



Susan Montee, CPA  
Missouri State Auditor

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September 2007

Phelps County, Missouri

Years Ended  
December 31, 2006 and 2005



Office of  
Missouri State Auditor  
Susan Montee, CPA

September 2007

**IMPORTANT:** The Missouri State Auditor is required by state law to conduct audits once every four years in counties, such as Phelps, 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.

Monies received from the Equitable Sharing of Seized and Forfeited Property Program were used to pay overtime, vacation, and holiday time to a Sheriff's jailer, totaling \$20,675, and such costs appear to be unallowable as described by the federal program guide. While the Sheriff believes these were permissible uses of these funds, the county needs to contact the grantor agency for resolution of this matter.

The county's procedures to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA) should be improved. Total federal expenditures were overstated by approximately \$345,000 for 2006 and understated by approximately \$177,700 for 2005.

The county has established separate funds primarily to set aside money for future use and to make interfund loans for cash flow purposes. The accumulated balances of these funds (\$1.8 million at December 31, 2006) make it difficult to analyze the true financial condition of the county's main operating funds. In addition, the county makes significant transfers between the various county funds which unnecessarily inflate total county receipts and disbursements. These interfund transfers and loans totaled approximately \$2.29 million and \$1.55 million during 2006 and 2005, respectively, and represented approximately 15 percent and 11 percent, respectively, of total receipts for all county funds.

The county does not have formal policies for mileage reimbursements paid to county officials and employees, and there were several reimbursement requests where the purpose of trips was not documented.

Concerns were noted with the County Collector's procedures for calculating certain withholdings and fees. The County Collector re-calculated fees, and \$19,100 is due to the county General Revenue Fund and \$45,575 is due to the county Assessment Fund from the Rolla 31 School District.

The audit also suggested improvements in the procedures of the Sheriff and Prosecuting Attorney related to reconciliations and depositing, respectively.

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YELLOW SHEET

PHELPS COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



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

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

To the County Commission  
and  
Officeholders of Phelps 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 Phelps County, Missouri, as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Phelps County, Missouri, as of December 31, 2006 and 2005, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Phelps County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2006 and 2005, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 31, 2007, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 Phelps 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

May 31, 2007

The following auditors participated in the preparation of this report:

Director of Audits: Tom Kremer, CPA  
Audit Manager: Mark Ruether, CPA  
In-Charge Auditor: Robert McArthur II  
Audit Staff: Terese Summers, CPA  
Denise Huddleston  
Patrick Pullins



**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 Phelps County, Missouri

We have audited the financial statements of various funds of Phelps County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Phelps County, Missouri, we considered the county's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with applicable accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of various funds of Phelps 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 Phelps 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

May 31, 2007

## Financial Statements

Exhibit A-1

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

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 642,871	4,142,263	4,127,637	657,497
Special Road and Bridge	1,248	2,247,150	2,134,871	113,527
Assessment	117,034	497,049	517,029	97,054
Road and Bridge Debt Service	178,696	109,382	0	288,078
Unemployment	67,799	51,791	18,160	101,430
Use Tax	278,455	40,642	8,277	310,820
Health Department	173,886	1,404,836	1,319,637	259,085
Community Care Clinic	316,999	275,002	404,797	187,204
25th Juvenile FPS	900	1,155	900	1,155
Crisis Intervention	1,355	1,053	953	1,455
Election Services	44,717	162,183	171,571	35,329
Sheriff Training	985	11,675	10,920	1,740
Sheriff Drug Enforcement	33,947	572,341	191,836	414,452
Sheriff Civil Fee	26,373	84,939	76,513	34,799
Sheriff Revolving	22,891	8,078	15,290	15,679
Sheriff Inmate Security	4,472	4,887	9,331	28
Law Enforcement Sales Tax	184,892	3,794,936	3,713,058	266,770
Law Enforcement Debt Service/ Building Maintenance	0	665,769	651,758	14,011
Prosecuting Attorney Drug Enforcement	4,256	116,172	20,541	99,887
Prosecuting Attorney Training	287	2,013	2,122	178
Prosecuting Attorney Delinquent Tax	2,034	1,938	747	3,225
Prosecuting Attorney Bad Check	63,351	59,327	26,853	95,825
Shelter	2,874	13,187	12,802	3,259
Recorder User Fee	28,592	27,927	49,414	7,105
Senior Companions	0	354,978	354,978	0
Retired and Senior Volunteer Program	0	40,931	40,931	0
Collector Tax Maintenance	22,467	46,093	47,287	21,273
Public Facilities Authority	1,011,510	32,861	61,207	983,164
Jay White Estate	223,114	9,406	9,097	223,423
E911	958,774	383,068	543,330	798,512
Developmentally Disabled Board	99,903	336,146	248,100	187,949
Law Library	40,571	14,284	23,768	31,087
Water District No. 4 Grant	0	45,335	45,335	0
Circuit Clerk Interest	38,954	28,258	10,658	56,554
Family Court	14,113	33,632	15,246	32,499
Total	\$ 4,608,320	15,620,687	14,884,954	5,344,053

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

Exhibit A-2

PHELPS 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	\$ 700,233	3,971,023	4,028,385	642,871
Special Road and Bridge	242,710	2,815,528	3,056,990	1,248
Assessment	118,153	455,932	457,051	117,034
Road and Bridge Debt Service	74,568	104,128	0	178,696
Unemployment	44,462	45,847	22,510	67,799
Use Tax	304,392	132,021	157,958	278,455
Health Department	42,562	1,419,334	1,288,010	173,886
Community Care Clinic	91,739	586,930	361,670	316,999
25th Juvenile FPS	807	393	300	900
Crisis Intervention	263	2,649	1,557	1,355
Election Services	38,246	143,697	137,226	44,717
Sheriff Training	2,345	11,285	12,645	985
Sheriff Drug Enforcement	103,510	35,693	105,256	33,947
Sheriff Civil Fee	6,442	49,143	29,212	26,373
Sheriff Revolving	17,146	8,025	2,280	22,891
Sheriff Inmate Security	464	4,008	0	4,472
Law Enforcement Sales Tax	717,311	3,058,652	3,591,071	184,892
Prosecuting Attorney Drug Enforcement	18,840	1,611	16,195	4,256
Prosecuting Attorney Training	164	1,886	1,763	287
Prosecuting Attorney Delinquent Tax	1,243	1,697	906	2,034
Prosecuting Attorney Bad Check	41,847	43,262	21,758	63,351
Shelter	3,798	12,172	13,096	2,874
Recorder User Fee	20,543	30,057	22,008	28,592
Senior Companions	0	349,525	349,525	0
Retired and Senior Volunteer Program	0	40,386	40,386	0
Collector Tax Maintenance	19,148	46,019	42,700	22,467
Public Facilities Authority	1,000,000	32,827	21,317	1,011,510
Jay White Estate	321,474	9,097	107,457	223,114
E911	1,121,304	548,970	711,500	958,774
Developmentally Disabled Board	82,161	324,118	306,376	99,903
Law Library	44,208	14,965	18,602	40,571
Water District No. 4 Grant	0	10,000	10,000	0
Circuit Clerk Interest	33,647	49,351	44,044	38,954
Family Court	0	19,898	5,785	14,113
Total	\$ 5,213,730	14,380,129	14,985,539	4,608,320

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

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 15,766,009	15,587,055	(178,954)	15,543,028	14,360,231	(1,182,797)
DISBURSEMENTS	15,822,072	14,869,708	952,364	16,199,448	14,979,754	1,219,694
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56,063)	717,347	773,410	(656,420)	(619,523)	36,897
CASH, JANUARY 1	4,595,207	4,594,207	(1,000)	5,101,744	5,213,730	111,986
CASH, DECEMBER 31	4,539,144	5,311,554	772,410	4,445,324	4,594,207	148,883
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	561,491	576,827	15,336	526,704	562,240	35,536
Sales taxes	1,590,847	1,639,561	48,714	1,622,870	1,544,512	(78,358)
Intergovernmental	757,367	743,300	(14,067)	816,629	672,928	(143,701)
Charges for services	654,170	658,499	4,329	646,250	632,657	(13,593)
Interest	65,000	54,079	(10,921)	50,000	48,145	(1,855)
Other	140,895	127,975	(12,920)	172,163	103,939	(68,224)
Transfers in	315,671	342,022	26,351	622,483	406,602	(215,881)
Total Receipts	4,085,441	4,142,263	56,822	4,457,099	3,971,023	(486,076)
DISBURSEMENTS						
County Commissior	181,993	177,639	4,354	162,856	158,451	4,405
County Clerk	227,849	189,186	38,663	224,877	181,460	43,417
Elections	331,725	330,718	1,007	414,740	177,303	237,437
Buildings and grounds	428,057	426,869	1,188	521,701	514,238	7,463
Employee fringe benefit	367,184	359,564	7,620	356,361	337,784	18,577
County Treasurer	59,605	55,315	4,290	58,837	55,576	3,261
County Collector	167,492	167,441	51	168,279	162,464	5,815
Recorder of Deeds	122,447	120,344	2,103	121,635	114,519	7,116
Circuit Clerk	88,623	69,318	19,305	88,709	68,069	20,640
Associate Circuit Court	25,900	18,086	7,814	26,100	21,482	4,618
Court administration	23,100	21,347	1,753	17,350	17,073	277
Public Administrator	92,962	90,674	2,288	92,182	89,100	3,082
Prosecuting Attorney	485,582	481,468	4,114	486,960	458,767	28,193
Juvenile Officer	374,170	369,038	5,132	406,495	344,372	62,123
County Coroner	32,257	29,254	3,003	36,292	36,233	59
Circuit Judges	172,671	112,711	59,960	124,162	104,633	19,529
Courthouse security	118,427	118,232	195	108,014	96,383	11,631
Civil defense	0	0	0	173	0	173
Public health and welfare service	81,400	81,368	32	80,836	80,836	0
Other	170,934	145,912	25,022	276,435	248,651	27,784
Transfers out	797,376	763,153	34,223	759,538	760,991	(1,453)
Emergency Fund	122,061	0	122,061	115,011	0	115,011
Total Disbursements	4,471,815	4,127,637	344,178	4,647,543	4,028,385	619,158
RECEIPTS OVER (UNDER) DISBURSEMENTS	(386,374)	14,626	401,000	(190,444)	(57,362)	133,082
CASH, JANUARY 1	642,871	642,871	0	615,988	700,233	84,245
CASH, DECEMBER 31	256,497	657,497	401,000	425,544	642,871	217,327

Exhibit B

PHELPS COUNTY, MISSOURI

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
<b>RECEIPTS</b>						
Property taxes	335,027	369,155	34,128	316,463	322,769	6,306
Sales taxes	856,610	882,841	26,231	870,718	831,660	(39,058)
Intergovernmental	1,036,160	846,682	(189,478)	1,413,944	1,243,328	(170,616)
Charges for services	75,000	81,545	6,545	88,000	87,481	(519)
Interest	6,500	9,124	2,624	5,000	6,519	1,519
Other	124,200	57,803	(66,397)	160,700	172,026	11,326
Interfund loans	0	0	0	152,000	151,745	(255)
<b>Total Receipts</b>	<b>2,433,497</b>	<b>2,247,150</b>	<b>(186,347)</b>	<b>3,006,825</b>	<b>2,815,528</b>	<b>(191,297)</b>
<b>DISBURSEMENTS</b>						
Salaries	604,796	535,803	68,993	567,934	542,320	25,614
Employee fringe benefit	212,200	164,001	48,199	188,323	178,600	9,723
Supplies	26,600	29,805	(3,205)	26,600	23,259	3,341
Insurance	40,000	37,909	2,091	44,758	38,971	5,787
Road and bridge materials	980,500	922,385	58,115	1,008,500	1,062,268	(53,768)
Equipment repairs	60,000	62,486	(2,486)	60,000	49,136	10,864
Equipment purchases	75,928	81,438	(5,510)	317,617	310,708	6,909
Construction, repair, and maintenance	155,500	26,318	129,182	625,950	481,834	144,116
Debt service	0	0	0	11,000	10,518	482
Other	144,843	140,536	4,307	118,500	129,983	(11,483)
Interfund loans	100,000	28,000	72,000	123,800	123,745	55
Transfers out	28,000	106,190	(78,190)	100,000	105,648	(5,648)
<b>Total Disbursements</b>	<b>2,428,367</b>	<b>2,134,871</b>	<b>293,496</b>	<b>3,192,982</b>	<b>3,056,990</b>	<b>135,992</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>5,130</b>	<b>112,279</b>	<b>107,149</b>	<b>(186,157)</b>	<b>(241,462)</b>	<b>(55,305)</b>
CASH, JANUARY 1	1,248	1,248	0	242,710	242,710	0
<b>CASH, DECEMBER 31</b>	<b>6,378</b>	<b>113,527</b>	<b>107,149</b>	<b>56,553</b>	<b>1,248</b>	<b>(55,305)</b>
<b><u>ASSESSMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	359,600	386,678	27,078	339,434	331,300	(8,134)
Charges for services	15,275	14,664	(611)	15,000	15,273	273
Interest	6,100	7,860	1,760	4,600	6,460	1,860
Other	3,500	9,431	5,931	3,000	5,170	2,170
Transfers in	78,416	78,416	0	97,729	97,729	0
<b>Total Receipts</b>	<b>462,891</b>	<b>497,049</b>	<b>34,158</b>	<b>459,763</b>	<b>455,932</b>	<b>(3,831)</b>
<b>DISBURSEMENTS</b>						
Assessor	536,200	513,970	22,230	503,856	455,091	48,765
Transfers out	3,060	3,059	1	2,258	1,960	298
<b>Total Disbursements</b>	<b>539,260</b>	<b>517,029</b>	<b>22,231</b>	<b>506,114</b>	<b>457,051</b>	<b>49,063</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(76,369)</b>	<b>(19,980)</b>	<b>56,389</b>	<b>(46,351)</b>	<b>(1,119)</b>	<b>45,232</b>
CASH, JANUARY 1	117,034	117,034	0	118,153	118,153	0
<b>CASH, DECEMBER 31</b>	<b>40,665</b>	<b>97,054</b>	<b>56,389</b>	<b>71,802</b>	<b>117,034</b>	<b>45,232</b>

Exhibit B

PHELPS COUNTY, MISSOURI

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>ROAD AND BRIDGE DEBT SERVICE FUND</u></b>						
<b>RECEIPTS</b>						
Interest	4,500	9,382	4,882	3,000	4,128	1,128
Transfers in	100,000	100,000	0	100,000	100,000	0
Total Receipts	104,500	109,382	4,882	103,000	104,128	1,128
<b>DISBURSEMENTS</b>						
Transfers out	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	104,500	109,382	4,882	103,000	104,128	1,128
CASH, JANUARY 1	178,696	178,696	0	74,568	74,568	0
CASH, DECEMBER 31	283,196	288,078	4,882	177,568	178,696	1,128
<b><u>UNEMPLOYMENT FUND</u></b>						
<b>RECEIPTS</b>						
Transfers in	51,197	51,791	594	47,000	45,847	(1,153)
Total Receipts	51,197	51,791	594	47,000	45,847	(1,153)
<b>DISBURSEMENTS</b>						
State unemployment benefit	22,000	8,160	13,840	21,000	12,510	8,490
Transfers out	10,000	10,000	0	10,000	10,000	0
Total Disbursements	32,000	18,160	13,840	31,000	22,510	8,490
RECEIPTS OVER (UNDER) DISBURSEMENTS	19,197	33,631	14,434	16,000	23,337	7,337
CASH, JANUARY 1	67,799	67,799	0	16,721	44,462	27,741
CASH, DECEMBER 31	86,996	101,430	14,434	32,721	67,799	35,078
<b><u>USE TAX FUND</u></b>						
<b>RECEIPTS</b>						
Interest	8,000	12,642	4,642	8,300	8,276	(24)
Interfund loans	28,000	28,000	0	123,800	123,745	(55)
Total Receipts	36,000	40,642	4,642	132,100	132,021	(79)
<b>DISBURSEMENTS</b>						
Interfund loans	0	0	0	152,000	151,745	255
Transfers out	8,277	8,277	0	6,213	6,213	0
Total Disbursements	8,277	8,277	0	158,213	157,958	255
RECEIPTS OVER (UNDER) DISBURSEMENTS	27,723	32,365	4,642	(26,113)	(25,937)	176
CASH, JANUARY 1	278,455	278,455	0	304,392	304,392	0
CASH, DECEMBER 31	306,178	310,820	4,642	278,279	278,455	176

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>HEALTH DEPARTMENT FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	660,800	672,605	11,805	629,100	739,360	110,260
Charges for service:	159,400	182,672	23,272	146,000	165,859	19,859
Interest	1,400	8,359	6,959	1,500	4,145	2,645
Other	220,700	253,530	32,830	290,700	232,620	(58,080)
Transfers in	334,062	287,670	(46,392)	288,238	277,350	(10,888)
Total Receipts	1,376,362	1,404,836	28,474	1,355,538	1,419,334	63,796
<b>DISBURSEMENTS</b>						
Salaries	796,770	762,558	34,212	766,131	740,630	25,501
Employee fringe benefit	183,859	174,418	9,441	161,414	164,702	(3,288)
Operating expense:	53,050	47,419	5,631	54,500	51,971	2,529
Program expenses:	253,700	270,860	(17,160)	303,850	265,283	38,567
Core public health	53,900	51,059	2,841	67,000	52,775	14,225
Equipment	6,500	5,750	750	11,800	6,186	5,614
Transfers out	7,168	7,573	(405)	6,570	6,463	107
Total Disbursements	1,354,947	1,319,637	35,310	1,371,265	1,288,010	83,255
RECEIPTS OVER (UNDER) DISBURSEMENTS	21,415	85,199	63,784	(15,727)	131,324	147,051
CASH, JANUARY 1	173,886	173,886	0	42,562	42,562	0
CASH, DECEMBER 31	195,301	259,085	63,784	26,835	173,886	147,051
<b>COMMUNITY CARE CLINIC FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	388,341	222,002	(166,339)	631,916	544,713	(87,203)
Interest	11,700	11,639	(61)	1,500	5,816	4,316
Other	43,110	41,361	(1,749)	40,100	36,401	(3,699)
Total Receipts	443,151	275,002	(168,149)	673,516	586,930	(86,586)
<b>DISBURSEMENTS</b>						
Missouri Foundation for Health programs						
Operating expense	180,050	178,995	1,055	223,100	153,577	69,523
Dental expense	15,500	12,624	2,876	19,350	8,187	11,163
In-kind expense	16,250	20,570	(4,320)	18,350	16,794	1,556
Transfers out	193,000	192,608	392	203,000	183,112	19,888
Total Disbursements	404,800	404,797	3	463,800	361,670	102,130
RECEIPTS OVER (UNDER) DISBURSEMENTS	38,351	(129,795)	(168,146)	209,716	225,260	15,544
CASH, JANUARY 1	316,999	316,999	0	91,739	91,739	0
CASH, DECEMBER 31	355,350	187,204	(168,146)	301,455	316,999	15,544
<b>25TH JUVENILE FPS FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	1,160	1,155	(5)	400	393	(7)
Total Receipts	1,160	1,155	(5)	400	393	(7)
<b>DISBURSEMENTS</b>						
Alternative care	900	900	0	300	300	0
Total Disbursements	900	900	0	300	300	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	260	255	(5)	100	93	(7)
CASH, JANUARY 1	900	900	0	807	807	0
CASH, DECEMBER 31	1,160	1,155	(5)	907	900	(7)

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CRISIS INTERVENTION FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	3,000	1,053	(1,947)	7,000	2,649	(4,351)
Total Receipts	3,000	1,053	(1,947)	7,000	2,649	(4,351)
<b>DISBURSEMENTS</b>						
Crisis interventior	5,000	953	4,047	7,000	1,557	5,443
Total Disbursements	5,000	953	4,047	7,000	1,557	5,443
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	100	2,100	0	1,092	1,092
CASH, JANUARY 1	1,355	1,355	0	263	263	0
CASH, DECEMBER 31	(645)	1,455	2,100	263	1,355	1,092
<b><u>ELECTION SERVICES FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	171,700	159,860	(11,840)	149,122	141,743	(7,379)
Interest	2,000	2,187	187	600	1,954	1,354
Other	0	136	136	0	0	0
Total Receipts	173,700	162,183	(11,517)	149,722	143,697	(6,025)
<b>DISBURSEMENTS</b>						
Equipment	1,410	401	1,009	15,600	11,366	4,234
Training	6,000	5,999	1	6,600	535	6,065
Other	15,020	14,430	590	27,500	2,833	24,667
Transfers out	152,570	150,741	1,829	122,500	122,492	8
Total Disbursements	175,000	171,571	3,429	172,200	137,226	34,974
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,300)	(9,388)	(8,088)	(22,478)	6,471	28,949
CASH, JANUARY 1	44,717	44,717	0	38,246	38,246	0
CASH, DECEMBER 31	43,417	35,329	(8,088)	15,768	44,717	28,949
<b><u>SHERIFF TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	3,500	3,619	119	3,500	3,465	(35)
Charges for service:	7,000	8,056	1,056	7,500	7,232	(268)
Other	500	0	(500)	0	588	588
Total Receipts	11,000	11,675	675	11,000	11,285	285
<b>DISBURSEMENTS</b>						
Training	11,984	10,920	1,064	13,000	12,645	355
Total Disbursements	11,984	10,920	1,064	13,000	12,645	355
RECEIPTS OVER (UNDER) DISBURSEMENTS	(984)	755	1,739	(2,000)	(1,360)	640
CASH, JANUARY 1	985	985	0	2,345	2,345	0
CASH, DECEMBER 31	1	1,740	1,739	345	985	640

Exhibit B

PHELPS COUNTY, MISSOURI

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF DRUG ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	569,600	568,072	(1,528)	21,000	33,473	12,473
Interest	4,300	4,269	(31)	2,500	2,220	(280)
Total Receipts	<u>573,900</u>	<u>572,341</u>	<u>(1,559)</u>	<u>23,500</u>	<u>35,693</u>	<u>12,193</u>
<b>DISBURSEMENTS</b>						
Equipment and supplies	41,900	41,495	405	67,900	67,860	40
Other	53,000	5,413	47,587	37,400	16,388	21,012
Transfers out	140,000	144,928	(4,928)	0	21,008	(21,008)
Total Disbursements	<u>234,900</u>	<u>191,836</u>	<u>43,064</u>	<u>105,300</u>	<u>105,256</u>	<u>44</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>339,000</u>	<u>380,505</u>	<u>41,505</u>	<u>(81,800)</u>	<u>(69,563)</u>	<u>12,237</u>
CASH, JANUARY 1	33,947	33,947	0	103,510	103,510	0
CASH, DECEMBER 31	<u>372,947</u>	<u>414,452</u>	<u>41,505</u>	<u>21,710</u>	<u>33,947</u>	<u>12,237</u>
<b><u>SHERIFF CIVIL FEE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	58,000	49,755	(8,245)	45,000	48,788	3,788
Interest	1,500	1,418	(82)	242	355	113
Other	27,000	33,766	6,766	0	0	0
Total Receipts	<u>86,500</u>	<u>84,939</u>	<u>(1,561)</u>	<u>45,242</u>	<u>49,143</u>	<u>3,901</u>
<b>DISBURSEMENTS</b>						
Equipment and supplies	25,674	25,674	0	2,000	1,194	806
Vehicles	25,449	24,999	450	41,500	27,350	14,150
Other	6,877	6,840	37	1,500	668	832
Transfers out	19,000	19,000	0	0	0	0
Total Disbursements	<u>77,000</u>	<u>76,513</u>	<u>487</u>	<u>45,000</u>	<u>29,212</u>	<u>15,788</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>9,500</u>	<u>8,426</u>	<u>(1,074)</u>	<u>242</u>	<u>19,931</u>	<u>19,689</u>
CASH, JANUARY 1	26,373	26,373	0	6,442	6,442	0
CASH, DECEMBER 31	<u>35,873</u>	<u>34,799</u>	<u>(1,074)</u>	<u>6,684</u>	<u>26,373</u>	<u>19,689</u>
<b><u>SHERIFF REVOLVING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	7,000	7,200	200	11,000	7,300	(3,700)
Interest	621	878	257	165	725	560
Total Receipts	<u>7,621</u>	<u>8,078</u>	<u>457</u>	<u>11,165</u>	<u>8,025</u>	<u>(3,140)</u>
<b>DISBURSEMENTS</b>						
Missouri State Highway Patrol	4,000	2,014	1,986	4,200	2,280	1,920
Fingerprint equipment	6,757	6,841	(84)	6,435	0	6,435
Transfers out	6,435	6,435	0	0	0	0
Total Disbursements	<u>17,192</u>	<u>15,290</u>	<u>1,902</u>	<u>10,635</u>	<u>2,280</u>	<u>8,355</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(9,571)</u>	<u>(7,212)</u>	<u>2,359</u>	<u>530</u>	<u>5,745</u>	<u>5,215</u>
CASH, JANUARY 1	22,891	22,891	0	17,146	17,146	0
CASH, DECEMBER 31	<u>13,320</u>	<u>15,679</u>	<u>2,359</u>	<u>17,676</u>	<u>22,891</u>	<u>5,215</u>

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SHERIFF INMATE SECURITY FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services:	4,000	4,564	564	6,000	3,853	(2,147)
Interest	229	323	94	35	155	120
Total Receipts	4,229	4,887	658	6,035	4,008	(2,027)
<b>DISBURSEMENTS</b>						
Inmate ID bracelet system	9,400	9,331	69	5,000	0	5,000
Total Disbursements	9,400	9,331	69	5,000	0	5,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,171)	(4,444)	727	1,035	4,008	2,973
CASH, JANUARY 1	4,472	4,472	0	464	464	0
CASH, DECEMBER 31	(699)	28	727	1,499	4,472	2,973
<b><u>LAW ENFORCEMENT SALES TAX FUND</u></b>						
<b>RECEIPTS</b>						
Sales taxes	1,891,200	1,891,178	(22)	1,864,601	1,778,747	(85,854)
Intergovernmental	920,063	947,366	27,303	940,319	525,312	(415,007)
Interest	27,000	8,260	(18,740)	32,000	25,030	(6,970)
Other	158,000	177,769	19,769	103,500	108,555	5,055
Transfers in	765,435	770,363	4,928	600,000	621,008	21,008
Total Receipts	3,761,698	3,794,936	33,238	3,540,420	3,058,652	(481,768)
<b>DISBURSEMENTS</b>						
Salaries	1,654,476	1,657,778	(3,302)	1,601,077	1,587,847	13,230
Employee fringe benefit	365,653	349,808	15,845	353,156	344,045	9,111
Facility expense:	256,700	291,347	(34,647)	294,500	328,729	(34,229)
Office and operating expense	136,950	115,368	21,582	159,250	127,086	32,164
Equipment, vehicles, and upkeep	176,700	180,757	(4,057)	192,300	182,099	10,201
Prisoner expense:	393,600	396,952	(3,352)	328,300	311,127	17,173
Jail lease/purchase	0	0	0	655,695	647,557	8,138
Other	56,938	45,670	11,268	67,218	44,558	22,660
Transfers out	673,518	675,378	(1,860)	16,302	18,023	(1,721)
Total Disbursements	3,714,535	3,713,058	1,477	3,667,798	3,591,071	76,727
RECEIPTS OVER (UNDER) DISBURSEMENTS	47,163	81,878	34,715	(127,378)	(532,419)	(405,041)
CASH, JANUARY 1	184,892	184,892	0	717,311	717,311	0
CASH, DECEMBER 31	232,055	266,770	34,715	589,933	184,892	(405,041)
<b><u>LAW ENFORCEMENT DEBT SERVICE/ BUILDING MAINTENANCE FUND</u></b>						
<b>RECEIPTS</b>						
Interest	500	10,269	9,769			
Transfers in	655,500	655,500	0			
Total Receipts	656,000	665,769	9,769			
<b>DISBURSEMENTS</b>						
Jail lease/purchase	655,240	651,758	3,482			
Total Disbursements	655,240	651,758	3,482			
RECEIPTS OVER (UNDER) DISBURSEMENTS	760	14,011	13,251			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	760	14,011	13,251			

Exhibit B

PHELPS COUNTY, MISSOURI

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY DRUG ENFORCEMENT FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	115,000	114,958	(42)	0	0	0
Interest	1,300	1,214	(86)	400	611	211
Other	0	0	0	0	1,000	1,000
Total Receipts	116,300	116,172	(128)	400	1,611	1,211
<b>DISBURSEMENTS</b>						
Training	18,600	16,072	2,528	16,500	16,195	305
Equipment and supplies	2,700	2,192	508	1,000	0	1,000
Transfers out	2,300	2,277	23	0	0	0
Total Disbursements	23,600	20,541	3,059	17,500	16,195	1,305
RECEIPTS OVER (UNDER) DISBURSEMENTS	92,700	95,631	2,931	(17,100)	(14,584)	2,516
CASH, JANUARY 1	4,256	4,256	0	18,840	18,840	0
CASH, DECEMBER 31	96,956	99,887	2,931	1,740	4,256	2,516
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
<b>RECEIPTS</b>						
Charges for services	1,900	2,013	113	2,200	1,812	(388)
Other	0	0	0	0	74	74
Total Receipts	1,900	2,013	113	2,200	1,886	(314)
<b>DISBURSEMENTS</b>						
Training	2,187	2,122	65	2,200	1,763	437
Total Disbursements	2,187	2,122	65	2,200	1,763	437
RECEIPTS OVER (UNDER) DISBURSEMENTS	(287)	(109)	178	0	123	123
CASH, JANUARY 1	287	287	0	164	164	0
CASH, DECEMBER 31	0	178	178	164	287	123
<b><u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	2,000	1,717	(283)	1,000	1,534	534
Interest	200	221	21	100	163	63
Total Receipts	2,200	1,938	(262)	1,100	1,697	597
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	2,200	747	1,453	1,000	906	94
Total Disbursements	2,200	747	1,453	1,000	906	94
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,191	1,191	100	791	691
CASH, JANUARY 1	2,034	2,034	0	1,243	1,243	0
CASH, DECEMBER 31	2,034	3,225	1,191	1,343	2,034	691

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	52,500	56,180	3,680	41,500	41,652	152
Interest	3,200	3,147	(53)	1,200	1,610	410
Total Receipts	<u>55,700</u>	<u>59,327</u>	<u>3,627</u>	<u>42,700</u>	<u>43,262</u>	<u>562</u>
<b>DISBURSEMENTS</b>						
Prosecuting Attorney	38,100	17,281	20,819	40,600	21,758	18,842
Transfers out	9,572	9,572	0	0	0	0
Total Disbursements	<u>47,672</u>	<u>26,853</u>	<u>20,819</u>	<u>40,600</u>	<u>21,758</u>	<u>18,842</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,028	32,474	24,446	2,100	21,504	19,404
CASH, JANUARY 1	63,351	63,351	0	41,847	41,847	0
CASH, DECEMBER 31	<u>71,379</u>	<u>95,825</u>	<u>24,446</u>	<u>43,947</u>	<u>63,351</u>	<u>19,404</u>
<b><u>SHELTER FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	13,000	12,954	(46)	12,000	11,998	(2)
Interest	250	233	(17)	200	174	(26)
Total Receipts	<u>13,250</u>	<u>13,187</u>	<u>(63)</u>	<u>12,200</u>	<u>12,172</u>	<u>(28)</u>
<b>DISBURSEMENTS</b>						
Shelter services	13,000	12,802	198	13,100	13,096	4
Total Disbursements	<u>13,000</u>	<u>12,802</u>	<u>198</u>	<u>13,100</u>	<u>13,096</u>	<u>4</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	250	385	135	(900)	(924)	(24)
CASH, JANUARY 1	2,874	2,874	0	3,798	3,798	0
CASH, DECEMBER 31	<u>3,124</u>	<u>3,259</u>	<u>135</u>	<u>2,898</u>	<u>2,874</u>	<u>(24)</u>
<b><u>RECORDER USER FEE FUND</u></b>						
<b>RECEIPTS</b>						
Charges for service:	28,700	26,311	(2,389)	27,900	29,107	1,207
Interest	800	1,496	696	485	950	465
Other	0	120	120	0	0	0
Total Receipts	<u>29,500</u>	<u>27,927</u>	<u>(1,573)</u>	<u>28,385</u>	<u>30,057</u>	<u>1,672</u>
<b>DISBURSEMENTS</b>						
Recorder of Deeds	49,534	49,414	120	28,385	22,008	6,377
Total Disbursements	<u>49,534</u>	<u>49,414</u>	<u>120</u>	<u>28,385</u>	<u>22,008</u>	<u>6,377</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,034)	(21,487)	(1,453)	0	8,049	8,049
CASH, JANUARY 1	28,592	28,592	0	20,543	20,543	0
CASH, DECEMBER 31	<u>8,558</u>	<u>7,105</u>	<u>(1,453)</u>	<u>20,543</u>	<u>28,592</u>	<u>8,049</u>

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SENIOR COMPANIONS FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	354,978	354,978	0	349,525	349,525	0
Total Receipts	<u>354,978</u>	<u>354,978</u>	<u>0</u>	<u>349,525</u>	<u>349,525</u>	<u>0</u>
<b>DISBURSEMENTS</b>						
Senior companions stipends and expense	245,150	245,151	(1)	248,638	248,780	(142)
Other	20,510	20,509	1	12,893	12,681	212
Transfers out	89,318	89,318	0	87,994	88,064	(70)
Total Disbursements	<u>354,978</u>	<u>354,978</u>	<u>0</u>	<u>349,525</u>	<u>349,525</u>	<u>0</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>RETIRED AND SENIOR VOLUNTEER PROGRAM FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	40,931	40,931	0	40,386	40,386	0
Total Receipts	<u>40,931</u>	<u>40,931</u>	<u>0</u>	<u>40,386</u>	<u>40,386</u>	<u>0</u>
<b>DISBURSEMENTS</b>						
Operating expenses	16,470	16,454	16	14,311	16,123	(1,812)
Transfers out	24,461	24,477	(16)	26,075	24,263	1,812
Total Disbursements	<u>40,931</u>	<u>40,931</u>	<u>0</u>	<u>40,386</u>	<u>40,386</u>	<u>0</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>COLLECTOR TAX MAINTENANCE FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	14,673	14,340	(333)	14,273	14,550	277
Charges for services	30,000	30,193	193	29,500	30,303	803
Interest	1,000	1,460	460	800	1,166	366
Other	0	100	100	0	0	0
Total Receipts	<u>45,673</u>	<u>46,093</u>	<u>420</u>	<u>44,573</u>	<u>46,019</u>	<u>1,446</u>
<b>DISBURSEMENTS</b>						
County Collector	30,490	20,534	9,956	31,140	15,784	15,356
Transfers out	26,760	26,753	7	26,920	26,916	4
Total Disbursements	<u>57,250</u>	<u>47,287</u>	<u>9,963</u>	<u>58,060</u>	<u>42,700</u>	<u>15,360</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,577)	(1,194)	10,383	(13,487)	3,319	16,806
CASH, JANUARY 1	22,467	22,467	0	19,148	19,148	0
CASH, DECEMBER 31	<u>10,890</u>	<u>21,273</u>	<u>10,383</u>	<u>5,661</u>	<u>22,467</u>	<u>16,806</u>

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PUBLIC FACILITIES AUTHORITY FUND</u></b>						
<b>RECEIPTS</b>						
Interest	33,000	32,861	(139)	22,000	32,827	10,827
Total Receipts	33,000	32,861	(139)	22,000	32,827	10,827
<b>DISBURSEMENTS</b>						
Building expenses	49,700	49,697	3	0	0	0
Transfers out	11,510	11,510	0	21,317	21,317	0
Total Disbursements	61,210	61,207	3	21,317	21,317	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,210)	(28,346)	(136)	683	11,510	10,827
CASH, JANUARY 1	1,011,510	1,011,510	0	1,000,000	1,000,000	0
CASH, DECEMBER 31	983,300	983,164	(136)	1,000,683	1,011,510	10,827
<b><u>JAY WHITE ESTATE FUND</u></b>						
<b>RECEIPTS</b>						
Interest	8,000	9,406	1,406	8,600	9,097	497
Total Receipts	8,000	9,406	1,406	8,600	9,097	497
<b>DISBURSEMENTS</b>						
Other	0	0	0	0	120	(120)
Transfers out	9,097	9,097	0	107,546	107,337	209
Total Disbursements	9,097	9,097	0	107,546	107,457	89
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,097)	309	1,406	(98,946)	(98,360)	586
CASH, JANUARY 1	223,114	223,114	0	321,474	321,474	0
CASH, DECEMBER 31	222,017	223,423	1,406	222,528	223,114	586
<b><u>E911 FUND</u></b>						
<b>RECEIPTS</b>						
Intergovernmental	0	0	0	40,000	0	(40,000)
Charges for service:	350,000	347,513	(2,487)	525,000	510,575	(14,425)
Interest	35,600	35,525	(75)	39,000	38,395	(605)
Other	0	30	30	0	0	0
Total Receipts	385,600	383,068	(2,532)	604,000	548,970	(55,030)
<b>DISBURSEMENTS</b>						
Communication service contract	393,548	352,040	41,508	329,000	328,262	738
Equipment, software and maintenance	115,670	50,964	64,706	245,000	244,540	460
GIS system	49,400	49,315	85	65,800	65,753	47
Phone expense:	56,560	56,551	9	21,000	20,202	798
Other	11,602	9,044	2,558	8,515	8,014	501
Transfers out	25,416	25,416	0	44,729	44,729	0
Total Disbursements	652,196	543,330	108,866	714,044	711,500	2,544
RECEIPTS OVER (UNDER) DISBURSEMENTS	(266,596)	(160,262)	106,334	(110,044)	(162,530)	(52,486)
CASH, JANUARY 1	958,774	958,774	0	1,121,304	1,121,304	0
CASH, DECEMBER 31	692,178	798,512	106,334	1,011,260	958,774	(52,486)

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>DEVELOPMENTALLY DISABLED BOARD FUND</b>						
<b>RECEIPTS</b>						
Property taxes	281,315	324,557	43,242	267,299	317,618	50,319
Intergovernmental	1,715	2,085	370	2,200	1,690	(510)
Interest	4,000	9,504	5,504	3,500	4,810	1,310
Total Receipts	287,030	336,146	49,116	272,999	324,118	51,119
<b>DISBURSEMENTS</b>						
Program expenses	277,000	246,200	30,800	305,100	305,100	0
Operating expenses	2,000	1,900	100	2,000	1,276	724
Total Disbursements	279,000	248,100	30,900	307,100	306,376	724
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,030	88,046	80,016	(34,101)	17,742	51,843
CASH, JANUARY 1	99,903	99,903	0	82,161	82,161	0
CASH, DECEMBER 31	107,933	187,949	80,016	48,060	99,903	51,843
<b>LAW LIBRARY FUND</b>						
<b>RECEIPTS</b>						
Charges for service:	14,500	14,098	(402)	10,500	14,575	4,075
Interest	200	186	(14)	200	218	18
Other	0	0	0	0	172	172
Total Receipts	14,700	14,284	(416)	10,700	14,965	4,265
<b>DISBURSEMENTS</b>						
Law Library	14,100	11,768	2,332	16,000	12,602	3,398
Transfers out to the Family Court Func	6,000	12,000	(6,000)	0	6,000	(6,000)
Total Disbursements	20,100	23,768	(3,668)	16,000	18,602	(2,602)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,400)	(9,484)	(4,084)	(5,300)	(3,637)	1,663
CASH, JANUARY 1	40,571	40,571	0	44,208	44,208	0
CASH, DECEMBER 31	35,171	31,087	(4,084)	38,908	40,571	1,663
<b>WATER DISTRICT NO. 4 GRANT FUND</b>						
<b>RECEIPTS</b>						
Intergovernmental	45,400	45,335	(65)	55,335	10,000	(45,335)
Total Receipts	45,400	45,335	(65)	55,335	10,000	(45,335)
<b>DISBURSEMENTS</b>						
Water District No. 4	45,400	45,335	65	55,335	10,000	45,335
Total Disbursements	45,400	45,335	65	55,335	10,000	45,335
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

Exhibit B

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

	Year Ended December 31,					
	2006			2005		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
<b>RECEIPTS</b>						
Interest	60,000	28,258	(31,742)	18,600	49,351	30,751
Total Receipts	<u>60,000</u>	<u>28,258</u>	<u>(31,742)</u>	<u>18,600</u>	<u>49,351</u>	<u>30,751</u>
<b>DISBURSEMENTS</b>						
Circuit Clerk	23,100	10,658	12,442	30,200	44,044	(13,844)
Total Disbursements	<u>23,100</u>	<u>10,658</u>	<u>12,442</u>	<u>30,200</u>	<u>44,044</u>	<u>(13,844)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	36,900	17,600	(19,300)	(11,600)	5,307	16,907
CASH, JANUARY 1	39,954	38,954	(1,000)	33,647	33,647	0
CASH, DECEMBER 31	<u>\$ 76,854</u>	<u>56,554</u>	<u>(20,300)</u>	<u>22,047</u>	<u>38,954</u>	<u>16,907</u>

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

Notes to the Financial Statements

PHELPS 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 Phelps County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Law Library Custodian, or the Developmentally Disabled 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 Family Court Fund for the years ended December 31, 2006 and 2005.

Section 50.740, RSMo, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the Law Library Fund for the years ended December 31, 2006 and 2005, and the Circuit Clerk Interest Fund for the year ended December 31, 2005.

Although Section 50.740, RSMo, requires a balanced budget, deficit balances were budgeted in the Crisis Intervention Fund and Sheriff Inmate Security Fund for the year ended December 31, 2006.

#### D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. However, the county's published financial statement for the year ended December 31, 2005, did not include the Family Court Fund. In addition, the county's published financial statements for the years ended December 31, 2006 and 2005, did not disclose disbursement detail by vendor for the Law Library Fund, Water District No. 4 Grant Fund, and Circuit Clerk Interest Fund. Also, the county's published financial statement for the year ended December 31, 2006, did not disclose disbursement detail by vendor for the Family Court Fund.

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

The county's deposits at December 31, 2006 and 2005, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name 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, 2006 and 2005, the county had no such investments. In addition, Section 30.950, RSMo, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

3. Prior Period Adjustments

The General Revenue Fund's cash balance at January 1, 2005, as previously stated has been increased by \$84,245 to reflect a 2004 interfund transfer which was not reported as received in the General Revenue Fund until 2005.

The Unemployment Fund's cash balance at January 1, 2005, as previously stated has been increased by \$27,741 to reflect a 2004 interfund transfer which was not reported as received in the Unemployment Fund until 2005.

This Circuit Clerk Interest Fund's cash balance of \$33,647 at January 1, 2005, was not previously reported as a separate operating fund, as it was combined for presentation purposes with the Circuit Clerk's agency funds. The Circuit Clerk Interest Fund is reported as a separate operating fund in this report.

Supplementary Schedule

Schedule

PHELPS 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,	
			2006	2005
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	N/A	\$ 140,487	147,886
10.559	Summer Food Service Program for Children	N/A	420	140
Office of Administration				
10.665	Schools and Roads - Grants to State	N/A	136,958	0
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state Department of Economic Development				
14.228	Community Development Block Grants/State's Program	N/A	45,335	10,000
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.606	State Criminal Alien Assistance Program	N/A	0	1,524
16.607	Bulletproof Vest Partnership Program	N/A	1,505	1,070
16.710	Public Safety Partnership and Community Policing Grant	N/A	0	64,978
16	Equitable Sharing of Seized and Forfeited Property	N/A	184,434	119,400
Passed through:				
State Department of Public Safety				
16.523	Juvenile Accountability Incentive Block Grant	N/A	21,218	3,450
Cape Girardeau County -				
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	N/A	0	8,593
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	912	955

Schedule

PHELPS 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,	
			2006	2005
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>				
Passed through state				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-081(6)	6,229	0
		BRO-081(9)	0	448,472
	Program Total		<u>6,229</u>	<u>448,472</u>
Department of Public Safety				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	3,456	3,694
<b>GENERAL SERVICES ADMINISTRATION</b>				
Passed through state Office of Administration				
39.003	Donation of Federal Surplus Personal Property	N/A	601	0
<b>ELECTIONS ASSISTANCE COMMISSION</b>				
Passed through state Office of Secretary of State				
90.401	Help America Vote Act Requirements Payment	N/A	152,700	136,226
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed through state				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	N/A	7,234	134
93.235	Abstinence Education Program	N/A	21,626	24,726
93.268	Immunization Grants	N/A	97,913	81,090
93.283	Centers for Disease Control and Prevention - Investigator and Technical Assistance	AOC06380085	121,102	0
		AOC05380054	0	161,901
		ERS16160074	9,599	0
		ERS16150014	0	8,118
		DH060031044	8,452	0
		ERS1466181C	1,129	0
		ERS1465181C	0	441
	Program Totals		<u>140,282</u>	<u>170,460</u>
93.557	Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	N/A	9,006	0

Schedule

PHELPS 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,	
			2006	2005
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state				
Department of Social Services -				
93.563	Child Support Enforcemen	N/A	30,468	40,050
Department of Health and Senior Services -				
93.575	Child Care and Development Block Gran	N/A	6,245	6,668
93.919	Cooperative Agreements for State-Based Comprehensive Brea and Cervical Cancer Early Detection Program	N/A	9,741	8,935
93.945	Assistance Programs for Chronic Disease Prevention and Contr	N/A	24,892	26,983
93.977	Preventative Health Services - Sexually Transmitted Diseas Control Grants	N/A	0	1,307
93.994	Maternal and Child Health Services Block Grant to the State	N/A	77,535	72,593
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs:				
94.002	Retired and Senior Volunteer Program	N/A	40,931	40,386
94.016	Senior Companion Program	N/A	354,978	349,525
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state Department of Public Safety				
97.004	State Domestic Preparedness Equipment Support Progran	N/A	18,134	51,493
Total Expenditures of Federal Award:			\$ <u>1,533,240</u>	<u>1,820,738</u>

N/A - Not applicable

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

Notes to the Supplementary Schedule

PHELPS 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 Phelps County, Missouri, except for the programs accounted for in the Phelps County Public Housing Agency Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for the nine months ended June 30, 2006 and the year ended September 30, 2005.

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 Equitable Sharing of Seized and Forfeited Property (no CFDA number) include both cash disbursements and the estimated fair market value of property at the time of receipt.

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

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

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$45,335 and \$10,000 to a subrecipient under the Community Development Block Grants/State's Program (CFDA number 14.228) during the years ended December 31, 2006 and 2005, 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 Phelps County, Missouri

Compliance

We have audited the compliance of Phelps 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, 2006 and 2005. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

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

As described in finding number 06-1 in the accompanying Schedule of Findings and Questioned Costs, Phelps County, Missouri, did not comply with requirements regarding allowable costs/cost principles that are applicable to its Equitable Sharing of Seized and Forfeited Property

program. Compliance with such requirements is necessary, in our opinion, for Phelps County, Missouri, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Phelps 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, 2006 and 2005. The results of our auditing procedures also disclosed another instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 06-2.

### Internal Control Over Compliance

The management of Phelps 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

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

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the county's internal control. We consider the deficiencies described as finding numbers 06-1 and 06-2 in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over compliance.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the county's internal control. Of the significant deficiencies referred to above, we consider finding number 06-1 to be a material weakness.

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

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

A handwritten signature in black ink that reads "Susan Montee". The signature is written in a cursive style with a large initial 'S'.

Susan Montee, CPA  
State Auditor

May 31, 2007

Schedule

PHELPS COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2006 AND 2005

**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
- Significant deficiencies 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 weakness identified?  yes  no
- Significant deficiency identified that is not considered to be a material weakness?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unqualified for all major programs, except CFDA Number 16, which was qualified

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>
16	Equitable Sharing of Seized and Forfeited Property
20.205	Highway Planning and Construction
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance
94.016	Senior Companion Program

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>06-1. Equitable Sharing of Seized and Forfeited Property</b>
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Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16
Program Title:	Equitable Sharing of Seized and Forfeited Property
Pass-Through Entity Identifying Number:	Not Applicable
Award Year:	2006 and 2005
Questioned Costs:	\$20,675

Monies received from the Equitable Sharing of Seized and Forfeited Property Program were used to pay overtime, vacation, and holiday time to a Sheriff's jailor, which appear to be unallowable as described by the program guide.

The county transferred \$20,675 of federal awards in 2005 to the Law Enforcement Sales Tax Fund. These funds were used to make payments for an employee's accumulated overtime, vacation, and holiday time. Per the Guide to Equitable Sharing of Federally Forfeited

Property for State and Local Law Enforcement Agencies, payment for overtime is allowable when it is to support investigations and operations that may result in further seizures and forfeitures. However, this payment does not appear to be an allowable cost because the employee's position was that of a jailor, which does not appear to support investigations and operations. Also, payments for accumulated vacation and holiday time do not appear to be listed as allowable costs in the guide. Therefore, the \$20,675 transfer appears questionable and could be disallowed by the granting agency.

**WE RECOMMEND** the County Commission and Sheriff contact the granting agency to resolve the questioned costs and ensure future funds are used only for allowable costs as stated in the Guide to Equitable Sharing of Federally Forfeited Property for State and Local Agencies.

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

*The County Commission responded:*

*The Sheriff ordered that employee overtime and leave time be reimbursed from this fund, and he believes that this expenditure is within federal guidelines. We will await a decision from the Department of Justice regarding this matter.*

*The Sheriff responded:*

*We respectfully disagree with this finding. In a review of "A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies," dated March 1994, Section X, A1, and a footnote explanation of the cited publication states as follows:*

*"A1. Permissible Uses: Subject to laws, rules, regulations, and orders of the state or local jurisdiction governing the use of public funds available for law enforcement purposes . . . the expenses noted below are pre-approved as permissible uses of shared funds and property. Among the following uses, priority should be given to supporting community policing activities, training, and law enforcement operations calculated to result in further seizures and forfeitures:*

- d. Detention Facilities – The costs associated with construction, expansion, improvement, or operation of detention facilities managed by the recipient agency."*

*(Please note that this section says only that "priority" should be given to these programs—it does not exclude other uses of seized funds.)*

*"Note: The fact that the shared property was forfeited as a result of a particular federal violation does not limit its use. For example, when an agency receives a share of property that was forfeited for a federal drug violation, the shared property does not have to be used in a department's drug program. Priority consideration should be given, however, to completely equipping units that generate forfeitures in order to foster future forfeiture investigations."*

*Again, please note that this footnote explanation merely says that "priority" should be given to funding drug programs, and it does specifically state that use of forfeited funds are "not" limited to use only to support the drug programs.*

*We believe that the funds used to payout a departing jail supervisor complies with the spirit and intent of this program as a "pre-approved" permissible expenditure specifically outlined in paragraphs A1 and A1d above. The loss of manpower created by the departing jail supervisor had a direct adverse impact on the operation of our detention facility that housed persons detained during our drug operations. The fact that we would not have been able to hire a replacement jailor until the accumulated vacation, comp-time, and holiday time were "timed out" would have created a serious adverse operational and safety concern in our jail. By using forfeited funds to pay out the departing person's accumulated time, we were able to immediately fill that vacancy and eliminate the adverse operational and safety concerns that would have been created by a vacant manpower position.*

<b>06-2.</b>	<b>Schedule of Expenditures of Federal Awards</b>
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Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	Not Applicable
Federal CFDA Number:	16
Program Title:	Equitable Sharing of Seized and Forfeited Property
Pass-Through Entity	
Identifying Number:	Not Applicable
Award Year:	2006 and 2005
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-081(6) and BRO-081(9)
Award Year:	2006 and 2005
Questioned Costs:	Not Applicable

Federal Grantor: U.S. Department of Health and Human Services  
Pass-Through Grantor: State Department of Health and Senior Services  
Federal CFDA Number: 93.283  
Program Title: Centers for Disease Control and Prevention - Investigations and Technical Assistance

Pass-Through Entity  
Identifying Number: AOC06380085, AOC05380054, ERS16160074, ERS16150014, DH060031044, ERS1466181C, ERS1465181C  
Award Year: 2005 and 2006  
Questioned Costs: Not Applicable

Federal Grantor: Corporation for National and Community Service  
Pass-Through Grantor: Not Applicable  
Federal CFDA Number: 94.016  
Program Title: Senior Companion Program  
Pass-Through Entity  
Identifying Number: Not Applicable  
Award Year: 2006 and 2005  
Questioned Costs: Not Applicable

The county's procedures to track federal awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA) need to be improved. Total federal expenditures were overstated by approximately \$354,000 for 2006 and understated by approximately \$177,700 for 2005.

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

Expenditures relating to some federal grants were reported incorrectly or not included on the schedule. In particular, two significant errors and omissions accounted for the majority of the discrepancies. The county reported revenues instead of expenditures for the Equitable Sharing of Seized and Forfeited Property program, which overstated federal expenditures by \$489,085 in 2006 and understated federal expenditures by \$118,999 in 2005. In addition, the value of vaccines received for the Immunization Grants program was not reported on the SEFA, which understated federal expenditures by \$96,859 and \$81,090 for 2006 and 2005, respectively.

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

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

**WE RECOMMEND** the County Clerk prepare a complete and accurate schedule of expenditures of federal awards. The County Commission should take steps to ensure other departments and/or officials properly track federal awards, or consider appointing a county-wide grants coordinator.

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

*The County Clerk will meet with all officeholders and department heads who receive federal funds to impress upon them the importance of reporting all federal funds, even those which are not monetary. The reporting of federal funds has always been done in the same manner. The difference in this audit is that the amount received into the Sheriff Drug Enforcement Fund was considerably higher and was not expended within one calendar year. The County Clerk will report only federal funds expended in the future, and not receipts.*

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

PHELPS 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, 2004, 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

PHELPS 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.

The prior audit report issued for the two years ended December 31, 2004, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

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

We have audited the financial statements of various funds of Phelps County, Missouri, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 31, 2007. We also have audited the compliance of Phelps 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, 2006 and 2005, and have issued our report thereon dated May 31, 2007. That report expressed a qualified opinion on the county's compliance with those types of requirements for Equitable Sharing of Seized and Forfeited Property (CFDA number 16).

Because the Phelps County Public Housing Agency (PCHA) and the Phelps County Regional Medical Center (PCRMC) are audited and separately reported on by other independent auditors, the related funds are not presented in the financial statements. However, we reviewed the audit reports and other applicable information of the PCHA for the nine months ended June 30, 2006 and year ended September 30, 2005, and the PCRMC for the years ended December 31, 2006 and 2005.

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

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

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

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

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

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

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials and the county boards referred to above. In addition, this report includes 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 Phelps 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*. Phelps County's responses to the findings also are presented in this MAR. We did not audit the county's responses and, accordingly, we express no opinion on them.

**1.**

**County Funds**

As similarly noted in our prior report, the county has established funds separate from the county's main operating funds. The accumulated significant balances make it difficult to analyze the true financial condition of the operating funds. In addition, the county still makes a significant amount of transfers between various county funds, and it appears the county could significantly reduce the amounts transferred.

- A. The County Commission has established separate funds which are used primarily to set aside money for future use and to make interfund loans for cash flow purposes. These funds include the Use Tax Fund and Jay White Estate Fund which can be used for general purposes and had a combined balance of \$534,243 at December 31, 2006. The County Commission also established the Road and Bridge Debt Service Fund (\$288,078 balance at December 31, 2006) and the Law Enforcement Debt Service/Building Maintenance Fund (\$14,011 balance at December 31, 2006) in which restricted-use monies are transferred from the Special Road and Bridge Fund and Law Enforcement Sales Tax Fund, respectively, and set aside for future use. In addition, since 1998 the county has maintained approximately \$1 million for future use in the Public Facilities Authority Fund, which contains proceeds from a sales tax that expired several years ago that was legally restricted for the construction and maintenance of the county courthouse. The balances of these funds set aside for future use totaled \$1.8 million at December 31, 2006.

While setting aside money for future use can be desirable and represents prudent fiscal policy, the county's methods make it difficult to analyze the true financial condition of the county's main operating funds. In addition, the majority of the transactions in these funds are interfund transfers, which in many instances appear unnecessary and overstate total county receipts and disbursements. For example in 2005, approximately \$100,000 was transferred from the Jay White Estate Fund to reimburse the General Revenue Fund for expenses that the County Commission desired to be paid from the Jay White Estate Fund. It would appear that these

expenses could have been paid directly from the Jay While Estate Fund, thus eliminating the need for the interfund transfer. Also, the county made an interfund loan from the Use Tax Fund to the Special Road and Bridge Fund for \$151,475 in 2005 because of cash flow concerns in the Special Road and Bridge Fund. Although the Special Road and Bridge Fund had experienced cash flow concerns, the county still transferred \$100,000 in both 2005 and 2006 from the Special Road and Bridge Fund to the Road and Bridge Debt Service Fund to set aside for future use.

In addition, in 2006 the county transferred \$655,500 from the Law Enforcement Sales Tax Fund to the Law Enforcement Debt Service/Building Maintenance Fund for the purpose of setting aside some money for future use as well as for the lease/purchase payments for the new county jail, totaling \$651,758 in 2006. The lease/purchase payments had been made from the Law Enforcement Sales Tax Fund for several years because this sales tax was passed specifically for the construction of the new jail. It appears unnecessary to transfer this money and make the lease/purchase payments from another fund, and this large transfer unnecessarily overstates total county disbursements for law enforcement purposes.

- B. Interfund transfers, which have significantly increased since our prior audit, totaled approximately \$2.29 and \$1.55 million for the years ended December 31, 2006 and 2005, respectively, and represented approximately 15 percent and 11 percent, respectively, of total receipts for all county funds. Some of these amounts represent required operating transfers, such as transfers from the General Revenue Fund to the Assessment Fund; however, as noted in Part A, many of the transfers appear unnecessary. In particular, transfers are made for expenses incurred in one fund that could have been paid from another fund.

For example, transfers of \$150,741 and \$122,492 were made in 2006 and 2005, respectively, from the Election Services Fund to reimburse the General Revenue Fund for equipment purchased for the federal Help America Vote Act Requirements Payments program. It appears that these expenditures could have been made directly from the Election Services Fund.

In addition, the entire salaries of some employees are incurred in various funds, including the Senior Companions, Retired and Senior Volunteer Program, and Community Care Clinic funds. Instead of paying salaries directly from these funds, the county transfers money from these funds, totaling approximately \$600,000 for 2006 and 2005, to the General Revenue and Health Department funds and makes the related payroll disbursements from the General Revenue and Health Department Funds. County officials indicated that their accounting system does not allow for the payment of payroll from certain funds, requiring the need for such transfers: however, these transfers unnecessarily inflate total disbursements made for payroll purposes.

The County Commission indicated it considers the balances of all county funds, including the funds established for future use, when the annual budgets are prepared, and the county's budget messages describe the purposes of the interfund transfers. However, the county's

current procedures make it more difficult to analyze the true financial condition of the county's main operating funds and unnecessarily inflate total county receipts and disbursements. The county should consider combining and eliminating certain funds and make interfund transfers and loans only when necessary. If the county wishes to set aside monies for future operations, this can be done by establishing reserves within the operating funds and clearly marking these amounts on the county's budgets as reserved for future operations.

**WE AGAIN RECOMMEND** the County Commission:

- A. Reduce or eliminate interfund loans for cash flow purposes and consider combining these additional funds with the normal county operating funds.
- B. Reduce or eliminate interfund transfers in which expenses are paid from one fund and reimbursed from another fund.

**AUDITEE'S RESPONSE**

*The Use Tax, Jay White Estate, and Road and Bridge Debt Service funds have all been in existence for many years. Through maintaining separate funds for the Use Tax and Jay White Estate, the balances in these funds have remained intact and provide an operating reserve in emergencies. Any transfers made from these funds to another fund due to cash flow shortages are repaid by the borrowing fund as soon as funds are available. The Public Facilities Authority Fund has also been in existence for many years and is held separate due to the funds including sales tax receipts which are restricted to construction and maintenance of the courthouse. Major projects for the building are budgeted directly from the Public Facilities Authority Fund.*

*Payroll functions are not performed in these miscellaneous funds. Therefore, when the expense involved is a payroll expenditure, the payroll must be paid from the General Revenue, Law Enforcement Sales Tax, Special Road and Bridge, Assessment, or Health Department funds initially and then reimbursed.*

*The Law Enforcement Debt Service/Building Maintenance Fund was created to assure that funds are available for retirement of the jail debt service, as well as future upkeep to the jail building.*

*The transfers into the Road and Bridge Debt Service Fund are done on a monthly basis and used for equipment purchases. Because the transfers are done monthly, they had already been accomplished when a cash shortage resulted in the necessity for an interfund loan from the Use Tax Fund into the Special Road and Bridge Fund.*

*HAVA funds were received as a reimbursement for voting equipment. Because the Election Services Fund did not have a cash balance large enough to withstand the initial outlay for voting equipment, it was necessary to make initial payment for the voting equipment from the General Revenue Fund and reimburse when HAVA funds were received. To best track HAVA funds, all HAVA expenditures (not just the voting equipment) flowed through the Election Services Fund.*

*Senior Companions and Retired and Senior Volunteer Program are federal grant programs, not county agencies. Community Care Clinic is also grant funded. Regular employees from the Health Department also work in the Community Care Clinic. Performing payroll from each fund would result in problems with payroll taxes, unemployment, etc. Regular payroll is not performed through outside agency funds.*

<b>2. Mileage Reimbursements</b>
----------------------------------

The county does not have formal policies for mileage reimbursements paid to county officials and employees. A review of reimbursement requests noted several instances where the purpose of the trips was not documented. For example, a mileage reimbursement claim for \$672 from the Director of Support Services (IT and building maintenance) indicated "Misc. Mileage" for the months of March through June 2006, for which there was no documentation of the purpose of the trips.

In addition, our review noted untimely reimbursement requests for mileage incurred over several months. In December 2006, the former Prosecuting Attorney claimed 1,979 miles totaling \$881 incurred during the previous 12 months, and the Juvenile Guardian Ad Litem claimed 10,899 miles totaling \$4,087 incurred during the previous 10 months.

A written policy should be adopted to require specific information be included on mileage reimbursement requests, such as dates, total miles driven, destinations traveled, and purpose of official county business. In addition, the policy should require mileage reimbursement requests be submitted monthly. To ensure mileage reimbursement requests are reasonable and represent valid expenditures, the establishment and enforcement of a policy which requires adequate detailed and timely information is necessary.

**WE RECOMMEND** the County Commission develop and enforce a mileage reimbursement policy which requires dates, total miles driven, destination, and purpose, and requires reimbursement requests to be submitted monthly.

**AUDITEE'S RESPONSE**

*The County Commission has adopted a stricter policy regarding mileage reimbursement. The policy requires that dates, total miles, destination, and purpose of each trip be included on reimbursement requests, and also requires that such requests be submitted within 30 days of the date of travel. A letter has been prepared to inform all offices of this policy change.*

**3.****Sheriff's Accounting Controls and Procedures**

The Sheriff's department received over \$1.9 million for drug and evidence seizures during the two years ended December 31, 2006. The cash balance of the evidence account was not reconciled to open items, and some accounting records were not prepared or retained. The Sheriff's department also handles various receipts including document serving fees, gun permit fees, jail board bills, bond monies, donations, and inmate/commissary revenues, and our review noted some weaknesses with the procedures and accounting controls related to these other receipts.

A. Our review of the seized evidence account noted the following concerns:

1. The balance of the seized evidence bank account was not reconciled to open items (liabilities). At December 31, 2006, the reconciled balance of the evidence account was \$508,005 while the open items listing prepared by the Sheriff's department cases totaled \$362,270. While the Sheriff's department indicated open items listings are prepared each month, they apparently do not reconcile the open items to the account balance or identify differences. During our review of applicable accounting records, we identified the majority of the \$145,735 difference as additional amounts that had been received but not included on any lists but the applicable case was still pending.

Accurate listings of open items should be prepared and reconciled to cash balances monthly to ensure accounting records are in balance and sufficient funds are available for the payment of liabilities.

2. Certain accounting records were not prepared or retained for the evidence account. Check registers for 2005 could not be located, and copies of open items listings were not retained for each month. In addition, bank statements for October and November of 2005 could not be located and duplicate copies had to be obtained from the bank.

Proper recordkeeping and supporting documentation should be retained to provide an adequate audit trail and to adequately account for the monies in the evidence bank account.

B. Bank reconciliations for the inmate commissary account and the fee account were not properly documented, and as a result, errors noted in both accounts went undetected.

As of February 2007, bank reconciliations for the inmate commissary account had not been prepared for the preceding two months. Subsequent preparation of the December 2006 bank reconciliation indicated the account had a negative cash

balance of \$3,409, apparently because receipts had been recorded in December 2006 but were not deposited until January 2007. While the cause for this negative balance was not fully investigated and resolved, subsequent monthly bank reconciliations show positive cash balances as well as agreement of the cash balances to the open items listings.

In addition, the December 2006 bank reconciliation for the fee account indicated a cash balance of \$1,083; however, because all monies are to be distributed at the end of the month, the account balance should have been zero. We noted an error in October 2006 in which fees of \$981 were deposited but not distributed, and upon notifying the Sheriff's department, these fees were subsequently distributed. This error went undetected because the balance in the account is not reconciled to zero or to the actual balance of open items (liabilities).

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement and to detect and correct errors timely. In addition, reconciling the balances to open items is necessary to ensure underlying records are in balance and that sufficient cash is available to pay all liabilities.

- C. Procedures have not been established to routinely follow-up on outstanding checks. At December 31, 2006, the inmate commissary account had 24 checks totaling \$228 outstanding for more than a year. The fee account had 40 checks totaling \$8,611 outstanding for more than a year, four of these totaling \$8,286 which were issued in 1999. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located, amounts remaining unclaimed should be disposed of in accordance with state law.

- D. Accounting duties have not been adequately segregated in the Sheriff's department. For each of the three bank accounts, most of the functions of receiving, depositing, recording, disbursing, and reconciling monies are performed by the one individual assigned to that account. Little supervisory oversight is provided over these functions.

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

**WE RECOMMEND** the Sheriff:

- A.1. Prepare accurate monthly listings of open items and reconcile to the cash balances.
- 2. Retain all accounting records related to the evidence account, including check registers, bank statements, and monthly open items listings.
- B. Prepare bank reconciliations and reconcile the cash balance to liabilities on a monthly basis for the inmate commissary and fee accounts.
- C. Establish procedures to routinely follow up and reissue old outstanding checks. If the payees cannot be located, these monies should be disposed of in accordance with state law.
- D. Segregate accounting duties to the extent possible and ensure periodic supervisory reviews are performed and documented.

**AUDITEE'S RESPONSE**

*We agree and have already implemented these recommendations.*

**4. Prosecuting Attorney's Accounting Controls and Procedures**

Receipt slips are not issued for some monies received, and receipts are not deposited intact on a timely basis. Money orders are not restrictively endorsed immediately upon receipt. An old bank account of the former Prosecuting Attorney containing outstanding checks and undistributed interest earnings should be closed.

The Prosecuting Attorney collected approximately \$373,000 and \$475,000 in 2006 and 2005, respectively, in bad check fees and court-ordered restitution.

- A. The following concerns were noted regarding receipting procedures:
  - 1. Our review of March 2006 deposits noted receipt slips were not issued for some monies received, and the numerical sequence of receipt slips was not accounted for properly. Without issuing and accounting for pre-numbered receipt slips for all monies collected, the Prosecuting Attorney's office cannot ensure all monies collected are ultimately recorded and deposited.
  - 2. Monies received are not always deposited intact or in a timely manner. Monies are normally received each business day, but deposits are normally made only once a week. Deposits for the month of March 2006 indicated weekly deposits ranged from approximately \$5,200 to \$12,000. A cash count

performed on February 15, 2007, showed over seven working days of un-deposited collections, totaling approximately \$4,100.

In addition, some monies received are held and not immediately deposited. Staff in the Prosecuting Attorney's office indicated these monies were not immediately deposited because they were for restitution cases that had not yet been finalized by the court. However, it appears that such receipts could be deposited immediately and the case file information be resolved at a later date. Also, money orders are not restrictively endorsed immediately upon receipt.

To adequately account for collections and reduce the risk of loss or misuse of funds, pre-numbered receipt slips should be issued for all monies received immediately upon receipt, and the receipt slip numbers should be accounted for. In addition, money orders should be restrictively endorsed immediately upon receipt and deposits should be made intact on a timely basis.

Similar conditions were noted in our prior report.

- B. An old bank account maintained by the former Prosecuting Attorney, now in the custody of the current Prosecuting Attorney, needs to be closed out. As of May 31, 2007, the balance in this account of approximately \$4,500 was comprised of outstanding checks (\$2,000) and undistributed interest income (\$2,500). Maintaining this old bank account creates additional and unnecessary record keeping responsibilities. The current Prosecuting Attorney should follow-up on the outstanding checks, re-issue them if possible, turn over any unclaimed or unidentified amounts in accordance with state law, and distribute the interest income.

**WE RECOMMEND** the Prosecuting Attorney:

- A.1. Require pre-numbered receipt slips be issued for all monies immediately upon receipt and the numerical sequence of those receipt slips be accounted for properly.
  - 2. Deposit all monies intact on a timely basis and restrictively endorse money orders immediately upon receipt.
- B. Resolve the old outstanding checks, distribute the interest earnings, and close the bank account.

**AUDITEE'S RESPONSE**

- A.1. *We will begin to print our receipts slips for payment if possible with our computer program. If this is not possible, we will immediately issue manual receipt slips and account for all receipt slips in numerical sequence.*

2. *All monies are currently being deposited on a daily basis and all money orders are being restrictively endorsed upon receipt.*
- B. *The old outstanding checks from the prior administration have been balanced, letters have been sent to victims regarding the re-issuance of checks, and all unclaimed money will be sent to the State's Unclaimed Property Division. Any interest will be turned over to the County Treasurer and the bank account will be closed as soon as any re-issued checks clear.*

**5.**

**County Collector's Commissions**

Concerns were noted with the County Collector's procedures for calculating certain withholdings and fees. The County Collector is responsible for collecting and distributing property taxes for political subdivisions within the county. Collections and distributions totaled approximately \$18 million and \$17 million for the years ended February 28, 2007 and 2006, respectively.

State law, Section 50.338, RSMo, requires adjustments of commissions and assessment fees withheld from school taxes due to a statewide education sales tax known as Proposition C. For the purposes of computing Proposition C withholdings, the County Collector computes ratios of unadjusted and adjusted school tax levies. The County Collector's spreadsheet to calculate the Proposition C withholdings had errors. On the spreadsheet, the ratios were correctly used to calculate withholdings for the county's one-percent commission; however, these ratios were not used to calculate the county's one-half-percent mailing commissions on current collections or the one-percent assessment withholdings. As a result, the county General Revenue and Assessment funds received less commissions and withholdings than allowed. These errors apply to the Rolla 31 School District, currently the only school district in the county whose property taxes are affected by Proposition C.

Upon discovering the errors, we requested the County Collector to recalculate the amounts which should have been withheld from the Rolla 31 School District. His calculations indicate under-withholdings from the district of approximately \$19,100 in one-half percent mailing commissions and approximately \$45,575 in one-percent assessment fees. The County Collector should review all incorrect Proposition C calculations, recalculate the proper amounts of withholdings, and make applicable adjustments to the distributions to the applicable school districts, General Revenue Fund, and Assessment Fund.

**WE RECOMMEND** the County Collector recalculate Proposition C commissions and assessment withholdings and make corrections for amounts improperly distributed to the schools, General Revenue Fund, and Assessment Fund. Procedures should be adopted to ensure future Proposition C withholdings are computed properly.

**AUDITEE'S RESPONSE**

*Our ratios are correct but the calculations used against them were incorrect and this was corrected immediately and will be checked each year to ensure that this error doesn't occur again. The distributions that were incorrectly made will be corrected as funds become available from future collections as to not place a burden on the school districts effected by this error.*

## Follow-Up on Prior Audit Findings

PHELPS 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 Phelps County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 2002. Any prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Funds

- A. The County Commission had not enacted the formal process of annually setting the tax rate for the E911 Fund. In addition, the county always levied the maximum rate authorized by the voters, and as a result, the E911 Fund had accumulated a significant balance exceeding \$1 million.
- B. The county made a significant amount of interfund transfers between various county funds, many of which appeared unnecessary. In addition, the County Commission had established separate funds which were used primarily to set aside money for future use and to make interfund loans for cash flow purposes.

Recommendation:

The County Commission:

- A. Annually set the E911 tax rate in accordance with state law. In addition, the County Commission should document its plans for the future use of E911 funds and consider reducing the accumulated fund balance.
- B. Reduce or eliminate interfund transfers in which expenses are paid from one fund and reimbursed from another fund. In addition, the County Commission should reduce or eliminate interfund loans for cash flow purposes and consider combining these additional funds with the normal county operating funds.

Status:

- A. Implemented. In August 2005, the Commission reviewed the revenues and expenditures for the E911 Fund and approved a decrease in tax rate from \$0.15 to \$0.10 for 2006. In August 2006, the Commission again set the tax rate at \$0.10 for 2007.
- B. Not implemented. See MAR finding number 1.

2. Officials' Salaries

- A. Salary increases of approximately \$12,000 given to each of the Associate County Commissioners in 1999 and 2000 were determined by the Missouri Supreme Court to be unconstitutional.
- B. The County Treasurer's salary was increased \$8,599 annually, effective with the start of a new term of office on January 1, 2003. It was unclear whether this salary increase complied with state law because the salary commission met and approved the increase in an even-numbered year.

Recommendation:

The County Commission:

- A. Review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Consult with legal counsel and review the situation to ensure the actions taken were in accordance with state law.

Status:

- A. Not implemented. The County Commission responded that they would not pursue reimbursement of these funds from the associate commissioners because the salary commission acted in good faith in compliance with the state law and the intent of the legislature when making the decision to approve the mid-term increase. As a result, no further action was taken. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Not implemented. The salary commission indicated they acted in compliance with the new legislation, legal opinions received, and other information which overall indicated meeting in an even-numbered year was allowed. As a result, no further action was taken. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Sheriff's Seized Property

- A. Due to significant weaknesses in records and procedures and concern about the status of various weapons and drugs seized as evidence, the circuit court ordered the Sheriff's Department to investigate the status of seized property for about 730 cases. As a result, significant changes were adopted in March 2003 to improve controls over seized property; however, an investigation into this matter was still ongoing.

- B. The Sheriff's Department did not prepare listings of open items (liabilities) for the bank account which contained seized monies.

Recommendation:

The Sheriff:

- A. Continue to address the problems regarding seized property.
- B. Prepare monthly listings of open items for the seized property account and reconcile the listings to the account balance. Amounts that are unclaimed or unidentified should be disposed of in accordance with state law.

Status:

- A. Partially implemented. Significant improvements have been made; however, the Sheriff's Department is waiting for authorizations to dispose of a large amount of property no longer needed as evidence and the investigation has not been finalized. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Partially implemented. Open items listings are prepared, but unidentified amounts still remain. See MAR finding number 3.

4. Prosecuting Attorney's Procedures

Receipts for bad check restitution and court ordered restitution were not deposited intact on a daily basis, and receipts slips were not issued for some payments received.

Recommendation:

The Prosecuting Attorney record all monies immediately upon receipt and deposit all receipts intact daily.

Status:

Not implemented. See MAR finding number 4.

5. County Collector's Procedures

- A. The County Collector did not properly reconcile liabilities to an old bank account balance. Approximately \$3,200 of the account balance was not identified to specific liabilities.

- B. Incorrect unadjusted tax levies were used when computing Proposition C ratios for some school districts. As a result, there were over withholdings of approximately \$8,840 in commissions and \$5,960 in assessment fees for school districts for the year ended February 28, 2003.

Recommendation:

The County Collector:

- A. Prepare monthly listings of liabilities and reconcile the listings to the cash balance. An attempt should be made to identify the remaining balance in the old bank account and close the account. Any remaining unclaimed or unidentified monies should be disposed of in accordance with applicable state laws.
- B. Recalculate Proposition C commissions and assessment withholdings related to the applicable school districts and make corrections for amounts improperly distributed to the schools, General Revenue Fund, and Assessment Fund. Procedures should be adopted to ensure accurate school tax levy information is obtained and future Proposition C withholdings are computed properly.

Status:

- A. Implemented.
- B. Partially implemented. Corrections were made for the improper distributions noted above; however, similar concerns were noted during the current audit. See MAR finding number 5.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

PHELPS COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1857, the county of Phelps was named after John F. Phelps, a former Governor and member of Congress. Phelps County is a county-organized, third-class county and is part of the Twenty-Fifth Judicial Circuit. The county seat is Rolla.

Phelps 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 640 miles of county roads and 47 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 33,633 in 1980 and 39,825 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,					
		2006	2005	2004	2003	1985*	1980**
		(in millions)					
Real estate	\$	261.3	248.8	238.6	230.0	110.5	62.1
Personal property		97.3	89.1	82.3	88.9	16.2	11.9
Railroad and utilities		17.7	17.4	16.5	16.0	8.9	7.6
Total	\$	376.3	355.3	337.4	334.9	135.6	81.6

\* First year of statewide reassessment.

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

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

		Year Ended December 31,			
		2006	2005	2004	2003
General Revenue Fund	\$	0.1673	0.1611	0.1611	0.1751
Special Road and Bridge Fund		0.1030	0.0991	0.0859	0.0999
Developmentally Disabled Board Fund		0.0910	0.0910	0.0910	0.0900

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

	Year Ended February 28 (29),			
	2007	2006	2005	2004
State of Missouri	\$ 113,862	108,555	103,901	104,150
General Revenue Fund	622,180	579,462	551,044	599,538
Special Road and Bridge Fund	401,808	368,974	311,905	353,481
Assessment Fund	222,532	208,250	195,931	143,940
Developmentally Disabled Board Fund	341,547	325,570	311,709	309,589
School districts	14,119,744	13,140,709	12,590,562	12,532,372
Ambulance districts	23,850	117,474	111,297	108,311
Fire protection districts	529,955	308,739	273,542	2,433
Hospital	1,758	4,442	4,287	4,533
Tax Maintenance Fund	34,182	29,673	29,306	26,489
Sewer Fees	0	1,860	1,387	899
Cities	1,410,122	1,455,532	1,366,459	30,525
County Clerk	308	317	318	337
County Employees' Retirement	119,062	106,459	98,606	92,930
Commissions and fees:				
General Revenue Fund	306,628	312,588	240,928	237,524
Collector and employees	14,126	14,656	13,572	0
Total	\$ 18,261,664	17,083,260	16,204,754	14,547,051

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),			
	2007	2006	2005	2004
Real estate	95	95	96	95
Personal property	92	93	92	92
Railroad and utilities	100	99	100	100

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

	Rate	Expiration Date	Required Property Tax Reduction	
General	\$ .0050	None	50	%
Law Enforcement	.0038	None	None	

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

Officeholder	2007	2006	2005	2004	2003
County-Paid Officials:	\$				
Randy Verkamp, Presiding Commissioner		37,871	37,871	36,768	35,697
Charles (Bud) Dean, Associate Commissioner		34,486	34,486	33,482	32,506
Larry J. Stratman, Associate Commissioner		34,486	34,486		
J. Glendon Klossner, Associate Commissioner				33,482	32,506
Robin Kordes, Recorder of Deeds		47,740	47,740	46,350	45,000
Carol Bennett, County Clerk		53,751	53,751	52,186	50,666
Kenneth G. Clayton, Prosecuting Attorney		96,000	96,000	96,000	96,000
Donald Blankenship, Sheriff		59,189	59,189	57,465	55,791
Carol Green, County Treasurer		47,740	47,740	46,350	45,000
Larry Swinfard, County Coroner		18,611	18,611	18,069	17,542
Judith Faust Aaron, Public Administrator		50,795	50,795	49,316	47,880
Davis R. Haas, County Collector (1), year ended February 28 (29),	60,856	61,079	59,232	50,919	
Kevin D. Rasmussen, County Assessor (2), year ended August 31,		62,700			
Jack L. Harris, County Assessor (2), year ended August 31,			62,237	60,529	53,616
Richard Elgin County Surveyor (3)		0	0	0	0

(1) Includes \$7,063, \$7,328, and \$6,786 of commissions earned for collecting city property taxes in 2007, 2006, and 2005, respectively. The County Collector's employees were also paid compensation totaling these same amounts for collecting city property taxes.

(2) Includes \$6,716, \$6,835, \$6,600, and \$1,100 annual compensation for E911 addressing services and \$688, \$688, \$765, and \$900 annual compensation received from the state in 2006, 2005, 2004, and 2003, respectively.

(3) Compensation on a fee basis.

State-Paid Officials:

Sue Brown, Circuit Clerk		49,470	48,500	47,850	47,449
Ronald D. White, Associate Circuit Judge		96,000	96,000		
Mary W. Sheffield, Associate Circuit Judge				96,000	96,000
Ralph J. Haslag, Associate Circuit Judge		96,000	96,000	96,000	96,000

In 2000, the county contracted with an underwriter to finance the building of a new county jail. The financing arrangement required the underwriter to issue \$5 million in certificates of participation (COPs) and for the county to lease the facility over the ten-year time period that the debt would be paid off. In 2004, \$2.485 million in refunding COPs were issued to pay the costs of refunding and defeasing the original COPs. The county's lease payments equal the amount of debt principal and interest, and the county will take ownership of the jail when the debt is extinguished, which is scheduled for 2007. The remaining principal payment due on the debt at December 31, 2006 was \$635,000.