



Claire McCaskill

Missouri State Auditor

September 2005

Howell County, Missouri

Years Ended

December 31, 2004 and 2003



Office Of
Missouri State Auditor
Claire McCaskill

September 2005

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Howell, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Howell County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

The County Commission significantly overestimated the amounts budgeted for the Law Enforcement Sales Tax Fund. The practice of overestimating disbursements results in an unreasonable estimated ending fund balance and reduces the use of the budget as a management tool and as a control over disbursements.

The county's SEFA (Schedule of Expenditures of Federal Awards) contained several errors and omissions. While the county's procedures to track federal awards for preparation of the SEFA has significantly improved from the prior audit, expenditures for three grants were omitted for both of the years ended December 31, 2004 and 2003. Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

The County Commission does not adequately monitor the subrecipient for the Public Safety Partnership and Community Policing Grant (COPs) and the Byrne Formula Grant. In addition, the County Commission and the former Sheriff reviewed and approved expenditures for the Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program without obtaining adequate supporting documentation, and the County Commission has not established procedures to ensure the salaries paid to the local entities are in accordance with the written agreements for this program.

The County Collector and County Assessor received salary increases effective on dates other than their year of incumbency. The County Treasurer's salary increase was not specifically approved by the Salary Commission and he did not obtain an additional bond sufficient to cover school monies received.

Formal procedures have not been established by the Circuit Clerk to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) pertaining to criminal cases are adequately identified and pursued.

(over)

YELLOW SHEET

The Juvenile Office does not issue receipt slips for some restitution monies received or maintain a receipt log. In ten restitution cases reviewed, a receipt slip was not issued for monies received in five instances. As a result of the lack of adequate receipt records and because restitution receipts are not deposited in a bank account, the total amount of restitution received was not available.

The Health Center's internal controls over cash receipts and disbursements are in need of improvement and Board approval of individual invoices and employee pay rate increases is not documented. In addition, employee time sheets are not approved and signed by a supervisor, bids were not always solicited or advertised nor was bid documentation always retained for various purchases, and a building was leased without the Health Center Board's approval. The Health Center Board's regular session minutes did not disclose the reason for entering into closed session and did not always document the final disposition of matters discussed in closed session.

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

HOWELL 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 Howell 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 Howell County, Missouri, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Howell County, Missouri, as of December 31, 2004 and 2003, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Howell 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, 2004 and 2003, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 30, 2005, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole, that were prepared on the basis of accounting discussed in Note 1.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Howell County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

June 30, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Katherine K. Cardenas, CPA
Audit Staff:	Cliff Lewton, CPA
	Steven Re', CPA
	Heather Stiles



CLAIRE C. McCASKILL
Missouri State Auditor

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

To the County Commission
and
Officeholders of Howell County, Missouri

We have audited the financial statements of various funds of Howell County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Howell County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which are described in the accompanying Management Advisory Report.

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

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 30, 2005 (fieldwork completion date)

Financial Statements

Exhibit A-1

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

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 319,764	3,019,640	3,040,283	299,121
Special Road and Bridge	54,598	1,682,877	1,665,341	72,134
Assessment	33,213	331,537	314,719	50,031
Law Enforcement Sales Tax	457,647	2,262,567	2,409,401	310,813
Special Grants	0	639,664	639,664	0
911 Emergency Telephone	457,025	421,184	691,496	186,713
School Resource Officer	28,964	33,338	40,996	21,306
Law Enforcement Training	8,911	13,924	17,112	5,723
Prosecuting Attorney Bad Check	7,154	50,141	47,129	10,166
Recorder's Special	38,008	17,412	11,934	43,486
Prosecuting Attorney Training	2,099	2,297	3,672	724
Recorder's Technology	29,555	11,617	639	40,533
Children's Trust	0	6,662	6,662	0
Prosecuting Attorney Special	1,630	2,322	721	3,231
Drug Enforcement	16,536	163	3,000	13,699
Sheriff's Special	39,022	54,412	37,759	55,675
Sheriff Emergency Response Team	2,080	11	1,814	277
Election Service	7,654	2,479	3,534	6,599
Collector's Tax Maintenance	17,952	30,622	18,997	29,577
Employee Health Benefit	22,980	238	0	23,218
Circuit Clerk Interest	19,165	504	2,992	16,677
Associate Circuit Clerk Interest	6,900	1,625	304	8,221
Law Library	19,859	22,695	11,407	31,147
Health Center	58,388	992,747	845,811	205,324
Senate Bill 40 Board	132,111	170,353	142,953	159,511
Total	\$ 1,781,215	9,771,031	9,958,340	1,593,906

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

Exhibit A-2

HOWELL COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 432,904	2,788,866	2,902,006	319,764
Special Road and Bridge	343,480	1,629,339	1,918,221	54,598
Assessment	1,258	340,338	308,383	33,213
Law Enforcement Sales Tax	626,933	2,242,959	2,412,245	457,647
Special Grants	87	433,202	433,289	0
911 Emergency Telephone	465,801	506,601	515,377	457,025
School Resource Officer	25,317	44,451	40,804	28,964
Law Enforcement Training	9,934	13,064	14,087	8,911
Prosecuting Attorney Bad Check	19,474	52,805	65,125	7,154
Recorder's Special	39,836	19,638	21,466	38,008
Prosecuting Attorney Training	1,303	2,313	1,517	2,099
Recorder's Technology	16,824	13,008	277	29,555
Children's Trust	100	7,130	7,230	0
Prosecuting Attorney Special	2,144	1,768	2,282	1,630
Drug Enforcement	19,352	18,590	21,406	16,536
Sheriff's Special	40,915	41,169	43,062	39,022
Sheriff Emergency Response Team	2,738	20	678	2,080
Election Service	6,585	2,833	1,764	7,654
Collector's Tax Maintenance	1,717	26,418	10,183	17,952
Employee Health Benefit	0	24,898	1,918	22,980
Circuit Clerk Interest	21,731	342	2,908	19,165
Associate Circuit Clerk Interest	7,405	1,017	1,522	6,900
Law Library	13,743	22,165	16,049	19,859
Health Center	0	169,952	111,564	58,388
Senate Bill 40 Board	96,092	157,418	121,399	132,111
Total	\$ 2,195,673	8,560,304	8,974,762	1,781,215

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

Exhibit B

HOWELL COUNTY, MISSOURI

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

Year Ended December 31,						
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 9,653,362	9,771,031	117,669	8,746,733	8,560,304	(186,429)
DISBURSEMENTS	10,877,199	9,958,340	918,859	10,093,266	8,974,762	1,118,504
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,223,837)	(187,309)	1,036,528	(1,346,533)	(414,458)	932,075
CASH, JANUARY 1	1,776,160	1,781,215	5,055	2,193,806	2,195,673	1,867
CASH, DECEMBER 31	552,323	1,593,906	1,041,583	847,273	1,781,215	933,942
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	44,200	46,502	2,302	42,290	42,990	700
Sales taxes	1,600,000	1,676,088	76,088	1,605,000	1,559,611	(45,389)
Intergovernmental	645,847	711,106	65,259	650,024	601,086	(48,938)
Charges for services	516,600	489,207	(27,393)	475,125	508,788	33,663
Interest	12,150	11,837	(313)	21,240	12,206	(9,034)
Other	57,779	71,400	13,621	55,409	62,421	7,012
Transfers in	13,500	13,500	0	10,000	1,764	(8,236)
Total Receipts	2,890,076	3,019,640	129,564	2,859,088	2,788,866	(70,222)
DISBURSEMENTS						
County Commission	99,250	100,519	(1,269)	99,140	98,444	696
County Clerk	101,440	100,415	1,025	99,940	103,147	(3,207)
Elections	107,400	120,062	(12,662)	68,500	58,537	9,963
Buildings and grounds	75,680	71,139	4,541	81,100	75,891	5,209
Employee fringe benefits	287,700	288,372	(672)	254,000	265,338	(11,338)
County Treasurer	61,990	61,264	726	48,320	58,156	(9,836)
County Collector	161,510	141,576	19,934	154,510	142,581	11,929
Ex Officio Recorder of Deeds	66,700	53,621	13,079	73,050	56,599	16,451
Circuit Clerk	35,300	15,721	19,579	29,000	19,164	9,836
Associate Circuit Court	17,300	17,873	(573)	15,100	15,361	(261)
Court administration	8,500	3,791	4,709	8,500	4,044	4,456
Public Administrator	52,350	50,841	1,509	51,000	48,266	2,734
Prosecuting Attorney	220,144	220,144	0	209,493	200,824	8,669
Juvenile Officer	175,511	182,268	(6,757)	172,500	171,017	1,483
County Coroner	27,000	27,189	(189)	26,000	34,380	(8,380)
Grants	227,815	232,661	(4,846)	223,337	200,101	23,236
Other offices	271,803	268,789	3,014	266,448	263,577	2,871
Other	82,159	109,773	(27,614)	122,950	98,659	24,291
Public health and welfare services	600	525	75	600	0	600
Transfers out	978,931	973,740	5,191	987,920	987,920	0
Emergency Fund	90,000	0	90,000	90,000	0	90,000
Total Disbursements	3,149,083	3,040,283	108,800	3,081,408	2,902,006	179,402
RECEIPTS OVER (UNDER) DISBURSEMENTS	(259,007)	(20,643)	238,364	(222,320)	(113,140)	109,180
CASH, JANUARY 1	319,764	319,764	0	432,904	432,904	0
CASH, DECEMBER 31	60,757	299,121	238,364	210,584	319,764	109,180

Exhibit B

HOWELL COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	30,000	32,916	2,916	30,000	30,430	430
Sales taxes	290,000	290,000	0	290,000	289,621	(379)
Intergovernmental	1,270,657	1,295,453	24,796	1,287,533	1,237,422	(50,111)
Charges for services	1,000	565	(435)	1,000	680	(320)
Interest	2,500	1,363	(1,137)	3,500	2,334	(1,166)
Other	50,000	62,580	12,580	65,000	68,852	3,852
Total Receipts	1,644,157	1,682,877	38,720	1,677,033	1,629,339	(47,694)
DISBURSEMENTS						
Salaries	620,000	612,028	7,972	588,000	578,815	9,185
Employee fringe benefits	253,530	262,300	(8,770)	229,000	238,220	(9,220)
Supplies	142,000	150,867	(8,867)	135,000	131,236	3,764
Insurance	48,000	22,230	25,770	48,000	45,462	2,538
Road and bridge materials	330,000	312,746	17,254	491,500	465,596	25,904
Equipment repairs	62,000	81,414	(19,414)	91,000	93,223	(2,223)
Rentals	15,000	22,557	(7,557)	25,000	29,021	(4,021)
Equipment purchases	140,000	137,327	2,673	300,000	239,530	60,470
Construction, repair, and maintenance	53,000	40,244	12,756	67,000	66,775	225
Other	29,550	23,628	5,922	32,900	30,343	2,557
Total Disbursements	1,693,080	1,665,341	27,739	2,007,400	1,918,221	89,179
RECEIPTS OVER (UNDER) DISBURSEMENTS	(48,923)	17,536	66,459	(330,367)	(288,882)	41,485
CASH, JANUARY 1	54,598	54,598	0	343,480	343,480	0
CASH, DECEMBER 31	5,675	72,134	66,459	13,113	54,598	41,485
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	212,897	225,973	13,076	220,172	210,510	(9,662)
Charges for services	11,000	11,184	184	23,000	21,450	(1,550)
Interest	450	545	95	900	432	(468)
Other	0	95	95	0	26	26
Transfers in	93,740	93,740	0	107,920	107,920	0
Total Receipts	318,087	331,537	13,450	351,992	340,338	(11,654)
DISBURSEMENTS						
Assessor	351,300	314,719	36,581	353,240	308,383	44,857
Total Disbursements	351,300	314,719	36,581	353,240	308,383	44,857
RECEIPTS OVER (UNDER) DISBURSEMENTS	(33,213)	16,818	50,031	(1,248)	31,955	33,203
CASH, JANUARY 1	33,213	33,213	0	1,258	1,258	0
CASH, DECEMBER 31	0	50,031	50,031	10	33,213	33,203

Exhibit B

HOWELL COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	920,000	982,788	62,788	920,000	922,780	2,780
Intergovernmental	342,534	255,713	(86,821)	411,909	340,282	(71,627)
Charges for services	47,700	64,223	16,523	39,950	52,867	12,917
Interest	3,100	1,650	(1,450)	4,500	3,158	(1,342)
Other	34,870	78,193	43,323	32,050	43,872	11,822
Transfers in	881,000	880,000	(1,000)	880,000	880,000	0
Total Receipts	2,229,204	2,262,567	33,363	2,288,409	2,242,959	(45,450)
DISBURSEMENTS						
Sheriff	1,071,643	1,014,419	57,224	989,920	929,563	60,357
Detention center	411,440	375,146	36,294	553,240	421,093	132,147
Grant expenses	340,934	343,678	(2,744)	410,309	358,216	52,093
Public health and welfare	81,000	36,109	44,891	120,500	111,818	8,682
Jail lease agreement	138,100	127,365	10,735	139,000	133,462	5,538
Fringe benefits	419,949	402,233	17,716	425,268	360,417	64,851
Future capital improvements	100,000	0	100,000	186,005	0	186,005
Other	101,155	110,451	(9,296)	88,100	97,676	(9,576)
Transfers out	3,000	0	3,000	3,000	0	3,000
Total Disbursements	2,667,221	2,409,401	257,820	2,915,342	2,412,245	503,097
RECEIPTS OVER (UNDER) DISBURSEMENTS	(438,017)	(146,834)	291,183	(626,933)	(169,286)	457,647
CASH, JANUARY 1	457,647	457,647	0	626,933	626,933	0
CASH, DECEMBER 31	19,630	310,813	291,183	0	457,647	457,647
<u>SPECIAL GRANTS FUND</u>						
RECEIPTS						
Intergovernmental	661,085	622,092	(38,993)	448,925	433,202	(15,723)
Other	0	17,572	17,572	0	0	0
Total Receipts	661,085	639,664	(21,421)	448,925	433,202	(15,723)
DISBURSEMENTS						
Grant expenses	661,085	622,092	38,993	449,012	433,289	15,723
Other	0	17,572	(17,572)	0	0	0
Total Disbursements	661,085	639,664	21,421	449,012	433,289	15,723
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(87)	(87)	0
CASH, JANUARY 1	0	0	0	87	87	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

HOWELL COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 EMERGENCY TELEPHONE FUND</u>						
RECEIPTS						
Charges for services	505,000	408,130	(96,870)	440,000	496,831	56,831
Interest	10,000	12,338	2,338	16,000	9,770	(6,230)
Other	0	716	716	0	0	0
Total Receipts	515,000	421,184	(93,816)	456,000	506,601	50,601
DISBURSEMENTS						
Salaries	271,000	274,548	(3,548)	272,100	267,575	4,525
Fringe benefits	108,000	100,746	7,254	85,400	95,907	(10,507)
Office expenses	74,148	54,696	19,452	72,611	67,026	5,585
Equipment	28,000	28,602	(602)	64,000	56,262	7,738
Mileage and training	8,100	7,698	402	12,000	8,286	3,714
Property acquisition	200,000	200,000	0	0	0	0
Other	24,630	25,206	(576)	25,630	20,321	5,309
Total Disbursements	713,878	691,496	22,382	531,741	515,377	16,364
RECEIPTS OVER (UNDER) DISBURSEMENTS	(198,878)	(270,312)	(71,434)	(75,741)	(8,776)	66,965
CASH, JANUARY 1	457,025	457,025	0	465,801	465,801	0
CASH, DECEMBER 31	258,147	186,713	(71,434)	390,060	457,025	66,965
<u>SCHOOL RESOURCE OFFICER FUND</u>						
RECEIPTS						
Intergovernmental	46,451	33,338	(13,113)	46,451	44,451	(2,000)
Total Receipts	46,451	33,338	(13,113)	46,451	44,451	(2,000)
DISBURSEMENTS						
Juvenile office	46,451	40,996	5,455	46,451	40,804	5,647
Total Disbursements	46,451	40,996	5,455	46,451	40,804	5,647
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(7,658)	(7,658)	0	3,647	3,647
CASH, JANUARY 1	28,964	28,964	0	25,317	25,317	0
CASH, DECEMBER 31	28,964	21,306	(7,658)	25,317	28,964	3,647
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	3,700	4,725	1,025	3,700	3,859	159
Charges for services	9,025	9,109	84	8,250	9,112	862
Interest	80	90	10	400	93	(307)
Total Receipts	12,805	13,924	1,119	12,350	13,064	714
DISBURSEMENTS						
Sheriff	21,716	17,112	4,604	22,284	14,087	8,197
Total Disbursements	21,716	17,112	4,604	22,284	14,087	8,197
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,911)	(3,188)	5,723	(9,934)	(1,023)	8,911
CASH, JANUARY 1	8,911	8,911	0	9,934	9,934	0
CASH, DECEMBER 31	0	5,723	5,723	0	8,911	8,911

Exhibit B

HOWELL COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	55,200	49,717	(5,483)	58,000	52,544	(5,456)
Interest	200	121	(79)	200	166	(34)
Other	0	303	303	0	95	95
Total Receipts	55,400	50,141	(5,259)	58,200	52,805	(5,395)
DISBURSEMENTS						
Prosecuting Attorney	56,440	42,129	14,311	67,340	65,125	2,215
Transfers out	6,000	5,000	1,000	0	0	0
Total Disbursements	62,440	47,129	15,311	67,340	65,125	2,215
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,040)	3,012	10,052	(9,140)	(12,320)	(3,180)
CASH, JANUARY 1	7,154	7,154	0	19,474	19,474	0
CASH, DECEMBER 31	114	10,166	10,052	10,334	7,154	(3,180)
<u>RECORDER'S SPECIAL FUND</u>						
RECEIPTS						
Charges for services	19,500	16,964	(2,536)	18,000	19,292	1,292
Interest	350	448	98	600	346	(254)
Total Receipts	19,850	17,412	(2,438)	18,600	19,638	1,038
DISBURSEMENTS						
Ex Officio Recorder of Deeds	43,000	11,934	31,066	43,700	21,466	22,234
Total Disbursements	43,000	11,934	31,066	43,700	21,466	22,234
RECEIPTS OVER (UNDER) DISBURSEMENTS	(23,150)	5,478	28,628	(25,100)	(1,828)	23,272
CASH, JANUARY 1	38,008	38,008	0	39,836	39,836	0
CASH, DECEMBER 31	14,858	43,486	28,628	14,736	38,008	23,272
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	2,375	2,284	(91)	2,050	2,297	247
Interest	0	13	13	0	16	16
Total Receipts	2,375	2,297	(78)	2,050	2,313	263
DISBURSEMENTS						
Prosecuting Attorney	4,000	3,672	328	3,300	1,517	1,783
Total Disbursements	4,000	3,672	328	3,300	1,517	1,783
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,625)	(1,375)	250	(1,250)	796	2,046
CASH, JANUARY 1	2,099	2,099	0	1,303	1,303	0
CASH, DECEMBER 31	474	724	250	53	2,099	2,046

Exhibit B

HOWELL COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>RECORDER'S TECHNOLOGY FUND</u>						
RECEIPTS						
Charges for services	13,000	11,259	(1,741)	15,000	12,820	(2,180)
Interest	190	358	168	150	188	38
Total Receipts	13,190	11,617	(1,573)	15,150	13,008	(2,142)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	4,000	639	3,361	4,000	277	3,723
Total Disbursements	4,000	639	3,361	4,000	277	3,723
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,190	10,978	1,788	11,150	12,731	1,581
CASH, JANUARY 1	29,555	29,555	0	16,824	16,824	0
CASH, DECEMBER 31	38,745	40,533	1,788	27,974	29,555	1,581
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services	10,000	6,662	(3,338)	9,500	7,130	(2,370)
Total Receipts	10,000	6,662	(3,338)	9,500	7,130	(2,370)
DISBURSEMENTS						
Payments to shelters	10,000	6,662	3,338	9,500	7,230	2,270
Total Disbursements	10,000	6,662	3,338	9,500	7,230	2,270
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	(100)	(100)
CASH, JANUARY 1	0	0	0	100	100	0
CASH, DECEMBER 31	0	0	0	100	0	(100)
<u>PROSECUTING ATTORNEY SPECIAL FUND</u>						
RECEIPTS						
Charges for services	1,800	2,298	498	1,500	1,750	250
Interest	0	24	24	0	18	18
Total Receipts	1,800	2,322	522	1,500	1,768	268
DISBURSEMENTS						
Prosecuting Attorney	3,300	721	2,579	3,000	2,282	718
Total Disbursements	3,300	721	2,579	3,000	2,282	718
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	1,601	3,101	(1,500)	(514)	986
CASH, JANUARY 1	1,630	1,630	0	2,144	2,144	0
CASH, DECEMBER 31	130	3,231	3,101	644	1,630	986

Exhibit B

HOWELL COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DRUG ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	18,406	18,406	0
Interest	100	163	63	400	184	(216)
Total Receipts	100	163	63	18,806	18,590	(216)
DISBURSEMENTS						
Sheriff	13,636	0	13,636	16,352	0	16,352
South Central Drug Task Force	3,000	3,000	0	21,406	21,406	0
Total Disbursements	16,636	3,000	13,636	37,758	21,406	16,352
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,536)	(2,837)	13,699	(18,952)	(2,816)	16,136
CASH, JANUARY 1	16,536	16,536	0	19,352	19,352	0
CASH, DECEMBER 31	0	13,699	13,699	400	16,536	16,136
<u>SHERIFF'S SPECIAL FUND</u>						
RECEIPTS						
Intergovernmental	0	5,341	5,341	0	0	0
Charges for services	40,145	49,071	8,926	37,700	41,169	3,469
Total Receipts	40,145	54,412	14,267	37,700	41,169	3,469
DISBURSEMENTS						
Sheriff	79,167	37,759	41,408	78,615	43,062	35,553
Total Disbursements	79,167	37,759	41,408	78,615	43,062	35,553
RECEIPTS OVER (UNDER) DISBURSEMENTS	(39,022)	16,653	55,675	(40,915)	(1,893)	39,022
CASH, JANUARY 1	39,022	39,022	0	40,915	40,915	0
CASH, DECEMBER 31	0	55,675	55,675	0	39,022	39,022
<u>SHERIFF EMERGENCY RESPONSE TEAM FUND</u>						
RECEIPTS						
Interest	20	11	(9)	25	20	(5)
Transfers in	3,000	0	(3,000)	3,000	0	(3,000)
Total Receipts	3,020	11	(3,009)	3,025	20	(3,005)
DISBURSEMENTS						
Sheriff	5,100	1,814	3,286	5,763	678	5,085
Total Disbursements	5,100	1,814	3,286	5,763	678	5,085
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,080)	(1,803)	277	(2,738)	(658)	2,080
CASH, JANUARY 1	2,080	2,080	0	2,738	2,738	0
CASH, DECEMBER 31	0	277	277	0	2,080	2,080

Exhibit B

HOWELL COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICE FUND</u>						
RECEIPTS						
Intergovernmental	1,500	2,397	897	2,000	1,006	(994)
Interest	100	82	(18)	100	63	(37)
Other	0	0	0	0	1,764	1,764
Transfers in	2,000	0	(2,000)	0	0	0
Total Receipts	3,600	2,479	(1,121)	2,100	2,833	733
DISBURSEMENTS						
Elections	8,500	3,534	4,966	8,500	0	8,500
Transfers out	0	0	0	0	1,764	(1,764)
Total Disbursements	8,500	3,534	4,966	8,500	1,764	6,736
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,900)	(1,055)	3,845	(6,400)	1,069	7,469
CASH, JANUARY 1	7,654	7,654	0	6,585	6,585	0
CASH, DECEMBER 31	2,754	6,599	3,845	185	7,654	7,469
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	26,800	30,225	3,425	28,200	26,315	(1,885)
Interest	0	303	303	0	95	95
Other	0	94	94	0	8	8
Total Receipts	26,800	30,622	3,822	28,200	26,418	(1,782)
DISBURSEMENTS						
County Collector	29,400	10,497	18,903	26,400	10,183	16,217
Transfers out	8,500	8,500	0	0	0	0
Total Disbursements	37,900	18,997	18,903	26,400	10,183	16,217
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,100)	11,625	22,725	1,800	16,235	14,435
CASH, JANUARY 1	17,952	17,952	0	1,717	1,717	0
CASH, DECEMBER 31	6,852	29,577	22,725	3,517	17,952	14,435
<u>EMPLOYEE HEALTH BENEFIT FUND</u>						
RECEIPTS						
Interest	0	238	238	50	47	(3)
Insurance refunds	0	0	0	25,000	24,851	(149)
Total Receipts	0	238	238	25,050	24,898	(152)
DISBURSEMENTS						
Other	22,980	0	22,980	3,000	1,918	1,082
Total Disbursements	22,980	0	22,980	3,000	1,918	1,082
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,980)	238	23,218	22,050	22,980	930
CASH, JANUARY 1	22,980	22,980	0	0	0	0
CASH, DECEMBER 31	0	23,218	23,218	22,050	22,980	930

Exhibit B

HOWELL COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	113	133	20	1,000	235	(765)
Other	400	371	(29)	1,000	107	(893)
Total Receipts	513	504	(9)	2,000	342	(1,658)
DISBURSEMENTS						
Circuit Clerk	4,000	2,992	1,008	6,000	2,908	3,092
Total Disbursements	4,000	2,992	1,008	6,000	2,908	3,092
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,487)	(2,488)	999	(4,000)	(2,566)	1,434
CASH, JANUARY 1	19,165	19,165	0	21,731	21,731	0
CASH, DECEMBER 31	15,678	16,677	999	17,731	19,165	1,434
<u>ASSOCIATE CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Charges for services	0	401	401	0	0	0
Interest	800	1,224	424	1,867	1,017	(850)
Total Receipts	800	1,625	825	1,867	1,017	(850)
DISBURSEMENTS						
Associate Circuit Clerk	6,400	304	6,096	6,500	1,522	4,978
Total Disbursements	6,400	304	6,096	6,500	1,522	4,978
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,600)	1,321	6,921	(4,633)	(505)	4,128
CASH, JANUARY 1	6,900	6,900	0	5,538	7,405	1,867
CASH, DECEMBER 31	1,300	8,221	6,921	905	6,900	5,995
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	22,000	22,424	424	24,827	21,924	(2,903)
Interest	150	271	121	290	151	(139)
Other	0	0	0	0	90	90
Total Receipts	22,150	22,695	545	25,117	22,165	(2,952)
DISBURSEMENTS						
Publications	12,053	7,021	5,032	17,738	10,325	7,413
Equipment	2,500	2,415	85	0	5,500	(5,500)
Other	2,015	1,971	44	2,500	224	2,276
Total Disbursements	16,568	11,407	5,161	20,238	16,049	4,189
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,582	11,288	5,706	4,879	6,116	1,237
CASH, JANUARY 1	19,859	19,859	0	13,743	13,743	0
CASH, DECEMBER 31	25,441	31,147	5,706	18,622	19,859	1,237

Exhibit B

HOWELL COUNTY, MISSOURI

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

	Year Ended December 31,					
	2004			2003		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	289,000	310,646	21,646	42,000	40,740	(1,260)
Intergovernmental	425,219	427,844	2,625	60,960	50,012	(10,948)
Charges for services	261,820	250,727	(11,093)	21,450	18,863	(2,587)
Interest	1,200	2,580	1,380	100	77	(23)
Other	400	950	550	75,600	60,260	(15,340)
Total Receipts	977,639	992,747	15,108	200,110	169,952	(30,158)
DISBURSEMENTS						
Salaries	565,031	501,252	63,779	75,147	75,773	(626)
Contractual services	19,163	17,335	1,828	2,020	2,495	(475)
Medical supplies and expenses	100,750	72,797	27,953	12,487	9,448	3,039
Administrative expenses	9,200	16,280	(7,080)	7,500	1,695	5,805
Supplies and equipment	138,350	130,402	7,948	3,500	10,827	(7,327)
Facility expenses	59,300	57,797	1,503	8,170	8,915	(745)
Travel and training	22,000	21,609	391	2,800	1,446	1,354
Computer expenses	3,000	2,813	187	550	785	(235)
Fees, dues, and contributions	1,000	1,453	(453)	0	180	(180)
Other	40,700	24,073	16,627	0	0	0
Total Disbursements	958,494	845,811	112,683	112,174	111,564	610
RECEIPTS OVER (UNDER) DISBURSEMENTS	19,145	146,936	127,791	87,936	58,388	(29,548)
CASH, JANUARY 1	53,333	58,388	5,055	0	0	0
CASH, DECEMBER 31	72,478	205,324	132,846	87,936	58,388	(29,548)
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	157,000	166,731	9,731	155,000	155,235	235
Intergovernmental	915	856	(59)	810	892	82
Interest	1,200	2,766	1,566	1,700	1,291	(409)
Total Receipts	159,115	170,353	11,238	157,510	157,418	(92)
DISBURSEMENTS						
Office expenses	900	2,093	(1,193)	600	539	61
Contractual services	290,000	140,860	149,140	250,000	120,860	129,140
Total Disbursements	290,900	142,953	147,947	250,600	121,399	129,201
RECEIPTS OVER (UNDER) DISBURSEMENTS	(131,785)	27,400	159,185	(93,090)	36,019	129,109
CASH, JANUARY 1	132,111	132,111	0	96,092	96,092	0
CASH, DECEMBER 31	326	159,511	159,185	3,002	132,111	129,109

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

Notes to the Financial Statements

HOWELL 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 Howell County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

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

C. Budgets and Budgetary Practices

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

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. The county's published financial statements for the years ended December 31, 2004 and 2003, included all funds presented in the accompanying financial statements. However, for the Health Center Fund, the county's published financial statements for the years ended December 31, 2004 and 2003, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

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, the Health Center Board's, and the Senate Bill 40 Board's deposits at December 31, 2004 and 2003, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the boards' custodial bank in the county's or the boards' name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Health Center Board at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

HOWELL 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,	
			2004	2003
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	ERS045-5520	\$ 167,397	0
		ERS045-4220	0	13,928
	Program Total		<u>167,397</u>	<u>13,928</u>
10.559	Summer Food Service Program for Children	ERS146-41451	260	0
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	217,393	109,561
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Economic Development -				
14.228	Community Development Block Grant/State' Program	2004-PF-03	40,100	0
		96-ED-09	1,400	0
		2000-ME-02	5,280	0
	Program Total		<u>46,780</u>	<u>0</u>
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO 1640	20,463	0
		ERO-1640574	15,912	9,652
		N/A	0	17,047
	Program Total		<u>36,375</u>	<u>26,699</u>
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Order	2002-WE-BX-0033	250,794	240,466
16.592	Local Law Enforcement Block Grants Program	2003-LB-BX-2392	8,986	2,566
16.607	Bulletproof Vest Partnership Program	2003BUBX03017	5,341	0
16.710	Public Safety Partnership and Community Policing Grant	2003CKWX0073	218,862	0
		2002CKWX-0188	4,782	95,199
		2002CKWX-0361	0	17,982
	Program Total		<u>223,644</u>	<u>113,181</u>

Schedule

HOWELL 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,	
			2004	2003
16	Equitable Sharing of Seized and Forfeited Property	N/A	0	18,406
	Passed through:			
	State Department of Public Safety			
16.523	Juvenile Accountability Incentive Block Grant	2001-SUP-06-JAIBG	17,762	0
		2003-JAIBG-LG-15	2,391	0
		2002-JAIBG-LG-15	9,505	2,362
		JAIBG-LG-12	0	10,265
		2000-SUP-05	0	6,423
	Program Total		29,658	19,050
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	01-JFJ4-12	0	27,543
16.575	Crime Victim Assistance	2003-VOCA-0022	6,732	0
		2002-VOCA-0030	20,507	7,220
		2000-VOCA-0143	0	22,077
	Program Total		27,239	29,297
16.579	Byrne Formula Grant Program	2002-NCD2-008	138,323	84,970
		2002-NCDC2-053	100,080	0
		2001-NCDC-032	0	118,249
	Program Total		238,403	203,219
	Cape Girardeau County -			
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SD-2004-14	45,065	912
		TF-2004-14	47,080	0
		2000-DDVX-0055	23,061	81,853
		SD-2003-05	296	50,730
		2005-HOWE	306	0
	Program Total		115,808	133,495
	State Department of Public Safety			
16.588	Violence Against Women Formula Grant	2000-VAWA-0066	0	7,358
	Missouri Sheriff's Association			
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,150	649
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state Highway and Transportation Commission			
20.205	Highway Planning and Construction	BRO-046(7)	0	9,176

Schedule

HOWELL 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,	
			2004	2003
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration			
39.011	Election Reform Payment:	N/A	4,196	0
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety			
83.552	Emergency Management Performance Grants	N/A	9,227	8,693
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 Preventior and Surveillance of Blood Lead Levels in Childre	ERS146-5145L ERS146-4300L	3,210 0	0 125
	Program Total		3,210	125
93.268	Immunization Grants	N/A	92,284	0
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistanc	DH040022051 ERS161-50025	7,255 27,278	0 2,388
	Program Total		34,533	2,388
	Department of Social Services -			
93.563	Child Support Enforcemen	N/A	144,599	137,546
	Department of Health and Senior Services -			
93.575	Child Care and Development Block Gran	PGA0675145C PGA067-5300S	3,310 3,343	0 0
	Program Total		6,653	0
	Department of Social Services -			
93.658	Foster Care - Title IV-E	AOC600316	39,683	36,047
	Department of Health and Senior Services			
93.945	Assistance Programs for Chronic Disease Preventio and Control	AOC04380036	32,385	0
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-5145M AOC063800336 ERS146-4145M	31,771 0 0	0 8,750 2,458
	Program Total		31,771	11,208

Schedule

HOWELL 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,	
			2004	2003
U. S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through state Department of Public Safety			
97.036	Public Assistance Grants	N/A	1,817	35,876
97.051	State and Local All Hazards Emergency Operations Plannin	EMK-2003-GR-2540	6,750	8,250
Total Expenditures of Federal Award:			\$ <u><u>1,776,336</u></u>	<u><u>1,194,727</u></u>

* The CFDA number for this program changed to 97.042 in October 2003

N/A - Not applicable

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

Notes to the Supplementary Schedule

HOWELL 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 Howell County, Missouri, except for the programs accounted for in the Howell County Public Housing Agency Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its years ended June 30, 2004 and 2003.

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 Equitable Sharing of Seized and Forfeited Property (CFDA number 16) – include both cash receipts and the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

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

Federal CFDA Number	Program Title	Amount Provided	
		Year Ended December 31, 2004	2003
14.228	Community Development Block Grant/State's Program	46,780	0
14.231	Emergency Shelter Grants Program	36,375	26,699
16	Equitable Sharing of Seized and Forfeited Property	0	18,406
16.579	Byrne Formula Grant Program	238,403	203,219
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	70,447	81,853
16.710	Public Safety Partnership and Community Policing Grants	223,644	113,181

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 Howell County, Missouri

Compliance

We have audited the compliance of Howell County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

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

In our opinion, Howell County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003. 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 04-1, 04-2, and 04-3.

Internal Control Over Compliance

The management of Howell 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 04-1, 04-2, and 04-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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, of the reportable conditions described above, we consider finding number 04-2 to be a material weakness.

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

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

Claire McCaskill
State Auditor

June 30, 2005 (fieldwork completion date)

Schedule

HOWELL COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2004 AND 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes x no
- Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? x yes no
- Reportable conditions identified that are not considered to be material weaknesses? x yes none reported

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

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

Identification of major programs:

CFDA or
Other Identifying

Number Program Title

16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders
16.710	Public Safety Partnership and Community Policing Grants
16.579	Byrne Formula Grant Program
93.563	Child Support Enforcement

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

04-1.

Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.590
Program Title:	Grants to Encourage Arrest Policies and Enforcement of Protection Orders
Pass-Through Entity	
Identifying Number:	2002-WE-BX-0033
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

Federal Grantor: U.S. Department of Justice
Pass-Through Grantor: Not Applicable
Federal CFDA Number: 16.710
Program Title: Public Safety Partnership and Community Policing Grants
Pass-Through Entity
Identifying Number: 2003CKWX0073, 2002CKWX-0188, & 2002CKWX-0361
Award Years: 2004 and 2003
Questioned Costs: Not Applicable

Federal Grantor: U.S. Department of Justice
Pass-Through Grantor: Department of Public Safety
Federal CFDA Number: 16.579
Program Title: Byrne Formula Grant Program
Pass-Through Entity
Identifying Number: 2002-NCD2-008, 2002-NCDC2-053, & 2001-NCD2-032
Award Years: 2004 and 2003
Questioned Costs: Not Applicable

Federal Grantor: U.S. Department of Health and Human Services
Pass-Through Grantor: Department of Social Services
Federal CFDA Number: 93.563
Program Title: Child Support Enforcement
Pass-Through Entity
Identifying Number: Not Applicable
Award Years: 2004 and 2003
Questioned Costs: Not Applicable

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

The county's SEFA contained several errors and omissions. While the county's procedures to track federal awards for preparation of the SEFA has significantly improved from the prior audit, expenditures for three grants were omitted for both of the years ended December 31, 2004 and 2003 totaling \$30,245 and \$38,913, respectively. These grants were handled by the Sheriff's Office or the Health Center. Another federal award was misstated by a total of \$112,735 and \$32,278 for the years ended December 31, 2004 and 2003, respectively. The County Clerk indicated he was not aware the amounts passed-through to the school districts should have been included on the county's SEFA.

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

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

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission and County Clerk indicated:

We will continue to work with the various offices to address this recommendation. However, we can not ensure the accuracy of information received from outside sources that is later incorporated in the county's SEFA report.

04-2.	Subrecipient Monitoring
--------------	--------------------------------

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing Grants
Pass-Through Entity	
Identifying Number:	2003CKWX0073, 2002CKWX-0188, & 2002CKWX-0361
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	16.579
Program Title:	Byrne Formula Grant Program
Pass-Through Entity	
Identifying Number:	2002-NCD2-008, 2002-NCDC2-053, & 2001-NCD2-032
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

The County Commission does not adequately monitor the subrecipient for the Public Safety Partnership and Community Policing Grant (COPs) and the Byrne Formula Grant. Expenditures for these grant programs totaled \$462,047 and \$316,400, for the years ended December 31, 2004 and 2003, respectively. Within two days of receiving the funds from the grantor, the county disburses the grant funds to the South Central Drug Task Force (SCDTF), a group organized to consolidate drug enforcement agencies of 16 counties in Missouri. The Howell County Sheriff serves as the chairman of the SCDTF Board.

The County Commission does not have adequate procedures to ensure request for funds (RFFs) are properly reviewed and approved before the forms are submitted to the grantor for reimbursement. The County Commission receives and reviews the requests for funds forms (RFFs) after the forms are submitted to the grantor and reimbursement is received; however, no supporting documentation is reviewed. The Sheriff indicated he reviews and approves the

RFF and supporting documentation prior to submitting the request for reimbursement to the grantor; however, there is no documentation of this review and approval. The task force's bookkeeper signs the RFF before submitting it to the state or federal grantor agency for reimbursement.

In addition, the County Commission does not review the audit reports of the SCDTF. The audit report for the fiscal year end June 30, 2003, noted a lack of segregation of duties over receipts and disbursements at the SCDTF. The lack of segregation of duties reinforces the need for the County Commission to provide oversight over the grant expenditures and requests for reimbursements to reduce the risk federal funds would be misappropriated.

The County Commission, as primary grantee for the grants, is responsible for monitoring the subrecipients of the grant which includes ensuring grant funds are used only for allowable costs as required by the grant program. Since the Sheriff is directly involved in the management of the SCDTF, it would be prudent for the County Commission to provide the necessary oversight to ensure the funds are properly spent in accordance with the grant requirements.

WE RECOMMEND the County Commission establish procedures to ensure compliance with federal and state requirements for federal grant programs including documenting the review and approval of all grant expenditures and grant reimbursement requests.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated this recommendation will be implemented immediately.

04-3.

DVERT Grant

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16.590
Program Title:	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program
Pass-Through Entity	
Identifying Number:	2002-WE-BX-0033
Award Years:	2004 and 2003
Questioned Costs:	Not Applicable

The County Commission and the former Sheriff reviewed and approved expenditures for the Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program without obtaining adequate supporting documentation. In addition, the County Commission has not established procedures to ensure the salaries paid to the local entities are in accordance with the written agreements.

Grant funds totaling \$250,794 and \$240,466 in 2004 and 2003, respectively, were used to form a Domestic Violence Enhanced Response Team (DVERT). The county contracted with five local entities (two police departments, two domestic violence shelters, and a medical center) to employ a DVERT representative. The contracts (dated October or November 2002) stipulated that the county would reimburse the local entity for the DVERT representative's salary (set at a specific amount in the contract) plus fringe benefits. The contracts required "a request for payment" from the entities. The Sheriff and County Commission did not ensure the amount billed was in accordance with the contract or was adequately supported. The invoices from the local entities usually indicated the total payroll for the quarter plus fringe benefits; however, four of the five local entities did not provide a copy of the payroll register or timesheets to support the amount actually paid to the DVERT representative. Only one entity provided support for the payroll amount being billed including the actual salary paid and number of hours worked.

A review of the five DVERT contracts noted the following problems:

- Three of the local entities billed the county more than the amount stipulated in the contract totaling \$8,929 and \$4,017 in 2004 and 2003, respectively. Apparently, the local entities authorized salary increases to the DVERT employees and the contracts were not amended to reflect the salary increase.
- Two of the local entities billed the county and were reimbursed for more than they actually paid to the DVERT representatives totaling \$393 and \$291 for 2004 and 2003, respectively. The entities indicated this had occurred because they estimated the fringe benefits and did not later adjust for the over billing.

The County Commission or the former Sheriff did not identify the problems noted above during their review and approval of the grant expenditures. The County Commission should establish procedures to ensure grant expenditures are adequately supported and in compliance with the contract during the review and approval of the invoices.

WE RECOMMEND the County Commission should establish procedures to ensure grant expenditures are adequately supported and contracts are amended for changes related to federal grants.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Commission indicated this recommendation will be implemented immediately.

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

HOWELL 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, 2002, 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

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

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

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

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

Findings – Two Years Ended December 31, 2002

02-1. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Commerce
Pass-Through Grantor:	Direct Program
Federal CFDA Number:	11.300
Program Title:	Grants for Public Works and Economic Development
Pass-Through Entity	
Identifying Number:	2000-MO-03
Award Years:	2001
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	16.579
Program Title:	Byrne Formula Grant
Pass-Through Entity	
Identifying Number:	2000-NDC2-012 and 2000-NDC2-022
Award Years:	2001
Questioned Costs:	Not Applicable

Federal Grantor: U.S. Department of Justice
Pass-Through Grantor: Department of Public Safety
Federal CFDA Number: 16.680
Program Title: Edward Byrne Memorial State and Local Law Enforcement Assistance

Pass-Through Entity
Identifying Number: 2000DDVX0055, TF-2001-10
Award Years: 2002 and 2001
Questioned Costs: Not Applicable

Federal Grantor: Federal Emergency Management Agency
Pass-Through Grantor: Department of Public Safety
Federal CFDA Number: 83.544
Program Title: Disaster Relief
Pass-Through Entity
Identifying Number: 1412-OR-MO
Award Years: 2002
Questioned Costs: Not Applicable

The county did not have procedures in place to track federal awards for preparation of the SEFA. For the years ended December 31, 2002 and 2001, the county's SEFA contained numerous errors and omissions.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Partially implemented. The County Clerk implemented a new grant tracking system; however, expenditures relating to three federal grants were omitted from the SEFA. See Finding Number 04-1.

Findings – Two Years Ended December 31, 2000

00-1. Schedule of Expenditures of Federal Awards

Federal Grantor: U.S. Department of Agriculture
Pass-Through Grantor: Office of Administration
Federal CFDA Number: 10.665
Program Title: Schools and Roads – Grants to States

Pass-Through Entity	
Identifying Number	Not Applicable
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number	96-ED-09, 97-PF-11, 98-PF-13, & 2000-ME-02
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable
Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Department of Public Safety
Federal CFDA Number:	16.579
Program Title:	Byrne Formula Grant Program
Pass-Through Entity	
Identifying Number	98-NCD2-036, 99-NCD2-013, & 2000-NCD2-012
Award Years:	2000 and 1999
Questioned Costs:	Not Applicable

The county did not have a procedure in place to track federal awards for preparation of the SEFA resulting in numerous errors and omissions in the county's SEFA.

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

Partially implemented. The County Clerk implemented a new grant tracking system; however, expenditures relating to three federal grants were omitted from the SEFA. See Finding Number 04-1.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

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

We have audited the financial statements of various funds of Howell County, Missouri, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 30, 2005. We also have audited the compliance of Howell County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 30, 2005.

Because the Howell County Public Housing Agency is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed the audit reports and other applicable information.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than

those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Howell County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. County Officials' Compensation and Bonds
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The County Collector and County Assessor received mid-term salary increases and the County Treasurer received an annual \$11,180 salary increase which was not approved by the Salary Commission. In addition, the County Treasurer did not obtain an additional bond sufficient to cover school monies he received.

- A. The County Collector and County Assessor received raises, effective January 1, 2004 and 2001, based on an increase in the county's assessed valuation. Section 50.333.8, RSMo, states the elected officials' salaries shall be adjusted each year on the official's year of incumbency for any increase in the maximum allowable salary caused by a change in the last completed assessment. The County Collector and County Assessor received the salary increases prior to their dates of incumbency which are March 1 and September 1, respectively. The county should review this situation and consider obtaining reimbursement of the \$583 and \$2,333 in overpayments, respectively.
- B. The County Treasurer's annual salary was increased from \$31,820 to \$43,000, or \$11,180 annually, effective with the start of his new term of office on January 1, 2003. The Salary Commission authorized salaries for office holders at 100 percent of the officials' statutory salary schedule amount during the November 9, 1987 Salary Commission meeting. The meeting minutes also document that "when the Missouri Legislature amends or changes the present method or schedules of setting county officials salaries, that the Howell County Salary Commission will change likewise." According to the County Clerk, the Salary Commission has not met since December 2, 1991, to discuss or approve any of the salary increases because of the decisions made during the 1987 meeting.

Section 54.261.3, RSMo, authorizes the salary commission to increase the county treasurer's salary based on an alternative wage scale. The alternative wage scale increased the county treasurer's annual salary by \$11,180. However, since the Salary Commission has not met since December 1991, the increase was not authorized by the salary commission as required by the statutes.

The County Treasurer obtained a legal opinion from a private attorney to determine if his salary increase required the Salary Commission to meet to approve the change in his salary. The legal opinion indicated that since the Salary Commission pre-approved the changes to the schedules when they set the allowable percentage at a 100 percent of the salary schedule during the 1987 meeting and the rate would not change with the proposed increase to the County Treasurer's salary, it was not necessary for the Salary Commission to approve the pay increase. The legal opinion failed to address the wage increase based on the alternative wage scale. As a result it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law. The county did not obtain a legal opinion from the Prosecuting Attorney.

- C. The County Treasurer has not obtained an additional bond sufficient to cover the school monies he receives. The County Treasurer is currently bonded for \$500,000 and increases to \$1,750,000 for the period beginning December 10 through January 25 each year. According to the County Treasurer, he estimated the additional bond for school monies for the period from December 15 to January 31 by calculating one-fourth of the school tax collections for the year and adding it to the regular bond of \$500,000. The County Treasurer had approximately \$7.295 million of school monies in his hands on January 17, 2002. Section 54.160, RSMo, requires the Treasurer to give additional bond for school monies sufficient to secure the monies that come into his hands, but cannot be required to give more than one-fourth of the amount collected during the same month of the year immediately preceding his election. The County Treasurer should increase his bond to at least one-fourth of the school funds in his hands for the months when the collections are highest to ensure school funds are adequately secured.

WE RECOMMEND the County Commission:

- A. Review this situation and consider obtaining repayment of the salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.
- C. And the County Treasurer ensure an additional bond is obtained to secure the school monies that come into the County Treasurer's hands.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *Historically, Missouri law dictates the standard relating to compensation of county officials. Additionally, over the years, the subject in question has been answered in various opinions from the office of the Attorney General. Pursuant to section 50.010, RSMo, the law is very clear when the county fiscal year begins. We are unaware of any modifications to the law,*

and, given the numerous county audits completed, the State Auditor's office has been silent on this matter now in question.

- B. *In 1995, the office of State Auditor made the decision to cease criticizing the amounts of compensation paid to county officials. It was believed that individual counties were in a better position to determine salaries as the law intends. Pursuant to state wide legal opinions and supporting documentation from the prosecuting attorney, stating, the decision of the salary commission is to pay each official 100% of the maximum salary allowable by law, unless that percentage changes, there is no need to hold another meeting. To our knowledge the aforementioned directive relating to this question remains unchanged.*

The County Commission and the County Treasurer indicated:

- C. *This recommendation will be implemented immediately.*

AUDITOR'S COMMENT

- A. Section 50.333.8 states the officials' year of incumbency, not the county's fiscal year, should be used. Similar comments have appeared in several State Auditor's office reports.
- B. The county had no current opinion from its Prosecuting Attorney and nothing supporting a statewide opinion.

2. Budgetary Practices

The County Commission significantly overestimated the amounts budgeted for the Law Enforcement Sales Tax Fund as follows:

Year Ended December 31,	Disbursements		Budget over Actual
	Budget	Actual	
2004	\$ 2,667,221	2,409,401	257,820
2003	2,915,342	2,412,245	503,097
2002	2,224,388	1,942,667	281,721
2001	1,741,081	1,377,030	364,051

During the last four years, actual disbursements have been 79 to 90 percent of budgeted expenditures. The County Clerk indicated the Sheriff planned to begin a renovation project in the county jail with an estimated cost of \$100,000 and \$186,000 in 2004 and 2003, respectively, but this project has not been started. However, even without the renovation project, other expenditure categories such as detention center expenses, salaries, and fringe benefits were significantly overestimated. As evidenced by the amounts presented above, the County Commission and Sheriff do not adequately review historical cost data when preparing the budget. In addition, the budget indicated an estimated ending cash balance of

\$19,630 and \$0 for 2004 and 2003, respectively; however, the actual ending cash balance was \$310,812 and \$457,647 for the same period. The practice of overestimating disbursements results in an unreasonable estimated ending fund balance and reduces the use of the budget as a management tool and as a control over disbursements.

For the budget documents to be of maximum assistance to the County Commission and to adequately inform county residents of the county's operations and current financial position, the budgets should accurately reflect resources on hand, reasonable estimates of receipts and disbursements, and anticipated ending cash balances.

WE RECOMMEND the County Commission ensure budgeted expenditures are reasonable so that a more realistic estimate of the Law Enforcement Sales Tax Fund's financial condition is presented and to increase the budget's effectiveness as a management tool.

AUDITEE'S RESPONSE

The County Commission indicated:

We find it difficult to criticize an officeholder that has frugally managed taxpayer dollars.

AUDITOR'S COMMENT

For the budget to be utilized effectively and to adequately inform county residents of the county's operations and current financial position, the budgets should reflect a reasonable estimate of disbursements and an anticipated ending cash balance.

3. Circuit Clerk's Accrued Costs

Formal procedures have not been established to ensure all accrued costs (court costs, incarceration costs, court-ordered restitution, and fines) pertaining to criminal cases are adequately identified and pursued. An accrued costs listing of fees owed to the court is not accurate and monitoring procedures related to accrued costs are not adequate. When a case is closed and the costs determined, the Circuit Clerk prepares and sends a cost bill to the defendant. If payment is not received, the Circuit Clerk does not initiate any further collection procedures.

A listing of accrued costs owed to the court is maintained in the Circuit Clerk's computer system, the Justice Information System (JIS); however, the Circuit Clerk was not aware this information was available or that a report could be generated. We suggested the Circuit Clerk contact the Office of State Courts Administrator to find out how to generate the report. As of March 2005, the Circuit Clerk's accrued cost balance was approximately \$1,243,000. Two cases reviewed, totaling \$19,823, should have been removed from the accrued costs list because these cases had been transferred to another county. In addition, in one case reviewed, the Circuit Clerk had failed to update the system when the amount received from

the state was different from the amount requested. The Circuit Clerk should periodically generate a list of accrued costs and review for accuracy and completeness.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected. Establishing procedures to ensure cases are updated or removed from the accrued cost list would help ensure the list is complete and accurate. Inadequate procedures for the collection of accrued court costs may result in lost revenues. In addition, Section 546.870, RSMo, requires the clerk to issue executions on amounts not collected at the end of each term.

WE RECOMMEND the Circuit Clerk maintain a complete and accurate listing of accrued costs. In addition, written procedures should be established and implemented for identifying, recording, and pursuing the collection of such accrued costs.

AUDITEE'S RESPONSE

The Circuit Clerk indicated:

After discussing this with the Judge, the Tax Intercept Program has been initiated on all cases where the defendant goes to the Department of Corrections. Court costs are shown as due as of the sentencing date and a payment plan is set up, therefore costs will be collected through the Tax Intercept Program.

On all cases where court costs are due, each statement mailed now has highlighted "If payments need to be made, please contact Cindy Weeks, Circuit Clerk." When parties call, we talk to them about their costs and then make a docket entry as to how much will be paid monthly.

If the defendant violates probation, the Judge is now advised when the defendant appears in court, how much court costs are owed and if payments have been made. The Judge then has the opportunity to address court costs with the defendant. If the defendant is continued on probation, amended statements are mailed to the defendant and the Probation Officer.

The bond forms have been changed to read "When posting a cash bond, any money deposited will be considered by the court as belonging to the defendant. Be advised fines, court costs, restitution, and various other fees will be deducted from the cash bond before any money will be refunded to the defendant."

We have also implemented a policy of writing letters to parties with cash bonds as soon as the case is disposed of. We advise them that the court costs will be deducted from the cash bond and the unused portion will be refunded to them once they provide our office with their receipt showing they put the cash bond up.

We have implemented a policy that in January and July of each year, we will use reports from OSCA to clean up all accrued costs. We are in the process of going through and checking all accrued

costs. Statements in civil cases are being sent out showing costs are past due and to notify the Circuit Clerk.

4. Juvenile Office Records and Procedures
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The Juvenile Office does not issue receipt slips for some restitution monies received. The Juvenile Office is responsible for collecting court ordered restitution from juvenile offenders and remitting the monies collected to victims. A bank account is not maintained, instead, receipts from each juvenile, in the form of money order or certified check, are forwarded by the Juvenile Office to the victim.

The Juvenile Office does not issue receipt slips for some restitution monies received or maintain a receipt log. The Juvenile Office began using a single receipt book in order to account for restitution payments received; however, not all receipts were recorded in this book. In the ten restitution cases reviewed, a receipt slip was not issued for monies received in five instances. As a result of the lack of adequate receipt records and because restitution receipts are not deposited in a bank account, the total amount of restitution received was not available.

To properly account for all monies received, pre-numbered receipt slips should be issued for all receipts or a receipt log should be maintained. To facilitate issuing prenumbered receipt slips and recording cash transactions, the Juvenile Office should also consider implementing a one-write system. The one-write system would record transactions on a cash control ledger simultaneously to issuing a receipt slip. Complete documentation of juvenile restitution receipts provides a framework for ensuring restitution owed, paid, and distributed to victims is properly accounted for and accurately recorded.

WE RECOMMEND the Juvenile Division issue pre-numbered receipt slips for all restitution monies received. In addition, procedures should be implemented to record all receipts in a cash control ledger (one-write system) to ensure complete documentation of juvenile restitution activity.

AUDITEE'S RESPONSE

The Chief Juvenile Officer indicated:

A one-write system has been implemented to record all restitution monies.

5. Health Center

The Health Center's internal controls over cash receipts and disbursements are in need of improvement and Board approval of individual invoices and employee pay rate increases is not documented. In addition, employee time sheets are not approved and signed by a

supervisor, bids were not always solicited or advertised nor was bid documentation always retained for various purchases, and a building was leased without the Health Center Board's approval. Also, the Health Center Board's regular session minutes did not disclose the reason for entering into closed session and did not always document the final disposition of matters discussed in closed session.

The county passed a ten cent property tax levy for a county health center in April 2003. Board members were appointed in June 2003 and the Health Center Board of Trustees held its first meeting on July 1, 2003. The Health Center began operation on November 1, 2003. Until the Health Center opened, the South Central Public Health Group, Inc. (SCPHGI) provided health care services to county residents. The SCPHGI operated out of the building the Health Center is currently leasing. In November 2003, the SCPHGI turned over all its assets to the Health Center, including the responsibility for services provided by some of the grants the SCPHGI was receiving. The assets turned over to the Health Center included office equipment, supplies, fixtures, furniture, and contracts, plus \$54,242 in cash. In addition, the Health Center hired many of the SCPHGI employees. Our review of the health center's operations disclosed the following concerns:

A. The Health Center does not have adequate controls over cash receipts and disbursements.

1. Accounting and bookkeeping duties are not adequately segregated. Currently, the responsibilities of recording and depositing receipts, performing bank reconciliations, and preparing checks are assigned to the Health Center Financial Officer. The Health Center Director indicated he reviews the deposits and the bank reconciliations; however, he does not document his review.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation cannot be achieved, at a minimum, a review of monthly reconciliations should be performed. Proper supervision and documented reviews help ensure that financial records are properly maintained and help detect errors on a timely basis.

2. Prenumbered receipt slips are not issued for individual birth and death certificates, environmental tests, and immunizations, nor is a receipt log maintained. To help ensure receipts are properly recorded and deposited, prenumbered receipt slips should be issued for all monies received or monies should be recorded on a receipt log immediately upon receipt. In addition, all receipt records should indicate the method of payment (i.e. cash, checks, or money orders) and the composition of receipt slips issued should be reconciled to the bank deposits to ensure all receipts have been accounted for and deposited.

- B. The Health Center Board does not review and approve individual invoices. In addition, the listing of all disbursements approved by the Board for payment is not retained and attached to the minutes. Although the board reviews a disbursement listing at the monthly board meeting, the board does not review invoices or other supporting documentation before signing checks. There is no documentation in the board meeting minutes of the review of the disbursement listing nor is a copy of the listing retained with the minutes. Health Center personnel indicated the Board had authorized the director and administrative assistant to pay bills and sign checks, without board approval in certain instances. For example, the Board authorized the director to pay bills that come in after the month's bills were approved but due before the next board meeting, and to take advantage of early payment discounts. These particular disbursements are listed in the disbursement listing along with other bills to be paid.

Expenditures made from Health Center funds should be reviewed and approved by the board to ensure all disbursements represent valid operating costs of the Health Center. To adequately document the board's review and approval of all disbursements, the listing of disbursements approved by the board should be signed or initialed by the board to denote their approval and attached to the board minutes.

- C. During our review of the Health Center's payroll records, we noted the following concerns:
1. Approval of salary increases was not properly documented in the Health Center Board meeting minutes. In December 2004, employees received a percentage pay rate increase. Each employee category received different pay rate increases. Without documentation of the board's approval for pay rate changes, there is no assurance that employees are being paid the board approved amount or whether the Director independently increased the employees' salaries.
 2. Employee time sheets are not approved and signed by a supervisor. The supervisor should sign the employee time sheets to provide assurance that hours reported were reviewed, approved, and accurate.
- D. Bids were not always solicited or advertised nor was bid documentation always retained for various purchases by the Health Center. Examples of items purchased for which bid documentation could not be located are as follows:

Item	Cost
GIS computer equipment	\$ 93,013
Medical supplies	26,734

Section 50.660, RSMo, requires the advertisement for bids for any 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 the economical management of Health Center resources and help assure the Health Center 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 Health Center 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 the request for proposal, a newspaper publication notice when applicable, 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 Health Center Board minutes should reflect the necessitating circumstances.

- E. The Health Center paid \$3,000 a month for the lease of a building from the former Interim Health Center Director's husband's company. The former Interim Director, who was the Director of the SCPHGI at the time, signed the lease on May 22, 2003 to take effect on July 1, 2003. The first board meeting was held on July 1, 2003. No bids were obtained prior to signing the lease. The Health Center Board Chairman indicated the lease was accepted because it was considered "a done deal" when the board members took office. However it would appear that the lease was not legally binding until it was approved by the Health Center Board.

Section 105.454, RSMo, prohibits financial transactions between the Health Center and an officer or employee (or spouse, dependent child, or business and corporate interest of the officer or employee) of the health center that involved more than \$1,500 per year or \$500 per transaction unless there had been public notice to solicit proposals and competitive bidding, provided that the bid or offer was the lowest received.

Since the Interim Director was in an administrative position, the transaction gives the appearance of a conflict of interest. Given the circumstances of this transaction, the Health Center Board should have considered soliciting bids for a new lease.

- F. The Health Center Board's regular session minutes did not disclose the reason for entering into closed session and did not always document the final disposition of matters discussed in closed session. For example, the board decided to pay an employee for additional time spent on an on-line course in the closed meeting and did not document the final decision in the regular session. Further, an item discussed during one of the closed sessions did not relate to a subject allowed in the state statutes. Of the eight closed meetings between September 2003 to April 2005, there were problems with two of the closed meetings.

Section 610.021, RSMo, allows the Health Center Board to close meetings to the extent they related to certain specified subjects, including litigation, real estate transactions, and personnel issues. In addition, Section 610.022, RSMo, requires that before any meeting may be closed, the reason for the closed meeting shall be voted on at an open session. This law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Section 610.021, RSMo, requires certain matters discussed in closed meetings to be made public upon final disposition.

The board should document reasons for the closed meeting and the final disposition of the matters discussed during the closed meeting. In addition, the reason for the closed meeting should be related to the specific subject allowed by state law.

WE RECOMMEND the Health Center Board:

- A.1. Segregate the duties of handling, recording, distributing, and reconciling cash. If segregation of duties is not possible, at a minimum, an independent review of monthly bank reconciliations should be performed and documented.
- 2. Require prenumbered receipt slips to be issued for all monies received or monies be immediately posted to a receipt log. In addition, the method of payment should be documented on the receipt records, and the composition of receipts reconciled to deposits.
- B. Review and approve all expenditures of Health Center funds. In addition, the approval of disbursements should be adequately documented by signing or initialing the listing of disbursements and filing it with the board minutes.
- C. Ensure Board minutes document employee pay rate changes and employee time sheets are approved by the applicable supervisor.
- D. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official Health Center Board minutes should reflect the necessitating circumstances.
- E. Refrain from entering into business transactions with related parties unless such services or transactions are properly bid in accordance with state law.
- F. Ensure reasons for closing a meeting are documented and the final disposition of matters discussed in closed meetings is made public as required by state law. In addition, the reasons for closing a meeting should relate to a specified subject allowed by state law.

AUDITEE'S RESPONSE

The Health Center Director indicated:

- A.1. Accounting duties are now segregated. One employee has transitioned into the duties as Financial Officer in-training, and has been assigned accounts receivable and daily deposits. Billing accounts receivable is assigned to the Financial Officer. Accounts payable and payroll activities are duties of the Financial Officer. The Director now approves, stamps, and initials deposits and payable invoices before giving them to the appropriate employee.*

Bank statements are received, stamped, and initialed by the Director before they are given to the appropriate employee to reconcile.

Due to budget limitations, there is not a third person to perform bank reconciliations. This duty will be done by the Financial Officer, with a reconciliation report given to the Director for review and approval.

- A.2. New practices have been put in place to address deficiencies in previous processes. All cash received at the front desk are issued a pre-numbered receipt slip with the method of payment documented. This includes immunizations, environmental water tests, and any other income received at the front desk by the agency receptionist and these are balanced weekly. This is given to the Financial Officer in-training weekly, to balance again before depositing.*

Computer births and deaths monies received are now printed on pre-numbered certificates issued to us from the Department of Health. Receipts are immediately documented on a receipt log. A copy of this receipt, after printing is made with the method of payment documented and the original receipt is given to the client. Numbered receipts are totaled and balanced with deposit detail of cash, checks, or money orders received. All numbered receipts are then again balanced monthly with total deposits and QuickBooks Vital Records Received Report by the Financial Officer in-training.

- B. Current practices within the Health Center will be revised by October 3, 2005 to include the fact that the Board will review actual invoices of expenditures at the monthly meeting, and documentation will indicate so in board minutes. In addition, the Board Treasurer will adopt the practice of signing the provided listing of monthly expenditures, indicating Board approval.*

- C. From this point forward approval of all payroll raises to staff, will be documented in the Board meeting minutes. No longer will we operate under the assumption that the documentation of the board's approval of the annual Health Center budget will serve as proof of the board's acceptance of staff pay raises. This recommendation will be fully implemented in December 2005.*

Weekly time sheets are already being approved by the Director and now are being stamped and initialed before they are given to the Financial Officer.

- D. *The Heath Center now recognizes that the State mandated bidding practices apply regardless of the source of funding. The finding identified is a practice which we no longer take part in.*

Current Health Center procedures have been reinforced in terms of practices in the event that purchases from a single vendor exceed the total of \$4,500 in a 90 day period. The Nurse Supervisor, will document the bid process including list of vendors, copy of request, copies of bids, justification of awarding bids and bid specifications. Tracking the amount spent per vendor will be a joint effort between the Nurse Supervisor and the Financial Officer, to be conducted prior to the time of purchases. In the event of a sole source procurement, it will be documented as such in the board meeting minutes.

- E. *No business transactions are with related parties at this time or will be in the future. The lease mentioned was accepted as was all other assets from SCPHSG. The Interim Director mentioned, is no longer employed with the Health Center.*

- F. *In response to the identified findings, closed meetings will be documented and final disposition will be made public as required. All practices in regards to closed session board meetings will now be within compliance standards outlined within the current Missouri Sunshine Law. This recommendation will be fully implemented as of October 3, 2005.*

Follow-Up on Prior Audit Findings

HOWELL 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 Howell County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2000.

Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for various county funds for the two years ended December 31, 2000.
- B. Actual disbursements exceeded the budgeted amounts in various funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds as required.

Recommendation:

The County Commission:

- A. Ensure financial information for all county funds is included in the annual budgets.
- B. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
- C. Ensure financial Information for all county funds is properly reported in the annual financial statements.

Status:

A&B. Implemented.

- C. Partially implemented. Financial statements were published for all funds; however, the financial statements for the Health Center Fund only included monies passed through the County Treasurer. See MAR finding number 5.

2. Collateral Securities

The County Commission and the Senate Bill 40 Board had not established monitoring procedures to ensure depository banks pledge adequate collateral securities at all times, and were undercollateralized during January 2001 and January 2000. In addition, the county and the Senate Bill 40 Board did not have written depository agreements with their banks.

Recommendation:

The County Commission and the Senate Bill 40 Board establish monitoring procedures to ensure depository banks pledge adequate collateral securities at all times. In addition, the County Commission and the Senate Bill 40 Board should enter into written depository agreements with all depository banks, as required by state law.

Status:

Implemented.

3. Official's Salaries

The Howell County's Associate County Commissioners each received mid-term salary increases totaling approximately \$5,400 yearly in 1999. A subsequent Supreme Court decision held the statute section unconstitutional. The County Commission's response to the finding indicated they were following the matter closely and would respond when the court gives direction on repayment.

Recommendation:

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

Status:

Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

4. Juvenile Office Controls and Procedures

- A. Accounting duties were not adequately segregated.
- B. Receipt slips for restitution monies were not issued unless requested by the payor. In addition, no centralized restitution log was maintained to account for restitution assessed, collected, and distributed for each case.

Recommendation:

The Juvenile Division:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Issue prenumbered receipt slips for all restitution monies received. In addition, a centralized restitution log should be maintained to ensure complete documentation of juvenile restitution activity.

Status:

- A. Not implemented. See MAR finding number 4.
- B. Partially implemented. Prenumbered receipts slips were utilized and recorded in a single receipt book; however, receipt slips were not issued for some monies received. See MAR finding number 4.

5. County Collector's Commissions

The County Collector collected and retained a five percent penalty on delinquent city tax payments which exceeded the two percent stated in the contracts with the cities. A change in state law allowed for the increase in penalties assessed; however, the contract was not amended to reflect the change in the penalty charged to taxpayers.

Recommendation:

The County Collector and the County Commission amend the contracts with the cities to specifically define the amount of penalties to be collected on delinquent city taxes and how the penalties are to be distributed. The penalty amounts should be based on applicable state laws and city ordinances.

Status:

Partially implemented. The County Collector and the County Commission amended the contract with one of the cities to replace the wording allowing the County Collector to charge a penalty of two percent with "the penalty charge according to state statute...". The County Collector indicated the contract with the other city was not amended because the wording required no change. Neither contract clearly defines the amount of penalties to be collected on delinquent city taxes or how the funds should be distributed. In addition, Section 52.290, RSMo requires the penalty to be distributed as follows: two-sevenths to General Revenue, two-sevenths to the Tax Maintenance Fund, and three-sevenths to the County Employees' Retirement Fund.

Although not repeated in the current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

HOWELL COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1857, the county of Howell was named after Josiah Howell, a pioneer settler. Howell County is a county-organized, third-class county and is part of the Thirty-Seventh Judicial Circuit. The county seat is West Plains.

Howell County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 1,101 miles of county roads and 41 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 28,807 in 1980 and 37,238 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2004	2003	2002	2001	1985* 1980**
		(in millions)				
Real estate	\$	200.7	193.6	188.1	183.3	84.6 33.1
Personal property		90.3	89.8	87.0	87.4	22.1 9.1
Railroad and utilities		16.6	17.5	17.3	16.2	6.7 6.8
Total	\$	307.6	300.9	292.4	286.9	113.4 49.0

* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2004	2003	2002	2001
Health Center Fund		.10	.10	N/A	N/A
Senate Bill 40 Board Fund		.05	.05	.05	.05

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

		Year Ended February 28 (29),			
		2005	2004	2003	2002
State of Missouri	\$	96,315	94,087	91,467	88,465
General Revenue Fund		53,671	54,336	52,298	53,615
Special Road and Bridge Fund		32,189	32,387	30,659	31,190
Assessment Fund		144,579	102,884	100,465	92,992
Health Center Fund		302,632	278,439	0	0
Senate Bill 40 Board Fund		163,063	159,939	155,356	150,532
School districts		9,779,400	8,761,978	8,509,310	8,238,173
Ambulance district		623,458	611,523	596,587	572,719
Fire protection district		216,552	206,694	202,473	194,493
Overplus Fund		7,561	14,610	19,492	9,935
Tax Maintenance Fund		28,145	29,150	12,289	0
Tax Sale Advertising		578	793	261	367
Cities		641,907	632,645	618,457	584,527
County Clerk		6,937	7,332	7,551	5,571
County Employees' Retirement		115,982	115,468	112,457	100,036
Commissions and fees:					
General Revenue Fund		198,654	193,374	183,080	177,091
Collector		24,066	24,173	22,899	20,774
Total	\$	12,435,689	11,319,811	10,715,101	10,320,481

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2005	2004	2003	2000	
Real estate	93	93	93	93	%
Personal property	90	90	89	84	
Railroad and utilities	100	100	100	100	

Howell 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	%
Law enforcement	.0025	None	0	

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

Officeholder	2005	2004	2003	2002	2001
County-Paid Officials:	\$				
Larry Spence, Presiding Commissioner		31,700	30,380	30,380	30,380
Mark Collins, Associate Commissioner		29,700	28,380	28,380	28,380
Robert Vaughn, Associate Commissioner		29,700	28,380	28,380	28,380
Dennis K. VonAllmen, County Clerk		45,000	43,000	43,000	43,000
Michael Hutchings, Prosecuting Attorney		55,000	53,000	53,000	53,000
Bill Shephard, Sheriff		50,000	48,000	48,000	48,000
Truell Harrison, County Treasurer		45,000	43,000	31,820	31,820
Lonnie Pruett, County Coroner		16,000	15,000	15,000	15,000
Charm Eagleman, Public Administrator (1)		45,000	43,000	43,000	52,755
Wayne Scharnhorst, County Collector (2), year ended February 28 (29),	69,066	67,507	65,899	63,774	
Daniel Franks, County Assessor, year ended August 31, (3)		45,098	43,900	43,900	43,400
Ralph Riggs, County Surveyor (4)					

(1) Compensation for 2001 includes fees received for services provided prior to January, 1 2001.

(2) Includes \$24,066, \$24,173, \$22,899 and \$20,774 respectively, of commissions earned for collecting city property taxes.

(3) Includes \$765 annual compensation for 2004, and \$900 for 2003, 2002, and 2001, received from the state.

(4) Compensation on a fee basis.

(5) Compensation for 2003 includes salary for services provided prior to January 1, 2004.

State-Paid Officials:

Fern Freeman Welker, Circuit Clerk and Ex Officio Recorder of Deeds (5)		1,971	47,300	47,300
Cynthia Weeks, Circuit Clerk and Ex Officio Recorder of Deeds (5)	47,900	47,365	0	
David Dunlap, Associate Circuit Judge			48,000	96,000
David Evans, Associate Circuit Judge	96,000	96,000	96,000	96,000
Donald Henry, Associate Circuit Judge	96,000	96,000	47,200	