



Claire McCaskill

Missouri State Auditor

---

December 2006

Osage County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2006

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

The county's General Revenue Fund continues to be in a weak financial condition as the cash balance has declined. The cash balance decreased from \$218,410 at January 1, 2004 to \$75,513 at December 31, 2005. The 2006 General Revenue Fund budget reflects an estimated cash balance of less than \$26,000 at December 31, 2006. The General Revenue Fund cannot continue to spend more than is received. The County Commission should continue to monitor the activity of the General Revenue Fund to ensure sufficient monies are available to fund county operations.

A formal cost analysis to account for costs associated with the purchase, renovations, and upkeep of the Knoerr Building has not been prepared. In June 2004, a lease purchase agreement totaling \$200,000 was entered into to purchase the Knoerr Building. Due to the county's weak financial condition, the agreement has been extended each year until the current extension to August 2007. Costs of \$29,000 have been incurred by the county for interest, asbestos removal costs, etc. In addition, in February 2005, the county received a price quote of \$240,000 regarding renovating the building. It is unclear how the county anticipated being able to purchase this building. A cost analysis should be performed to determine if the county can afford the building, pay any renovation costs, and pay for normal routine maintenance costs.

Formal budgets were not prepared for various county funds, and amendments were not filed with the State Auditor's office and were not always indicated on formal budgets, resulting in some deficit fund balances.

Problems with county personnel records and procedures have been noted in past audit reports; however, little or no improvement has been made and similar problems still exist. Time sheets are not submitted by some employees, the County Commission has not established written personnel policies regarding compensatory time and overtime for the Sheriff's Department employees, and the personnel manual has not been updated since 1991.

Capital asset records and procedures need improvement and vehicle usage logs were not maintained.

YELLOW SHEET

Monies received from the Missouri Department of Transportation for bridge replacement and rehabilitation expenditures under the Highway Planning and Construction Program are not disbursed within two days of receipt to contractors as required.

In the County Clerk's office, cash handling and receipts procedures are not adequate. Receipt slips are not issued for some monies received, the receipts ledger is not updated as monies are received, the method of payment is not always indicated on the receipt slips or receipts ledger, and monies received are not transmitted to the County Treasurer on a timely basis. Records were not sufficient to account for over one-third (404) of the plat books purchased by the county.

In the Associate Court's office, receipts were not deposited in a timely manner. This office has now been combined with the Circuit Court.

In the Sheriff's office, problems with records and procedures have been noted in past audit reports; however, little or no improvement has been made and similar problems still exist. Bank reconciliations are not documented and an open items listing is not prepared. Checks have been outstanding for a considerable amount of time, and monies are not deposited in a timely manner. In addition, adequate control over seized property has not been established, and the procedures related to monitoring of unpaid accrued costs from civil paper service are not adequate.

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

OSAGE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <u>FINANCIAL SECTION</u> <hr/>	
State Auditor's Reports: .....	2-6
Financial Statements .....	3-4
Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
Financial Statements: .....	7-15
<u>Exhibit</u>	<u>Description</u>
A-1	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds Year Ended December 31, 2005 .....
A-2	Year Ended December 31, 2004 .....
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds, Years Ended December 31, 2005 and 2004.....
	10-15
Notes to the Financial Statements.....	16-19
Schedule:.....	20-21
Schedule of Findings and Responses, Years Ended December 31, 2005 and 2004 .....	21
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	22-23

MANAGEMENT ADVISORY REPORT SECTION

---

Management Advisory Report - State Auditor's Findings.....	25-40
<u>Number</u>	<u>Description</u>
1.	Financial Condition.....
2.	Knoerr Building Purchase.....
3.	Budgetary Practices .....
4.	Personnel Policies and Procedures .....
	27 28 29 30

OSAGE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings.....	25-40
<u>Number</u>	<u>Description</u>
5.	Capital Assets .....32
6.	Cash Management.....34
7.	County Clerk's Accounting Controls and Procedures .....34
8.	Associate Court's Accounting Controls and Procedures .....37
9.	Sheriff's Accounting Controls and Procedures .....38
Follow-Up on Prior Audit Findings.....	41-50
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information.....	52-55

FINANCIAL SECTION

State Auditor's Reports



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

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Osage 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 Osage 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 Osage 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 Osage 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 13, 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.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Osage 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 13, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Joyce Thomson
Audit Staff:	Mark Golden
	Audrey Archuleta



**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 Osage County, Missouri

We have audited the financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 13, 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 Osage County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Osage County, Missouri, are free of material misstatement, we performed tests of the

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

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

This report is intended for the information and use of the management of Osage County, Missouri, and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

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

Claire McCaskill  
State Auditor

July 13, 2006 (fieldwork completion date)

## Financial Statements

Exhibit A-1

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

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 173,174	1,157,963	1,255,624	75,513
Special Road and Bridge	100,902	1,192,370	1,175,251	118,021
Assessment	341	192,911	173,288	19,964
911	158,465	526,346	553,167	131,644
Law Enforcement Training	4,993	2,114	3,042	4,065
Emergency Management	94,870	105,500	60,244	140,126
Prosecuting Attorney Training	529	531	480	580
Prosecuting Attorney Bad Check	13,706	8,403	2,909	19,200
Sheriff's Civil Fees	7,031	9,600	3,169	13,462
Recorders User Fees	22,102	8,921	7,376	23,647
Law Library	2,966	4,026	2,607	4,385
Circuit Clerk Interest	5,258	2,889	950	7,197
Family Court	3,005	2,563	3,948	1,620
Tax Maintenance	85	7,829	4,266	3,648
Prosecuting Attorney Delinquent Tax	0	51	0	51
Use Tax	23,765	387	0	24,152
Domestic Violence	1,523	573	0	2,096
Conceal and Carry	151	270	0	421
Election Service	7,930	803	0	8,733
Associate Circuit Division Interest	1,482	363	0	1,845
HAVA Elections	0	20,774	5,347	15,427
Total	\$ 622,278	3,245,187	3,251,668	615,797

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

Exhibit A-2

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

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 218,410	1,168,999	1,214,235	173,174
Special Road and Bridge	88,253	1,220,967	1,208,318	100,902
Assessment	0	135,627	135,286	341
911	191,458	571,570	604,563	158,465
Law Enforcement Training	4,720	1,836	1,563	4,993
Emergency Management	104,138	58,459	67,727	94,870
Prosecuting Attorney Training	362	457	290	529
Prosecuting Attorney Bad Check	10,234	8,479	5,007	13,706
Sheriff's Civil Fees	12,254	8,115	13,338	7,031
Recorders User Fees	27,132	9,829	14,859	22,102
Law Library	1,455	3,783	2,272	2,966
Circuit Clerk Interest	4,645	1,978	1,365	5,258
Family Court	4,015	2,256	3,266	3,005
Tax Maintenance	5,677	7,421	13,013	85
Prosecuting Attorney Delinquent Tax	19	1,745	1,764	0
Use Tax	23,646	119	0	23,765
Domestic Violence	938	585	0	1,523
Conceal and Carry	0	220	69	151
Election Service	4,790	3,189	49	7,930
Associate Circuit Division Interest	1,393	89	0	1,482
<b>Total</b>	<b>\$ 703,539</b>	<b>3,205,723</b>	<b>3,286,984</b>	<b>622,278</b>

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

## OSAGE 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 Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,195,126	3,222,017	26,891	3,000,970	3,199,776	198,806
DISBURSEMENTS	3,517,156	3,246,321	270,835	3,439,810	3,285,102	154,708
RECEIPTS OVER (UNDER) DISBURSEMENTS	(322,030)	(24,304)	297,726	(438,840)	(85,326)	353,514
CASH, JANUARY 1	587,427	587,427	0	672,753	672,753	0
CASH, DECEMBER 31	265,397	563,123	297,726	233,913	587,427	353,514
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	271,500	256,298	(15,202)	266,500	264,305	(2,195)
Sales taxes	480,000	475,775	(4,225)	430,000	457,046	27,046
Intergovernmental	50,600	36,948	(13,652)	64,050	63,130	(920)
Charges for services	246,500	231,111	(15,389)	254,000	232,891	(21,109)
Interest	4,000	10,372	6,372	1,300	3,063	1,763
Other	17,550	37,459	19,909	19,750	51,800	32,050
Transfers in	110,000	110,000	0	95,000	96,764	1,764
Total Receipts	1,180,150	1,157,963	(22,187)	1,130,600	1,168,999	38,399
DISBURSEMENTS						
County Commissior	73,432	70,839	2,593	70,881	70,796	85
County Clerk	65,228	64,406	822	64,138	63,289	849
Elections	21,320	20,958	362	71,885	54,906	16,979
Buildings and grounds	126,950	101,881	25,069	152,510	150,128	2,382
Employee fringe benefit	92,500	99,836	(7,336)	95,200	72,550	22,650
County Treasurer	27,496	27,009	487	27,821	27,648	173
County Collector	69,259	67,627	1,632	68,406	68,147	259
Ex Officio Recorder of Deed	26,850	22,087	4,763	23,791	23,505	286
Associate Circuit Court	7,400	7,152	248	7,600	7,125	475
Court administration	700	0	700	700	0	700
Public Administrator	14,622	13,515	1,107	14,277	13,431	846
Sheriff	352,560	350,994	1,566	326,215	301,947	24,268
Jail	93,250	92,957	293	49,720	46,375	3,345
Prosecuting Attorney	102,511	96,890	5,621	94,810	94,353	457
Juvenile Offices	33,800	33,745	55	30,850	30,809	41
County Coroner	16,795	15,746	1,049	17,585	14,576	3,009
Other General County Governmen	108,962	108,691	271	114,720	123,991	(9,271)
Public Defender	1,850	1,791	59	1,850	1,791	59
Public health and welfare service	30,000	30,000	0	30,000	30,000	0
Transfers out	4,900	29,500	(24,600)	15,668	18,868	(3,200)
Emergency Fund	37,150	0	37,150	37,300	0	37,300
Total Disbursements	1,307,535	1,255,624	51,911	1,315,927	1,214,235	101,692
RECEIPTS OVER (UNDER) DISBURSEMENTS	(127,385)	(97,661)	29,724	(185,327)	(45,236)	140,091
CASH, JANUARY 1	173,174	173,174	0	218,410	218,410	0
CASH, DECEMBER 31	45,789	75,513	29,724	33,083	173,174	140,091

## OSAGE 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 Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	286,000	285,857	(143)	256,000	271,771	15,771
Intergovernmental	802,700	852,922	50,222	831,857	804,701	(27,156)
Charges for services	0	761	761	0	38,131	38,131
Interest	1,000	3,867	2,867	500	1,039	539
Other	131,300	35,963	(95,337)	96,000	99,325	3,325
Transfers in	13,000	13,000	0	6,000	6,000	0
<b>Total Receipts</b>	<b>1,234,000</b>	<b>1,192,370</b>	<b>(41,630)</b>	<b>1,190,357</b>	<b>1,220,967</b>	<b>30,610</b>
<b>DISBURSEMENTS</b>						
Salaries	375,000	377,460	(2,460)	336,353	315,103	21,250
Employee fringe benefit	77,295	78,322	(1,027)	58,300	66,144	(7,844)
Supplies	168,100	187,538	(19,438)	120,470	162,607	(42,137)
Insurance	35,000	21,748	13,252	19,500	32,177	(12,677)
Road and bridge materials	156,000	80,559	75,441	139,000	220,799	(81,799)
Rentals	6,500	232	6,268	2,000	8,586	(6,586)
Equipment purchases	256,200	168,302	87,898	283,750	180,284	103,466
Construction, repair, and maintenance	220,000	246,000	(26,000)	250,757	201,985	48,772
Other	9,180	5,090	4,090	12,750	5,633	7,117
Transfers out	10,000	10,000	0	15,000	15,000	0
<b>Total Disbursements</b>	<b>1,313,275</b>	<b>1,175,251</b>	<b>138,024</b>	<b>1,237,880</b>	<b>1,208,318</b>	<b>29,562</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(79,275)</b>	<b>17,119</b>	<b>96,394</b>	<b>(47,523)</b>	<b>12,649</b>	<b>60,172</b>
<b>CASH, JANUARY 1</b>	<b>100,902</b>	<b>100,902</b>	<b>0</b>	<b>88,253</b>	<b>88,253</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>21,627</b>	<b>118,021</b>	<b>96,394</b>	<b>40,730</b>	<b>100,902</b>	<b>60,172</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	159,843	166,914	7,071	116,475	119,963	3,488
Charges for services	1,050	1,195	145	1,000	1,746	746
Interest	0	302	302	20	50	30
Transfers in	0	24,500	24,500	10,868	13,868	3,000
<b>Total Receipts</b>	<b>160,893</b>	<b>192,911</b>	<b>32,018</b>	<b>128,363</b>	<b>135,627</b>	<b>7,264</b>
<b>DISBURSEMENTS</b>						
Assessor	173,372	173,288	84	136,963	135,286	1,677
<b>Total Disbursements</b>	<b>173,372</b>	<b>173,288</b>	<b>84</b>	<b>136,963</b>	<b>135,286</b>	<b>1,677</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(12,479)</b>	<b>19,623</b>	<b>32,102</b>	<b>(8,600)</b>	<b>341</b>	<b>8,941</b>
<b>CASH, JANUARY 1</b>	<b>341</b>	<b>341</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>(12,138)</b>	<b>19,964</b>	<b>32,102</b>	<b>(8,600)</b>	<b>341</b>	<b>8,941</b>

## OSAGE 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 Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>911 FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	470,000	521,211	51,211	460,000	492,661	32,661
Intergovernmental	0	0	0	0	51,826	51,826
Charges for service:	2,500	1,785	(715)	0	27,070	27,070
Interest	0	159	159	0	0	0
Other	0	3,191	3,191	0	13	13
Total Receipts	472,500	526,346	53,846	460,000	571,570	111,570
<b>DISBURSEMENTS</b>						
Salaries	309,920	332,847	(22,927)	310,677	333,758	(23,081)
Office expenditures:	30,150	34,796	(4,646)	48,487	33,824	14,663
Equipment	30,760	36,960	(6,200)	52,200	137,505	(85,305)
Mileage and training	7,420	13,286	(5,866)	9,500	6,427	3,073
Other	63,870	22,278	41,592	16,500	7,049	9,451
Transfers out	113,000	113,000	0	181,000	86,000	95,000
Total Disbursements	555,120	553,167	1,953	618,364	604,563	13,801
RECEIPTS OVER (UNDER) DISBURSEMENTS	(82,620)	(26,821)	55,799	(158,364)	(32,993)	125,371
CASH, JANUARY 1	158,465	158,465	0	191,458	191,458	0
CASH, DECEMBER 31	75,845	131,644	55,799	33,094	158,465	125,371
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	1,850	2,114	264	2,000	1,836	(164)
Total Receipts	1,850	2,114	264	2,000	1,836	(164)
<b>DISBURSEMENTS</b>						
Sheriff	4,800	3,042	1,758	4,600	1,563	3,037
Total Disbursements	4,800	3,042	1,758	4,600	1,563	3,037
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,950)	(928)	2,022	(2,600)	273	2,873
CASH, JANUARY 1	4,993	4,993	0	4,720	4,720	0
CASH, DECEMBER 31	2,043	4,065	2,022	2,120	4,993	2,873
<b><u>EMERGENCY MANAGEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	99,276	98,591	(685)	45,000	53,117	8,117
Interest	100	1,628	1,528	0	323	323
Other	500	281	(219)	0	19	19
Transfers in	5,000	5,000	0	5,000	5,000	0
Total Receipts	104,876	105,500	624	50,000	58,459	8,459
<b>DISBURSEMENTS</b>						
Salaries	12,000	11,874	126	14,103	13,747	356
Office expenditures:	34,200	6,690	27,510	6,200	4,705	1,495
Equipment	49,444	32,906	16,538	24,900	40,530	(15,630)
Mileage and training	700	1,323	(623)	2,000	394	1,606
Other	10,600	7,451	3,149	20,700	8,351	12,349
Total Disbursements	106,944	60,244	46,700	67,903	67,727	176
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,068)	45,256	47,324	(17,903)	(9,268)	8,635
CASH, JANUARY 1	94,870	94,870	0	104,138	104,138	0
CASH, DECEMBER 31	92,802	140,126	47,324	86,235	94,870	8,635

OSAGE 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 Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	475	531	56	450	457	7
Total Receipts	475	531	56	450	457	7
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	500	480	20	450	290	160
Total Disbursements	500	480	20	450	290	160
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25)	51	76	0	167	167
CASH, JANUARY 1	529	529	0	362	362	0
CASH, DECEMBER 31	504	580	76	362	529	167
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	8,000	8,097	97	9,000	8,422	(578)
Interest	0	306	306	0	57	57
Total Receipts	8,000	8,403	403	9,000	8,479	(521)
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	15,650	2,909	12,741	16,800	5,007	11,793
Total Disbursements	15,650	2,909	12,741	16,800	5,007	11,793
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,650)	5,494	13,144	(7,800)	3,472	11,272
CASH, JANUARY 1	13,706	13,706	0	10,234	10,234	0
CASH, DECEMBER 31	6,056	19,200	13,144	2,434	13,706	11,272
<b><u>SHERIFF'S CIVIL FEES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	577	577	0	0	0
Charges for service:	8,200	9,023	823	7,200	8,115	915
Total Receipts	8,200	9,600	1,400	7,200	8,115	915
<b>DISBURSEMENTS</b>						
Sheriff	14,000	3,169	10,831	14,500	13,338	1,162
Total Disbursements	14,000	3,169	10,831	14,500	13,338	1,162
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,800)	6,431	12,231	(7,300)	(5,223)	2,077
CASH, JANUARY 1	7,031	7,031	0	12,254	12,254	0
CASH, DECEMBER 31	1,231	13,462	12,231	4,954	7,031	2,077
<b><u>RECORDERS USER FEES FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	9,000	8,921	(79)	10,000	9,829	(171)
Total Receipts	9,000	8,921	(79)	10,000	9,829	(171)
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deed	8,920	7,376	1,544	14,864	14,859	5
Total Disbursements	8,920	7,376	1,544	14,864	14,859	5
RECEIPTS OVER (UNDER) DISBURSEMENTS	80	1,545	1,465	(4,864)	(5,030)	(166)
CASH, JANUARY 1	22,102	22,102	0	27,132	27,132	0
CASH, DECEMBER 31	22,182	23,647	1,465	22,268	22,102	(166)

OSAGE 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 Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW LIBRARY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	4,100	3,959	(141)	3,200	3,775	575
Interest	0	67	67	0	8	8
Total Receipts	4,100	4,026	(74)	3,200	3,783	583
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	7,000	2,607	4,393	2,000	2,272	(272)
Total Disbursements	7,000	2,607	4,393	2,000	2,272	(272)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,900)	1,419	4,319	1,200	1,511	311
CASH, JANUARY 1	2,966	2,966	0	1,455	1,455	0
CASH, DECEMBER 31	66	4,385	4,319	2,655	2,966	311
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	360	2,889	2,529	1,300	1,978	678
Total Receipts	360	2,889	2,529	1,300	1,978	678
<b>DISBURSEMENTS</b>						
Circuit Clerk	825	950	(125)	829	1,365	(536)
Total Disbursements	825	950	(125)	829	1,365	(536)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(465)	1,939	2,404	471	613	142
CASH, JANUARY 1	5,258	5,258	0	4,645	4,645	0
CASH, DECEMBER 31	4,793	7,197	2,404	5,116	5,258	142
<b><u>FAMILY COURT FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	2,400	2,563	163	1,500	2,256	756
Total Receipts	2,400	2,563	163	1,500	2,256	756
<b>DISBURSEMENTS</b>						
Other	3,195	3,948	(753)	3,195	3,266	(71)
Total Disbursements	3,195	3,948	(753)	3,195	3,266	(71)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(795)	(1,385)	(590)	(1,695)	(1,010)	685
CASH, JANUARY 1	3,005	3,005	0	4,015	4,015	0
CASH, DECEMBER 31	2,210	1,620	(590)	2,320	3,005	685
<b><u>TAX MAINTENANCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	7,300	7,763	463	7,000	7,399	399
Interest	22	66	44	0	22	22
Total Receipts	7,322	7,829	507	7,000	7,421	421
<b>DISBURSEMENTS</b>						
County Collector	5,520	4,266	1,254	5,535	13,013	(7,478)
Total Disbursements	5,520	4,266	1,254	5,535	13,013	(7,478)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,802	3,563	1,761	1,465	(5,592)	(7,057)
CASH, JANUARY 1	85	85	0	5,677	5,677	0
CASH, DECEMBER 31	1,887	3,648	1,761	7,142	85	(7,057)

OSAGE 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 Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>PROSECUTING ATTORNEY DELINQUENT TAX FUND</b>						
<b>RECEIPTS</b>						
Charges for service:	1,000	51	(949)			
Total Receipts	<u>1,000</u>	<u>51</u>	<u>(949)</u>			
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	500	0	500			
Total Disbursements	<u>500</u>	<u>0</u>	<u>500</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	51	(449)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	<u>500</u>	<u>51</u>	<u>(449)</u>			

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

Notes to the Financial Statements

OSAGE 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 Osage 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 or an elected county official. 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>
Use Tax Fund	2005 and 2004
Domestic Violence Fund	2005 and 2004
Conceal and Carry Fund	2005 and 2004
Election Service Fund	2005 and 2004
Associate Circuit Division Interest Fund	2005 and 2004
HAVA Elections Fund	2005
Prosecuting Attorney Delinquent Tax 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>
Circuit Clerk Interest Fund	2005 and 2004
Family Court Fund	2005 and 2004
Law Library Fund	2004
Tax Maintenance Fund	2004

Although Section 50.740, RSMo, requires a balanced budget, a deficit balance was budgeted in the Assessment Fund for the years ended December 31, 2005 and 2004.

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>
Prosecuting Attorney Delinquent Tax Fund	2005 and 2004
Use Tax Fund	2005 and 2004
Domestic Violence Fund	2005 and 2004
Conceal and Carry Fund	2005 and 2004
Election Service Fund	2005 and 2004
Associate Circuit Division Interest Fund	2005 and 2004
HAVA Elections Fund	2005
Circuit Clerk Interest Fund	2004

2. Cash

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

## Deposits

In addition to depositing in demand accounts, political subdivisions such as counties have the authority under Section 67.085, RSMo, to place excess funds in certificates of deposit. To protect the safety of county deposits, Section 110.020, RSMo, requires depositaries 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, Osage County will not be able to recover its deposits or recover collateral securities that are in an outside party's possession.

The county'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 the county's custodial bank in the county's name.

## Investments

Section 110.270, RSMo, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2005 and 2004, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

Schedule

OSAGE COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED DECEMBER 31, 2005 AND 2004

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

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

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

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 13, 2006.

Because the Special Services Board is audited and separately reported on by other independent auditors, the related fund is not presented in the financial statements. However, we reviewed that audit report and other applicable information.

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

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

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

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

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

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

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Responses. These MAR findings resulted from our audit of the financial statements of Osage County but do not meet the criteria for inclusion in the written report on internal control over financial reporting and on

compliance and other matters that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1.</b>	<b>Financial Condition</b>
-----------	----------------------------

The county’s General Revenue Fund continues to be in a weak financial condition as the cash balance has declined during the two years ended December 31, 2005. The following table reflects the General Revenue Fund’s receipts, disbursements, and cash balances for the two years ended December 31, 2005:

		Year Ended December 31,	
		2005	2004
Cash Balance, January 1	\$	173,174	218,410
Receipts		1,157,963	1,168,999
Disbursements		1,255,624	1,214,235
Cash Balance, December 31	\$	75,513	173,174

Based on the 2006 budget, it appears the financial condition of the General Revenue Fund will not improve during the current year. The 2006 General Revenue Fund budget reflects anticipated receipts of approximately \$1,230,000, and appropriated disbursements of approximately \$1,280,000, resulting in an estimated ending cash balance of less than \$26,000.

The General Revenue Fund cannot continue to spend more than is received as the cash balance is steadily declining. In addition, an attempt has been made to purchase a building for county use, however, monies have not been available to actually make the purchase. See MAR No. 2. Consideration should be given to continuing to find ways to increase receipts and decrease disbursements to improve the financial condition of the General Revenue Fund.

One area for consideration is the administrative service fee transfer from the Special Road and Bridge Fund to the General Revenue Fund. In 2005 and 2004, the county transferred \$10,000 and \$15,000, respectively. However, these amounts are less than allowed by state law. Section 50.515, RSMo, allows the county to impose a fee to generate reimbursement sufficient to recoup actual disbursements made from the General Revenue Fund for the administrative services to the fund, and shall not exceed five percent of the Special Road and Bridge Fund budget. Five percent of the 2005 actual Special Road and Bridge Fund disbursements is approximately \$65,000. Consideration should be given to review the administrative transfers from the Special Road and Bridge Fund to ensure all administrative costs are recouped as allowed by state law.

To improve the financial condition of the county’s General Revenue Fund, the County Commission should review disbursements and reduce discretionary spending as much as possible, evaluate controls and management practices to ensure efficient use of resources available to the county, and attempt to maximize all receipts in consideration of the General

Revenue Fund's financial condition. The County Commission should continue to monitor the activity of the General Revenue Fund to ensure sufficient monies are available to fund county operations.

**WE RECOMMEND** the County Commission closely monitor the county's financial condition and take the necessary steps to improve the financial condition of the General Revenue Fund. The County Commission should perform long term planning and take advantage of opportunities to maximize receipts and offset General Revenue Fund costs as allowed by state law.

**AUDITEE'S RESPONSE**

*The County Commission indicated they know they need to watch the General Revenue Fund and are doing what they can to control expenditures. Reports are received monthly to monitor the financial condition and they will continue to review and monitor the financial condition of the General Revenue Fund. Also, they will consider increasing the amount transferred to the General Revenue Fund from the Special Road and Bridge Fund to recoup related administrative costs.*

**2.**

**Knoerr Building Purchase**

A formal cost analysis to account for costs associated with the purchase, renovations, and upkeep of the Knoerr Building has not been prepared.

In June 2004, an agreement was made to purchase the Knoerr building for \$200,000. The County Commission indicated they had been interested in having an annex building and plans were to allow some of the county officials to move from the courthouse to this building. Due to their weak financial condition, a lease purchase agreement was entered into for a one year period to be paid off in August 2005; however, the agreement was extended to August 2006 and then again to August 2007. In addition, on February 24, 2005 a price quote of \$240,000 regarding renovating this building was received. Without additional revenues (see MAR No. 1), the county is not sure whether they will be able to purchase the building. Although the county does not actually own the building, the county has incurred expenditures, such as asbestos removal costs, related to the building. Approximately \$29,000 in interest costs, asbestos removal costs, etc. has been paid through July 2006. Because of the financial condition of the county, it is unclear how the county anticipated being able to purchase this building and it is especially critical that the county perform a cost analysis to determine if the county can afford to make this purchase, pay for any costs associated with any necessary renovations to the building, and pay for normal routine maintenance costs.

**WE RECOMMEND** the County Commission evaluate the costs already incurred related to the Knoerr building and in the future do a better job of planning ahead to ensure the purchase was affordable. In addition, a formal cost analysis should be performed to determine if the purchase of this building is affordable, can be renovated as necessary, and maintained.

**AUDITEE'S RESPONSE**

*The County Commission indicated they will discuss this building purchase and determine how best to go from here. They feel the building is needed for the county but they will have to determine how to make this purchase. This discussion will be held before any additional expense is incurred.*

<b>3. Budgetary Practices</b>
-------------------------------

Formal budgets were not prepared for various county funds, and amendments were not filed with the State Auditor's office and were not always indicated on formal budgets resulting in deficit fund balances.

- A. Formal budgets were not prepared for the Use Tax Fund, Domestic Violence Fund, Conceal and Carry Fund, Election Service Fund, and the Associate Circuit Division Interest Fund for the years ended December 31, 2005 and 2004. In addition, a formal budget was not prepared for the HAVA Elections Fund for the year ended December 31, 2005 or for the Prosecuting Attorney Delinquent Tax Fund for the year ended December 31, 2004. While some of these funds are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions.

Chapter 50, RSMo, requires the preparation and filing of annual budgets for all funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission can evaluate all county financial resources more effectively.

- B. During 2005 and 2004, the County Commission amended various county budgets to reflect increased expenditures made during the year. The expenditures of some funds exceeded the original budgets prior to their amending, and some amendments were made as late as December and even in January of the following year. Budgets were not adequately monitored to ensure expenditures stayed within budgeted amounts which also contributed to a declining financial condition. Documentation of these amendments were not made in that year's budget, however, these amendments were recorded in the County Commission minutes. Additionally, while amended budgets were not sent to the State Auditor's office, some of the amendments were reflected in next year's budget while some amendments were not. In addition, these amendments resulted in a budgeted deficit fund balance for the Assessment Fund of \$12,138 and \$8,600 for the years ended December 31, 2005 and 2004, respectively. Article VI,

Section 26(a) of the Missouri Constitution prohibits deficit budgeting and Section 50.740, RSMo, requires a balanced budget.

Budget amendments, when applicable, should be made when such expenditures are anticipated and prior to their incurrence. While these amendments make it appear as if the county complied with the law, the timing of these decisions did not allow for the budget to be used as an effective management tool and also resulted in a deficit fund budget. In addition, amendments were not filed with the State Auditor's office.

**WE RECOMMEND** the County Commission:

- A. Ensure budgets are prepared and obtained for all county funds.
- B. Ensure budget amendments are made prior to incurring actual expenditures and budget amendments are filed with the State Auditor's office. In addition, ensure the budget amendments do not result in deficit fund budgeting.

**AUDITEE'S RESPONSE**

*The County Commission indicated they:*

- A. *Will prepare budgets for these funds.*
- B. *Will prepare amended budget documents to better document the budgets that were amended. Amendments will be made when anticipated prior to incurring the expenditures. Amendments will be filed with the State Auditor's office and will not result in deficit fund budgeting.*

**4.**

**Personnel Policies and Procedures**

Problems with county personnel records and procedures have been noted in past audit reports; however, little or no improvement has been made and similar problems still exist. Time sheets are not submitted by some employees, the County Commission has not established written personnel policies regarding compensatory time and overtime for the Sheriff's Department employees, and the personnel manual has not been updated since 1991.

- A. As noted in our six prior reports, full-time deputies in the Sheriff's Department do not submit time sheets. The payroll clerk pays the employees the same amount each pay period based on a 40 hour week unless told otherwise. Thus, the county has no documentation indicating the number of hours worked to support the payroll expenditures made.

Detailed time sheets document hours actually worked; provide information necessary to monitor overtime worked, leave and compensatory time usage and balances; and

are beneficial in demonstrating compliance with county policy and federal Fair Labor Standards Act (FLSA) requirements. Time sheets are particularly important for the Sheriff's Department personnel because they utilize the law enforcement payroll cycle, work overtime, and have varying schedules from one pay period to the next. The county should ensure appropriate and accurate time sheets records are maintained and submitted to the County Clerk's office for payroll purposes.

- B. The County Commission has not established written personnel policies regarding vacation and sick leave, compensatory time and overtime for Sheriff Department's employees. In addition, although the Sheriff's deputies do not prepare time sheets, the Sheriff indicated that the deputies generally work a standard 40 hour week. However, the deputies are also on-call and must respond to emergency situations as they arise. Therefore, deputies may work over 171 hours in a 28 day period and may not be compensated for these hours as required by the FLSA. This is an issue that can be addressed in the personnel policies for the Sheriff's Department.

Complete and detailed written policies are necessary to provide guidance to county employees and provide a basis for proper compensation. In addition, such policies should be uniformly applied to ensure each employee is treated equitably.

A similar condition was noted in our prior report.

- C. The county's personnel policies manual has not been updated since 1991. Policy changes, such as mileage reimbursement rates and county meal allowances, etc. are apparently communicated to the various county offices verbally. The personnel policies manual should be formally updated periodically to incorporate revised policies and ensure awareness on the part of all officials and employees.

**WE RECOMMEND** the County Commission:

- A. Require all county employees to prepare time sheets and time sheets should be filed with the County Clerk.
- B. Establish written personnel policies regarding vacation and sick leave, compensatory time, and overtime for Sheriff's Department employees.
- C. Establish and formally adopt a current personnel policies manual, and ensure it is updated periodically to reflect new or changed policies.

**AUDITEE'S RESPONSE**

*The County Commission indicated they:*

- A. *Agree that time sheets should be submitted for all employees and will discuss this with the Sheriff.*

- B. *Will discuss these issues with the Sheriff, his deputies, and his jailers and get their input regarding establishing written personnel policies.*
- C. *Will start working on a new personnel policies manual.*

<b>5. Capital Assets</b>
--------------------------

Capital asset records and procedures need improvement and vehicle usage logs were not maintained.

- A. Procedures and records to account for county property are not adequate. The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Although the County Clerk does maintain capital asset listings for each office, the listings have not been updated since 1997. Additions are not added to fixed asset records as they occur, county offices are not performing and submitting annual physical inventory reports, periodic reconciliations of equipment purchases and capital asset records are not performed, and tags identifying property items as county property are not being assigned and affixed to the items. In addition, the county does not have formal procedures for disposing of county owned property. Written authorization was not consistently obtained from the County Commission causing the County Commission or County Clerk not to dispose and remove the item from the fixed asset records.

Adequate capital asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Section 49.093, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk. Property control tags should also be affixed to all capital asset items to help improve accountability and to ensure that assets are properly identified as belonging to the county.

Similar conditions were noted in prior audit reports.

- B. Vehicle logs are not maintained for county vehicles. While a gasoline log is maintained, it does not include the mileage, destination, and purpose of each trip taken. In addition, although dispatchers record mileage regarding the county vehicles used by the Sheriff's Department, this information is not compared to the gasoline log maintained or to fuel card billings to ensure reasonableness of gasoline

usage. As a result, the County Commission cannot effectively monitor the use of county owned vehicles.

Vehicle logs should be maintained which document the date, destination, purpose of trip, odometer readings, and the employee driving the vehicle. Complete and detailed vehicles logs are necessary to monitor mileage and evaluate the usage of vehicles. For the Sheriff's Department, a comparison of mileage per the dispatcher's records to the gasoline log or fuel card billings should be performed to ensure reasonableness of gasoline usage.

**WE RECOMMEND** the County Commission:

- A. Establish a written policy related to the handling and accounting for capital assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. Also, inventories and inspections should be performed by each county official and the County Clerk, and capital asset purchases should be periodically reconciled to capital asset additions. In addition, property control tags should be affixed.
- B. Require vehicle logs be maintained for all county vehicles which document the date, destination, purpose of trip, odometer readings, and the employee driving the vehicle. In addition, ensure that a comparison of mileage per the dispatcher's records to the gasoline log or fuel card billings is performed.

**AUDITEE'S RESPONSE**

*The County Commission indicated they:*

- A. *Will request each officeholder to prepare an inventory of their property over \$250. These listings will be updated as purchases or deletions are incurred. Procedures will be established for the handling and accounting for capital assets including dispositions. Purchases will be reconciled with additions and property control tags will be obtained and put on the property.*
- B. *Will evaluate the vehicle logs and the records maintained and the vehicles owned to determine if additional records are needed. In addition, a comparison of mileage per the dispatchers records will be made to the gasoline log.*

**6.**

**Cash Management**

During the two years ended December 31, 2005, the county received payments from the Missouri Department of Transportation for bridge replacement and rehabilitation expenditures under the Highway Planning and Construction Program. The county receives

invoices from the contractor, approves the invoices for payment, and then submits the invoices to the Missouri Department of Transportation for payment. The county pays the contractor after the payments are received from the Missouri Department of Transportation. Monies received are not disbursed until the county's next normal disbursement cycle. Thus, some monies received are not disbursed timely to contractors. During our review, we noted nine reimbursements totaling over \$177,000 which the county held for 3-30 days from receipt date to the date payment was made to the contractor. For example, we noted invoices for \$74,684 and \$6,482 which were held for 22 and 30 days, respectively, before payment was made to the contractor. The county indicated they pay bills only once a month so monies are held until the next pay cycle.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that federal funds shall be disbursed by the county within two days of receipt.

This condition was noted in prior audit reports.

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

### **AUDITEE'S RESPONSE**

*The County Commission indicated they will ensure that checks are issued to minimize the time elapsed in order to meet the federal requirement.*

<b>7. County Clerk's Accounting Controls and Procedures</b>
---

The County Clerk's cash handling and receipt procedures are not adequate. Receipt slips are not issued for some monies received, the receipts ledger is not updated as monies are received, the method of payment is not always indicated on the receipt slips or receipts ledger, and monies received are not transmitted to the County Treasurer on a timely basis.

Fees collected by the County Clerk's office during the years ended December 31, 2005 and 2004 totaled approximately \$4,000 and \$6,400, respectively.

- A. Receipt slips are not issued for some monies received. The County Clerk indicated receipts slips are issued only upon request. Although a receipts ledger is maintained, not all monies received are recorded as the receipts ledger is not updated as monies are received. Thus, the County Clerk generally transmits more monies to the County Treasurer than is recorded on the receipts ledger. In addition, during a cash count conducted April 26, 2006, we noted that receipt slips had not been issued for cash and checks on hand totaling \$296. Also, checks are not restrictively endorsed immediately upon receipt as the endorsement is applied at the time the monies are turned over to the County Treasurer and the method of payment (cash or check) is

not always indicated on the receipt slips or receipts ledger.

To help ensure receipts are properly recorded and transmitted, prenumbered receipt slips should be issued for all monies received and receipts should be promptly posted to the receipts ledger. Checks should be restrictively endorsed immediately upon receipt, and the method of payments should be indicated on the receipt slips and receipts ledger. In addition, the composition of receipts should be reconciled to the composition of the transmittal to ensure all receipts have been accounted for.

- B. Monies received are not transmitted to the County Treasurer on a timely basis, and receipts transmitted to the County Treasurer per the County Clerk's records did not agree to the County Treasurer's records. In addition, a receipt slip is not obtained from the County Treasurer at the time of transmittal.

Monies averaging over \$400 are transmitted to the County Treasurer once a month. Two of the twenty-four monthly transmittals reviewed indicated a difference between what the County Clerk indicated as being transmitted and what the County Treasurer received. For example, in May 2005 receipts totaled \$333 per the receipts ledger but the County Treasurer's receipt slip indicates only \$287 was received indicating \$46 received was not transmitted. For August 2005, receipts totaled \$331 per the receipts ledger but the County Treasurer's receipt slip indicates \$372 was received indicating an additional \$41 was transmitted. Discrepancies noted in the records identified concerns regarding the proper safeguarding of county assets from loss, theft, or misuse.

All payments made to the County Clerk's office are accountable fees and should be remitted to the county treasury. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be transmitted daily or when accumulated receipts exceed \$100, receipt ledger amounts should agree to the amounts transmitted, and a receipt slip should be obtained from the County Treasurer at the time of the transmittal.

- C. Inventory records are not maintained to account for plat books. The county purchased 1,200 plat books at an approximate cost of \$14 each during the two years ended December 31, 2005. These plat books were to be sold for \$20. According to the County Clerk's records, 397 plat books were sold or given away. There were 399

plat books on hand, resulting in 404 plat books (totaling \$8,080) unaccounted for. Records were not sufficient to account for over one-third of the plat books purchased by the county.

To ensure all monies collected are accounted for adequately, the County Clerk should reconcile the number of plat books on hand to the total number of plat books sold or given away. Any differences should be investigated.

- D. The County Clerk does not maintain an account book with the County Collector. The only review performed of the County Collector's annual settlement is totaling disbursements from the monthly settlements and agreeing to the annual settlement. An account book would summarize all taxes being charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. A complete account book would enable the County to ensure 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 Commission to verify the County Collector's annual settlement.

**WE RECOMMEND** the County Clerk:

- A. Issue prenumbered receipt slips for all monies received, promptly post receipts to the receipts ledger, and restrictively endorse all checks immediately upon receipt. In addition, indicate the method of payment on all receipt slips and the receipts ledger and reconcile the composition of receipts to the composition of transmittals made to the County Treasurer.
- B. Transmit all monies daily or when accumulated receipts exceed \$100 and ensure amounts per the receipt ledger agrees to the amounts transmitted to the County Treasurer. In addition, a receipt slip from the County Treasurer should be obtained at the time of transmittal.
- C. Maintain adequate and complete records of the number of plat books sold, given away, or used by the county, and periodically reconcile the number of plat books reported on the inventory to the number of plat books on hand.
- D. Maintain an account book with the County Collector and the County Commission should use it to verify the County Collector's annual settlement.

**AUDITEE'S RESPONSE**

*The County Clerk indicated:*

- A. *She knows that they need to do a better job of issuing receipt slips and posting receipts and also endorsing checks upon receipt. Not doing all of this makes it more difficult to reconcile the composition of receipts to the composition of the transmittals. These issues will be discussed with the deputies and the new County Clerk.*
- B. *Since monthly transmittals only average approximately \$400, transmittals will probably still only be made monthly. The amount transmitted should agree to the amount per the receipts ledger and they need to do a better job on this and they also need to obtain a receipt slip from the County Treasurer. These issues will be discussed with the deputies and the new County Clerk.*

- C. *They need to do a better job of documenting books sold or given out. They did not reconcile the plat book inventory to the number of books on hand and should have done a better job on this. They believe any monies collected were transmitted to the County Treasurer. However, they did not properly record these books as being sold or given out on the records. These issues will be discussed with the deputies and the new County Clerk.*
- D. *These issues will be discussed with the deputies and the new County Clerk as an account book does need to be maintained.*

<b>8. Associate Court's Accounting Controls and Procedures</b>
--

Receipts are not deposited in a timely manner. The Associate Court processed approximately \$208,000 and \$193,000 in civil and criminal fees, fines, and bonds during the years ended December 31, 2005 and 2004, respectively. Deposits are normally made approximately five times a month and average approximately \$3,000. A deposit totaling \$5,883 was made on December 5, 2005 and included receipts for December 1 through December 5, 2005.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be deposited on a timely basis.

**WE RECOMMEND** the Associate Court deposit all monies on a timely basis.

**AUDITEE'S RESPONSE**

*The Associate Circuit Judge indicated this office was combined with the Circuit Court in January 2006 and deposits are being made daily. In addition, since this office is now part of the Circuit Court, he no longer has any controls over the deposits.*

<b>9. Sheriff's Accounting Controls and Procedures</b>
--

Problems with Sheriff records and procedures have been noted in past audit reports; however, little or no improvement has been made and similar problems still exist. Bank reconciliations for the Sheriff's accounts are not documented, and an open items listing is not prepared. Checks have been outstanding for a considerable amount of time, and monies received are not deposited in a timely manner. In addition, adequate control over seized property has not been established, and the procedures related to the monitoring of unpaid accrued costs from civil paper service are not adequate.

The Sheriff is responsible for collecting gun permit fees, carry and conceal weapon permits, jail phone commissions, cash bonds, trailer inspection fees, and prisoner boarding fees. The Sheriff processed approximately \$207,000 and \$123,000 during the years ended December 31, 2005 and 2004, respectively.

- A. Bank reconciliations for the Sheriff's account are not documented. The Sheriff's clerk indicated she prepares bank reconciliations on the computer system; however, the reconciliation is not printed out. Upon our request, the December 31, 2005 and 2004 bank reconciliations were prepared resulting in a negative balance of \$9. Per the prior audit report, at December 31, 2001, the Sheriff's account had a negative balance of \$600. Subsequently, in April 2002, an \$800 check for prisoners was received but the monies were not turned over to the County Treasurer. Again, in January 2004, \$179 was incorrectly disbursed out related to bond monies. Other errors were also noted resulting in the negative \$9 balance. Also, although bank reconciliations were not coming to a zero balance, an open items listing was not being prepared to document what monies made up the reconciled balance. Formal bank reconciliations and open items listings would have detected the errors and allowed them to be corrected timely.

In addition, at December 31, 2005, the bank account had 16 outstanding checks totaling \$213 that were over a year old. Two checks totaling \$70 were written to the Linn Police Department. There was also \$355 in unidentified monies in the account. It does not appear that any follow up procedures on these checks have been performed. These old outstanding checks create additional and unnecessary record keeping responsibilities. Procedures should be adopted to routinely follow up on outstanding checks and reissue them if the payees can be located. If the payees cannot be located, these monies should be disposed of in accordance with state law.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, to detect and correct errors timely, and to allow old outstanding checks to be resolved more timely.

- B. Monies received are not deposited in a timely manner. Monies are normally collected each business day, but deposits are normally made only once a week. A cash count performed on May 15, 2006 showed over ten days of undeposited collections, totaling approximately \$440 and included approximately \$192 in cash. A June 16, 2004 deposit totaling \$1,235 included a \$1,000 cash bond which had been received on June 7, 2004. In addition, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all monies should be deposited daily or when accumulated receipts exceed \$100, and checks and money orders should be restrictively endorsed immediately upon receipt.

A similar condition was noted in the prior audit report.

- C. Adequate control over seized property has not been established. A complete log of seized property is not maintained and periodic inventories are not performed. When seized property was received, the arresting officer would tag the property and place it

in an individual locker or if a large item, it will be placed in a property room. The property is held until the case is closed or evidence is returned to the victim(s).

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. Periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

A similar condition was noted in the prior audit report.

- D. The procedures related to the monitoring of unpaid accrued costs from civil paper service are not adequate. The civil paper service costs are billed for all service provided, but unpaid accrued costs are not tracked. At June 15, 2006, the accrued cost listing, dating back to September 2000, documented over 1,100 different individuals owing costs totaling approximately \$29,000.

By not adequately monitoring unpaid accrued costs, these costs could remain uncollected and might eventually result in lost revenue. A complete and accurate listing of accrued costs would allow the Sheriff to more easily review the amounts due to the county and to take appropriate steps to ensure amounts owed are collected on a timely basis.

**WE RECOMMEND** the Sheriff:

- A. Ensure bank reconciliations and open items listings are prepared on a monthly basis. In addition, ensure procedures to routinely follow up and reissue old outstanding checks are adopted. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- B. Deposit all monies daily or when accumulated receipts exceed \$100 and restrictively endorse checks and money orders immediately upon receipt.
- C. Maintain an inventory record of all seized property received including information such as description, current location, case number and disposition of such property. An inventory of all items on hand should be performed to ensure that items are properly identified, tagged, and logged.
- D. Establish adequate procedures to routinely follow-up and pursue collection of accrued costs.

**AUDITEE'S RESPONSE**

*The Sheriff indicated:*

- A. Bank reconciliations will be properly documented. They are working on reviewing the transactions that caused them to not have a zero balance. They have also sent out letters regarding outstanding checks and hope to have those resolved by the end of December. Unidentified and unclaimed monies will be turned over to the State Treasurer's Office Unclaimed Property Section.*
- B. Deposits are being made daily whenever they have monies and checks or money orders are being endorsed when received.*
- C. They have designated a specific evidence control officer. Evidence will be secured by the arresting officer until the evidence officer is in the office. Then the evidence officer will obtain this evidence and the evidence will be recorded and put in the evidence room or impound lot. Records will include the information requested to be kept and an inventory will be performed periodically.*
- D. They believe some of the \$29,000 has been received by the Circuit Court and paid to them but they failed to update their records. They are checking their records to determine if some of these have been paid but not recorded as such. They will continue to work on this to ensure collection of accrued costs.*

## Follow-Up on Prior Audit Findings

OSAGE 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 Osage County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2001. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Financial Statements

- A. Formal budgets were not prepared for various county funds.
- B. The county's annual published financial statements did not include the financial activity of some funds as required.
- C. Actual disbursements exceeded the budgeted amounts in various funds. In addition, the General Revenue Fund budget was amended by \$14,000 on December 28, 2000 after disbursements in the General Revenue Fund had already exceeded budgeted amounts. Also in 2001, the Assessment Fund was amended by \$5,790 but this amendment was not filed with the State Auditor's office.

Recommendations:

The County Commission:

- A. Ensure budgets for all county funds are obtained or prepared.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- C. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office. In addition, ensure budget amendments are made prior to incurring the actual expenditures as required by state law.

Status:

- A. Not implemented. See MAR finding number 3.
- B. Partially implemented. The published financial statements included all but several smaller funds. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. Disbursements were authorized in excess of budgeted amounts for

a few funds. Although not repeated in the current MAR, our recommendation remains as stated above. See MAR finding number 3 for issues related to amending the budget.

2. County Expenditures

Bids were not always solicited, nor was bid documentation always retained for various purchases made by the county during the audit period. In addition, although bids were obtained for some purchases, the county did not advertise for bids on these purchases as required by statute.

Recommendation:

The County Commission solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

Status:

Not implemented. Although we noted some instances where purchases were not bid, the county generally had procedures and bid most major purchases. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Associate Commissioners Salaries

Both Associate County Commissioners received mid term salary increases totaling approximately \$4,000 yearly for 1999 and 2000. During January 2002, the County Commission voted to seek repayment of \$8,000 from the Associate Commissioner still in office. However, this amount had not been repaid. The other Associate Commissioner had since deceased; therefore, the County Commission had decided to not request repayment.

Recommendation:

The County Commission continue to follow up on their decision regarding the repayment of the salary overpayments to ensure the amount is repaid.

Status:

Implemented. The Associate Commissioner paid the \$8,000 due in July 2004.

4. Fixed Assets

Additions were not added to fixed asset records as they occurred. In addition, the County Clerk did not periodically reconcile equipment purchases with additions to the fixed assets records. Also, the county did not have formal procedures for disposing of county owned property.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for fixed assets. Besides 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 the handling of asset disposition, and any other concerns associated with county property.

Status:

Not implemented. See MAR finding number 5.

5. Personnel Policies and Procedures

- A. Time records were not prepared by full-time employees of the Sheriff's Department.
- B. Records of annual leave, sick leave, and compensatory time balances were not centrally maintained. Leave records for the Sheriff Department's employees were maintained by the Sheriff and were not submitted to the County Clerk. In addition, these records did not record compensatory time balances since timesheets were not maintained.
- C. The County Commission had not established written personnel policies regarding vacation and sick leave, compensatory time and overtime for Sheriff Department's employees. In addition, Sheriff's deputies were not compensated for overtime worked.

Recommendations:

The County Commission:

- A. Require the Sheriff's deputies to submit time records approved by their supervisor to the County Clerk.
- B. Require the County Clerk to maintain centralized records of leave earned, used, and accumulated for all county employees including the Sheriff's Department.

- C. Establish written personnel policies regarding vacation and sick leave, compensatory time, and overtime for Sheriff's Department employees.

Status:

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

- B. Partially implemented. Records of leave earned, used, and accumulated were being maintained by the officials. Requiring time records to be maintained for all employees which documents leave taken would provide support for the leave records maintained. See MAR finding number 4 regarding time records. Although not repeated in the current MAR, our recommendation remains as stated above.

6. Property Tax System and Computer Controls

- A. The County Clerk did not maintain an account book with the County Collector. The only review performed of the County Collector's annual settlement was totaling disbursements from the monthly settlements and agreeing to the annual settlement. However, this review was not documented.
- B. While a listing of additions and abatements was printed and submitted to the County Clerk's office for the County Commissioners' approval, there was no independent and subsequent comparison of additions and abatements approved by the County Commission to actual changes to the property tax books.
- C. Passwords used by the Assessor's office, the County Clerk's office, and the County Collector's office had not been changed periodically. In addition, passwords had not been kept confidential.
- D. The County did not have a formal contingency plan for the computer system in case of emergency. As a result, the county had not formally negotiated arrangements for backup facilities in the event of a disaster.

Recommendations:

- A. The County Clerk maintain her account book with the County Collector and the County Commission use it to verify the County Collector's annual settlement.
- B. The County Commission or County Clerk establish procedures to agree approved addition and abatement orders with related changes made to the property tax data.
- C. The County Commission ensure employee passwords are periodically changed and kept confidential.
- D. The County Commission develop a formal contingency plan including arrangements

for use of alternative data processing equipment during emergency situations.

Status:

- A. Not implemented. See MAR finding number 7.
- B. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially implemented. Although the County Commission did not ensure all passwords are periodically changed and kept confidential, the passwords for the federal and state data such as voter registration and JIS were periodically changed and kept confidential. Although not repeated in the current report, our recommendation remains as stated above.
- D. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

7. County Treasurer's Accounting Controls and Procedures

- A. The County Treasurer did not adequately follow up on old outstanding checks.
- B. Receipt slips were not issued for some monies received. As a result, the composition of monies received cannot be reconciled to the amounts deposited.
- C. The County Treasurer did not maintain documentation of the interest allocation to various county funds based on interest earned in the County Revenue bank account. The County Treasurer allocated interest earned on the bank account to the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, Emergency Management Fund, and the Prosecuting Attorney Bad Check Fund. In addition, the County Treasurer did not allocate interest for any other funds with balances that are held in the County Revenue bank account, including the county library.

Recommendations:

The County Treasurer:

- A. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- B. Issue prenumbered receipt slips immediately upon receipt and reconcile the composition of receipts to amounts deposited.

- C. Retain documentation of the interest allocation and allocate interest to the county library in accordance with the state statutes and various Attorney General opinions.

Status:

- A. Partially implemented. The County Treasurer did not resolve old outstanding checks on a yearly basis; however, there were only four old outstanding checks totaling \$144 at December 31, 2005. Although not repeated in the current report, our recommendation remains as stated above.
- B. Not implemented. The County Treasurer issued a receipt slip for all monies except the monthly fees turned over by the other county officials. Although not repeated in the current report, our recommendation remains as stated above.
- C. Partially implemented. The County Treasurer does not have a methodology to document reasons for why certain funds receive interest and others do not. Some funds that are not to receive interest do receive interest while other funds do not receive interest. Although not repeated in the current report, our recommendation remains as stated above.

8. Public Administrator's Procedures

The Public Administrator did not always file annual settlements by the required due dates. In addition, some of the annual settlements filed were not complete and accurate.

The Associate Circuit Division had not established adequate monitoring procedures to ensure that complete and accurate settlements were filed in a timely manner. The court clerk indicated she periodically reviewed files and prints a list of settlements past due; however, there was no documentation of her review and follow up action was not taken.

Recommendations:

- A. The Public Administrator file complete and accurate annual settlements on a timely basis as required by state law.
- B. The Associate Circuit Division Judge establish procedures to adequately monitor the timely filing of annual settlements.

Status:

- A. Partially implemented. Only one estate was noted as not being filed timely. Although not repeated in the current report, our recommendation remains as stated above.

- B. Partially implemented. Only one estate was noted as not being filed timely. Although not repeated in the current report, our recommendation remains as stated above.

9. Sheriff's Accounting Controls and Procedures

- A. Accounting duties were not adequately segregated. There was no documentation that an independent review of the accounting records was performed by the Sheriff.
- B. Receipts were not deposited on a timely basis.
- C. The Sheriff had not adequately followed up on old outstanding checks. In addition, \$355 of these outstanding checks were not identified as to payee and pertain to checks written prior to 1998.
- D. At December 31, 2001, the Sheriff's bank account had a negative balance of \$600. This occurred due to the Sheriff making a duplicate disbursement of bond monies received. However, the overpayment to the defendant still had not been collected from the defendant.
- E. Adequate control over seized property had not been established. A complete log of seized property was not maintained and periodic inventories of the property on hand were not conducted.

Recommendations:

The Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory review are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- D. Pursue the collection of the bond monies from the defendant.
- E. Maintain an inventory record of all seized property received including information such as description, current location, case number and disposition of such property. An inventory of all items on hand should be performed to ensure that items are properly identified, tagged, and logged.

Status:

A. Implemented.

B-E. Not implemented. See MAR finding number 9.

10. County Collector's Accounting Controls and Procedures

The County Collector did not adequately follow up on old outstanding checks. Several of these outstanding checks date back to 1992. In addition, at December 31, 2001, the County Collector held \$52 in partial payments that were received prior to 1994. The taxes for which these partial payments were received were no longer on the County Collector's records as the taxes have either been paid or abated.

Recommendation:

The County Collector attempt to resolve the old outstanding checks and partial payments and establish routine procedures to investigate checks outstanding and partial payments retained in the bank account for a considerable time.

Status:

Implemented.

11. Prosecuting Attorney's Accounting Controls and Procedures

A. Accounting duties were not adequately segregated. There was no documentation that an independent review of the accounting records was performed by the Prosecuting Attorney.

B. Receipts were not deposited on a timely basis.

C. Receipt slips were not always issued as monies were received, but were often prepared at a later date.

D. The Prosecuting Attorney had not adequately followed up on old outstanding checks.

Recommendations:

The Prosecuting Attorney:

A. Adequately segregate accounting duties or ensure periodic supervisory review are performed and documented.

B. Deposit receipts daily or when accumulated receipts exceed \$100.

C. Issue prenumbered receipt slips immediately upon receipt.

D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

Status:

A-D. Implemented.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

OSAGE COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1841, the county of Osage was named after the Osage River. Osage County is a county-organized, third-class county and is part of the Twentieth Judicial Circuit. The county seat is Linn.

Osage 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 432 miles of county roads and 23 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 12,014 in 1980 and 13,062 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	\$	99.5	89.7	87.2	80.0	40.2	16.9
Personal property		38.3	34.8	34.5	33.7	9.8	8.3
Railroad and utilities		25.2	26.1	24.0	27.7	20.4	13.0
Total	\$	163.0	150.6	145.7	141.4	70.4	38.2

\* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.1583	.1574	.1744	.1524
Special Road and Bridge Fund *		.2101	.2110	.2110	.2056
Special Services Fund		.0996	.1000	.1000	.1000

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

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

	Year Ended February 28 (29),			
	2006	2005	2004	2003
State of Missouri	\$ 48,223	46,162	43,736	41,960
General Revenue Fund	275,964	254,264	264,681	226,275
Road Funds	355,118	342,202	325,801	307,665
Assessment Fund	106,022	86,078	65,513	62,121
Special Services Fund	155,592	149,657	142,172	136,364
School districts	5,231,445	4,961,608	4,664,932	4,376,424
Library district	270,192	260,091	247,027	236,995
Ambulance districts	389,064	371,205	352,865	341,088
Fire protection district	239,912	226,406	178,918	153,218
Lake Drainage	2,016	806	763	778
A-1 Levee District	9,545	9,710	9,894	12,541
Tax Sales	1,617	0	0	0
Tax Maintenance Fund	7,508	8,148	7,092	3,900
Cities	268,704	173,960	260,563	242,901
County Employees' Retirement	30,443	33,044	29,214	26,359
Commissions and fees:				
General Revenue Fund	104,848	104,507	100,340	94,846
Total	\$ 7,496,213	7,027,848	6,693,511	6,263,435

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2006	2005	2004	2003	
Real estate	94.9	96.7	95.6	95.6	%
Personal property	89.6	88.5	90.3	91.2	
Railroad and utilities	91.2	100.0	98.0	94.8	

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

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ .0050	None	50	%
Law Enforcement-911	.0050	2011	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:	\$				
Russell J. Scheulen, Presiding Commissioner		24,424	24,424	24,424	
Elmer Senevey, Presiding Commissioner					23,569
Jerry G. Wolfe, Associate Commissioner		22,704	21,568	21,568	21,568
Vincent A. Samson, Associate Commissioner		22,704			
Daryl L. Luecke, Associate Commissioner			21,568	21,568	21,568
Wanda J. Bunch, County Clerk		34,400	34,400	34,400	32,680
Amanda L. Grellner, Prosecuting Attorney		40,420	40,420	40,420	35,475
Robert D. Schollmeyer, Prosecuting Attorney					3,225
Carl Fowler, Sheriff		37,840	36,120	36,120	36,120
Ralph H. Brandt, County Treasurer		25,456	25,456	25,546	24,183
Lois Jaegers, County Coroner		10,320	9,460	9,460	9,460
Paul G. Stratman, Public Administrator		12,900	12,900	12,900	12,900
Doris J. Keilholz, County Collector, year ended February 28 (29),	34,400	34,400	34,400	32,680	
Ross Seals, County Assessor (1), year ended August 31,		34,555	33,551	33,678	33,700
Ralph P. Kliethermes, County Surveyor (2)		4,000	4,000	3,500	3,500

(1) Includes annual compensation received from the state of \$688 in 2005, \$751 in 2004, \$878 in 2003, and \$900 in 2002.

(2) Compensation on a fee basis.

State-Paid Officials:

Charlene J. Eisterhold, Circuit Clerk and Ex Officio Recorder of Deeds		48,500	47,850	47,300	47,300
Robert D. Schollmeyer, Associate Circuit Judge		96,000	96,000	96,000	81,067
Ralph Voss, Associate Circuit Judge					4,000

The county entered into a lease purchase agreement in June 2004 to finance the purchase of real estate. A one year lease purchase agreement was issued with total principal of \$200,000 and interest payments to be made on February 1, 2005 and August 1, 2005. The county extended the lease purchase agreement on August 1, 2005 and also August 1, 2006. Currently, an interest payment is due February 1, 2007 and an interest and principal payment on August 1, 2007.