



Claire McCaskill

Missouri State Auditor

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December 2006

Miller County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of  
Missouri State Auditor  
Claire McCaskill

December 2006

**IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Miller 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 Missouri's Constitution.**

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- Actual disbursements exceed budgeted amounts for several funds and material misclassifications of both budgeted and actual amounts were noted. Various concerns were also noted related to the Health Center Fund budget including failure to report the prior two years' receipts and disbursements or the beginning cash balance. In addition, a 2005 Health Center Fund budget amendment was prepared untimely and resulted in a deficit budgeted fund balance.
- The county and health center do not have adequate procedures in place to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA), and expenditures were understated by approximately \$133,200 and \$99,700 for the years ended December 31, 2005 and 2004, respectively.
- The county has not established cash management procedures to ensure minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors. Eight reimbursements totaling \$334,685 were received and held for more than 2 business days before the related payment was made to the contractor.
- The county did not have an internal control system in place to adequately monitor the procurement and installation of equipment and services funded through the State Domestic Preparedness Equipment Support Program. Bid documentation was inadequate or could not be located, payments were not made to the vendor before reimbursement was requested from the state and a final report was not filed. As a result of the concerns identified, questioned costs of \$284,493 have been identified. In addition, the county has not established procedures to monitor reimbursement requests for a City/County Grant.
- Significant concerns were noted regarding controls and procedures related to the Sheriff's petty cash fund and the Sheriff's Discretionary Fund. Approximately \$2,000 of petty cash monies could not be accounted for. In addition, the petty cash fund was not maintained on an imprest basis and at times was excessive. Several documentation concerns were noted including the failure to maintain adequate documentation to support disbursements from the petty cash fund, improper coding on some requests for payment to the petty cash fund, and failure to submit invoices to the county to support amounts requested. Monies were not always used for the purpose identified on the request form and some items purchased from petty cash should have gone through the county's normal disbursement process. Finally, loans were made to Sheriff's Office employees from petty cash and numerous disbursements were made from petty cash and the Sheriff's

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YELLOW SHEET

Discretionary Fund that appear to be a questionable use of public funds. The Sheriff indicated the petty cash fund was discontinued on May 9, 2006.

- Controls and procedures related to the Sheriff's inmate bank account are not adequate. Accounting duties are not adequately segregated, prenumbered receipt slips are not issued, deposits are not reconciled to monies collected, receipts are not always deposited timely, and checks and money orders are not restrictively endorsed immediately upon receipt. Checks have been outstanding for a considerable time, liabilities are not reconciled to cash balances, interest income is not turned over to the county, and monies have not been paid to released inmates timely.
- Numerous control weaknesses were noted related to the Sheriff's general account which is used to process various fees, jail board bills, and bond monies. Cash custody and record keeping are not adequately segregated. Accountable fees of approximately \$1,050 were not remitted to the County Treasurer, but were instead used to pay towing bills, vehicle inspections, and to replace bond monies that were unaccounted for. Proceeds from two grants totaling \$2,040 were deposited to the Sheriff's general account and used to pay deputies for overtime hours rather than processing the payments through the county payroll system. A fee is not charged to cover the county's cost of processing concealed weapon permit applications. Reimbursements from the state for extradition costs contracted out to a private vendor were not submitted on a timely basis resulting in lost revenue to the county of at least \$19,938 for costs incurred in 2003. Follow-up procedures for past due prisoner billings are not adequate and procedures are not performed to monitor and follow-up on unpaid balances for serving papers. Controls over seized property need improvement. Supporting documentation for the Miller County Law Enforcement Association bank account is not maintained and cash was still on hand in July 2006 for a fund raising account closed in February 2006.
- The financial condition of the Jail Fund and the Special Road and Bridge Fund has declined which could have an effect on the General Revenue Fund. There has been a substantial decrease in receipts from boarding of prisoners for other entities and the county has made significant transfers from the Capital Improvement Tax Fund and the General Revenue Fund to the Jail Fund. Most disbursement categories of the Special Road and Bridge fund reflected significant increases from 2004 to 2005 while most receipt categories remained relatively stable. It is essential that the county commission continue to monitor the activity of the Jail Fund and the Special Road and Bridge Fund both in the immediate and long-term future.
- Salary commission meeting minutes were not maintained for the 2005 meeting and salary increases approved for some officials did not appear to comply with state law.
- Some time sheets were not turned in to the County Commission in a timely manner and some procedures performed by the county do not comply with personnel policies.
- Property tax system procedures and controls are not sufficient. Annual settlements of the current and former County Collector were not always filed timely and were not accurate. The County Clerk does not maintain an account book with the County Collector and there was no evidence to indicate procedures are performed by the County Clerk or the County Commission to verify the County Collector's monthly or annual settlements, including additions, abatements, and delinquent taxes. Concerns were also noted related to a new property tax system implemented in March 2005.

The report also includes comments related to various county procedures, county property records, monitoring of vehicle/equipment usage and operating costs, and County Collector's, County Treasurer's, Assessor's and Health Center's accounting controls and procedures.

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

MILLER COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Miller 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 Miller County, Missouri, as of and for the years ended December 31, 2005 and 2004. 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 Miller County, Missouri, as of December 31, 2005 and 2004, 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 Miller 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, 2005 and 2004, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 11, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



Claire McCaskill  
State Auditor

July 11, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA  
Audit Manager: Peggy Schler, CPA  
In-Charge Auditor: Robyn Vogt  
Audit Staff: Terese Summers, CPA  
Audrey Archuleta  
Yomil Leon-Ortiz



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

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

To the County Commission  
and  
Officeholders of Miller County, Missouri

We have audited the financial statements of various funds of Miller County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 11, 2006. 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 Miller County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 05-1 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Miller 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-1.

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

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



Claire McCaskill  
State Auditor

July 11, 2006 (fieldwork completion date)

## Financial Statements

Exhibit A-1

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

| Fund  | Cash,        |            |               | Cash,<br>December 31 |
|---|--------------|------------|---------------|----------------------|
|   | January 1    | Receipts   | Disbursements |                      |
| General Revenue                               | \$ 153,446   | 3,305,454  | 3,128,203     | 330,697              |
| Special Road and Bridge - Road District #1    | 265,107      | 1,535,433  | 1,735,657     | 64,883               |
| Assessment                                    | 17,522       | 293,575    | 280,289       | 30,808               |
| Law Enforcement Training                      | 1,095        | 4,638      | 2,161         | 3,572                |
| Prosecuting Attorney Training                 | 1,326        | 1,203      | 848           | 1,681                |
| Prosecuting Attorney Bad Check Fee            | 6,800        | 33,760     | 10,074        | 30,486               |
| 911   | 16,163       | 396,414    | 410,112       | 2,465                |
| Capital Improvement Tax                       | 293,772      | 2,274,316  | 1,905,674     | 662,414              |
| Senior Citizens Services                      | 49,241       | 147,696    | 133,302       | 63,635               |
| Sheriff's Discretionary                       | 22,041       | 77,339     | 89,380        | 10,000               |
| Prosecuting Attorney Delinquent Sales Tax     | 1,711        | 2,653      | 2,074         | 2,290                |
| Shelter for Victims of Domestic Violence      | 3,239        | 1,714      | 0             | 4,953                |
| House Bill 786 (Recorder's User Fee)          | 58,957       | 17,628     | 22,420        | 54,165               |
| Criminal Forfeiture                           | 31           | 0          | 0             | 31                   |
| Road District #1 Marina Tax                   | 19,583       | 28,282     | 24,272        | 23,593               |
| Lake Ja-Ha Neighborhood Improvement District  | 43           | 4,275      | 4,249         | 69                   |
| Family Access Motion                          | 372          | 13         | 0             | 385                  |
| Drug Awareness and Resistance Education       | 1,776        | 1,052      | 1,528         | 1,300                |
| W-12 Construction Maintenance                 | 72,263       | 25,641     | 25,780        | 72,124               |
| Tax Increment Financing *                     | 7            | 208,511    | 208,511       | 7                    |
| 2002 FEMA Flood Money                         | 80,177       | 0          | 80,177        | 0                    |
| Health Center                                 | 713,263      | 860,340    | 1,499,183     | 74,420               |
| W-15C Neighborhood Improvement District       | 49,729       | 13,179     | 12,713        | 50,195               |
| Bagnell Marina Tax                            | 124,000      | 88,089     | 104,723       | 107,366              |
| Kaiser Marina Tax                             | 2,017        | 3,558      | 0             | 5,575                |
| Local Emergency Preparedness                  | 11,982       | 669,141    | 676,425       | 4,698                |
| POST Commission                               | 559          | 3,934      | 4,485         | 8                    |
| Election Services                             | 6,672        | 23,024     | 11,835        | 17,861               |
| Recorder's Technology                         | 27,152       | 12,669     | 12,785        | 27,036               |
| Jail Fund                                     | 4,788        | 1,157,983  | 1,159,333     | 3,438                |
| Time Payment Fee                              | 20           | 30         | 0             | 50                   |
| Collector's Tax Maintenance                   | 48,599       | 36,670     | 31,122        | 54,147               |
| Oak Terrace Neighborhood Improvement District | 0            | 17,820     | 12,742        | 5,078                |
| Juvenile Assessment Fee                       | 2,895        | 410        | 0             | 3,305                |
| Circuit Clerk Interest                        | 34,087       | 6,423      | 4,831         | 35,679               |
| Circuit Clerk Passports                       | 0            | 450        | 0             | 450                  |
| Associate Division Interest                   | 1,341        | 243        | 0             | 1,584                |
| Law Library                                   | 15,321       | 12,172     | 12,237        | 15,256               |
| Miller County Law Enforcement Association     | 0            | 4,411      | 927           | 3,484                |
| Total   | \$ 2,107,097 | 11,270,143 | 11,608,052    | 1,769,188            |

\* Included are the Tax Increment Financing - Economic Activity Taxes Fund, the Tax Increment Financing - Special Account for Developer Fund, the Tax Increment Financing - Administrative Fund, the Tax Increment Financing - Special Allocation Fund, and the Tax Increment Financing - Payment in Lieu of Taxes Fund.

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

Exhibit A-2

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

| Fund   | Cash,<br>January 1 | Receipts  | Disbursements | Cash,<br>December 31 |
|--|--------------------|-----------|---------------|----------------------|
| General Revenue                              | \$ 395,860         | 2,597,472 | 2,839,886     | 153,446              |
| Special Road and Bridge - Road District #1   | 443,421            | 1,737,685 | 1,915,999     | 265,107              |
| Assessment                                   | 10,930             | 248,638   | 242,046       | 17,522               |
| Law Enforcement Training                     | 85                 | 4,114     | 3,104         | 1,095                |
| Prosecuting Attorney Training                | 1,147              | 991       | 812           | 1,326                |
| Prosecuting Attorney Bad Check Fee           | 1,805              | 32,096    | 27,101        | 6,800                |
| 911  | 24,525             | 484,214   | 492,576       | 16,163               |
| Capital Improvement Tax                      | 446,441            | 1,302,055 | 1,454,724     | 293,772              |
| Senior Citizens Services                     | 48,228             | 141,402   | 140,389       | 49,241               |
| Sheriff's Discretionary                      | 18,298             | 78,449    | 74,706        | 22,041               |
| Prosecuting Attorney Delinquent Sales Tax    | 2,658              | 4,053     | 5,000         | 1,711                |
| Shelter for Victims of Domestic Violence     | 1,642              | 1,677     | 80            | 3,239                |
| House Bill 786 (Recorder's User Fee)         | 60,159             | 22,048    | 23,250        | 58,957               |
| Criminal Forfeiture                          | 31                 | 0         | 0             | 31                   |
| Road District #1 Marina Tax                  | 60,394             | 16,491    | 57,302        | 19,583               |
| Lake Ja-Ha Neighborhood Improvement District | 180                | 4,122     | 4,259         | 43                   |
| Family Access Motion                         | 366                | 6         | 0             | 372                  |
| Drug Awareness and Resistance Education      | 1,837              | 1,908     | 1,969         | 1,776                |
| W-12 Construction Maintenance                | 74,383             | 24,264    | 26,384        | 72,263               |
| Tax Increment Financing *                    | 18                 | 242,022   | 242,033       | 7                    |
| 2002 FEMA Flood Money                        | 147,546            | 66,775    | 134,144       | 80,177               |
| Health Center                                | 520,780            | 784,032   | 591,549       | 713,263              |
| W-15C Neighborhood Improvement District      | 49,553             | 13,163    | 12,987        | 49,729               |
| Bagnell Marina Tax                           | 95,484             | 50,671    | 22,155        | 124,000              |
| Kaiser Marina Tax                            | 0                  | 2,017     | 0             | 2,017                |
| Local Emergency Preparedness                 | 6,802              | 5,651     | 471           | 11,982               |
| POST Commission                              | 0                  | 4,762     | 4,203         | 559                  |
| Election Services                            | 4,985              | 2,048     | 361           | 6,672                |
| Capital Improvement Inventory Courthouse     | 649                | 3         | 652           | 0                    |
| Recorder's Technology                        | 25,862             | 11,000    | 9,710         | 27,152               |
| Jail Fund                                    | 1,846              | 1,216,587 | 1,213,645     | 4,788                |
| Time Payment Fee                             | 0                  | 20        | 0             | 20                   |
| Collector's Tax Maintenance                  | 26,870             | 33,032    | 11,303        | 48,599               |
| Juvenile Assessment Fee                      | 2,370              | 525       | 0             | 2,895                |
| Circuit Clerk Interest                       | 32,074             | 2,120     | 107           | 34,087               |
| Associate Division Interest                  | 1,223              | 118       | 0             | 1,341                |
| Law Library                                  | 15,018             | 13,365    | 13,062        | 15,321               |
| K-9  | 97                 | 0         | 97            | 0                    |
| Total  | \$ 2,523,567       | 9,149,596 | 9,566,066     | 2,107,097            |

\* Included are the Tax Increment Financing - Economic Activity Taxes Fund, the Tax Increment Financing - Special Account for Developer Fund, the Tax Increment Financing - Administrative Fund, and the Tax Increment Financing - Special Allocation Fund.

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

Exhibit B

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

|                                     | Year Ended December 31, |            |  |           |           |  |
|-------------------------------------|-------------------------|------------|--|-----------|-----------|--|
|                                     | 2005                    |            |  | 2004      |           |  |
|                                     | Budget                  | Actual     | Variance<br>Favorable<br>(Unfavorable) | Budget    | Actual    | Variance<br>Favorable<br>(Unfavorable) |
| <b>TOTALS - VARIOUS FUNDS</b>       |                         |            |  |           |           |  |
| RECEIPTS                            | \$ 8,810,952            | 11,228,214 | 2,417,262                              | 9,226,155 | 9,100,416 | (125,739)                              |
| DISBURSEMENTS                       | 9,842,777               | 11,577,315 | (1,734,538)                            | 9,243,686 | 9,541,497 | (297,811)                              |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (1,031,825)             | (349,101)  | 682,724                                | (17,531)  | (441,081) | (423,550)                              |
| CASH, JANUARY 1                     | 1,340,190               | 2,053,453  | 713,263                                | 1,925,432 | 2,445,915 | 520,483                                |
| CASH, DECEMBER 31                   | 308,365                 | 1,704,352  | 1,395,987                              | 1,907,901 | 2,004,834 | 96,933                                 |
| <b>GENERAL REVENUE FUND</b>         |                         |            |  |           |           |  |
| RECEIPTS                            |                         |            |  |           |           |  |
| Property taxes                      | 110,000                 | 141,685    | 31,685                                 | 83,081    | 105,295   | 22,214                                 |
| Sales and use taxes                 | 1,652,000               | 2,163,698  | 511,698                                | 1,588,951 | 1,459,556 | (129,395)                              |
| Intergovernmental                   | 191,600                 | 351,205    | 159,605                                | 351,469   | 317,145   | (34,324)                               |
| Charges for services                | 589,300                 | 600,527    | 11,227                                 | 649,855   | 617,448   | (32,407)                               |
| Interest                            | 5,746                   | 7,254      | 1,508                                  | 4,500     | 5,764     | 1,264                                  |
| Other                               | 25,200                  | 41,085     | 15,885                                 | 3,000     | 35,537    | 32,537                                 |
| Transfers in                        | 0                       | 0          | 0                                      | 0         | 56,727    | 56,727                                 |
| Total Receipts                      | 2,573,846               | 3,305,454  | 731,608                                | 2,680,856 | 2,597,472 | (83,384)                               |
| DISBURSEMENTS                       |                         |            |  |           |           |  |
| County Commissioner                 | 121,640                 | 118,429    | 3,211                                  | 116,106   | 112,221   | 3,885                                  |
| County Clerk                        | 88,870                  | 92,371     | (3,501)                                | 90,915    | 87,708    | 3,207                                  |
| Elections                           | 89,632                  | 102,584    | (12,952)                               | 204,232   | 198,314   | 5,918                                  |
| Buildings and grounds               | 131,100                 | 144,965    | (13,865)                               | 118,052   | 171,229   | (53,177)                               |
| Employee fringe benefit             | 339,848                 | 364,348    | (24,500)                               | 352,286   | 327,583   | 24,703                                 |
| County Treasurer                    | 53,300                  | 57,214     | (3,914)                                | 55,850    | 52,543    | 3,307                                  |
| County Collector                    | 105,500                 | 109,551    | (4,051)                                | 104,002   | 103,846   | 156                                    |
| Ex Officio Recorder of Deed         | 50,761                  | 50,195     | 566                                    | 50,761    | 50,469    | 292                                    |
| Circuit Clerk                       | 9,900                   | 7,155      | 2,745                                  | 11,400    | 7,626     | 3,774                                  |
| Associate Circuit                   | 27,000                  | 22,126     | 4,874                                  | 29,500    | 13,457    | 16,043                                 |
| Court administration                | 15,791                  | 9,590      | 6,201                                  | 14,701    | 7,501     | 7,200                                  |
| Public Administrator                | 29,500                  | 30,369     | (869)                                  | 29,800    | 28,095    | 1,705                                  |
| Sheriff                             | 550,565                 | 635,499    | (84,934)                               | 600,857   | 663,663   | (62,806)                               |
| Prosecuting Attorney                | 179,955                 | 195,766    | (15,811)                               | 181,512   | 178,038   | 3,474                                  |
| Juvenile Offices                    | 82,355                  | 64,530     | 17,825                                 | 82,336    | 44,339    | 37,997                                 |
| County Coroner                      | 24,775                  | 24,241     | 534                                    | 24,175    | 35,403    | (11,228)                               |
| City TIF sales taxes                | 90,000                  | 196,505    | (106,505)                              | 85,000    | 98,894    | (13,894)                               |
| Extension Council                   | 33,000                  | 33,000     | 0                                      | 33,000    | 33,000    | 0                                      |
| Postage and box rental              | 30,000                  | 41,719     | (11,719)                               | 30,000    | 31,839    | (1,839)                                |
| Insurance and bonds                 | 67,000                  | 80,117     | (13,117)                               | 60,116    | 66,805    | (6,689)                                |
| Other                               | 61,838                  | 79,546     | (17,708)                               | 77,150    | 65,413    | 11,737                                 |
| Transfers out                       | 312,500                 | 668,383    | (355,883)                              | 199,483   | 461,900   | (262,417)                              |
| Emergency Fund                      | 77,215                  | 0          | 77,215                                 | 77,426    | 0         | 77,426                                 |
| Total Disbursements                 | 2,572,045               | 3,128,203  | (556,158)                              | 2,628,660 | 2,839,886 | (211,226)                              |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 1,801                   | 177,251    | 175,450                                | 52,196    | (242,414) | (294,610)                              |
| CASH, JANUARY 1                     | 153,446                 | 153,446    | 0                                      | 395,860   | 395,860   | 0                                      |
| CASH, DECEMBER 31                   | 155,247                 | 330,697    | 175,450                                | 448,056   | 153,446   | (294,610)                              |

Exhibit B

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

|   | Year Ended December 31, |                  |  |                  |                  |  |
|---|-------------------------|------------------|--|------------------|------------------|--|
|   | 2005                    |                  |  | 2004             |                  |  |
|   | Budget                  | Actual           | Variance<br>Favorable<br>(Unfavorable) | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>SPECIAL ROAD AND BRIDGE - ROAD DISTRICT #1 FUND</u></b> |                         |                  |  |                  |                  |  |
| <b>RECEIPTS</b>   |                         |                  |  |                  |                  |  |
| Property taxes  | 287,500                 | 297,484          | 9,984                                  | 278,000          | 287,450          | 9,450                                  |
| Intergovernmental   | 1,376,050               | 1,109,534        | (266,516)                              | 1,724,256        | 1,400,222        | (324,034)                              |
| Charges for services  | 0                       | 664              | 664                                    | 0                | 0                | 0                                      |
| Interest  | 8,300                   | 5,017            | (3,283)                                | 6,900            | 8,365            | 1,465                                  |
| Other   | 2,500                   | 36,334           | 33,834                                 | 0                | 7,648            | 7,648                                  |
| Transfers in  | 35,000                  | 86,400           | 51,400                                 | 0                | 34,000           | 34,000                                 |
| <b>Total Receipts</b>   | <b>1,709,350</b>        | <b>1,535,433</b> | <b>(173,917)</b>                       | <b>2,009,156</b> | <b>1,737,685</b> | <b>(271,471)</b>                       |
| <b>DISBURSEMENTS</b>  |                         |                  |  |                  |                  |  |
| Salaries  | 424,437                 | 443,265          | (18,828)                               | 399,106          | 423,437          | (24,331)                               |
| Employee fringe benefit                                       | 178,562                 | 243,091          | (64,529)                               | 174,587          | 174,736          | (149)                                  |
| Supplies  | 120,000                 | 234,098          | (114,098)                              | 118,000          | 193,681          | (75,681)                               |
| Insurance   | 24,966                  | 25,120           | (154)                                  | 15,000           | 26,023           | (11,023)                               |
| Road and bridge materials                                     | 84,000                  | 118,494          | (34,494)                               | 85,000           | 64,523           | 20,477                                 |
| Equipment repairs   | 65,000                  | 107,311          | (42,311)                               | 65,000           | 115,606          | (50,606)                               |
| Equipment purchases   | 300,000                 | 210,893          | 89,107                                 | 247,000          | 261,084          | (14,084)                               |
| Construction, repair, and maintenance                         | 591,000                 | 345,017          | 245,983                                | 970,207          | 648,554          | 321,653                                |
| Other   | 5,551                   | 8,368            | (2,817)                                | 5,627            | 8,355            | (2,728)                                |
| <b>Total Disbursements</b>                                    | <b>1,793,516</b>        | <b>1,735,657</b> | <b>57,859</b>                          | <b>2,079,527</b> | <b>1,915,999</b> | <b>163,528</b>                         |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                           | (84,166)                | (200,224)        | (116,058)                              | (70,371)         | (178,314)        | (107,943)                              |
| CASH, JANUARY 1   | 265,107                 | 265,107          | 0                                      | 443,421          | 443,421          | 0                                      |
| CASH, DECEMBER 31   | 180,941                 | 64,883           | (116,058)                              | 373,050          | 265,107          | (107,943)                              |
| <b><u>ASSESSMENT FUND</u></b>                                 |                         |                  |  |                  |                  |  |
| <b>RECEIPTS</b>   |                         |                  |  |                  |                  |  |
| Intergovernmental   | 282,214                 | 287,949          | 5,735                                  | 228,325          | 229,794          | 1,469                                  |
| Charges for services  | 4,000                   | 3,456            | (544)                                  | 2,500            | 8,193            | 5,693                                  |
| Interest  | 600                     | 2,170            | 1,570                                  | 573              | 574              | 1                                      |
| Other   | 0                       | 0                | 0                                      | 0                | 77               | 77                                     |
| Transfers in  | 0                       | 0                | 0                                      | 39,483           | 10,000           | (29,483)                               |
| <b>Total Receipts</b>   | <b>286,814</b>          | <b>293,575</b>   | <b>6,761</b>                           | <b>270,881</b>   | <b>248,638</b>   | <b>(22,243)</b>                        |
| <b>DISBURSEMENTS</b>  |                         |                  |  |                  |                  |  |
| Assessor  | 284,078                 | 280,289          | 3,789                                  | 281,811          | 242,046          | 39,765                                 |
| <b>Total Disbursements</b>                                    | <b>284,078</b>          | <b>280,289</b>   | <b>3,789</b>                           | <b>281,811</b>   | <b>242,046</b>   | <b>39,765</b>                          |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                           | 2,736                   | 13,286           | 10,550                                 | (10,930)         | 6,592            | 17,522                                 |
| CASH, JANUARY 1   | 17,522                  | 17,522           | 0                                      | 10,930           | 10,930           | 0                                      |
| CASH, DECEMBER 31   | 20,258                  | 30,808           | 10,550                                 | 0                | 17,522           | 17,522                                 |

Exhibit B

MILLER COUNTY, MISSOURI

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

|   | Year Ended December 31, |               |  |               |               |  |
|---|-------------------------|---------------|--|---------------|---------------|--|
|   | 2005                    |               |  | 2004          |               |  |
|   | Budget                  | Actual        | Variance<br>Favorable<br>(Unfavorable) | Budget        | Actual        | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>LAW ENFORCEMENT TRAINING FUND</u></b>           |                         |               |  |               |               |  |
| <b>RECEIPTS</b>                                       |                         |               |  |               |               |  |
| Charges for service:                                  | 3,500                   | 4,551         | 1,051                                  | 3,990         | 4,102         | 112                                    |
| Interest  | 11                      | 87            | 76                                     | 0             | 12            | 12                                     |
| Total Receipts  | <u>3,511</u>            | <u>4,638</u>  | <u>1,127</u>                           | <u>3,990</u>  | <u>4,114</u>  | <u>124</u>                             |
| <b>DISBURSEMENTS</b>                                  |                         |               |  |               |               |  |
| Sheriff   | 3,500                   | 2,161         | 1,339                                  | 3,990         | 3,104         | 886                                    |
| Total Disbursements                                   | <u>3,500</u>            | <u>2,161</u>  | <u>1,339</u>                           | <u>3,990</u>  | <u>3,104</u>  | <u>886</u>                             |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                   | 11                      | 2,477         | 2,466                                  | 0             | 1,010         | 1,010                                  |
| CASH, JANUARY 1                                       | 1,095                   | 1,095         | 0                                      | 85            | 85            | 0                                      |
| CASH, DECEMBER 31                                     | <u>1,106</u>            | <u>3,572</u>  | <u>2,466</u>                           | <u>85</u>     | <u>1,095</u>  | <u>1,010</u>                           |
| <b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>      |                         |               |  |               |               |  |
| <b>RECEIPTS</b>                                       |                         |               |  |               |               |  |
| Charges for service:                                  | 980                     | 1,145         | 165                                    | 1,100         | 967           | (133)                                  |
| Interest  | 25                      | 58            | 33                                     | 10            | 24            | 14                                     |
| Total Receipts  | <u>1,005</u>            | <u>1,203</u>  | <u>198</u>                             | <u>1,110</u>  | <u>991</u>    | <u>(119)</u>                           |
| <b>DISBURSEMENTS</b>                                  |                         |               |  |               |               |  |
| Prosecuting Attorney                                  | 900                     | 848           | 52                                     | 800           | 812           | (12)                                   |
| Total Disbursements                                   | <u>900</u>              | <u>848</u>    | <u>52</u>                              | <u>800</u>    | <u>812</u>    | <u>(12)</u>                            |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                   | 105                     | 355           | 250                                    | 310           | 179           | (131)                                  |
| CASH, JANUARY 1                                       | 1,326                   | 1,326         | 0                                      | 1,147         | 1,147         | 0                                      |
| CASH, DECEMBER 31                                     | <u>1,431</u>            | <u>1,681</u>  | <u>250</u>                             | <u>1,457</u>  | <u>1,326</u>  | <u>(131)</u>                           |
| <b><u>PROSECUTING ATTORNEY BAD CHECK FEE FUND</u></b> |                         |               |  |               |               |  |
| <b>RECEIPTS</b>                                       |                         |               |  |               |               |  |
| Charges for service:                                  | 31,000                  | 33,195        | 2,195                                  | 36,000        | 30,867        | (5,133)                                |
| Interest  | 30                      | 565           | 535                                    | 50            | 48            | (2)                                    |
| Transfers in  | 0                       | 0             | 0                                      | 0             | 1,181         | 1,181                                  |
| Total Receipts  | <u>31,030</u>           | <u>33,760</u> | <u>2,730</u>                           | <u>36,050</u> | <u>32,096</u> | <u>(3,954)</u>                         |
| <b>DISBURSEMENTS</b>                                  |                         |               |  |               |               |  |
| Prosecuting Attorney                                  | 28,350                  | 10,074        | 18,276                                 | 36,919        | 27,101        | 9,818                                  |
| Total Disbursements                                   | <u>28,350</u>           | <u>10,074</u> | <u>18,276</u>                          | <u>36,919</u> | <u>27,101</u> | <u>9,818</u>                           |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                   | 2,680                   | 23,686        | 21,006                                 | (869)         | 4,995         | 5,864                                  |
| CASH, JANUARY 1                                       | 6,800                   | 6,800         | 0                                      | 1,805         | 1,805         | 0                                      |
| CASH, DECEMBER 31                                     | <u>9,480</u>            | <u>30,486</u> | <u>21,006</u>                          | <u>936</u>    | <u>6,800</u>  | <u>5,864</u>                           |

Exhibit B

MILLER COUNTY, MISSOURI

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

|                                     | Year Ended December 31, |           |  |           |           |  |
|-------------------------------------|-------------------------|-----------|--|-----------|-----------|--|
|                                     | 2005                    |           |  | 2004      |           |  |
|                                     | Budget                  | Actual    | Variance<br>Favorable<br>(Unfavorable) | Budget    | Actual    | Variance<br>Favorable<br>(Unfavorable) |
| <b>911 FUND</b>                     |                         |           |  |           |           |  |
| <b>RECEIPTS</b>                     |                         |           |  |           |           |  |
| Intergovernmental                   | 12,175                  | 11,289    | (886)                                  | 34,025    | 12,110    | (21,915)                               |
| Charges for service:                | 290,000                 | 273,967   | (16,033)                               | 267,500   | 285,562   | 18,062                                 |
| Interest                            | 350                     | 619       | 269                                    | 500       | 337       | (163)                                  |
| Other                               | 0                       | 39        | 39                                     | 350       | 305       | (45)                                   |
| Transfers in                        | 72,500                  | 110,500   | 38,000                                 | 160,000   | 185,900   | 25,900                                 |
| Total Receipts                      | 375,025                 | 396,414   | 21,389                                 | 462,375   | 484,214   | 21,839                                 |
| <b>DISBURSEMENTS</b>                |                         |           |  |           |           |  |
| Salaries                            | 214,300                 | 249,211   | (34,911)                               | 228,585   | 247,003   | (18,418)                               |
| Employee fringe benefit             | 79,600                  | 75,084    | 4,516                                  | 71,462    | 77,030    | (5,568)                                |
| Office supplies                     | 3,000                   | 4,127     | (1,127)                                | 5,000     | 4,070     | 930                                    |
| Equipment and leasing               | 25,500                  | 26,485    | (985)                                  | 84,000    | 103,176   | (19,176)                               |
| Equipment repair and maintenance    | 5,000                   | 4,895     | 105                                    | 7,500     | 11,315    | (3,815)                                |
| Line charge                         | 33,000                  | 33,007    | (7)                                    | 33,000    | 32,247    | 753                                    |
| Signs and machine                   | 10,000                  | 9,638     | 362                                    | 10,000    | 14,558    | (4,558)                                |
| Other                               | 4,212                   | 7,665     | (3,453)                                | 4,400     | 3,177     | 1,223                                  |
| Total Disbursements                 | 374,612                 | 410,112   | (35,500)                               | 443,947   | 492,576   | (48,629)                               |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 413                     | (13,698)  | (14,111)                               | 18,428    | (8,362)   | (26,790)                               |
| CASH, JANUARY 1                     | 16,163                  | 16,163    | 0                                      | 24,525    | 24,525    | 0                                      |
| CASH, DECEMBER 31                   | 16,576                  | 2,465     | (14,111)                               | 42,953    | 16,163    | (26,790)                               |
| <b>CAPITAL IMPROVEMENT TAX FUND</b> |                         |           |  |           |           |  |
| <b>RECEIPTS</b>                     |                         |           |  |           |           |  |
| Sales taxes                         | 1,400,000               | 1,946,799 | 546,799                                | 1,450,000 | 1,296,457 | (153,543)                              |
| Intergovernmental                   | 0                       | 24,500    | 24,500                                 | 60        | 0         | (60)                                   |
| Interest                            | 4,850                   | 18,524    | 13,674                                 | 5,000     | 5,597     | 597                                    |
| Transfers in                        | 0                       | 284,493   | 284,493                                | 0         | 1         | 1                                      |
| Total Receipts                      | 1,404,850               | 2,274,316 | 869,466                                | 1,455,060 | 1,302,055 | (153,005)                              |
| <b>DISBURSEMENTS</b>                |                         |           |  |           |           |  |
| Buildings and grounds               | 0                       | 0         | 0                                      | 5,000     | 0         | 5,000                                  |
| City TIF sales tax                  | 90,000                  | 196,505   | (106,505)                              | 82,000    | 98,894    | (16,894)                               |
| Debt service                        | 823,527                 | 805,031   | 18,496                                 | 823,320   | 832,643   | (9,323)                                |
| Unclassified                        | 0                       | 0         | 0                                      | 0         | 2,172     | (2,172)                                |
| Transfers out                       | 400,000                 | 904,138   | (504,138)                              | 335,000   | 521,015   | (186,015)                              |
| Total Disbursements                 | 1,313,527               | 1,905,674 | (592,147)                              | 1,245,320 | 1,454,724 | (209,404)                              |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | 91,323                  | 368,642   | 277,319                                | 209,740   | (152,669) | (362,409)                              |
| CASH, JANUARY 1                     | 293,772                 | 293,772   | 0                                      | 446,441   | 446,441   | 0                                      |
| CASH, DECEMBER 31                   | 385,095                 | 662,414   | 277,319                                | 656,181   | 293,772   | (362,409)                              |

Exhibit B

MILLER COUNTY, MISSOURI

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

|   | Year Ended December 31, |          |  |         |         |  |
|---|-------------------------|----------|--|---------|---------|--|
|   | 2005                    |          |  | 2004    |         |  |
|   | Budget                  | Actual   | Variance<br>Favorable<br>(Unfavorable) | Budget  | Actual  | Variance<br>Favorable<br>(Unfavorable) |
| <b>SENIOR CITIZENS SERVICES FUND</b>                  |                         |          |  |         |         |  |
| <b>RECEIPTS</b>                                       |                         |          |  |         |         |  |
| Property taxes  | 140,000                 | 144,480  | 4,480                                  | 136,000 | 139,817 | 3,817                                  |
| Intergovernmental                                     | 0                       | 16       | 16                                     | 400     | 0       | (400)                                  |
| Interest  | 1,549                   | 3,200    | 1,651                                  | 1,125   | 1,585   | 460                                    |
| Total Receipts  | 141,549                 | 147,696  | 6,147                                  | 137,525 | 141,402 | 3,877                                  |
| <b>DISBURSEMENTS</b>                                  |                         |          |  |         |         |  |
| Contractual services                                  | 127,800                 | 131,806  | (4,006)                                | 110,000 | 139,989 | (29,989)                               |
| Unclassified  | 65                      | 943      | (878)                                  | 65      | 0       | 65                                     |
| Other   | 465                     | 553      | (88)                                   | 465     | 400     | 65                                     |
| Total Disbursements                                   | 128,330                 | 133,302  | (4,972)                                | 110,530 | 140,389 | (29,859)                               |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                   | 13,219                  | 14,394   | 1,175                                  | 26,995  | 1,013   | (25,982)                               |
| CASH, JANUARY 1                                       | 49,241                  | 49,241   | 0                                      | 48,228  | 48,228  | 0                                      |
| CASH, DECEMBER 31                                     | 62,460                  | 63,635   | 1,175                                  | 75,223  | 49,241  | (25,982)                               |
| <b>SHERIFF'S DISCRETIONARY FUND</b>                   |                         |          |  |         |         |  |
| <b>RECEIPTS</b>                                       |                         |          |  |         |         |  |
| Intergovernmental                                     | 1,250                   | 0        | (1,250)                                | 0       | 1,250   | 1,250                                  |
| Charges for service:                                  | 78,000                  | 76,634   | (1,366)                                | 63,617  | 76,629  | 13,012                                 |
| Interest  | 400                     | 705      | 305                                    | 299     | 390     | 91                                     |
| Other   | 0                       | 0        | 0                                      | 5,649   | 180     | (5,469)                                |
| Total Receipts  | 79,650                  | 77,339   | (2,311)                                | 69,565  | 78,449  | 8,884                                  |
| <b>DISBURSEMENTS</b>                                  |                         |          |  |         |         |  |
| Sheriff   | 52,631                  | 84,449   | (31,818)                               | 68,931  | 70,533  | (1,602)                                |
| Transfers out   | 0                       | 4,931    | (4,931)                                | 0       | 4,173   | (4,173)                                |
| Total Disbursements                                   | 52,631                  | 89,380   | (36,749)                               | 68,931  | 74,706  | (5,775)                                |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                   | 27,019                  | (12,041) | (39,060)                               | 634     | 3,743   | 3,109                                  |
| CASH, JANUARY 1                                       | 22,041                  | 22,041   | 0                                      | 18,298  | 18,298  | 0                                      |
| CASH, DECEMBER 31                                     | 49,060                  | 10,000   | (39,060)                               | 18,932  | 22,041  | 3,109                                  |
| <b>PROSECUTING ATTORNEY DELINQUENT SALES TAX FUND</b> |                         |          |  |         |         |  |
| <b>RECEIPTS</b>                                       |                         |          |  |         |         |  |
| Intergovernmental                                     | 3,750                   | 2,606    | (1,144)                                | 3,000   | 3,986   | 986                                    |
| Interest  | 65                      | 47       | (18)                                   | 35      | 67      | 32                                     |
| Total Receipts  | 3,815                   | 2,653    | (1,162)                                | 3,035   | 4,053   | 1,018                                  |
| <b>DISBURSEMENTS</b>                                  |                         |          |  |         |         |  |
| Prosecuting Attorney                                  | 5,000                   | 2,074    | 2,926                                  | 5,000   | 5,000   | 0                                      |
| Total Disbursements                                   | 5,000                   | 2,074    | 2,926                                  | 5,000   | 5,000   | 0                                      |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                   | (1,185)                 | 579      | 1,764                                  | (1,965) | (947)   | 1,018                                  |
| CASH, JANUARY 1                                       | 1,711                   | 1,711    | 0                                      | 2,658   | 2,658   | 0                                      |
| CASH, DECEMBER 31                                     | 526                     | 2,290    | 1,764                                  | 693     | 1,711   | 1,018                                  |

Exhibit B

MILLER COUNTY, MISSOURI

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

|   | Year Ended December 31, |         |  |         |         |  |
|---|-------------------------|---------|--|---------|---------|--|
|   | 2005                    |         |  | 2004    |         |  |
|   | Budget                  | Actual  | Variance<br>Favorable<br>(Unfavorable) | Budget  | Actual  | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>SHELTER FOR VICTIMS OF DOMESTIC VIOLENCE FUND</u></b> |                         |         |  |         |         |  |
| <b>RECEIPTS</b>   |                         |         |  |         |         |  |
| Intergovernmental   | 80                      | 0       | (80)                                   | 0       | 80      | 80                                     |
| Charges for service:  | 1,540                   | 1,553   | 13                                     | 1,700   | 1,550   | (150)                                  |
| Interest  | 0                       | 161     | 161                                    | 35      | 47      | 12                                     |
| Total Receipts  | 1,620                   | 1,714   | 94                                     | 1,735   | 1,677   | (58)                                   |
| <b>DISBURSEMENTS</b>  |                         |         |  |         |         |  |
| Domestic violence shelter                                   | 3,200                   | 0       | 3,200                                  | 3,200   | 80      | 3,120                                  |
| Total Disbursements   | 3,200                   | 0       | 3,200                                  | 3,200   | 80      | 3,120                                  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                         | (1,580)                 | 1,714   | 3,294                                  | (1,465) | 1,597   | 3,062                                  |
| CASH, JANUARY 1   | 3,239                   | 3,239   | 0                                      | 1,642   | 1,642   | 0                                      |
| CASH, DECEMBER 31   | 1,659                   | 4,953   | 3,294                                  | 177     | 3,239   | 3,062                                  |
| <b><u>HOUSE BILL 786 (RECORDER'S USER FEE) FUND</u></b>     |                         |         |  |         |         |  |
| <b>RECEIPTS</b>   |                         |         |  |         |         |  |
| Charges for service:  | 23,800                  | 15,628  | (8,172)                                | 19,000  | 20,956  | 1,956                                  |
| Interest  | 900                     | 2,000   | 1,100                                  | 800     | 1,092   | 292                                    |
| Total Receipts  | 24,700                  | 17,628  | (7,072)                                | 19,800  | 22,048  | 2,248                                  |
| <b>DISBURSEMENTS</b>  |                         |         |  |         |         |  |
| Ex Officio Recorder of Deed                                 | 59,500                  | 20,515  | 38,985                                 | 26,000  | 23,250  | 2,750                                  |
| Transfers out   | 0                       | 1,905   | (1,905)                                | 0       | 0       | 0                                      |
| Total Disbursements   | 59,500                  | 22,420  | 37,080                                 | 26,000  | 23,250  | 2,750                                  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                         | (34,800)                | (4,792) | 30,008                                 | (6,200) | (1,202) | 4,998                                  |
| CASH, JANUARY 1   | 58,957                  | 58,957  | 0                                      | 60,159  | 60,159  | 0                                      |
| CASH, DECEMBER 31   | 24,157                  | 54,165  | 30,008                                 | 53,959  | 58,957  | 4,998                                  |
| <b><u>CRIMINAL FORFEITURE FUND</u></b>                      |                         |         |  |         |         |  |
| <b>RECEIPTS</b>   |                         |         |  |         |         |  |
| Interest  | 0                       | 0       | 0                                      | 3       | 0       | (3)                                    |
| Total Receipts  | 0                       | 0       | 0                                      | 3       | 0       | (3)                                    |
| <b>DISBURSEMENTS</b>  |                         |         |  |         |         |  |
| Unclassified  | 0                       | 0       | 0                                      | 300     | 0       | 300                                    |
| Total Disbursements   | 0                       | 0       | 0                                      | 300     | 0       | 300                                    |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                         | 0                       | 0       | 0                                      | (297)   | 0       | 297                                    |
| CASH, JANUARY 1   | 31                      | 31      | 0                                      | 328     | 31      | (297)                                  |
| CASH, DECEMBER 31   | 31                      | 31      | 0                                      | 31      | 31      | 0                                      |

Exhibit B

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

|   | Year Ended December 31, |        |  |          |          |  |
|---|-------------------------|--------|--|----------|----------|--|
|   | 2005                    |        |  | 2004     |          |  |
|   | Budget                  | Actual | Variance<br>Favorable<br>(Unfavorable) | Budget   | Actual   | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>ROAD DISTRICT #1 MARINA TAX FUND</u></b>                  |                         |        |  |          |          |  |
| <b>RECEIPTS</b>   |                         |        |  |          |          |  |
| Intergovernmental   | 16,000                  | 27,474 | 11,474                                 | 11,800   | 15,961   | 4,161                                  |
| Interest  | 0                       | 808    | 808                                    | 700      | 530      | (170)                                  |
| Total Receipts  | 16,000                  | 28,282 | 12,282                                 | 12,500   | 16,491   | 3,991                                  |
| <b>DISBURSEMENTS</b>  |                         |        |  |          |          |  |
| Road materials  | 35,000                  | 17,147 | 17,853                                 | 60,000   | 4,259    | 55,741                                 |
| Equipment   | 0                       | 0      | 0                                      | 0        | 43,543   | (43,543)                               |
| Equipment rentals   | 0                       | 0      | 0                                      | 0        | 9,500    | (9,500)                                |
| Unclassified  | 0                       | 7,125  | (7,125)                                | 0        | 0        | 0                                      |
| Total Disbursements   | 35,000                  | 24,272 | 10,728                                 | 60,000   | 57,302   | 2,698                                  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                             | (19,000)                | 4,010  | 23,010                                 | (47,500) | (40,811) | 6,689                                  |
| CASH, JANUARY 1   | 19,583                  | 19,583 | 0                                      | 60,394   | 60,394   | 0                                      |
| CASH, DECEMBER 31   | 583                     | 23,593 | 23,010                                 | 12,894   | 19,583   | 6,689                                  |
| <b><u>LAKE JA-HA NEIGHBORHOOD IMPROVEMENT DISTRICT FUND</u></b> |                         |        |  |          |          |  |
| <b>RECEIPTS</b>   |                         |        |  |          |          |  |
| Charges for service:  | 4,260                   | 4,098  | (162)                                  | 4,211    | 4,105    | (106)                                  |
| Interest  | 15                      | 27     | 12                                     | 225      | 17       | (208)                                  |
| Transfers in  | 0                       | 150    | 150                                    | 0        | 0        | 0                                      |
| Total Receipts  | 4,275                   | 4,275  | 0                                      | 4,436    | 4,122    | (314)                                  |
| <b>DISBURSEMENTS</b>  |                         |        |  |          |          |  |
| Bond payments   | 4,260                   | 4,249  | 11                                     | 4,211    | 4,259    | (48)                                   |
| Total Disbursements   | 4,260                   | 4,249  | 11                                     | 4,211    | 4,259    | (48)                                   |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                             | 15                      | 26     | 11                                     | 225      | (137)    | (362)                                  |
| CASH, JANUARY 1   | 43                      | 43     | 0                                      | 180      | 180      | 0                                      |
| CASH, DECEMBER 31   | 58                      | 69     | 11                                     | 405      | 43       | (362)                                  |
| <b><u>FAMILY ACCESS MOTION FUND</u></b>                         |                         |        |  |          |          |  |
| <b>RECEIPTS</b>   |                         |        |  |          |          |  |
| Charges for service:  | 0                       | 0      | 0                                      | 50       | 0        | (50)                                   |
| Interest  | 6                       | 13     | 7                                      | 5        | 6        | 1                                      |
| Total Receipts  | 6                       | 13     | 7                                      | 55       | 6        | (49)                                   |
| <b>DISBURSEMENTS</b>  |                         |        |  |          |          |  |
| Circuit Clerk   | 378                     | 0      | 378                                    | 400      | 0        | 400                                    |
| Total Disbursements   | 378                     | 0      | 378                                    | 400      | 0        | 400                                    |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                             | (372)                   | 13     | 385                                    | (345)    | 6        | 351                                    |
| CASH, JANUARY 1   | 372                     | 372    | 0                                      | 366      | 366      | 0                                      |
| CASH, DECEMBER 31   | 0                       | 385    | 385                                    | 21       | 372      | 351                                    |

Exhibit B

MILLER COUNTY, MISSOURI

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

|  | Year Ended December 31, |         |  |         |         |  |
|--|-------------------------|---------|--|---------|---------|--|
|  | 2005                    |         |  | 2004    |         |  |
|  | Budget                  | Actual  | Variance<br>Favorable<br>(Unfavorable) | Budget  | Actual  | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>DRUG AWARENESS AND RESISTANCE EDUCATION FUND</u></b> |                         |         |  |         |         |  |
| <b>RECEIPTS</b>  |                         |         |  |         |         |  |
| Interest   | 25                      | 52      | 27                                     | 0       | 25      | 25                                     |
| Other  | 1,400                   | 500     | (900)                                  | 0       | 1,437   | 1,437                                  |
| Transfers in   | 0                       | 500     | 500                                    | 1,300   | 446     | (854)                                  |
| Total Receipts   | 1,425                   | 1,052   | (373)                                  | 1,300   | 1,908   | 608                                    |
| <b>DISBURSEMENTS</b>                                       |                         |         |  |         |         |  |
| Sheriff  | 2,000                   | 1,528   | 472                                    | 1,500   | 1,969   | (469)                                  |
| Total Disbursements  | 2,000                   | 1,528   | 472                                    | 1,500   | 1,969   | (469)                                  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                        | (575)                   | (476)   | 99                                     | (200)   | (61)    | 139                                    |
| CASH, JANUARY 1  | 1,776                   | 1,776   | 0                                      | 1,837   | 1,837   | 0                                      |
| CASH, DECEMBER 31  | 1,201                   | 1,300   | 99                                     | 1,637   | 1,776   | 139                                    |
| <b><u>W-12 CONSTRUCTION MAINTENANCE FUND</u></b>           |                         |         |  |         |         |  |
| <b>RECEIPTS</b>  |                         |         |  |         |         |  |
| Charges for service:                                       | 25,000                  | 23,152  | (1,848)                                | 22,000  | 22,972  | 972                                    |
| Interest   | 1,000                   | 2,489   | 1,489                                  | 900     | 1,292   | 392                                    |
| Total Receipts   | 26,000                  | 25,641  | (359)                                  | 22,900  | 24,264  | 1,364                                  |
| <b>DISBURSEMENTS</b>                                       |                         |         |  |         |         |  |
| Bond payments  | 27,000                  | 25,780  | 1,220                                  | 22,680  | 26,384  | (3,704)                                |
| Total Disbursements  | 27,000                  | 25,780  | 1,220                                  | 22,680  | 26,384  | (3,704)                                |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                        | (1,000)                 | (139)   | 861                                    | 220     | (2,120) | (2,340)                                |
| CASH, JANUARY 1  | 72,263                  | 72,263  | 0                                      | 74,383  | 74,383  | 0                                      |
| CASH, DECEMBER 31  | 71,263                  | 72,124  | 861                                    | 74,603  | 72,263  | (2,340)                                |
| <b><u>TAX INCREMENT FINANCING FUNDS *</u></b>              |                         |         |  |         |         |  |
| <b>RECEIPTS</b>  |                         |         |  |         |         |  |
| Property taxes   | 222,000                 | 188,887 | (33,113)                               | 184,000 | 222,110 | 38,110                                 |
| Intergovernmental  | 19,900                  | 19,624  | (276)                                  | 0       | 19,912  | 19,912                                 |
| Interest   | 1,000                   | 0       | (1,000)                                | 1       | 0       | (1)                                    |
| Total Receipts   | 242,900                 | 208,511 | (34,389)                               | 184,001 | 242,022 | 58,021                                 |
| <b>DISBURSEMENTS</b>                                       |                         |         |  |         |         |  |
| Contractual agreement                                      | 0                       | 0       | 0                                      | 1       | 0       | 1                                      |
| Bond payments  | 225,000                 | 208,511 | 16,489                                 | 179,000 | 242,033 | (63,033)                               |
| Total Disbursements  | 225,000                 | 208,511 | 16,489                                 | 179,001 | 242,033 | (63,032)                               |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                        | 17,900                  | 0       | (17,900)                               | 5,000   | (11)    | (5,011)                                |
| CASH, JANUARY 1  | 7                       | 7       | 0                                      | 18      | 18      | 0                                      |
| CASH, DECEMBER 31  | 17,907                  | 7       | (17,900)                               | 5,018   | 7       | (5,011)                                |

Exhibit B

MILLER COUNTY, MISSOURI

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

|   | Year Ended December 31, |           |  |           |          |  |
|---|-------------------------|-----------|--|-----------|----------|--|
|   | 2005                    |           |  | 2004      |          |  |
|   | Budget                  | Actual    | Variance<br>Favorable<br>(Unfavorable) | Budget    | Actual   | Variance<br>Favorable<br>(Unfavorable) |
| <b>2002 FEMA FLOOD MONEY FUND</b>                   |                         |           |  |           |          |  |
| <b>RECEIPTS</b>                                     |                         |           |  |           |          |  |
| Intergovernmental                                   | 0                       | 0         | 0                                      | 56,000    | 66,775   | 10,775                                 |
| Total Receipts                                      | 0                       | 0         | 0                                      | 56,000    | 66,775   | 10,775                                 |
| <b>DISBURSEMENTS</b>                                |                         |           |  |           |          |  |
| FEMA flood money                                    | 0                       | 0         | 0                                      | 203,000   | 0        | 203,000                                |
| Road supplies                                       | 0                       | 4,107     | (4,107)                                | 0         | 0        | 0                                      |
| Road material                                       | 45,177                  | 76,070    | (30,893)                               | 0         | 100,144  | (100,144)                              |
| Transfers out                                       | 35,000                  | 0         | 35,000                                 | 0         | 34,000   | (34,000)                               |
| Total Disbursements                                 | 80,177                  | 80,177    | 0                                      | 203,000   | 134,144  | 68,856                                 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                 | (80,177)                | (80,177)  | 0                                      | (147,000) | (67,369) | 79,631                                 |
| CASH, JANUARY 1                                     | 80,177                  | 80,177    | 0                                      | 147,546   | 147,546  | 0                                      |
| CASH, DECEMBER 31                                   | 0                       | 0         | 0                                      | 546       | 80,177   | 79,631                                 |
| <b>HEALTH CENTER FUND</b>                           |                         |           |  |           |          |  |
| <b>RECEIPTS</b>                                     |                         |           |  |           |          |  |
| Property taxes                                      | 380,000                 | 429,585   | 49,585                                 | 370,000   | 419,162  | 49,162                                 |
| Intergovernmental                                   | 267,639                 | 264,593   | (3,046)                                | 182,389   | 219,179  | 36,790                                 |
| Charges for service:                                | 122,271                 | 118,720   | (3,551)                                | 86,770    | 114,866  | 28,096                                 |
| Interest  | 21,592                  | 21,592    | 0                                      | 6,000     | 10,566   | 4,566                                  |
| Other   | 21,521                  | 25,850    | 4,329                                  | 13,850    | 20,259   | 6,409                                  |
| Total Receipts                                      | 813,023                 | 860,340   | 47,317                                 | 659,009   | 784,032  | 125,023                                |
| <b>DISBURSEMENTS</b>                                |                         |           |  |           |          |  |
| Salaries and employee fringe benefit                | 435,303                 | 420,865   | 14,438                                 | 403,903   | 382,985  | 20,918                                 |
| Health insurance                                    | 55,485                  | 64,069    | (8,584)                                | 61,000    | 49,221   | 11,779                                 |
| Building and grounds                                | 980,000                 | 797,193   | 182,807                                | 25,000    | 9,645    | 15,355                                 |
| Equipment   | 2,500                   | 2,278     | 222                                    | 1,000     | 932      | 68                                     |
| Mileage and training                                | 2,000                   | 1,387     | 613                                    | 3,000     | 2,229    | 771                                    |
| Liability insurance                                 | 19,000                  | 29,414    | (10,414)                               | 19,000    | 19,458   | (458)                                  |
| Public health service:                              | 192,850                 | 183,730   | 9,120                                  | 117,450   | 126,951  | (9,501)                                |
| Other   | 0                       | 247       | (247)                                  | 0         | 128      | (128)                                  |
| Total Disbursements                                 | 1,687,138               | 1,499,183 | 187,955                                | 630,353   | 591,549  | 38,804                                 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                 | (874,115)               | (638,843) | 235,272                                | 28,656    | 192,483  | 163,827                                |
| CASH, JANUARY 1                                     | 0                       | 713,263   | 713,263                                | 0         | 520,780  | 520,780                                |
| CASH, DECEMBER 31                                   | (874,115)               | 74,420    | 948,535                                | 28,656    | 713,263  | 684,607                                |
| <b>W-15C NEIGHBORHOOD IMPROVEMENT DISTRICT FUND</b> |                         |           |  |           |          |  |
| <b>RECEIPTS</b>                                     |                         |           |  |           |          |  |
| Charges for service:                                | 13,000                  | 11,403    | (1,597)                                | 13,000    | 12,264   | (736)                                  |
| Interest  | 700                     | 1,776     | 1,076                                  | 700       | 899      | 199                                    |
| Total Receipts                                      | 13,700                  | 13,179    | (521)                                  | 13,700    | 13,163   | (537)                                  |
| <b>DISBURSEMENTS</b>                                |                         |           |  |           |          |  |
| Bond payments                                       | 13,000                  | 12,713    | 287                                    | 13,700    | 12,987   | 713                                    |
| Total Disbursements                                 | 13,000                  | 12,713    | 287                                    | 13,700    | 12,987   | 713                                    |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                 | 700                     | 466       | (234)                                  | 0         | 176      | 176                                    |
| CASH, JANUARY 1                                     | 49,729                  | 49,729    | 0                                      | 49,553    | 49,553   | 0                                      |
| CASH, DECEMBER 31                                   | 50,429                  | 50,195    | (234)                                  | 49,553    | 49,729   | 176                                    |

Exhibit B

MILLER COUNTY, MISSOURI

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

|   | Year Ended December 31, |          |  |          |         |  |
|---|-------------------------|----------|--|----------|---------|--|
|   | 2005                    |          |  | 2004     |         |  |
|   | Budget                  | Actual   | Variance<br>Favorable<br>(Unfavorable) | Budget   | Actual  | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>BAGNELL MARINA TAX FUND</u></b>           |                         |          |  |          |         |  |
| <b>RECEIPTS</b>                                 |                         |          |  |          |         |  |
| Intergovernmental                               | 40,000                  | 83,566   | 43,566                                 | 36,000   | 48,547  | 12,547                                 |
| Interest  | 0                       | 4,523    | 4,523                                  | 1,250    | 2,124   | 874                                    |
| Total Receipts                                  | 40,000                  | 88,089   | 48,089                                 | 37,250   | 50,671  | 13,421                                 |
| <b>DISBURSEMENTS</b>                            |                         |          |  |          |         |  |
| Road supplies and tools                         | 120,000                 | 0        | 120,000                                | 120,000  | 1,397   | 118,603                                |
| Road materials                                  | 0                       | 68,309   | (68,309)                               | 0        | 2,047   | (2,047)                                |
| Special road district                           | 0                       | 36,414   | (36,414)                               | 0        | 16,406  | (16,406)                               |
| Unclassified                                    | 0                       | 0        | 0                                      | 0        | 2,305   | (2,305)                                |
| Total Disbursements                             | 120,000                 | 104,723  | 15,277                                 | 120,000  | 22,155  | 97,845                                 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS             | (80,000)                | (16,634) | 63,366                                 | (82,750) | 28,516  | 111,266                                |
| CASH, JANUARY 1                                 | 124,000                 | 124,000  | 0                                      | 95,484   | 95,484  | 0                                      |
| CASH, DECEMBER 31                               | 44,000                  | 107,366  | 63,366                                 | 12,734   | 124,000 | 111,266                                |
| <b><u>KAISER MARINA TAX FUND</u></b>            |                         |          |  |          |         |  |
| <b>RECEIPTS</b>                                 |                         |          |  |          |         |  |
| Intergovernmental                               | 1,995                   | 3,434    | 1,439                                  | 1,400    | 1,995   | 595                                    |
| Interest  | 22                      | 124      | 102                                    | 2        | 22      | 20                                     |
| Total Receipts                                  | 2,017                   | 3,558    | 1,541                                  | 1,402    | 2,017   | 615                                    |
| <b>DISBURSEMENTS</b>                            |                         |          |  |          |         |  |
| Unclassified                                    | 4,000                   | 0        | 4,000                                  | 1,402    | 0       | 1,402                                  |
| Total Disbursements                             | 4,000                   | 0        | 4,000                                  | 1,402    | 0       | 1,402                                  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS             | (1,983)                 | 3,558    | 5,541                                  | 0        | 2,017   | 2,017                                  |
| CASH, JANUARY 1                                 | 2,017                   | 2,017    | 0                                      | 0        | 0       | 0                                      |
| CASH, DECEMBER 31                               | 34                      | 5,575    | 5,541                                  | 0        | 2,017   | 2,017                                  |
| <b><u>LOCAL EMERGENCY PREPAREDNESS FUND</u></b> |                         |          |  |          |         |  |
| <b>RECEIPTS</b>                                 |                         |          |  |          |         |  |
| Intergovernmental                               | 60,000                  | 298,068  | 238,068                                | 6,000    | 5,467   | (533)                                  |
| Interest  | 185                     | 347      | 162                                    | 0        | 184     | 184                                    |
| Transfers in                                    | 0                       | 370,726  | 370,726                                | 0        | 0       | 0                                      |
| Total Receipts                                  | 60,185                  | 669,141  | 608,956                                | 6,000    | 5,651   | (349)                                  |
| <b>DISBURSEMENTS</b>                            |                         |          |  |          |         |  |
| Salaries  | 7,500                   | 0        | 7,500                                  | 0        | 0       | 0                                      |
| Mileage and training                            | 5,500                   | 2,835    | 2,665                                  | 1,500    | 471     | 1,029                                  |
| Computer expense                                | 2,500                   | 0        | 2,500                                  | 3,000    | 0       | 3,000                                  |
| Equipment and supplies                          | 37,730                  | 385,186  | (347,456)                              | 0        | 0       | 0                                      |
| Unclassified                                    | 18,000                  | 3,911    | 14,089                                 | 0        | 0       | 0                                      |
| Transfers out                                   | 0                       | 284,493  | (284,493)                              | 0        | 0       | 0                                      |
| Total Disbursements                             | 71,230                  | 676,425  | (605,195)                              | 4,500    | 471     | 4,029                                  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS             | (11,045)                | (7,284)  | 3,761                                  | 1,500    | 5,180   | 3,680                                  |
| CASH, JANUARY 1                                 | 11,982                  | 11,982   | 0                                      | 6,802    | 6,802   | 0                                      |
| CASH, DECEMBER 31                               | 937                     | 4,698    | 3,761                                  | 8,302    | 11,982  | 3,680                                  |

Exhibit B

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

|   | Year Ended December 31, |        |  |         |        |  |
|---|-------------------------|--------|--|---------|--------|--|
|   | 2005                    |        |  | 2004    |        |  |
|   | Budget                  | Actual | Variance<br>Favorable<br>(Unfavorable) | Budget  | Actual | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>POST COMMISSION FUND</u></b>                          |                         |        |  |         |        |  |
| <b>RECEIPTS</b>   |                         |        |  |         |        |  |
| Intergovernmental   | 1,800                   | 0      | (1,800)                                | 1,800   | 1,739  | (61)                                   |
| Interest  | 20                      | 17     | (3)                                    | 3       | 23     | 20                                     |
| Transfers in  | 0                       | 3,917  | 3,917                                  | 0       | 3,000  | 3,000                                  |
| Total Receipts  | 1,820                   | 3,934  | 2,114                                  | 1,803   | 4,762  | 2,959                                  |
| <b>DISBURSEMENTS</b>  |                         |        |  |         |        |  |
| Sheriff   | 2,300                   | 4,485  | (2,185)                                | 1,802   | 4,203  | (2,401)                                |
| Total Disbursements   | 2,300                   | 4,485  | (2,185)                                | 1,802   | 4,203  | (2,401)                                |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                         | (480)                   | (551)  | (71)                                   | 1       | 559    | 558                                    |
| CASH, JANUARY 1   | 559                     | 559    | 0                                      | 0       | 0      | 0                                      |
| CASH, DECEMBER 31   | 79                      | 8      | (71)                                   | 1       | 559    | 558                                    |
| <b><u>ELECTION SERVICES FUND</u></b>                        |                         |        |  |         |        |  |
| <b>RECEIPTS</b>   |                         |        |  |         |        |  |
| Intergovernmental   | 6,000                   | 21,809 | 15,809                                 | 0       | 1,886  | 1,886                                  |
| Interest  | 0                       | 575    | 575                                    | 75      | 94     | 19                                     |
| Other   | 0                       | 640    | 640                                    | 0       | 68     | 68                                     |
| Total Receipts  | 6,000                   | 23,024 | 17,024                                 | 75      | 2,048  | 1,973                                  |
| <b>DISBURSEMENTS</b>  |                         |        |  |         |        |  |
| County Clerk  | 6,000                   | 11,835 | (5,835)                                | 4,000   | 361    | 3,639                                  |
| Total Disbursements   | 6,000                   | 11,835 | (5,835)                                | 4,000   | 361    | 3,639                                  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                         | 0                       | 11,189 | 11,189                                 | (3,925) | 1,687  | 5,612                                  |
| CASH, JANUARY 1   | 6,672                   | 6,672  | 0                                      | 4,985   | 4,985  | 0                                      |
| CASH, DECEMBER 31   | 6,672                   | 17,861 | 11,189                                 | 1,060   | 6,672  | 5,612                                  |
| <b><u>CAPITAL IMPROVEMENT INVENTORY COURTHOUSE FUND</u></b> |                         |        |  |         |        |  |
| <b>RECEIPTS</b>   |                         |        |  |         |        |  |
| Interest  |                         |        |  | 0       | 3      | 3                                      |
| Total Receipts  |                         |        |  | 0       | 3      | 3                                      |
| <b>DISBURSEMENTS</b>  |                         |        |  |         |        |  |
| Equipment   |                         |        |  | 648     | 651    | (3)                                    |
| Transfers out   |                         |        |  | 0       | 1      | (1)                                    |
| Total Disbursements   |                         |        |  | 648     | 652    | (4)                                    |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                         |                         |        |  | (648)   | (649)  | (1)                                    |
| CASH, JANUARY 1   |                         |        |  | 649     | 649    | 0                                      |
| CASH, DECEMBER 31   |                         |        |  | 1       | 0      | (1)                                    |

Exhibit B

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

|  | Year Ended December 31, |                  |  |                  |                  |  |
|--|-------------------------|------------------|--|------------------|------------------|--|
|  | 2005                    |                  |  | 2004             |                  |  |
|  | Budget                  | Actual           | Variance<br>Favorable<br>(Unfavorable) | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| <b><u>RECORDER'S TECHNOLOGY FUND</u></b>   |                         |                  |  |                  |                  |  |
| <b>RECEIPTS</b>                            |                         |                  |  |                  |                  |  |
| Intergovernmental                          | 0                       | 294              | 294                                    | 0                | 687              | 687                                    |
| Charges for service:                       | 10,000                  | 9,531            | (469)                                  | 11,500           | 9,855            | (1,645)                                |
| Interest                                   | 450                     | 939              | 489                                    | 200              | 458              | 258                                    |
| Transfers in                               | 0                       | 1,905            | 1,905                                  | 0                | 0                | 0                                      |
| <b>Total Receipts</b>                      | <b>10,450</b>           | <b>12,669</b>    | <b>2,219</b>                           | <b>11,700</b>    | <b>11,000</b>    | <b>(700)</b>                           |
| <b>DISBURSEMENTS</b>                       |                         |                  |  |                  |                  |  |
| Ex Officio Recorder of Deed                | 27,000                  | 12,785           | 14,215                                 | 10,500           | 9,710            | 790                                    |
| <b>Total Disbursements</b>                 | <b>27,000</b>           | <b>12,785</b>    | <b>14,215</b>                          | <b>10,500</b>    | <b>9,710</b>     | <b>790</b>                             |
| <b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b> | <b>(16,550)</b>         | <b>(116)</b>     | <b>16,434</b>                          | <b>1,200</b>     | <b>1,290</b>     | <b>90</b>                              |
| CASH, JANUARY 1                            | 27,152                  | 27,152           | 0                                      | 25,862           | 25,862           | 0                                      |
| CASH, DECEMBER 31                          | 10,602                  | 27,036           | 16,434                                 | 27,062           | 27,152           | 90                                     |
| <b><u>JAIL FUND</u></b>                    |                         |                  |  |                  |                  |  |
| <b>RECEIPTS</b>                            |                         |                  |  |                  |                  |  |
| Intergovernmental                          | 200,000                 | 90,047           | (109,953)                              | 668,942          | 424,809          | (244,133)                              |
| Charges for service:                       | 55,419                  | 60,184           | 4,765                                  | 54,000           | 56,597           | 2,597                                  |
| Interest                                   | 256                     | 947              | 691                                    | 0                | 256              | 256                                    |
| Other                                      | 4,191                   | 2,060            | (2,131)                                | 4,941            | 3,910            | (1,031)                                |
| Transfers in                               | 640,000                 | 1,004,745        | 364,745                                | 335,000          | 731,015          | 396,015                                |
| <b>Total Receipts</b>                      | <b>899,866</b>          | <b>1,157,983</b> | <b>258,117</b>                         | <b>1,062,883</b> | <b>1,216,587</b> | <b>153,704</b>                         |
| <b>DISBURSEMENTS</b>                       |                         |                  |  |                  |                  |  |
| Salaries                                   | 372,883                 | 428,228          | (55,345)                               | 470,300          | 457,284          | 13,016                                 |
| Employee fringe benefit                    | 182,893                 | 199,771          | (16,878)                               | 177,081          | 181,133          | (4,052)                                |
| Office expenses                            | 24,500                  | 20,371           | 4,129                                  | 24,200           | 23,443           | 757                                    |
| Building and grounds                       | 88,519                  | 114,982          | (26,463)                               | 116,773          | 111,101          | 5,672                                  |
| Equipment and supplies                     | 5,300                   | 11,852           | (6,552)                                | 14,500           | 12,530           | 1,970                                  |
| Mileage and training                       | 0                       | 11,745           | (11,745)                               | 1,000            | 1,145            | (145)                                  |
| Board of Prisoners                         | 3,500                   | 12,682           | (9,182)                                | 3,500            | 11,203           | (7,703)                                |
| Board of Prisoners (food)                  | 50,000                  | 90,176           | (40,176)                               | 110,000          | 114,621          | (4,621)                                |
| Board of Prisoners (medical)               | 90,000                  | 189,303          | (99,303)                               | 120,000          | 228,456          | (108,456)                              |
| Liability insurance                        | 63,990                  | 74,509           | (10,519)                               | 11,000           | 67,009           | (56,009)                               |
| Other                                      | 1,000                   | 5,714            | (4,714)                                | 2,700            | 5,720            | (3,020)                                |
| <b>Total Disbursements</b>                 | <b>882,585</b>          | <b>1,159,333</b> | <b>(276,748)</b>                       | <b>1,051,054</b> | <b>1,213,645</b> | <b>(162,591)</b>                       |
| <b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b> | <b>17,281</b>           | <b>(1,350)</b>   | <b>(18,631)</b>                        | <b>11,829</b>    | <b>2,942</b>     | <b>(8,887)</b>                         |
| CASH, JANUARY 1                            | 4,788                   | 4,788            | 0                                      | 1,846            | 1,846            | 0                                      |
| CASH, DECEMBER 31                          | 22,069                  | 3,438            | (18,631)                               | 13,675           | 4,788            | (8,887)                                |
| <b><u>TIME PAYMENT FEE FUND</u></b>        |                         |                  |  |                  |                  |  |
| <b>RECEIPTS</b>                            |                         |                  |  |                  |                  |  |
| Charges for service:                       | 20                      | 30               | 10                                     |                  |                  |  |
| <b>Total Receipts</b>                      | <b>20</b>               | <b>30</b>        | <b>10</b>                              |                  |                  |  |
| <b>DISBURSEMENTS</b>                       |                         |                  |  |                  |                  |  |
| Circuit Clerk                              | 20                      | 0                | 20                                     |                  |                  |  |
| <b>Total Disbursements</b>                 | <b>20</b>               | <b>0</b>         | <b>20</b>                              |                  |                  |  |
| <b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b> | <b>0</b>                | <b>30</b>        | <b>30</b>                              |                  |                  |  |
| CASH, JANUARY 1                            | 20                      | 20               | 0                                      |                  |                  |  |
| CASH, DECEMBER 31                          | 20                      | 50               | 30                                     |                  |                  |  |

Exhibit B

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

|   | Year Ended December 31, |               |  |        |        |  |
|---|-------------------------|---------------|--|--------|--------|--|
|   | 2005                    |               |  | 2004   |        |  |
|   | Budget                  | Actual        | Variance<br>Favorable<br>(Unfavorable) | Budget | Actual | Variance<br>Favorable<br>(Unfavorable) |
| <b>COLLECTOR'S TAX MAINTENANCE FUND</b> |                         |               |  |        |        |  |
| <b>RECEIPTS</b>                         |                         |               |  |        |        |  |
| Charges for services                    | 36,000                  | 34,785        | (1,215)                                |        |        |  |
| Interest                                | 500                     | 1,885         | 1,385                                  |        |        |  |
| Total Receipts                          | <u>36,500</u>           | <u>36,670</u> | <u>170</u>                             |        |        |  |
| <b>DISBURSEMENTS</b>                    |                         |               |  |        |        |  |
| County Collector                        | 36,500                  | 31,122        | 5,378                                  |        |        |  |
| Total Disbursements                     | <u>36,500</u>           | <u>31,122</u> | <u>5,378</u>                           |        |        |  |
| RECEIPTS OVER (UNDER) DISBURSEMENTS     | 0                       | 5,548         | 5,548                                  |        |        |  |
| CASH, JANUARY 1                         | 48,599                  | 48,599        | 0                                      |        |        |  |
| CASH, DECEMBER 31                       | <u>\$ 48,599</u>        | <u>54,147</u> | <u>5,548</u>                           |        |        |  |

\* Included are the Tax Increment Financing - Economic Activity Taxes Fund, the Tax Increment Financing - Special Account for Developer Fund, the Tax Increment Financing - Administrative Fund, and the Tax Increment Financing - Special Allocation Fund.

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

Notes to the Financial Statements

MILLER 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 Miller 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 Tax Increment Financing Commission, the Health Center Board, or the Senior Citizens Services 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 formal budgets for the following funds:

| <u>Fund</u>   | <u>Years Ended December 31,</u> |
|---|---------------------------------|
| Juvenile Assessment Fee Fund                          | 2005 and 2004                   |
| Circuit Clerk Interest Fund                           | 2005 and 2004                   |
| Associate Division Interest Fund                      | 2005 and 2004                   |
| Law Library Fund                                      | 2005 and 2004                   |
| Oak Terrace Neighborhood Improvement<br>District Fund | 2005                            |
| Circuit Clerk Passports Fund                          | 2005                            |

|  |      |
|--|------|
| Miller County Law Enforcement Association Fund | 2005 |
| Time Payment Fee Fund                          | 2004 |
| Collector's Tax Maintenance Fund               | 2004 |
| K-9 Fund                                       | 2004 |

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> |
|---|---------------------------------|
| General Revenue Fund                              | 2005 and 2004                   |
| 911 Fund  | 2005 and 2004                   |
| Capital Improvement Tax Fund                      | 2005 and 2004                   |
| Senior Citizens Services Fund                     | 2005 and 2004                   |
| Sheriff's Discretionary Fund                      | 2005 and 2004                   |
| POST Commission Fund                              | 2005 and 2004                   |
| Jail Fund   | 2005 and 2004                   |
| Local Emergency Preparedness Fund                 | 2005                            |
| Election Services Fund                            | 2005                            |
| Prosecuting Attorney Training Fund                | 2004                            |
| Lake Ja-Ha Neighborhood Improvement District Fund | 2004                            |
| Drug Awareness and Resistance Education Fund      | 2004                            |
| W-12 Construction Maintenance Fund                | 2004                            |
| Tax Increment Financing Funds                     | 2004                            |
| Capital Improvement Inventory Courthouse Fund     | 2004                            |

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Health Center Fund for the year ended December 31, 2005.

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> |
|---|---------------------------------|
| Collector's Tax Maintenance Fund                      | 2005 and 2004                   |
| Juvenile Assessment Fee Fund                          | 2005 and 2004                   |
| Circuit Clerk Interest Fund                           | 2005 and 2004                   |
| Associate Division Interest Fund                      | 2005 and 2004                   |
| Law Library Fund                                      | 2005 and 2004                   |
| Oak Terrace Neighborhood Improvement<br>District Fund | 2005                            |
| Circuit Clerk Passports Fund                          | 2005                            |
| Miller County Law Enforcement<br>Association Fund     | 2005                            |
| K-9 Fund  | 2004                            |

In addition, for the Health Center Fund, the county's published financial statements for the years ended December 31, 2005 and 2004, included only those amounts that passed through the County Treasurer.

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. Cash includes both deposits and investments.

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, Miller County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county's and the Health Center Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository

insurance or by collateral securities held by a correspondent bank in the county's or the 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. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

The only investments of the various county funds and the Health Center Fund were overnight repurchase agreements which are an interest in securities that are direct obligations of, or fully guaranteed as to principal and interest by, the U.S. Government or an agency thereof. At December 31, 2005, and 2004, the fair values of the repurchase agreements were as follows:

|                    | <u>December 31,</u> |             |
|--------------------|---------------------|-------------|
|                    | <u>2005</u>         | <u>2004</u> |
| County funds       | \$1,906,029         | 1,546,603   |
| Health Center Fund | 95,336              | 730,891     |

Custodial credit risk: Custodial credit risk is the risk that, if the counterparty to an investment transaction fails, Miller County will not be able to recover the investment's value or collateral securities that are in an outside party's possession. The county's and the Health Center Board's investments at December 31, 2005 and 2004, were not exposed to custodial credit risk because the underlying securities were held by a correspondent bank in the county's or the board's name.

Supplementary Schedule

Schedule

MILLER COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

| Federal<br>CFDA<br>Number                       | Federal Grantor/Pass-Through Grantor/Program Title                         | Pass-Through<br>Entity<br>Identifying<br>Number | Federal Expenditures<br>Year Ended December 31, |               |
|---|--|---|---|---------------|
|   |  |   | 2005  | 2004          |
| U. S. DEPARTMENT OF AGRICULTURE                 |  |   |   |               |
| Passed through state                            |  |   |   |               |
| Department of Social Services -                 |  |   |   |               |
| 10.550  | Food Donation  | N/A   | \$ 419  | 391           |
| Department of Health and Senior Services -      |  |   |   |               |
| 10.557  | Special Supplemental Nutrition Program<br>for Women, Infants, and Children | ERS045-6166                                     | 25,442  | 0             |
|   |  | ERS045-5166                                     | 66,507  | 26,431        |
|   |  | ERS045-4166                                     | 0   | 64,336        |
|   | Program Total  |   | <u>91,949</u>                                   | <u>90,767</u> |
| 10.559  | Summer Food Service Program for Children                                   | N/A   | 420   | 130           |
| U.S. DEPARTMENT OF INTERIOR                     |  |   |   |               |
| Passed through state Department of Conservation |  |   |   |               |
| 15.634  | State Wildlife Grants  | N/A   | 4,784   | 0             |
| U.S. DEPARTMENT OF JUSTICE                      |  |   |   |               |
| Direct programs:                                |  |   |   |               |
| 16.710  | Public Safety Partnership and Community Policing Grant                     | 2001SHWX0010                                    | 0   | 31,136        |
| Passed through:                                 |  |   |   |               |
| State Department of Public Safety               |  |   |   |               |
| 16.554  | National Criminal History Improvement Program                              | 2000-RH-CX-K024                                 | 3,804   | 969           |
| 16.575  | Crime Victim Assistance  | 2004-VOCA-0044                                  | 2,584   | 0             |
|   |  | 2003-VOCA-0042                                  | 7,753   | 2,614         |
|   |  | 2002-VOCA-0052                                  | 0   | 7,753         |
|   | Program Total  |   | <u>10,337</u>                                   | <u>10,367</u> |
| 16.592  | Local Law Enforcement Block Grants Program                                 | 2004-LB-BX-0019                                 | 0   | 6,543         |
| Missouri Sheriffs' Association -                |  |   |   |               |
| 16  | Domestic Cannabis Eradication/Suppression Program                          | N/A   | 1,425   | 962           |

Schedule

MILLER COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

| Federal<br>CFDA<br>Number                            | Federal Grantor/Pass-Through Grantor/Program Title                                 | Pass-Through<br>Entity<br>Identifying<br>Number | Federal Expenditures<br>Year Ended December 31, |                |
|--|--|---|---|----------------|
|  |  |   | 2005  | 2004           |
| <b>U. S. DEPARTMENT OF TRANSPORTATION</b>            |  |   |   |                |
| Passed through state                                 |  |   |   |                |
| Highway and Transportation Commission                |  |   |   |                |
| 20.205   | Highway Planning and Constructior  | BRO-066(10)                                     | 55,235  | 298,505        |
|  |  | BRO-066(11)                                     | 236,856   | 321,883        |
|  |  | BRO-066(12)                                     | 21,838  | 0              |
|  | Program Total  |   | <u>313,929</u>                                  | <u>620,388</u> |
| Department of Public Safety                          |  |   |   |                |
| 20.703   | Interagency Hazardous Materials Public Sector Training and Planning Grant          | N/A   | 3,270   | 0              |
| <b>GENERAL SERVICES ADMINISTRATION</b>               |  |   |   |                |
| Passed through state                                 |  |   |   |                |
| Office of Administration                             |  |   |   |                |
| 39.003   | Donation of Federal Surplus Personal Property                                      | N/A   | 1,244   | 1,316          |
| Office of Secretary of State                         |  |   |   |                |
| 39.011   | Election Reform Payment  | N/A   | 0   | 4,408          |
| <b>ELECTIONS ASSISTANCE COMMISSION</b>               |  |   |   |                |
| Passed through state Office of Secretary of State    |  |   |   |                |
| 90.401   | Help America Vote Act Requirements Payment   | N/A   | 7,380   | 0              |
| <b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b> |  |   |   |                |
| Passed through state                                 |  |   |   |                |
| Department of Health and Senior Services -           |  |   |   |                |
| 93.268   | Immunization Grants  | N/A   | 35,085  | 29,859         |
|  |  | N/A   | 687   | 1,195          |
|  | Program Total  |   | <u>35,772</u>                                   | <u>31,054</u>  |
| 93.283   | Centers for Disease Control and Prevention Investigations and Technical Assistance | AOC06380141                                     | 503   | 0              |
|  |  | ERS161  | 2,264   | 2,885          |
|  |  | 4319026790-0                                    | 0   | 8,862          |
|  |  | DH040022043                                     | 0   | 7,255          |
|  |  | N/A   | 3,500   | 0              |
|  | Program Total  |   | <u>6,267</u>                                    | <u>19,002</u>  |

Schedule

MILLER COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

| Federal<br>CFDA<br>Number                        | Federal Grantor/Pass-Through Grantor/Program Title              | Pass-Through<br>Entity<br>Identifying<br>Number | Federal Expenditures    |                |
|--|---|---|-------------------------|----------------|
|  |   |   | Year Ended December 31, |                |
|  |   |   | 2005                    | 2004           |
| Department of Health and Senior Services -       |   |   |                         |                |
| 93.575   | Child Care and Development Block Gran                           | PGA067-6166C                                    | 470                     | 0              |
|  |   | PGA067-5166C                                    | 3,845                   | 655            |
|  |   | PGA067-4166C                                    | 0                       | 4,500          |
|  |   | AOC06380141                                     | 780                     | 0              |
|  |   | PGA067-5166S                                    | 1,360                   | 765            |
|  |   | PGA067-4166S                                    | 0                       | 1,815          |
|  | Program Total   |   | <u>6,455</u>            | <u>7,735</u>   |
| 93.994   | Maternal and Child Health Services Block Grant<br>to the States | AOC06380141                                     | 5,708                   | 0              |
|  |   | AOC06380103                                     | 23,348                  | 0              |
|  |   | AOC05380050                                     | 37,500                  | 25,000         |
|  |   | ERS146-5166M                                    | 17,249                  | 5,750          |
|  |   | ERS146-4166M                                    | 0                       | 15,782         |
|  | Program Total   |   | <u>83,805</u>           | <u>46,532</u>  |
| U.S. DEPARTMENT OF HOMELAND SECURITY             |   |   |                         |                |
| Passed through state Department of Public Safety |   |   |                         |                |
| 83.544   | Public Assistance Grants  | FEMA-1463-DR-MO                                 | 0                       | 6,798          |
| 83.562   | State and Local All Hazards Emergency Operations Planning       | N/A   | 0                       | 2,700          |
| 97.004   | State Domestic Preparedness Equipment Support Progran           | 2004-GE-T4-0049                                 | 374,359                 | 0              |
|  | Program Total   |   |                         |                |
| 97.054   | Community Emergency Response Teams                              | N/A   | 3,522                   | 2,880          |
|  | Total Expenditures of Federal Award:                            |   | <u>\$ 949,141</u>       | <u>884,078</u> |

N/A - Not applicable

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

Notes to the Supplementary Schedule

MILLER COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Miller County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

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

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2005 and 2004.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission  
and  
Officeholders of Miller County, Missouri

Compliance

We have audited the compliance of Miller County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

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

As described in finding number 05-3 in the accompanying Schedule of Findings and Questioned Costs, Miller County did not comply with requirements regarding cash management that are applicable to its Highway Planning and Construction Program. Compliance with such

requirements is necessary, in our opinion, for Miller County to comply with the requirements applicable to that program.

As described in finding number 05-4 in the accompanying Schedule of Findings and Questioned Costs, Miller County did not comply with requirements regarding reporting and establishing an effective internal control system that are applicable to its State Domestic Preparedness Equipment Support Program. Compliance with such requirements is necessary, in our opinion, for Miller County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the two preceding paragraphs, Miller County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004.

### Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 05-2, 05-3, and 05-4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above, finding numbers 05-2, 05-3 and 05-4 to be material weaknesses.

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

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

Claire McCaskill  
State Auditor

July 11, 2006 (fieldwork completion date)

Schedule

MILLER COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2005 AND 2004

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted?   x   yes        no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

| <u>CFDA or<br/>Other Identifying<br/>Number</u> | <u>Program Title</u>                                  |
|---|---|
| 20.205  | Highway Planning and Construction                     |
| 97.004  | State Domestic Preparedness Equipment Support Program |

Dollar threshold used to distinguish between Type A



serve as budget amendments.

The overspending in the General Revenue Fund and the Capital Improvement Tax Fund appears to primarily be a result of transfers between funds. Actual transfers exceeded budgeted transfers from the General Revenue Fund by \$355,883 and \$262,417, and the Capital Improvement Tax Fund by \$504,138 and \$186,015, for 2005 and 2004, respectively. Other budgeted expenditure amounts were also overspent in the General Revenue Fund and the Capital Improvement Tax Fund as a result of higher than anticipated costs.

Disbursements of the Local Emergency Preparedness Fund significantly exceeded the budgeted amount in 2005 due to a federal grant project. Approximately \$60,000 was budgeted for grant receipts; however, actual grant receipts and disbursements exceeded \$380,000.

Case law provides that strict compliance with county budget law is required by county officials. If there are valid reasons which require excess disbursements (i.e., emergencies, unforeseen occurrences, receipt of additional funding, 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. In addition, more effective budgeting of transfers would aid in monitoring the overall financial condition of various county funds.

B. The county budget document contained numerous misclassifications of both budgeted and actual amounts, several of which are material to the financial statements. Examples are as follows:

- In the General Revenue Fund, budgeted and actual local use tax receipts of \$162,000 and \$215,277 for 2005, and \$138,086 and \$161,961 for 2004, respectively, were misclassified as other revenues. These revenues have been reclassified as sales and use taxes.
- In the Special Road and Bridge – Road District #1 Fund, budgeted and actual receipts for the federal Highway Planning and Construction Program of \$591,000 and \$328,817 in 2005, and \$970,206 and \$620,388 in 2004, respectively, were misclassified as other revenues. These revenues have been reclassified as intergovernmental revenues.
- In the Special Road and Bridge – Road District #1 Fund, budgeted and actual disbursements for road materials of \$75,000 and \$104,928 in 2005, and \$75,000 and \$55,419 in 2004, respectively, were misclassified as other. These disbursements have been reclassified as road and bridge materials.

Because of the significance of these errors, it was necessary to make reclassifications to the amounts presented in the audited financial statements in order to provide an unqualified opinion. The adjustments and reclassifications were discussed with and agreed to by county officials.

Section 50.540, RSMo, requires all revenues to be by source and all expenditures to be by character, object, function, or activity. The county's budgets should include accurate classifications of receipts and disbursements to ensure the county's financial information is more consistently presented, to properly identify receipts and disbursements, and to increase the effectiveness of the budget as a management tool.

C. The Health Center Fund budget contained various omissions. In addition, the 2005 Health Center Fund budget was amended after excess disbursements were made and the amendment resulted in a deficit budgeted fund balance. During our review of the Health Center Fund budget we noted the following:

- The prior two years' receipts and disbursements were not included on the 2005 budget approved by the Health Center Board, as required by state law. Actual receipts and disbursements of one prior year were reflected on the 2004 Health Center Fund budget.
- The beginning cash balance was not reflected on the budget documents approved by the Health Center Board. As a result, the ending estimated cash balance was understated by \$948,535 and \$684,607 for the years ended December 31, 2005 and 2004, respectively.
- A 2005 budget amendment increasing budgeted disbursements by \$441,000, for building and grounds, payroll, equipment, and various public health services, was prepared subsequent to the December 21, 2005, Health Center Board meeting. However, at the time the budget amendment was prepared, actual disbursements already exceeded the original budget. In addition, the budget amendment was not filed with the State Auditor's office. The audited financial statements have been adjusted for the amendment.
- The 2005 Health Center Fund budget amendment resulted in a deficit budgeted fund balance. Exhibit B reflects a deficit budgeted fund balance of \$874,115; however, had the beginning cash balance been included a deficit budgeted fund balance of \$160,852 would still exist for the year ended December 31, 2005.

Considering the various problems noted above, the approved Health Center Fund budgets do not provide county citizens with reliable information about the county's finances and are a less effective management tool for the Health Center Board. In addition, amendments made after disbursements have exceeded the budget do not allow for the budget to be used as an effective management tool and counties are not authorized to budget deficit fund balances.

To be of maximum assistance to county officials and the Health Center Board and to adequately inform citizens of the county's and health center's operations and financial position, budget documents need to be accurate and complete. This is also necessary so that the county can prepare useful and accurate financial statements. A thorough review process of budget documents needs to be implemented prior to approval. Chapter 50, RSMo, describes details to be provided in budget documents. Sections 50.610 and 50.740, RSMo, require balanced budgets, and Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting.

**WE RECOMMEND:**

- A. The County Commission and other county officials and boards review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office.
  
- B&C. The County Commission, County Clerk, and Health Center Board ensure complete and accurate budgets are prepared for all county funds. In addition, the Health Center Board should formally amend the budget prior to incurring excess expenditures and discontinue deficit budgeting.

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

- A. *The County Commission indicated they had previously consulted legal counsel who indicated issuing court orders as provided by Section 67.040, RSMo, would satisfy this requirement and they were making an effort to comply with state law by issuing court orders. The County Commission agrees with the recommendation and will amend the budget in the future.*
  
- B. *The County Commission indicated they will discuss this with the County Clerk. The County Clerk will make adjustments on future budgets.*
  
- C. *The Health Center Administrator and Board Chair indicated they will ensure the recommendation is implemented with the 2007 budget.*

**AUDITOR'S COMMENT**

Sections 50.525 through 50.745, RSMo, are cited as "The County Budget Law". Budget amendments should be prepared and filed in compliance with these sections of state law.

### Section III - Federal Award Findings and Questioned Costs

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

|              |   |
|--------------|---|
| <b>05-2.</b> | <b>Schedule of Expenditures of Federal Awards</b> |
|--------------|---|

|                       |   |
|-----------------------|---|
| Federal Grantor:      | U.S. Department of Transportation         |
| Pass-Through Grantor: | Highway and Transportation Commission     |
| Federal CFDA Number:  | 20.205                                    |
| Program Title:        | Highway Planning and Construction         |
| Pass-Through Entity   |   |
| Identifying Number:   | BRO-066(10), BRO-066(11), and BRO-066(12) |
| Award Years:          | 2005 and 2004                             |
| Questioned Costs:     | Not applicable                            |

|                       |   |
|-----------------------|---|
| Federal Grantor:      | U.S. Department of Homeland Security                  |
| Pass-Through Grantor: | Department of Public Safety                           |
| Federal CFDA Number:  | 97.004  |
| Program Title:        | State Domestic Preparedness Equipment Support Program |
| Pass-Through Entity   |   |
| Identifying Number:   | 2004-GE-T4-0049                                       |
| Award Year:           | 2005  |
| Questioned Costs:     | Not applicable  |

The county and health center do 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, the county's SEFA contained several errors and omissions. Expenditures were understated by approximately \$133,200 and \$99,700 for the years ended December 31, 2005 and 2004, respectively.

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

Expenditures relating to several federal grants were reported incorrectly or not included on the schedule. For example, the value of vaccines received from the State, totaling approximately \$35,100 and \$29,900 for 2005 and 2004, respectively, was not reported by the Health Center Administrator for the Immunization Grants Program. Not all contracts under the Maternal and Child Health Services Block Grant to the States Program were included, and expenditures were understated by approximately \$60,800 and \$26,000 for 2005 and 2004, respectively. Expenditures of the State Domestic Preparedness Equipment Support Program were also understated by approximately \$56,400 in 2005. Other programs such as

Crime Victims Assistance, Help America Vote, and Highway Planning and Construction were overstated for 2005. In addition, the pass-through entity identifying numbers were not indicated for most programs on the 2005 and 2004 SEFA.

Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

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

**WE RECOMMEND** the County Commission, County Clerk, and Health Center Administrator work to ensure the SEFA is complete and accurate.

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

*The County Commission indicated they have discussed this with the Emergency Management Director, who also follows up on grants, and has made improvements in this area. Other officials will be notified to inform the County Commission when they have applied for federal grants. The County Clerk indicated he will implement the recommendation for the 2006 SEFA.*

*The Health Center Administrator and Board Chair indicated they will work to ensure the 2006 SEFA is complete and accurate.*

|              |                        |
|--------------|------------------------|
| <b>05-3.</b> | <b>Cash Management</b> |
|--------------|------------------------|

|  |   |
|--|---|
| Federal Grantor:                           | U.S. Department of Transportation         |
| Pass-Through Grantor:                      | Highway and Transportation Commission     |
| Federal CFDA Number:                       | 20.205                                    |
| Program Title:                             | Highway Planning and Construction         |
| Pass-Through Entity<br>Identifying Number: | BRO-066(10), BRO-066(11), and BRO-066(12) |
| Award Years:                               | 2005 and 2004                             |
| Questioned Costs:                          | Not applicable                            |

The county has not established cash management procedures to ensure minimal time elapses between its receipt of federal project monies and the distribution of such monies to contractors. Of 16 reimbursements reviewed, 8 reimbursements totaling \$334,685 were received and held for more than 2 business days before the related payment was made to the contractor. These reimbursements included \$24,169, and \$106,995 held 13 days and 6 days,

respectively, and two reimbursements totaling \$60,263 held 8 days. The County Commissioners indicated they try to ensure all payments are made within the county's 2 week bill paying cycle; however, this procedure does not appear to comply with federal guidelines.

The county contracts with the Missouri Department of Transportation (MoDOT) for bridge replacement and rehabilitation under the Highway Planning and Construction Program. Section .300(c) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to “comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs”. Section XII of the MoDOT Local Public Agency Manual provides that local agencies must develop cash management procedures to ensure payment is made to the contractor/consultant within 2 business days of receipt of funds from MoDOT.

A similar condition was noted in the prior report.

**WE AGAIN RECOMMEND** the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with MoDOT requirements.

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

*The County Commission indicated they will work to implement the recommendation and turn the monies around immediately. If the monies are direct deposited, they are not always aware of when the monies are received.*

|   |
|---|
| <b>05-4. Monitoring of Federal Grant Purchases and Reimbursements</b> |
|---|

|                       |   |
|-----------------------|---|
| Federal Grantor:      | U.S. Department of Homeland Security                  |
| Pass-Through Grantor: | Department of Public Safety                           |
| Federal CFDA Number:  | 97.004  |
| Program Title:        | State Domestic Preparedness Equipment Support Program |
| Pass-Through Entity:  |   |
| Identifying Number:   | 2004-GE-T4-0049                                       |
| Award Years:          | 2005  |
| Questioned Costs:     | \$284,493   |

The county did not have an internal control system in place to adequately monitor the procurement and installation of equipment and services funded through the State Domestic Preparedness Equipment Support Program. Miller County expended over \$370,000 through this program in 2005. Of this amount, \$249,598 was used to provide enhancements to the 911 computer system for Computer Aided Dispatch (CAD) and \$34,895 was used to purchase a mapping system update to enable the records of the Assessor's office to be integrated with the 911 dispatch system. The development of the grant proposal and

subsequent purchase and installation of the equipment appear to have been a joint effort by the former 911 Director and the Sheriff with the County Commission approving the grant agreement.

- A. Comparison of bid documentation on file to support the CAD purchase with the equipment on hand and the features of the CAD system, and discussions with 911 dispatch personnel identified several concerns as follows:
- 1) The bid documentation does not specify the capabilities to be provided by the system. In addition, the system received and installed in the 911 dispatch center does not agree with the system indicated in the bid documentation or identified on the paid invoice. For example, the CAD system software manufacturer indicated in the bid documentation and on the invoice was different than the manufacturer of the CAD system software received. The County Commission and the Emergency Management Director indicated the documentation provided to us was the only bid documentation received. The vendor indicated this documentation was not the final bid; however, other bid documentation could not be provided. The vendor also indicated that due to a clerical error, the invoice was incorrect and did not agree with the actual system received.
  - 2) The current 911 Director indicated the county did not receive some equipment indicated on the bid documentation or the paid invoice, and some features of the system were not working properly. Since the bid documentation does not specify the capabilities of the system, it is unclear what the features of the system should be. The 911 Director has documented her attempts to resolve the issues with the vendor and subcontractor; however, as of July 10, 2006 (approximately 8 months after the acceptance agreement was signed by the former 911 Director), she indicated not all system features were fully operational.
  - 3) The delivery and acceptance agreement signed by the former 911 Director on November 15, 2005, did not include specific descriptions for some of the equipment (including serial numbers) and services received. For example, the list in the acceptance agreement included "all necessary hardware and software".
- B. Bid documentation could not be located by the county for the mapping system update costing \$34,895. The County Commission minutes indicated one bid was received and accepted.

Without adequate bid documentation, the county cannot determine what the capabilities of the system purchased should include. Adequate and complete documentation (including detailed bid documentation, accurate invoices, and assurance that the agreed-upon equipment and services were received), should be maintained to support the procurement of equipment and services.

- C. The County Commission minutes indicated only one bid was received for the CAD system and the mapping system. Although the County Commission advertised for bids in accordance with state law, it is prudent business practice to solicit more than one bid for major purchases to ensure the county receives the best and lowest price.
- D. Payments were not made to the vendor before reimbursement was requested from the state. A request for reimbursement for \$284,493 dated August 8, 2005, was submitted to the state. Two checks totaling the amount claimed dated August 2, 2005, were listed on and attached to the request for reimbursement. On August 31, 2005, the county voided these two checks. The County Clerk indicated the checks were prepared so a copy could be sent to the state, but the county was going to hold the original checks until reimbursement came in. However, since the reimbursement checks were not received in a timely manner, the county voided the original checks. Reimbursement for the expenditures was received from the state and two checks were issued to the vendor on September 8, 2005.

The Terms and Conditions for FY04 grants, Reimbursement Process, requires the grantee to attach copies of the paid invoices to a paper copy of the Request for Reimbursement Form. State Emergency Management Agency (SEMA) personnel indicated that in some circumstances grant recipients can request advanced payment and provide proof of payment to SEMA within 30 days; however, there is no evidence that the county contacted SEMA to discuss alternatives. If the county is unable to comply with the terms of a grant agreement, the grantor agency should be contacted to determine if other provisions can be arranged.

- E. A final report was not filed with (SEMA), the administering agency. The Terms and Conditions for FY04 grants requires the grantee to file a program report at the end of the grant period or upon completion of spending and specifies information that should be included. The Terms and Conditions further states that future awards and fund draw downs may be withheld if these reports are delinquent.

Section .300(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to maintain internal controls that provide reasonable assurance that federal awards are managed in compliance with laws, regulations, and the provisions of contracts or grant agreements related to the program.

As a result of the concerns identified in A, B, D, and E, we have questioned costs of \$284,493, which represent the federal share of the equipment and services purchased.

- F. The county has not established procedures to monitor reimbursement requests to ensure timely receipt of funds. The county was also awarded a City/County Grant as part of this program. A \$7,000 reimbursement request was submitted to SEMA dated October 23, 2005, for which the county had not received reimbursement as of July 11, 2006. SEMA personnel provided us with correspondence to the county dated December 7, 2005, informing the county that the reimbursement request for \$7,000 could be resubmitted with a copy of the invoice from the vendor and noted that the request could not be processed with an estimate. Although the county had

attached a copy of the check payable to the vendor for \$7,000, the corresponding invoice indicated the \$7,000 was an estimate. The Emergency Management Director indicated he has contacted SEMA several times regarding this matter. In addition, a spreadsheet on file with the County Clerk's office of City/County grant expenditures reflects a \$1,347 reimbursement request was submitted July 18, 2005, for which reimbursement for this expenditure had not been received as of July 11, 2006, and the SEMA grant file did not include evidence that a reimbursement request was received. The county did not maintain a copy of either of these reimbursement requests.

Adequate monitoring procedures are necessary to ensure the county maximizes its revenues. Because of the uncertainty as to whether these expenditures will be reimbursed, the amounts are not included in the amount presented on the SEFA.

**WE RECOMMEND** the County Commission resolve the questioned costs with the grantor agency and continue to pursue any unresolved issues with the vendor. In addition, procedures should be implemented to follow up on reimbursement requests in a timely manner.

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

*The County Commission indicated they will work with SEMA to resolve these issues. The County Commission is going to ask the Emergency Management Director to monitor technology grants and will notify persons responsible for submitting requests for reimbursements to follow up to ensure reimbursements are received.*

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

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

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Miller County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2003.

03-01. Budgetary Practices

- A. Several material errors in the budget were noted due to lack of edit checks. In addition, some budget and actual disbursement amounts were not classified but were simply listed as “disbursements”.
- B. Disbursements exceeded budgeted amounts for eleven funds during the year ended December 31, 2003, and nineteen funds during the year ended December 31, 2002. The County Commission did not ensure that budget variances were reviewed and that budget amendments were periodically prepared in accordance with state law.
- C. The county did not have adequate procedures to ensure budgets were prepared for all county funds. In addition, although a Health Center budget was included, amounts presented for receipts, disbursements, and year-end cash balances for 2003 and 2002, significantly differed from actual.

Recommendation:

The County Commission:

- A. Ensure budget documents are accurate and complete.
- B. Ensure that budget variances are reviewed and require budget amendments when appropriate.
- C. Ensure budgets are prepared for all county funds.

Status:

- A. Not implemented. Although instances of budget errors were noted and some budget and actual disbursement amounts were not classified, the amounts were not significant. However, several material instances of misclassifications of revenue and disbursement amounts were detected. See finding number 05-1.
- B&C. Not implemented. See finding number 05-1.

03-02. Accounting Practices

Corrections of prior period transactions were not always properly recorded.

Recommendation:

The County Treasurer resolve accounting software problems to effect proper recording of correcting entries related to prior year transactions in accordance with generally accepted accounting principles. The County Treasurer should also implement procedures to ensure proper correction of transaction errors within the same fiscal year.

Status:

Not implemented. Instances of improper handling of voided checks and correction of errors were detected during the current audit; however, these errors were not significant. Although not repeated in the current Schedule of Findings and Questioned Costs, the recommendation remains as stated above.

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

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

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

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

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

03-03. Cash Management

|                       |  |
|-----------------------|--|
| Federal Grantor:      | U.S. Department of Transportation                        |
| Pass-Through Grantor: | State Highway and Transportation Commission              |
| Federal CFDA Number:  | 20.205   |
| Program Title:        | Off-system Bridge Replacement and Rehabilitation Program |
| Pass-Through Entity   |  |
| Identifying Number:   | BRO-066 (5), (10), and (11)                              |
| Award Year:           | 2003 and 2002  |
| Questioned Costs:     | Not Applicable   |

The county has not established cash management procedures to ensure minimum time lapses between the receipt of federal project monies and the disbursement of such monies to contractors. Monies were often held for extended periods prior to disbursement to contractors.

Recommendation:

The County Commission establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.

Status:

Not implemented. See finding number 05-3.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the financial statements of various funds of Miller County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 11, 2006. We also have audited the compliance of Miller County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 11, 2006. That report expressed a qualified opinion on the county's compliance with those types of requirements.

Because the Miller County Board for Services for the Developmentally Disabled is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed those audit reports and other applicable information for the years ended June 30, 2005 and 2004.

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

|   |
|---|
| <b>1. Sheriff's Petty Cash and Discretionary Fund</b> |
|---|

The controls and procedures regarding the Sheriff's petty cash fund and the Sheriff's Discretionary Fund are not adequate. Significant concerns with the Sheriff's petty cash fund include shortages, excessive use and balances, inadequate documentation, and inappropriate disbursements. In addition, concerns with the Sheriff's Discretionary Fund include the use of monies for purposes other than requested, failure to properly classify disbursements in the accounting system, inadequate documentation, inappropriate disbursements, and deposits in excess of the statutory maximum.

The Sheriff's Discretionary Fund was established pursuant to Section 57.280, RSMo, to account for civil fees collected that are legally restricted to disbursements for the operation of the Sheriff's Office. This fund is under the custody of the County Treasurer and disbursements are initiated by the Sheriff, approved by the County Commission, and disbursed through the county's normal expenditure system. Expenditures of the Sheriff's Discretionary Fund totaled approximately \$164,000 for the two years ended December 31, 2005. Of this amount, payments totaling approximately \$30,000 were paid to the Sheriff and were used to operate the Sheriff's petty cash fund.

The petty cash fund is controlled by the Sheriff who is responsible for authorizing disbursements and maintaining all related records. From June 2002 through April 2006, approximately \$70,000 in petty cash was used for under cover investigations, prisoner transports, office expenses, donations, loans to employees, various employee meals, and other uses. Of this amount, approximately \$32,000 was disbursed between January 2004 and April 2006.

- A. Petty cash transactions are first entered onto a manual log and then recorded by the office manager on an electronic petty cash ledger. The petty cash ledger documents receipts, disbursements, and the balance of cash on hand. While it does appear the petty cash ledger is periodically reconciled to actual cash on hand, the reconciliations are not performed on a routine basis, shortages do not appear to be investigated, and no supervisory review is performed.

- 1) During a cash count conducted on January 18, 2006, monies on hand totaled \$3,613; however, the balance recorded in the petty cash fund record was \$4,552, resulting in a shortage of \$939. It appears the office manager was aware of this difference as the shortage was noted on the January 6, 2006, reconciliation. However, it does not appear actions were taken to resolve the shortage. In addition, the reconciliation form requires the approval of the Sheriff, the Captain (Chief Deputy), or the Lieutenant; however, no signatures were noted to indicate review of the reconciliation had been performed.

The office manager indicated the petty cash monies are to be obtained through herself, the administrative assistant, or the Sheriff. The petty cash fund is maintained in a safe located in the office of the office manager and administrative assistant. The Sheriff indicated that only he or the Captain would access the safe after business hours and during weekends when, on occasion, it is necessary to obtain petty cash monies for investigation purposes.

- 2) On April 19, 2006, the office manager reconciled the petty cash fund and determined a shortage of \$914 still remained. This shortage was not resolved, rather a new petty cash ledger was started on April 20, 2006, and the beginning balance was adjusted to equal the cash on hand at that time. Given the concerns we had identified with the controls and procedures regarding the petty cash fund, the office manager and administrative assistant implemented a new procedure to reconcile the petty cash fund on a daily basis. The office manager indicated a new petty cash ledger was started to ensure the new activity of the petty cash fund was reconciled to the balance on hand.
- 3) On May 10, 2006, we were informed by the office manager of an additional \$150 shortage in the petty cash fund. The office manager indicated cash on hand agreed to the petty cash ledger on May 5, 2006. After a holiday weekend, the cash on hand was again counted on May 9, 2006, and the \$150 shortage was detected. Upon being informed of this shortage, the Sheriff decided to discontinue the petty cash fund and these monies were turned over to the Sheriff's Discretionary Fund at month end.

- B. In addition to the shortages noted in part A, \$1,000 disbursed to the Sheriff from the Sheriff's Discretionary Fund in December 2004 for investigations was not recorded on the petty cash fund ledger and could not be accounted for. The canceled check had been endorsed by both the Sheriff and the administrative assistant.

As a result of the inadequate controls and procedures, approximately \$2,000 in petty cash monies could not be accounted for. To adequately safeguard against theft or misuse of funds, monies should be maintained in a secure location and individuals with access to the

funds should be limited. In addition, reconciliations of cash on hand with accounting records should be performed on a routine basis to provide assurance that the records are in balance and all monies are accounted for. Timely reconciliations are necessary and helpful in the investigation of differences. In addition, to provide for adequate supervisory review, the Sheriff or another supervisor should periodically count and reconcile cash on hand to the petty cash ledger.

C. The petty cash fund was not maintained on an imprest basis and at times the cash balance of the fund was excessive.

- 1) The Sheriff periodically submits a written request to the County Clerk's office for a check to be issued from the Sheriff's Discretionary Fund to the Sheriff's Department. Once received by the Sheriff, the check is either cashed directly by the bank, or deposited into the Sheriff's bank account and a Sheriff's check is subsequently made payable to cash. The monies are then placed in the petty cash fund.

Good internal controls require petty cash funds to be set at an established amount and to be reimbursed when the monies have been expended. An imprest basis petty cash fund would improve accountability over petty cash monies.

- 2) It appears the Sheriff's office requests monies from the Sheriff's Discretionary Fund months before needed. The petty cash ledger for 2005 and 2004 shows the balance of the petty cash fund fluctuated from less than \$100 to over \$7,000. On December 5, 2005, the Sheriff requested two \$1,000 payments from the Sheriff's Discretionary Fund. The disbursement checks were held in the Sheriff's safe for several months, without restrictive endorsement, before being cashed. One check was cashed on February 23, 2006, and the second check was deposited on April 24, 2006, with a subsequent Sheriff's check issued payable to cash.

The office manager indicated the two checks were requested before the monies were needed because the county has a policy of not processing disbursements between mid December through January of the next year when the new budget is approved. As a result, the Sheriff's office did not want to have a period of time where they could not get monies for undercover investigations if needed.

To provide proper accountability over cash on hand, and to ensure these monies are adequately safeguarded against theft or misuse, monies should only be requested as needed and the balance of the petty cash fund should be maintained at a minimal amount. In addition, checks should be restrictively endorsed immediately upon receipt.

- D. Adequate documentation was not consistently maintained to provide proof of payment and to support disbursements made from the petty cash fund. Over \$1,500 was paid from the petty cash fund for 26 lunches attended by the Sheriff. Adequate documentation was not maintained for several of these payments to support the lunches were business related. Additionally, deputies did not complete investigation request forms to support some monies received and employees are not required to sign for monies received in advance for purchases or travel costs. Documentation could not be located to support disbursements for employee meals, food for the drug dog, fuel purchases and reimbursements, and several donations. Because all payments are made in cash, for those disbursements without documentation, there is no evidence to verify the disbursement was made for the purpose or to the payee identified on the petty cash ledger.

Documentation should be maintained to support the necessity and validity of all disbursements. Deputies should complete investigation request forms to support all monies requested and used for investigations. In addition, individuals should sign for monies received and documentation should be retained and reconciled to records of monies returned, and purchase invoices or vendor receipts should be submitted for all petty cash disbursements.

- E. The petty cash fund is used to pay for items which should be purchased through the county's normal disbursement process. Examples are as follows:

- Purchases for plaques and trophies totaling \$944
- Supplies for a barbeque fundraiser totaling \$526
- Ammunition totaling \$466
- Flu shots at the Miller County Health Center totaling \$225

Disbursements from the petty cash fund should be made only for low cost items which are emergency in nature and cannot be obtained through the county's normal purchasing and disbursement process.

- F. Numerous disbursements were made using petty cash monies that are not necessary operating costs and appear to constitute questionable uses of public funds. Examples are as follows:

- 1) The Sheriff disbursed \$1,900 and \$2,138 in 2005 and 2004, respectively, from the petty cash fund for food catered during the Sheriff's Christmas training session/banquet. This event has been held annually since 2001 at the local high school gymnasium and although the agenda indicated some training is provided, the invitation list included community businesses and

individuals. In addition, sign up sheets are circulated throughout the courthouse inviting county officials and employees, and their spouses and children. According to the catering invoice, 244 and 256 meals were provided in 2005 and 2004, respectively. As of December 2005, there were a total of 55 employees working in the Sheriff's office, jail, and 911. In addition to the catering, other costs were incurred including television rental, decorations, cleanup services, and Christmas gifts for the children.

- 2) Approximately \$2,200 was disbursed for donations to charitable organizations, fundraisers, and school functions. This included donations to such organizations as the American Cancer Society and Special Olympics, as well as donations for animal shelters, music festivals, cookbook advertisements, and basketball camps.
- 3) A six month gym membership for 18 employees was purchased for \$600.

These disbursements do not appear necessary for the operation of the Sheriff's office, and do not appear to be prudent uses of public monies.

- G. During 2005, 15 loans totaling \$1,370, ranging from \$20 to \$300, were made to Sheriff's office employees from the petty cash fund. Employees are required to complete a loan request form which documents the employee's name, amount of the loan, and expected repayment date. The loan request form further states that if repayment of the loan is not completed by the agreed upon date, the employee agrees to an automatic deduction of loaned funds from their paycheck.

As of May 10, 2006, two loans had not yet been repaid in full, including a loan for \$300 made on April 19, 2005, of which \$200 was still outstanding, and a loan for \$100 made on January 27, 2006, of which the full amount was still outstanding. In addition, one loan for \$100 dated May 23, 2005, was not repaid until January 10, 2006.

These loans appear to violate Article VI, Section 23 of the Missouri Constitution which prohibits any political subdivision of the state from granting or lending money to an individual.

- H. As discussed in part C.1. above, the Sheriff's office submits a written request to the County Clerk's office when monies are needed for the petty cash fund. Our review of these requests noted the following concerns.

- 1) Payments to the Sheriff's Department from the Sheriff's Discretionary Fund do not always appear to be used by the Sheriff for the purpose identified on the request form. During the two years ended December 31, 2005, the requests indicated \$16,500 for "drug buy" money, \$5,036 for training, \$2,000 for petty cash, \$750 for a barbeque fundraiser, \$150 for reimbursements, and \$5,300 was unidentified. However, between January 2004 and April 2006, the petty cash fund ledger reflected approximately \$9,800 was used for investigations while approximately \$21,000 was disbursed for other purposes.
- 2) The Sheriff did not properly code the requests for payments to the petty cash fund. The request forms were primarily coded as equipment or supplies. However, the reasons indicated on the requests included training, undercover investigations, and various other purposes as previously noted. As a result of the improper coding, the disbursements are not properly classified in the county's accounting system.
- 3) Purchase receipts or vendor invoices are not submitted to the county to support the amount being requested.

The Sheriff should establish procedures to ensure monies are used solely for their intended purpose. Documentation to support the use of these monies should be submitted to the County Commission to ensure the expenditures are accurately classified in the county's accounting system and to ensure county monies are being expended properly.

I. In addition to providing monies for the petty cash fund, the Sheriff's Discretionary Fund is also used for other purposes. Several payments made directly from the Sheriff's Discretionary Fund appeared questionable. Examples are as follows:

- 1) Several disbursements totaling \$1,205 and \$3,922 were made in 2005 and 2004, respectively, for promotional items. Such items included pocket calendars, oven sticks, letter openers, magnifiers, pens, mini basketballs, and lollipops. These items were generally imprinted with "Miller County Sheriff's Office" and a slogan, such as, "Working together to make Miller County a safer place to live".
- 2) Donations of \$2,000 and \$200 were paid to local families for fundraisers. The \$2,000 was requested by the Sheriff and paid to an extended family member. It was later brought to the Sheriff's attention that such expenditure was not appropriate and the Sheriff subsequently repaid the monies to the Sheriff's Discretionary Fund.
- 3) Donations totaling \$1,205 were made to a local high school.

- 4) Three hogs were purchased for \$345 in 2004. These hogs were cooked and served at a barbeque fundraiser held by the Sheriff's office.

These disbursements do not appear necessary for the operation of the Sheriff's office, and do not appear to be prudent uses of public monies. The County Commission indicated they had concerns regarding how the monies in the Sheriff's Discretionary Fund were being used. An inquiry was made by the Presiding Commissioner to the state Attorney General's office as to the appropriate uses of these monies. The response from the Attorney General's office cited Section 57.280, RSMo, which indicates the monies of the Sheriff's Discretionary Fund can only be used for the procurement of services and equipment to support the operation of the Sheriff's office. Although we did note a decrease in the frequency of inappropriate expenditures after the county received the Attorney General's response, the County Commission should continue to ensure the Sheriff's Discretionary Fund is used only for the operation of the Sheriff's office.

- J. Civil fees deposited into the Sheriff's Discretionary Fund may be more than allowed by state law. During the years ended December 31, 2005 and 2004, fees totaling \$76,634 and \$76,629, respectively, were deposited into the Sheriff's Discretionary Fund. Section 57.280, RSMo, provides for a maximum of \$50,000 annually in civil fees collected by the Sheriff to be deposited into the Sheriff's Discretionary Fund, and any excess collections shall be deposited into the General Revenue Fund. The Sheriff and the County Commission should review the fees deposited into the Sheriff's Discretionary Fund and authorize the transfer of amounts to the General Revenue Fund that exceeded the statutory maximum.

Conditions A, C.1, D, E, and H.3 were noted in our prior report.

**WE RECOMMEND** the Sheriff:

A-H. Continue to request payments from the Sheriff's Discretionary Fund through the normal expenditure process and refrain from re-establishing a petty cash fund. Any shortages should be investigated and resolved. If a petty cash fund is re-established in the future we recommend the Sheriff:

A&B. Maintain the cash fund in a secure location and limit access to only authorized individuals. In addition, perform reconciliations of cash on hand to accounting records on a routine basis to ensure all receipts and disbursements have been properly recorded. Periodic supervisory reviews of the petty cash fund should also be performed to ensure all monies are accounted for. Any differences should be investigated and resolved.

C. Set the petty cash fund at a minimal amount and maintain it on an imprest basis. Requests for reimbursement should only be made as needed. In addition, ensure all reimbursement checks are restrictively endorsed

immediately upon receipt.

- D. Maintain documentation to support all disbursements. Deputies should complete investigation request forms and individuals should sign for monies received. This documentation should be retained and reconciled to records of change returned and purchase invoices or vendor receipts submitted.
- E. Ensure the petty cash fund is used only for purchases that cannot be obtained through the normal county expenditure process.
- F. And the County Commission ensure all expenditures are prudent and necessary.
- G. Discontinue the practice of loaning money to employees and take action to ensure all previous loans are repaid in full.
- H. Establish procedures to ensure petty cash monies are used solely for their intended purpose and provide documentation to the County Commission to support how these monies are being used. This documentation should be reviewed by the County Commission prior to approving expenditures for payment. In addition, the Sheriff should ensure all requests for disbursements from the Sheriff's Discretionary Fund are appropriately coded.
- I. And County Commission ensure all expenditures from the Sheriff's Discretionary Fund are prudent and necessary.
- J. And County Commission review the monies deposited in the Sheriff's Discretionary Fund and determine if any of these monies should be transferred to the General Revenue Fund.

### **AUDITEE'S RESPONSE**

*The Sheriff indicated:*

*A-H. The Miller County Sheriff's Department Petty Cash Fund was discontinued on May 9, 2006. As of May 2006, he has implemented new methods in regards to receipting procedures from the Sheriff's Discretionary Fund which are as follows:*

- *A request form is filled out, signed by the Sheriff and forwarded to the County Commission for approval.*
- *Once approved, a check is forwarded to the Sheriff's office and is at that time either cashed for "In House" case use or disbursed to the check addressee for payment.*
- *If the monies are to be used for drug buys or informant use then the requesting officer fills out a "Purchase of Information/Evidence Receipt" or "Walk Around Request*

*Form” and a copy of the form is then remitted to the County Commission for their records and additionally, a copy of the form attached to the check stub is also filed under the Miller County Sheriff’s Discretionary Fund, which is maintained in the secretarial office.*

- *Any unused funds that were disbursed are deposited in the Miller County Sheriff’s Department checking account where it is held until the end of the month when disbursements are sent to the County Treasurer’s office.*
- B. He believes that this was due to a clerical error or over site within the office that is still being looked into at this time.*
- G. As of May 9, 2006, this practice was abolished along with the petty cash system. A letter will be developed that will distributed to the remaining persons who still owe loaned money to the Sheriff’s Department in an attempt to retrieve said funds. This letter will be developed and distributed by November, 13, 2006.*
- H. This will be addressed with the County Clerk to request that he add additional codes for use within the Sheriff’s Discretionary account as there are none available for the use of the facility at this time.*
- I. Regarding the necessity of disbursements for the Sheriff’s BBQ fund raiser; in the past there has been the need for additional funds to further the training of the deputies. Most of the training is offered by the State of Missouri to cover those expenses which would be incurred through training with the Missouri Sheriff’s Association Post Commission Fund, but there are often occasions where special trainings are offered by independent trainers that cannot be obtained through the Sheriff’s Association. In order for the Sheriff’s employees to partake in these types of events he must rely on monies generated through the BBQ fund raiser to maintain a balance in the Special Training fund code. This is due to the fact that previous years’ requests for funds from the General Revenue Fund to the Special Training fund code have been repeatedly denied by the County Commission. By keeping funds in this account, and when the opportunities arise, he is better able to keep deputies informed of advanced training techniques as there is the need for it.*
- J. He will need to address this issue with the County Clerk, as he would like to request that another budget line item be added in the General Revenue Fund to deposit these additional monies that would remain a benefit to the Sheriff’s Department.*

*The County Commission indicated:*

- I. They will oversee the expenditures and will question unusual items.*
- J. They will consult legal counsel regarding monies that should be deposited to the Sheriff’s Discretionary Fund.*

Controls and procedures related to the Sheriff's inmate bank account are not adequate. Accounting duties are not adequately segregated, prenumbered receipt slips/receipt forms are not issued, deposits are not reconciled to monies collected, receipts are not always deposited timely, and checks and money orders are not restrictively endorsed immediately upon receipt. In addition, checks have been outstanding for a considerable time, liabilities are not reconciled to cash balances, interest income is not turned over to the County Treasurer, and monies have not been paid to released inmates.

The inmate bank account is maintained for the receipt and disbursement of inmate monies and the purchase of commissary items by the inmate. Deposits to this account totaled approximately \$40,100 and \$44,300 for the years ended December 31, 2005 and 2004, respectively. The amounts of monies received, inmate purchases made, and the available cash balance for each inmate are recorded on a computer system.

- A. The duties of cash custody and record keeping are not adequately segregated. The jail secretary is primarily responsible for recording transactions, preparing deposits, disbursing monies, and preparing bank reconciliations. There are no documented supervisory reviews of the accounting records performed by the Sheriff. The County Clerk did perform an independent review of the monthly bank reconciliations; however, he indicated this review consisted only of ensuring the reconciled bank balance agreed to the book balance. No independent review or reconciliation between monies received and deposited is performed.

Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. Receipt forms are not prenumbered, inmate monies are not consistently recorded at the time of receipt, and procedures are not performed to reconcile collections with deposits.
- 1) Inmate monies are generally collected by the jailers during booking and visitation hours, or through the mail. When booking an inmate, the jailer completes a receipt form which is signed by the inmate and the jailer identifying the amount of monies received. This form is not prenumbered. For monies collected during visitation hours or through the mail, a receipt slip or receipt form is not completed. In addition, all monies collected by the jailers, either during booking, visitation, or mail receipts, are to be recorded on an inmate receiving log. We noted several instances when the jailers did not record inmate monies on the receiving log.

- 2) The jail secretary does not reconcile the monies collected from the jailers to the receiving log. Monies collected by the jailers are stored in each jailer's locked mailbox. Periodically, the inmate monies are collected from the mailboxes by the jail secretary who records the monies on prenumbered receipt slips and prepares the deposits. Without performing reconciliations of monies collected from the jailers to the receiving log, there is no assurance that all monies received from inmates have been properly accounted for and deposited.

To ensure all inmate monies are properly accounted for and to adequately safeguard receipts against loss, theft, or misuse of funds, prenumbered receipt slips/receipt forms should be issued for all inmate monies collected, including monies received during booking, during visitation hours, or through the mail. In addition, the numerical sequence of receipt slips/receipt forms should be accounted for and monies deposited should be reconciled to the corresponding receipt slips/receipt forms.

- C. Deposits are not always made on a timely basis. The jail secretary indicated collection and deposit of inmate monies is performed weekly. For the period September through December 2005, two deposits were made during September and December, no deposits were made during October, and five deposits were made during November. The average deposit during this time period was approximately \$1,790. Failure to deposit all monies received on a timely basis increases the risk of loss or misuse of funds.

In addition, checks and money orders received are not always restrictively endorsed immediately upon receipt. Rather, endorsement is applied when the deposit is prepared. To adequately safeguard receipts, checks and money orders should be restrictively endorsed immediately upon receipt.

- D. The Sheriff has not established procedures to routinely follow up on old outstanding checks issued to inmates. At December 31, 2005, 62 checks totaling \$972 were over one year old. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

- E. Monthly listings of open items (liabilities) are not reconciled to cash balances. Fluctuating differences were noted during a comparison of open items and cash balances. These differences ranged from a shortage of \$809 at December 31, 2005, to an excess cash balance of \$2,430 at February 28, 2006. The Sheriff's inmate bank

account includes monies held on behalf of inmates, monies and related commissions due to the commissary vendor and county, respectively, and accrued interest earned on the bank balance.

- 1) After discussions with the jail secretary regarding each of the liabilities affecting the inmate bank account, she compared liabilities with the reconciled cash balance as of May 31, 2006 and June 30, 2006. This comparison consistently showed that liabilities exceeded the reconciled cash balance, and resulted in a shortage of \$1,213. The reconciliation performed by the jail secretary considered commissary vendor payments and commission payments, but was not adjusted for accrued interest earned on the account. If accrued interest earned from 2002 through June 2006 was considered, the shortage in the inmate bank account would total over \$2,000.

Monthly reconciliations of liabilities and cash balances are necessary to ensure sufficient cash is available for the payment of all liabilities, the bank account is in agreement with the accounting records, and errors are detected and corrected on a timely basis. Any unidentified differences should be investigated and resolved.

- 2) Accrued interest monies earned on the inmate account have not been turned over to the County Treasurer. The inmate bank account earns interest; however, according to the jail secretary, interest monies in this account have accumulated for several years and she is not aware of any interest disbursements from the account. We noted interest totaling approximately \$1,100 has been earned on the inmate bank account for the period 2002 through June 2006.

Interest earned represents accountable fees. Section 50.370, RSMo, requires every county official who receives fees for official services to pay such monies monthly to the county treasury.

- F. At June 30, 2006, inmate balances on the open items listing totaled \$6,906. This balance included \$6,465 (94 percent of the total) for 795 inmates that had been released from the county jail. Some open items were for inmates who were released from the county jail as far back as 2002.

The jail secretary disbursed \$2,742 and \$2,168 for closed inmate accounts to the County Treasurer as unclaimed monies in January and April 2006, respectively. However, additional closed accounts for released inmates still need to be resolved.

According to the jail secretary, inmate monies are disbursed at the time of release if requested by the inmate and if the inmate signs a release form. If no release form is signed, the inmate must contact the Sheriff's office to request the monies. The release form will then be mailed to the inmate and once the form is signed and returned, the balance of the inmate's account will be disbursed. As a result of these

procedures, many inmate balances are not disbursed upon the inmate's release or in a timely manner following release.

Released inmate balances create additional and unnecessary record keeping responsibilities and if resolved and distributed could significantly aid in the reconciliation of open items to the reconciled cash balance noted above. Various statutory provisions provide for the disposition of unclaimed monies. Routine procedures should be established to resolve and distribute unclaimed balances for released inmates.

**WE RECOMMEND** the Sheriff:

- A. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
- B. Implement procedures to ensure prenumbered receipt slips/receipt forms are issued for all monies received, and all receipts are recorded on the receiving log. In addition, the numerical sequence of receipt slips or receipt forms should be accounted for and the recorded receipts should be reconciled to deposits.
- C. Deposit all monies in a timely manner and restrictively endorse all checks and money orders immediately upon receipt.
- D. Establish procedures to investigate old outstanding checks. If payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- E. Reconcile open items to the reconciled cash balance on a monthly basis. Differences should be investigated and resolved. In addition, all interest earned on the inmate account should be remitted to the County Treasurer monthly.
- F. Attempt to resolve unclaimed balances of closed inmate accounts and establish routine procedures to distribute inmate balances of released prisoners in a timely manner.

**AUDITEE'S RESPONSE**

*The Sheriff indicated:*

- A. *He has instituted the suggestions of an independent review of the above issues. Deposits will be reviewed daily and bank reconciliations will be performed monthly.*
- B. *This issue was remedied as of June 6, 2006, starting with receipt # 1001. Additionally, the receipt is also being consistently recorded.*

1. *Regarding the recording of monies in the inmate receiving log, this issue has been addressed with the jail staff and is being followed closely for accuracy.*
  2. *The issue of the reconciliation of monies collected from mailboxes and the logging to the receiving log book has also been remedied. As of November 8, 2006, all monies received through the jail are being handled by at least two persons at a time. The monies and all paperwork involved are then to be immediately placed by two persons into a newly installed money slot that is located in the wall of the secretarial office and they will also add their signatures to a log that will be hanging on the door as a record of deposit into the slot. This office is locked after hours and is intended as a new implementation to safeguarding all incoming jail funds so that there are no additional losses of monies from the jail.*
- C. *A new standard operating procedure has been implemented to ensure deposits will be occurring on a daily basis. As mentioned above, all jail monies will be located in the secretarial office from now on and jail deposits will be handled daily in the morning via the secretarial office.*
- D. *The Jail Secretary will follow up on these types of checks through her checking account as well as her Quicken program on a quarterly basis to look for and cancel/re-write new checks if good addresses are available for those persons at that time. If not, the monies will be turned over to the Miller County Treasurer for disbursement at a later time via that office.*
- E. *A newly opened jail checking account has been established which will become active as of December 1, 2006. All current inmate balances will be transferred to this account and all new business as of this date will be conducted through the new account. The account currently in use will be allowed to sit un-used for 90 days from December 1, 2006, and at that time any remaining monies will be transferred to the County Treasurer for record keeping until such time as any unclaimed funds can be legally disbursed back to the facility. Additionally, the issue of accrued interest has been addressed with the Jail Secretary and will now be turned over monthly, to begin January 2007, to the County Treasurer.*
- F. *The establishment of the new bank account on December 1, 2006, will allow them to clear old balances from the ITI program, thus improving record keeping abilities within the system.*

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| <b>3. Sheriff's Accounting Controls and Procedures</b> |
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Controls and procedures of the Sheriff's office need improvement. Duties over cash custody and record keeping are not adequately segregated, procedures have not been established to follow up on outstanding checks, not all accountable fees were properly remitted to the County Treasurer, record keeping regarding bond receipts is inconsistent, and some payments to deputies were not processed through the normal county payroll system. In addition, the Sheriff does not charge a county fee for concealed weapon permits and has not submitted transport reimbursement requests in a timely manner. Improvements are needed

over procedures related to delinquent amounts due for boarding of prisoners and paper service fees, and controls over seized property. Weaknesses were also noted regarding controls over the Miller County Law Enforcement Association and Relay for Life monies.

A. The Sheriff's office maintains a general bank account which is used to process various receipts including fees for serving court documents, gun permit fees, jail board bills, and bond monies. For the years ended December 31, 2005 and 2004, receipts of this account totaled approximately \$204,000 and \$230,000, respectively.

- 1) The duties of cash custody and record keeping are not adequately segregated. The office manager is primarily responsible for recording transactions, preparing deposits, disbursing monies, and preparing bank reconciliations for the Sheriff's general bank account. There are no documented supervisory reviews of the accounting records performed by the Sheriff. In addition, there are no independent reconciliations between monies received and deposited.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- 2) The Sheriff has not established procedures to routinely follow up on outstanding checks. At December 31, 2005, 14 checks totaling \$153 were over one year old. These checks range in dates from September 13, 2004 to as far back as December 6, 2000. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

- 3) Not all accountable fees were remitted to the County Treasurer. During the two years ended December 31, 2005, approximately \$1,050 in accountable fees were used for other purposes, including payment of towing bills and vehicle inspections, and to replace bond monies that were unaccounted for (see part A.4).

These monies represent accountable fees which should have been turned over to the County Treasurer for credit to the Sheriff's Discretionary Fund. Section 50.370, RSMo, requires every county official who receives fees for official services to pay such monies monthly to the county treasury. There is no statutory authority for the Sheriff to expend these monies except as provided for in the official county budget. Disbursements should be authorized by the Sheriff and made through the County Commission's normal disbursement process.

- 4) During 2004 the Sheriff's office identified three instances, totaling \$890, of unaccounted for bond monies. Documentation was provided to support the investigation into one of these instances; however, the investigation report did not include discussion regarding two of the missing bonds. The lack of consistent and complete documentation regarding bond receipts and inadequate reconciliation procedures may have contributed to this situation.

When bond monies are collected, the jailers are responsible for recording the bond on multiple records, including a prenumbered receipt slip, a prenumbered bond form, a cash bond log, and an inmate receiving log. Once the bond monies are turned over to the office manager, the monies are again receipted and the numerical sequence of the prenumbered bond forms is accounted for using a bond control log. During our review of bond records we noted the following:

- Prenumbered receipt slips were not issued for some bond receipts.
- Some bond receipts were not recorded on the inmate receiving log.
- Procedures are not performed to reconcile the receipt slips to the inmate receiving log or the cash bond log, and no reconciliation is performed between these records and the bond monies turned over to the office manager.
- The numerical sequence of receipt slips is not accounted for. Instances of missing receipt slips, unused receipt slips, and voided receipt slips for which all copies were not properly maintained were noted.

To ensure all bond monies are properly accounted for and to adequately safeguard cash receipts against the risk of loss, theft, or misuse of funds, procedures should be established to ensure all bond records are complete and consistently maintained. In addition, an independent reconciliation of bond monies received, recorded, and deposited should be performed and documented.

- 5) Some payments to Sheriff's deputies were not processed through the county payroll system. Wages totaling \$720 and \$1,320 were paid to various Sheriff's deputies from the Sheriff's general bank account for overtime hours worked during the years ended December 31, 2005 and 2004, respectively. Proceeds from two grant awards were deposited to the general account and used to pay the wages.

Checks were issued from the Sheriff's account to the deputies for wages paid in 2005. In 2004, it appears a check was issued for cash from the bank account and the various deputies then received their wages in cash. While canceled checks were noted to support the wages paid in 2005, no documentation could be provided to support that the deputies received the cash payments in 2004.

In addition, because these amounts were not processed through the county payroll system, they were not subject to payroll withholdings and were not reported on the deputies' W-2 forms.

- B. The Sheriff's office does not charge a fee to cover the county's cost of processing concealed weapon permit applications. The Sheriff indicated questions have been raised regarding how much to charge and the appropriateness of charging a county fee; therefore, he decided not to charge a fee to cover the county's costs until the questions were resolved. For the two years ended December 31, 2005, the Sheriff's office issued 129 concealed weapon permits.

Failure to charge a processing fee results in lost revenue for the county. Section 571.101.10, RSMo, provides that the Sheriff shall charge a nonrefundable application processing fee not to exceed \$100, to be paid to the credit of the sheriff's revolving fund.

- C. The Sheriff did not request reimbursement from the state on a timely basis for extradition costs contracted out to a private vendor. Section 548.243, RSMo, allows the county to contract with a private transport company to provide prisoner extradition services. The costs incurred by the county in using the transport company can then be reimbursed by the state. The Sheriff indicated he was not aware these costs could be reimbursed until December 2005. Section 33.120, RSMo, requires all claims to be submitted to the state's Office of Administration (OA) within two years after the claim accrues. As a result, the Sheriff was only able to submit reimbursement claims for transports that occurred in 2005 and 2004, and as of May 10, 2006, reimbursement requests totaling \$31,618 had been submitted.

Our review of payments made by the county to the transport company identified payments totaling \$22,149, \$18,434, and \$19,938 for 2005, 2004, and 2003, respectively. A comparison of transport company invoices to reimbursement claims submitted to OA identified an additional \$8,965 of costs incurred during the two years ended December 31, 2005, for which the county had not yet submitted

reimbursement requests. We informed the Sheriff's office of this oversight. In addition, because state law restricts the time period for submitting reimbursement, this has resulted in lost revenue of at least \$19,938 relating to transports conducted by the transport company in 2003, as well as any transport costs that may have been previously incurred.

The Sheriff should continue to work with the state's Office of Administration to ensure all possible transport costs are reimbursed. In addition, the Sheriff should ensure that all future reimbursement claims are submitted to the state in a timely manner.

- D. Follow-up procedures for past due prisoner billings are not adequate. The Sheriff's office houses prisoners for other counties and cities and bills the various entities for these services. The office manager indicated that unpaid board bills are only billed a second time if additional boarding costs have accrued for a particular entity. The Sheriff's records indicated unpaid billings to other entities totaled approximately \$36,600 as of December 31, 2005. Of this amount, approximately \$25,000 represents unpaid balances due from 2004 and prior. During the years ended December 31, 2005 and 2004 the Sheriff's office collected approximately \$90,000 and \$424,800, respectively, from other entities for board of prisoners. The decrease in board bill receipts was due to some counties discontinuing boarding prisoners in Miller County. Unpaid board bills should be monitored and appropriate follow-up action taken to ensure county costs are recouped.

In addition, the Sheriff's office does not have current written agreements between Miller County and the other entities for the boarding of prisoners. The most recent contracts on file were dated 2001. Section 432.070, RSMo, requires the county to have all contracts in writing. Written agreements should be prepared with political subdivisions for services provided. The agreements should be updated periodically, clearly specify the arrangements between parties for the services provided, and be approved by the County Commission.

- E. Procedures are not performed to monitor and follow-up on unpaid balances for serving papers. The Sheriff's office frequently serves papers for attorneys, courts, and other counties relating to civil and criminal cases. The Sheriff's office collects fees and mileage reimbursements in return for serving papers. In some instances, the paper service fee is not collected before the service is performed. An electronic file of papers served is maintained on a monthly basis to record papers served and if the related fees are paid within the same month as the paper served, the transaction is recorded as paid. However, the electronic file is not updated for fees paid subsequent to the month papers are served.

As a result, Sheriff's office personnel cannot easily determine which amounts are still due. The office manager indicated it can take several months for court cases to be settled and therefore fees may not be received until several months after the papers were served.

Failure to adequately monitor and follow up on unpaid paper service fees could result in lost revenue.

- F. Controls regarding seized property need improvement. As property and evidence are seized during an investigation, the property is recorded by the officer on an evidence report and placed in the officer's evidence locker. The Evidence Officer is responsible for transferring the property from the evidence lockers to the evidence room, and tagging and recording the property on an inventory control record. Our review noted that property has not been transferred from the evidence lockers since February 2005; therefore, this property has not been tagged and recorded. In addition, periodic inventories of the property on hand are not conducted.

Failure to properly secure and inventory seized property increases the risk of theft or misuse of the stored items. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

- G. Bank reconciliations are not performed and supporting documentation of receipts and disbursements is not maintained for the Miller County Law Enforcement Association bank account. Sheriff personnel indicated monies deposited to this account, which was opened in 2005, represent donations for search and rescue activities and training. Receipts and disbursements totaled \$4,411 and \$927, respectively, with a balance of \$3,484 at December 31, 2005.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement. In addition, to adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are accounted for properly, a receipt slip should be issued for all monies received. Adequate documentation should be maintained to support the validity and necessity of all disbursements.

- H. A Sheriff's office employee maintained a bank account which was used to hold monies received through donations and fund raising efforts for the American Cancer Society's Relay for Life. Receipts and disbursements of this account for the year ended December 31, 2005, totaled \$8,447 and \$7,109, respectively. During discussions with Sheriff's office personnel we were informed that the bank account was closed in February 2006 and the balance of the account, \$1,353, was withdrawn in cash. A cash count performed on May 10, 2006, identified \$1,339 in cash on hand. Sheriff's office personnel indicated the \$14 had been used for lunches for two employees who met to discuss the activity of this account. As of July 6, 2006, the cash was still on hand; however, Sheriff's office personnel indicated the monies would be turned over to the American Cancer Society in the near future.

There is no statutory authority for the Sheriff to maintain such funds. The monies on hand should be distributed for the purposes intended and appropriate documentation of the distribution should be maintained. In addition, the Sheriff should discontinue maintaining this fund through his office.

**WE RECOMMEND** the Sheriff:

- A.1. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.
2. Establish procedures to investigate checks outstanding for a considerable time. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
3. Remit all fees collected to the County Treasurer monthly.
4. Establish procedures to ensure all bond records are complete and consistently maintained. In addition, periodic independent reconciliations of bond monies received and recorded should be performed. The Sheriff should continue to investigate the missing bonds and take appropriate action to recover the monies.
5. Ensure all salary payments and wages are processed through the county's normal payroll system.
- B. Evaluate and document the county's costs to process concealed weapon permit applications and consider charging a county fee accordingly.
- C. Continue to seek reimbursements for transports conducted in 2005 and 2004. In addition, ensure all future reimbursable transport costs are billed to the state in a timely manner.
- D. Establish procedures to adequately monitor and collect unpaid board of prisoner accounts receivable. In addition, the Sheriff and the County Commission should enter into current written agreements for the boarding of prisoners.
- E. Establish procedures to adequately monitor and collect unpaid paper service fees.
- F. Prepare and maintain complete inventory records of seized property. All property should be properly tagged and recorded in a timely manner. In addition, periodic physical inventories should be performed and compared to the inventory listing and any differences investigated.

- G. Prepare and maintain monthly bank reconciliations and ensure documentation is maintained to support all receipts and disbursements for the Law Enforcement Association bank account.
- H. Remit all Relay for Life monies to the American Cancer Society and discontinue maintaining funds unrelated to county operations.

### **AUDITEE'S RESPONSE**

*The Sheriff indicated:*

- A.1. *He has discussed this issue with the Captain and the secretarial staff and they have agreed to implement periodic supervisory reviews of the above issues, with a minimum of a monthly review.*
- 2. *The Office Manager will follow up on these types of checks through her Quicken program on a monthly basis to look for and cancel/re-write new checks if good addresses are available for those persons at the time. If not, the monies will be turned over to the Miller County Treasurer for disbursement at a later time via that office.*
- 3. *This issue has been remedied by instituting the use of a form, "Request for Distribution of Discretionary Funds", which should resolve this issue.*
- 4. *The procedure for receipting bond monies as of November 8, 2006, is as follows:*
  - *Bond monies are delivered to the secretarial office. After hours these monies are placed by two jail staff into the mail slot of the secretarial office and both persons sign a log sheet on the secretarial office door to show that the monies were deposited into the slot.*
  - *Once two office personnel have arrived during business hours and with the help of the Jail Secretary, they will then all pull and count any monies deposited in the mail slot. All monies are receipted to the appropriate accounts with the cash bond form number being added to said receipts.*
  - *The bond form numbers are then also accounted for on another form that is kept with the numerical order of bond forms on it and is referenced back to the receipt that was written for it.*
  - *The bond monies are deposited and a check is written, that carries two signatures, to the county court for which it belongs and delivered.*
  - *It is further recorded on a monthly disbursement sheet that is turned over to the Miller County Treasurer monthly.*

- 5. *He has recognized this as a payroll issue and will make sure that in the future any similar situations are channeled through the County Clerk's office properly.*
- B. *He has reviewed this issue and at this time wishes to continue charging only the \$38 fee that covers the cost of fingerprinting through State and Federal agencies due to this statute still being not fully agreed upon within the Missouri State Courts system. He is also aware of pending lawsuits in other Missouri counties due to the litigation over the approval of a \$100 fee in the statute.*
- C. *This information was not known to him prior to the fall of 2005, at which time immediate steps were taken to regain any available funds due from these transports. This is still being practiced to date.*
- D. *His office is currently researching a billing software program that can notify his staff of past due balances and possibly create past due billing notices. The Sheriff fully intends to be compliant with a current billing program by January 2007.*
- E. *He has decided at this time to keep the data base as is and will take the time this month to meet with local judges to get their insight on the subject of requesting payment ahead of paper service, with full intentions of having a standard operating procedure in effect by January 2007.*
- F. *He has hired a part-time employee to exclusively maintain the Evidence Room and its belongings.*
- G. *Bank reconciliations have been caught up and will be maintained henceforth. Team staff members have been made aware of proper procedures for depositing monies to the account and a two-part receipt book has been purchased in order to maintain better future records.*
- H. *This account was created for charitable reasons only and was closed in July 2006, by disbursement of the remaining funds totaling \$1,339 to the Relay for Life teams.*
- D. *The County Commission indicated they will discuss this issue with the Sheriff.*

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| <b>4.</b> | <b>Financial Condition</b> |
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The financial condition of the Jail Fund and the Special Road and Bridge - Special Road District #1 (Special Road and Bridge) Fund has declined which could have an affect on the General Revenue Fund.

- A. Miller County's Jail Fund has been experiencing a declining financial condition. The following table reflects the Jail Fund has maintained a consistent level of disbursements, but has placed an increased reliance on transfers in from other funds to meet financial obligations.

|                           | Year Ended December 31,                        |                |                |                |                 |
|---------------------------|--|----------------|----------------|----------------|-----------------|
|                           | 2006<br>January<br>through<br>August<br>Actual | 2005<br>Actual | 2004<br>Actual | 2003<br>Actual | 2002<br>Actual* |
| Cash Balance, January 1   | 3,438  | 4,788          | 1,846          | 6,450          | 0               |
| Receipts:                 |  |                |                |                |                 |
| Prisoner Board            | \$ 242,269                                     | 90,047         | 424,809        | 648,957        | 508,944         |
| Other                     | 73,478   | 63,191         | 60,763         | 81,356         | 50,582          |
| Transfers In              | 462,000  | 1,004,745      | 731,015        | 321,000        | 580,003         |
| Total Receipts            | 777,747  | 1,157,983      | 1,216,587      | 1,051,313      | 1,139,529       |
| Disbursements:            |  |                |                |                |                 |
| Salaries/Benefits         | 396,986  | 627,999        | 638,417        | 633,896        | 697,196         |
| Prisoner Board            | 135,490  | 292,161        | 354,280        | 236,379        | 217,863         |
| Other                     | 216,443  | 239,173        | 220,948        | 185,642        | 218,020         |
| Total Disbursements       | 748,919  | 1,159,333      | 1,213,645      | 1,055,917      | 1,133,079       |
| Cash Balance, December 31 | \$ 32,266                                      | 3,438          | 4,788          | 1,846          | 6,450           |
| Cash Balance, August 31   | \$ 32,266                                      |                |                |                |                 |

\* Prior to 2002, the activity of the jail was recorded in the Capital Improvement Tax Fund.

Although board of prisoner revenues should not be expected to fund all jail operating costs, there has been a substantial decrease in receipts from boarding of prisoners for other entities which has contributed to the declining financial condition of the Jail Fund. Prisoner board receipts decreased \$418,897 (82 percent) from 2002 to 2005.

The decreasing revenues from prisoner board can be partially attributed to the county no longer housing federal prisoners. The last receipt of monies for boarding of federal prisoners was in 2004. The Sheriff indicated that he was not able to maintain the staffing levels required to house federal prisoners. The Presiding Commissioner stated that the county cannot afford to hire the additional staff needed to meet federal requirements without a guarantee that federal prisoners would be housed at Miller County; however, the federal government will not give the county such a guarantee.

In addition, while jail operating costs remained relatively consistent the average inmate count of the jail has fluctuated and was only slightly above 50 percent capacity in 2005. According to records of the Sheriff's office, the average inmate count was as follows:

|                      | Average Inmate Count (Maximum Capacity of 112) |      |      |      |
|----------------------|--|------|------|------|
|                      | 2005   | 2004 | 2003 | 2002 |
| Average inmate count | 61   | 80   | 103  | 90   |

The first eight months of 2006 reflects an increase in prisoner board revenues over 2005 revenues and costs for prisoner board appear to have decreased. The decrease in costs for prisoner board is primarily due to medical costs which are approximately \$131,000 less as of August 2006 than for 2005; however, these costs are hard to predict. Total salaries attributed to jail personnel for 2006 are consistent with 2005 and food costs appear to be slightly higher in 2006.

In order to cover the costs of the Jail Fund not offset by revenues from prisoner board, the county has transferred monies from the Capital Improvement Tax Fund and the General Revenue Fund to the Jail Fund as follows:

|                                 | Year Ended December 31,                        |                |                |                |                |
|---------------------------------|--|----------------|----------------|----------------|----------------|
|                                 | 2006<br>January<br>through<br>August<br>Actual | 2005<br>Actual | 2004<br>Actual | 2003<br>Actual | 2002<br>Actual |
| General Revenue Fund            | \$ 170,000                                     | 518,000        | 276,000        | 0              | 370,000        |
| Capital Improvement<br>Tax Fund | 292,000  | 486,745        | 455,015        | 321,000        | 200,000        |
| Other                           | 0  | 0              | 0              | 0              | 10,003         |
| Total                           | \$ 462,000                                     | 1,004,745      | 731,015        | 321,000        | 580,003        |

As shown above, transfers to the Jail Fund significantly increased from \$580,003 in 2002 to \$1,004,745 in 2005. The Capital Improvement Tax Fund receives its revenue from a capital improvement sales tax passed in April 1996 and extended in April 2001. This sales tax was passed to help finance the construction and operation of the jail, and the construction, repair, and renovation of other county property. The county has also had to rely on transfers from the General Revenue Fund to subsidize Jail Fund operations.

The capital improvement sales tax is set to expire in October 2016. At that time, the County Commission will need to provide alternative funding sources for jail operations or will be forced to rely on the General Revenue Fund to supplement a greater share of the costs. Although the financial condition of the General Revenue Fund appears to be improving, if the General Revenue Fund is forced to absorb funding the Capital Improvement Tax Fund is currently providing, it would have an adverse affect on the financial condition of the General Revenue Fund. The County Commission has the opportunity to perform long-term planning to ensure the Jail Fund and, as a result, the General Revenue Fund, remain in stable financial condition.

- B. The county’s Special Road and Bridge Fund cash balance has declined significantly and the fund is in weak financial condition. The following table reflects the financial activity of the Special Road and Bridge Fund over the last two years and the projected activity for 2006:

|  | Year Ended December 31, |                |                |
|--|-------------------------|----------------|----------------|
|  | 2006<br>Projected       | 2005<br>Actual | 2004<br>Actual |
| Cash Balance, January 1                | \$ 64,883               | 265,107        | 443,421        |
| Receipts                               | 1,626,000               | 1,535,433      | 1,737,685      |
| Disbursements                          | 1,683,349               | 1,735,657      | 1,915,999      |
| Receipts Over (Under)<br>Disbursements | (57,349)                | (200,224)      | (178,314)      |
| Cash Balance, December 31              | \$ 7,534                | 64,883         | 265,107        |

For 2005, salary and related payroll disbursements comprised approximately \$686,000 (40 percent) of total Special Road and Bridge Fund disbursements. Other significant disbursements included supplies, equipment repairs and purchases, construction, and road materials. Most disbursement categories reflected significant increases from 2004 to 2005 while most receipt categories remained relatively stable except for grants which were designated for specific projects. Increases in disbursement categories included approximately \$60,000 in Workmans Compensation liability, \$50,000 in road materials, and \$50,000 in supplies. Transfers from the Capital Improvement Tax Fund and the 2002 FEMA Flood Money Fund of \$84,000 and \$34,000 were received during the years ended December 31, 2005 and 2004, respectively, and anticipated receipts for 2006 include transfer from the Capital Improvement Tax Fund of \$100,000. It should also be noted that the actual year end cash balance for 2005 and 2004 was approximately \$100,000 less than budgeted (See finding 05-1).

It is essential that the County Commission continue to monitor the activity of the Jail Fund and the Special Road and Bridge Fund both in the immediate and long-term future. Discretionary disbursements should be reviewed and options for maximizing revenues pursued.

**WE RECOMMEND** the County Commission closely monitor the county's financial condition and continue to take the necessary steps to improve the financial condition of the Jail Fund and the Special Road and Bridge Fund. The County Commission should perform long-term planning and take advantage of any opportunities to maximize revenues.

**AUDITEE’S RESPONSE**

*The County Commission indicated they will continue to monitor the financial condition of the county and will perform long-term planning.*

Salary commission meeting minutes were not maintained for the 2005 meeting and salary increases approved for some officials did not appear to comply with various statutory provisions.

- A. Minutes were not maintained for the 2005 salary commission meeting and, as a result, there was no documentation as to the officials in attendance or a record of any vote taken at the meeting. The Prosecuting Attorney, who served as chairman of the 2005 salary commission, did provide a report which stated there would be no change in the percentage of the base salary for each office. The report also indicated that the salary commission authorized that salaries may be adjusted by the county commission as a cost of living component. Therefore, while decisions appear to have been made during the salary commission meeting, no documentation was provided to support the discussion of these matters.

Detailed and specific salary commission minutes provide support for decisions made and demonstrate compliance with the law.

- B. The County Collector and County Assessor received raises, effective January 1, 2003, which should not have taken effect until March 1 and September 1, 2003, respectively, the date of these officeholders' incumbency. The raises were based on an increase in the county's assessed valuation. Section 50.333.8, RSMo, provides for salaries to be adjusted each year on the official's year of incumbency for assessed valuation changes that affect the maximum allowable compensation for that office.

A November 2000, legal opinion obtained from the Prosecuting Attorney indicated that all officials' salaries would change in 2003 because of an increase in assessed valuation; however, the opinion does not specifically mention the differing terms of office. The county should consult with the Prosecuting Attorney to determine if the timing of the raises given to the Collector and the Assessor was appropriate.

- C. The County Treasurer's salary was increased \$12,290 annually, effective with the start of a new term of office on January 1, 2003. A salary commission meeting held in October 2002 approved this increase.

House Bill 2137, effective August 28, 2002, provided for an increase in compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo, appears to authorize salary commissions to meet only in odd-numbered years. There was no legal documentation supporting whether the meeting complied with Section 50.333, RSMo.

As a result, without a documented legal opinion, it is unclear whether the salary increase provided to the County Treasurer is in accordance with state law.

**WE RECOMMEND** the County Commission:

- A. And the Salary Commission ensure all salary commission minutes provide adequate details regarding officials in attendance and any decisions and votes taken regarding salary issues.
- B&C. And the Salary Commission consult with legal counsel and review these situations to ensure the actions taken were in accordance with state law.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *They will implement the recommendation.*
- B&C. *They will consult legal counsel and address these types of issues if they come up in the future; however, no action will be taken on past situations.*

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| <b>6. Personnel and Payroll Procedures</b> |
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The County Clerk's office prepares and distributes payroll for salaried employees before time sheets covering the payroll period are submitted to the County Commission. We noted several weaknesses concerning county personnel policies and procedures which reduced the effectiveness of payroll processing and controls.

- A. Time sheets are not always turned in to the County Commission in a timely manner. County procedures do not require time sheets to be submitted until after payroll for that period is processed and distributed. In addition, the Chief Deputy does not submit a time sheet and leave records are not maintained for him. Any payroll adjustments, such as unexpected time off, are made during the employee's next pay period. During our review we noted 15 time sheets from Sheriff's office employees covering the pay period November 26, 2005 through December 23, 2005, that were not filed with the County Commission until January 10, 2006. These time sheets were not submitted until more than two weeks after the pay period had ended.

Based upon a request for payment and a court order which indicated the payment was to be taken from his vacation pay, the Chief Deputy was paid \$1,677 during May 2006. However, as previously noted, there were no time sheets or leave records to support the amount claimed. The payment of vacation leave is not consistent with the policy of forfeiting unused vacation leave in excess of the maximum.

Time sheets should be submitted to the County Commission by all employees in a timely manner to provide supporting documentation and additional assurance that payroll expenditures are valid and proper. Prompt time sheet submission also ensures that errors are identified on a timely basis and any necessary adjustments are made as soon as possible.

B. The County Commission has a personnel policy manual that includes policies for leave and compensatory time benefits; however this manual has not been updated since 1992. Some of the policies contained in the manual may be outdated as various procedures currently performed by the county do not comply with policies as stated in the manual. In addition, other procedures performed by the county are not covered in the policy manual. We noted the following concerns during our review.

1) Unused vacation leave in excess of the maximum allowed is not forfeited as provided in the county's policy. As a result, excessive vacation leave balances for some county employees have accumulated which could be a significant liability to the county. In addition, the county's policy does not address whether an employee is to be compensated for unused vacation leave upon termination or a change in employment status with the county. Personnel of the County Clerk's office indicated that employees are paid for all unused vacation leave.

The county's policy provides that a maximum of 10 days, or 80 hours, of vacation leave may be carried over by employees to the next year. The policy states that unused vacation leave in excess of the maximum will be forfeited at the end of the calendar year. Our review of December 2005 time sheets identified that 26 of 63 (41 percent) employees reviewed had accumulated vacation leave balances at year end in excess of the 80 hour maximum provided for in the county's policy. The accumulated leave balances ranged from 84 hours to 578 hours. Adjustments reducing balances had not been made to January 2006 time sheets.

In addition, payment of vacation leave to the Chief Deputy as noted in A above, is not addressed in the policy.

2) The Sheriff's office is not following the county's policy for awarding compensatory time to law enforcement personnel. The Sheriff's office awards compensatory time at straight time for hours worked between 160 and 171 and time and a half for hours worked over 171 during a 28 day period. However, the county's policy states that emergency service personnel must work more than 160 hours within a 28 day period to be eligible for compensatory time or overtime pay, which will be compiled at time and a half for hours worked beyond the limit.

The county's policy further states that the Sheriff and County Commission retain the right to determine how hours worked beyond the 160 hour limit will be compensated (by either paid compensation or compensatory time off) and that employees can accrue a maximum of 480 hours of compensatory time. Due to staffing limitations, it appears employees of the Sheriff's office have difficulty in scheduling time off and the Sheriff periodically requests payment of accumulated compensatory time on an employee by employee basis. The county's policy does not provide a specific timetable regarding payment of compensatory time. We noted two instances where Sheriff's office employees were paid \$862 and \$2,222 for 80 hours and 200 hours, respectively, of accumulated time. At the time of payment, these same employees had accumulated compensatory time of 88 and 309 hours, respectively.

- 3) Other instances were noted in which the county's procedures did not comply with the county policy manual or for which a county procedure was not addressed in the policy manual. For example, the county's policy indicates that part-time employees will be allowed vacation time based on a pro-rata share; however, as indicated by the payroll clerk and from our review of a part-time employee's timesheet, current part-time employees do not earn any benefits. In addition, the county's policy indicates that one day is the equivalent of eight hours; however, the county currently has employees who work eight hour days as well as employees who work seven and one-half hours per day. Leave accrual for vacation leave and sick leave for some employees is based on the number of daily hours worked. For example, employees working eight hours compared to seven and one-half hours a day, earn a monthly accrual of sick leave at eight hours, and seven and one-half hours, respectively. The county's policy does not address the different accrual rates for different employees.

A clear and concise personnel policy manual is necessary to ensure compliance with the Fair Labor Standards Act and to ensure the equitable treatment of all employees. The County Commission should revise the personnel policy manual to address current practices not included. In addition, the County Commission should enforce or amend other current personnel policies as needed.

Similar conditions were noted in our prior report.

**WE AGAIN RECOMMEND** the County Commission:

- A. Require time sheets to be submitted in a timely manner for all employees and maintain leave records for all employees.
- B. Establish an updated personnel policy manual that reflects current county policies and ensure these county policies are enforced.

## **AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *They have addressed this recommendation.*
- B. *They are going to update the county policy in 2007.*

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| <b>7. County Procedures</b> |
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The county made payments to road districts without proper written contracts. In addition, it does not appear that procedures were performed timely to ensure the county received all sales tax revenues due and documentation was not maintained to support the property tax rollback calculations. The county has an excessive number of authorized signers included on the bank signature card and the published financial statements did not include all Health Center Fund and Miller County Board for Services for the Developmentally Disabled Fund activity.

- A. Payments were made to road districts without proper written contracts. During the two years ended December 31, 2005, the county distributed approximately \$250,000 in County Aid Road Trust (CART) revenues to three special road districts within the county. The county did not enter into written contracts with the special road districts related to these distributions. In addition, the County Commission does not monitor the special road districts' use of these county monies.

To ensure CART monies are used only for road-related purposes, the County Commission should obtain written contracts with the special road districts which document the specific services to be provided for the use of these monies and include provisions for the County Commission to monitor the special road districts' use of county funds.

- B. The county distributed sales tax monies to a Tax Increment Financing (TIF) District, without verifying the amounts and procedures were not performed timely to ensure the county received all sales tax revenues due.

In accordance with the TIF Development Plan, the city administering the TIF plan billed the county one-half of the monthly county sales tax revenues generated by the businesses within the TIF District. The General Revenue Fund and Capital Improvements Fund budgets reflect payments totaling approximately \$393,000 and \$198,000 (50 percent from each fund) for city TIF sales tax during the years ended December 31, 2005 and 2004.

During 2005 county officials noticed that county sales tax revenues were not increasing at the level expected given new businesses in the county. Inquiries by the

county revealed that due to a coding error by some businesses, sales taxes collected and transmitted to the state Department of Revenue (DOR) by the businesses were erroneously distributed to another county. Some of these businesses were located within a TIF District, and as a result, the county was distributing sales tax revenues they had not received.

Once the error was discovered, the county was able to recover over \$600,000 of past sales tax revenues. The county has since implemented procedures to monitor the sales tax revenues of businesses located in the TIF District and is now comparing the monthly billing for one-half of sales tax revenue to monthly reports received from DOR listing the businesses with the Miller County sales tax code and the sales tax amount distributed to the county for each business.

Given the County Commission's anticipated addition of new businesses in the county, it is essential that the county monitor sales tax revenues and follow up on unexpected variances in a timely manner. Failure to do so could result in a loss of revenue to the county.

- C. The County Clerk does not maintain documentation to support the property tax rollback calculations for sales tax revenues. As a result, the County Clerk cannot monitor compliance with state law and it is unclear if sales tax monies distributed to the city TIF district have been considered in the rollback calculation. The county distributed sales taxes of approximately \$196,500 and \$99,000 from the General Revenue Fund to the city TIF District during the years ended December 31, 2005 and 2004, respectively.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Miller County voters enacted a one-half cent sales tax with a provision to reduce property taxes by fifty percent of sales taxes collected. State law does not address the effect of sales tax distributions to city TIF districts on property tax rollback calculations.

Failure to document the property tax rollback calculations reduces the county's ability to monitor compliance with state law. In addition, the County Clerk should consult the Prosecuting Attorney to determine the effect distribution of sales tax monies to TIF districts has on the rollback calculations.

- D. An excessive number of authorized signatures are included on the bank signature card for the county's checking account. The signature card was last updated in April 2005 and includes ten authorized signatures (six county officials including the three County Commissioners, the County Clerk, the County Treasurer, and the Circuit Clerk, and four county employees); two of these employees no longer work for the county. By including these names on the signature card, these individuals are authorized to conduct transactions on the account.

Section 54.100, RSMo, provides that the county treasurer shall disburse monies on warrants drawn by order of the county commission. Section 50.166, RSMo, provides, "The warrant may be in such form that a single instrument may serve as the warrant and the county treasurer's draft of check, and may be so designed that it is a nonnegotiable warrant when signed by the county clerk and becomes a negotiable check or draft after it has been signed by the county treasurer".

Based on the provisions of state law noted above, it appears it is the responsibility of the county treasurer to disburse monies and that warrant checks are negotiable only after signed by the county treasurer. The county should evaluate the number of authorized signatures on the signature card and consult with the Prosecuting Attorney as to whether it is proper for the bank signature card to include signatures other than that of the County Treasurer.

- E. The county's annual published financial statements included only those amounts that passed through the County Treasurer for the Health Center Fund and the Miller County Board for Services for the Developmentally Disabled Fund. As a result, receipts of approximately \$1,252,000 and \$947,000, and disbursements of approximately \$1,843,000 and \$753,000 were omitted from the 2005 and 2004 annual published financial statements, respectively. Financial information of the Miller County Board for Services for the Developmentally Disabled Fund is based on a June 30 fiscal year end. In addition, the county's annual published financial statements did not include financial information for several small county funds.

Section 50.800, RSMo, provides details regarding the various information required to be provided in the county's annual published financial statements, and requires that receipts, disbursements, and beginning and ending balance information be presented for all county funds.

Complete published financial statements are needed to adequately inform the citizens of the county's financial activities and show compliance with statutory requirements.

**WE RECOMMEND** the County Commission:

- A. Obtain written agreements, which specifically state what services are to be provided to the county, for any distribution of county aid road trust monies. In addition, the written agreements should allow the County Commission to monitor the special road districts' expenditures of the county monies.
- B. Ensure the accuracy of bills prior to payment. In addition, the County Treasurer should continue procedures to monitor county revenues and investigate any variances or unexpected changes in a timely manner.

- C. And the County Clerk ensure documentation is maintained to support property tax rollback calculations and consult the Prosecuting Attorney to determine the effect of sales tax distributions to TIF districts on the calculations.
- D. Consult with the Prosecuting Attorney regarding who should be included as an authorized signature on the bank accounts maintained by the county treasurer. In addition, individuals no longer employed by the county should immediately be removed from the signature card.
- E. The County Commission, Health Center Board, and Miller County Board for Services for the Developmentally Disabled ensure all required information is presented in the county's annual published financial statements.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

*A&D. They will implement these recommendations.*

*B. They will continue to monitor sales tax revenues and accuracy of billings.*

*The County Treasurer indicated she is currently preparing a monthly reconciliation between sales tax receipts and the billing for the TIF and will continue to do this reconciliation. She also reviews the monthly sales tax report for new and existing businesses.*

*C. They will ask the County Clerk to consult with the Prosecuting Attorney regarding the TIF monies and will ask the County Clerk to provide documentation of rollback calculations.*

*The County Clerk indicated he will monitor the calculations closer since sales tax revenues are increasing and will consider providing documentation. The County Clerk also indicated he will consult with the Prosecuting Attorney regarding the effect of the city TIF districts.*

*E. They will discuss this recommendation with the Health Center Board and the Miller County Board for Services for the Developmentally Disabled.*

*The Health Center Administrator and Board Chair indicated they will discuss this with the County Clerk and will implement the recommendation for the 2006 published financial statements.*

*The Miller County Board for Services for the Developmentally Disabled indicated they will accept the responsibility and cost for the publication of financial information if the Miller County Commission chooses not to include this information in their published report. They would like to note that the Miller County Board for Services for the Developmentally Disabled fiscal year is from July 1 to June 30.*

**8.****Computer Controls**

Computer systems and data are vulnerable to unauthorized use, modification or destruction as passwords are not updated periodically and are shared between users. In addition, data backups are not always stored at an off-site location.

- A. The security of a password system is dependent upon keeping passwords confidential. Although most offices require the use of passwords to access various programs, some offices do not secure employee passwords. For example, the passwords of each employee in the County Collector's office are maintained in a centralized location and the passwords of employees in the Assessor's office are shared between users. In addition, passwords used in several offices are not periodically changed. As a result, there is less assurance passwords are effectively limiting access to computer systems and data files to only those individuals who need access to perform their job responsibilities. Passwords should be unique and confidential, changed periodically to reduce the risk of unauthorized use, and used to restrict individuals' access to only those computer systems and data files they need to accomplish their jobs.

Passwords are an effective, simple control to provide protection against improper access to computer systems and data and when properly managed in a controlled environment, passwords can provide effective security.

- B. Backups of financial information maintained by the County Clerk's office and Sheriff's office are not stored at an offsite location. Backups are stored in the courthouse, which makes them susceptible to the same damage as the master files. Normally, the primary contingency strategy for computer systems and data is regular backup and secure offsite storage. Regular backup procedures decrease the amount of work required to get back to where the county was prior to the disruption. Storing backups offsite provides another level of assurance of access to county data.

A minimum level of backup information, together with records of the backup copies and documented restoration procedures, should be stored at the secure off-site location, at a sufficient distance to escape any damage from a disaster at the main site. These procedures should allow the county to maintain business operations or to recover rapidly from most disruptions to or failure of the county's computer systems.

**WE RECOMMEND** the County Commission:

- A. Require passwords for all employees which are confidential and periodically changed to prevent unauthorized access to the county's computer systems and data.
- B. Ensure county data is stored at a secure off-site location.

## **AUDITEE'S RESPONSE**

*A&B. The County Commission indicated they will recommend the changes to the county officials.*

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| <b>9. Property Tax Controls</b> |
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Property tax system procedures and controls are not sufficient. The County Clerk does not verify the delinquent tax books. In addition, neither the County Clerk nor the County Commission adequately reviews property tax additions and abatements. The County Collector's annual settlements were not filed timely and included several errors and inconsistencies. Various concerns were noted with the County Collector's property tax system.

- A. The County Clerk does not prepare or verify the accuracy of the delinquent tax books. The delinquent tax books are printed by the County Collector and the County Clerk does not perform tests to verify the totals of the delinquent tax books.

Because the County 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 County 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 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 Clerk does not receive the addition and abatement requests and does not maintain complete records of tax book changes. In addition, the County Commission does not review and approve the addition and abatement requests.

For the year ended February 28, 2005, the County Collector provided the County Clerk with a report of additions and abatements; however, neither the County Clerk nor County Commission received independent records to compare with this report. As of July 11, 2006, no such report had been received by the County Clerk for the

year ended February 28, 2006. 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. The County Collector's annual settlements for the years ended February 28, 2006 and 2005, reflect additions and abatements totaling \$157,891 and \$90,830 and \$294,659 and \$164,523, respectively, (exclusive of outlawed amounts).

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.

The county's failure to follow control procedures established under statutory guidelines allows greater opportunity for errors or inappropriate transactions to occur. To comply with the statutes and provide for the proper segregation of duties, court orders should be prepared and approved periodically by the County Commission for property tax additions and abatements. The County Clerk should periodically reconcile all approved additions and abatements to actual changes made to the property tax system. Such procedures are essential to ensure that only appropriate correcting adjustments are made to the master property tax records.

- C. The current and former County Collectors' annual settlements were not filed timely and were not accurate.
- 1) Annual settlements are not always filed with the County Commission on a timely basis. The annual settlements for the years ended February 28, 2006 and 2005, were not filed until June 9, 2006 and May 4, 2005, respectively. To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector file annual settlements on a timely basis. Section 139.160, RSMo, requires the County Collector to settle accounts with the County Commission by the first Monday of March.
  - 2) The annual settlements of the current (year ended February 28, 2006) and former (year ended February 28, 2005) County Collectors contained errors and inconsistencies in amounts reported which caused differences between total collections and distributions, and unidentified tax book differences. For the year ended February 28, 2006, because of the timing of fieldwork, a draft of the County Collector's annual settlement was originally reviewed. Many of the errors noted were detected when reviewing the draft of the County Collector's annual settlement. After informing the County Collector of these errors, corrections were made prior to preparation of the final annual settlement. However, additional errors were noted on the final annual settlement regarding distributions of delinquent penalties and commissions. Examples of errors noted are as follows:

- Property tax charges reported on the annual settlements for the years ended February 28, 2006 and 2005, were not always accurate. For example, real estate back taxes reported on the annual settlement for the year ended February 28, 2005, were understated approximately \$255,000 compared to the total credits reported on the prior year's annual settlement and the back tax books.
- Charges of protested taxes totaling \$136,523, distributions of protested taxes totaling \$89,947, and refunds of protested taxes totaling \$49,852 were not included on the annual settlement for the year ended February 28, 2006. Charges and credits of protested taxes on the February 28, 2005, annual settlement were overstated \$13,525.
- Outlawed taxes totaling \$45,085 were not included on the annual settlement for the year ended February 28, 2006; as a result, charges and credits for personal property back taxes were understated.
- Surtax distributions were reported separately and also included in the amounts reported as distributions to the various political subdivisions on the annual settlement for the year ended February 28, 2005, resulting in an overstatement of approximately \$112,000.
- Distributions totaling \$138,720 to the Senior Citizens Services Fund were omitted from the annual settlement for the year ended February 28, 2005.
- Distributions to the Assessment Fund for the year ended February 28, 2005, were understated by \$23,020.
- Various other reconciling items, such as collections and distributions of delinquent penalties, duplicate tax receipts, and County Clerk fees were also inconsistently reported on the annual settlements for the years ended February 28, 2006 and 2005.
- Collections and distributions of lodging taxes were not included on the County Collectors' annual settlements or otherwise reported to the County Commission during the years ended February 28, 2006 and 2005.

Incomplete and/or inaccurate annual settlement information reduces the effectiveness of the settlement as a mechanism for accounting for all monies the collector was charged with collecting.

Adjustments affecting distributions to the various political subdivisions resulting from the errors noted above are reflected in the amounts presented in the History, Organization, and Statistical Information section of the audit report.

- D. Neither the County Commission nor the County Clerk provides 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. As a result, neither the County Clerk nor the County Commission detected reporting errors in the County Collector's settlements. In addition, as of July 10, 2006, the County Clerk had not finalized the 2005 Back Tax Aggregate Abstract. Initial drafts of the Back Tax Aggregate Abstract contained errors and after realizing the totals were incorrect, the County Clerk has yet to correct and complete the report.

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 charged 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. Timely aggregate abstracts are necessary for the County Clerk and County Commission to verify the accuracy of the annual settlements submitted by the County Collector.

- E. Various concerns were noted related to a new property tax system implemented effective March 1, 2005, as follows:
- 1) The current County Collector indicated back tax books were printed from the old system prior to the property tax records being imported into the new system. According to the current County Collector, a recent comparison of the back tax books with totals obtained from the new system, identified differences in the number of records and the total tax amount entered into the new system. A comparison provided to us by the County Collector reflected that 70 fewer records were entered into the new system compared to the number of records in the old system and the net tax difference following the conversion was approximately \$10,000. It does not appear any reconciliations were performed at the time of conversion to the new system to verify the accuracy of the transferred records and no explanation as to the cause of these differences could be provided without a detailed review of each property tax record.
  - 2) The software vendor did not update the percentage calculation in the system to reflect the mailing commission of one-half of one percent to be withheld from the collection of current taxes as provided by state law. The County

Collector identified this error in January 2006 and notified the software vendor to make the change. The County Collector then made adjustments totaling \$44,428 to the January tax distributions to recover the additional commissions that should have been withheld for November and December 2005 tax collections.

- 3) The County Collector indicated difficulties were encountered in obtaining addition and abatement totals from the system for use in preparing the annual settlement for the year ended February 2006. After working with the software vendor, the County Collector was eventually able to obtain the necessary information. The County Collector implemented procedures in March 2006 to reconcile charges, additions, abatements, and collections on a monthly basis. However, the County Collector indicated problems continue to exist in the calculation of additions and abatements and is attempting to work with the vendor to resolve these issues.

Section 52.185, RSMo, indicates that any changes in computer software or equipment shall interface with the computer software and equipment in use, so that any such changes and procedures shall not interrupt, cause suffering or any loss of mechanical or electronic performances to the office whose duties are directly affected by such procedural changes.

Reconciliations should be conducted when software changes are made to ensure the information entered into the new system is complete and accurate. In addition, information generated by the system should be reviewed for reasonableness and accuracy on a timely basis. The County Collector should continue to work with the vendor to ensure all problems are resolved.

**WE RECOMMEND:**

- A. The County Clerk verify the accuracy of the tax books prior to charging the County Collector with the property tax amounts.
- B. The County Commission develop procedures to ensure changes to the property tax system are properly approved and monitored.
- C. The County Collector file complete and accurate annual settlements in a timely manner.
- D. The County Clerk maintain records that summarize property tax system transactions. The County Clerk and the County Commission should monitor property tax system activities and perform a thorough review of the County Collector's annual settlements. The County Clerk should ensure aggregate abstracts are prepared in a timely manner.
- E. The County Collector perform reconciliations of property tax information when software changes are made to ensure all records are properly converted. In addition,

the County Collector should review information generated by the system for reasonableness and accuracy and continue to work with the vendor to ensure all problems are resolved in a timely manner.

**AUDITEE'S RESPONSE**

A. *The County Clerk indicated he will verify some individual delinquent taxes and will determine a way to verify the total.*

B. *The County Commission indicated they will periodically review additions and abatements.*

*The County Clerk indicated he will ask the Assessor to provide the additions and abatements and will compare to the County Collector's records and annual settlement.*

C&E. *The County Collector indicated this was his first annual settlement; he will learn from his mistakes and incorporate corrections into the next annual settlement. He is now preparing monthly reconciliations between collections and additions and abatements, which will help the annual settlement to be more accurate. He indicated he is closely monitoring the property tax system and checking calculations for accuracy, and is working with the vendor to ensure all problems are resolved in a timely manner.*

D. *The County Commission indicated they will ask the County Clerk to go over the annual settlement with them.*

*The County Clerk indicated he will begin maintaining an account book and will review the County Collector's annual settlement for reasonableness. The County Clerk also indicated the county has had a lot of problems with the new property tax system.*

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| <b>10. County Collector's Accounting Controls and Procedures</b> |
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Several concerns were noted with the both the former and current County Collectors' accounting controls and procedures including not preparing formal bank reconciliations, not reconciling liabilities to cash balances and resolving unidentified monies, not recording or depositing duplicate tax receipts, and not reviewing outstanding checks. Controls and procedures of the Collector's Tax Maintenance Fund also need improvement. The County Collector is responsible for collecting and distributing property taxes for most political subdivisions within the county. Collections totaled \$14.3 million and \$13.1 million for the years ended February 28, 2006 and 2005, respectively.

A. Formal bank reconciliations are not prepared and retained. In addition, monthly listings of liabilities are not prepared and reconciled to cash balances. The County Collector maintains bank accounts for the deposit of property tax collections, protested taxes, lodging taxes, and the Tax Maintenance Fund. Collections are distributed monthly, with the exception of interest earnings and surtax, which are distributed once a year.

The County Collector tracks transactions that have cleared the bank accounts on his computer software program; however a formal reconciliation is not prepared identifying checks outstanding and deposits in transit. As a result, the County Collector does not have a documented reconciled bank balance which can then be used to reconcile monthly listings of liabilities. The following distribution errors occurred during the audit period and were not detected in a timely manner because of the lack of such reconciliations.

- Distributions made by the former County Collector to the Health Center Fund for December 2004 property tax collections were underpaid by \$46,938. This error was detected and resolved by the current County Collector on May 5, 2005.
- Distributions made by the former County Collector to the Senior Citizens Services Fund for December 2004 property tax collections were underpaid by \$15,654. This error was detected and resolved by the current County Collector on June 22, 2005.

If monthly reconciliations of liabilities and bank balances had been prepared, the reconciled bank balance would have significantly exceeded the identified liabilities for December 2004 due to the above noted errors. This difference would have continued to exist each month until the County Collector investigated and resolved the errors.

Upon our request, the County Collector reconciled the bank balance to a listing of liabilities as of May 31, 2006. This reconciliation showed the reconciled bank balance of \$105,515 exceeded identified liabilities by \$8,707. The unidentified excess may also be affected by other reconciling items, such as the repayment on non-sufficient fund checks, which were not considered in this reconciliation.

In addition to the unidentified monies in the County Collector's bank account, an additional \$249 of unidentified cash was being held in County Collector's vault. Handwritten notes on the outside of the envelope in which the cash was held stated, "cash long in drawer for December 2004." The current County Collector indicated this money has been on hand since the former County Collector was in office and he is planning on combining this cash with the unidentified balance in the bank account and disbursing the monies at one time.

Adequate reconciliations between liabilities, and reconciled cash balances are necessary to ensure the cash balance is properly identified and monies are sufficient to meet liabilities. An attempt should be made to determine the proper disposition of

unidentified differences. Any unidentified differences should be disposed of in accordance with applicable statutory provisions.

- B. Duplicate tax receipts are not deposited intact with property tax collections and

documentation is not maintained of the number of duplicate tax receipts issued. On March 14, 2006, a total of \$246 in duplicate tax receipts was being held in the County Collector's vault. Upon our recommendation, these monies were deposited by the County Collector and subsequently disbursed to the County Treasurer for credit to the General Revenue Fund.

To adequately safeguard monies and reduce the risk of loss, theft, or misuse of funds, documentation should be maintained to support all monies collected and all receipts should be deposited intact.

- C. Procedures have not been established to routinely follow up on outstanding checks. As noted in Part A above, documented bank reconciliations are not prepared. While conducting audit work in March 2006, we were able to use the February 2006 bank statement and the County Collector's computer software program to identify outstanding checks as of February 28, 2006. This review identified 11 checks totaling \$1,392 that were over one year old. One check for \$988 had been outstanding since January 2005.

These old outstanding checks create additional and unnecessary recordkeeping responsibilities. Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, the amount should be disbursed to the State's Unclaimed Property Section as required by Sections 447.500 through 447.595, RSMo.

- D. Adequate internal controls have not been established to ensure all transactions of the Collector's Tax Maintenance Fund are properly handled and recorded. Receipts for the Collector's Tax Maintenance Fund totaled \$36,670 and \$33,032 for the years ended December 31, 2005 and 2004, respectively.

- 1) The County Collector handles all duties relating to the Collector's Tax Maintenance Fund including recording receipts, preparing disbursements, and reconciling the bank account. Receipts of the Collector's Tax Maintenance Fund consist of monthly distributions from property tax collections. The distributions are electronically made by the County Collector from his primary property tax bank account to the Tax Maintenance Fund bank account. Although two signatures are required on checks, there is no other segregation of duties.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the preparation of the monthly bank reconciliation from other accounting duties.

- 2) The Collector's Tax Maintenance Fund budgets included in the consolidated county budget for 2006 and 2005 were not accurate. The prior two years

actual receipts and disbursements included on the 2006 and 2005 budget were not accurate and did not agree to the County Collector's records. In addition, the beginning cash balance reported on the 2006 budget was understated \$5,548.

Chapter 50, RSMo, requires preparation of an annual budget for all funds to present a complete financial plan for the ensuing year and describes details to be provided in budget documents. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each area.

- 3) The former County Collector paid bonuses totaling \$1,137 and \$800 to four employees from the Collector's Tax Maintenance Fund in February 2005 and November 2004, respectively. We did not note bonuses paid to employees by the current County Collector.

These bonuses appear to represent additional compensation for services previously rendered and, as such, are in violation of Article III, Section 39 of the Missouri Constitution and Attorney General's Opinion No. 72, 1955 to Pray, which states, "...a government agency deriving its power and authority from the constitution and laws of the state would be prohibited from granting extra compensation in the form of bonuses to public officers after the service has been rendered."

**WE RECOMMEND** the County Collector:

- A. Prepare documented bank reconciliations on a monthly basis and compare listings of liabilities and other reconciling items to the reconciled bank balance. Unidentified cash on hand should be deposited into the official bank account. An attempt should be made to identify the excess cash balance which currently exists. Any amounts which remain unidentified should be disposed of in accordance with state law.
- B. Deposit all monies received intact. In addition, the County Collector should maintain a record of all duplicate tax receipts issued and reconcile this record to collections.
- C. Attempt to contact the payees of old outstanding checks. If the payees cannot be located, the balance should be distributed in accordance with applicable statutory provisions.
- D.1. Adequately segregate duties related to the Collector's Tax Maintenance Fund.
  2. Prepare complete and accurate budgets as required by state law.
  3. Continue to refrain from granting additional compensation to employees.

**AUDITEE'S RESPONSE**

*The County Collector indicated:*

- A. Bank reconciliations are being prepared and documented monthly. He will begin preparing a listing of liabilities to compare to the reconciled bank balance. Any unidentified monies will be investigated and will be disbursed to the political subdivisions before the next annual settlement is prepared.*
- B. Duplicate tax receipts are deposited and recorded on the monthly settlement and turned over to the County Treasurer monthly.*
- C. He has stopped payment on all old outstanding checks and turned these over to the County Treasurer for the Unclaimed Fees Fund.*
- D.1. Deposits are made electronically from the general account to the Tax Maintenance Fund account. In addition, two signatures are required on all checks. The County Collector indicated he is happy with how the account is working and does not plan to make any changes.*
- 2. He will work with the County Clerk to obtain the budget form and to prepare a complete and accurate budget.*
- 3. He agrees with the recommendation and will not pay bonuses.*

|   |
|---|
| <b>11. County Property Records and Procedures</b> |
|---|

Procedures and records to account for county property are not adequate. It appears a physical inventory has not been conducted by the County Clerk or the various county officials since before the new courthouse was completed. Partial documentation was located to support some property items in the offices of the Ex Officio Recorder, County Collector, Sheriff, County Commission, and County Treasurer, but none of the officials appear to have maintained complete records of the property in their custody or submitted reports to the County Clerk.

In 2003, the county moved into a new courthouse and new property items were purchased for several offices. Tags identifying the new property items as county property were not consistently assigned and affixed to the new purchases. Current property additions are not properly tagged and recorded in the property records as they occur. The County Clerk indicated furniture and equipment from the old courthouse was moved to storage.

Based on the recordkeeping and reporting problems noted above, it is clear that the county has not complied with statutory provisions. Additionally, the completeness and accuracy of the overall county property records is questionable. These problems increase the possibility of undetected theft and inadequate insurance coverage.

Section 49.093, RSMo requires counties to account for personal property costing \$1,000 or

more, assigns responsibilities to each county department officer, and describes details to be provided in the inventory records.

Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging of county property items are necessary to evaluate the accuracy of the records, and deter and detect theft.

Similar conditions were noted in our prior report.

**WE AGAIN RECOMMEND** the County Clerk work with other county departments to ensure physical inventories are conducted and reports submitted, implement a procedure for tagging and tracking property purchases throughout the year, and follow up on discrepancies identified during the annual physical inventory process.

### **AUDITEE'S RESPONSE**

*The County Clerk indicated he will work with other officials to implement the recommendation.*

|   |
|---|
| <b>12. Monitoring Vehicle/Equipment Usage and Operating Costs</b> |
|---|

Vehicle usage logs are not maintained for county vehicles and records of fuel usage for county vehicles and road and bridge equipment are not adequately monitored. According to the county's insurance records, the county owns 39 vehicles utilized by the Sheriff's office, Road and Bridge Department, Assessor's office, and Coroner.

- A. While information is maintained to support the fuel usage of county owned vehicles (see part B), the county does not require mileage logs to be prepared.

Without adequate usage logs, the county cannot effectively monitor that vehicles are used for official business only, that maintenance costs for vehicles are reasonable, and that maintenance billings to the county represent legitimate and appropriate charges. In addition, without details regarding overall mileage and costs incurred for the various county vehicles, the county cannot evaluate 1) whether alternative methods for providing transportation (such as reimbursing mileage for use of a personal vehicle) might result in lower costs, 2) the optimal number of county vehicles needed, 3) when vehicles need to be replaced, etc.

Vehicle usage logs should include trip information (i.e., employee, 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.

This condition was noted in our prior report.

- B. Records of fuel usage for county vehicles and road and bridge equipment are not adequately monitored. During the two years ended December 31, 2005, the county disbursed approximately \$133,000 and \$313,000 for "lubes and fuel" for the Sheriff's office and the Road and Bridge Department, respectively. The Sheriff's office has one bulk fuel pump and the Road and Bridge Department has four bulk fuel pumps which are used to dispense the fuel into the vehicles and equipment.

When fuel is obtained by Sheriff's office employees, the employees calls the 911 dispatch center and the mileage of the vehicle and number of gallons pumped are recorded. According to an Associate Commissioner, employees are required to record fuel usage for the road and bridge vehicles and equipment on a log sheet maintained at the fuel pumps. The county receives periodic billings when the bulk fuel tanks are refilled. However, the fuel usage records are not routinely reviewed by the Sheriff, road and bridge supervisors, or County Commission, and gallons purchased per the fuel billings are not reconciled to the gallons dispensed as recorded in the usage records.

The failure to compare usage records to vendor billings and analyze vehicle mileage as compared to gas usage, increases the possibility the county may pay improper billing amounts and theft or misuse of fuel could occur and not be detected.

**WE RECOMMEND** the County Commission:

- A. Require the preparation of usage logs for all county vehicles, and ensure proper reviews are performed.
- B. Ensure fuel usage logs are periodically reviewed for completeness and reasonableness of usage and reconciled to fuel purchased.

**AUDITEE'S RESPONSE**

*A&B. The County Commission indicated they will implement the recommendations and will do a better job of reviewing fuel logs.*

|  |
|--|
| <b>13. County Treasurer's Accounting Controls and Procedures</b> |
|--|

Receipt slips issued by the County Treasurer do not always indicate method of payment and the numerical sequence of receipt slips is not accounted for. In addition, monies in the Unclaimed Fees Fund have not been remitted to the state.

- A. The method of payment (i.e., cash, check, and money order) is not consistently indicated on receipt slips and no procedures are performed to account for the numerical sequence of receipt slips. To ensure receipts are accounted for properly,

the method of payment should be recorded on the receipt slips, the numerical sequence of receipt slips should be accounted for, and the composition of monies received and recorded should be reconciled to the composition of monies deposits.

- B. At December 31, 2005, the balance of the county's Unclaimed Fees Fund totaled \$13,480 and an additional \$5,702 in unclaimed monies was received through May 2006. No distributions of unclaimed fees have been made from this fund since February 2004 at which time \$434 was paid to the General Revenue Fund. In addition to unclaimed monies turned over to the County Treasurer from other county officials, monthly interest earnings are also allocated to the Unclaimed Fees Fund.

Sections 447.500 through 447.595, RSMo, requires unidentified and unclaimed monies be turned over to the state Unclaimed Property Section. The County Commission and County Treasurer should review these sections of state law and take appropriate action to routinely monitor and distribute the monies in the Unclaimed Fees Fund.

**WE RECOMMEND** the County Treasurer:

- A. Record the method of payment on each receipt slip issued, account for the numerical sequence of receipt slips, and reconcile the composition of receipts to the composition of bank deposits.
- B. Consult with legal counsel as to the proper procedure for disposing of unclaimed and unidentified monies and ensure applicable state laws are followed.

**AUDITEE'S RESPONSE**

*The County Treasurer indicated:*

- A. *The recommendation has been implemented.*
- B. *Some of these unclaimed monies have been resolved and she will try to resolve the remaining balance in this fund.*

|  |
|--|
| <b>14. Assessor's Accounting Controls and Procedures</b> |
|--|

Controls over monies received by the Assessor are in need of improvement. Rediform receipt slips rather than official prenumbered receipt slips are issued for monies received by the Assessor's office. In addition, the Chief Deputy Assessor indicated receipt slips are generally not issued for checks received through the mail and restrictive endorsements are not applied to checks until the transmittal to the County Treasurer is prepared usually on a monthly basis. Approximately \$4,000 and \$8,000 was transmitted to the County Treasurer during the years ended December 31, 2005 and 2004, respectively, from the sale of maps,

information requests, and photocopies.

To ensure proper accountability of all monies received, official prenumbered receipt slips should be issued as payments are received. In addition, to adequately safeguard receipts, all checks should be restrictively endorsed immediately upon receipt.

**WE RECOMMEND** the Assessor issue official prenumbered receipt slips immediately upon receipt for all monies received. In addition, all checks should be restrictively endorsed immediately upon receipt.

**AUDITEE'S RESPONSE**

*The Assessor indicated he has implemented the recommendation.*

**15. Health Center's Accounting Controls and Procedures**

Decisions made by the Health Center Board in closed meetings are not always documented during open meetings, and the board does not review and approve a listing of all disbursements. In addition, improper expenditures were noted, and inadequate records and procedures exist regarding capital assets.

A. Although closed session minutes are prepared to document matters discussed in closed session, some decisions made and votes taken in closed session were not subsequently disclosed in open session as required. In addition, open session minutes generally included comments that the session was closed to discuss real estate and personnel. However, this statement was included in the open session minutes even when closed sessions were not held.

The Sunshine Law, Chapter 610, RSMo, requires certain votes taken in closed session to be disclosed in open session.

B. The board does not review and approve invoices or a listing of all disbursements; however, the board does review monthly financial statements. In addition, although the Health Center Administrator does approve all invoices prior to the disbursement checks being prepared, neither she nor the Board Chairman consistently review supporting documentation when signing checks.

Expenditures made from Health Center funds should be reviewed and approved by the board to ensure all disbursements represent valid operating costs of the Health Center. To adequately document the board's review and approval of all disbursements, a listing of disbursements approved by the board should be signed or initialed by the board to denote their approval and attached to the board minutes. As an additional control, disbursement checks should be compared to invoices to ensure amounts agree and the items purchased are legitimate.

- C. The Health Center paid \$546 and \$673 for Christmas dinners for board members, spouses, and employees in December 2005 and 2004, respectively. In 2005, the Health Center paid for this expense with public funds while in 2004, a specific donation was received for the cost of the dinner. Such expenditures do not appear necessary for the operation of the Health Center and do not appear to be a prudent use of public monies.
- D. Capital asset records and procedures need improvement. The following problems regarding various capital asset records were noted:
- A physical inventory was conducted in June 2005; however, in February 2006, the Health Center moved into a new facility. The property records have not been updated to reflect the new facility and the new location for many of the assets.
  - Additions are not properly tagged and recorded in the property records as they occur. The new assets purchased for the new facility have not yet been tagged and recorded in the property records. The Health Center has started updating the property records for the new purchases during July 2006. The Health Center Administrator indicated this would be completed by year end.
  - Capital asset records do not always include complete information applicable to each item. Information such as serial number, purchase price, and purchase date were not recorded for numerous items.

Based on the recordkeeping problems noted above, it is clear that the Health Center has not complied with statutory provisions. Additionally, the completeness and accuracy of the Health Center's property records is questionable. These problems increase the possibility of undetected theft and inadequate insurance coverage.

Section 49.093, RSMo, requires counties to account for personal property costing \$1,000 or more and describes details to be provided in the inventory records. Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Physical inventories and proper tagging of county property items are necessary to evaluate the accuracy of the records, and deter and detect theft.

**WE RECOMMEND** the Health Center Board:

- A. Ensure only topics allowed by state law are discussed in closed session and decisions made in closed session are properly reported in the open minutes when required.
- B. Review and approve all expenditures of Health Center funds. In addition, the approval of disbursements should be adequately documented. Checks should also be compared to invoices for propriety.

- C. Ensure all expenditures are reasonable, necessary, and a prudent use of public funds.
- D. Implement a procedure for tagging and tracking property purchases throughout the year. In addition, property records should include detailed and complete information for all items.

**AUDITEE'S RESPONSE**

*The Health Center Administrator and Board Chair indicated:*

*A&D. These recommendations have been implemented.*

*B&C. These recommendations will be implemented.*

## Follow-Up on Prior Audit Findings

MILLER 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 Miller County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001, and the Miller County, Missouri County Collector audit report, issued August 2004. 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. Published Financial Statements

The annual published financial statements did not include all information required by state law.

Recommendation:

The County Commission and the Health Center Board of Trustees ensure financial information for all county funds is properly reported in the annual financial statements.

Status:

Not implemented. See MAR finding number 7.

2. Officials' Salaries

The Associate County Commissioners' salaries were each increased approximately \$7,390 in 1999 according to information from the salary commission minutes. Based upon a Missouri Supreme Court Decision, the raises given to each of the two Associate County Commissioners, totaling approximately \$14,780, for the years ended December 31, 2000 and 1999, should have been repaid.

Recommendation:

The County Commission and the salary commission review the impact of the Supreme Court decision and develop a plan for obtaining repayment of the salary overpayments.

Status:

Not implemented. The County Commission and salary commission responded in our prior audit that these raises were approved in good faith and they would not seek reimbursement of the overpayments until a statewide remedy was developed. As a result, no further action was taken. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Personnel and Payroll Procedures

- A. The Sheriff's department and jail supervisors were not signing off on time sheets submitted. In addition, time sheets were not always turned in timely to the County Commission and contained errors in the manual calculations of leave balances.
- B.
  - 1) The Sheriff's department was not following the county's policy for awarding compensatory time to emergency service employees.
  - 2) The County Commission had not implemented adequate controls to ensure compensatory time balances were reviewed for accuracy, unusual activity, and excessive balances.
  - 3) Some employees were allowed to carry over more vacation days than allowed by the county's policy without any documentation of the reasons.

Recommendation:

The County Commission:

- A. Require time sheets to be submitted in a timely manner for all employees and ensure the time sheets are appropriately approved by the employees' supervisors. Ensure that leave balances recorded on time sheets are reviewed for accuracy and that they represent actual balances owed to employees.

In addition, the County Commission and the County Clerk should develop payroll procedures (such as lagged payroll payments or other appropriate procedures) which require all county employees to be paid based on actual hours worked.

- B.
  - 1) Ensure that compensatory time earnings are calculated in accordance with county policy.
  - 2) Develop controls and procedures to review compensatory time balances for reasonableness and compliance with county policy. Such controls should provide for the timely detection of compensatory balances which are large and the management of balances which are becoming excessive.
  - 3) Ensure that the vacation leave balances carried over from year to year are in compliance with county policy.

Status:

- A. Partially implemented. Time sheets are approved by the employees' supervisors, and one exception was noted in which leave balances did not represent actual balances owed to employees. Although the county still distributes payroll before time sheets covering the payroll period are submitted, adjustments are made in the next pay

period as necessary. However, time sheets are not always submitted in a timely manner. See MAR finding number 6.

- B. Partially implemented. The county has developed controls and procedures to review compensatory time balances for reasonableness; however, the Sheriff's office is not following the county's policy for awarding compensatory time and vacation leave balances are not in compliance with county policy. See MAR finding number 6.

4. County Clerk's Account Book

The County Clerk did not maintain a complete account book with the County Collector.

Recommendation:

The County Clerk maintain a complete account book with the County Collector. The County Commission should use the account book to verify the County Collector's annual settlements.

Status:

Not implemented. See MAR finding number 9.

5. General Fixed Assets

- A. Procedures were not adequate to ensure fixed asset purchases were included in the general fixed asset records. Additions were not always recorded in the property records as they occurred and fixed asset purchases per the expenditure records were not reconciled to additions to the property records. Some fixed assets purchased during the years ended December 31, 2001 and 2000, were not included on the fixed asset records. In addition, some new assets were not consistently numbered, tagged, or otherwise identified as county property. Property inventories had not been performed during the years ended December 31, 2001 and 2000.

- B. Mileage logs were not maintained for county owned vehicles.

Recommendation:

The County Commission:

- A. Establish a written policy regarding the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for handling of asset disposition, and any other concerns associated with county property.
- B. Require mileage logs to be maintained for county vehicles that reflect the purpose

and destination of each trip and review the logs periodically for reasonableness.

Status:

- A. Not implemented. State law provides policies related to accounting for general fixed assets. Although not repeated in the current MAR, our recommendation remains as stated above. See MAR finding number 11 for related comments.
- B. Not implemented. See MAR finding number 12.

6. Miller County Health Center Controls and Procedures

- A. Receipts, disbursements, and year end cash balances reported on the Health Center's annual budget did not agree to the Health Center's internal accounting records.
- B. The Health Center did not have adequate controls in place. Monies received were not deposited timely and intact. The composition of receipts was not reconciled to the composition of deposits. Checks were not restrictively endorsed immediately upon receipts. Monies were not always recorded on receipt slips immediately upon receipt.
- C. Health Center personnel did not adequately monitor amounts expended on Comprehensive Family Planning (CFP) services during the audit period. The average cost per client of providing such services was not periodically calculated as required.

Recommendation:

The Health Center Board of Trustees:

- A. Ensure all receipts, disbursements and ending cash balances are properly reflected in the annual budget document.
- B. Ensure all monies are receipted and deposited intact daily or when accumulated receipts exceed \$100, checks and money orders are restrictively endorsed immediately upon receipt, and the composition of receipt slips issued is reconciled to the composition of deposits made.
- C. Monitor the amounts expended on CFP services and periodically calculate the average cost per client as required by the contract with the Missouri Department of Health.

Status:

- A. Not implemented. See finding number 05-1.

- B. Partially implemented. Checks and money orders are not restrictively endorsed immediately upon receipt; however, daily deposits are being made. In addition, we noted one receipt for which a receipt slip had not been issued. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. State funding for the CFP Program was discontinued in May 2003.

7. Prosecuting Attorney Controls and Procedures

- A. Receipt slips were not always issued for monies received, monies received were not always remitted to the County Treasurer or deposited in the law library bank account on a timely basis, and checks and money orders received were not restrictively endorsed immediately upon receipt.
- B.
  - 1) A log or other record was not maintained to account for all bad check complaints filed with the Prosecuting Attorney and their ultimate disposition. In addition, the Prosecuting Attorney did not have any evidence in the official records to ensure that money orders for bad check restitution payments due to victims were actually forwarded to the victim.
  - 2) Receipt slips were not issued for all monies received.
  - 3) The monthly reconciliation between the official bank account and the records of bad check restitution received but not yet distributed did not indicate accurate records of outstanding checks or restitution held in the account.
  - 4) Money orders received that the Prosecuting Attorney planned to deposit in the official bank account were not restrictively endorsed immediately upon receipt.

Recommendation:

The Prosecuting Attorney:

- A. Issue pre-numbered receipt slips for all monies received and account for the numerical sequence of receipt slips, deposit or remit receipts daily or when accumulated receipts exceed \$100, and restrictively endorse all checks immediately upon receipt.
- B.
  - 1) Maintain a log to account for all bad check complaints filed with the Prosecuting Attorney's office. In addition, the Prosecuting Attorney should obtain receipts from victims for money orders forwarded to the victim or issue restitution payment to victims by official check to account for the ultimate disposition of all restitution receipts received.
  - 2) Issue pre-numbered receipt slips for all monies received and account for the

numerical sequence of receipt slips.

- 3) Research and correct errors and unusual entries on the monthly account reconciliation and ensure that old outstanding checks are reissued or disposed of in accordance with state law.
- 4) Restrictively endorse all restitution and bad check fee money orders, when applicable, immediately upon receipt.

Status:

A&

B.2. Partially implemented. All bad check restitution receipts are entered into a computer system which assigns a computer generated sequential receipt number for each transaction. Receipt slips are not issued for law library receipts; however, these monies are only collected once per month and are recorded in the checkbook register. Checks and money orders are not restrictively endorsed until the deposit is prepared or until the monies are remitted to the County Treasurer; however, deposits are made daily and monies are remitted to the County Treasurer on a timely basis. Although not repeated in the current MAR, our recommendation remains as stated above.

B.1. Partially implemented. All bad check complaints and their ultimate disposition are recorded in the Prosecuting Attorney's computer system. The Prosecuting Attorney's office continues to forward money orders made payable to the victim; however, receipts are not obtained from the victims. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Partially implemented. Accurate monthly account reconciliations are prepared. Procedures do exist for resolving these monies in accordance with state law and unclaimed monies are disbursed to the State Treasurer's office approximately once a year; however, at December 31, 2005, 20 checks totaling \$2,935 were over one year old. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Not implemented. Money orders are not restrictively endorsed until the deposit is prepared; however, deposits are made daily. Although not repeated in the current MAR, our recommendation remains as stated above.

8. Sheriff's Accounting Controls and Procedures

A. The Sheriff had not adequately segregated the duty of reconciling monies received to monies deposited, including the comparison of the composition of receipt slips to the composition of deposits, from other accounting duties.

- B. The Sheriff maintained a bank account which was used to hold monies received each month until receipts were remitted to the County Treasurer. However, the Sheriff sometimes expended these monies for various fund raising activities, training and other miscellaneous activities.
- C. The Sheriff maintained one petty cash fund and two cash investigation funds. Our review of these cash funds revealed the following concerns:
  - 1) The petty cash fund and the investigation funds were not maintained at set amounts. In addition, invoices or purchase receipts were not submitted to the county to support or document the amount being requested to replenish the fund.
  - 2) The petty cash fund was used to pay for items which should have been purchased through the county's normal disbursement process.
  - 3) The Sheriff's office did not require deputies obtaining money from the petty cash or investigation funds to sign for monies received. In addition, deputies were not required to document the use of monies through summary reports of investigative information or through return receipts for items purchased (as applicable when items are obtained through a retail vendor).
  - 4) Although the office manager submitted periodic reports of petty cash and investigation fund receipts, disbursements, and balances to the Sheriff and the Captain for review, neither the Sheriff nor the Captain verified that the cash on hand in the funds reconciled to the balances on the reports.
- D. The Sheriff's Adult Detention Center inmate commissary bank account balance had not been reconciled to the individual inmate account balances.
- E. Bond forms were not prenumbered and a \$500 bond appeared to have been received but not deposited.
- F. The Sheriff received donations for the maintenance of the county's canine (K-9) patrol officer which were deposited in a bank account maintained by the Sheriff rather than remitted to the County Treasurer.

Recommendation:

The Sheriff:

- A. Adequately segregate accounting and bookkeeping duties to the extent possible, or ensure periodic supervisory reviews are performed and documented.

- B. Remit all fees collected to the County Treasurer monthly and make all purchases through the county expenditure process.
- C.
  - 1) Maintain the petty cash fund and investigation funds on an imprest basis.
  - 2) Ensure the petty cash and investigation funds are used only for supplies and purchases that cannot be obtained through the normal county expenditure process.
  - 3) Require deputies to sign for monies received and reconcile that documentation to documentation of change and purchase receipts returned.
  - 4) Ensure a supervisor reconciles cash on hand to periodic reports of cash balances.
- D. Reconcile the individual prisoner and commissary balances to the total of the monies in the bank account on a monthly basis. In addition, the Sheriff should research and verify the accuracy of inmate balances by reconciling transactions on older inmate records to receipt and disbursement information as well as manual records maintained for each inmate.
- E. Issue prenumbered bond forms for all bond receipts, account for the numerical sequence of bond forms, and reconcile bond forms issued to bond monies deposited.
- F. Turn over custody of the K-9 bank account and all future revenues to the County Treasurer.

Status:

- A. Not implemented. See MAR finding numbers 2 and 3.
- B. Not implemented. See MAR finding number 3.
- C. Not implemented. See MAR finding number 1.
- D. Not implemented. See MAR finding number 2.
- E. Partially implemented. Prenumbered bond forms are issued for all bond receipts and the numerical sequence of bond forms is accounted for. However, the bond monies collected are not reconciled to the bond records and inconsistencies were noted in other bond records maintained. See MAR finding number 3.
- F. All monies were expended and the K-9 bank account was closed in 2004.

MILLER COUNTY, MISSOURI  
COUNTY COLLECTOR

Property Tax and Annual Settlement Procedures

- A. There was not adequate documentation of why changes were made by the County Clerk to utility billings, or documented approval of these changes by the County Commission.
- B. Property tax charges reported on the annual settlement did not always agree to the aggregate abstracts prepared by the County Clerk or to the total credits reported on the prior year's annual settlement.
- C. There was no evidence of review of the County Collector's annual settlement by the County Clerk or the County Commission. The charges and subsequent credits reported on the annual settlement were not reconciled to the County Clerk's records to verify the accuracy of these amounts.

Recommendation:

- A. The County Clerk document the reasons for and approval of changes made to the taxes charged to the Collector for collection.
- B. The County Collector prepare and file accurate annual settlements that ensure all amounts charged have been accounted for.
- C. The County Clerk ensure the annual settlement is correct and in balance prior to approval by the County Commission.

Status:

- A. Implemented. No instances of changes made to taxes charged to the County Collector for collection were noted other than additions and abatements initiated by the Assessor.
- B&C. Not implemented. See MAR finding number 9.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

MILLER COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1837, the county of Miller was named after John Miller, a Governor of Missouri. Miller County is a county-organized, third-class county and is part of the 26th Judicial Circuit. The county seat is Tuscumbia.

Miller 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 700 miles of county roads and 65 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 18,532 in 1980 and 23,564 in 2000. The following chart shows the county's change in assessed valuation since 1980:

|                        |    | Year Ended December 31, |       |       |       |       |        |
|------------------------|----|-------------------------|-------|-------|-------|-------|--------|
|                        |    | 2005                    | 2004  | 2003  | 2002  | 1985* | 1980** |
|                        |    | (in millions)           |       |       |       |       |        |
| Real estate            | \$ | 234.2                   | 205.5 | 205.0 | 190.1 | 85.1  | 26.6   |
| Personal property      |    | 57.8                    | 54.1  | 54.6  | 53.2  | 19.7  | 9.8    |
| Railroad and utilities |    | 31.6                    | 30.9  | 36.3  | 39.9  | 40.7  | 30.7   |
| Total                  | \$ | 323.6                   | 290.5 | 295.9 | 283.2 | 145.5 | 67.1   |

\* First year of statewide reassessment.

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

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

|  |    | Year Ended December 31, |        |        |        |
|--|----|-------------------------|--------|--------|--------|
|  |    | 2005                    | 2004   | 2003   | 2002   |
| General Revenue Fund   | \$ | 0.0192                  | 0.0341 | 0.0341 | 0.0385 |
| Special Road and Bridge - Road                                       |    |                         |        |        |        |
| District #1 Fund *   |    | 0.2513                  | 0.2513 | 0.2297 | 0.2297 |
| Health Center Fund   |    | 0.1471                  | 0.1500 | 0.1500 | 0.1500 |
| Senior Citizens Services Fund  |    | 0.0490                  | 0.0500 | 0.0500 | 0.0500 |
| Miller County Board for Services for<br>the Developmentally Disabled |    |                         |        |        |        |
| Fund   |    | 0.0844                  | 0.0861 | 0.0839 | 0.0835 |

\* The county retains all tax proceeds from areas not within road districts. The county has three road districts and one special road sub-district that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge – Road District #1 Fund retains one-fifth.

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), |            |            |            |
|--|------------------------------|------------|------------|------------|
|  | 2006                         | 2005       | 2004       | 2003       |
| State of Missouri  | \$ 91,461                    | 84,248     | 84,362     | 80,610     |
| General Revenue Fund   | 81,456                       | 102,160    | 108,490    | 114,289    |
| Road funds   | 668,450                      | 631,710    | 623,011    | 575,451    |
| Assessment Fund  | 175,208                      | 161,098    | 129,149    | 124,114    |
| Health Center Fund   | 442,546                      | 415,867    | 417,019    | 394,923    |
| Miller County Board for Services<br>for the Developmentally<br>Disabled Fund | 254,239                      | 238,032    | 233,260    | 221,614    |
| School districts   | 9,308,932                    | 8,134,258  | 8,183,366  | 7,773,851  |
| Library district   | 384,373                      | 359,837    | 353,645    | 336,233    |
| Ambulance district   | 25,062                       | 233,344    | 374,372    | 291,631    |
| Fire protection districts  | 1,129,963                    | 1,076,318  | 1,002,516  | 959,494    |
| Nursing Home District Fund   | 349,374                      | 327,041    | 320,323    | 304,242    |
| Nursing Home Bond Fund   | 179,440                      | 164,231    | 161,972    | 111,745    |
| Senior Citizens Services Fund  | 147,783                      | 138,720    | 139,194    | 132,999    |
| Surtax   | 112,203                      | 112,178    | 113,227    | 115,358    |
| Cities   | 21,692                       | 22,234     | 21,544     | 20,416     |
| County Clerk   | 590                          | 406        | 514        | 436        |
| County Employees' Retirement   | 84,899                       | 86,035     | 74,832     | 74,299     |
| Tri-County Lodging Association   | 185,973                      | 178,342    | 194,869    | 193,656    |
| Tax Increment Financing Funds  | 553,557                      | 490,992    | 428,748    | 197,651    |
| Tax Maintenance Fund   | 31,785                       | 30,989     | 30,551     | 12,688     |
| Commissions and fees:  |                              |            |            |            |
| General Revenue Fund   | 238,427                      | 236,882    | 220,319    | 201,793    |
| Total  | \$ 14,467,413                | 13,224,922 | 13,215,283 | 12,237,493 |

Percentages of current taxes collected were as follows:

|  | Year Ended February 28 (29), |      |      |      | % |
|--|------------------------------|------|------|------|---|
|  | 2006                         | 2005 | 2004 | 2003 |   |
| Real estate  | 88                           | 91   | 91   | 90   |   |
| Personal property  | 91                           | 85   | 89   | 87   |   |
| Railroad and utilities                                   | 94                           | 100  | 100  | 98   |   |
| Tax Increment Financing –<br>Payments in Lieu of Taxes * |                              | 96   | 91   | 74   |   |

\* For 2006, collections for Tax Increment Financing – Payments in Lieu of Taxes were included with Real estate collections.

Miller 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                              |   |
| Capital improvements | .0050    | 10/01/2016      | None                            |   |

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

| Officeholder  | 2006   | 2005   | 2004   | 2003   | 2002   |
|---|--------|--------|--------|--------|--------|
| County-Paid Officials:  | \$     |        |        |        |        |
| Tom Wright, Presiding Commissioner                                  |        | 30,380 | 30,380 | 30,380 |        |
| Dan Gier, Presiding Commissioner                                    |        |        |        |        | 29,390 |
| John Klindt, Associate Commissioner                                 |        | 28,380 | 28,380 | 28,380 | 27,390 |
| David Whittle, Associate Commissioner                               |        | 28,380 | 28,380 | 28,380 | 27,390 |
| Clayton E. Jenkins, County Clerk                                    |        | 43,000 | 43,000 | 43,000 | 41,500 |
| Robert J. Seek, Prosecuting Attorney                                |        | 53,000 | 53,000 | 53,000 | 51,000 |
| William Abbott, Sheriff   |        | 48,000 | 48,000 | 48,000 | 46,000 |
| Judy Prince, County Treasurer (1)                                   |        | 43,000 | 6,615  |        |        |
| Bridget Higbie, County Treasurer (2)                                |        |        | 3,308  |        |        |
| Danny Sloan, County Treasurer                                       |        |        | 33,077 | 43,000 | 30,710 |
| Rick Callahan, County Coroner                                       |        | 15,000 | 15,000 | 15,000 | 14,000 |
| Janet Whittle, Public Administrator                                 |        | 25,000 | 25,000 | 25,000 | 25,000 |
| Larry Sullivan, County Collector,<br>year ended February 28 (29),   | 43,000 |        |        |        |        |
| Marvin Urfer, County Collector,<br>year ended February 28 (29), (3) |        | 42,504 |        |        |        |
| Roger Bond, County Collector,<br>year ended February 28 (29),       |        |        | 43,000 | 41,199 |        |
| Don Steen, County Assessor (3),<br>year ended August 31,            |        | 43,688 | 43,765 | 42,849 | 42,400 |
| Gerald J. Harms, Sr., County Surveyor (4)                           |        |        |        |        |        |

- (1) Appointed by the Governor to complete the term of Danny Sloan.
- (2) Appointed by the County Commission to replace Danny Sloan.
- (3) Appointed to replace Roger Bond.
- (3) Includes \$688, \$765, \$900, and \$900, respectively, in annual compensation received from the state.
- (4) Compensation on a fee basis.

State-Paid Officials:

|  |        |        |        |        |
|--|--------|--------|--------|--------|
| Genise Buechter, Circuit Clerk and<br>Ex Officio Recorder of Deeds | 48,500 | 47,900 | 47,300 |        |
| Linda Duncan, Circuit Clerk and<br>Ex Officio Recorder of Deeds    |        |        |        | 47,300 |
| Kenneth Oswald, Associate Circuit Judge                            | 96,000 | 96,000 | 96,000 | 96,000 |

The county has established three neighborhood improvement districts. General obligation bonds which were issued to finance the projects had remaining principal due at December 31, 2005, of \$363,145. Interest due at December 31, 2005, for the bonds of two districts totaled \$139,592, and interest due on the third district's bonds was not available. Although these are general obligation bonds of the county, special assessments will be levied on the property located in the districts to pay the debt principal and interest.

The county entered into an amended lease purchase agreement with Central Trust Bank on August 1, 2001. The terms of the agreement call for the county to lease the new justice center (which includes the courthouse and adjoining law enforcement center) to Central Trust Bank, then the bank leases the justice center back to the county with lease payments equal to the amount due to retire the indebtedness. Certificates of Participation totaling \$9,215,000 were issued by Central Trust Bank on behalf of the county and the proceeds of those certificates were used to construct a new justice center and to refund the outstanding Series 1996 Certificates of Participation which were issued to construct a new jail. The lease is scheduled to be paid off in 2016. The remaining principal and interest due on the lease at December 31, 2005, was \$7,330,000 and \$2,135,744 respectively. A one-half cent capital improvement sales tax was extended by the voters to provide funding for these obligations.

On December 17, 2003, special revenue bonds totaling \$6,000,000 (\$500,000 Series A, \$2.5 million Series B, and \$3 million Series C) were authorized to finance the cost of improvements associated with the county tax increment financing district. The bonds are issued as needed and as of December 31, 2005, \$4,500,000 in bonds had been issued. Bond principal is due annually on October 1 and interest is due semi annually on April 1 and October 1. Interest rates of 5.5 percent apply to the series A bonds and 1 percent apply to the Series B and C bonds. Payments are remitted to the trustee bank to be applied to the bond payments and other costs associated with the tax increment financing district. The bonds are scheduled to be paid off in 2014. As of December 31, 2005, principal and interest payments totaled \$500,000 and \$62,550, respectively.

The county obtained a line of credit of up to \$750,000 for the Special Road and Bridge - Road District #1 Fund on March 7, 2003, with a one year maturity date, to consolidate existing equipment debt. The agreement was extended in February 2004, March 2005, and March 2006. The line of credit had a principal balance due at December 31, 2005, of \$205,509. Principal

payments are due annually and interest payments are due semi-annually. The March 2006 extension provides for a line of credit up to \$300,000 with an interest rate of 5.5 percent.

In 2005 the health center began construction on a new health center facility. As of July 10, 2006, project costs totaled \$1,405,340. On December 15, 2005, the health center entered into a lease purchase agreement for a maximum of \$700,000 with Central Trust Bank to help finance the new facility. The remaining portion of construction costs was funded by the health center. As of July 10, 2006, \$623,789 had been advanced to the health center for the lease purchase agreement. Principal and interest payments are due annually on March 15 and the lease purchase agreement carries an interest rate of 5.25 percent. The lease purchase agreement is to be paid in full by 2016. Total interest due was not available.