



Susan Montee, CPA

Missouri State Auditor

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February 2007

Ozark County, Missouri

Years Ended

December 31, 2005 and 2004



Office Of  
Missouri State Auditor  
Susan Montee, CPA

February 2007

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

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- Improvement is needed in the county's compliance with requirements relating to federal assistance programs. The county did not solicit bids or obtain documentation of compliance with prevailing wage laws from a contractor paid \$21,930 with federal emergency assistance (FEMA) funds. Additionally, adequate cash management procedures relating to the BRO federal project monies have not been established to ensure the minimum time lapses between receipt of federal project monies and the disbursement of such monies to contractors. One payment totaling \$62,843 was held for more than seven days. Further, the county does not have adequate procedures in place to track the various federal awards for the preparation of the schedule of expenditures of federal awards (SEFA). The county prepared a SEFA for the years ended December 31, 2005 and 2004; however, it contained numerous errors and omissions.
- The county did not always solicit bids or maintain documentation of price comparison procedures for major purchases such as bulk fuel, tires, and prisoner food. Additionally, improvement is needed in the controls and procedures over fuel usage, and mileage logs are not maintained on some county road and bridge vehicles. The county does not always obtain written agreements for services provided and adequate documentation was not obtained for some expenditures relating to the Emergency Shelter Grant Program. The county commission meeting minutes did not adequately document circumstances regarding related party transactions.
- Centralized leave records are not maintained by the County Clerk for the Sheriff's office employees. Additionally, the county provided some employee benefits to an individual paid to haul gravel; however, no payroll taxes were withheld from his compensation. The county needs to ensure it complies with IRS regulations regarding independent contractors and employees.

(over)

YELLOW SHEET

- The County Treasurer's annual salary was increased effective January 1, 2004 during his term of office, which began January 1, 2003. The Prosecuting Attorney issued a written opinion in January 2004 indicating the County Treasurer's salary should be set at 90% of the maximum allowed under House Bill 2137, which was effective August 28, 2002. However, without salary commission approval and because the salary increase occurred during the County Treasurer's term of office, it is unclear when the salary increase provided to the County Treasurer should have been in effect, and whether it is in accordance with state law.
- The County Commission and other county officials approved disbursements in excess of budgeted amounts for various funds for the years ended December 31, 2005 and 2004. Additionally, the county budget document contained some inconsistent classification of receipts and transfers.
- The County Treasurer does not have adequate procedures to monitor and ensure bank accounts are sufficiently collateralized. The Treasurer's deposits were under collateralized during January 2006 and January 2005, respectively, when he received and distributed most of the school property tax money.
- The Prosecuting Attorney's controls and procedures to account for monies received for the payment of bad checks needs improvement. Additionally, the Prosecuting Attorney's approval of bad check fee waivers is not adequately documented, and an adequate system to track all bad checks received has not been established.
- Improvement is needed in the controls and procedures over Health Center expenditures. Interest earned was not accurately presented in the budgets, actual expenditures exceeded budget amounts, and expenditure detail by vendor was not presented in the annual published financial statements. Additionally, the board minutes did not always adequately document topics discussed during the board meetings, and the Health Center's asset records need improvement.

Also included in the audit are recommendations related to the County Treasurer's bond, an annual maintenance plan for county roads and bridges, and capital assets. The audit also suggested improvements in the procedures of the Sheriff and County Clerk.

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OZARK COUNTY, MISSOURI

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OZARK COUNTY, MISSOURI

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FINANCIAL SECTION

STATE AUDITOR'S REPORT



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

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

To the County Commission  
and  
Officeholders of Ozark 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 Ozark 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 Ozark 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 Ozark 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 October 19, 2006, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



Susan Montee, CPA  
State Auditor

October 19, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Troy Royer
Audit Staff:	Roberta Bledsoe
	Candi Copley
	Diane Smiley
	Alex Parke
	Christine Miller



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

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

To the County Commission  
and  
Officeholders of Ozark County, Missouri

We have audited the financial statements of various funds of Ozark County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 19, 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 Ozark 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 Ozark 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 Ozark County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.



Susan Montee, CPA  
State Auditor

October 19, 2006 (fieldwork completion date)

## Financial Statements

Exhibit A-1

OZARK 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	\$ 474,293	1,114,017	1,137,995	450,315
Special Road and Bridge	196,974	1,962,103	2,114,167	44,910
Assessment	1	129,036	126,031	3,006
Law Enforcement Training	330	2,788	1,789	1,329
Prosecuting Attorney Training	965	484	1,110	339
Prosecuting Attorney Bad Check	6,670	4,630	2,886	8,414
Capital Improvements Sales Tax	23,108	44	23,139	13
Law Enforcement Sales Tax	26	801,336	781,102	20,260
Local Emergency Planning Commission	8,476	3,308	226	11,558
Election Services	3,223	556	1,864	1,915
Recorder User Fee	19,041	11,098	8,103	22,036
Tax Maintenance	973	8,632	6,798	2,807
Sheriff's Revolving	3,375	1,359	547	4,187
Sheriff's Civil Fee	7,580	8,440	9,275	6,745
Children of Domestic Violence	0	270	270	0
HAVA Election Improvement	15,008	5,823	5,662	15,169
Emerald City Shelter	0	8,570	8,570	0
Inmate Security	300	0	300	0
Health Center	79,236	448,800	441,476	86,560
Associate Circuit Court Interest	0	237	237	0
Circuit Clerk Interest	431	287	610	108
Law Library	10	1,915	1,024	901
Associate Circuit Time Payment	321	519	0	840
Total	\$ 840,341	4,514,252	4,673,181	681,412

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

Exhibit A-2

OZARK 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	\$ 393,786	1,045,411	964,904	474,293
Special Road and Bridge	250,939	1,606,176	1,660,141	196,974
Assessment	2	126,820	126,821	1
Law Enforcement Training	3,123	3,542	6,335	330
Prosecuting Attorney Training	651	474	160	965
Prosecuting Attorney Bad Check	5,536	2,590	1,456	6,670
Capital Improvements Sales Tax	126,527	1,476	104,895	23,108
Law Enforcement Sales Tax	34	671,817	671,825	26
Local Emergency Planning Commission	9,278	1,526	2,328	8,476
Election Services	1,766	2,864	1,407	3,223
Recorder User Fee	13,221	9,840	4,020	19,041
Tax Maintenance	3,455	7,972	10,454	973
Sheriff's Revolving	0	3,375	0	3,375
Sheriff's Civil Fee	0	7,580	0	7,580
Children of Domestic Violence	0	347	347	0
HAVA Election Improvement	0	15,008	0	15,008
Emerald City Shelter	0	7,500	7,500	0
Inmate Security	180	120	0	300
Health Center	100,502	419,330	440,596	79,236
Associate Circuit Court Interest	0	233	233	0
Circuit Clerk Interest	378	588	535	431
Law Library	295	1,456	1,741	10
War Memorial Fund	369	0	369	0
Associate Circuit Time Payment	0	321	0	321
Total	\$ 910,042	3,936,366	4,006,067	840,341

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

Exhibit B

OZARK 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	\$ 4,772,286	4,513,733	(258,553)	4,222,157	3,910,082	(312,075)
DISBURSEMENTS	5,127,325	4,673,181	454,144	4,441,415	4,005,698	435,717
RECEIPTS OVER (UNDER) DISBURSEMENTS	(355,039)	(159,448)	195,591	(219,258)	(95,616)	123,642
CASH, JANUARY 1	840,020	840,020	0	909,673	909,673	0
CASH, DECEMBER 31	484,981	680,572	195,591	690,415	814,057	123,642
<b>GENERAL REVENUE FUND</b>						
<b>RECEIPTS</b>						
Property taxes	142,000	145,362	3,362	139,200	140,360	1,160
Sales taxes	525,000	542,246	17,246	500,000	522,629	22,629
Intergovernmental	224,477	193,804	(30,673)	141,583	144,227	2,644
Charges for services	167,267	177,425	10,158	152,833	177,224	24,391
Interest	9,300	10,836	1,536	7,100	8,115	1,015
Other	51,708	43,185	(8,523)	51,017	52,473	1,456
Transfers in	404	1,159	755	34,361	383	(33,978)
Total Receipts	1,120,156	1,114,017	(6,139)	1,026,094	1,045,411	19,317
<b>DISBURSEMENTS</b>						
County Commissioner	70,867	68,905	1,962	71,103	70,653	450
County Clerk	58,185	57,982	203	59,097	57,207	1,890
Elections	98,399	30,587	67,812	54,421	59,836	(5,415)
Buildings and grounds	115,621	111,627	3,994	54,333	71,673	(17,340)
Employee fringe benefit	177,420	161,661	15,759	154,861	150,010	4,851
County Treasurer	34,800	34,208	592	34,420	34,038	382
County Collector	65,122	63,136	1,986	56,970	59,019	(2,049)
Circuit Clerk/Ex Officio Recorder of Deed	33,172	30,546	2,626	31,577	31,118	459
Associate Circuit Court	11,500	9,028	2,472	13,500	5,493	8,007
Court administration	8,777	8,347	430	8,564	8,292	272
Public Administrator	45,190	30,614	14,576	45,250	46,291	(1,041)
Prosecuting Attorney	90,069	91,121	(1,052)	80,565	79,016	1,549
Juvenile Officer	25,409	23,960	1,449	21,092	19,358	1,734
County Coroner	20,003	14,176	5,827	15,107	14,417	690
Recycling	53,536	59,617	(6,081)	51,627	46,296	5,331
Child support enforcement	32,060	32,895	(835)	32,018	31,947	71
Public Defender	2,146	2,397	(251)	2,313	2,789	(476)
Emergency Management	650	650	0	3,300	3,250	50
Other	93,450	69,659	23,791	89,500	69,890	19,610
Debt service	2,660	0	2,660	0	0	0
Transfers out	261,145	236,879	24,266	194,619	104,311	90,308
Emergency Fund	33,605	0	33,605	30,787	0	30,787
Total Disbursements	1,333,786	1,137,995	195,791	1,105,024	964,904	140,120
RECEIPTS OVER (UNDER) DISBURSEMENTS	(213,630)	(23,978)	189,652	(78,930)	80,507	159,437
CASH, JANUARY 1	474,293	474,293	0	393,786	393,786	0
CASH, DECEMBER 31	260,663	450,315	189,652	314,856	474,293	159,437

Exhibit B

OZARK 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	209,600	204,302	(5,298)	190,200	195,226	5,026
Intergovernmental	1,962,052	1,630,697	(331,355)	1,728,646	1,351,006	(377,640)
Charges for services:	64,097	69,330	5,233	4,897	20,532	15,635
Interest	2,145	2,558	413	3,600	2,803	(797)
Other	53,099	48,329	(4,770)	0	36,609	36,609
Transfers in	0	6,887	6,887	0	0	0
<b>Total Receipts</b>	<b>2,290,993</b>	<b>1,962,103</b>	<b>(328,890)</b>	<b>1,927,343</b>	<b>1,606,176</b>	<b>(321,167)</b>
<b>DISBURSEMENTS</b>						
Salaries	455,666	438,792	16,874	460,484	438,011	22,473
Employee fringe benefit	143,312	139,582	3,730	116,967	125,352	(8,385)
Supplies	134,500	170,983	(36,483)	120,500	120,008	492
Insurance	26,000	23,361	2,639	26,000	23,613	2,387
Utilities	4,100	4,824	(724)	6,000	3,782	2,218
Road and bridge materials	129,100	111,218	17,882	149,000	177,661	(28,661)
Equipment repairs	177,500	168,797	8,703	152,000	174,394	(22,394)
Equipment purchases	119,357	112,502	6,855	164,421	146,356	18,065
Construction, repair, and maintenance	1,208,862	924,942	283,920	654,974	431,419	223,555
Other	16,040	12,279	3,761	15,100	19,545	(4,445)
Transfers out	0	6,887	(6,887)	27,905	0	27,905
<b>Total Disbursements</b>	<b>2,414,437</b>	<b>2,114,167</b>	<b>300,270</b>	<b>1,893,351</b>	<b>1,660,141</b>	<b>233,210</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(123,444)</b>	<b>(152,064)</b>	<b>(28,620)</b>	<b>33,992</b>	<b>(53,965)</b>	<b>(87,957)</b>
<b>CASH, JANUARY 1</b>	<b>196,974</b>	<b>196,974</b>	<b>0</b>	<b>250,939</b>	<b>250,939</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>73,530</b>	<b>44,910</b>	<b>(28,620)</b>	<b>284,931</b>	<b>196,974</b>	<b>(87,957)</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	101,789	111,951	10,162	86,000	88,543	2,543
Charges for services:	3,000	3,807	807	0	0	0
Interest	90	162	72	100	88	(12)
Transfers in	18,145	13,116	(5,029)	31,100	38,189	7,089
<b>Total Receipts</b>	<b>123,024</b>	<b>129,036</b>	<b>6,012</b>	<b>117,200</b>	<b>126,820</b>	<b>9,620</b>
<b>DISBURSEMENTS</b>						
Assessor	123,024	126,031	(3,007)	117,117	126,821	(9,704)
<b>Total Disbursements</b>	<b>123,024</b>	<b>126,031</b>	<b>(3,007)</b>	<b>117,117</b>	<b>126,821</b>	<b>(9,704)</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>0</b>	<b>3,005</b>	<b>3,005</b>	<b>83</b>	<b>(1)</b>	<b>(84)</b>
<b>CASH, JANUARY 1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>CASH, DECEMBER 31</b>	<b>1</b>	<b>3,006</b>	<b>3,005</b>	<b>85</b>	<b>1</b>	<b>(84)</b>

Exhibit B

OZARK 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 ENFORCEMENT TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	850	864	14	900	848	(52)
Charges for service:	2,500	1,924	(576)	2,400	2,694	294
Total Receipts	<u>3,350</u>	<u>2,788</u>	<u>(562)</u>	<u>3,300</u>	<u>3,542</u>	<u>242</u>
<b>DISBURSEMENTS</b>						
Sheriff	2,490	1,789	701	2,850	6,335	(3,485)
Total Disbursements	<u>2,490</u>	<u>1,789</u>	<u>701</u>	<u>2,850</u>	<u>6,335</u>	<u>(3,485)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	860	999	139	450	(2,793)	(3,243)
CASH, JANUARY 1	330	330	0	3,123	3,123	0
CASH, DECEMBER 31	<u>1,190</u>	<u>1,329</u>	<u>139</u>	<u>3,573</u>	<u>330</u>	<u>(3,243)</u>
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	475	484	9	450	474	24
Total Receipts	<u>475</u>	<u>484</u>	<u>9</u>	<u>450</u>	<u>474</u>	<u>24</u>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	710	1,110	(400)	460	160	300
Total Disbursements	<u>710</u>	<u>1,110</u>	<u>(400)</u>	<u>460</u>	<u>160</u>	<u>300</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(235)	(626)	(391)	(10)	314	324
CASH, JANUARY 1	965	965	0	651	651	0
CASH, DECEMBER 31	<u>730</u>	<u>339</u>	<u>(391)</u>	<u>641</u>	<u>965</u>	<u>324</u>
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	2,600	4,630	2,030	3,000	2,590	(410)
Total Receipts	<u>2,600</u>	<u>4,630</u>	<u>2,030</u>	<u>3,000</u>	<u>2,590</u>	<u>(410)</u>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	1,450	1,886	(436)	1,575	1,456	119
Transfers out	1,000	1,000	0	0	0	0
Total Disbursements	<u>2,450</u>	<u>2,886</u>	<u>(436)</u>	<u>1,575</u>	<u>1,456</u>	<u>119</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	150	1,744	1,594	1,425	1,134	(291)
CASH, JANUARY 1	6,670	6,670	0	5,536	5,536	0
CASH, DECEMBER 31	<u>6,820</u>	<u>8,414</u>	<u>1,594</u>	<u>6,961</u>	<u>6,670</u>	<u>(291)</u>

Exhibit B

OZARK 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>CAPITAL IMPROVEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales tax	0	0	0	0	797	797
Interest	44	44	0	750	679	(71)
Total Receipts	44	44	0	750	1,476	726
<b>DISBURSEMENTS</b>						
Capital improvements	23,139	23,139	0	100,000	104,895	(4,895)
Other	0	0	0	21,000	0	21,000
Transfers out	0	0	0	5,991	0	5,991
Total Disbursements	23,139	23,139	0	126,991	104,895	22,096
RECEIPTS OVER (UNDER) DISBURSEMENTS	(23,095)	(23,095)	0	(126,241)	(103,419)	22,822
CASH, JANUARY 1	23,108	23,108	0	126,527	126,527	0
CASH, DECEMBER 31	13	13	0	286	23,108	22,822
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales tax	250,000	256,672	6,672	238,400	249,301	10,901
Intergovernmental	295,423	250,249	(45,174)	281,815	319,105	37,290
Charges for services	12,000	15,276	3,276	21,000	10,709	(10,291)
Interest	310	343	33	500	320	(180)
Other	15,200	50,462	35,262	8,500	26,260	17,760
Transfers in	163,456	228,334	64,878	163,519	66,122	(97,397)
Total Receipts	736,389	801,336	64,947	713,734	671,817	(41,917)
<b>DISBURSEMENTS</b>						
Employee benefit:	111,638	103,875	7,763	116,514	98,966	17,548
Jail	236,944	263,988	(27,044)	224,221	207,076	17,145
Sheriff	386,507	413,239	(26,732)	373,000	365,783	7,217
Total Disbursements	735,089	781,102	(46,013)	713,735	671,825	41,910
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,300	20,234	18,934	(1)	(8)	(7)
CASH, JANUARY 1	26	26	0	34	34	0
CASH, DECEMBER 31	1,326	20,260	18,934	33	26	(7)
<b><u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	3,000	3,308	308	5,080	1,526	(3,554)
Total Receipts	3,000	3,308	308	5,080	1,526	(3,554)
<b>DISBURSEMENTS</b>						
Local emergency planning commissio:	6,500	226	6,274	7,000	2,328	4,672
Total Disbursements	6,500	226	6,274	7,000	2,328	4,672
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,500)	3,082	6,582	(1,920)	(802)	1,118
CASH, JANUARY 1	8,476	8,476	0	9,278	9,278	0
CASH, DECEMBER 31	4,976	11,558	6,582	7,358	8,476	1,118

Exhibit B

OZARK 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>ELECTION SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	0	966	966
Charges for service:	200	524	324	1,900	1,867	(33)
Interest	40	32	(8)	25	31	6
Total Receipts	240	556	316	1,925	2,864	939
<b>DISBURSEMENTS</b>						
Elections	3,000	1,864	1,136	2,500	1,407	1,093
Total Disbursements	3,000	1,864	1,136	2,500	1,407	1,093
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,760)	(1,308)	1,452	(575)	1,457	2,032
CASH, JANUARY 1	3,223	3,223	0	1,766	1,766	0
CASH, DECEMBER 31	463	1,915	1,452	1,191	3,223	2,032
<b><u>RECORDER USER FEE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	9,000	10,788	1,788	8,000	9,621	1,621
Interest	200	310	110	70	219	149
Total Receipts	9,200	11,098	1,898	8,070	9,840	1,770
<b>DISBURSEMENTS</b>						
Ex Officio Recorder of Deed	6,100	8,103	(2,003)	3,600	4,020	(420)
Total Disbursements	6,100	8,103	(2,003)	3,600	4,020	(420)
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,100	2,995	(105)	4,470	5,820	1,350
CASH, JANUARY 1	19,041	19,041	0	13,221	13,221	0
CASH, DECEMBER 31	22,141	22,036	(105)	17,691	19,041	1,350
<b><u>TAX MAINTENANCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	7,800	8,574	774	7,800	7,915	115
Interest	50	58	8	48	57	9
Total Receipts	7,850	8,632	782	7,848	7,972	124
<b>DISBURSEMENTS</b>						
Collector	7,250	6,047	1,203	10,990	10,454	536
Transfers out	600	751	(151)	0	0	0
Total Disbursements	7,850	6,798	1,052	10,990	10,454	536
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,834	1,834	(3,142)	(2,482)	660
CASH, JANUARY 1	973	973	0	3,455	3,455	0
CASH, DECEMBER 31	973	2,807	1,834	313	973	660

Exhibit B

OZARK 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>SHERIFF'S REVOLVING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services:	3,000	1,302	(1,698)			
Interest	25	57	32			
Total Receipts	<u>3,025</u>	<u>1,359</u>	<u>(1,666)</u>			
<b>DISBURSEMENTS</b>						
Sheriff	2,000	0	2,000			
Transfers out	0	547	(547)			
Total Disbursements	<u>2,000</u>	<u>547</u>	<u>1,453</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>1,025</u>	<u>812</u>	<u>(213)</u>			
CASH, JANUARY 1	<u>3,375</u>	<u>3,375</u>	<u>0</u>			
CASH, DECEMBER 31	<u><u>4,400</u></u>	<u><u>4,187</u></u>	<u><u>(213)</u></u>			
<b><u>SHERIFF CIVIL FEE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services:	9,000	8,440	(560)			
Total Receipts	<u>9,000</u>	<u>8,440</u>	<u>(560)</u>			
<b>DISBURSEMENTS</b>						
Sheriff	1,275	1,275	0			
Transfers out	8,000	8,000	0			
Total Disbursements	<u>9,275</u>	<u>9,275</u>	<u>0</u>			
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(275)</u>	<u>(835)</u>	<u>(560)</u>			
CASH, JANUARY 1	<u>7,580</u>	<u>7,580</u>	<u>0</u>			
CASH, DECEMBER 31	<u><u>7,305</u></u>	<u><u>6,745</u></u>	<u><u>(560)</u></u>			
<b><u>CHILDREN OF DOMESTIC VIOLENCE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services:	300	270	(30)	200	347	147
Total Receipts	<u>300</u>	<u>270</u>	<u>(30)</u>	<u>200</u>	<u>347</u>	<u>147</u>
<b>DISBURSEMENTS</b>						
Domestic violence shelte	300	270	30	200	347	(147)
Total Disbursements	<u>300</u>	<u>270</u>	<u>30</u>	<u>200</u>	<u>347</u>	<u>(147)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH, JANUARY 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH, DECEMBER 31	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

Exhibit B

OZARK 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>HAVA ELECTION IMPROVEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	431	431			
Interest	35	116	81			
Transfers In	0	5,276	5,276			
Total Receipts	35	5,823	5,788			
<b>DISBURSEMENTS</b>						
Elections	7,500	5,662	1,838			
Total Disbursements	7,500	5,662	1,838			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,465)	161	7,626			
CASH, JANUARY 1	15,008	15,008	0			
CASH, DECEMBER 31	7,543	15,169	7,626			
<b><u>EMERALD CITY SHELTER FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	8,570	8,570	0	7,500	7,500	0
Total Receipts	8,570	8,570	0	7,500	7,500	0
<b>DISBURSEMENTS</b>						
Emerald City Shelter	8,399	8,399	0	7,350	7,350	0
Transfers out	171	171	0	150	150	0
Total Disbursements	8,570	8,570	0	7,500	7,500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>INMATE SECURITY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	0	0	0	90	116	26
Interest	0	0	0	0	4	4
Total Receipts	0	0	0	90	120	30
<b>DISBURSEMENTS</b>						
Transfers out	300	300	0	0	0	0
Total Disbursements	300	300	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	(300)	0	90	120	30
CASH, JANUARY 1	300	300	0	180	180	0
CASH, DECEMBER 31	0	0	0	270	300	30

Exhibit B

OZARK 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>HEALTH CENTER FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	80,000	81,615	1,615	76,000	77,965	1,965
Intergovernmental	255,823	267,983	12,160	233,000	231,944	(1,056)
Charges for services:	72,000	58,700	(13,300)	60,000	70,205	10,205
Interest	2,000	1,615	(385)	2,000	1,473	(527)
Other	42,377	38,887	(3,490)	27,000	37,743	10,743
Total Receipts	452,200	448,800	(3,400)	398,000	419,330	21,330
<b>DISBURSEMENTS</b>						
Salaries & benefits	342,972	367,339	(24,367)	305,000	334,672	(29,672)
Office expenditures:	45,500	29,076	16,424	88,900	43,755	45,145
Mileage & training	28,000	30,794	(2,794)	25,000	26,129	(1,129)
Other	22,500	14,267	8,233	28,049	36,040	(7,991)
Total Disbursements	438,972	441,476	(2,504)	446,949	440,596	6,353
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,228	7,324	(5,904)	(48,949)	(21,266)	27,683
CASH, JANUARY 1	79,236	79,236	0	100,502	100,502	0
CASH, DECEMBER 31	92,464	86,560	(5,904)	51,553	79,236	27,683
<b><u>ASSOCIATE CIRCUIT COURT INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	233	237	4	315	233	(82)
Total Receipts	233	237	4	315	233	(82)
<b>DISBURSEMENTS</b>						
Transfers out	233	237	(4)	315	233	82
Total Disbursements	233	237	(4)	315	233	82
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	200	287	87	150	588	438
Total Receipts	200	287	87	150	588	438
<b>DISBURSEMENTS</b>						
Circuit Clerk	200	610	(410)	150	535	(385)
Total Disbursements	200	610	(410)	150	535	(385)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(323)	(323)	0	53	53
CASH, JANUARY 1	431	431	0	378	378	0
CASH, DECEMBER 31	431	108	(323)	378	431	53

Exhibit B

OZARK 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>LAW LIBRARY FUND</b>						
<b>RECEIPTS</b>						
Charges for services:						
Interest	1,400	1,914	514	1,100	1,455	355
	2	1	(1)	8	1	(7)
Total Receipts	<u>1,402</u>	<u>1,915</u>	<u>513</u>	<u>1,108</u>	<u>1,456</u>	<u>348</u>
<b>DISBURSEMENTS</b>						
Law Library	1,400	1,024	376	1,108	1,741	(633)
Total Disbursements	<u>1,400</u>	<u>1,024</u>	<u>376</u>	<u>1,108</u>	<u>1,741</u>	<u>(633)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	2	891	889	0	(285)	(285)
CASH, JANUARY 1	10	10	0	295	295	0
CASH, DECEMBER 31	<u>12</u>	<u>901</u>	<u>889</u>	<u>295</u>	<u>10</u>	<u>(285)</u>

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

Notes to the Financial Statements

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

B. Basis of Accounting

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

C. Budgets and Budgetary Practices

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

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff's Revolving Fund	2004
Sheriff's Civil Fee Fund	2004
HAVA Election Improvement Fund	2004
War Memorial Fund	2004
Associate Circuit Time Payment Fund	2005 and 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>
Assessment Fund	2005 and 2004
Law Enforcement Training Fund	2004
Prosecuting Attorney Training Fund	2005
Prosecuting Attorney Bad Check Fund	2005
Law Enforcement Sales Tax Fund	2005
Recorder User Fee Fund	2005 and 2004
Children of Domestic Violence Fund	2004
Health Center Fund	2005
Associate Circuit Court Interest Fund	2005
Circuit Clerk Interest Fund	2005 and 2004
Law Library Fund	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 for the years ended December 31, 2005 and 2004, did not include the Associate Circuit Time Payment Fund. In addition, the Health Center's financial statements were published separately and for the years ended December 31, 2005 and 2004, did not disclose disbursement detail by vendor as required by Section 50.800, RSMo.

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

The county's and the Health Center Board's deposits at December 31, 2005 and 2004, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name, by commercial insurance provided through a surety bond, or by an irrevocable standby letter of credit issued by a Federal Home Loan Bank.

### 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 adopted such a policy.

### 3. Prior Period Adjustment

The Associate Circuit Division Interest Fund's cash balance at January 1, 2003, as previously stated has been decreased by \$282 to agree to the cash balance of the Associate Circuit Division.

Supplementary Schedule

Schedule

OZARK COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2005	2004
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-6177 ERS045-5177 ERS045-4177	\$ 7,586 23,759 0	0 6,728 21,656
			<u>31,345</u>	<u>28,384</u>
10.559	Summer Food Service Program for Children	ERS146-5177 ERS146-4177I	350 0	0 260
			<u>350</u>	<u>260</u>
Office of Administration				
10.665	Schools and Roads - Grants to States	N/A	0	171,157
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state				
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO1640646 ERO1640583	8,570 0	0 7,500
			<u>8,570</u>	<u>7,500</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	SD-2004-26	0	40,226
State Department of Public Safety				
16.592	Local Law Enforcement Block Grants Program	2003-LBG-066	0	9,000
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	1,513	810
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-B077(8)	489,750	0

Schedule

OZARK COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures Year Ended December 31,	
			2005	2004
	Department of Public Safety			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grant	N/A	0	1,790
	GENERAL SERVICES ADMINISTRATION			
	Passed through state			
	Office of Administration			
39.003	Donation of Federal Surplus Personal Property	N/A	1,646	6,216
	Office of Secretary of State			
39.011	Election Reform Payment	N/A	0	2,666
	U.S. DEPARTMENT OF ENERGY			
	Passed through state			
	Department of Natural Resources			
81.041	State Energy Program	NPDEL023	44,900	16,523
	ELECTIONS ASSISTANCE COMMISSION			
	Passed through state Office of Secretary of State			
90.401	Help America Vote Act Requirements Payment	N/A	7,075	0
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state			
	Department of Health and Senior Services			
93.268	Immunization Grants	N/A	19,987	17,774
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	AOC0638 DH040022022	3,500 0	0 7,225
	Department of Social Services			
93.563	Child Support Enforcement	N/A	21,027	19,764
	Department of Health and Senior Services			
93.575	Child Care and Development Block Grant	PGA067-4177S PGA067-5177S	410 0	320 155
			<u>410</u>	<u>475</u>

Schedule

OZARK COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2005	2004
Department of Social Services -				
93.667	Social Services Block Grant	PGA067-5177C	1,500	550
		PGA067-4177C	0	765
			<u>1,500</u>	<u>1,315</u>
Department of Health and Senior Services				
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-5177M	4,575	0
		ERS146-5177M	13,742	4,581
		ERS146-4177M	0	10,578
			<u>18,317</u>	<u>15,159</u>
93.997	Preventive Health Services Block Grant	N/A	280	0
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.036	Public Assistance Grants*	FEMA-1412-DR-MO	336,187	508,308
97.067	Homeland Security Grant Program	N/A	31,833	0
	Total Expenditures of Federal Award:		\$ <u><u>1,018,190</u></u>	<u><u>854,552</u></u>

\* These expenditures include awards made under CFDA number 83.552

N/A - Not applicable

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

Notes to the Supplementary Schedule

OZARK COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt. Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both

cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$8,570 and \$7,500 to a subrecipient under the Emergency Shelter Grants Program (CFDA number 14.231) during the years ended December 31, 2005 and 2004, respectively.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

State Auditor's Report



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

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

To the County Commission  
and  
Officeholders of Ozark County, Missouri

Compliance

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

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

In our opinion, Ozark County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004. However, the results of our auditing procedures disclosed

instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 05-1 through 05-3.

### Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 05-1 through 05-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

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



Susan Montee, CPA  
State Auditor

October 19, 2006 (fieldwork completion date)

Schedule

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

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

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
97.036	Public Assistance Grants

Dollar threshold used to distinguish between Type A

and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes      x   no

## Section II - Financial Statement Findings

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

## Section III - Federal Award Findings and Questioned Costs

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

<b>05-1.</b>	<b>Procurement and Prevailing Wage</b>
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Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	97.036
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	FEMA-1412-DR-MO
Award Years:	2005 and 2004
Questioned Costs:	\$21,930

The County Commission did not adhere to procurement requirements during the reconstruction of its county roads and bridges, and did not require a contractor to provide supporting documentation of wages paid to ensure compliance with prevailing wage laws.

Flooding caused significant damage to county roads and bridges, and as a result, the county was awarded federal emergency management assistance (FEMA) to repair and rebuild its roads and bridges. The County Commission hired a contractor to perform work on county roads, but did not solicit bids for these services totaling approximately \$21,930 during 2005 and 2004. In addition, the County Commission did not require the contractor to provide supporting documentation of wages paid or review any of the payroll records for the contractor to ensure compliance with prevailing wage laws.

Section 50.660, RSMo, requires bids for all purchases or services of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. Competitive bidding ensures all parties are given equal opportunity to participate in county business. In addition, the Davis-Bacon Act requires that all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of

\$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the U.S. Department of Labor. Also, Section 290.230, RSMo, requires prevailing wages to be paid to all workmen employed by or on behalf of any public body engaged in construction projects exclusive of routine maintenance work.

**WE RECOMMEND** the County Commission work with the granting agency to resolve the questioned costs and ensure bids are solicited in accordance with state law, and prevailing wage rates are paid on all construction projects.

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

*The County Commission will work with the granting agency to resolve these issues.*

**05-2. Cash Management**

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Number:	BRO-B077(8)
Award Years:	2005
Questioned Costs:	Not applicable

During the year ended December 31, 2005, the county participated in the Highway Planning and Construction Program and received and disbursed approximately \$489,750 through this program.

The county has not established cash management procedures to ensure the minimum time lapses between its receipt of federal project monies and the disbursement of such monies to contractors. The County Commission maintains a separate bank account for the BRO federal project monies, and makes payments to contractors subsequent to receiving the reimbursement from the federal grant. We noted two reimbursements which were held for an extended time period prior to being disbursed. One payment totaling \$62,843 was held for more than seven days.

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 funds shall be requested such that they are received no more than two days prior to disbursement of a payment.

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

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

*We are now able to monitor bank accounts on-line and will have better monitoring procedures in the future.*

**05-3. Schedule of Expenditures of Federal Awards**

Federal Grantor: U.S. Department of Transportation  
Pass-Through Grantor: State Highway and Transportation Commission  
Federal CFDA Number: 20.205  
Program Title: Highway Planning and Construction  
Pass-Through Entity  
Identifying Number: BRO-B077(8)  
Award Years: 2005  
Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Homeland Security  
Pass-Through Grantor: Department of Public Safety  
Federal CFDA Number: 97.036  
Program Title: Public Assistance Grants  
Pass-Through Entity  
Identifying Number: FEMA-1412-DR-MO  
Award Years: 2005 and 2004  
Questioned Costs: Not applicable

The county does not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA). The county prepared a SEFA for the years ended December 31, 2005 and 2004; however, it contained numerous errors and omissions. In total, expenditures were overstated by approximately \$32,683 and \$229,864 for 2005 and 2004, respectively.

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

Expenditures relating to several federal grants were reported incorrectly or not included on the schedule. Additionally, some federal grant expenditures were reported on the schedule in the wrong year, and some non-federal reimbursements were included on the schedule.

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

Similar conditions have been noted in the county's prior audit reports. Although the County Clerk indicated they would implement the recommendations, the county has not improved these controls and procedures.

**WE AGAIN RECOMMEND** the County Commission and the County Clerk work to ensure the SEFA is complete and accurate.

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

*We will work with officials to ensure all federal expenditures are included on the Schedule of Federal Expenditures.*

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

OZARK 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, 2003, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

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

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

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

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

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

**Findings-Two Years Ended December 31, 2003**

03-01. Federal Awards-Internal Controls

Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	Missouri Department of Homeland Security
Federal CFDA Number:	97.036
Program Title:	Public Assistance Grants
Pass-Through Entity Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	Not Applicable

The county did not prepare an accurate schedule of expenditures of federal awards.

Recommendation:

The county should develop procedures to track expenditures of federal awards in accordance with the grant requirements.

Status:

Not implemented. See finding number 05-3.

03-02. Federal Awards-Compliance

Federal Grantor:	U.S. Department of Homeland Security
Pass-Through Grantor:	Missouri Department of Homeland Security
Federal CFDA Number:	97.036
Program Title:	Public Assistance Grants
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2003 and 2002
Questioned Costs:	Unknown

The county failed to remit interest earned on federal advances to the federal agency as required.

Recommendation:

The county should deposit all advances of federal funds into a non-interest bearing account, or implement a system to track and remit interest earned on those funds to the federal agency as required.

Status:

Partially implemented. The county remitted \$308 in interest earned to the State Emergency Management Assistance (SEMA) Agency in November 2004. A non-interest bearing account was established for the Federal Emergency Management Assistance (FEMA) monies that were received thereafter. However, in 2005 and 2004, the County Commission did not adhere to procurement requirements and did not require a contractor to provide supporting documentation of wages paid to ensure compliance with prevailing wage laws. See finding number 05-1.

**Findings-Two Years Ended December 31, 2001**

01-1. Federal Awards

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Number:	97-PF-21
Award Years:	2001 and 2000
Questioned Costs:	Not applicable

Federal Grantor: U.S. Department of Transportation  
Pass-Through Grantor: State Highway and Transportation Commission  
Federal CFDA Number: 20.205  
Program Title: Highway Planning and Construction  
Pass-Through Entity  
Identifying Number: BRO-077(7)  
Award Years: 2001 and 2000  
Questioned Costs: Not applicable

- A. The county had not established cash management procedures to ensure the minimum time lapses between the receipt of federal project monies and the disbursement of such monies to contractors.
- B. The county did not have adequate procedures in place to track federal awards for the preparation of the schedule of expenditures of federal awards (SEFA).

Recommendation:

- A. The County Commission establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.
- B. The County Commission and the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

Status:

A&B. Not implemented. See findings number 05-2 and 05-3.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the financial statements of various funds of Ozark County, Missouri, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 19, 2006. We also have audited the compliance of Ozark County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 19, 2006.

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 Questioned Costs. These MAR findings resulted from our audit of the financial statements of Ozark County or of its compliance with the types of compliance requirements applicable to each of its major federal programs but do not meet the criteria for inclusion in the written reports on compliance (and other matters, if applicable) and on internal control over financial reporting or compliance that are

required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

<b>1.</b>	<b>County Expenditures</b>
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The county did not always solicit bids or retain bid documentation for some purchases, and payments were made to vendors without acknowledging receipt of goods or services. Improvements are also needed in the controls and procedures over fuel purchases, and written contracts have not been obtained for some county agreements. In addition, adequate documentation was not obtained for some expenditures relating to the Emergency Shelter Grant Program, and the county commission meeting minutes did not adequately document circumstances regarding related party transactions.

- A. The county did not always solicit bids, or maintain documentation of other price comparison procedures for some major purchases. Neither the county commission minutes nor the expenditure records contained adequate documentation of the county's efforts to compare prices (i.e., phone contacts, inquiries) or reasons to support sole source purchase determinations. Examples include:

Item or Service	Cost
Bulk fuel (2005)	\$ 169,393
Bulk fuel (2004)	116,880
Tires and tire repairs (2005)	33,433
Tires and tire repairs (2004)	42,014
Prisoner food (2005)	29,561
Prisoner food (2004)	28,969
Printer equipment and maintenance (single purchase)	8,225
Road & Bridge grader blades and parts (single purchase)	5,659

While the County Commission indicated that bids were solicited for some purchases through telephone calls or some items were only available from one vendor in the area, documentation of these calls and sole source procurement situations were not maintained.

Section 50.660, RSMo, requires bids for all purchases of \$4,500 or more from any one person, firm, or corporation during any period of ninety days. Routine use of a competitive procurement process (advertisement for bids, phone solicitations, written requests for proposals, etc.) for major purchases ensures the county has made an effort to receive the best and lowest price and interested parties are given an equal opportunity to participate in county business. Documentation of the various proposals received, and the county's selection process and criteria should be retained to demonstrate compliance with the law and support decisions made.

- B. The County Commission approved some payments to vendors without requiring the officeholder to acknowledge receipt of goods or services. For example, the county

purchased grader blades, tires, and bulk fuel for the road and bridge department without indicating receipt of goods by the applicable party. Further, the county lacks adequate controls over the use of bulk fuel, see part C below. Verification of receipt of goods and services is necessary to ensure the county is paying for actual goods and services received and approved.

- C. The county maintains gasoline and diesel fuel tanks at each of the county road and bridge barns for use in vehicles and equipment of the road and bridge department. While fuel usage logs are maintained by the county road and bridge department, and the County Clerk's office reconciles these logs to fuel purchases, differences are not reviewed and followed up on by the County Commission. Additionally, mileage logs are not maintained on some county road and bridge vehicles and compared to fuel usage. During the years ending December 31, 2005 and 2004 the county spent approximately \$146,006 and \$102,980, respectively, for fuel for the road and bridge department.

To ensure the reasonableness of fuel expenditures, the county should maintain complete records of fuel usage, reconcile them to fuel purchases and on hand, and investigate any differences. Additionally, mileage logs should be maintained on all county vehicles and compared to fuel usage. Failure to account for fuel purchases could result in loss, theft or misuse.

- D. The county does not always obtain written agreements for services provided or shared costs, and one written agreement did not require adequate supporting documentation. For example:

- The Sheriff's department houses prisoners for other counties and cities in the county jail. The county does not have written agreements with these entities regarding the various rates to be paid or the services to be provided. During 2005 and 2004, the county received approximately \$147,799 and \$198,441, respectively, for boarding prisoners.
- The county has not entered into a written agreement with the ambulance district for dispatching services provided to the district. The county received approximately \$13,200 each year for dispatching services provided during 2005 and 2004.
- The Prosecuting Attorney works from his private law office. Some of the office equipment is shared between the county and the private law practice. The county pays for one-half of the office rent and two-thirds of the cost of equipment maintenance and office supplies, with the Prosecuting Attorney's private practice paying the balance. The county does not have documentation to support how the distribution of these costs was determined, or a formal written agreement outlining the arrangement.
- The county has a contract with an individual to provide field work for the County

Assessor at the rate of \$150 per day. The contract does not require adequate documentation be submitted to the county before payment is made. As a result, the documentation to support amounts paid simply lists the number of days worked each month and does not indicate which days were worked or what property was reviewed. The county paid this individual \$32,325 and \$27,825 during 2005 and 2004, respectively.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. A written contract, signed by the parties involved, should specify the services to be rendered, the manner and amount of compensation to be paid, and the documentation to be provided. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

- E. The County Commission did not obtain adequate supporting documentation of Emergency Shelter Grant Program expenditures paid to a sub-recipient. The Ozark County Commission was designated as the official recipient for federal grant monies under the Emergency Shelter Grant Program totaling \$8,570 and \$7,500 during 2005 and 2004, respectively. These monies were passed through to a local emergency shelter. While some supporting documentation was submitted to the County Commission by the local emergency shelter to support the use of the grant funds, the documentation was not complete. For example, documentation to support telephone costs of \$3,164 included a copy of only a portion of one page of each month's bill showing the total amount due. Additionally, adequate supporting documentation was not obtained for utilities (\$2,439) and staff (\$926) costs, and the supporting documentation received for maintenance and food costs did not agree to the amounts claimed.

To ensure the Emergency Shelter Grant monies are being expended in accordance with federal requirements, the County Commission should obtain adequate documentation to support all expenditures relating to the use of these grant funds. As the grant recipient, the county is ultimately responsible for ensuring compliance with federal requirements.

- F. The county commission meeting minutes did not adequately document circumstances regarding purchases made from a concrete company owned by a commissioner's brother-in-law. Bids were solicited for these purchases in 2004 with this company submitting the only bid; however no bids were received in 2005 because the County Commission indicated that this was a sole source purchase. There was no documentation in the commission meeting minutes to indicate that the commissioner abstained from voting on the bids or approving the invoices for payment to this company, or that this was a sole source purchase. The county made payments to this company totaling \$10,756 and \$39,593 in 2005 and 2004 respectively.

To ensure actual or apparent conflicts of interests do not exist, the county should ensure any commissioner with a potential conflict of interest abstains from voting and such actions should be properly documented and disclosed in the commission

minutes. Additionally, sole source procurement situations should be properly documented in the commission minutes.

Conditions A. and B. were noted in prior reports.

**WE RECOMMEND** the County Commission:

- A. Perform a competitive procurement process for all major purchases and maintain documentation of decisions made.
- B. Require acknowledgment of receipt of goods and/or services prior to payment.
- C. Maintain complete records of fuel usage, reconcile them to fuel purchases and on hand, and investigate any differences. Additionally, mileage logs should be maintained on all county vehicles.
- D. The Sheriff, the Prosecuting Attorney, and the Assessor enter into written contracts outlining the details of the various agreements.
- E. Properly monitor the use of federal grant funds disbursed to sub-recipients.
- F. Ensure commissioners with a potential conflict of interest abstain from voting on such issues and that these actions are properly documented and disclosed in the commission minutes. Additionally, sole source procurement situations should be adequately documented.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We have started adding more documentation to the commission minutes and will work with all applicable officials to ensure bids are obtained and documented.*
- B. *We will work with the applicable officials to ensure that receipt of goods is documented on all invoices.*
- C. *We have added mileage information to our individual fuel usage tickets completed by road and bridge employees. We will review reconciliations between the fuel usage log and fuel purchases and follow up on the differences.*
- D. *We will work with the applicable officials to ensure formal contracts are entered into and documented. The Assessor's office has now hired an individual as a county employee instead of contracting for this position.*
- E. *This contract has been discontinued and the county no longer supports the Emerald City Shelter.*

- F. *We will make sure that all business transactions with this vendor are adequately documented in the minutes and the Western Commissioner will abstain from voting on this issue.*

*The Prosecuting Attorney provided the following response:*

- D. *I will draft an agreement for the County Commissioners' signatures.*

*The Sheriff provided the following response:*

- D. *I now have a written contract with the ambulance district. We will implement some type of letter or contract with counties for prisoner boarding.*

*The Assessor provided the following response:*

- D. *The county no longer contracts with this individual. A full time employee has been hired by the county to perform this service.*

<b>2. Personnel Issues and County Treasurer's Salary and Bond</b>
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Centralized leave records are not maintained by the County Clerk for the Sheriff's office employees. Additionally, some employee benefits were provided to an individual paid to haul gravel, as a result, it is not clear whether this individual was providing services as a county employee or independent contractor. Further, the County Treasurer's salary amount needs clarification, and his school bond was insufficient.

- A. The County Clerk does not maintain centralized records of vacation leave, sick leave, or compensatory time earned, taken, or accumulated for the Sheriff's office employees. While detailed leave records are maintained by the Sheriff's office, our review of one deputy's leave records identified a calculation error causing an overpayment of \$326 of accrued vacation leave. Without centralized and complete leave records, the County Commission cannot ensure that employee's vacation leave, sick leave, and overtime records are accurate, that all employees are treated equitably, and that leave time used does not exceed leave time earned and accumulated. Centralized leave records aid in determining final pay for employees leaving county employment or in the event disputes arise and to demonstrate compliance with the federal Fair Labor Standards Act (FLSA).
- B. The county paid an individual to haul gravel for the county FEMA projects. No payroll taxes were withheld from his compensation; however, the county required the individual to complete a standard county time sheet, paid him holiday pay, and allowed him to earn compensatory hours similar to county employees. Because there was no written contract and some employee benefits were provided, it is questionable whether this individual should be treated as an independent contractor or a county employee. A 1099-MISC was issued to this individual for \$13,167 and \$19,314 for 2005 and 2004, respectively for his services. In September 2005 the county hired

this individual as a full time employee.

The IRS Code contains specific instructions regarding the treatment of an employee versus an independent contractor. The county needs to ensure it complies with IRS regulations. The failure to correctly identify and handle such arrangements may result in noncompliance with the Fair Labor Standards Act (FLSA) and not properly withholding and paying various taxes.

- C. The County Treasurer's annual salary was increased from \$23,776 to \$32,130, or \$8,354 annually, effective January 1, 2004 during his term of office which began January 1, 2003. The Salary Commission authorized salaries for officeholders at 90% of the allowable maximum pay during the November 2001 meeting, but did not hold a salary commission meeting to approve this increase. The Prosecuting Attorney issued a written opinion in January 2004 indicating the County Treasurer's salary should be set at 90% of the maximum allowed under House Bill 2137, which was effective August 28, 2002.

House Bill 2137 provided for an increase in the compensation paid to the county treasurer. It established an alternative, higher salary schedule and stated the salary commission may authorize the use of the alternative salary schedule. However, Section 50.333, RSMo, appears to authorize salary commissions to meet only in odd-numbered years. Additionally, Article VII, Section 13 of the Missouri Constitution states that compensation to county officials shall not be increased during a term of office.

As a result, without salary commission approval and because the salary increase occurred during the County Treasurer's term of office, it is unclear when the salary increase provided to the County Treasurer should have been in effect, and whether it is in accordance with state law.

- D. The County Treasurer's bond coverage was insufficient to cover the school monies he receives. The \$300,000 bond secured for the County Treasurer was approximately \$50,000 less than the amount required by state law during January 2005 and 2004, respectively, when he received and distributed most of the school property tax money. Additionally, the County Treasurer has not recalculated the school bond amount required at the beginning of his new term starting in January 2007, and it is approximately \$120,000 less than the amount required.

Section 54.160, RSMo, requires the County Treasurer to give additional bond for school monies sufficient to secure the monies which come into the County Treasurer's hands, not to exceed one-fourth of the amount collected during the same month of the year immediately preceding his election or appointment.

**WE RECOMMEND** the County Commission:

- A. And the County Clerk maintain centralized leave records for all county employees.

- B. Comply with IRS regulations regarding independent contractors and employees.
- C. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.
- D. Ensure that all county officials are adequately bonded.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *The County Clerk is now receiving leave records from the Sheriff.*
- B. *We will ensure that this does not happen in the future and will resolve any issues with the IRS.*
- C. *We consulted with our Prosecuting Attorney and relied on his opinion in 2004 when this increase was given. We will discuss this issue again with the Prosecuting Attorney.*
- D. *We will contact our insurance company and increase the rider on the Treasurer's bond.*

*The Sheriff provided the following response:*

- A. *I have started giving leave records to the County Clerk.*

*The County Treasurer provided the following response:*

- C. *The minutes of the salary commission meeting prior to 2003 stated salaries were to be set at 90% of the maximum allowable amount which would have been the higher amount beginning with January 1, 2003. I believe the Treasurer's salary should have been \$32,130 starting January 1, 2003.*
- D. *I have contacted the agent for the bonding company and they are updating the bond to comply with the statutes.*

<b>3. County Budgets, Planning and Collateral Securities</b>
--

Actual disbursements exceeded the budgeted amounts in various county funds. In addition, revenues and expenditures were not properly classified in several county budgets, and an annual maintenance plan for county roads and bridges has not been prepared. Further, adequate procedures were not in place to monitor and ensure bank accounts are sufficiently collateralized.

- A. The County Commission and other county officials approved disbursements in excess of budgeted amounts for various funds for the years ended December 31, 2005 and 2004, as follows.

Fund	Year Ended December 31,	
	2005	2004
Assessment Fund	\$ 3,007	9,704
Prosecuting Attorney Training Fund	400	N/A
Prosecuting Attorney Bad Check Fund	436	N/A
Law Enforcement Sales Tax Fund	46,013	N/A
Recorder User Fee Fund	2,003	420
Circuit Clerk Interest Fund	410	385
Law Library Fund	N/A	633

While the County Clerk prepared budget to actual expenditure comparison reports, the county's procedures and reports are not resulting in effective monitoring of the various budgets. Additionally, the County Commission amended the 2005 budgets; however, actual expenditures still exceeded budget estimates for some funds. Further, expenditures for many funds had exceeded budgeted amounts prior to the amendments, and no earlier action had been taken. Amendments made after expenditures have exceeded the budgets do not allow for the budgets to be used as an effective management tool.

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

- B. The county budget document contained some incorrect amounts and misclassifications, including inconsistent classifications of receipts and transfers. For example, County Aid Road Trust (CART) revenue totaling more than \$1.3 million and prisoner board revenue totaling approximately \$340,000 for 2005 and 2004 were classified in the "Other Revenues" category. Significant revenue amounts such as these should be included in a more specific and appropriate category. In addition, some misclassifications included a failure to reflect transfers consistently between county funds. Adjustments and reclassifications were made in nineteen of the twenty-three county funds.

To be of maximum assistance to the county and to adequately inform citizens of the county's operations and financial position, budget documents need to be accurate and

include proper classifications of receipts and disbursements. This is also necessary so the county can prepare useful and accurate financial statements.

- C. An annual maintenance plan has not been prepared to document expected work on the county's roads and bridges. More than \$1.6 million in receipts and disbursements are processed through the county's Special Road and Bridge Fund during a typical year. However, the budget document presents proposed activities in general categories which contain significant dollar amounts and do not provide details regarding specific projects or plans. The County Commission indicated the county typically prioritizes county roads and bridges based on safety concerns and need; however, specifics are not documented in a plan, the commission minutes, or the budget message and made available to the public.

A maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the roads and bridges to be worked on, the type of work to be performed, cost estimates, the dates such work could begin, and other relevant information. The plan should be referred to in the budget message and approved by the County Commission. In addition, the County Commission should consider holding a public hearing to obtain input from residents. Such a plan would serve as a useful management tool, encourage greater input into the overall budgeting process, and provide a means to continually and more effectively monitor and evaluate the repair and maintenance projects throughout the year.

- D. The County Treasurer does not have adequate procedures to monitor and ensure bank accounts are sufficiently collateralized. The Treasurer's deposits were under collateralized by approximately \$234,000 and \$442,000 during January 2006 and January 2005, respectively, when he received and distributed most of the school property tax money. While the Treasurer believed the bank was pledging adequate collateral securities, there were no procedures in place to monitor the amount of securities pledged by the bank to ensure coverage was adequate. Section 110.020, RSMo, provides the value of the securities pledged shall at all times be not less than

100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave the Treasurer's funds unsecured and subject to loss in the event of a bank failure.

**WE RECOMMEND** the County Commission:

- A. And other county officials review budget to actual reports carefully and refrain from approving disbursements which exceed budgeted amounts.
- B. And the County Clerk ensure all receipts, disbursements, and transfers are accurately and consistently reported in the county budget documents.
- C. Develop a road and bridge maintenance plan in conjunction with the annual budgets.

- D. And the County Treasurer develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

**AUDITEE'S RESPONSE**

*The County Commission provided the following responses:*

- A. *We will work with the applicable officials to ensure budgets are more closely monitored.*
- B. *We will work with the applicable officials to ensure that revenues are properly classified within the budget document.*
- C. *We will work on preparing a plan in the future along with the budgeting process. However, this is very difficult to plan due to need and circumstances.*
- D. *We will work with the Treasurer and custodial bank to monitor the county's deposits and ensure they are properly collateralized.*

*The County Clerk provided the following response:*

- B. *I will work to ensure revenues are properly classified on the budget document.*

*The County Treasurer provided the following response:*

- D. *I have been in communications with the bank to ensure adequate collateral is now being pledged.*

<b>4. Capital Assets</b>
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Procedures and records to account for county property are not adequate. Some departments did not perform complete and accurate inventories or submit required reports. Discrepancies exist between the overall county property records and some department inventory reports, and changes to department inventories were not always supported by explanations attached to the inventory report.

Currently, each county official prepares and submits an inventory listing of fixed assets to the County Clerk annually, and the County Clerk maintains an inventory listing all other assets owned by the county. The property records maintained do not include all county assets, and do not always include some necessary information, such as acquisition dates, costs, serial numbers, tag numbers, and date and method of disposal. For example, patrol cars operated by the Sheriff's Department deputies were not listed on the fixed asset records maintained by the Sheriff's office or the County Clerk's office. Also, property items are not always properly numbered, tagged, or otherwise identified.

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

Similar conditions were noted in prior reports.

**WE RECOMMEND** the County Clerk work with other county departments to ensure complete and accurate physical inventories are conducted and reports submitted, and implement a procedure for tagging and tracking property purchases throughout the year.

### **AUDITEE'S RESPONSE**

*The County Commission and the County Clerk provided the following response:*

*We will work with all officials to ensure complete and accurate records are maintained of all the county's capital assets.*

<b>5. Prosecuting Attorney's Controls and Procedures</b>
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Receipt slips are not issued for monies received and money orders are not restrictively endorsed immediately upon receipt. In addition, bad check fees are waived without documenting the approval of the Prosecuting Attorney, and an adequate system to account for all bad checks received has not been established. Further, procedures have not been adopted to ensure that bad check complaints are filed with the court in a timely manner.

- A. Receipt slips are not issued for monies received and money orders are not restrictively endorsed immediately upon receipt. Money orders and cashiers checks received by the Prosecutor Attorney's office are transmitted daily to the County Treasurer. While the Prosecuting Attorney includes a copy of the money order or cashiers check in the individual case file, and the County Treasurer issues a receipt slip to the Prosecutor's office for the monies transmitted, there is no centralized record of the monies collected by the Prosecutor's office. To ensure monies are properly accounted for and transmitted intact, prenumbered receipt slips should be issued for all monies received, the method of payment should be indicated on each receipt slip, and the composition of receipt slips issued should be reconciled to the composition of the amounts transmitted to the County Treasurer. In addition, checks and money orders payable to the Prosecuting Attorney should be restrictively endorsed immediately upon receipt.

- B. The Prosecuting Attorney's secretary indicated that she reduces the amount of bad check fees charged to the bad check writer after obtaining verbal approval from the Prosecuting Attorney; however, documentation of the Prosecuting Attorney's approval is not maintained. Our review identified one case where a \$55 fee was waived, and two other cases where the fee was reduced by approximately \$30 each, and no approval was documented by the Prosecuting Attorney. To ensure bad check fees are properly charged and collected, all waivers should be adequately documented and approved by the Prosecuting Attorney.
  
- C. An adequate system to account for all bad checks received by the Prosecuting Attorney's office as well as the subsequent disposition of these bad checks has not been established. Currently, merchants complete an unnumbered complaint form at the time the bad check is turned over to the Prosecuting Attorney for collection. The complaint form and information regarding the handling of each case is maintained in the individual case files, and all pending case files are stored together. The Prosecuting Attorney's office has not established a log of each check received and it's disposition to ensure the bad checks have been accounted for properly. As a result, bad checks were not always filed with the court in a timely manner. For example, according to a list of 46 pending case files prepared by the Prosecuting Attorney's office in May 2006, charges had not yet been filed on 12 cases dating as far back as May 2005.

To ensure all bad checks turned over to the Prosecuting Attorney are handled and accounted for properly, a sequential number should be assigned to each bad check complaint form or bad check received and a log should be maintained showing each bad check and its disposition. The log should contain information such as the assigned number, the merchant, the issuer of the check, the amount of the check, the amount of the bad check fee, and the disposition of the bad check, including date payment was received and transmitted to the merchant or the criminal case in which charges were filed or other disposition. In addition, procedures should be established to ensure bad check complaints are filed in a timely manner with the court.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Issue receipt slips for all monies received, and reconcile the composition of amounts received to the composition of amounts transmitted to the County Treasurer. In addition, restrictively endorse checks and money orders immediately upon receipt.
  
- B. Approve and document all waivers of bad check fees.
  
- C. Implement procedures to adequately account for bad checks received, as well as the ultimate disposition through the use of sequential numbers assigned to each bad check complaint form or bad check received and a log to account for the numerical sequence and disposition of each bad check. In addition, establish procedures to adequately follow-up on bad checks received and file charges in a timely manner.

## **AUDITEE'S RESPONSE**

*The Prosecuting Attorney provided the following responses:*

- A. *Appropriate accounting methods will be implemented.*
- B. *I will institute a procedure for approving the waiving or reduction in fees.*
- C. *I will try to institute a procedure for tracking the processing of bad checks.*

<b>6. Sheriff's Controls and Procedures</b>
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Accounting duties within the Sheriff's Department are not adequately segregated and the average cost of meals served to prisoners is not calculated periodically for monitoring purposes. The Sheriff's Department received monies for civil and criminal fees, gun permits, bonds, and other miscellaneous receipts totaling approximately \$88,000 and \$111,000 during the years ended December 31, 2005 and 2004, respectively.

- A. The duties of receiving, recording, depositing and disbursing monies, and reconciling the bank account are not adequately segregated. The Secretary primarily performs all of these duties. In addition, there is no indication that supervisory reviews are performed.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls could be improved by segregating accounting and bookkeeping duties among available employees or by implementing an independent documented review of records by another employee or the Sheriff.

- B. Although the Sheriff's office maintains attendance records of prisoners housed in the county jail and retains documentation of the related food purchases from local vendors, the Sheriff's office does not calculate the average cost of meals served to prisoners. This calculation should be performed periodically to ensure county assets are not misused and that expenditures for prisoner meals are reasonable. In addition, the Sheriff should periodically review prisoner meal costs to ensure the established billing rate for housing prisoners in the county jail is appropriate. Section 221.105, RSMo, requires the governing body of any county to fix the amount to be expended for the cost of incarceration of prisoners confined in the jail. During the years ended December 31, 2005 and 2004, expenditures for prisoner food totaled approximately \$29,561 and \$28,969, respectively.

**WE RECOMMEND** the Sheriff:

- A. Adequately segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented in the Sheriff's office.
- B. Periodically calculate the average cost for prisoner meals.

**AUDITEE'S RESPONSE**

*The Sheriff provided the following responses:*

- A. *I will implement a review process and document my reviews.*
- B. *I have started documenting calculations for prisoner food costs.*

**7. County Clerk's Controls and Procedures**

The County Clerk collects miscellaneous accountable fees totaling approximately \$13,000 annually. Receipt slips are not always issued in numerical sequence, voided receipt slips are not always retained, checks are not restrictively endorsed immediately upon receipt, and fees are not always transmitted to the County Treasurer timely. In addition, a documented review of the receipt ledger is not performed by the County Clerk to ensure proper oversight. Considering the amount of cash receipts collected, it is imperative a better accounting system be put in place, and fees are transmitted to the County Treasurer more timely. In addition, a documented review of the accounting records should be performed periodically.

**WE RECOMMEND** the County Clerk transmit monies more timely when significant amounts of cash are collected, account for the numerical sequence of receipts, retain all voided receipt slips, and endorse all checks immediately upon receipt. In addition, periodic supervisory reviews of the records should be performed and documented.

**AUDITEE'S RESPONSE**

*The County Clerk provided the following response:*

*These procedures have now been implemented.*

**8. Health Center**

Improvement is needed in the controls and procedures over Health Center expenditures. Interest earned was not accurately presented in the budgets, actual expenditures exceeded budget amounts, and expenditure detail by vendor was not presented in the annual published financial statements. Additionally, the board minutes did not always adequately document topics discussed during the board meetings and the Health Center's asset records are inadequate.

A. Our review of health center expenditures identified the following concerns:

1. The Health Center did not always obtain sufficient documentation to support some payments. For example, at least three checks totaling \$325 were made payable to cash during 2005 and 2006. According to Health Center personnel, these checks were cashed and used to purchase gift certificates and miscellaneous items for prizes for health awareness events; however, adequate supporting documentation was not maintained for the use of these funds. Adequate supporting documentation is necessary to ensure the purchase is a proper disbursement of Health Center funds. Additionally, to reduce the risk of misuse of funds, the practice of writing checks made payable to cash should be prohibited, and supporting documentation should be maintained for all disbursements.
2. Several invoices did not include documentation of receipt of goods or services and some invoices were not noted as paid or otherwise canceled upon payment. Examples include invoices for the purchase of flu vaccines and a refrigerator. Documenting the receipt of goods or services on invoices provides the Board assurance it is paying for actual goods and services received and approved by the applicable party. Also, the possibility that an invoice will be paid twice is increased when invoices are not properly canceled.

B. Financial records and procedures are in need of improvement as follows:

1. As a result of inadequate monitoring procedures, actual expenditures exceeded budgeted amounts during the year ended December 31, 2005 by \$2,504. Additionally the Health Center Board amended the 2004 budget on December 22, 2004; however, expenditures had exceeded budgeted amounts prior to the amendment, and no earlier action had been taken. Amendments made after expenditures have exceeded the budgets do not allow for the budgets to be used as an effective management tool. Further, budget amendments were not filed with the State Auditor's Office.

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

2. Interest earned on the Health Center's bank account and certificates of deposit (CDs) was not accurately posted to the accounting records causing interest revenue to be understated by \$834 on the 2005 budget, and the ending cash balances reported on the budget to be incorrect.

Budgets should include all interest income to fairly present the Health Center's financial position. To be of maximum benefit to the Board of Trustees, and to adequately inform the public, the budgets should accurately reflect beginning and ending available resources, anticipated revenues and expenditures, and actual revenues and expenditures. Adjustments have been made to the audited financial statements to correct these errors.

3. The Health Center's annual published financial statements did not include expenditure detailed by vendor. Section 50.800, RSMo, provides details regarding the various information required to be provided in the county's annual published financial statements, and requires that receipts, disbursements, and beginning and ending balance information be presented

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

C. Improvement is needed in the Health Center Board's procedure for documenting minutes of meetings.

1. The board minutes did not adequately document matters discussed and actions taken by the board. For example, on December 22, 2004, the Health Center amended the 2004 budget; however the minutes did not provide detailed information such as, the dollar amount of the amendment or the actual votes taken by the board members approving the amendment. Minutes represent the official record of board actions and decisions and it is important that they are complete and accurate.

Section 610.020, RSMo, states that "the minutes shall include the date, time, place, members present, members absent, and a record of votes taken." Complete and accurate minutes provide an official record of board actions and decisions.

2. The board minutes are not signed by the board chairperson or board secretary to attest to their completeness and accuracy. The board minutes should be signed by the board chairperson and the board secretary upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.

- D. Some property items owned by the Health Center are not included on the property records. The Health Center Administrator maintains a listing of Health Center property; however, the listing did not appear to be complete. For example, the property records did not include a refrigerator valued at \$3,063 and a projector valued at \$1,023. Additionally, property items are not always properly numbered, tagged, or otherwise identified.

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

**WE RECOMMEND** the Health Center Board:

- A.1. Require adequate supporting documentation for all expenditures and discontinue the practice of making checks payable to “cash”.
2. Ensure supporting documentation for disbursements includes evidence of receipt of goods or services and invoices are marked paid after payment is made.
- B.1. Periodically compare actual expense amounts to budgeted amounts, and not authorize disbursements in excess of budgeted amounts. If necessary, extenuating circumstances should be fully documented and the budgets properly amended and filed with the State Auditor's Office.
2. Ensure actual revenue and expenditure amounts are correctly recorded on budget documents by preparing a reconciliation of actual amounts per budget to the accounting records.
3. Ensure all required information is presented in the county’s annual published financial statements.
- C.1. Ensure all significant discussions, actions taken, and information required by state law are included in the minutes.
2. Ensure the board minutes are signed by the board chairperson and board secretary to attest to their completeness and accuracy.
- D. Conduct physical inventories, implement a procedure for tagging and tracking capital assets throughout the year, and follow up on discrepancies identified during the annual physical inventory process.

**AUDITEE'S RESPONSE**

*The Health Center Administrator provided the following responses:*

- A.1. *In the future the checks will be issued to the business for the prizes and certificates.*

*Adequate documentation will be retained.*

2. *We have implemented this procedure.*
- B.1. *We will ensure to monitor budgeted expenditures and amend our budget prior to exceeding budgeted expenditures.*
  2. *We will ensure interest and cash balances are correctly reported on the 2007 budget.*
  3. *We will ensure our financial statements are published in detail as required by law.*
- C.1. *We will work to ensure all issues discussed during meetings are adequately documented in the minutes.*
  2. *We will make sure appropriate signatures are on the board meeting minutes.*
- D. *We will work on ensuring all capital assets are properly accounted for on the capital assets records.*

## Follow-Up on Prior Audit Findings

OZARK 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 Ozark 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. County Expenditures and Controls

- A. Bids were not always solicited or advertised, nor was bid documentation always retained for various purchases by the county.
- B. The County Commission approved some payments to vendors without requiring the officeholder to acknowledge receipt of goods or services.
- C. The county borrowed money and paid interest and principal totaling \$50,240 because the county divided its Special Road and Bridge Fund into two districts, East and West. If the county had not separated the Special Road and Bridge fund, it would not have been necessary for the county to borrow funds and incur interest expenses.
- D. Uniform allowances and carwash allowances paid monthly to Sheriff's deputies were not reported on W-2 forms, and deputies were not required to submit an itemized report of expenditures.
- E. The County Clerk did not maintain an account book with the County Collector.
- F. The county had no formal written policy regarding the grading of personal driveways or installing culverts and no records were kept by the road and bridge department to track which driveways were graded or where the culverts were installed.

Recommendation:

The County Commission:

- A. Solicit bids for all purchases in accordance with state law and maintain documentation of bids. If bids cannot be obtained and sole source procurement is necessary, the official commission minutes should reflect the necessitating circumstances.
- B. Require acknowledgment of receipt of goods and/or services prior to payment.

- C. Evaluate the need to keep the road and bridge operations as separate funds, and ensure all available resources are used efficiently to manage the county's road and bridge operations.
- D. Require the Sheriff's employees to submit reports of uniform and carwash expenses or report these allowances as other income on the employee's W-2 forms. In addition, the prior years' W-2 forms should be amended for any reimbursements for which adequate accounting cannot be provided.
- E. Ensure the County Clerk establish and maintain an account book of the County Collector's transactions, and the County Commission make use of this account book to verify the County Collector's annual settlements.
- F. Establish a formal written policy for providing grading services and installation of culverts, develop a system to track to whom these services have been provided and ensure that the county is receiving adequate reimbursement for such services.

Status:

A&B. Not implemented. See MAR finding number 1.

C. Partially implemented. The county road and bridge department did not borrow money during 2005 and 2004; however the county road and bridge funds are still divided into East and West districts. Although not repeated in the current MAR, our recommendation remains as stated above.

D&E. Implemented.

F. Not implemented. A written policy for providing grading services and installation of culverts has not been completed; however, the County Commission indicated these services were not provided during 2005 and 2004.

2. Budgetary Procedures

A. Formal budgets were not prepared for various county funds for the years ended December 31, 2001 and 2000.

B. Actual expenditures exceeded budgeted amounts in various county funds during 2001 and 2000.

Recommendation:

The County Commission:

A. Ensure budgets are prepared or obtained for all county funds.

- B. Not authorize warrants in excess of budgeted expenditures.

Status:

- A Partially implemented. Improvements have been made in this area, as only some of the smaller county funds did not have budgets prepared during 2005 and 2004. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. See MAR finding number 3.

3. County Officials' Compensation and Bonding

- A. In 1999 the Associate Commissioner's salaries were each increased approximately \$2,000 yearly, however based on a Supreme Court ruling, the mid-term salary increases were deemed unconstitutional.
- B. Several county employees from various offices with access to money were not covered by an employee bond.

Recommendation:

The County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of salary overpayments.
- B. Obtain bond coverage for all county employees with access to monies.

Status:

- A. Not implemented. The County Commission indicated that they discussed repayment of the salary increases and decided not to seek repayment; however, documentation of the discussion and decision was not included in the commission meeting minutes. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

4. Commission Minutes

Commission meeting minutes did not provide adequate detail of the County Commission meetings and did not document voting, abstaining from voting, phone bids solicited, sole source procurement or an official record of board actions and decisions.

Recommendation:

The County Commission ensure a complete record of meetings is prepared and approved on a timely basis.

Status:

Partially implemented. The County Commission meeting minutes provided more detail; however some instances were noted where phone bids solicited, sole source procurement, and related party issues were not adequately documented. See MAR finding number 1.

5. Recycling Center

Records of materials, including quantities and date picked up by the vendor, were not maintained at the Recycling Center and submitted to the County Treasurer to be reconciled to amounts received from the vendors. In addition, billings were not prepared and sent to the various vendors.

Recommendation:

The County Commission require appropriate records of sales and billings be prepared at the recycling center and copies forwarded to the County Treasurer. These records should then be reconciled to the County Treasurer's receipt records.

Status:

Implemented.

6. General Fixed Assets

Complete detailed records of county property were not maintained, and the county did not reconcile additions of property to equipment expenditures. Also, quarterly inspections of county owned land and buildings are not performed and physical inventory counts are not compared to property records.

Recommendation:

The County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition, quarterly inspections of all county land and buildings should be performed, and physical inventory counts should be compared to property records.

Status:

Not implemented. See MAR finding number 4.

7. Bond Forfeitures

The County Treasurer did not distribute bond forfeiture monies in accordance with state statute.

Recommendation:

The County Treasurer distribute all bond forfeiture monies in accordance with state law.

Status:

Implemented.

8. Health Center

- A. Budgets were not accurate and complete.
- B. The Health Center did not publish annual financial statements.
- C. Health Center personnel did not monitor amounts expended on Comprehensive Family Planning (CFP) services. In addition, the average cost per client of providing such services was not periodically calculated and monitored.

Recommendation:

The Health Center Board of Trustees:

- A. Ensure budgets are accurate and complete.
- B. Publish annual information of the Health Center Fund in accordance with state law.
- C. Ensure CFP expenditures are in compliance with the contract and contact the state Department of Health to resolve this situation.

Status:

- A. Not implemented. See MAR finding number 8.
- B. Partially implemented. The Health Center is publishing the annual financial statements; however, they do not include expenditure detailed by vendor. See MAR finding number 8.
- C. Implemented. The CFP program was discontinued in 2003, and the Health Center repaid the \$2,576 overpayment to the Missouri Department of Health and Senior Services in December 2002.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

OZARK COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1841, the county of Ozark was named after the Ozark Mountains. Ozark County is a county-organized, third-class county and is part of the Forty-Fourth Judicial Circuit. The county seat is Gainesville.

Ozark 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 840 miles of county roads and 394 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 7,961 in 1980 and 9,542 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	\$	49.7	48.9	47.4	45.4	27.0	12.9
Personal property		22.5	20.6	19.7	19.0	6.9	4.3
Railroad and utilities		7.6	8.0	8.8	8.5	3.0	2.9
Total	\$	79.8	77.5	75.9	72.9	36.9	20.1

\* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2005	2004	2003	2002
General Revenue Fund	\$	.1706	.1750	.1750	.1693
Special Road and Bridge Fund		.2575	.2500	.2500	.2500
Health Center Fund		.1000	.1000	.0999	.1000

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	\$ 24,486	23,781	23,474	22,238
General Revenue Fund	142,329	141,669	140,002	128,256
Special Road and Bridge Fund	208,362	197,202	195,158	184,785
Assessment Fund	42,256	40,484	32,035	30,401
Health Center Fund	80,596	78,282	77,390	73,404
School districts	2,734,318	2,644,438	2,595,604	2,466,340
Ambulance district	108,047	104,219	102,423	97,154
Cities	60,212	59,052	59,043	55,975
Overplus	15,461	13,058	2,025	14,421
County Clerk	1,381	1,543	1,627	1,689
County Employees' Retirement	26,895	27,736	25,881	24,543
Tax Maintenance Fund	8,088	8,335	8,010	3,183
Commissions and fees:				
General Revenue Fund	59,096	53,108	51,708	52,418
Total	\$ 3,511,527	3,392,907	3,314,380	3,154,807

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2006	2005	2004	2003
Real estate	93.3	93.0	93.0	92.3 %
Personal property	90.9	90.5	89.9	88.7
Railroad and utilities	100.0	100.0	100.0	100.0

Ozark 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	%
General	.0050	None	None	
Law Enforcement	.0050	2008	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:	\$				
David Morrison, Presiding Commissioner (1)		23,206	23,206	24,006	21,996
Gary Collins, Associate Commissioner		21,206	21,206	21,206	20,196
Rex Robertson, Associate Commissioner		21,206	21,206	21,206	20,196
Kelly Maddox, County Clerk		32,130	32,130	32,130	30,600
Thomas W. Cline, Prosecuting Attorney		38,745	38,745	38,745	36,900
Raymond Pace, Sheriff		36,855			
Steve Bartlett, Sheriff			36,855	36,855	35,100
David Ford, County Treasurer (2)		32,130	32,130	23,776	22,644
David Goodnight, County Coroner		8,978	8,978	8,978	8,550
Melinda Abraham, Public Administrator		25,000			
Janet Haskins, Public Administrator (3)			21,000	25,000	18,000
Billy D. Hambelton II, County Collector, year ended February 28 (29),	32,130	32,130	32,130		
Edna Jones, County Collector, year ended February 28 (29),				30,600	
Katherine Loftis, County Assessor (4), year ended August 31,		32,818	32,895	32,996	31,500
Tim Morgan, County Surveyor (5)		N/A	N/A	N/A	N/A

- (1) Includes \$800 back pay in 2003 due to an underpayment in salary of \$200 in 2002, 2001, 2000 and 1999.
- (2) A salary increase was given to the County Treasurer in 2004 after a legal opinion was issued by the Prosecuting Attorney indicating the salary increase was due to the County Treasurer based upon House Bill 2137, effective August 28, 2002.
- (3) Includes \$4,000 back pay in 2003 due to an underpayment in salary of \$2,000 in 2002 and 2001.
- (4) Includes \$688, \$765, \$866, and \$900 annual compensation received from the state in 2005, 2004, 2003, and 2002 respectively.
- (5) Compensation on a fee basis.

State-Paid Officials:

Becki Strong, Circuit Clerk and Ex Officio Recorder of Deeds		48,500	47,900	47,300	47,300
John Jacobs, Associate Circuit Judge		96,000	96,000	96,000	96,000