500
Police Officers Training	0	2,328	2,328	0
Total	\$ 1,815,738	6,296,298	6,462,516	1,649,520

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

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 6,400,990	6,270,062	(130,928)	6,869,162	6,270,544	(598,618)
DISBURSEMENTS	7,498,297	5,915,836	1,582,461	8,201,594	6,437,794	1,763,800
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,097,307)	354,226	1,451,533	(1,332,432)	(167,250)	1,165,182
CASH, JANUARY 1	1,649,337	1,649,520	183	1,809,891	1,810,714	823
CASH, DECEMBER 31	552,030	2,003,746	1,451,716	477,459	1,643,464	1,166,005
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	30,900	32,444	1,544	40,500	50,846	10,346
Sales taxes	1,100,000	1,116,551	16,551	1,025,000	1,076,457	51,457
Intergovernmental	447,306	419,909	(27,397)	467,700	431,914	(35,786)
Charges for service:	552,800	580,942	28,142	428,650	447,284	18,634
Interest	17,000	10,291	(6,709)	17,000	19,001	2,001
Other	41,450	63,958	22,508	56,500	38,724	(17,776)
Transfers in	53,750	60,750	7,000	51,390	57,890	6,500
Total Receipts	2,243,206	2,284,845	41,639	2,086,740	2,122,116	35,376
DISBURSEMENTS						
County Commissior	87,050	86,443	607	83,906	82,308	1,598
County Clerk	90,524	86,774	3,750	87,950	84,476	3,474
Elections	116,186	105,517	10,669	81,756	46,914	34,842
Buildings and grounds	125,748	104,777	20,971	119,278	101,465	17,813
Employee fringe benefit	206,800	180,174	26,626	192,800	159,806	32,994
County Treasurer	87,089	86,043	1,046	84,176	82,221	1,955
Ex Officio County Collecto	5,500	3,475	2,025	5,000	6,553	(1,553)
Recorder of Deeds	88,711	87,417	1,294	85,509	84,735	774
Circuit Clerk	18,950	16,457	2,493	14,625	12,697	1,928
Associate Circuit Court	19,050	17,097	1,953	18,250	16,742	1,508
Court administration	56,980	55,053	1,927	54,388	48,662	5,726
Public Administrator	1,100	726	374	1,068	902	166
Sheriff	329,219	339,451	(10,232)	327,049	343,375	(16,326)
Jail	204,886	256,742	(51,856)	195,350	245,268	(49,918)
Prosecuting Attorney	152,505	154,214	(1,709)	152,195	148,670	3,525
Juvenile Officer	438,948	338,507	100,441	465,946	413,645	52,301
County Coroner	28,414	20,266	8,148	25,181	24,275	906
Public health and welfare service	5,600	3,500	2,100	5,600	3,800	1,800
Other	229,813	187,902	41,911	225,552	196,667	28,885
Transfers out	139,100	95,925	43,175	126,825	110,026	16,799
Emergency Fund	76,650	0	76,650	75,000	0	75,000
Total Disbursements	2,508,823	2,226,460	282,363	2,427,404	2,213,207	214,197
RECEIPTS OVER (UNDER) DISBURSEMENTS	(265,617)	58,385	324,002	(340,664)	(91,091)	249,573
CASH, JANUARY 1	311,842	311,842	0	402,933	402,933	0
CASH, DECEMBER 31	46,225	370,227	324,002	62,269	311,842	249,573

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	79,000	80,690	1,690	79,000	78,308	(692)
Intergovernmental	1,408,500	1,154,116	(254,384)	1,986,500	1,721,837	(264,663)
Charges for service:	5,000	4,245	(755)	10,000	142	(9,858)
Interest	25,000	13,877	(11,123)	25,000	27,425	2,425
Other	57,500	55,479	(2,021)	46,500	57,152	10,652
Total Receipts	1,575,000	1,308,407	(266,593)	2,147,000	1,884,864	(262,136)
DISBURSEMENTS						
Salaries	165,000	147,072	17,928	150,000	133,809	16,191
Employee fringe benefit	62,850	33,722	29,128	48,200	30,589	17,611
Supplies	35,700	26,793	8,907	35,600	25,464	10,136
Insurance	15,500	13,807	1,693	6,500	6,036	464
Road and bridge materials	120,000	60,839	59,161	120,000	103,258	16,742
Equipment repairs	15,000	12,681	2,319	12,000	12,068	(68)
Equipment purchases	130,000	106,532	23,468	100,000	16,024	83,976
Construction, repair, and maintenance	1,466,665	710,673	755,992	2,346,165	1,784,795	561,370
Other	22,000	8,683	13,317	31,500	12,869	18,631
Transfers out	44,720	44,720	0	42,750	42,750	0
Total Disbursements	2,077,435	1,165,522	911,913	2,892,715	2,167,662	725,053
RECEIPTS OVER (UNDER) DISBURSEMENTS	(502,435)	142,885	645,320	(745,715)	(282,798)	462,917
CASH, JANUARY 1	618,890	618,890	0	901,688	901,688	0
CASH, DECEMBER 31	116,455	761,775	645,320	155,973	618,890	462,917
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	221,250	216,657	(4,593)	229,393	225,445	(3,948)
Interest	2,800	4,887	2,087	1,000	2,901	1,901
Other	1,300	10,175	8,875	5,000	6,265	1,265
Transfers in	26,020	0	(26,020)	10,041	0	(10,041)
Total Receipts	251,370	231,719	(19,651)	245,434	234,611	(10,823)
DISBURSEMENTS						
Assessor	260,682	237,366	23,316	245,434	229,890	15,544
Total Disbursements	260,682	237,366	23,316	245,434	229,890	15,544
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,312)	(5,647)	3,665	0	4,721	4,721
CASH, JANUARY 1	9,650	9,650	0	4,929	4,929	0
CASH, DECEMBER 31	338	4,003	3,665	4,929	9,650	4,721

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CENTRAL EMERGENCY COMMUNICATIONS FUND</u>						
RECEIPTS						
Charges for service:	143,960	143,960	0	143,960	143,960	0
Interest	300	187	(113)	300	306	6
Other	0	0	0	0	260	260
Transfers In	183,000	162,000	(21,000)	148,000	127,000	(21,000)
Total Receipts	<u>327,260</u>	<u>306,147</u>	<u>(21,113)</u>	<u>292,260</u>	<u>271,526</u>	<u>(20,734)</u>
DISBURSEMENTS						
Salaries	277,554	249,094	28,460	247,812	229,479	18,333
Office expenditure:	26,050	25,113	937	25,251	23,591	1,660
Equipment	17,100	17,362	(262)	13,200	16,832	(3,632)
Mileage and training	6,500	6,977	(477)	6,500	3,925	2,575
Total Disbursements	<u>327,204</u>	<u>298,546</u>	<u>28,658</u>	<u>292,763</u>	<u>273,827</u>	<u>18,936</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	56	7,601	7,545	(503)	(2,301)	(1,798)
CASH, JANUARY 1	1,637	1,637	0	3,938	3,938	0
CASH, DECEMBER 31	<u>1,693</u>	<u>9,238</u>	<u>7,545</u>	<u>3,435</u>	<u>1,637</u>	<u>(1,798)</u>
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for service:	10,000	11,321	1,321	11,000	11,906	906
Other	1,500	0	(1,500)	0	0	0
Total Receipts	<u>11,500</u>	<u>11,321</u>	<u>(179)</u>	<u>11,000</u>	<u>11,906</u>	<u>906</u>
DISBURSEMENTS						
Sheriff	12,200	10,454	1,746	12,750	13,796	(1,046)
Total Disbursements	<u>12,200</u>	<u>10,454</u>	<u>1,746</u>	<u>12,750</u>	<u>13,796</u>	<u>(1,046)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(700)	867	1,567	(1,750)	(1,890)	(140)
CASH, JANUARY 1	2,406	2,406	0	4,296	4,296	0
CASH, DECEMBER 31	<u>1,706</u>	<u>3,273</u>	<u>1,567</u>	<u>2,546</u>	<u>2,406</u>	<u>(140)</u>
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for service:	2,000	1,861	(139)	2,000	1,823	(177)
Total Receipts	<u>2,000</u>	<u>1,861</u>	<u>(139)</u>	<u>2,000</u>	<u>1,823</u>	<u>(177)</u>
DISBURSEMENTS						
Prosecuting Attorney	2,550	1,237	1,313	2,050	1,751	299
Total Disbursements	<u>2,550</u>	<u>1,237</u>	<u>1,313</u>	<u>2,050</u>	<u>1,751</u>	<u>299</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(550)	624	1,174	(50)	72	122
CASH, JANUARY 1	711	711	0	639	639	0
CASH, DECEMBER 31	<u>161</u>	<u>1,335</u>	<u>1,174</u>	<u>589</u>	<u>711</u>	<u>122</u>

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY'S BAD CHECK FUND</u>						
RECEIPTS						
Charges for service:	31,000	30,067	(933)	30,000	23,776	(6,224)
Total Receipts	<u>31,000</u>	<u>30,067</u>	<u>(933)</u>	<u>30,000</u>	<u>23,776</u>	<u>(6,224)</u>
DISBURSEMENTS						
Prosecuting Attorney	27,500	30,671	(3,171)	27,000	10,767	16,233
Transfers out	10,000	11,429	(1,429)	11,820	7,705	4,115
Total Disbursements	<u>37,500</u>	<u>42,100</u>	<u>(4,600)</u>	<u>38,820</u>	<u>18,472</u>	<u>20,348</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(6,500)</u>	<u>(12,033)</u>	<u>(5,533)</u>	<u>(8,820)</u>	<u>5,304</u>	<u>14,124</u>
CASH, JANUARY 1	15,101	15,101	0	9,797	9,797	0
CASH, DECEMBER 31	<u>8,601</u>	<u>3,068</u>	<u>(5,533)</u>	<u>977</u>	<u>15,101</u>	<u>14,124</u>
<u>PROSECUTING ATTORNEY'S DELIQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	500	1,501	1,001	1,000	416	(584)
Total Receipts	<u>500</u>	<u>1,501</u>	<u>1,001</u>	<u>1,000</u>	<u>416</u>	<u>(584)</u>
DISBURSEMENTS						
Prosecuting Attorney	2,000	550	1,450	3,815	3,020	795
Total Disbursements	<u>2,000</u>	<u>550</u>	<u>1,450</u>	<u>3,815</u>	<u>3,020</u>	<u>795</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(1,500)</u>	<u>951</u>	<u>2,451</u>	<u>(2,815)</u>	<u>(2,604)</u>	<u>211</u>
CASH, JANUARY 1	2,074	2,074	0	4,678	4,678	0
CASH, DECEMBER 31	<u>574</u>	<u>3,025</u>	<u>2,451</u>	<u>1,863</u>	<u>2,074</u>	<u>211</u>
<u>TRI-COUNTY CHILD SUPPORT FUND</u>						
RECEIPTS						
Intergovernmental	83,683	75,596	(8,087)	81,820	66,316	(15,504)
Transfers in	0	4,429	4,429	11,802	7,705	(4,097)
Total Receipts	<u>83,683</u>	<u>80,025</u>	<u>(3,658)</u>	<u>93,622</u>	<u>74,021</u>	<u>(19,601)</u>
DISBURSEMENTS						
Salaries	65,633	64,759	874	63,916	62,805	1,111
Office expenditure:	11,800	14,739	(2,939)	14,100	10,717	3,383
Other expenses	250	0	250	250	48	202
Transfers Out	6,000	0	6,000	8,802	0	8,802
Total Disbursements	<u>83,683</u>	<u>79,498</u>	<u>4,185</u>	<u>87,068</u>	<u>73,570</u>	<u>13,498</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>0</u>	<u>527</u>	<u>527</u>	<u>6,554</u>	<u>451</u>	<u>(6,103)</u>
CASH, JANUARY 1	5,720	5,720	0	5,269	5,269	0
CASH, DECEMBER 31	<u>5,720</u>	<u>6,247</u>	<u>527</u>	<u>11,823</u>	<u>5,720</u>	<u>(6,103)</u>

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EMERGENCY 911 FUND						
RECEIPTS						
Charges for service:	250,000	404,317	154,317	175,000	305,563	130,563
Interest	6,000	5,574	(426)	5,000	9,656	4,656
Total Receipts	256,000	409,891	153,891	180,000	315,219	135,219
DISBURSEMENTS						
Telephone charges:	85,000	70,798	14,202	85,000	78,321	6,679
Equipment	96,500	60,228	36,272	85,000	37,976	47,024
Other	0	2,822	(2,822)	0	74	(74)
New building construction/upkeep	86,500	0	86,500	2,000	0	2,000
Training	2,000	0	2,000	1,500	0	1,500
Transfer out	93,000	72,000	21,000	58,000	37,000	21,000
Total Disbursements	363,000	205,848	157,152	231,500	153,371	78,129
RECEIPTS OVER (UNDER) DISBURSEMENTS	(107,000)	204,043	311,043	(51,500)	161,848	213,348
CASH, JANUARY 1	329,377	329,377	0	167,529	167,529	0
CASH, DECEMBER 31	222,377	533,420	311,043	116,029	329,377	213,348
VICTIMS OF DOMESTIC VIOLENCE FUND						
RECEIPTS						
Intergovernmental	20,000	13,116	(6,884)	15,000	23,339	8,339
Charges for service:	1,500	1,332	(168)	2,500	1,392	(1,108)
Total Receipts	21,500	14,448	(7,052)	17,500	24,731	7,231
DISBURSEMENTS						
Domestic violence shelte	1,500	1,346	154	2,500	1,364	1,136
Grant expenses	20,000	13,116	6,884	15,000	23,339	(8,339)
Total Disbursements	21,500	14,462	7,038	17,500	24,703	(7,203)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(14)	(14)	0	28	28
CASH, JANUARY 1	28	28	0	0	0	0
CASH, DECEMBER 31	28	14	(14)	0	28	28
LOCAL USE TAX FUND						
RECEIPTS						
Local use tax	55,000	62,879	7,879	70,000	52,519	(17,481)
Interest	1,000	2,212	1,212	1,000	7835	6,835
Other	0	17,320	17,320	0	7393	7,393
Total Receipts	56,000	82,411	26,411	71,000	67,747	(3,253)
DISBURSEMENTS						
Capital expenditures	220,000	140,040	79,960	195,000	16,267	178,733
Other expenses:	20,000	4,107	15,893	20,000	0	20,000
Engineering Fees:	6,000	9,925	(3,925)	0	6,350	(6,350)
Total Disbursements	246,000	154,072	91,928	215,000	22,617	192,383
RECEIPTS OVER (UNDER) DISBURSEMENTS	(190,000)	(71,661)	118,339	(144,000)	45,130	189,130
CASH, JANUARY 1	190,072	190,072	0	144,942	144,942	0
CASH, DECEMBER 31	72	118,411	118,339	942	190,072	189,130

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>FEDERAL DRUG FORFEITURE PROGRAM FUND</u>						
RECEIPTS						
Intergovernmental				0	0	0
Total Receipts				0	0	0
DISBURSEMENTS						
Other				23	23	0
Total Disbursements				23	23	0
RECEIPTS OVER (UNDER) DISBURSEMENTS				(23)	(23)	0
CASH, JANUARY 1				23	23	0
CASH, DECEMBER 31				0	0	0
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	5,000	6,058	1,058	5,000	5,796	796
Total Receipts	5,000	6,058	1,058	5,000	5,796	796
DISBURSEMENTS						
Salaries	1,615	3,434	(1,819)	1,615	1,615	0
Office expense	150	0	150	102	143	(41)
Equipment	200	228	(28)	283	646	(363)
Mileage and training	700	841	(141)	1,000	630	370
Other	3,335	158	3,177	4,000	4,757	(757)
Total Disbursements	6,000	4,661	1,339	7,000	7,791	(791)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	1,397	2,397	(2,000)	(1,995)	5
CASH, JANUARY 1	2,134	2,134	0	4,129	4,129	0
CASH, DECEMBER 31	1,134	3,531	2,397	2,129	2,134	5
<u>D.A.R.E FUND</u>						
RECEIPTS						
Intergovernmental	2,500	190	(2,310)	3,000	660	(2,340)
Total Receipts	2,500	190	(2,310)	3,000	660	(2,340)
DISBURSEMENTS						
Office expense	2,500	1,041	1,459	2,500	3,467	(967)
Total Disbursements	2,500	1,041	1,459	2,500	3,467	(967)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(851)	(851)	500	(2,807)	(3,307)
CASH, JANUARY 1	912	912	0	3,719	3,719	0
CASH, DECEMBER 31	912	61	(851)	4,219	912	(3,307)

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CORPS OF ENGINEERS</u>						
RECEIPTS						
Intergovernmental	43,500	50,770	7,270	154,384	150,913	(3,471)
Transfers in	4,500	4,500	0	0	1,500	1,500
Total Receipts	48,000	55,270	7,270	154,384	152,413	(1,971)
DISBURSEMENTS						
Salaries	25,600	23,463	2,137	86,738	92,400	(5,662)
Office expenditures:	3,000	3,053	(53)	10,542	27,912	(17,370)
Equipment	22,632	27,434	(4,802)	39,899	29,055	10,844
Uniform expense	1,500	2,988	(1,488)	2,820	4,215	(1,395)
Training	0	0	0	1,500	0	1,500
Transfers out	0	5,000	(5,000)	0	6,500	(6,500)
Total Disbursements	52,732	61,938	(9,206)	141,499	160,082	(18,583)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,732)	(6,668)	(1,936)	12,885	(7,669)	(20,554)
CASH, JANUARY 1	6,818	6,818	0	14,487	14,487	0
CASH, DECEMBER 31	2,086	150	(1,936)	27,372	6,818	(20,554)
<u>RECORDER'S RECORDS, STORAGE, AND PRESERVATION FUND</u>						
RECEIPTS						
Charges for service:	14,000	18,834	4,834	10,000	12,832	2,832
Interest	0	155	155	0	191	191
Total Receipts	14,000	18,989	4,989	10,000	13,023	3,023
DISBURSEMENTS						
Equipment expense	1,800	500	1,300	2,000	1,727	273
Supplies expense	300	0	300	500	0	500
Transfers out	9,030	9,031	(1)	8,640	8,640	0
Total Disbursements	11,130	9,531	1,599	11,140	10,367	773
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,870	9,458	6,588	(1,140)	2,656	3,796
CASH, JANUARY 1	6,928	6,928	0	4,272	4,272	0
CASH, DECEMBER 31	9,798	16,386	6,588	3,132	6,928	3,796
<u>FEDERAL GRANT</u>						
RECEIPTS						
Intergovernmental	61,249	44,294	(16,955)	100,909	22,894	(78,015)
Transfers in	0	0	0	8,000	13,500	5,500
Other	0	8,000	8,000	0	0	0
Total Receipts	61,249	52,294	(8,955)	108,909	36,394	(72,515)
DISBURSEMENTS						
Salaries	36,833	31,565	5,268	68,209	24,610	43,599
Vehicle	9,800	9,235	565	20,000	6,573	13,427
Equipment	6,411	10,947	(4,536)	12,508	5,196	7,312
Training	0	165	(165)	405	0	405
Uniforms	660	0	660	0	0	0
Total Disbursements	53,704	51,912	1,792	101,122	36,379	64,743
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,545	382	(7,163)	7,787	15	(7,772)
CASH, JANUARY 1	571	571	0	556	556	0
CASH, DECEMBER 31	8,116	953	(7,163)	8,343	571	(7,772)

Exhibit B

HENRY COUNTY, MISSOURI

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

Year Ended December 31,

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for service:	4,200	3,824	(376)	2,650	953	(1,697)
Other	1,500	1,908	408	1,500	3,440	1,940
Total Receipts	5,700	5,732	32	4,150	4,393	243
DISBURSEMENTS						
Salaries	4,310	2,751	1,559	1,185	821	364
Training	1,500	0	1,500	1,500	523	977
Other	4,000	363	3,637	2,900	30	2,870
Total Disbursements	9,810	3,114	6,696	5,585	1,374	4,211
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,110)	2,618	6,728	(1,435)	3,019	4,454
CASH, JANUARY 1	4,459	4,459	0	1,440	1,440	0
CASH, DECEMBER 31	349	7,077	6,728	5	4,459	4,454
<u>SHERIFF'S SPECIAL PROJECT FUND</u>						
RECEIPTS						
Intergovernmental	72,321	56,104	(16,217)	46,214	76,034	29,820
Other	21,000	29,081	8,081	10,150	20,730	10,580
Transfers In	11,032	0	(11,032)	6,784	2,784	(4,000)
Total Receipts	104,353	85,185	(19,168)	63,148	99,548	36,400
DISBURSEMENTS						
Salaries	76,248	55,479	20,769	46,578	73,123	(26,545)
Other	27,644	20,176	7,468	17,530	25,814	(8,284)
Total Disbursements	103,892	75,655	28,237	64,108	98,937	(34,829)
RECEIPTS OVER (UNDER) DISBURSEMENTS	461	9,530	9,069	(960)	611	1,571
CASH, JANUARY 1	5,653	5,653	0	5,042	5,042	0
CASH, DECEMBER 31	6,114	15,183	9,069	4,082	5,653	1,571
<u>SHERIFF'S CIVIL FUND</u>						
RECEIPTS						
Charges for service:	27,000	26,939	(61)	24,000	27,824	3,824
Total Receipts	27,000	26,939	(61)	24,000	27,824	3,824
DISBURSEMENTS						
Vehicle lease expense:	31,608	31,753	(145)	27,522	26,389	1,133
Total Disbursements	31,608	31,753	(145)	27,522	26,389	1,133
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,608)	(4,814)	(206)	(3,522)	1,435	4,957
CASH, JANUARY 1	4,986	4,986	0	3,551	3,551	0
CASH, DECEMBER 31	378	172	(206)	29	4,986	4,957

Exhibit B

HENRY COUNTY, MISSOURI

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

Year Ended December 31,

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HEALTH CENTER FUND						
RECEIPTS						
Property taxes	220,000	222,377	2,377	216,500	216,189	(311)
Intergovernmental	148,792	201,700	52,908	204,715	200,427	(4,288)
Charges for service:	25,000	23,590	(1,410)	34,000	25,223	(8,777)
Interest	3,000	3,288	288	0	3,904	3,904
Other	46,300	43,885	(2,415)	32,500	94,060	61,560
Transfers in	40,000	0	(40,000)	0	0	0
Total Receipts	483,092	494,840	11,748	487,715	539,803	52,088
DISBURSEMENTS						
Salaries	356,500	336,242	20,258	349,777	319,807	29,970
Office supplies:	14,700	23,878	(9,178)	27,620	13,707	13,913
Equipment	11,300	3,347	7,953	26,600	16,115	10,485
Mileage and training	13,979	15,316	(1,337)	15,579	14,475	1,104
Other	89,165	147,343	(58,178)	117,700	172,558	(54,858)
Total Disbursements	485,644	526,126	(40,482)	537,276	536,662	614
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,552)	(31,286)	(28,734)	(49,561)	3,141	52,702
CASH, JANUARY 1	113,454	113,548	94	109,584	110,407	823
CASH, DECEMBER 31	110,902	82,262	(28,640)	60,023	113,548	53,525
JUVENILE OFFICER DYS GRANT FUND						
RECEIPTS						
Charge for Services:	28,700	24,480	(4,220)			
Total Receipts	28,700	24,480	(4,220)			
DISBURSEMENTS						
Other	31,109	25,432	5,677			
Total Disbursements	31,109	25,432	5,677			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,409)	(952)	1,457			
CASH, JANUARY 1	6,056	6,056	0			
CASH, DECEMBER 31	3,647	5,104	1,457			
CIRCUIT CLERK INTEREST						
RECEIPTS						
Interest	750	329	(421)	1,000	1,193	193
Total Receipts	750	329	(421)	1,000	1,193	193
DISBURSEMENTS						
Equipment	1,771	235	1,536	5,000	5,189	(189)
Total Disbursements	1,771	235	1,536	5,000	5,189	(189)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,021)	94	1,115	(4,000)	(3,996)	4
CASH, JANUARY 1	1,021	1,021	0	5,017	5,017	0
CASH, DECEMBER 31	0	1,115	1,115	1,017	1,021	4

Exhibit B

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

Year Ended December 31,

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	855	1,297	442	1,625	1,832	207
Total Receipts	855	1,297	442	1,625	1,832	207
DISBURSEMENTS						
Equipment	6,000	5,070	930	2,500	108	2,392
Total Disbursements	6,000	5,070	930	2,500	108	2,392
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,145)	(3,773)	1,372	(875)	1,724	2,599
CASH, JANUARY 1	6,958	7,047	89	5,323	5,323	0
CASH, DECEMBER 31	1,813	3,274	1,461	4,448	7,047	2,599
<u>LAW LIBRARY</u>						
RECEIPTS						
Charges for service:	8,900	11,410	2,510	9,300	8,848	(452)
Interest	15	2	(13)	75	29	(46)
Other	1,200	2,000	800	1,800	1,105	(695)
Total Receipts	10,115	13,412	3,297	11,175	9,982	(1,193)
DISBURSEMENTS						
Law Library	8,609	14,737	(6,128)	12,000	10,713	1,287
Total Disbursements	8,609	14,737	(6,128)	12,000	10,713	1,287
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,506	(1,325)	(2,831)	(825)	(731)	94
CASH, JANUARY 1	1,379	1,379	0	2,110	2,110	0
CASH, DECEMBER 31	2,885	54	(2,831)	1,285	1,379	94
<u>LOG JAM CDBG</u>						
RECEIPTS						
Intergovernmental	472,400	445,401	(26,999)	815,000	342,599	(472,401)
Total Receipts	472,400	445,401	(26,999)	815,000	342,599	(472,401)
DISBURSEMENTS						
Engineering expense:	2,500	8,970	(6,470)	48,980	56,895	(7,915)
Construction expense:	375,000	328,294	46,706	711,620	244,210	467,410
Administrative expense:	14,700	61,115	(46,415)	39,400	24,700	14,700
Other expenses:	80,700	2,088	78,612	15,000	16,294	(1,294)
Total Disbursements	472,900	400,467	72,433	815,000	342,099	472,901
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	44,934	45,434	0	500	500
CASH, JANUARY 1	500	500	0	0	0	0
CASH, DECEMBER 31	0	45,434	45,434	0	500	500

Exhibit B

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>POLICE OFFICERS TRAINING FUND</u>						
RECEIPTS						
Charges for Services	2,300	1,078	(1,222)	2,500	2,328	(172)
Total Receipts	<u>2,300</u>	<u>1,078</u>	<u>(1,222)</u>	<u>2,500</u>	<u>2,328</u>	<u>(172)</u>
DISBURSEMENTS						
Training expenses	2,300	1,078	1,222	2,500	2,328	172
Total Disbursements	<u>2,300</u>	<u>1,078</u>	<u>1,222</u>	<u>2,500</u>	<u>2,328</u>	<u>172</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>COUNTY GRANT FUND</u>						
RECEIPTS						
Intergovernmental	8,318	5,823	(2,495)			
Transfers in	1,188	0	(1,188)			
Other	0	14	14			
Total Receipts	<u>9,506</u>	<u>5,837</u>	<u>(3,669)</u>			
DISBURSEMENTS						
Microfilming cost	9,560	0	9,560			
Total Disbursements	<u>9,560</u>	<u>0</u>	<u>9,560</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(54)	5,837	5,891			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	<u>(54)</u>	<u>5,837</u>	<u>5,891</u>			
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for service:	8,480	2,825	(5,655)			
Total Receipts	<u>8,480</u>	<u>2,825</u>	<u>(5,655)</u>			
DISBURSEMENTS						
Office	3,600	406	3,194			
Equipment	4,030	0	4,030			
Mileage and training	850	0	850			
Total Disbursements	<u>8,480</u>	<u>406</u>	<u>8,074</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	2,419	2,419			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	<u>0</u>	<u>2,419</u>	<u>2,419</u>			

Exhibit B

HENRY COUNTY, MISSOURI

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

	Year Ended December 31,					
	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT CONTRACT FUND</u>						
RECEIPTS						
Charges for service:	257,971	255,536	(2,435)			
Other	0	6,727	6,727			
Transfers in	0	5,000	5,000			
Total Receipts	<u>257,971</u>	<u>267,263</u>	<u>9,292</u>			
DISBURSEMENTS						
Salaries	196,471	194,197	2,274			
Office supplies	6,300	3,180	3,120			
Equipment	35,700	47,913	(12,213)			
Mileage and training	1,000	8,121	(7,121)			
Other	1,000	600	400			
Transfers out	17,500	12,554	4,946			
Total Disbursements	<u>257,971</u>	<u>266,565</u>	<u>(8,594)</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	698	698			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	\$ 0	\$ 698	\$ 698			

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

Notes to the Financial Statements

HENRY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Henry 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, or the Health Center 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. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 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 a formal budget for the Juvenile Office DYS Grant fund for the year ended December 31, 2001.

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training	2001
Prosecuting Attorney Bad Check	2002
Victims of Domestic Violence	2001
Local Emergency Planning Commission	2001
D.A.R.E	2001

Corp of Engineers	2002 and 2001
Sheriff's Special Project	2001
Sheriff's Civil	2002
Health Center	2002
Circuit Clerk Interest	2001
Law Library	2002
Law Enforcement Contract	2002

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>
Health Center	2001
Juvenile Office DYS Grant	2002 and 2001
Circuit Clerk Interest	2002 and 2001
Associate Circuit Division Interest	2002 and 2001
Law Library	2002 and 2001
County Grant	2002

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 depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

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, 2002 and 2001, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name, or by commercial insurance provided through a surety bond.

The Health Center Board's deposits at December 31, 2002 and 2001, were entirely covered by federal depository insurance.

3. Property Taxes

Through December 31, 2002, Henry County collected \$101,187 in excess property taxes. Section 67.505, RSMo 2000, requires the county to reduce property taxes for a percentage of sales taxes collected. Henry County voters enacted a 1/2 cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected. Tax levies were not reduced sufficiently for actual sales tax collections.

4. Prior Period Adjustment

The Associate Circuit Division Interest Fund's cash balance at January 1, 2001, as previously stated has been decreased by \$1,313 to reflect expenditures not previously reported.

Supplementary Schedule

Schedule

HENRY 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,	
			2002	2001
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2141	\$ 54,166	67,571
10.559	Summer Food Service Program for Children	ERS146-000000	120	120
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grants/State Program	2000-PF-18	107,395	292,605
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO1640446	6,445	0
		ERO1640515	6,671	0
		ERO1640398	0	23,339
	Program Total		<u>13,116</u>	<u>23,339</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through				
State Department of Public Safety -				
16.579	Byrne Formula Grant Program	2002-NCD2	42,489	0
16.588	Violence Against Women Formula Grant	2001VAWA0015	16,882	17,435
16.592	Local Law Enforcement Block Grants Program	02001LBG101	2,286	1,945
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,125	1,368
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-042	164,071	197,695
		COE-042	76,544	841,851
	Program Total		<u>240,615</u>	<u>1,039,546</u>
20.600	State and Community Highway Safety	02-UDL-03-5	0	673
		01-UDL-03-03	0	4,409
	Program Total		<u>0</u>	<u>5,082</u>

Schedule

HENRY 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,	
			2002	2001
20.703	Department of Public Safety - Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	585	0
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	78	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety				
83.534	Emergency Management - State and Local Assistan	DOT9083	5,583	5,796
83.552	Emergency Management Performance Grant	N/A	5,195	4,990
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Health and Senior Services-				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Level in Children	ERS146-2141L	2,500	0
93.268	Immunization Grant:	PGA064-3141A	5,325	1,852
	Program Total	N/A	54,926	28,858
			<u>60,251</u>	<u>30,710</u>
Department of Social Services -				
93.563	Child Support Enforcemen	N/A	44,354	43,769
Department of Health and Senior Services-				
93.575	Child Care and Development Block Gran	PGA067-0141	2,125	2,735
Department of Health and Senior Services				
93.994	Maternal and Child Health Services Block Grant to the State	ERS146-0141	16,637	19,251
		ERS046-0141	65	113
		N/A	556	3,029
	Program Total		<u>17,258</u>	<u>22,393</u>
	Total Expenditures of Federal Awards		<u>\$ 616,123</u>	<u>1,559,404</u>

N/A - Not applicable

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

Notes to the Supplementary Schedule

HENRY 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 Henry 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 Program (CFDA number 39.003) represent the estimated fair market value of property at time of receipt. Additionally, amounts for Immunization Grants (CFDA number 93.268), and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines

obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2002 and 2001.

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 Henry County, Missouri

Compliance

We have audited the compliance of Henry 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, 2002 and 2001. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

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

In our opinion, Henry 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, 2002 and 2001. 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 02-1 and 02-2.

Internal Control Over Compliance

The management of Henry 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 02-1 and 02-2.

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 and use of the management of Henry County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 10, 2003 (fieldwork completion date)

Schedule

HENRY COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2002 AND 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes no

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

Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over major program:

Material weaknesses identified? yes no

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

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

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

Identification of major program:

CFDA or Other Identifying <u>Number</u> 20.205	<u>Program Title</u> Highway Planning and Construction 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 the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

02-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-042 and COE-042
Award Years:	2002 and 2001
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 part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. The SEFA prepared for the year ended December 31, 2002, contained numerous errors and omissions. As an example, for several programs either revenue information only or no information was presented. While the SEFA prepared for the year ended December 31, 2001, was more complete, the amounts presented for several programs did not match the county's expenditure records. Federal expenditures were understated by approximately \$58,000 and \$147,000 for the years ended December 31, 2002 and 2001, respectively.

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

WE RECOMMEND the County Clerk implement procedures to ensure more accurate information about federal grants is received from elected officials and the SEFA is complete and accurate.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

I will work with the other officials and boards to better identify federal programs and the related expenditure amounts, so that a more complete and accurate SEFA can be prepared.

02-2. Procurement of Professional Services Contract

Federal Grantor:	U.S. Department of Transportation
Pass-through Grantor:	Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-042 and COE-042
Award Years:	2002 and 2001
Questioned Costs:	\$23,978

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 \$29,973 for project BRO-042(21). Although a letter to the state Department of Transportation indicated the county had considered three engineering firms, there was no documentation to show the county commissioners' considerations or criteria for selecting the firm chosen for this project.

Section 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 \$23,978, which is the federal share of engineering costs paid during 2002.

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 believe we are in compliance with statutory provisions but in the future we will provide further documentation in the file regarding our considerations and decision-making process.

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

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

The prior audit report issued for the two years ended December 31, 2000, 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

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

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

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

The prior audit report issued for the two years ended December 31, 2000, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Henry County, Missouri, as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 10, 2003. We also have audited the compliance of Henry 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, 2002 and 2001, and have issued our report thereon dated June 10, 2003.

We also have audited the operations of elected officials with funds other than those presented in the financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our finding arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the financial statements of Henry 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*.

1. Budgets and Expenditures

- A. As similarly discussed in prior reports, disbursements were made in excess of approved budgeted amounts for the following funds:

Fund	Year Ended December 31,	
	2002	2001
Law Enforcement Training	\$ N/A	1,046
Prosecuting Attorney Bad Check	4,600	N/A
Victims of Domestic Violence	N/A	7,203
Local Emergency Planning Commission	N/A	791
D.A.R.E	N/A	967
Corps of Engineers	9,206	18,583
Sheriff's Special Project	N/A	34,829
Sheriff's Civil Fund	145	N/A
Law Enforcement Contract	8,594	N/A
Health Center	40,482	N/A
Circuit Clerk Interest	N/A	189
Law Library	6,128	N/A

For all funds listed above, except the Health Center, Circuit Clerk Interest, and Law Library funds, which are in the custody of officials or boards outside the county treasury, monthly reports comparing budgeted and actual receipts and disbursements are available. While budget to actual data is provided to the various county officials, the county's procedures and reports are not resulting in effective monitoring of various budgets.

It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. As similarly discussed in prior reports, the county has been significantly overestimating the amounts budgeted for Special Road and Bridge Fund expenditures for several years. As Exhibit B illustrates, budgeted expenditures

significantly exceeded actual expenditures of the Special Road and Bridge Fund during the years ended December 31, 2002 and 2001.

Section 50.515, RSMo 2000, authorizes the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The fee is limited to a maximum of three percent of the budget of the Special Road and Bridge Fund.

Because estimates of expenditures for the Special Road and Bridge Fund are significantly in excess of actual expenditures, the amounts transferred to the General Revenue fund during 1999, 2000, and 2002 were approximately \$25,000 higher than they would have been had the transfers been based on more reasonable amounts. For 2001 the county did transfer significantly less than 3 percent of budgeted expenditures (approximately \$21,000).

It was noted in prior audit reports that \$136,000 was due from the General Revenue Fund to the Special Road and Bridge Fund for excess administrative transfers. The amount has not been repaid and at December 31, 2002, \$140,000 is due from the General Revenue Fund to the Special Road and Bridge Fund.

- C. As similarly discussed in a prior report, bids were not always solicited or advertised by the county nor was bid documentation always retained for various purchases. In addition, sole source procurement situations were not documented. Examples of items purchased for which bid documentation could not be located are as follows:

<u>Item or Service</u>	<u>Cost</u>
Programming and software for 2002 elections	\$ 29,623
Used I-Beams	19,575
Installation of lightning rods	11,930
Mower deck replacement	7,039
Mailing of 2002 personal assessments	6,250

Section 50.660, RSMo 2000, requires the advertisement of bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. Competitive bidding ensures all interested parties are given an equal opportunity to participate in county business. To show full compliance with state law, documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of all bids received, a summary of the basis and justification for awarding the bid, documentation of all discussions with vendors, and bid specifications designed to encourage competitive bidding. If bids cannot be

obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.

- D. The County Commission sometimes approves expenditures without reviewing the detailed supporting documentation and ensuring the goods or services have been received. Rather, they rely on the review of other county officials and pay based on a warrant request and minimal documentation (ie; front page of a cellular phone bill), if any. To ensure the validity and propriety of payments from county funds, the County Commission should require that sufficient detailed documentation and notation of receipt of goods or services be provided along with warrant requests.
- E. During 2001, 2002, and 2003, the county contracted with and paid three deputy county clerks to prepare the county's published financial statements. Each clerk was paid \$200 per year for this work. The work was to be performed outside regular working hours. No time records were maintained that showed how much time was spent or when the work was done. These payments were not included in the county payroll records, were not subject to payroll withholdings, and were not reported on the employees' W-2 forms. It is not clear whether these clerks are providing these services as county employees or independent contractors. The failure to correctly identify and handle such arrangements may result in noncompliance with the Fair Labor Standards Act (FLSA) and not properly withholding and paying various taxes and/or fringe benefits.

WE RECOMMEND the County Commission:

- A. And Health Center Board of Trustees not authorize expenditures in excess of budgeted expenditures. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's office.
- B. Review procedures used to establish the Special Road and Bridge Fund budget and prepare more reasonable estimates. In addition, the County Commission needs to reevaluate its procedure for determining the administrative service fee amount, and transfer \$140,000 from the General Revenue Fund to the Special Road and Bridge Fund.
- C. Solicit bids for all purchases in accordance with state law and maintain adequate documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- D. Require that sufficient detailed documentation and notation of receipt of goods or services be provided along with warrant requests before approving expenditures from county funds.

- E. Review this situation to determine if these services are being performed under an employee or independent contractor status, and also determine the required time reporting and wage reporting guidelines.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *Currently, each official gets a copy of the monthly reports. We will monitor and notify the other officials when disbursements start getting close to their budgeted amount to determine if an amendment to the budget is needed. If needed, the budget amendments will be made following the same process by which the annual budget is approved.*
- B. *We will consider this recommendation when completing budgets and when transferring monies from the Special Road and Bridge Fund to the General Revenue Fund.*
- C. *We will ensure better documentation is maintained to document the overall bid process.*
- D. *We will be more careful to ensure supporting documentation is reviewed.*
- E. *We will give consideration to this recommendation when completing financial statements in the future.*

The Health Center Administrator provided the following response:

- A. *The health center will make every effort to stay within budgeted amounts, and will amend the budgets when changes occur that effect the financial situation of the health center.*

2. County Officials' Salaries and Bonding
--

- A. 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. 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 Henry County's Associate County Commissioners' salaries were each increased approximately \$3,281 yearly, according to information from the County Clerk. The 1997 Henry County Salary Commission minutes did not specifically address the issue of midterm raises for the associate county commissioners.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of the 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 in office. This case, *Laclede County v.*

Douglass et al., holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$6,562 for the two years ended December 31, 2000, should be repaid. Although the County Commissioners are aware of the Supreme Court opinion, a formal decision has not been made regarding repayment.

- B. A new Prosecuting Attorney took office in 2003. According to the county's 2003 budget and discussions with county officials, the new Prosecuting Attorney's salary was set at \$43,350 or approximately \$5,915 less than was paid to the former Prosecuting Attorney during 2002. A review of the county's 1997 salary commission minutes indicates that officials' salaries were to be set at 85 percent of the state recommended salary with an annual cost of living adjustment beginning in 1999. The \$43,350 represents 85 percent of the salary provided for in Section 56.265, RSMo 2000 with no cost of living adjustments. The salaries of other county officials were not decreased and this salary decrease was not supported by salary commission action or a legal opinion. The county's 2003 budget document shows that the salary initially requested for the Prosecuting Attorney was \$50,743 (the 2002 salary adjusted for a 3 percent cost of living increase).

The County Commission should re-evaluate the propriety of the Prosecuting Attorney's salary and ensure all future salary changes are supported by actions of the salary commission.

- C. Several county employees from various offices with access to money are not covered by an employee bond. Adequate bonding is necessary to reduce the risk of loss if funds are mishandled. Failure to properly bond all persons with access to assets exposes the county to unnecessary risks.

WE RECOMMEND the County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Re-evaluate and adjust, if necessary, the Prosecuting Attorney's current salary and ensure future elected officials' salaries are supported by actions of the salary commission.
- C. Obtain adequate bond coverage for all employees with access to negotiable assets.

AUDITEE'S RESPONSE

The County Commission provided the following responses:

- A. *In 1997 the state legislature passed into law Section 50.333(13), RSMo "At the salary commission meeting in 1997 which establishes the salaries for those offices to be elected at the general election in 1998, the salary commission of each noncharter county may provide salary increases for associate county commissioners elected in 1996. This one-time increase is necessitated by the change from two- to four-year terms for associate commissioners pursuant to house bill 256*, passed by the first regular session of the eighty-eighth general assembly in 1995."*

The Henry County Commission observed the law, and accepted the state recommended salary.

The Missouri State Supreme Court has not requested reimbursement.

Henry County elected officials receive only 85 percent of the state recommended salary.

- B. *We believe the 85 percent of the state recommended salary is the salary for the office. The cost-of-living adjustment is for the person holding that office and relates to experience and seniority. Had the incumbent official retained the office, the salary would not have been changed.*
- C. *We will check into obtaining bond coverage for employees.*

The Prosecuting Attorney provided the following response:

- B. *I agree that the County Commission's action of reducing the salary of the Prosecuting Attorney was completely without salary commission action or a legal opinion.*

AUDITOR'S COMMENT

- B. According to the county's 2001 salary commission minutes no salary increases or decreases (other than possible cost of living adjustments) were approved. Section 50.333, RSMo provides that if the salary commission votes for no increase or decrease in compensation, the salary being paid during the term in which the vote was taken will continue as the salary of such offices or officers during the subsequent term of office.

3.**Bond Forfeitures**

The County Treasurer has not distributed bond forfeiture monies in accordance with state statute. Section 166.300, RSMo 2000, requires all forfeitures to be transmitted to the state for deposit into the School Building Revolving Fund annually. A review of the County Treasurer's Capital Schools Fund ledger shows that as of December 31, 2002, bond forfeitures totaling approximately \$21,516, have been disbursed to the schools rather than being transmitted to the state.

WE RECOMMEND the County Treasurer review past distributions to determine any necessary corrections, and, in the future, distribute all bond forfeiture monies in accordance with state law.

AUDITEE'S RESPONSE

There have been some questions regarding whether the courts correctly identified the monies as bond forfeitures. In the future, I will transmit all bond forfeitures to the state as long as the courts clearly identify these monies.

4.**Prosecuting Attorney's Expenditures**

The county Prosecuting Attorney's office collects an administrative fee for the collection of bad check restitution. The fees are deposited into the Prosecuting Attorney Bad Check Fund and expended at the discretion of the Prosecuting Attorney. In addition, the County has an agreement with the Division of Child Support Enforcement to be the primary location for a multiple county project, which includes Henry, Bates, and St. Clair counties. The county has established the Tri-County Child Support Fund to handle receipts (state reimbursements and transfers from other county funds) and disbursements (payroll, office equipment, and operating costs) related to this child support enforcement office. While the County Treasurer maintains custody of these funds, the expenditures are not reviewed and approved through the county's normal expenditure process and supporting documentation is retained in the Prosecuting Attorney's office and the Tri-County child support office. Receipts and disbursements in the Prosecuting Attorney Bad Check Fund totaled \$53,843 and \$60,572, respectively, during the two years ended December 31, 2002. Receipts and disbursements in the Tri-County Child Support Fund totaled \$154,046 and \$153,068, respectively, during the two years ended December 31, 2002.

Our review of transactions from these funds identified questionable expenditures, expenditures without adequate supporting documentation, noncompliance with county policy, and insufficient oversight and review prior to approval of payments.

- A. Phone costs of the Tri-County child support office are initially paid from the Tri-County Child Support Fund and subsequently included on child support

enforcement (Title IV-D) reimbursement claims to the state. We reviewed the phone bills for the periods May 2001, July 2001 and December 2001 through March 2003 and identified numerous personal calls that were made from the child support office phone and calling card. We identified personal calls totaling 6,171 minutes with related charges of approximately \$4,600. According to the Tri-County assistant prosecuting attorney these calls were made by himself and a friend of his daughter. Of this \$4,600, the Tri-County assistant prosecuting attorney did not request payment from the Tri-County Child Support Fund for approximately \$1,300, leaving \$3,300 that was paid by the county. Based on a review of state reimbursement claims, it appears approximately \$3,261 of this amount was subsequently reimbursed by the state. In addition, \$240 was repaid to the county by an individual for some of these personal calls.

The number of minutes and amounts noted above do not represent all personal calls. Additional inquiries and further follow up with the Tri-County assistant prosecuting attorney confirmed that there were other personal calls made. However, we did not compile the amount of minutes or costs related to these additional calls. The new Prosecuting Attorney became aware of this problem and requested that the Tri-County assistant prosecuting attorney review the 2003 phone bills to identify personal calls. The Prosecuting Attorney has received reimbursements totaling approximately \$654 for calls made by individuals not employed by the county. This amount does not pertain to the \$4,600 cited above.

Because most of the personal phone call costs discussed above were included on state reimbursement claims and paid by the state, most amounts recouped by the county for inappropriate personal calls are due to the state.

The personal phone calls could have been identified earlier if proper review of detailed phone bills would have been completed. However, it appears the former Prosecuting Attorney did not adequately review the detailed phone bill. Detailed phone bills were reviewed by the Tri-County assistant prosecuting attorney who determined the amount to be charged to the Tri-County Child Support Fund. A review of the warrant requests determined the former Prosecuting Attorney had only signed two denoting his approval. All others were either not signed, signed by the Tri-County assistant prosecuting attorney, or signed by the Tri-County office secretary.

As of June 2003, the Prosecuting Attorney was planning additional review work related to personal phone calls. The Prosecuting Attorney indicated he plans to require that long distance calls be recorded in a log and will utilize these logs when reviewing the detailed phone billings prior to approving the warrant request for payment.

Effective procedures should be implemented to monitor phone usage and review detailed billings for propriety prior to approval for payment. In addition, past phone bills should be reviewed to determine the total amount of personal calls.

This information will need to be considered in conjunction with any state and personal reimbursement amounts. The Prosecuting Attorney needs to seek repayment for the cost of the personal calls discussed above and any others identified, ensure the county and state are properly reimbursed, and consider any other action deemed appropriate in the circumstances.

- B. In August 2002, the former Prosecuting Attorney and four of his employees attended a training seminar at the Lake of the Ozarks. All of these individuals were reimbursed for meal costs in excess of the county's policy (which allows a maximum of \$23 a day) for some of the days. We noted daily meal costs as high as \$97. Approximately \$300 was reimbursed in excess of the county meal allowance.

A similar condition was noted in a prior report.

- C.1. The former Prosecuting Attorney and the former Assistant Prosecuting Attorney purchased some equipment items for the office and were later reimbursed for those purchases. We noted problems with some of the amounts paid and with the documentation. For example, the former Prosecuting Attorney purchased a projector and screen for \$2,047 and was reimbursed without submitting an invoice or evidence of his payment. Also, the former Assistant Prosecuting Attorney was reimbursed \$248 for a printer purchase although the actual cost was only \$214. The reimbursement was made before the printer was received and without proper review of the invoice as compared to the reimbursement request. The county also paid some sales taxes unnecessarily on these purchases. Because the county is a governmental entity and has sales tax exempt status, had such purchases been made by the county rather than by individuals, no sales tax would have been paid.
- 2. The \$175 monthly rent paid to the Tri-County assistant prosecuting attorney for office space is not supported by a lease agreement.

The monies in these funds represent public funds and county officials have a fiduciary responsibility to ensure expenditures are appropriate and reasonable, and supported with adequate documentation.

WE RECOMMEND the Prosecuting Attorney:

- A. Develop procedures to monitor phone usage and review detailed billings for propriety. In addition, the Prosecuting Attorney should review past phone bills for personal calls, seek repayment for the related charges, reimburse the county and state as needed, and consider any other action that may be appropriate given the circumstances.
- B. Ensure the county's policy for reimbursement of meal costs is followed and obtain repayment for excess reimbursements that cannot be justified.

- C. Ensure that warrant requests are not approved without adequate documentation and thorough review.

AUDITEE'S RESPONSE

- A. *The office of the Tri-County Child Support Assistant Prosecutor is housed in a place away from the courthouse due to space limitations at the Prosecuting Attorney's office. The Tri-County Assistant Prosecutor operates a private law practice out of the same office, as does another attorney. Although each of those different functions have their own phone lines, the Tri-County Assistant Prosecutor did not have in place adequate procedures to ensure that phone calls made on the Tri-County Child Support line were limited to child support business. I have counseled the Tri-County Assistant Prosecutor regarding the inadequacies of these procedures and plan to institute a formal policy requiring the Tri-County Assistant Prosecutor to maintain a written long distance telephone call log which would briefly state the purpose of each call which will be charged.*

Commencing at the beginning of this year, which was the beginning of my term as Prosecuting Attorney, I began reviewing the detailed phone bills as they came to my office. I began to notice apparent problems with the phone bills and when the field portion of the audit began in the spring of 2003 I ceased my investigation deferring to the field auditors to complete their audit. I have asked the Tri-County Assistant Prosecutor to review 2003 phone bills that were not audited by the State Auditor and identify any possible personal or non-child support related phone calls. In addition, I will ask the Tri-County Assistant Prosecutor to reimburse the county for the personal calls previously identified. I will ensure that monies are repaid to the state and/or county Tri-County Child Support Fund as appropriate.

- B. *The meals costs referred to from the August 2002 training seminar were paid from the Prosecuting Attorney Bad Check Fund. Section 570.120, RSMo, dictates the use of that fund rather than county policy. However, the noted meal costs were nonetheless excessive. Because the training seminars are typically conducted at high-cost areas an examination will be made prior to each training seminar and a reasonable amount will be instituted keeping in mind the area where the seminar is being conducted.*
- C.1. *Future purchases from the Prosecuting Attorney Bad Check Fund will be done in conformity with the requirements of Section 570.120, RSMo, and properly documented.*
- 2. *The rent paid to the Tri-County Assistant Prosecutor is set by the agreement that is entered into between the three counties and the Missouri Division of Child Support Enforcement.*

AUDITOR'S COMMENT

- C.2. The county should have a lease agreement with the owner of the building space that is being leased.

The Sheriff receives monies for civil and criminal fees, gun permits, board bills, local patrolling contracts, calendar sales, jail phone commissions, bonds, and other miscellaneous receipts which are handled in the Sheriff's fee account. The Sheriff also maintains a separate inmate checking account to handle personal inmate monies and operate a commissary for inmates. The Sheriff handled receipts totaling approximately \$550,000 and \$400,000 during the years ended December 31, 2002 and 2001, respectively. Our review of the Sheriff's accounting controls and procedures noted the following areas in need of improvement.

- A. It appears bond receipts totaling at least \$2,513 were received and not deposited during September and October 2002. The Sheriff identified the problem and obtained repayment of these undeposited monies. He made our office aware in February 2003 when we began audit work in his office. A comparison of recorded receipts to deposits showed that cash receipts totaling approximately \$2,513, were recorded, but apparently not deposited. Our review of receipt records and deposits for periods before and after September and October 2002 did not identify additional undeposited bond monies.

However, there were also problems in other areas. The Sheriff could not document that approximately \$100 in gun permit fees were properly handled and deposited. The number of gun permits issued could not be reconciled to the related gun permit amounts recorded in the receipt records. The Sheriff needs to further review gun permit activity for the audit period and compare to the related receipt records. The Sheriff's office maintains a jail food cash fund and a travel reimbursement cash fund. Office personnel indicated these cash funds were established on an imprest basis at a combined total of \$350. However, according to the jail administrator, shortages totaling approximately \$81 occurred in late 2002. Cash counts performed in March 2003 showed that monies on hand plus invoices totaled only about \$269. It appears that these funds have either been handled inappropriately or invoices have not been submitted for all monies used out of these funds. This could represent an additional shortage in the office.

The Sheriff performs bank reconciliations himself as a way to oversee and monitor the financial transactions in his office. The jail secretary did not provide him with the fee account bank statement for September or October 2002. Thus, he obtained copies of the bank statements directly from the bank in November 2002 and discovered the \$2,513 shortage through his reconciliation procedure. The reconciled fee account cash balance continues to show a \$100 discrepancy from the records. The Sheriff believes this may be due to improper handling of gun permit fees and plans to do an extensive review of this area.

On November 24, 2002, the jail secretary was terminated. On that same day she repaid \$2,513 which has been deposited into the fee bank account. The Sheriff

provided information regarding the misappropriation to the Prosecuting Attorney's office.

- B. Upon incarceration, any monies in the custody of an inmate are deposited into the Inmate Fund bank account. This account is also used to operate a commissary for inmates. Records are maintained for each inmate which reflect monies received on the inmate's behalf, purchases made from the commissary, and the available cash balance. When an inmate purchases commissary items, the purchase amount is deducted from that inmate's account balance. Invoices for the replenishment of commissary inventory are paid from this account. Any amount in the commissary account in excess of the total of the inmate balances is assumed to be profits by the Sheriff.

The total of the inmates' monies in the commissary checking account is not adequately reconciled to the total of the individual inmate balances. A monthly listing of individual inmate balances is prepared and compared to the book balance; however, the balances cannot be reconciled to the balance in the bank account because the account also contains the commissary monies for which no record of inventory purchases, commissary sales and commissary balance is maintained. At December 31, 2002, the open items listing for the inmate account totaled \$1,738, and the reconciled cash balance was \$2,007.

To allow for complete reconciliations and to adequately account for commissary activity, the Sheriff's department should establish records that account for commissary sales, inventory purchases, and the commissary balance. Reconciliations of the inmate and commissary balances to the bank account is necessary to ensure all monies received are accounted for properly.

- C. The Sheriff's office also maintains a PETRO bank account. This account is used to handle personal reimbursements related to gas purchases and cell phone usage. The Sheriff drives a personally-owned car but uses a county gas credit card. Gas purchases are billed to the Sheriff's office. Each month he identifies the portion of the bill that is for personal usage, and reimburses the PETRO account for that amount. A check from this account is then sent to the vendor. A warrant request is prepared and submitted to the County Commission to pay the remainder of the gas bill from the General Revenue Fund. During part of the audit period personal cell phone usage was also handled through this account. The deputies reimbursed the account for personal cell phone usage and then a check was written to the vendor. However, this situation no longer exists. It does not appear there is a need for this account. Rather, the Sheriff should reimburse the county for personal gas usage and the entire gas bill should be paid from the General Revenue Fund.

WE RECOMMEND the Sheriff:

- A. Continue to work with the Prosecuting Attorney regarding prosecution and pursue restitution for any additional amounts determined to be misappropriated.
- B. Establish records that account for commissary sales, inventory purchases, and the commissary balance, and perform complete reconciliations of the inmate and commissary balances to the bank account.
- C. Eliminate the PETRO bank account and have gas bills paid entirely from the General Revenue Fund. In addition, the gas bills should be provided to the County Commission for their review prior to approving the warrant request.

AUDITEE'S RESPONSE

The Sheriff provided the following responses:

- A. *I have worked to improve controls and segregation related to the collection and deposit of monies. Charges have been filed in this case and I will continue to work with the Prosecuting Attorney regarding prosecution and in pursuing any additional restitution amounts.*
- B. *A new software program is now being utilized to track commissary receipts and disbursements. At the beginning of the next calendar year, the commissary profits will be turned over to the one of the special sheriff's funds held by the County Treasurer.*
- C. *This account will be closed at the end of the year and the method for paying gas bills will be discussed with the County Commission and revised.*

The Prosecuting Attorney provided the following response:

- A. *Appropriate criminal charges were filed against the former jail secretary.*

6. Prosecuting Attorney's Procedures

The Prosecuting Attorney's office collects fees and restitution on bad checks and court-ordered restitution monies. The Prosecuting Attorney's office policy requires offenders to remit money orders, payable to the merchant or victim for restitution and payable to the county for bad check administrative fees. Prosecuting Attorney's office personnel indicated their procedure is to transmit restitution money orders to merchants and/or victims weekly and transmit bad check administrative fee money orders to the County Treasurer twice a month.

Some problems were noted with receipting and transmitting procedures. Receipt slips are only issued for court-ordered restitution monies or if requested by the payor. A February

20, 2003, cash count determined that of the \$10,725 in restitution and administrative fees on hand receipt slips had been issued for only \$5,308. Some of the restitution money orders had been on hand in excess of one week. It was also noted that administrative fees were transmitted to the County Treasurer only once per month for several months of the audit period. To adequately safeguard receipts and reduce the risk of loss, theft or misuse of funds, prenumbered receipts should be issued for all monies received and transmittals should be made more timely.

WE RECOMMEND the Prosecuting Attorney issue prenumbered receipts for all monies received and require transmittals to be made timely.

AUDITEE'S RESPONSE

The office policy requiring offenders to remit money orders allows the payor to have a copy of their money order which they may retain as a receipt. Separate receipts are issued by our office to the payor if they so request. We think this policy adequately provides for a receipt for the payor's use. In addition, the office has purchased a software program that internally accounts for the payments that we believe adequately provides for internal controls and accountability. Restitution money orders and administrative fees will be transmitted on a more regular basis.

7.

Health Center

- A. The Health Center has not updated the fixed asset listing since 1999 or performed a physical inventory of property records since 2000. Fixed assets are not numbered, tagged, or otherwise identified as Health Center property.

The Health Center disposed of some property items during its move to a new facility in 2001. However, there were no records maintained to document items disposed of, date and method of disposition, or board approval for the dispositions.

Adequate general fixed assets records and procedures are necessary to secure better internal controls over property, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and property tags are necessary to improve accountability over assets, ensure fixed asset records are accurate, identify unrecorded additions and dispositions, detect theft or loss of assets, and identify obsolete assets. Further, the Health Center needs to establish procedures to ensure the disposition of assets is properly handled, approved, and recorded in the fixed asset records.

- B. Health Center board meeting minutes could not be located for three months during 2002 and two months during 2001. Section 610.020.6, RSMo 2000, states a journal or minutes of open meetings shall be taken and retained by the public governmental body. Failure to maintain minutes results in an inadequate record of board transactions, proceedings, and decisions.

- C. The mileage reimbursement requests submitted by Health Center employees do not always include detailed information regarding the purpose, origin, and destination of a trip. To ensure mileage reimbursement requests are reasonable and represent valid expenditures, the board should require the requests to be adequately detailed, including the purpose, origin, and destination of each trip.

WE RECOMMEND the Health Center Board of Trustees:

- A. Require the fixed asset listing be updated to include all fixed asset items currently on hand and develop procedures to record purchases and affix tags to items at the time of purchase. Once this is complete a periodic physical inventory should be performed and reconciled to the fixed asset listing. In addition, dispositions should be approved by the board and a record of the date and method of dispositions maintained.
- B. Ensure all board minutes are retained.
- C. Require employees to record detailed information as to actual mileage, origins and destinations, and purpose of official county business on mileage reimbursement requests.

AUDITEE'S RESPONSE

- A. *We are working on updating the fixed assets and our expected target date for completion is by the beginning of 2004.*
- B. *We are now keeping minutes in a locked file cabinet in the bookkeeper's office.*
- C. *We have implemented a new policy requiring all employees to submit a detailed mileage log when requesting mileage reimbursement.*

Follow-Up on Prior Audit Findings

HENRY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Henry County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1998. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Sales Tax

The county did not sufficiently reduce its property tax revenues by 50 percent as provided in the ballot issue passed by the Henry County voters under the provisions of Section 67.505, RSMo 1994.

Recommendation:

The County Commission should reduce the county property tax levy adequately to meet the sales tax reduction requirements, including reductions for excess property taxes collected in prior years.

Status:

Partially implemented. Although the County Commission rolled the General Revenue Fund levy back to \$.00 for the 1993, 1994, 1995, 1996, and 1997 tax years, the amount of the property tax reduction was less than the required 50 percent of the actual sales tax revenues. As of December 31, 1997, the county was still required to reduce property taxes by \$101,187. However, the county has not considered this cumulative liability when establishing the General Revenue Fund levy for 1998 through 2002. Rather, the County Clerk considers only the previous year's required and actual property tax reduction when determining the General Revenue Fund levy. As a result, the county has assessed a General Revenue levy for each year since 1997. The county should have left the levy at \$.00 until property taxes had been reduced as required by statute. As of December 31, 2002, the county was still required to reduce property taxes by approximately \$101,187 for past liabilities. Based on responses provided in prior reports and current discussions with the County Commission, it appears the county does not plan to consider this excess when setting its future tax levies. Although not repeated in the current MAR, our recommendation remains as stated above.

2. Budgetary Practices and Published Financial Statements

- A. Disbursements were made in excess of approved budgeted amounts.
- B. Formal budgets were not prepared and filed with the State Auditor's office for several county funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds as required.
- D. The County has been significantly overestimating the amounts budgeted for Road and Bridge Fund expenditures for several years. As a result, at December 31, 2000, \$136,000 in excess administrative transfers was due from the General Revenue Fund to the Special Road and Bridge Fund.

Recommendation

The County Commission:

- A. And the Health Center Board of Trustees should not authorize warrants in excess of budgeted expenditures. Extenuating circumstances should be fully documented and, if necessary, the budgets properly amended following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office.
- B. Ensure that budgets are prepared or obtained for all county funds in accordance with state law.
- C. And the Health Center Board of Trustees ensure financial information for all county funds is properly reported in the annual published financial statements.
- D. Base administrative transfers on actual or reasonable budgeted expenditures of the Special Road and Bridge Fund. In addition, a transfer of \$136,000 should be made from the General Revenue Fund to the Special Road and Bridge Fund.

Status:

- A&D. Not implemented. See MAR finding number 1.
- B. Implemented.
- C. Partially implemented. Improvement was noted. However, financial information for five funds was not presented in the county's financial statements for both 2002 and 2001. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Expenditures

- A. Bids were not always solicited nor was bid documentation retained for various purchases made by the county.
- B. The county's policy for meal reimbursement was not being followed.
- C. IRS Forms 1099-MISC were not issued for services rendered by a special prosecutor.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be retained by the County Clerk. If it not practical to obtain bids in a specific instance, or if sole source procurement is necessary, the circumstances should be thoroughly documented.
- B. Ensure the county's policy for reimbursement of meal expenditures is followed and obtain reimbursement for any of the excess meal reimbursements that cannot be justified.
- C. Issue IRS Forms 1099-MISC as required by the Internal Revenue Code.

Status:

- A. Not implemented. See MAR finding number 1.
- B. Not implemented. See MAR finding number 4.
- C. Implemented.

4. Collateral Securities

The amount of collateral securities pledged by the county's depository banks was not sufficient to cover the monies in the custody of the County Treasurer and Ex Officio County Collector.

Recommendation:

The County Treasurer and Ex Officio County Collector ensure collateral securities pledged by the depository banks are sufficient to protect county monies at all times.

Status:

Implemented.

5. General Fixed Assets

- A. General fixed asset items were not numbered, tagged, or otherwise identified as county property.
- B. An annual inventory of general fixed assets was not conducted. In addition, the County Clerk did not reconcile general fixed asset purchases to additions to the general fixed asset inventory.

Recommendation:

The County Clerk:

- A. Ensure all fixed asset items are properly numbered, tagged, or otherwise identified as county property.
- B. Perform and document inventories of county-owned property and update the fixed asset records for unrecorded property additions and dispositions.

Status:

A&B. Implemented.

6. Juvenile Officer's Accounting Controls and Procedures

- A. The Juvenile Office did not issue receipts for some monies received for the Division of Youth Services account.
- B. The Juvenile Office provided gas credit cards to office employees and the Circuit Judge. The gas cards were used to fuel personal vehicles and the gas purchases were billed to the Juvenile Office. At the end of the month, each employee reimbursed the Juvenile Office for his/her share of the gas bill.
- C. Checks and money orders were not always restrictively endorsed immediately upon receipt.

Recommendation:

The Juvenile Office:

- A. Issue receipts for all monies received and the method of payment indicated on each receipt slip should be reconciled to the composition of the monies deposited.
- B. Review the practice of allowing employees to use Juvenile Office gas cards to purchase gas for personal use.
- C. Ensure all checks and money orders are restrictively endorsed immediately upon receipt.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

HENRY COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1834, the county of Henry was named after Patrick Henry. Henry County is a township-organized, third-class county and is part of the twenty-seventh Judicial Circuit. The county seat is Clinton.

Henry County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining 147 county bridges, and performing miscellaneous duties not handled by other county officials. The townships maintain approximately 748 miles of county roads.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 19,672 in 1980 and 21,997 in 2000. The following chart shows the county's change in assessed valuation since 1980:

	Year Ended December 31,					
	2002	2001	2000	1999	1985*	1980**
	(in millions)					
Real estate	\$ 146.4	142.5	136.0	133.0	86.4	35.7
Personal property	65.3	62.2	61.3	57.4	20.9	15.9
Railroad and utilities	18.6	21.5	21.0	21.9	13.7	14.2
Total	\$ 230.3	226.2	218.3	212.3	121.0	65.8

* First year of statewide reassessment.

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

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

	Year Ended December 31,			
	2002	2001	2000	1999
General Revenue Fund	\$ 0.01	0.01	0.02	0.02
Health Center Fund	0.10	0.10	0.10	0.10

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county and townships bills and collect property taxes for themselves and most other local governments.

Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
\$				
State of Missouri	68,067	66,731	64,554	63,181
General Revenue Fund	29,212	27,584	45,903	46,540
Special Road and Bridge Fund	65,796	63,528	61,742	47,777
Township Road Districts	608,704	596,739	571,443	565,491
Townships	281,745	289,791	259,378	259,896
Assessment Fund	133,581	120,551	126,267	105,258
Health Center Fund	224,342	220,106	212,703	208,641
School districts	8,372,567	8,382,258	7,790,995	7,530,193
Library district	408,706	400,069	386,869	379,002
Ambulance district	81,864	83,654	78,819	76,996
Fire protection district	39,651	36,470	25,799	24,439
Hospital	33,418	32,942	32,271	31,173
State Fair Community College	16,192	15,653	15,714	14,364
Cities	698,900	730,877	649,714	647,001
County Employees' Retirement	62,980	61,067	51,319	53,070
Tax Maintenance Fund	4,520	0	0	0
Commissions and fees:				
General Revenue Fund	104,968	109,668	106,754	126,816
Ex Officio County Collector	11,294	10,752	9,883	10,365
Total	\$ 11,246,507	11,248,440	10,490,127	10,190,204

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2003	2002	2001	2000
Real estate	92	92	92	92 %
Personal property	83	83	84	84
Railroad and utilities	91	92	92	93

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

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %

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

Officeholder	2003	2002	2001	2000	1999
County-Paid Officials:					
Greg Lowe, Presiding Commissioner	\$	28,731	27,626	26,821	26,040
Don Bullock, Associate Commissioner		26,458	25,440	24,699	23,980
Richard W. Nichols, Associate Commissioner		26,458	25,440	24,699	23,979
Becky Raysik, Recorder of Deed:		40,088	38,546	37,423	36,333
Gene Pogue, County Clerk		40,088	38,546	37,423	36,333
John J. Kopp, Jr., Prosecuting Attorney		49,265	47,370	45,990	44,651
Kent Oberkrom, Sheriff		43,845	42,184	40,542	39,380
John J. Prince, County Coroner		13,204	12,696	7,426	7,210
Leona Wilson, Public Administrator (1)		70,859	72,163	62,289	67,027
Mildred Johnson, Treasurer and Ex Officio County (2) Collector, year ended February 28 (29),	51,382	49,298	46,644	46,056	
James Keck, County Assessor (3), year ended August 31,		47,162	45,348	44,027	42,745

(1) Compensation includes only fees received from estate cases filed with Division III and no additional salary.

(2) Includes \$11,294, \$10,752, \$9,883, and \$10,365, respectively, of commissions earned for collecting city property taxes.

(3) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Janice Sloan, Circuit Clerk	47,300	47,300	46,127	44,292
Wayne Strothmann, Associate Circuit Judge	96,000	96,000	97,382	87,235