

LINN COUNTY HEALTH DEPARTMENT

Agreed-Upon Procedures
For the Years Ended
December 31, 2022 and 2021

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LINN COUNTY HEALTH DEPARTMENT
AGREED-UPON PROCEDURES
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December 31, 2022 & 2021

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees
Linn County Health Department
Brookfield, Missouri

I have performed the procedures enumerated below, which were agreed to by Linn County Health Department, solely to assist the board with respect to a review of the accounting records of Linn County Health Department as of and for the years ended December 31, 2022 and 2021. Linn County Health Department's management is responsible for the Department's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

My procedures and findings are as follows:

1. **Tax Revenue**—Is tax revenue correctly reported in the financial statements?

I obtained assessed valuations and tax levy rates for 2020 and 2021 and calculated the expected revenue from real estate and personal property taxes for 2021 and 2022. The vast majority of property taxes are collected in the year following assessment. I then compared the calculated amount to the actual amounts.

The percentage of collection was 103% for 2021 and 99% for 2022. This collection rate is in line with historical expectations. No exceptions were noted.

I compared actual tax revenue collected to the previous year and to the budgeted amount. No exceptions were noted.

I confirmed tax payments to the Health Department with the Linn County Treasurer. No exceptions were noted.

2. **Revenues & Miscellaneous Revenues**—Are revenues and miscellaneous revenues appropriately classified?

I performed an analytical review of revenues for 2021 and 2022 and investigated the detail of account balances when year-to-year variances exceeded 15% and \$5,000. I noted variances exceeding this threshold in the following revenue accounts: Interest Income and Charges for Services. I reviewed the detail of the transactions for these accounts. No exceptions were noted.

I compared budgeted to actual revenues for each year and investigated the detail for negative variances exceeding 15% and \$5,000. I noted that revenues from Charges for Services fell

short of the budgeted amount by \$23,614. I reviewed the detail of transactions in this account and found the variance was a result of the timing of receipt of Medicare payments.

I selected one month of receipts to test the detail for accurate revenue classification and documentation. While a sample would not reveal all discrepancies, no exceptions were noted.

I reviewed the detail of miscellaneous revenue. No exceptions were noted.

3. **Cash**—Are reported cash balances accurate and insured or secured?

I reviewed and re-performed all year-end reconciliations. No exceptions were noted.

I reviewed the schedule of outstanding checks.

Finding: As of December 31, 2022, there were two long-outstanding checks totaling \$416.05. One check was written in December 2020, and the other was written in June 2021. These checks should be voided. The attached financial statements do not reflect an adjustment for these outstanding items.

I confirmed the cash on deposit with the Bank of Brookfield-Purdin, Verimore Bank, and Regional Missouri Bank as of December 31, 2021, and 2022, to the amounts shown on the Department's bank reconciliations and to the balances shown on the Department's Statements of Net assets as of December 31, 2021, and 2022.

Finding: Regional Missouri Bank reported a Certificate of Deposit balance of \$157,218.59 as of December 31, 2021. The balance shown in the Department's books on that date was \$157,396.91. The difference of \$178.32 was a result of a timing difference between the Bank and the Department regarding the recording of interest. The Certificate of Deposit balance agreed to bank records as of December 31, 2022. The attached financial statements reflect a correction for this discrepancy.

I compared interest recorded in the Department's books to the Banks' records. The amounts reported by Bank of Brookfield-Purdin and Verimore Bank reconciled to the amounts shown in the Department's records for interest income.

Finding: Certificate of Deposit interest reported by Regional Missouri Bank amounted to \$4,523.86 and \$708.68 in 2021 and 2022, respectively. Interest recorded in the books for this Certificate totaled \$4,702.18 and \$530.36 for 2021 and 2022, respectively. Total interest for the two years combined amounted to \$5,232.54, according to both the Bank's records and the Department's books. The discrepancy was a result of a timing difference between the Bank and the Department regarding the recording of interest. The attached financial statements reflect a correction of this discrepancy.

I verified, through bank confirmations, that all cash balances are FDIC insured up to \$250,000 and are further secured by pledged securities. The market value of pledged securities was \$1,021,252 as of December 31, 2021 and \$983,579 as of December 31, 2022. No exceptions were noted.

I discussed internal control procedures over cash with management.

4. **Expenditures**—Are cash management and controls appropriate for revenues and disbursements?

I performed an analytical review of expenditures for 2021 and 2022 and investigated the detail of account balances when year-to-year variances exceeded 15% and \$5,000. I noted a variance exceeding this threshold for the Ads/Dues/Other account in 2022. I reviewed the detail of transactions for this account and found the variance was a result of election costs paid in 2022.

I compared budgeted expenditures to actual expenditures for the year and investigated the detail when expenditures exceeded budgeted amounts by more than 15% and \$5,000. No exceptions were noted.

I selected a sample of approximately 60 disbursements for each year of the engagement and verified the amount and payee for these disbursements. I also reviewed the sample for appropriate classification of disbursements.

Finding: I found six items in the 2021 sample for which the check number recorded in the books did not match the check number on the image shown on the bank statement.

I selected a sub-sample of 20 items from each year to test for proper documentation.

Finding: I was unable to locate documentation for one item in the 2021 disbursement sample. This was a payment to the Missouri Department of Revenue for the Coroner's Training Fund.

5. **Petty Cash/Cash on Hand & Credit Card Controls**—Are petty cash, credit card charges, and miscellaneous expenditures appropriate?

I reviewed general ledger records of miscellaneous disbursements for proper classification. No exceptions were noted.

I observed a count of cash on hand to verify cash on hand reconciled to the receipt book. No exceptions were noted.

The Department maintains a petty cash fund of \$400. I performed a count of petty cash as of the date of my office visit and reconciled the balance with receipts for petty cash expenditures. No exceptions were noted.

While the Department does not have a written policy regarding security and use of credit cards, I discussed controls the department follows to ensure the credit card is secured and is used only for appropriate transactions. The Department should consider adopting a written credit card policy.

I selected a sample of credit card transactions to verify adherence to the policy.

Finding: I found one credit card charge in the sample for which the receipt was missing. The charge was made in June 2021 at Dollar General in the amount of \$104.95.

6. **Payroll**—Are payroll and payroll reporting accurate?

I compared the quarterly 941 reports to the W-2s and to the amounts reported in the financial statements for 2021 and 2022. The quarterly reports reconciled to the W-2s. No exceptions were noted.

I performed analytical procedures to test accuracy and reasonableness of expenditures for employer payroll taxes and retirement contributions, as applicable. Expenditures for payroll taxes are expected to be 7.65% of gross salary, after pre-tax deductions. Expenditures for contributions to employees' retirement are expected to vary no more than 5% year-to-year relative to gross salary. No exceptions were noted.

I reviewed department policy on accrual of paid time off and compensatory time. I analyzed one month of payroll records to verify adherence to the policy. While a sample would not necessarily reveal all discrepancies or miscalculations, for the month sampled, no exceptions were noted.

I reviewed one month of payroll to verify authorization and accuracy of calculations. No exceptions were noted.

I reviewed payroll disbursements for management and administrative staff to verify there were no unapproved pay increases. No exceptions were noted.

7. **Board Oversight/Sunshine Law**—Is the Board providing proper financial and budgetary oversight and acting in compliance with the Sunshine Law?

I obtained a listing of all Board members for the period of the engagement.

I obtained board minutes and agendas for each month of the engagement period and selected from those a sample of six months to review for adherence to the Missouri Sunshine Law regarding open meetings. No exceptions were noted.

I obtained the final board-approved budgets for each year of the engagement. I determined by reviewing board minutes that the budgets were approved by the Board.

I reviewed the budgets to verify budgets were balanced for each year of the engagement.

For each year of the engagement, I compared total disbursements to final budgeted amounts to determine whether total disbursements exceeded final budget appropriations.

Finding: For 2021, total expenditures exceeded budget appropriations by \$5,021. For 2022, total expenditures exceeded budget appropriations by \$5,515.

I was not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, I do not express such an opinion.

Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Linn County Health Department and its Board of Trustees and is not intended to be and should not be used by anyone other than those specified parties.

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

Bobbi D. Clark, CPA
Edina, Missouri
June 14, 2023

LINN COUNTY HEALTH DEPARTMENT
STATEMENTS OF NET POSITION—CASH BASIS
December 31, 2022 & 2021

ASSETS

	<u>12/31/2022</u>	<u>12/31/2021</u>
Cash	\$ 1,104,657	\$ 1,072,533
Certificates of Deposit	<u>157,928</u>	<u>157,219</u>
Total Assets	\$ 1,262,585	\$ 1,229,752

LIABILITIES

Total Liabilities	\$ -	\$ -
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NET ASSETS

Net Assets		
Unrestricted	<u>\$ 1,262,585</u>	<u>\$ 1,229,752</u>
Total Net Assets	<u>\$ 1,262,585</u>	<u>\$ 1,229,752</u>

See Independent Accountant's Agreed-Upon Procedures Report.

LINN COUNTY HEALTH DEPARTMENT
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION—CASH BASIS
For the Years Ended December 31, 2022 and 2021

	12/31/2022	12/31/2021
Operating Revenues		
Intergovernmental revenue	\$ 247,460	\$ 277,959
Charges for services	76,060	87,864
Other grants	500	487
TOTAL OPERATING REVENUES	324,020	366,310
Operating Expenses		
Salaries	432,829	433,585
Payroll taxes	32,341	31,955
Employee benefits	97,782	92,172
Insurance	12,796	12,574
Office supplies & postage	12,084	12,634
Office & medical equipment	6,349	5,412
Medical & educational supplies	36,389	41,359
Property maintenance	8,761	9,156
Travel	6,471	5,515
Education & in-service	2,048	4,291
Contract services	25,101	21,100
Utilities	15,400	12,543
Advertising, dues & other expenditures	15,922	10,442
Capital expenditures	10,242	5,283
TOTAL OPERATING EXPENSES	714,515	698,021
OPERATING INCOME (LOSS)	(390,495)	(331,711)
Nonoperating Revenues (Expenses)		
Tax revenue	414,515	409,362
Interest income	8,083	10,957
Donations/other income	730	1,765
TOTAL NONOPERATING REVENUES (EXPENSES)	423,328	422,084
NET INCOME	\$ 32,833	\$ 90,373
Net Position, January 1	1,229,752	1,139,379
Net Position, December 31	\$ 1,262,585	\$ 1,229,752

See Independent Accountant's Agreed-Upon Procedures Report.

LINN COUNTY HEALTH DEPARTMENT
 BUDGET-TO-ACTUAL COMPARISON
 For the Year Ended December 31, 2022

	Business-Type Activities		
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Receipts			
Tax revenue	414,515	360,000	54,515
Intergovernmental revenue	247,460	254,500	(7,040)
Charges for services	76,060	85,000	(8,940)
Interest income	8,083	7,500	583
Other grants	500	1,000	(500)
Donations/other income	730	1,000	(270)
Total Receipts	<u>\$ 747,348</u>	<u>\$ 709,000</u>	<u>\$ 38,348</u>
Disbursements			
Salaries, taxes & benefits	562,952	555,000	7,952
Insurance	12,796	12,800	(4)
Office supplies & postage	12,084	13,250	(1,166)
Office & medical equipment	6,349	6,450	(101)
Medical & educational supplies	36,389	36,500	(111)
Property maintenance	8,761	9,000	(239)
Travel	6,471	6,600	(129)
Education & in-service	2,048	2,300	(252)
Contract services	25,101	24,400	701
Utilities	15,400	17,000	(1,600)
Advertising, dues & other expenditures	15,922	15,450	472
Capital expenditures	10,242	10,250	(8)
Total Disbursements	<u>\$ 714,515</u>	<u>\$ 709,000</u>	<u>\$ 5,515</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>\$ 32,833</u>	<u>\$ -</u>	<u>\$ 32,833</u>

See Independent Accountant's Agreed-Upon Procedures Report.

**LINN COUNTY HEALTH DEPARTMENT
BUDGET-TO-ACTUAL COMPARISON
For the Year Ended December 31, 2021**

	Business-Type Activities		
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Receipts			
Tax Revenue	409,362	341,000	68,362
Intergovernmental revenue	277,959	274,750	3,209
Charges for services	87,864	64,250	23,614
Interest income	10,957	11,000	(43)
Other grants	487	500	(13)
Donations/other income	1,765	1,500	265
Total Receipts	<u>\$ 788,394</u>	<u>\$ 693,000</u>	<u>\$ 95,394</u>
DISBURSEMENTS			
Salaries, taxes & benefits	557,712	545,500	12,212
Insurance	12,574	13,000	(426)
Office supplies & postage	12,634	16,000	(3,366)
Office & medical equipment	5,412	5,500	(88)
Medical & educational supplies	41,359	41,000	359
Property maintenance	9,156	9,000	156
Travel	5,515	5,500	15
Education & in-service	4,291	5,500	(1,209)
Contract services	21,100	22,000	(900)
Utilities	12,543	12,500	43
Advertising, dues & other expenditures	10,442	11,000	(558)
Capital expenditures	5,283	6,500	(1,217)
Total Disbursements	<u>\$ 698,021</u>	<u>\$ 693,000</u>	<u>\$ 5,021</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>\$ 90,373</u>	<u>\$ -</u>	<u>\$ 90,373</u>

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