



Susan Montee, CPA

Missouri State Auditor

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December 2007

Howard County, Missouri

Years Ended

December 31, 2006 and 2005



Office of  
Missouri State Auditor  
Susan Montee, CPA

December 2007

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

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The County Clerk made various errors on federal tax returns and related forms and in making remittances of federal taxes. During 2006 the county paid approximately \$13,000 to the IRS for unpaid taxes, penalties and interest. At June 2007 the county owed the IRS approximately \$22,000 for unresolved errors pertaining to previous years. Reporting and/or payment errors occurred during 2004, 2005, and 2006, and, despite receiving numerous Internal Revenue Service (IRS) notices, some had not been resolved as of September 2007. The County Clerk does not have adequate controls for ensuring the amounts paid and reported to the IRS are accurate and consistent. Because county officials did not act promptly to research and resolve the various problems with the IRS, the county has paid and still owes a significant amount in underpaid taxes, penalties, and interest. A review of county payroll records and reports indicates some errors may have been reporting rather than payment errors, and at least a portion of the additional tax liability, penalties, and interest amounts may have been avoided.

Various billings from October 2006 through June 2007, totaling approximately \$36,800, for unemployment taxes, utilities, and state income tax withholdings were not promptly paid and, consequently, the county incurred late payment penalties totaling approximately \$3,100. Other payments during this period including employee deferred compensation payments and employee health insurance premiums were also untimely. While the county was not penalized for these late remittances, county officials should ensure obligations on behalf of its employees are met.

The county did not always solicit bids, develop adequate bid specifications, or retain bid documentation for various purchases. In addition, neither the County Commission minutes nor the expenditure records contained adequate documentation of the county's efforts to compare prices, explanations for contract changes, or reasons for sole source purchase determinations. Also, federal procurement rules were not followed for some equipment purchases made with federal grant monies.

The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, expenditures for federal grants were not always reported correctly on the schedule. For

(over)

YELLOW SHEET

example, the 2006 Highway Planning and Construction Program expenditures were overstated by more than \$630,000.

Property tax system procedures and controls are not sufficient. The County Clerk does not prepare or verify the current and back tax books or maintain an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's settlements or adequately review property tax additions and abatements. The County Clerk indicated that he does not intend to review additions and abatements, maintain an account book, or verify the Collector's annual settlement.

The Circuit Clerk and Ex Officio Recorder of Deeds does not always receipt and deposit monies on a timely basis and, for bank accounts of the Circuit Clerk, has not followed-up on old outstanding checks or disbursed monies on old inactive cases.

For the various bank accounts of the Sheriff's office, bank reconciliations are not consistently and accurately performed. Additionally, monies received are not always deposited intact on a timely basis and documentation showing the disposition of jail receipts is not always retained.

Bank reconciliations for the Senate Bill 40 Board's accounts are not prepared and transaction registers were not always maintained. Also, the board's budget preparation procedures do not ensure that the budget documents reasonably reflect the board's anticipated financial activity and cash balances, and lessen the effectiveness of the budget as a tool for monitoring or controlling board disbursements and for decision-making about the board's tax levy.

The audit also includes recommendations to the county to improve records and procedures related to county property, vehicles, and budgets.

**All reports are available on our Web site: [www.auditor.mo.gov](http://www.auditor.mo.gov)**

HOWARD COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS

To the County Commission  
and  
Officeholders of Howard 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 Howard County, Missouri, as of and for the years ended December 31, 2006 and 2005. 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 Howard County, Missouri, as of December 31, 2006 and 2005, 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 Howard County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2006 and 2005, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 18, 2007, 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.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Howard 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.



Susan Montee, CPA  
State Auditor

September 18, 2007

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Regina Pruitt, CPA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Rex Murdock
	Janielle Arens
	Sarah Schulte



**SUSAN MONTEE, CPA**  
**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 Howard County, Missouri

We have audited the financial statements of various funds of Howard County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 18, 2007. 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 Howard County, Missouri, we considered the county's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize,

record, process, or report financial data reliably in accordance with applicable accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described as finding numbers 06-1 and 06-2 in the accompanying Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the county's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies referred to above are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Howard County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and 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*.

We also noted certain additional matters which are described in the accompanying Management Advisory Report.

The responses of Howard County, Missouri, to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the county's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of the management of Howard County, Missouri, 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.



Susan Montee, CPA  
State Auditor

September 18, 2007

## Financial Statements

Exhibit A-1

HOWARD COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2006

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 281,369	1,090,941	1,214,626	157,684
Special Road and Bridge	429,639	987,272	996,959	419,952
Assessment	9,453	138,191	136,889	10,755
Law Enforcement Training	2,231	1,678	3,303	606
Prosecuting Attorney Training	661	315	0	976
Law Enforcement Sales Tax	172	488,136	474,289	14,019
Recorder User Fees	4,891	4,518	4,678	4,731
Keller Building	107,053	131,601	234,813	3,841
Victims of Domestic Violence	5,981	1,286	0	7,267
Civil Defense	520	15,448	14,490	1,478
Sheriff Civil Fees	4,969	13,699	13,710	4,958
Prosecuting Attorney Bad Check	13,583	19,880	26,076	7,387
Howard County Economic Development	178,231	53,392	4,832	226,791
Election Services	5,265	326	4,649	942
Law Enforcement Supplemental	2,766	25,605	28,371	0
Sheriff Benevolent	4,050	963	1,094	3,919
Recorder Technology	4,648	2,903	2,579	4,972
Prosecutor's Supplemental	11,017	20,828	25,387	6,458
Levee Districts	334,425	106,880	45,305	396,000
Collector's Technology	15,578	13,192	7,155	21,615
Sheriff Revolving	3,841	1,387	894	4,334
Jail Sales Tax	169,587	253,277	233,331	189,533
Sheltered Services Board	138,404	99,747	79,318	158,833
911 Board	270,036	294,330	294,184	270,182
Circuit Court Interest	10,733	669	1,463	9,939
Law Library	20,259	3,507	0	23,766
Focus On Kids	1,861	945	675	2,131
Total	\$ 2,031,223	3,770,916	3,849,070	1,953,069

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

Exhibit A-2

HOWARD COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2005

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 189,837	1,036,612	945,080	281,369
Special Road and Bridge	387,887	1,217,695	1,175,943	429,639
Assessment	701	143,013	134,261	9,453
Law Enforcement Training	1,309	1,152	230	2,231
Prosecuting Attorney Training	845	301	485	661
Law Enforcement Sales Tax	2,798	399,266	401,892	172
Recorder User Fees	3,849	4,586	3,544	4,891
Keller Building	31,801	280,860	205,608	107,053
Victims of Domestic Violence	5,082	899	0	5,981
Civil Defense	1,650	18,664	19,794	520
Sheriff Civil Fees	5,524	12,427	12,982	4,969
Prosecuting Attorney Bad Check	15,114	10,117	11,648	13,583
Howard County Economic Development	131,000	52,821	5,590	178,231
Election Services	5,217	1,314	1,266	5,265
Law Enforcement Supplemental	6,204	62,108	65,546	2,766
Sheriff Benevolent	4,452	980	1,382	4,050
Recorder Technology	1,794	2,854	0	4,648
Prosecutor's Supplemental	6,352	25,629	20,964	11,017
Levee Districts	324,771	57,990	48,336	334,425
Collector's Technology	12,075	12,548	9,045	15,578
Sheriff Revolving	2,762	1,079	0	3,841
Jail Sales Tax	139,937	286,097	256,447	169,587
Sheltered Services Board	146,146	91,886	99,628	138,404
911 Board	230,802	299,052	259,818	270,036
Circuit Court Interest	12,800	67	2,134	10,733
Law Library	16,893	3,366	0	20,259
Focus On Kids	1,675	711	525	1,861
Total	\$ 1,689,277	4,024,094	3,682,148	2,031,223

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

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 4,020,085	3,770,916	(249,169)	3,658,818	4,024,027	365,209
DISBURSEMENTS	4,844,430	3,849,070	995,360	4,417,370	3,680,014	737,356
RECEIPTS OVER (UNDER) DISBURSEMENTS	(824,345)	(78,154)	746,191	(758,552)	344,013	1,102,565
CASH, JANUARY 1	2,022,104	2,031,223	9,119	1,676,477	1,676,477	0
CASH, DECEMBER 31	1,197,759	1,953,069	755,310	917,925	2,020,490	1,102,565
<b>GENERAL REVENUE FUND</b>						
<b>RECEIPTS</b>						
Property taxes	265,000	264,199	(801)	247,000	264,018	17,018
Sales taxes	294,000	286,805	(7,195)	268,000	293,482	25,482
Intergovernmental	203,014	204,671	1,657	153,047	108,287	(44,760)
Charges for services	192,854	179,173	(13,681)	195,779	174,523	(21,256)
Interest	13,820	18,756	4,936	5,045	13,818	8,773
Other	69,009	137,337	68,328	62,020	140,682	78,662
Transfers in	43,164	0	(43,164)	43,000	41,802	(1,198)
Total Receipts	1,080,861	1,090,941	10,080	973,891	1,036,612	62,721
<b>DISBURSEMENTS</b>						
County Commissioner	78,987	78,698	289	78,436	78,124	312
County Clerk	59,109	59,120	(11)	58,135	58,192	(57)
Elections	136,130	134,762	1,368	12,650	15,397	(2,747)
Buildings and grounds	72,664	65,306	7,358	71,000	54,463	16,537
Employee fringe benefit	76,700	71,056	5,644	76,700	71,171	5,529
County Treasurer	28,515	27,813	702	28,415	28,095	320
County Collector	66,939	64,430	2,509	65,447	62,822	2,625
Ex Officio Recorder of Deed	25,022	19,942	5,080	22,500	15,668	6,832
Circuit Clerk	19,200	3,828	15,372	19,200	5,582	13,618
Associate Circuit Court	18,852	16,631	2,221	18,150	16,921	1,229
Associate Circuit (Probate)	7,850	1,108	6,742	7,850	555	7,295
Court administration	39,890	19,761	20,129	41,600	19,091	22,509
Public Administrator	50,592	50,160	432	46,395	45,750	645
Prosecuting Attorney	76,766	75,141	1,625	72,890	71,183	1,707
Juvenile Offices	87,124	65,550	21,574	81,037	47,617	33,420
County Coroner	14,500	10,547	3,953	14,500	11,465	3,035
Other General County Governmen	138,174	148,012	(9,838)	96,589	101,086	(4,497)
Public health and welfare service	180,129	179,550	579	193,193	177,378	15,815
Transfers out	139,467	123,211	16,256	75,920	64,520	11,400
Emergency Fund	67,430	0	67,430	81,991	0	81,991
Total Disbursements	1,384,040	1,214,626	169,414	1,162,598	945,080	217,518
RECEIPTS OVER (UNDER) DISBURSEMENTS	(303,179)	(123,685)	179,494	(188,707)	91,532	280,239
CASH, JANUARY 1	281,369	281,369	0	189,837	189,837	0
CASH, DECEMBER 31	(21,810)	157,684	179,494	1,130	281,369	280,239

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	175,000	193,467	18,467	190,000	185,023	(4,977)
Sales taxes	267,659	258,358	(9,301)	254,600	271,345	16,745
Intergovernmental	644,373	445,648	(198,725)	660,853	673,958	13,105
Charges for services	39,134	27,202	(11,932)	19,000	50,368	31,368
Interest	14,892	31,244	16,352	12,000	18,127	6,127
Other	18,129	31,353	13,224	1,004	18,874	17,870
<b>Total Receipts</b>	<b>1,159,187</b>	<b>987,272</b>	<b>(171,915)</b>	<b>1,137,457</b>	<b>1,217,695</b>	<b>80,238</b>
<b>DISBURSEMENTS</b>						
Salaries	310,000	296,781	13,219	300,000	295,810	4,190
Employee fringe benefit	81,550	57,161	24,389	74,300	77,138	(2,838)
Supplies	85,000	87,616	(2,616)	57,500	91,987	(34,487)
Insurance	23,500	24,372	(872)	22,000	22,071	(71)
Road and bridge materials	20,600	16,279	4,321	20,000	17,617	2,383
Equipment repairs	61,000	58,273	2,727	62,500	63,246	(746)
Rentals	1,000	0	1,000	0	0	0
Equipment purchases	137,717	132,192	5,525	110,516	110,124	392
Construction, repair, and maintenance	519,518	221,189	298,329	566,000	436,423	129,577
Debt service	1,319	1,329	(10)	1,286	1,285	1
Other	95,500	101,767	(6,267)	95,500	60,242	35,258
Transfers out	0	0	0	39,000	0	39,000
<b>Total Disbursements</b>	<b>1,336,704</b>	<b>996,959</b>	<b>339,745</b>	<b>1,348,602</b>	<b>1,175,943</b>	<b>172,659</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(177,517)</b>	<b>(9,687)</b>	<b>167,830</b>	<b>(211,145)</b>	<b>41,752</b>	<b>252,897</b>
<b>CASH, JANUARY 1</b>	<b>429,639</b>	<b>429,639</b>	<b>0</b>	<b>387,887</b>	<b>387,887</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>252,122</b>	<b>419,952</b>	<b>167,830</b>	<b>176,742</b>	<b>429,639</b>	<b>252,897</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	134,400	129,698	(4,702)	116,600	132,409	15,809
Charges for Services	6,750	5,485	(1,265)	3,400	6,668	3,268
Interest	1,200	1,677	477	350	1,020	670
Other	1,980	1,331	(649)	930	1,916	986
Transfers in	1,000	0	(1,000)	14,020	1,000	(13,020)
<b>Total Receipts</b>	<b>145,330</b>	<b>138,191</b>	<b>(7,139)</b>	<b>135,300</b>	<b>143,013</b>	<b>7,713</b>
<b>DISBURSEMENTS</b>						
Assessor	144,590	136,889	7,701	135,300	134,261	1,039
<b>Total Disbursements</b>	<b>144,590</b>	<b>136,889</b>	<b>7,701</b>	<b>135,300</b>	<b>134,261</b>	<b>1,039</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>740</b>	<b>1,302</b>	<b>562</b>	<b>0</b>	<b>8,752</b>	<b>8,752</b>
<b>CASH, JANUARY 1</b>	<b>9,453</b>	<b>9,453</b>	<b>0</b>	<b>701</b>	<b>701</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>10,193</b>	<b>10,755</b>	<b>562</b>	<b>701</b>	<b>9,453</b>	<b>8,752</b>

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	1,100	1,593	493	1,000	997	(3)
Interest	87	85	(2)	20	155	135
Total Receipts	1,187	1,678	491	1,020	1,152	132
<b>DISBURSEMENTS</b>						
Sheriff	3,300	3,303	(3)	2,170	230	1,940
Total Disbursements	3,300	3,303	(3)	2,170	230	1,940
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,113)	(1,625)	488	(1,150)	922	2,072
CASH, JANUARY 1	2,231	2,231	0	1,309	1,309	0
CASH, DECEMBER 31	118	606	488	159	2,231	2,072
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	250	265	15	250	269	19
Interest	0	50	50	17	32	15
Total Receipts	250	315	65	267	301	34
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	0	0	0	600	485	115
Total Disbursements	0	0	0	600	485	115
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	315	65	(333)	(184)	149
CASH, JANUARY 1	661	661	0	845	845	0
CASH, DECEMBER 31	911	976	65	512	661	149
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	295,000	286,796	(8,204)	270,000	293,484	23,484
Charges for service:	60,000	46,043	(13,957)	58,000	70,846	12,846
Interest	750	1,219	469	1,000	520	(480)
Other	6,000	39,541	33,541	7,500	3,416	(4,084)
Transfer In	70,000	114,537	44,537	55,000	31,000	(24,000)
Total Receipts	431,750	488,136	56,386	391,500	399,266	7,766
<b>DISBURSEMENTS</b>						
Sheriff's departmen	204,871	240,733	(35,862)	199,000	206,049	(7,049)
Jail	167,940	176,424	(8,484)	162,702	160,134	2,568
Vehicle expense:	53,500	57,132	(3,632)	30,800	35,709	(4,909)
Total Disbursements	426,311	474,289	(47,978)	392,502	401,892	(9,390)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,439	13,847	8,408	(1,002)	(2,626)	(1,624)
CASH, JANUARY 1	172	172	0	2,798	2,798	0
CASH, DECEMBER 31	5,611	14,019	8,408	1,796	172	(1,624)

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECORDER USER FEES FUND</b>						
<b>RECEIPTS</b>						
Charges for service:	4,800	4,336	(464)	4,800	4,448	(352)
Interest	140	182	42	53	138	85
Total Receipts	4,940	4,518	(422)	4,853	4,586	(267)
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deed	9,324	4,678	4,646	8,638	3,544	5,094
Total Disbursements	9,324	4,678	4,646	8,638	3,544	5,094
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,384)	(160)	4,224	(3,785)	1,042	4,827
CASH, JANUARY 1	4,891	4,891	0	3,849	3,849	0
CASH, DECEMBER 31	507	4,731	4,224	64	4,891	4,827
<b>KELLER BUILDING FUND</b>						
<b>RECEIPTS</b>						
Rental income	94,050	100,990	6,940	100,516	96,113	(4,403)
Interest	2,250	1,460	(790)	530	4,556	4,026
Other	115,051	4,151	(110,900)	600	180,191	179,591
Transfer In	0	25,000	25,000	0	0	0
Total Receipts	211,351	131,601	(79,750)	101,646	280,860	179,214
<b>DISBURSEMENTS</b>						
Personnel	29,342	28,607	735	28,636	29,880	(1,244)
Operations	72,424	86,769	(14,345)	72,382	68,908	3,474
Building	109,486	119,437	(9,951)	31,500	106,820	(75,320)
Total Disbursements	211,252	234,813	(23,561)	132,518	205,608	(73,090)
RECEIPTS OVER (UNDER) DISBURSEMENTS	99	(103,212)	(103,311)	(30,872)	75,252	106,124
CASH, JANUARY 1	107,053	107,053	0	31,801	31,801	0
CASH, DECEMBER 31	107,152	3,841	(103,311)	929	107,053	106,124
<b>VICTIMS OF DOMESTIC VIOLENCE FUND</b>						
<b>RECEIPTS</b>						
Charges for service:	1,000	883	(117)	1,000	639	(361)
Interest	300	403	103	101	260	159
Total Receipts	1,300	1,286	(14)	1,101	899	(202)
<b>DISBURSEMENTS</b>						
Shelter	6,772	0	6,772	6,059	0	6,059
Total Disbursements	6,772	0	6,772	6,059	0	6,059
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,472)	1,286	6,758	(4,958)	899	5,857
CASH, JANUARY 1	5,981	5,981	0	5,082	5,082	0
CASH, DECEMBER 31	509	7,267	6,758	124	5,981	5,857

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIVIL DEFENSE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	156	0	(156)	0	5,321	5,321
Intergovernmental Revenue:	8,030	7,382	(648)	7,610	7,811	201
Interest	32	27	(5)	32	32	0
Transfer In	6,900	8,039	1,139	6,900	5,500	(1,400)
<b>Total Receipts</b>	<b>15,118</b>	<b>15,448</b>	<b>330</b>	<b>14,542</b>	<b>18,664</b>	<b>4,122</b>
<b>DISBURSEMENTS</b>						
Office expense:	1,250	1,359	(109)	1,075	1,392	(317)
Equipment	200	0	200	200	0	200
Personnel expense:	13,668	13,131	537	13,125	13,237	(112)
Transfers out	0	0	0	0	5,165	(5,165)
<b>Total Disbursements</b>	<b>15,118</b>	<b>14,490</b>	<b>628</b>	<b>14,400</b>	<b>19,794</b>	<b>(5,394)</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>0</b>	<b>958</b>	<b>958</b>	<b>142</b>	<b>(1,130)</b>	<b>(1,272)</b>
CASH, JANUARY 1	520	520	0	1,650	1,650	0
CASH, DECEMBER 31	520	1,478	958	1,792	520	(1,272)
<b><u>SHERIFF CIVIL FEES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	12,188	13,365	1,177	12,000	12,189	189
Interest	200	334	134	100	238	138
Transfer In	8,000	0	(8,000)	0	0	0
<b>Total Receipts</b>	<b>20,388</b>	<b>13,699</b>	<b>(6,689)</b>	<b>12,100</b>	<b>12,427</b>	<b>327</b>
<b>DISBURSEMENTS</b>						
Sheriff	20,000	13,710	6,290	17,600	12,982	4,618
<b>Total Disbursements</b>	<b>20,000</b>	<b>13,710</b>	<b>6,290</b>	<b>17,600</b>	<b>12,982</b>	<b>4,618</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>388</b>	<b>(11)</b>	<b>(399)</b>	<b>(5,500)</b>	<b>(555)</b>	<b>4,945</b>
CASH, JANUARY 1	4,969	4,969	0	5,524	5,524	0
CASH, DECEMBER 31	5,357	4,958	(399)	24	4,969	4,945
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	18,000	16,323	(1,677)	4,000	8,309	4,309
Interest	0	884	884	300	583	283
Other	0	2,673	2,673	0	1,225	1,225
Transfer In	0	0	0	14,500	0	(14,500)
<b>Total Receipts</b>	<b>18,000</b>	<b>19,880</b>	<b>1,880</b>	<b>18,800</b>	<b>10,117</b>	<b>(8,683)</b>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	22,826	16,076	6,750	14,652	11,648	3,004
Transfer Out	0	10,000	(10,000)	0	0	0
<b>Total Disbursements</b>	<b>22,826</b>	<b>26,076</b>	<b>(3,250)</b>	<b>14,652</b>	<b>11,648</b>	<b>3,004</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(4,826)</b>	<b>(6,196)</b>	<b>(1,370)</b>	<b>4,148</b>	<b>(1,531)</b>	<b>(5,679)</b>
CASH, JANUARY 1	13,583	13,583	0	15,114	15,114	0
CASH, DECEMBER 31	8,757	7,387	(1,370)	19,262	13,583	(5,679)

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>HOWARD COUNTY ECONOMIC DEVELOPMENT FUND</b>						
<b>RECEIPTS</b>						
Interest	7,000	14,109	7,109	3,500	6,769	3,269
Lease income	46,500	39,283	(7,217)	44,267	46,052	1,785
Total Receipts	53,500	53,392	(108)	47,767	52,821	5,054
<b>DISBURSEMENTS</b>						
Economic developmen	100,000	0	100,000	100,000	0	100,000
Miscellaneous expense:	9,600	4,832	4,768	7,530	5,590	1,940
Loans	50,000	0	50,000	0	0	0
Total Disbursements	159,600	4,832	154,768	107,530	5,590	101,940
RECEIPTS OVER (UNDER) DISBURSEMENTS	(106,100)	48,560	154,660	(59,763)	47,231	106,994
CASH, JANUARY 1	178,231	178,231	0	131,000	131,000	0
CASH, DECEMBER 31	72,131	226,791	154,660	71,237	178,231	106,994
<b>ELECTION SERVICES FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	1,100	82	(1,018)	1,066	1,082	16
Interest	233	244	11	105	232	127
Total Receipts	1,333	326	(1,007)	1,171	1,314	143
<b>DISBURSEMENTS</b>						
Election expense:	0	4,649	(4,649)	0	1,266	(1,266)
Total Disbursements	0	4,649	(4,649)	0	1,266	(1,266)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,333	(4,323)	(5,656)	1,171	48	(1,123)
CASH, JANUARY 1	5,265	5,265	0	5,217	5,217	0
CASH, DECEMBER 31	6,598	942	(5,656)	6,388	5,265	(1,123)

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT SUPPLEMENTAL FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	50,000	20,313	(29,687)	50,000	50,000	0
Interest	160	109	(51)	170	158	(12)
Transfers in	12,309	5,183	(7,126)	11,950	11,950	0
Total Receipts	62,469	25,605	(36,864)	62,120	62,108	(12)
<b>DISBURSEMENTS</b>						
Personnel	49,677	20,409	29,268	45,207	61,326	(16,119)
Vehicle	0	0	0	9,000	2,220	6,780
Miscellaneous	0	0	0	4,000	2,000	2,000
Transfers out	7,691	7,962	(271)	0	0	0
Total Disbursements	57,368	28,371	28,997	58,207	65,546	(7,339)
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,101	(2,766)	(7,867)	3,913	(3,438)	(7,351)
CASH, JANUARY 1	2,766	2,766	0	6,204	6,204	0
CASH, DECEMBER 31	7,867	0	(7,867)	10,117	2,766	(7,351)
<b><u>SHERIFF BENEVOLENT FUND</u></b>						
<b>RECEIPTS</b>						
Interest	173	215	42	50	173	123
Other	800	748	(52)	1,000	807	(193)
Total Receipts	973	963	(10)	1,050	980	(70)
<b>DISBURSEMENTS</b>						
Equipment	4,800	1,094	3,706	5,000	1,382	3,618
Total Disbursements	4,800	1,094	3,706	5,000	1,382	3,618
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,827)	(131)	3,696	(3,950)	(402)	3,548
CASH, JANUARY 1	4,050	4,050	0	4,452	4,452	0
CASH, DECEMBER 31	223	3,919	3,696	502	4,050	3,548
<b><u>RECORDER TECHNOLOGY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	2,400	2,606	206	3,600	2,704	(896)
Interest	155	297	142	200	150	(50)
Total Receipts	2,555	2,903	348	3,800	2,854	(946)
<b>DISBURSEMENTS</b>						
Equipment	7,100	2,579	4,521	5,389	0	5,389
Total Disbursements	7,100	2,579	4,521	5,389	0	5,389
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,545)	324	4,869	(1,589)	2,854	4,443
CASH, JANUARY 1	4,648	4,648	0	1,794	1,794	0
CASH, DECEMBER 31	103	4,972	4,869	205	4,648	4,443

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTOR'S SUPPLEMENTAL FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	18,932	20,372	1,440	25,000	25,250	250
Interest	500	456	(44)	130	379	249
Transfer In	0	0	0	2,500	0	(2,500)
Total Receipts	19,432	20,828	1,396	27,630	25,629	(2,001)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	15,500	16,212	(712)	13,337	9,015	4,322
Transfers out	17,816	9,175	8,641	10,750	11,949	(1,199)
Total Disbursements	33,316	25,387	7,929	24,087	20,964	3,123
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,884)	(4,559)	9,325	3,543	4,665	1,122
CASH, JANUARY 1	11,017	11,017	0	6,352	6,352	0
CASH, DECEMBER 31	(2,867)	6,458	9,325	9,895	11,017	1,122
<b><u>LEVEE DISTRICTS FUNDS</u></b>						
<b>RECEIPTS</b>						
Property taxes	77,808	101,719	23,911	77,808	54,663	(23,145)
Interest	2,500	5,161	2,661	2,850	3,327	477
Total Receipts	80,308	106,880	26,572	80,658	57,990	(22,668)
<b>DISBURSEMENTS</b>						
Office expenditure:	11,970	3,759	8,211	12,820	3,762	9,058
Construction, repair, and maintenance	164,550	17,672	146,878	164,550	21,140	143,410
Loan payment	23,250	23,874	(624)	25,000	23,434	1,566
Total Disbursements	199,770	45,305	154,465	202,370	48,336	154,034
RECEIPTS OVER (UNDER) DISBURSEMENTS	(119,462)	61,575	181,037	(121,712)	9,654	131,366
CASH, JANUARY 1	334,425	334,425	0	324,771	324,771	0
CASH, DECEMBER 31	214,963	396,000	181,037	203,059	334,425	131,366
<b><u>COLLECTOR'S TECHNOLOGY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	11,747	11,855	108	11,260	11,747	487
Interest	801	1,337	536	0	801	801
Total Receipts	12,548	13,192	644	11,260	12,548	1,288
<b>DISBURSEMENTS</b>						
Collector	10,470	7,155	3,315	11,450	9,045	2,405
Total Disbursements	10,470	7,155	3,315	11,450	9,045	2,405
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,078	6,037	3,959	(190)	3,503	3,693
CASH, JANUARY 1	15,578	15,578	0	12,075	12,075	0
CASH, DECEMBER 31	17,656	21,615	3,959	11,885	15,578	3,693

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF REVOLVING</u></b>						
<b>RECEIPTS</b>						
Charges for services:	744	1,116	372	4,290	930	(3,360)
Interest	149	271	122	40	149	109
Total Receipts	893	1,387	494	4,330	1,079	(3,251)
<b>DISBURSEMENTS</b>						
Sheriff	4,500	894	3,606	4,000	0	4,000
Total Disbursements	4,500	894	3,606	4,000	0	4,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,607)	493	4,100	330	1,079	749
CASH, JANUARY 1	3,841	3,841	0	2,762	2,762	0
CASH, DECEMBER 31	234	4,334	4,100	3,092	3,841	749
<b><u>JAIL SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales tax revenues:	256,000	244,290	(11,710)	230,000	255,169	25,169
Interest	2,930	6,176	3,246	1,600	2,315	715
Other	0	0	0	0	1,593	1,593
Transfers in	23,547	2,811	(20,736)	31,000	27,020	(3,980)
Total Receipts	282,477	253,277	(29,200)	262,600	286,097	23,497
<b>DISBURSEMENTS</b>						
Debt Service	235,000	233,331	1,669	229,303	229,286	17
Transfer out	23,547	0	23,547	31,000	27,161	3,839
Total Disbursements	258,547	233,331	25,216	260,303	256,447	3,856
RECEIPTS OVER (UNDER) DISBURSEMENTS	23,930	19,946	(3,984)	2,297	29,650	27,353
CASH, JANUARY 1	169,587	169,587	0	139,937	139,937	0
CASH, DECEMBER 31	193,517	189,533	(3,984)	142,234	169,587	27,353
<b><u>SHELTERED SERVICES BOARD FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	94,000	96,707	2,707	83,000	87,715	4,715
Interest	2,500	3,040	540	2,500	4,171	1,671
Total Receipts	96,500	99,747	3,247	85,500	91,886	6,386
<b>DISBURSEMENTS</b>						
Office expense:	2,540	2,424	116	3,620	1,933	1,687
Client services	184,402	76,894	107,508	188,100	97,695	90,405
Contingencies	20,000	0	20,000	30,000	0	30,000
Total Disbursements	206,942	79,318	127,624	221,720	99,628	122,092
RECEIPTS OVER (UNDER) DISBURSEMENTS	(110,442)	20,429	130,871	(136,220)	(7,742)	128,478
CASH, JANUARY 1	138,404	138,404	0	146,146	146,146	0
CASH, DECEMBER 31	27,962	158,833	130,871	9,926	138,404	128,478

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>911 BOARD FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	308,155	286,609	(21,546)	271,000	293,482	22,482
Interest	4,000	6,521	2,521	3,000	4,370	1,370
Other	0	1,200	1,200		1,200	1,200
			0			
Total Receipts	312,155	294,330	(17,825)	274,000	299,052	25,052
<b>DISBURSEMENTS</b>						
Salaries and employee fringe benefit	259,161	239,973	19,188	231,300	213,983	17,317
Office Supplies	6,963	7,407	(444)	6,660	6,202	458
Equipment	39,421	44,394	(4,973)	33,590	35,649	(2,059)
Training	1,000	927	73	1,000	696	304
Other	5,610	1,483	4,127	1,450	3,288	(1,838)
Total Disbursements	312,155	294,184	17,971	274,000	259,818	14,182
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	146	146	0	39,234	39,234
CASH, JANUARY 1	270,036	270,036	0	230,802	230,802	0
CASH, DECEMBER 31	270,036	270,182	146	230,802	270,036	39,234
<b><u>CIRCUIT COURT INTEREST</u></b>						
<b>RECEIPTS</b>						
Interest	600	669	69			
Total Receipts	600	669	69			
<b>DISBURSEMENTS</b>						
Office Expenditures	1,800	1,463	337			
Total Disbursements	1,800	1,463	337			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,200)	(794)	406			
CASH, JANUARY 1	1,800	10,733	8,933			
CASH, DECEMBER 31	600	9,939	9,339			
<b><u>LAW LIBRARY FUND</u></b>						
<b>RECEIPTS</b>						
Fees	4,000	3,262	(738)	4,000	3,226	(774)
Interest	0	245	245	0	140	140
Total Receipts	4,000	3,507	(493)	4,000	3,366	(634)
<b>DISBURSEMENTS</b>						
Office Expenses	7,300	0	7,300	7,000	0	7,000
Total Disbursements	7,300	0	7,300	7,000	0	7,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,300)	3,507	6,807	(3,000)	3,366	6,366
CASH, JANUARY 1	20,259	20,259	0	16,893	16,893	0
CASH, DECEMBER 31	16,959	23,766	6,807	13,893	20,259	6,366

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>FOCUS ON KIDS FUND</b>						
<b>RECEIPTS</b>						
Charges for service:	680	945	265	455	711	256
Total Receipts	680	945	265	455	711	256
<b>DISBURSEMENTS</b>						
Family education service:	525	675	(150)	675	525	150
Total Disbursements	525	675	(150)	675	525	150
RECEIPTS OVER (UNDER) DISBURSEMENTS	155	270	115	(220)	186	406
CASH, JANUARY 1	1,675	1,861	186	1,675	1,675	0
CASH, DECEMBER 31	1,830	2,131	301	1,455	1,861	406

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

Notes to the Financial Statements

HOWARD COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Howard County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the various levee district boards, the Howard County Sheltered Services Board, or the Howard County 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed 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.

Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the Circuit Court Interest Fund for the year ended December 31, 2005.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2006
Law Enforcement Sales Tax Fund	2006 and 2005
Keller Building Fund	2006 and 2005

Civil Defense Fund	2005
Prosecuting Attorney Bad Check Fund	2006
Election Services Fund	2006 and 2005
Law Enforcement Supplemental Fund	2005
Focus On Kids Fund	2006

Although Section 50.740, RSMo, requires a balanced budget, deficit balances were budgeted in the General Revenue Fund and Prosecutor's Supplemental Fund for the year ended December 31, 2006.

D. Published Financial Statements

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

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

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheltered Services Board Fund	2006
Law Library Fund	2006 and 2005

In addition, the county's published financial statements did not disclose disbursement detail by vendor for the Levee Districts, 911 Board, Circuit Court Interest, and Focus on Kids Funds for the years ended December 31, 2006 and 2005; and for the Sheltered Services Board for the year ended December 31, 2005.

2. Cash

Disclosures are provided below to comply with Statement No. 40 of the Governmental Accounting Standards Board, *Deposit and Investment Risk Disclosures*. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositories to pledge collateral securities to secure deposits not insured by the Federal Deposit Insurance

Corporation (FDIC). The securities must be of the types specified by Section 30.270, RSMo, for the collateralization of state funds and held by either the county or a financial institution other than the depository bank. Section 67.085, RSMo, also requires certificates of deposit to be insured by the FDIC for 100 percent of their principal and accrued interest. Custodial credit risk is the risk that, if a depository bank fails, Howard County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's, various levee district boards', Sheltered Services Board's and 911 Board's deposits at December 31, 2006 and 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's or board's custodial bank in the county's or board's name.

#### Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2006 and 2005, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

Schedule

HOWARD COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2006 AND 2005

This schedule includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

**06-1.**

**Federal Taxes**

The County Clerk made various errors on federal tax returns and related forms and in making remittances of federal taxes. Even after receiving numerous Internal Revenue Service (IRS) notices regarding payment and/or reporting errors, neither the County Clerk nor the County Commission made sufficient efforts to resolve the problems and satisfy liabilities. This failure to promptly resolve these matters has resulted in significant interest and penalties being assessed to the county. During 2006 the county paid approximately \$13,000 to the IRS for unpaid taxes, penalties and interest. At June 2007 the county owed the IRS approximately \$22,000 for unresolved errors pertaining to previous years. Reporting and/or payment errors occurred during 2004, 2005, and 2006 as described below.

1. The County Clerk and County Commission have not resolved discrepancies between the total wages and taxes reported on the 2004 IRS W-2 forms (Wage and Tax Statements) and 941 forms (Employer's Quarterly Federal Tax Returns) and the quarterly taxes actually remitted to the IRS. The county processed payroll for the county library and erroneously reported the wages and taxes of those employees under the county's IRS employer identification number on the W-2 forms. Because the county issued separate quarterly tax payments and 941 forms for the county and library, the W-2 forms showed that more taxes were due from the county than were paid. The County Clerk's files indicate the county received notice of these discrepancies from the IRS as early as August 2006. However, it was not until after receiving another notice that the county prepared a \$9,163 (additional taxes of \$7,296 and interest and penalties of \$1,867) check to the IRS in March 2007 to remedy the problem. The check was not mailed at that time and we located it in the County Clerk's files in July 2007. Although we promptly notified the County Clerk of the oversight, the check was not mailed until September 2007. Because of the delay between initial check preparation and mailing, the amount paid will no longer fully satisfy the IRS debt. The County Clerk's office contacted the IRS in mid-September 2007 and determined the liability had increased by at least \$1,023 in additional penalties and interest.

A review of the various county payroll records and reports indicates the error which triggered the initial notice from the IRS may have been a reporting rather than payment error. Had the county performed a review of its records as compared to what was reported and made prompt communications with the IRS, at least a portion of the additional tax liability, penalties, and interest may have been avoided. This matter was not yet fully resolved as of September 2007.

2. The County Clerk and County Commission did not properly investigate the cause of a discrepancy between the amounts paid and reported for the quarter ended December 31, 2005. The IRS noted the amounts the county remitted for income tax withholdings and payroll taxes for that quarter were approximately \$1,814 less than the corresponding amounts reported on the quarterly 941 form. The IRS assessed the county penalties and interest totaling \$1,859 for the discrepancy. In May 2006, the county remitted \$3,673 to the IRS for the discrepancy and penalties and interest without determining the underlying cause, either amounts reported incorrectly on the 941 form or amounts paid incorrectly. Because the employee payroll withholdings noted on the county's payroll register agree to the amounts paid to the IRS for that quarter, it appears likely the amounts paid to the IRS were correct and the amounts reported on the 941 form were incorrect. Again, had the county performed a review of its records as compared to what was reported and paid, and made prompt communications with the IRS, at least a portion of the additional tax liability, penalties, and interest may have been avoided. While this issue has been resolved with the IRS, it is possible the county made an unnecessary expenditure.
  
3. The County Clerk and County Commission have not yet resolved an error that originated by the county overpaying payroll taxes in May 2006. In that month, the county overpaid the IRS for April 2006 taxes by approximately \$24,000. Multiple other errors occurred throughout the year resulting in a net overpayment of approximately \$17,163 at December 2006. Thus, in December 2006, apparently after discussions with the IRS, the county reduced its IRS payment for November 2006 taxes by this amount. However, the IRS issued the county two refund checks, totaling \$16,262, in December 2006, which the county deposited in February 2007. It appears there may have been miscommunications between the county and IRS, and sufficient follow up was not performed to determine the reason for the refund checks. A June 2007 IRS notice indicated the county owed approximately \$21,844 (unpaid taxes of \$16,033 and penalties and interest totaling \$5,811). This issue had not been resolved with the IRS as of September 2007 and until this is done the IRS will likely continue to assess additional interest and penalties.

The errors and discrepancies occurred because the County Clerk did not have adequate controls for ensuring the amounts paid to the IRS and amounts reported to the IRS were accurate and consistent. Additionally, the County Clerk's payroll and IRS files appeared incomplete and disorganized, and did not retain good documentation of the sequence of events surrounding the errors, IRS notices, and actions taken by the county on the notices. As a result, the County Clerk was not aware of the undelivered check and did not fully understand the status of the unresolved issues with the IRS.

Because the county officials did not act promptly to research and resolve these various problems with the IRS, the county has paid and still owes a significant amount in underpaid taxes, penalties, and interest. In September 2007 the County Clerk's office contacted the IRS to determine the current IRS debt, request an abatement of penalties, and set up a payment schedule. The county should resolve these issues immediately with the IRS to avoid further interest and penalties.

The County Clerk needs to develop procedures to ensure data is reported accurately and consistently on the various IRS reports and forms. Any future IRS notices should be researched to determine the problem and resolved promptly with the IRS to avoid paying unnecessary taxes and/or penalties and interest.

**WE RECOMMEND** the County Commission and County Clerk immediately resolve the existing issues with the IRS and institute procedures to ensure future amounts reported and paid to the IRS are accurate and consistent. Any further notices from the IRS should be resolved immediately to avoid additional and potentially unnecessary costs.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission indicated:*

*The County Treasurer and Deputy County Clerk will be meeting with the IRS later this month to resolve the issues. We will make changes to current procedures to improve reporting and payments, and to ensure we are more aware of any future problems.*

**06-2.**

**Late Payments**

The county did not promptly pay some vendor billings, totaling approximately \$36,800, and, paid approximately \$3,100 in late payment penalties. Additionally, the county paid for part of the penalties from a fund restricted for election purposes.

Various billings from October 2006 through June 2007 for unemployment taxes, utilities, and state income tax withholdings were not promptly paid and, consequently, the county incurred late payment penalties totaling approximately \$3,100. Other payments during this period, including employee deferred compensation payments and employee health insurance premiums, were also untimely. For example, deferred compensation amounts withheld from employee paychecks from January to May 2007 were all received by the plan administrator in June 2007, and 4 checks for unemployment taxes for the period March to June 2007 all cleared the bank in July 2007. It appears the County Clerk did not promptly mail checks to the vendors resulting in the late payments. The health insurance premiums were not paid for one month and the insurer temporarily suspended the county's policy. The problem was identified when an employee reported problems with a health insurance claim. After the county paid the required premium amounts, the insurer reinstated the county's policy and honored claims during the suspended period. The county was not directly penalized for the late remittances of employee deferred compensation payments and health insurance premiums. The County Clerk attributed the oversights to his absences and turnover in staff in his office. The county should ensure obligations are remitted timely to vendors to avoid penalties and ensure that obligations on behalf of its employees are met.

Additionally, to penalize the County Clerk's office for the errors, the County Commission required a portion of the penalties on the unemployment taxes and state income taxes, approximately \$1,200, to be paid from the County Clerk's Election Services Fund. Section 115.065 RSMo, restricts the expenditures of the Election Services Fund to election purposes.

**WE RECOMMEND** the County Commission and County Clerk ensure vendors are promptly paid. Additionally, the Election Services Fund should be reimbursed from the appropriate funds for the penalties.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission and County Clerk indicated:*

*All bills are now being paid in a timely manner. We will consider reimbursing the Election Services Fund.*

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

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

Because Howard County, Missouri, did not obtain an audit of its financial statements for the two years ended December 31, 2004, this section does not report the status of any prior audit findings.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the financial statements of various funds of Howard County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 18, 2007.

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

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

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

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

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

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

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Howard County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*. Howard County's responses to the findings also are presented in this MAR. We did not audit the county's responses and, accordingly, we express no opinion on them.

**1.****Expenditures**

While a review of county minutes and bid files indicated the county bid numerous items, the county did not always solicit bids, develop adequate bid specifications, or retain bid documentation for various purchases. In addition, neither the County Commission minutes nor the expenditure records contained adequate documentation of the county's efforts to compare prices (i.e., phone contacts, inquiries), explanations for contract changes, or reasons for sole source purchase determinations. For example, we had concerns related to the following purchases made during the two years ended December 31, 2006:

Item	Cost
Keller Building roof replacement	\$ 195,471
Annual rock purchases for 2006	160,360
Annual diesel fuel purchases for 2006	68,150
2007 Dump truck	97,317
Voting equipment (one-time purchase)	117,508
Emergency radios (one-time purchase)	39,955
Steel (one-time purchase)	12,150

- For the Keller building roof replacement, the county's bid specifications were not adequate and changes to the contract were not adequately documented. The county's specifications to bidders did not require submitted bids to be based on prevailing wage rates. As a result, the county's contract with the low bidder was not based on prevailing wages. When the county learned the vendor was not in compliance with the prevailing wage law, the county agreed to increase the contract price by \$17,500 to bring wages for the project into compliance with the law. Additionally, the contract price with the vendor was increased by about \$10,000 above the original bid price and the reasons for this change were not documented. The County Commission indicated these additional costs were due to materials price increases and because the vendor had not included one section of the roof in the original bid.
- For the rock and diesel fuel, the County Commission indicated they obtained bids for the items early in 2006; however, the bid documentation could not be located. The commission meeting minutes in February 2006 indicate that bids were opened from vendors but provide no further details. Rock and diesel fuel bid documentation for 2005 and 2007 was on file.
- The County Commission indicated that bids were obtained for the truck but the bids were not retained and the bidders and their bids were not documented elsewhere.
- The voting equipment was acquired with federal grant funds and as noted in MAR finding number 3, federal guidelines require the solicitation of bids for such purchases. The County Clerk indicated he did not solicit bids because he had utilized the chosen vendor for election equipment in the past.

- The emergency radios were acquired with federal grant funds and as noted in MAR finding number 3, federal guidelines require the solicitation of bids for such purchases. The County Commission indicated the vendor was helpful in obtaining the grant to procure the radios and had been the county's primary vendor for radios in the past; and, consequently, bids were not solicited for this purchase.
- For the steel, the county's Road and Bridge supervisor indicated he obtained price quotes from vendors but did not maintain documentation of the price quotes received.

Section 50.660, RSMo, requires the advertisement for bids on all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made every effort to receive the best and lowest price and all interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, the county's selection process and criteria, or reasons why competitive proposals were not solicited, should be retained to demonstrate compliance with the law and support decisions made. Additionally, the county's bid specifications should be complete and changes in awarded bid amounts should be adequately documented.

**WE RECOMMEND** the County Commission perform a competitive procurement process for all major purchases and retain all bid documentation. Also, the county's bid specifications should be complete and changes in awarded bid amounts should be adequately documented.

**AUDITEE'S RESPONSE**

*The County Commission indicated they will obtain and retain bids when required and ensure bid specifications are complete.*

<b>2.</b>	<b>Budgets</b>
-----------	----------------

Actual disbursements exceeded budgeted amounts for several funds, as follows:

Fund	Year Ended December 31,	
	2006	2005
Law Enforcement Sales Tax	\$ 44,478	9,389
Keller Building	23,561	73,090
Civil Defense	N/A	5,393
Prosecuting Attorney Bad Check	3,250	N/A
Election Services	4,649	1,266
Law Enforcement Supplemental	N/A	7,339

The County Commission and other officials receive budget to actual comparison reports monthly. The County Commission indicated the expenditures represented necessary disbursements and they could not avoid exceeding the budget, however it was an oversight that the budgets for these funds were not amended.

Case law provides that strict compliance with county budget laws is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, and statutorily required obligations), amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. To improve the effectiveness of the budgets as a planning tool and ensure compliance with state law, budget to actual comparison reports need to be reviewed and used when making spending decisions throughout the year.

**WE RECOMMEND** the County Commission and other county officials review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts.

**AUDITEE'S RESPONSE**

*The County Commission indicated they will review budgets more closely and amend budgets when necessary.*

<b>3. Reporting and Expenditures of Federal Awards</b>
--

The Schedule of Expenditures of Federal Awards was not accurate and the county did not always adhere to federal procurement rules.

A. The county does not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and as a result, expenditures for federal grants were not always reported correctly on the schedule. For both 2005 and 2006, the Highway Planning and Construction Program (BRO) amounts were significantly overstated. For example, the 2006 SEFA presented BRO expenditures of \$657,518 while actual BRO expenditures according to the county's financial records totaled approximately \$24,000. It appears the County Clerk intended to report project estimates rather than actual expenditures.

In addition, although the county's SEFA for 2006 shows that federal program expenditures exceeded \$500,000, the county did not recognize the need to consider obtaining an audit as required by federal regulations. Given the concerns noted above, it is apparent the 2006 SEFA information is not accurate and no audit was required. However, the County Commission should carefully review the SEFA included with each budget document, evaluate amounts for accuracy, and determine

whether an audit is required. These procedures and the resulting decision should be documented.

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

A similar problem with the county's SEFA was noted in several prior reports. Although the County Commission and County Clerk indicated they would implement the recommendations, the county has not improved these controls and procedures.

- B. As previously discussed in MAR finding number 1, the county purchased voting equipment and emergency radios without soliciting bids. These items were purchased with federal Help America Vote Act (HAVA) and Homeland Security grant monies. Federal rules require local governments follow applicable procurement laws including state bidding laws. By not following federal rules related to these purchases, the county's expenditures could be disallowed by the federal granting agencies and the county required to repay the federal awards.

**WE RECOMMEND** the County Commission and County Clerk:

- A. Work to ensure the SEFA is complete and accurate, and ensure that audits are obtained whenever federal program expenditures exceed the threshold provided by federal regulation.
- B. Follow federal procurement rules for purchases made with federal funds.

### **AUDITEE'S RESPONSE**

*The County Commission and County Clerk indicated they will implement these recommendations.*

<b>4. Property Tax Procedures</b>
-----------------------------------

Property tax system procedures and controls are not sufficient. The County Clerk does not prepare or verify the current and back tax books or maintain an account book with the County Collector. Neither the County Clerk nor the County Commission verify the County Collector's settlements or adequately review property tax additions and abatements. For the year ended February 28, 2007, taxes charged to the County Collector totaled about \$6,700,000, including additions and abatements totaling about \$59,000 and \$52,000, respectively.

- A. The County Clerk does not prepare or verify the accuracy of the current or delinquent tax books. The property tax books were generated by the county's

property tax system vendor and tax statements were tested by the County Collector prior to mailing.

Because the Collector is responsible for collecting property tax monies, good internal controls require that someone independent of that process be responsible for generating and testing the accuracy of the property tax books.

Sections 137.290 and 140.050, RSMo, require the County Clerk to extend the current and back tax books and charge the Collector with the amount of taxes to be collected. If it is not feasible for the County Clerk to prepare the tax books, at a minimum, he/she should verify the accuracy of the tax books and document approval of the tax book amounts to be charged to the County Collector. Failure to do so could result in errors or irregularities going undetected.

- B. Controls over property tax additions and abatements are not adequate. Addition and abatement requests are prepared by the Assessor and submitted to the County Collector. The County Collector posts the changes to the property tax records. The County Commission reviews monthly reports of total additions and abatements which are generated by the County Collector. No independent and subsequent review of the actual changes made to the property tax system as compared to approved change requests and/or court orders is performed. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly monitored and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assigns responsibility to the County Clerk for making changes to the tax books with the approval of the County Commission. If this is not feasible given the county's property tax system setup and procedures, the County Clerk should periodically reconcile approved additions and abatements to actual changes made to the system.

- C. Neither the County Commission nor the County Clerk provide a review of the activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax transactions and changes, and no evidence was provided to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements.

Section 51.150(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury.

An account book or other records which summarize all taxes charges to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure that the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the

County Clerk and County Commission to verify the County Collector's monthly and annual settlements. Such procedures are intended to establish some checks and balances related to the collection of property taxes.

These conditions were also noted in our prior audit reports and the County Clerk and County Commission indicated then that procedures would be improved. However, procedures have not significantly changed.

**WE AGAIN RECOMMEND:**

- A. The County Clerk prepare the current and delinquent tax books or, at a minimum, verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
- B. The County Commission along with the County Clerk develop procedures to ensure any changes to the property tax system are properly approved and monitored.
- C. The County Clerk maintain an account book with the County Collector and the County Commission should consider using the account book to verify the annual settlements of the County Collector.

**AUDITEE'S RESPONSE**

*The County Clerk indicated:*

- A. *I perform some review of tax book information and will continue to do so, but better document this review in the future.*
- B. *I do not intend to review changes made to the property tax system.*
- C. *I do not intend to maintain an account book or verify the collector's annual settlement information.*

*The County Commission indicated:*

- B. *They will work with the Collector to develop a procedure to review the property tax additions and abatements.*
- C. *They will consider ways to review the annual settlements.*

**5.****County Property Records and Procedures**

Procedures and records to account for county property are not adequate and vehicle usage logs are not maintained for some county vehicles.

- A. The County Clerk is responsible for maintaining overall county property records; while each county department is responsible for performing annual physical inventories and submitting property listings to the County Clerk. However, the county's overall procedures are not sufficient and county property records are not complete.

The County Clerk has no procedure to identify property purchases and disposals throughout the year, and does not formally request each department to submit annual inventory reports. As a result, it appears many departments did not perform annual inventories or submit required reports. A review of the County Clerk's records showed that annual inventory reports for 2005 were on file only for the Assessor, Sheriff, and Road and Bridge department, and no inventory reports for 2006 were on file. The 2005 inventory report for the Sheriff's office only included equipment and vehicles assigned to deputies and did not include office and jail equipment. In addition, property items are not properly numbered, tagged, or otherwise identified as property of the county property.

Adequate county property records and monitoring procedures are necessary to provide effective internal controls, meet statutory requirements, and provide a basis for proper insurance coverage. The comparison of periodic inventories to overall capital asset records could potentially identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect theft of assets. In addition, procedures to promptly tag new property items are necessary to properly protect county assets.

- B. Sufficient vehicle usage logs are not maintained for the county's road and bridge vehicles. The county maintains ten pickup trucks for the road and bridge employees to use for travel to/from the road and bridge shed and the job site. The county expended approximately \$32,000 from the Special Road and Bridge Fund for fuel during the two years ended December 31, 2006. While logs are maintained that show truck operator, date, and destination, an individual log is not maintained for each vehicle and no odometer readings, purpose information, or operating costs (i.e., fuel, repairs, etc.) is provided. Without adequate vehicle usage logs, the county cannot effectively monitor that vehicles are used only for county business, that operating costs are reasonable, and that fuel and maintenance billings to the county are appropriate. Vehicle usage logs should include trip information (i.e., vehicle operator, dates used, beginning and ending odometer readings, destination, and purpose) and operating costs information. These logs should be reviewed by a

supervisor to ensure vehicles are used only for county business and evaluate operating costs.

A similar condition was noted in our prior audit.

**WE RECOMMEND:**

- A. The County Clerk work with the other county departments to ensure annual physical inventories are performed and reports submitted, utilize the reports to monitor property additions and dispositions, implement a procedure for tracking and tagging new property items throughout the year.
- B. The County Commission require that complete vehicle usage logs be maintained for all county vehicles. In addition, the County Commission should review the logs periodically to monitor the usage of county-owned vehicles.

**AUDITEE'S RESPONSE**

- A. *The County Clerk indicated he will maintain an overall inventory and ensure physical inventories are done, additions are tagged, and deletions are properly recorded.*
- B. *The County Commission indicated they will require mileage be recorded for each vehicle when fuel is dispensed and will review the records monthly beginning next year.*

<b>6. Circuit Clerk and Ex Officio Recorder of Deeds' Controls</b>
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The Circuit Clerk and Ex Officio Recorder of Deeds does not always receipt and deposit monies on a timely basis and, for bank accounts of the Circuit Clerk, has not followed-up on old outstanding checks or disbursed monies on old inactive cases. The Circuit Clerk's office collected fines, court costs, and bonds totaling approximately \$325,000 and \$82,000 during 2006 and 2005, respectively. The Ex Officio Recorder of Deeds' office received monies for copies and recording marriage licenses, UCC filings, deeds, tax liens, and other commercial paper totaling approximately \$82,000 annually.

- A. Receipts are not always deposited on a timely basis and payments for marriage license applications are sometimes held for long periods before being receipted.
  - Court monies are usually deposited two or three times during the month. We counted the undeposited collections on hand on July 30, 2007, and noted receipts totaling \$941 (including \$205 in cash) that had been held from one to 12 days.
  - Ex Officio Recorder of Deeds' monies are prepared for deposit daily, but are only taken to the bank once or twice per week. As a result, deposits are often comprised of several days receipts. We counted the undeposited collections

on hand on July 12, 2007, and noted receipts for deeds totaling \$645 (including \$36 in cash) that had been held from one to three days. Additionally, we noted receipts on hand for seven marriage license applications totaling \$319 (including \$223 in cash) that were not recorded in the receipt ledger and the monies for five of the applications had been held for periods from one to 15 years. The Ex Officio Recorder of Deeds did not receipt these items into the receipt ledger because the applicant had not returned for the marriage license after the three day waiting period. One of the marriage license applications contained a note indicating that \$39 was paid, but only \$19 was on hand for this item. The Ex Officio Recorder of Deeds could not explain this discrepancy. The amount of monies on hand with some of the other applications were also amounts not consistent with standard marriage license fees (i.e., \$1 accompanied one of these applications). Without sufficient records the amount of monies actually received is not clear and proper handling cannot be demonstrated.

To adequately account for collections and reduce the risk of loss or misuse of funds, deposits should be made on a timely basis and marriage license fees should be recorded in the receipt ledger upon receipt. The Ex Officio Recorder of Deeds should attempt to return the old unclaimed marriage license fees and if the payer cannot be located, the monies should be disposed of in accordance with state law.

B. The Circuit Clerk has not followed-up on old outstanding checks or disbursed monies on old inactive cases.

- The Circuit Clerk maintains two child support bank accounts that have been inactive for years with combined bank balances at December 31, 2006, totaling approximately \$1,562. The accounts contain 27 outstanding checks totaling approximately \$1,839 that were issued prior to 2002. One of the accounts has outstanding checks exceeding the bank balance at December 31, 2006, indicating the account is short by approximately \$277.
- The Circuit Clerk continues to maintain an old court bank account which was the primary account until the court adopted a new case management system in 2001 and opened a new account. At December 31, 2006, a comparison of the reconciled bank balance of \$534 to identified liabilities indicates the account is short by approximately \$100. The open items consist of amounts held on 10 old inactive cases. Additionally, the account contains 16 checks totaling approximately \$620 that have been outstanding more than one year.

Old outstanding checks should be voided and reissued to those payees who can be readily located. If payees cannot be located, the amounts should be disbursed in accordance with state law. In addition, the Circuit Clerk should investigate activity in these accounts and attempt to identify reasons for apparent shortages. Once follow up procedures are completed and monies disbursed as appropriate, the bank accounts should be closed.

**WE RECOMMEND** the Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Deposit all monies intact on a timely basis and record fees received for marriage licenses immediately upon receipt. The old unclaimed marriage license fees should be disposed of in accordance with state law.
- B. Appropriately dispose of the old inactive cases and outstanding checks and close the old bank accounts.

**AUDITEE'S RESPONSE**

*The Circuit Clerk and Ex Officio Recorder of Deeds indicated:*

- A. *This recommendation will be implemented.*
- B. *The child support accounts have already been closed and the shortage covered by Circuit Clerk Interest Fund monies. The other account will also be closed after the three remaining outstanding checks are followed up on.*

**7.**

**Sheriff's Controls**

For the various bank accounts of the Sheriff's office, bank reconciliations are not consistently and accurately performed. Additionally, monies received are not always deposited intact on a timely basis and documentation of the disposition of receipts in the jail is not always retained. The Sheriff handles monies for civil and criminal fees, gun permits, board bills, and bonds, and his office processed receipts totaling approximately \$485,000 and \$118,000 during 2006 and 2005, respectively.

- A. Bank reconciliations are not consistently and accurately performed for the various bank accounts. Bank reconciliations had not been prepared since July 2006 because the computer system failed. The Sheriff's office acquired a new system in 2007 but the bookkeeper had not begun using the new system to track the carrying balances of the accounts or prepare bank reconciliations. We requested the bookkeeper prepare current reconciliations and reviewed the February 2007 through May 2007 monthly reconciliations she then prepared. Errors in the outstanding checks and/or deposits in transit listed on the reconciliations resulted in inaccurate reconciled bank balances. Additionally, the bookkeeper has not prepared an open items listing because amounts received are normally distributed immediately or at month-end and the bank accounts should zero out. However, the bank accounts contained unidentified monies totaling approximately \$1,500 at May 30, 2007.

Monthly bank reconciliations and current accounting records are necessary to ensure bank activity and records are in agreement and to detect and correct errors timely. In

addition, the Sheriff should adopt procedures to reconcile all receipts and deposits to amounts disbursed to ensure the bank account zeroes out each month, or if any receipts cannot be disbursed at the end of the month, these amounts should be identified and reconciled to the bank balances. Any unidentified amounts in the bank account should be investigated and disposed of in accordance with state law.

B. Monies received are not always deposited intact on a timely basis and documentation showing the disposition of jail receipts is not always retained. We tested the receipt records for September through November 2005 and December 2006 and noted the following concerns:

- One receipt for \$20 in cash in September 2005 was apparently not deposited. Although the bookkeeper generally accounts for receipts when she prepares deposits, neither she nor the Sheriff could explain this item.
- Two jail receipts in December 2006 totaling about \$467 in cash were remitted directly to the applicable court and no receipt from the court was retained by the Sheriff's Office. Jail receipts are for amounts received by the deputies and jailers for bonds or board payments. These monies are turned over to the bookkeeper for deposit. Jail receipt slips are not reconciled to bank deposits.
- Deposits into the regular account are not always timely. Deposits into this account generally range from two to seven per month. However, we noted where all receipts for November 2005 totaling \$2,135 and including \$290 cash were deposited on December 1, 2005.

To adequately account for collections and reduce the risk of loss or misuse of funds, receipts should be reconciled to the bank deposits and receipts slips from other offices retained to support the direct turnover of collections. The Sheriff's office should investigate any differences noted and take appropriate action. Additionally, deposits should be made intact and on a timely basis.

**WE RECOMMEND** the Sheriff:

- A. Ensure proper month end reconciliations are performed and documented, and any discrepancies resolved timely. In addition, the Sheriff should ensure all receipts are disbursed and the balance of the bank account zeroes out at the end of each month. Any receipts that cannot be disbursed by the end of the month should be documented and reconciled to the bank balance. Amounts which cannot be identified should be investigated, and any monies remaining unclaimed should be disposed of in accordance with state law.
- B. Ensure receipts are reconciled to bank deposits and bank deposits are intact and timely.

## **AUDITEE'S RESPONSE**

*The Sheriff indicated:*

- A. *They will use the new computer system to maintain a cash balance and perform bank reconciliations. The bookkeeper will receive training in early 2008 on the use of the system.*
- B. *They will make efforts to ensure deposits are timely and receipts agree to deposits.*

<b>8. Sheltered Services Board's Controls and Procedures</b>
--

Bank reconciliations for the board's accounts are not prepared and the transaction register was not always maintained. Additionally, the board's budgets and budgeting procedures are not adequate.

The board receives monies for property taxes and provides services to mentally handicapped residents of the county by disbursing monies to agencies or individuals. For 2006 and 2005, board receipts totaled approximately \$100,000 and \$91,000, respectively, and board disbursements totaled approximately \$77,000 and \$95,000, respectively.

- A. Bank reconciliations for the board's accounts are not prepared and transaction registers containing the cash balance were not always maintained. The former board treasurer maintained a transaction register for the board's accounts until December 2005 and resigned shortly thereafter. The current treasurer indicated she maintains a transaction register but she could not provide the registers for 2006 because the computer system crashed. Additionally, the cash balances reported on the board's monthly financial reports and budgets cannot be agreed to any source document and discrepancies between the December 31, 2006, cash balances reported on the bank statement (\$161,518), financial report (\$156,943), and 2007 budget document (\$164,189) are not explained.

Based on a review of the bank statements and after accounting for various reconciling items, the December 31, 2006, cash balance presented in the report financial statements is \$158,833.

A properly maintained transaction register with updated cash balances and monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement and to detect and correct errors timely.

- B. The board's budget preparation procedures do not ensure that the budget documents reasonably reflect the board's anticipated financial activity and cash balances, and lessen the effectiveness of the budget as a tool for monitoring or controlling board disbursements and for decision-making about the board's tax levy.

The board significantly overestimated disbursements for the years ended December 31, 2006 and 2005. The budgeted disbursements for client services exceeded the authorized contract maximums and also included expected additional expenditures related to contracts from the previous year. As a result, the budgeted disbursements for client services exceeded the related actual disbursements by approximately \$108,000 and \$90,000 for the years ended December 31, 2006 and 2005, respectively.

Additionally, the board prepares no periodic financial reports comparing budgeted and actual receipts and disbursements and maintains no documented comparisons of amounts expended and the related contract amounts.

In 2005 the board decided to increase its tax levy from \$.09 per \$100 assessed valuation to \$.10 per \$100 assessed valuation. The board's meeting minutes indicate that the increase was needed because the amounts granted for 2005 were expected to exceed 2005 receipts by about \$30,000. There was no indication in the minutes that the board considered its available cash balance or its expectation of financial needs for 2006 when making this decision. Additionally, it appears that overestimations of upcoming expenditures caused an unrealistic projection of the board's financial position. For each year-end the actual cash balance exceeded the anticipated cash balance by approximately \$130,000. As a result, the tax increase has contributed to a significant cash balance.

Realistic projections of the board's uses of funds are essential for the efficient management of the board's finances and for communicating accurate financial data to county residents. Misrepresentation of the board's anticipated disbursements is misleading to the public and prevents an accurate estimate of the board's anticipated financial condition. Amounts budgeted for client services should be based upon realistic estimates of amounts expected to be disbursed. To improve the effectiveness of the budgets as a planning tool, comparisons of budgeted and contracted amounts to actual receipts and expenditures should be prepared and reviewed by the board throughout the year.

**WE RECOMMEND** the Sheltered Services Board:

- A. Ensure a complete and current transaction register is maintained of the receipts, disbursements, and cash balances. This register should be reconciled to the bank statements monthly.
- B. Ensure that budgets provide reasonable estimates of anticipated disbursements and obtain and review budget to actual reports throughout the year and use this information when making tax levy decisions.

**AUDITEE'S RESPONSE**

*The Sheltered Services Board indicated:*

- A. *They agree with the recommendation. Their current treasurer did not realize the time commitment involved when she volunteered for the job. They are currently seeking someone else to fill her position and will ensure that the new treasurer maintains proper registers, bank reconciliations and backup copies of electronic files.*
  
- B. *They agree with the recommendation and will implement it beginning with the 2008 budget.*

## Follow-Up on Prior Audit Findings

HOWARD 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 Howard County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2002.

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. Financial Condition

- A. The county's General Revenue Fund was in poor financial condition. For several years, disbursements exceeded receipts, resulting in a declining cash balance.
- B. The county's Keller Building Fund was in poor financial condition. At times the county relied on rental deposits to pay building operating costs. The county had not set rental rates at a level sufficient to offset future building repair and replacement needs.

Recommendation:

The County Commission:

- A. Consider various alternatives of increasing receipts and/or reducing disbursements to improve the financial condition of the General Revenue Fund and to maintain an adequate operating cash reserve.
- B. Refrain from using rental deposits to pay operating expenses and set rental rates at a level sufficient to cover operating costs and establish an adequate cash reserve.

Status:

- A. Implemented.
- B. Partially implemented. For the four years ended December 31, 2006, total operating costs exceeded total rental revenues and a transfer of \$25,000 from the General Revenue Fund was needed in 2006. However, the county has increased the per square foot rental rates by 20 percent for 2007. Although not repeated in the current MAR, our recommendation remains as stated above.

2. County Budgets

The county did not have procedures in place to ensure the county's budget documents accurately presented financial activities of the county. Several receipts and disbursements were misclassified and disbursements of one fund were understated.

Recommendation:

The County Commission and County Clerk prepare complete and accurate budgets.

Status:

Not implemented. While some inaccuracies in the financial information presented in the budgets were noted, these amounts were not material. Although not repeated in the current MAR, our recommendation remains as stated above.

3. County Policies, Records, and Procedures

- A. Various county employees that receipt and deposit monies were not covered by an employee bond.
- B. The County Clerk had not established procedures to routinely follow up on outstanding warrants.
- C. The County Clerk did not retain warrant registers for some county funds.

Recommendation:

- A. The County Commission obtain adequate bond coverage for all persons with access to negotiable assets.
- B. The County Clerk establish procedures to routinely follow up on old outstanding warrants.
- C. The County Clerk retain records in a secure location in accordance with state law.

Status:

- A. Not implemented. The County Commission believes employees are adequately covered under the bonds of the various elected officials. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. This recommendation is no longer applicable because the county stopped issuing warrants and began issuing warrant/checks in 2003.
- C. Implemented.

4. Payroll and Personnel Procedures

- A. The County Clerk did not maintain centralized compensatory time records for each employee. Each county official and/or department was responsible for maintaining compensatory time records.
- B. The county vacation leave accumulation policy was not enforced and accumulated vacation balances of four employees exceeded their maximum allowable accumulations.
- C.1. Holiday pay for the Sheriff's employees was not calculated consistently and in accordance with county policy and hours used in the payroll calculations did not always agree to timesheet information.
- 2. The county was not compensating Sheriff's department deputies for overtime and compensatory time as stated in the county's personnel policy manual.

Recommendation:

- A. The County Commission require all employees to report compensatory time earned and taken on their monthly time sheets and require the County Clerk to maintain centralized compensatory time records for all county employees.
- B. The County Clerk ensure employee vacation leave balances do not exceed the maximum stated in the county policy.
- C.1. The Sheriff and County Clerk ensure holiday pay is calculated in accordance with county policy and hours worked are calculated correctly.
- 2. The County Commission require the Sheriff to compute overtime for law enforcement personnel based on 171 hours over a 28-day period as established in the county's personnel policy manual.

Status:

- A. Partially implemented. Employees report compensatory time earned and taken on timesheets. However, the accumulated compensatory balances are not reported on the timesheets and the County Clerk does not track these balances for employees. Rather, department supervisors maintain compensatory time balances for employees. Compensatory time balances did not appear to be significant. Although not repeated in the current MAR, the County Clerk should maintain centralized compensatory time balances for all county employees.
- B. Not implemented. We noted three employees with current vacation leave balances in excess of the maximum allowable accumulation. Although not repeated in the

current MAR, our recommendation remains as stated above.

C.1. Partially implemented. Hours worked appear to be calculated correctly. However, the Sheriff allows compensatory time at straight time to deputies who work on holidays while the county policy indicates employees shall be paid at time and one-half for work on holidays. Although not repeated in the current MAR, the Sheriff should pay deputies for holidays worked in accordance with county policy.

2. Implemented.

5. County Computer Controls and Procedures

A. Passwords were not changed on a periodic basis and computers used by the County Assessor's office and County Collector's office were set to retain the password, so knowledge of the password was not required to gain access to the computerized information.

B. Backup disks of county financial and payroll information and county property tax information were not stored at an off-site location.

C. The county did not have a formal emergency contingency plan for its computer systems.

Recommendation:

A. The County Commission ensure passwords are periodically changed, remain confidential, and are required to obtain access to computerized information.

B. The County Clerk and County Collector ensure backup disks are stored in a secure, off-site location.

C. The County Commission develop a formal contingency plan for the county's computer systems.

Status:

A&B. Implemented.

C. Not implemented. The County Commission believes a formal plan is not needed. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Property Tax Book Procedures

- A. The County Clerk did not prepare or verify the current or back tax books. The computer operator was responsible for entering the tax rates and extending and printing the tax books. There was no evidence that the County Clerk was adequately verifying the tax books charged to the County Collector.
- B. Controls over property tax additions and abatements were not adequate. The County Assessor made changes to the property tax system for additions and abatements. The County Collector then printed the additions and abatements at the end of the year for the County Commission to review.
- C. The County Clerk did not maintain an account book with the County Collector. As a result, the County Collector's annual settlements could not be adequately reviewed and errors could go undetected.

Recommendation:

- A. The County Clerk review the tax books for accuracy, test individual tax bills for accuracy, and document all procedures performed.
- B. The County Clerk reconcile additions and abatements to the County Collector's annual settlements. In addition, the County Commission should review and approve all additions and abatements on a timely basis.
- C. The County Clerk maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the annual settlements of the County Collector.

Status:

A&C. Not implemented. See MAR finding number 4.

- B. Partially implemented. The County Commission now reviews and approves reports of total additions and abatements monthly. However, the County Clerk does not reconcile additions and abatements to the County Collector's annual settlements or perform any other procedures related to additions and abatements. See MAR finding number 4.

7. Associate Commissioner Salaries

The county had not taken action on mid-term salary increases improperly given to the Associate Commissioners in 1999, although a Supreme Court decision determined the applicable statute was unconstitutional and the county Prosecuting Attorney concluded the mid-term raises were not valid.

Recommendation:

The County Commission develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. The county commission indicated in our prior report they would not seek repayment, but they did not formally document their considerations and decision. Although not repeated in the current MAR, our recommendation remains as stated above.

8. Vehicle Records

No vehicle usage logs were maintained for the road and bridge pickup trucks and the log for the pool vehicle was not adequate.

Recommendation:

The County Commission require that complete vehicle usage logs be maintained for all county vehicles. In addition, the County Commission should review the logs periodically to monitor the usage of county-owned vehicles.

Status:

Not implemented. See MAR finding number 5.

9. Circuit Clerk and Ex Officio Recorder of Deeds' Accounting Controls and Procedures

- A. Receipts were not deposited on a timely basis.
- B. The Circuit Clerk and Ex Officio Recorder of Deeds had not established procedures to routinely follow up on outstanding checks.
- C. A listing of accrued costs owed to the court was not maintained by the Circuit Clerk and monitoring procedures related to accrued costs were not adequate. Also, monies were not disbursed on old, inactive cases.

Recommendation:

The Circuit Clerk/Ex Officio Recorder of Deeds:

- A. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Establish procedures to routinely follow up on old outstanding checks.

- C. Maintain a record of accrued costs and establish procedures to follow up and pursue timely collection, review older cases with the Circuit Judge and determine the appropriate disposition of inactive cases.

Status:

A&B. Not implemented. See MAR finding number 6.

- C. Partially implemented. Accrued costs listings are maintained and periodically reviewed. However, some monies on old inactive cases have not been disbursed. See MAR finding number 6.

10. Prosecuting Attorney's Accounting Controls and Procedures

Receipts were not deposited on a timely basis.

Recommendation:

The Prosecuting Attorney deposit receipts daily or when accumulated receipts exceed \$100.

Status:

Implemented.

11. Sheriff's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Receipts were not recorded and deposited on a timely basis.
- C. Receipts and disbursements records were not complete. Disbursements only were recorded in the check register, while the cash control ledger contained only receipts information. As a result, there was no book balance for reconciliation purposes and no bank reconciliations were performed
- D. Monthly listings of open items (liabilities) were not prepared and reconciled to the cash balance of the garnishment account.
- E. Calendar advertising commissions were not deposited into a bank account or otherwise accounted for by the Sheriff.

Recommendation:

- A. Segregate accounting and bookkeeping duties to the extent possible, or at a minimum, perform and document periodic reviews of the work performed.
- B. Issue receipt slips immediately upon receipt for all monies received, reconcile the

composition of receipts to the composition of deposits, and deposit receipts intact daily or when accumulated receipts exceed \$100.

- C. Maintain a complete check register and cash control ledger, and perform monthly bank reconciliations.
- D. Prepare monthly listings of open items and reconcile the listings to the cash balance. Differences should be investigated and any monies remaining unidentified should be disposed of in accordance with state law.
- E. Remit calendar advertising commissions to the County Treasurer as required by state law and retain supporting documentation for all purchases.

Status:

A&E. Implemented.

- B. Partially implemented. Receipt slips are issued for all monies received. However, receipts are not always reconciled to deposits and deposits are not always intact and timely. See MAR finding number 7.
- C. Partially implemented. The bookkeeper maintained a book balance and prepared monthly bank reconciliations until July 2006, but the book balance and reconciliations have not been maintained currently. See MAR finding number 7.
- D. Not implemented. See MAR finding number 7.

12. Health Department Accounting Controls and Procedures

Monies received were not transmitted to the County Treasurer intact on a timely basis. Monies were withheld from these transmittals to pay for postage and other small purchases.

Recommendation:

The Health Department transmit all monies intact to the County Treasurer on a timely basis. If a petty cash fund is determined to be necessary, it should be kept on an imprest basis, and all reimbursements should be supported by vendor invoices or other documentation.

Status:

Partially implemented. Receipts are transmitted intact although the frequency of the transmittals has not improved. Although not repeated in the current MAR, the Health Department should transmit monies to the Treasurer on a timely basis.

13. Sheltered Services Board Accounting Controls and Procedures

- A. Sheltered Services Board members did not review invoices and compliance with contract terms prior to signing checks. One payment to a contractor exceeded the amount authorized in the contract by approximately \$1,700.
- B. Cash balances and receipt and disbursement information reported on the board's budgets were incorrect. The budgets presented cash balances prior to December 31, and actual receipt and disbursement amounts for the two prior years as of the initial budget preparation date, rather than for the entire year.
- C. The cash balance of the Sheltered Services Board Fund substantially exceeded annual disbursements.

Recommendation:

The Sheltered Services Board:

- A. Review all invoices and other supporting documentation before signing checks and ensure payments comply with contract terms. In addition, the board needs to seek reimbursement of the \$1,700 overpayment.
- B. Ensure the budget document reflects complete and accurate prior years' receipts, disbursements, and cash balance information which is available when the budget is prepared, and/or includes an explanation for any incomplete or estimated data presented.
- C. Review its future financial needs and consider the cash balance when setting future tax levies.

Status:

- A. Implemented. Reimbursement of the overpayment was received in December 2003.
- B. Partially implemented. The prior years' receipts were accurately presented on the budgets. However, there were small differences between the cash balances and prior years' disbursements presented on the budgets and the actual cash balance and disbursements. Although not repeated in the current MAR, our recommendation remains as stated.
- C. Not implemented. See MAR finding number 8.

14. 911 Board Records and Procedures

- A. Timesheets did not include documentation of supervisory approval.
- B. In November 2002 and December 2001, the 911 Board made lump sum year-end salary adjustment payments to its employees. Because there was no indication in the

payroll records that these payments were compensation for additional hours worked, these payments appeared to represent bonuses.

- C. The 911 Board did not maintain general fixed asset records nor perform physical inventories to account for all property owned by the board.
- D. The board's open meeting minutes did not always document the specific reasons for closed sessions.

Recommendation:

The 911 Board:

- A. Require all timesheets include supervisory approval.
- B. Discontinue the practice of paying employee bonuses.
- C. Establish property records for all fixed assets and require annual physical inventories of the fixed assets. The board should require additions to the fixed asset list to be reconciled to purchases annually and ensure prenumbered inventory tags that label each item as "Property of Howard County 911" are attached to board property and equipment.
- D. Ensure open meeting minutes state the reasons for going into closed session.

Status:

A-D. Implemented.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

HOWARD COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1816, the county of Howard was named after General Benjamin Howard. Howard County is a county-organized, third-class county and is part of the Fourteenth Judicial Circuit. The county seat is Fayette.

Howard 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 474 miles of county roads and 87 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 10,008 in 1980 and 10,212 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2006	2005	2004	2003	1985*	1980**
		(in millions)					
Real estate	\$	60.4	58.3	55.7	53.2	35.2	19.5
Personal property		23.3	22.5	21.1	22.4	11.4	8.1
Railroad and utilities		14.6	15.3	15.1	14.1	13.1	12.3
Total	\$	98.3	96.1	91.9	89.7	59.7	39.9

\* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2006	2005	2004	2003
General Revenue Fund	\$	.2500	.2420	.2588	.2587
Special Road and Bridge Fund *		.2723	.2723	.2723	.2723
Sheltered Services Board Fund		.1000	.1000	.0900	.0900

\* The county retains all tax proceeds from areas not within road districts. The county has two road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

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),			
	2007	2006	2005	2004
State of Missouri	\$ 30,837	29,213	28,543	27,623
General Revenue Fund	262,250	242,248	251,100	244,375
Special Road and Bridge Fund	278,821	264,185	258,328	251,109
Special road districts	70,058	66,371	64,072	63,634
Assessment Fund	83,983	79,538	77,230	61,810
Sheltered Services Board Fund	101,154	95,486	84,790	82,246
School districts	4,073,734	3,845,278	3,760,347	3,640,204
Library district	89,660	85,000	83,055	79,954
Ambulance district	292,397	277,048	270,644	262,673
Fire protection districts	236,717	222,359	217,286	210,956
Watershed district	29,363	27,164	24,976	19,900
Levee and drainage districts	82,712	105,347	108,317	116,935
Collector's Technology Fund	11,377	11,524	11,562	10,714
Cities	200,057	190,974	189,964	184,735
County Clerk	213	1,263	1,186	219
County Employees' Retirement	33,000	36,934	35,312	31,075
Other	23,753	24,412	24,524	24,797
Commissions and fees:				
County Collector	3,530	3,439	3,789	3,371
General Revenue Fund	93,545	89,812	88,942	83,787
Total	\$ 5,997,161	5,697,595	5,583,967	5,400,117

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2007	2006	2005	2004	
Real estate	92.7	93.0	93.3	93.2	%
Personal property	87.0	88.2	87.1	86.9	
Railroad and utilities	100.0	87.4	100.0	100.0	
Levee and drainage	99.8	96.4	99.3	98.8	

Howard 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	.0050	None	None	
911	.0050	None	None	
General	.0050	None	None	
Capital improvements	.0050	2011	None	

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

Officeholder	2007	2006	2005	2004	2003
County-Paid Officials:	\$				
William Lowell Eaton, Presiding Commissioner		25,760	25,760	25,760	25,760
Howard Black, Associate Commissioner		23,760	23,760	22,440	22,440
Richard Conrow, Associate Commissioner		23,760	23,760	22,440	22,440
William Mark Hill, County Clerk		36,000	36,000	36,000	36,000
Mason R. Gebhardt, Prosecuting Attorney		43,000	43,000	43,000	43,000
Charlie Polson, Sheriff		40,000	40,000	39,000	39,000
Kathyrne Ann Harper, County Treasurer		26,640	26,640	26,640	26,640
Frank Flaspohler, County Coroner		10,000	10,000	9,500	9,500
Marsha Davis, Public Administrator		36,000	36,000	36,000	36,000
Sharon Himmelberg, County Collector (1), year ended February 28 (29),	39,530	39,439	39,789	39,371	
George Frink, County Assessor (2), year ended August 31,		36,688	35,355	34,765	34,866
Gene Bowen, County Surveyor (3)					

(1) Includes \$3,530, \$3,439, \$3,789 and \$3,371, respectively, of commissions earned for collecting city property taxes.

(2) Includes \$688, \$688, \$765, and \$866, respectively, of annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Charles J. Flaspohler, Circuit Clerk and Ex Officio Recorder of Deeds	49,470	48,500	47,850	47,300
Gary Sprick, Associate Circuit Judge	96,000	96,000	96,000	96,000

The county entered into a lease purchase agreement with United Missouri Bank on March 28, 2003. The terms of the agreement called for the county to lease the Howard County Law Enforcement Center to United Missouri Bank, and for the bank to lease purchase the center back to the county with lease payment equal to the amount due to retire the indebtedness. Certificates of Participation totaling \$1,725,000 were issued by United Missouri Bank on behalf of the county and the proceeds of those certificates were used to construct the center which was completed in June 2004. The lease is scheduled to be paid off in the year 2012. The remaining

principal and interest due on the lease at December 31, 2006 was \$1,200,000 and \$151,830, respectively. The Certificates of Participation are anticipated to be paid with revenues generated by the one-half cent capital improvement sales tax which expires December 31, 2011.