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Missouri State Auditor

Taney County

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Taney County

County Disbursements	The county paid a software vendor \$297,598 for a new property tax system that is not being fully utilized and overpaid a road project contractor \$20,825. The county lacked adequate bidding documentation for 97 office machines costing approximately \$95,000 and did not obtain proposals for legal services or enter into a written agreement with one law firm.
County Sales Tax	The county does not adequately account for road and bridge capital improvement sales tax monies as required by state law, and some personnel costs allocations lack support. The county did not calculate the required sales tax reduction of the property tax levy or properly report levy reductions to the State Auditor's office.
County Budgeting and Planning	The County Commission did not adequately plan for a \$1.2 million certificates of participation payment and had to make the payment from the Sewer Fund. Some county budgets do not reasonably reflect anticipated financial activities, and errors made by the County Auditor in the 2013 budget documents went undetected. The county could pay off its bonded indebtedness for sewer projects to avoid interest costs.
County Procedures	The County Treasurer and County Auditor do not adequately reconcile accounting records. The county has not adequately determined which employees need county credit cards and establish appropriate spending limits and lacks effective monitoring procedures for fuel and vehicle use.
Property Tax System	The County Collector did not correctly distribute \$434,118 in utility taxes to various school districts. Neither the County Clerk nor the County Commission adequately reviews the activities of the County Collector. The former County Assessor changed the application of property tax levies in the property tax system and taxes were not properly levied to some Taney County Fire Protection District residents.
Assessment Fund Reimbursements	Since 2007 the county did not receive \$956,000 in property tax assessment reimbursements from the state because the former County Assessor and other county officials failed to comply with approved assessment maintenance plans and applicable state law.
Payroll and Personnel Issues	Two part-time salaried directors do not prepare timesheets, and the county does not perform background checks on employees in sensitive information technology positions.
Sheriff Seized Property and Evidence	The Sheriff's office had seized cash on hand that should have been released and had \$3,270 that should have been on hand that could not be located. The Sheriff maintains seized property in several locations but records and procedures to account for these items are inadequate.
Sheriff Controls and Procedures	The Sheriff has not adequately segregated accounting duties, and receipting and depositing procedures need improvement.
Sheriff Commissary Records and Procedures	Accounting duties are not adequately segregated, inmate monies are not deposited timely, and the jail administrator does not perform bank reconciliations or prepare monthly lists of liabilities to reconcile to available cash balances. The jail administrator does not maintain records to account for prepaid telephone cards sold to inmates.

Public Administrator Controls and Procedures	The Public Administrator failed to adequately track money owed to wards and held some money for an extended time, including \$4,088 in checks held between 1 to 4 months. The Public Administrator submitted some mileage reimbursement claims without sufficient detail, and the computerized accounting system allows users to change check numbers and dates.
Prosecuting Attorney Controls and Procedures	Accounting controls and procedures need improvement. One clerk receives and records all monies and is also able to post adjustments without independent approval. Monies are not recorded immediately, bank reconciliations and a periodic list of liabilities are not prepared, the accounting system allows the user to postdate or backdate receipts or checks, and the office is not proactive in identifying cases with unpaid receivables. Some delinquent taxes are not transmitted timely, and seized cash was not disposed of timely.
County Collector Controls and Procedures	Receipting and depositing procedures need improvement, and the list of liabilities is not adequately reconciled to the protested tax account balance.
Airport Controls and Procedures	Accounting duties are not adequately segregated, receipting procedures need improvement, lease contracts are not adequately monitored, and fuel purchased is not reconciled to fuel sold.
Transfer Station Controls and Procedures	Accounting duties are not adequately segregated, receipting and depositing needs improvement, and credit cards and transfer tickets are not being reconciled to supporting documentation.
Sunshine Law	The County Commission does not always cite specific reasons for closing meetings and sometimes discusses unallowable topics in closed meetings.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Poor**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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THOMAS A. SCHWEICH

Missouri State Auditor

To the County Commission
and
Officeholders of Taney County

The State Auditor was requested under Section 50.057, RSMo, to audit Taney County. In addition, Lisa C. Wright, Certified Public Accountant, was engaged to audit the financial statements of Taney County for the year ended December 31, 2012. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2012. The objectives of our audit were to:

1. Evaluate the county's internal controls over significant management and financial functions.
2. Evaluate the county's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the county, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the county's management and was not subjected to the procedures applied in our audit of the county.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of Taney County.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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Taney County

Management Advisory Report

State Auditor's Findings

1. County Disbursements

Procedures relating to procurement and disbursement of county funds need significant improvement.

1.1 Property tax system

The county paid a software vendor \$297,598 for a new property tax system (including tax billing and collection, integrated mapping and real property appraisal, and personal property appraisal software modules) that is not being fully utilized. Our prior audit report issued in 2002, addressed similar concerns regarding the county's handling of the purchase of a new property tax system. Sufficient improvements have not been made, and we noted various problems with the county's efforts to implement another property tax system and monitor the related contract.

In April 2011, the County Commission solicited proposals and subsequently signed a contract with a software vendor on May 2, 2011, for the software modules (noted above) utilized by the County Assessor, County Clerk, and County Collector. The contract price was \$225,000 plus two addendums (\$96,517) for a total approved contract cost of \$321,517. The county has paid the software vendor \$190,000 of the \$225,000 contract price, the full amount of the two addendums, and an additional \$11,081 for digital sketches not provided for in the contract or addendums. We noted several problems with the county's contract and payments to the vendor.

- The contract does not include a timeline for implementation of the software modules or a deadline date by which the vendor has to successfully transition the county from the old software system to the new software modules. As of May 2013, more than 2 years after the contract was signed, county officials have identified several problems with the new software modules and have been utilizing both the old and new systems/modules to ensure taxes are properly assessed, charged, and collected.
- The software vendor sent the county an invoice dated April 28, 2011, for \$100,000 prior to the county signing a contract with the vendor on May 2, 2011. The county paid this invoice on May 9, 2011. It is unclear why the vendor invoiced the county prior to the contract signing.
- The former County Assessor approved the invoices, and the county paid the software vendor the full cost (\$147,000) for the integrated mapping and real property appraisal and personal property appraisal modules in May and October 2011, and February 2012, even though the modules were not being fully utilized and had not been accepted by the county. The contract only required the county to pay 50 percent or \$73,500, 10 days after signing the contract, and the remaining 50 percent upon acceptance.



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- One of the contract addendums (\$90,842) for additional work to compile 50,468 digital sketches of real property structures was signed on May 21, 2012 (24 days before opening of the related bids). County Commission meeting minutes indicate bids for digital sketches were opened on June 14, 2012, this software vendor was the only bidder, and this bid was approved by the County Commission. Additionally, the former County Assessor approved the invoices, and the county paid this vendor \$101,923 for the sketches (\$11,081 more than the contract addendum price). There were no change orders to support the additional amount paid.

Since signing the software contract in April 2011, the county has also paid the property tax software vendor for the older property tax system approximately \$10,000 to keep that system updated and serviced.

In September 2013, the County Collector sent a letter to the current software vendor to terminate the tax billing and collection module of the contract because of problems with the module. The county had paid \$20,000 for this module, which is 50 percent of the contract amount of \$40,000. As of April 2014, the current County Assessor is using the integrated mapping and real property appraisal and personal property appraisal modules; however, county officials said they are in the process of bidding out the entire property tax system again and plan to terminate the current agreement when a new system is procured.

To ensure county funds are spent appropriately, contract terms should include implementation dates, the county should not pay invoices dated prior to contract approval or until all contract terms have been met, and contract addendums should not be signed prior to official bid openings and selection. To ensure the amounts paid are valid, change orders should be approved by the County Commission prior to the completion of the additional work.

1.2 Road project overpayment

The County Commission failed to properly monitor payments to a road project contractor and overpaid the contractor \$20,825.

The county bid and subsequently entered into a written contract totaling \$450,565 for road improvements; however, the county paid the contractor \$471,390. According to the engineering firm that maintains the road project records, an incorrect bid amount was recorded by the engineering firm on the first application of payment and that amount was used by the contractor on the following four applications of payment. These applications were reviewed and approved by the County Commission, but were not compared to the original bid and contract amounts. As a result, the county overpaid the contractor. The County Commissioners were unaware of this overpayment until we discussed it with them in May 2013.



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Adequate reviews of disbursement documentation are necessary to prevent overpayments. The county should work with the engineer and the contractor to obtain a refund of the \$20,825 overpayment.

1.3 Printers

The county's documentation regarding the bidding and purchase of 97 machines (59 printers and 38 all-in-one printers that provide multifunctional services including copying, printing, faxing, and scanning) for approximately \$95,000 between December 2012 and June 2013 was not adequate. The county did not retain adequate documentation of the state bids and the related contracts, and its selection process to show compliance with state law, and the County Commission only approved the purchase of some of these machines.

The December 6, 2012, County Commission meeting minutes state, "The Commission gave their support to purchase 30 machines today via the state contract for cost saving measures." No documentation of the County Commission's approval for the purchase of the additional 67 machines was maintained. Also, the county could not readily provide bid documents to support these purchases. After numerous requests for documentation, county officials eventually provided a price list on April 25, 2013, and prices agreed for some of the machines purchased to the multi-year state contracts. Twenty-one of the 97 machines purchased for \$42,585 could not be agreed to state contract prices. A year later in May 2014, the county provided additional documentation to support prices for 7 of these 21 machines totaling \$27,447.

Documentation of state bids, contracts, and the county's selection process and criteria should be retained to demonstrate compliance with state law and support decisions made. Failure to document purchase approval prior to initiating purchases of goods or services limits the County Commission's ability to monitor, control, and track disbursements.

1.4 Legal services

The county's procedures for obtaining and documenting legal services need improvement.

The County Commission did not obtain proposals for legal services provided by 2 law firms and did not have a written agreement during most of 2012 with one of these law firms. The county paid approximately \$127,000 in legal fees for the year ended December 31, 2012.

The County Collector did not obtain proposals for legal services costing approximately \$10,000 during 2012 relating to the utility tax distribution error (see MAR finding number 5.1). In addition, the County Collector does not have a written agreement with a law firm providing services on bankruptcy cases, and the firm was paid approximately \$4,000 for these services during 2012. The County Collector maintained a list of law firms considered, but proposals were not obtained. Neither Chapter 52, RSMo,



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nor other statutory provisions give a county collector authority to hire an attorney. In addition, Section 56.670, RSMo, gives the county commission (no other officeholders) authority to hire a private attorney. In addition, Section 56.631, RSMo, authorizes the county commission to appoint a county counselor, and 56.640, RSMo, requires the counselor to represent the county and all departments.

While professional services may not be subject to standard bidding procedures, soliciting proposals for legal services is good business practice, helps provide a range of possible choices, and allows the county to make a better-informed decision to ensure necessary services are obtained from the best-qualified provider after taking expertise, experience, and cost into consideration. Also, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing, and written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings.

Recommendations

The County Commission:

- 1.1 Monitor contracts for compliance, ensure satisfactory progress is made by contractors prior to payment, and ensure change orders are prepared and submitted for its review and approval prior to completion of the related work.
- 1.2 Adequately review disbursement documentation to ensure compliance with contract terms. Also, the County Commission should work with the vendor to obtain reimbursement for the \$20,825 overpayment.
- 1.3 Maintain documentation of state bids, contracts, and their selection processes and criteria to ensure compliance with state law and to support decisions made. Also, the County Commission should ensure all purchases are properly approved and documented.
- 1.4 Solicit proposals for legal services and enter into written contracts defining services provided and benefits received. Also, the County Commission should work with the County Collector to ensure future legal services are appropriately obtained as provided by state law.

Auditee's Response

The County Commission provided the following written responses:

- 1.1 *The County Commission was approached in 2011 by the County Clerk, County Collector, and County Assessor to pursue the purchase of a new computer taxation system. The County Collector informed the County Commission, County Assessor, and County Clerk that she would purchase a new system, if approved by the*



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County Commission, through her Tax Maintenance Fund. The County Commission approved the purchase of a new system upon recommendation of the before stated elected officials. The County Commission did not enter into negotiations with or pursue any vendor. This endeavor, including invoicing and monitoring of software implementation, was overseen by the County Clerk, County Collector, and County Assessor. Upon recommendation of the County Clerk, County Collector, and County Assessor, the contract and addendum were signed by the Presiding Commissioner, and invoices were handled and approved by the County Commission through the normal county disbursement process.

The County Commission has engaged legal counsel that will ensure all future county contract terms include implementation dates, and the County Commission will ensure invoices are not paid until contract terms have been met.

- 1.2 *This project was paid in part through a grant with the balance coming from county funds. As such, the County Commission contracted with an engineering firm to oversee the project. All invoices were prepared and submitted through the engineering firm.*

The contracting firm is currently reimbursing Taney County at the rate of \$2,000 per week until the \$20,825 is paid in full. As of June 4, 2014, Taney County has received \$14,000 from the contracting firm.

The County Commission will establish review procedures to ensure oversight of all future projects managed by engineers and other contracted services.

- 1.3 *The County Commission believes that the auditor's staff was not provided with all requested relevant information regarding this issue at the time of the audit. All 97 machines were purchased using state cooperative contracts. Moving forward we will adjust the process to close all possible gaps in our documentation process and approval process.*

- 1.4 *We currently have written contracts on file with County Commission counsel, and counsel is retained on a case-by-case basis for litigation. We have advised the County Collector of Missouri law pertaining to the hiring of an attorney.*



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The County Assessor provided the following written response:

1.1 *I am striving to work with the County Commission, the County Clerk, and the County Collector to obtain a new property tax system.*

The County Auditor provided the following written response:

1.2 *This has been corrected.*

The County Collector provided the following written response:

1.4 *In the future, I will work with the County Commission to obtain legal services for the County Collector's office.*

2. County Sales Taxes

County procedures related to road and bridge capital improvement sales tax do not comply with state law, and some disbursement allocations do not have adequate support.

2.1 Capital improvement sales tax and allocations

The county has not ensured road and bridge capital improvement sales tax (CIST) monies are deposited in a separate fund or disbursed only for their intended purposes, as required by state law. In addition, some disbursements allocated to the Road and Bridge Fund may not be reasonable and are not adequately supported.

In April 2007, county voters renewed a 1/2-cent CIST under Section 67.700, RSMo, for the purpose of improvement and construction of roads and bridges to replace a 1/2-cent sales tax that was expiring. This sales tax is set to expire March 31, 2017.

These CIST monies are deposited into the county's Road and Bridge Fund and are commingled with other road and bridge related monies, including restricted monies (e.g., County Aid Road Trust and grant monies). The Road and Bridge Fund is used for all road and bridge related disbursements including operating expenses. The county does not specifically identify or track the use of the CIST monies or the balance of CIST monies within the Road and Bridge Fund. As a result, it is not clear whether the road and bridge capital improvement sales tax monies have been properly utilized. The county received approximately \$6.7 million in road and bridge CIST monies during the year ended December 31, 2012, and has received similar amounts of CIST monies annually and deposited them into the Road and Bridge Fund. The receipts, disbursements, and balance for CIST monies need to be tracked to ensure the funding is used for its restricted purpose.

In addition, the county allocated personnel costs totaling approximately \$99,000 for various employees to the Road and Bridge Fund without



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adequate supporting documentation. For example, 50 percent of the salaries and benefits of the Human Resource Director, Employees Benefit Clerk, and Purchasing Agent are allocated to the Road and Bridge Fund, with no documentation showing the basis for the allocation percentage. Also, the salary and benefits of one of two mechanics is paid from the Road and Bridge Fund and the other is paid from the General Revenue Fund. Both mechanics perform work for the road and bridge department and the Sheriff's office; however, no documentation is maintained indicating how the allocation of their salaries was determined.

Section 67.700, RSMo, allows counties to impose a sales tax for any capital improvement purpose designated by the county in its ballot, and requires the monies received from the sales tax to be deposited in a separate fund and used solely for the designated capital improvement purpose. The proper allocation of expenses is necessary for the county to accurately determine the results of operations of specific activities, thus enabling the county to establish the level of taxation and/or user charges necessary to meet all operating costs. To ensure restricted funds are used for intended purposes, the allocation of expenditures to county funds should be based on specific criteria, such as the number of hours worked by each employee, and documentation of allocations should be retained.

2.2 Property tax levy reductions

The county did not prepare property tax levy reduction calculations or properly report levy reductions to the State Auditor's office.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Taney County voters enacted a 1/2-cent general sales tax with a provision to reduce property taxes by 50 percent of sales taxes collected. The county is required to estimate the annual property tax levy to meet the 50 percent reduction requirement and in the following year calculate any excess property taxes collected based upon actual sales taxes collected. These sales tax monies, which total approximately \$6.7 million annually, are deposited into the General Revenue Fund.

Sales tax calculations and reporting

The County Clerk does not calculate the required sales tax reduction of the property tax levy. The required sales tax reduction for 2012 was approximately \$3.35 million for 50 percent of sales taxes collected.

For many years the county has chosen to set the general revenue and road and bridge property tax levies at zero. For 2008 and prior years the county incorrectly certified the full reduction of each levy as a voluntary reduction instead of as a sales tax reduction or combination of sales tax and voluntary reductions. As a result, the tax rate ceiling for the county's General Revenue Fund and Road and Bridge Fund were lowered to zero in 2009. In calculating the property tax rate ceiling for 2009, the State Auditor's office followed Section 137.073.5(4), RSMo (amended in 2008), which provides a



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voluntary reduction taken in a non-reassessment year (even year) results in a reduced tax rate ceiling during the subsequent reassessment year (odd year).

Section 137.073.5(4), RSMo, allows a governing body, in a year following general reassessment, to increase a previously voluntarily reduced tax rate, for a reduction taken in a prior non-reassessment year, to the tax rate ceiling that would have been effective in the current year had no voluntary reduction been taken. However, the county has not taken action to restore these ceilings, and they have remained at zero since 2009.

County officials were apparently unaware of the impact of the 2008 voluntary reduction and of the county's zero tax rate ceilings, and from 2009 to current has continued to certify reductions of the general revenue and road and bridge levies as voluntary. On tax rate forms submitted to the State Auditor's office the county incorrectly reported prior year ceilings (in effect if voluntary reductions had not been taken in 2008), although the ceiling for each fund was zero, and then reflected a full voluntary reduction.

As previously noted, the county could reinstate its property tax rate ceiling in 2014. In addition, Section 137.073.6(3), RSMo (amended in 2013), allows a taxing authority to submit amended tax rate forms to the State Auditor's office in the event the taxing authority incorrectly completed the forms or made clerical errors.

Road and Bridge Fund levy
reduction

Because reducing the general revenue property tax levy to zero is not sufficient to compensate for 50 percent of the sales taxes collected, the county must also reduce the road and bridge property tax levy. However, a full reduction of the road and bridge levy for this purpose is not required. According to our calculations and had the county's tax rate ceiling not been reduced to zero, the county could have reduced the 2012 road and bridge property tax levy by 0.0772 or approximately \$768,000 in property tax revenues, rather than the full 0.1945, to satisfy the county's overall 50 percent rollback requirement. To properly document decisions related to the road and bridge ceiling and levy assessed, the county needs to ensure it is utilizing correct ceiling information and identifying levy reductions as sales tax or voluntary as appropriate.

To ensure property tax levies are properly set and property tax ceilings are maintained, the County Commission and County Clerk should ensure property tax levies are adequately reduced by 50 percent of sales tax revenue and are accurately reported and certified as such. Documentation of calculations and tax rate setting decisions is important to demonstrate compliance with statutory provisions and serve as a reference tool should questions arise. Further, to ensure road and bridge funds are spent in accordance with state law, the County Commission should monitor the portion of the Road and Bridge Fund property tax levy reduction that relates to the sales tax rollback.



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Recommendations

The County Commission:

- 2.1 Ensure monies received from the capital improvement sales tax are deposited in a special fund and used solely for the designated purpose.
- 2.2 Work with the County Clerk to properly calculate and report property tax reductions (sales tax or voluntary).

Auditee's Response

The County Commission provided the following written responses:

- 2.1 *The county combined the Road and Bridge Fund with the Special Road and Bridge Trust Fund for the ease of operation. Taney County was advised that the funds could be combined, but that the county should adequately track capital expenditures. The two funds were combined, yet the County Auditor did not track capital improvements expenditures. Capital improvement expenditures were also not tracked by road and bridge department staff, or by the County Commission.*

The Presiding Commissioner asked road and bridge department personnel to assist him in breaking out all capital expenditures as recommended by the State Auditor's staff, and this was accomplished. The County Commission has again informed the County Auditor that capital improvements needed to be tracked separately. Should it be necessary, the County Commission will either separate and track capital expenditures or separate the funds for future years.

The County Commission will undertake a study to determine whether the salaries shall continue being paid at the current percentages or at some other breakdown based upon actual percentages worked.

- 2.2 *The County Clerk provided forms to the County Commission with levy reductions. The County Clerk informed the County Commission that sales tax reductions had already been made and the County Commission accepted the County Clerk's calculations before voluntarily rolling county levies back to zero. The County Commission accepted, signed, and presented the forms back to the County Clerk. The County Commission will involve itself completely by recalculating and ensuring that the County Clerk's figures are correct in the future.*

It should be noted that the ultimate goal of the County Commission, in rolling potential levies back to zero, was to ensure that Taney



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County taxpayers would not be paying any property taxes to the Taney County government.

County Commissions have understood from the very first passage of this sales tax that either the General Revenue levy or the Road and Bridge levy can be rolled back first, leaving a balance in the second fund. This County Commission understands that we had a choice to impose a property tax on the citizens of Taney County; however it was our conscious decision to not impose this allowable tax for county government usage, thereby keeping taxes on our citizens intentionally lower.

The County Auditor provided the following written response:

2.1 I will work with the County Commission to ensure monies received from the capital improvement sales tax are either accounted for separately or deposited in a special fund and used solely for the designated purpose.

3. County Budgeting and Planning

Budgeting procedures of the County Commission and the County Auditor need improvement.

3.1 Sales tax monies and debt payment

The County Commission did not adequately plan and budget for the April 2013 judicial center certificates of participation (COP) payment of \$1.2 million.

In April 2000, Taney County voters approved 2 propositions that provided for a 1/2-cent general sales tax under Section 67.547, RSMo. Proposition A renewed the already existing 1/2-cent sales tax (previously authorized for sewer purposes) for a period of 20 years. Proposition B authorized the county to expend the sales tax revenues (from the countywide sales tax proposed in Proposition A) for the additional purpose of providing law enforcement facilities. The ballot language did not specify what portion of the sales tax monies collected would be used for each of the 2 authorized purposes. This sales tax generates approximately \$6.7 million annually and these monies are deposited into the Sewer Fund.

In November 2005, Taney County voters approved a 1/8-cent law enforcement sales tax under Section 67.582, RSMo. This sales tax generates approximately \$1.6 million annually. Prior to December 2012, these monies were deposited into the county General Revenue Fund. However, in December 2012, the county decided these monies should be accounted for separately and created a Law Enforcement Sales Tax Fund where these monies are now deposited.



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2013 COP payment

In November 2006, the county issued Lease COP Series 2006 for the construction of a new judicial facility. Until 2013, principal and interest payments on the COP were made from the county General Revenue Fund and covered by law enforcement sales tax monies deposited into that fund. The county budgeted the 2013 COP payment from the Law Enforcement Sales Tax Fund. However, when the COP payment was due in April 2013, the fund had only accumulated sales tax revenue of approximately \$400,000.

Because adequate funds were not available in the Law Enforcement Sales Tax Fund, the County Commission authorized a \$1.2 million COP payment from the Sewer Fund. The County Commission supported this decision because Proposition B had added a "law enforcement facilities" purpose to the general sales tax and a written legal opinion from one of the county's attorneys concluded usage of the monies in this way was valid.

However, the county had not budgeted for the COP payment to be made from the Sewer Fund during 2013. In addition, the county budgeted the full payment from the Law Enforcement Sales Tax Fund without adequately anticipating the shortfall in sales tax revenues that would exist by the payment due date. As a result, county funds were not spent as intended.

Law enforcement sales tax monies are generated throughout the year and used for various operating expenses. Therefore, the full amount of COP payments will not be available at the time payments are due, and the county needs to adequately plan and budget for future COP payments.

To ensure disbursements are made from the proper fund and budgets closely reflect anticipated disbursements, the County Commission should adequately plan during the budget process for the timing of large disbursements.

Sales tax ballot measures

Regarding Proposition A and Proposition B approved by voters in 2000, it may have been improper for the county to submit a ballot measure to voters asking to add the purpose of "providing law enforcement facilities" to the existing 1/2-cent general sales tax previously designated for sewer purposes. These purposes are not related. Courts have concluded that ballots with multiple purposes are not always improper, but there should be a natural relationship between the issues addressed in a single ballot. To ensure propriety of ballot language and sales tax purposes, the County Commission should consult with legal counsel regarding ballot language supporting any future sales taxes proposed to voters.

Sales tax use designation and deposits

Because voters approved 2 separate uses for the general sales tax monies, but a specific portion for each purpose was not designated, the County Commission can determine how the monies will be used. It would be



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appropriate for the County Commission to consider the sewer and law enforcement facility needs periodically and during the annual budget preparation process, and determine if allocating a certain percentage for each purpose is appropriate. In addition, the monies should be deposited into the appropriate fund, rather than being transferred at a later date to cover related expenses.

Generally accepted accounting principles and various legal restrictions require receipts and disbursements associated with specific activities be reflected in the fund established to account for those activities.

3.2 Budgetary practices

The County Commission and County Auditor do not ensure budgets for some county funds reasonably reflect anticipated financial activity and cash balances. This weakness reduces the effectiveness of the budget as a tool for monitoring and controlling disbursements. The county significantly overestimated disbursements resulting in actual ending cash balances greatly exceeding budgeted ending cash balances. The following table presents a comparison of budgeted to actual ending cash balances at December 31, 2012:

County Fund	Budget	Actual
General Revenue	\$ 6,478,478	9,814,825
Road and Bridge	5,011,343	9,335,792
Sewer	11,792,113	29,766,985
Transfer Station	0	463,135
Recorder Technology	0	431,473
911	0	404,724
Tax Maintenance	0	166,984
Prosecuting Attorney Bad Check	0	119,474
Prosecuting Attorney Delinquent Tax	0	90,421
Sheriff Civil	0	74,900
Sheriff Revolving	0	64,894

Disbursements were significantly overestimated for most county funds. For example, budgeted disbursements for the General Revenue Fund were approximately \$15.8 million and actual disbursements were approximately \$13 million; and budgeted disbursements for the Sewer Fund were approximately \$25.6 million and actual disbursements were approximately \$5 million. Additionally, approved budgets for some county funds included a significant amount for contingency expenses. For example, the Road and Bridge Fund budget included a budget line item of about \$2.9 million for contingency expenses out of the fund's \$10.7 million total disbursements budget, but only \$40,000 of this line item was spent.

For the budget documents to be of maximum assistance to the county as a planning tool and to adequately inform the public of the current financial



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position and operations, the budgets should reflect reasonable estimates of receipts and disbursements, and the anticipated ending cash balances. The practice of routinely budgeting to spend the majority of all available resources decreases the effectiveness of the budget as a planning tool and as a control over disbursements.

Our prior audit report issued in 2002 addressed similar concerns.

3.3 Budget review

County personnel did not identify errors in the 2013 budget document.

The county's budget is prepared by the County Auditor and approved by the County Commission. Our review of the budget spreadsheet showed it contained formula errors and incorrect data resulting in misstatements.

- The available funds reported for the 2013 General Revenue Fund on the appropriation order signed by the County Commission was approximately \$25 million, while the available funds reported in error on the total page of the budget was approximately \$44 million. The \$19 million error on the budget was caused by a formula error on the General Revenue Fund total page.
- Employee fringe benefits reported as disbursed from the General Revenue Fund were understated by approximately \$760,000 for 2012 and \$710,000 for 2011 (approximate 37 percent understatement for each year) as a result of a formula error in the fringe benefit section of the budget. These inaccurate totals were also reflected on the total page for all disbursements from the General Revenue Fund, which further caused total disbursements to be calculated in error in other locations on the budget document.
- The estimated and actual ending cash balances were not presented on the 2013 General Revenue Fund budget. The fund had an actual ending cash balance of approximately \$10 million.

In addition, the County Auditor did not enter some actual information correctly into the budget from the county's accounting records.

- Receipts of approximately \$4 million and disbursements of \$2 million for the Road and Bridge Fund were omitted from the 2011 actual amounts included on the 2013 budget. During 2012, the County Commission combined the Road and Bridge Fund with the Road and Bridge Trust Fund; however, only the activity of the Road and Bridge Trust Fund was entered on the budget.

The 2012 actual receipts reported on the 2013 budget were understated by approximately \$76,000. Several revenue accounts were not



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accurately reported including understating transfers into the General Revenue Fund by approximately \$42,000 and understating airport fuel revenue by approximately \$15,000 as well as other smaller errors.

Budget documents are an essential tool for the efficient management of county finances. To be of maximum assistance as a planning tool and to adequately inform the public, budgets should be reconciled to financial records and reviewed for accuracy and completeness.

3.4 Sewer sales tax

As discussed in section 3.2, the County Commission has not projected realistic disbursements for the Sewer Fund for several years, and actual ending cash balances were much higher than projected ending cash balances. Additionally, the sewer district's master plan for current and future projects has not been updated since 2007.

In April 2000, voters passed a capital improvement sales tax under Section 67.547, RSMo, for the purpose of extending and improving the sewer systems in the county. This sales tax generates approximately \$6.7 million annually, and disbursements were approximately \$4.9 million for 2012 and \$4.3 million for 2011. As a result, the accumulated cash balance increased from approximately \$25 million at December 31, 2010, to approximately \$30 million at December 31, 2012. According to the county's 2014 budget document, the December 31, 2013, Sewer Fund ending balance was approximately \$25.2 million.

The county has outstanding bonded indebtedness from sewer projects of approximately \$10.1 million with payments of approximately \$1 million due annually. These bonds carry interest rates ranging from 3 to 5.25 percent and mature in 2023. In January 2015, the county could elect to pay off any remaining bonds outstanding before the bonds mature; however, the County Commission has made no formal plans for early payoff.

To properly document the future use of the large accumulated cash balance in the Sewer Fund, the County Commission should approve a reasonable estimate of disbursements in the budget, prepare a long-term plan for the use of these funds, and consider using the excess accumulated cash reserves to pay off the bonded indebtedness early.

Recommendations

The County Commission:

- 3.1 Adequately plan for the timing of large disbursements, such as the judicial center COP payment during the budget process. The County Commission should consider the sewer and law enforcement facility needs periodically and determine if establishing a percentage to be used for each purpose is appropriate, and the sales tax monies



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should be deposited into the appropriate funds, rather than being transferred at a later date to cover related expenses.

- 3.2 Ensure budget estimates for receipts and disbursements are based on actual expected occurrences.
- 3.3 Ensure the county budget is accurate and complete.
- 3.4 Approve a reasonable estimate of disbursements in the Sewer Fund budget, prepare a long-term plan for the use of these funds, and consider using the excess accumulated cash reserves to pay off the bonded indebtedness early.

Auditee's Response

The County Commission provided the following responses:

- 3.1 *Chapter 67.582(3) of the Missouri Revised Statutes of Missouri provides that: "All revenue received by a county from the tax authorized under the provisions of this section shall be deposited in a special trust fund and shall be used solely for providing law enforcement services for such county for so long as the tax shall remain in effect." The County Auditor and a prior County Commission had elected to place these revenues into the General Revenue Fund instead of a special trust fund. This County Commission feels it was complying with Missouri law when it created a trust fund as required under RSMo 67.582(3).*

During the 2013 budgetary process, the County Commission discussed the possibility of paying the bond issue out of Sewer Fund reserves as earlier approved by voters through Proposition B, and then repaying the Sewer Fund when the sales tax had generated enough money. The County Commission did in fact pay the bond issue out of the Sewer Fund and later repaid the Sewer Fund when enough voter approved sales tax had been generated. Following the payment, the decision was announced and explained during an open County Commission meeting.

For the sake of transparency, the County Commission formally budgeted the 2014 bond payment directly out of the Sewer Fund as authorized under Proposition B, and also budgeted for repayment to the Sewer Fund from the voter approved law enforcement tax.

- 3.2 *The County Commission developed budgets with an ultra-conservative approach. These decisions were in reaction to a severe downswing in the American economy. The 2014 budget has been developed with a watchful eye on anticipated revenues and expenditures.*



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- 3.3 *The County Commission did discover multiple formula errors in the budget document provided to the County Commission by the County Auditor. It was the belief of the County Commission that all formula errors made by the County Auditor had been discovered by the County Commission and corrected by the County Auditor.*

It is the understanding of the County Commission that the County Auditor pulls county budgetary information from the county's accounting software into a spreadsheet that he has developed for the specific purpose of budgetary manipulation and development. The County Commission receives its revenue and expenditure information from this source, and utilizes this information for the development of all county budgets.

The County Commission is in complete agreement and will initiate necessary safeguards immediately to protect the sanctity of the county budgetary process.

- 3.4 *The County Commission has completely revised and updated the budgetary process for sewer sales tax projects and expenditures. During 2013, the County Commission was presented with a preview of a 3 year plan for sewer projects and expenditures from the Sewer District. In addition, the County Commission was informed that the Taney County Regional Sewer District will be moving forward with a new master plan for current and future projects.*

The County Commission is in the process of creating an environmental services department which will be charged with specific monitoring and reporting responsibilities regarding projects and expenditures of sewer sales tax dollars.

The County Commission has paid off every penny allowable for early payoff which will save Taney County taxpayers approximately \$500,000 in interest payments. In December 2013, a principal payment of \$5,603,250 was made.

The County Auditor provided the following written response:

- 3.3 *I will ensure all parts of future county budgets are accurate and complete.*

4. County Procedures

The County Treasurer and County Auditor do not adequately reconcile accounting records. Controls and procedures over credit card purchases and vehicle and fuel use need improvement.



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4.1 Reconciliation procedures

A reconciliation between the annual settlement prepared by the former County Treasurer and actual amounts reported on the county budget prepared by the County Auditor was not performed. The beginning cash balance at January 1, 2012, for the Sewer Fund reported by the former County Treasurer on her annual settlement was approximately \$336,000 less than the beginning cash balance reported by the County Auditor on the 2013 budget. Both the former County Treasurer and the County Auditor were unaware of the reporting differences. The County Auditor indicated a programming error in the county's accounting system caused disbursements posted to one line item in 2012 to reduce the beginning balance at January 1, 2012, throughout the year. A correction was made to the accounting system in October 2013.

To ensure errors and omissions are detected on a timely basis and to provide accurate financial reporting, the County Treasurer and the County Auditor should reconcile the annual settlement to the county budget.

4.2 Credit cards

The county has not adequately evaluated which employees need county credit cards and has not assigned individual transaction limits to credit cards. During the year ended December 31, 2012, credit card purchases totaled approximately \$580,000.

Of 82 credit cards issued to county personnel, 23 cards were not used during the last 6 months of the year ended December 31, 2012, and 18 credit cards had 5 or fewer transactions totaling less than \$500 for that time period. With 41 credit cards having limited or no activity, it is questionable whether employees needed the cards.

In addition, credit cards do not have individual transaction limits and monthly spending limits range from \$300 to \$20,000 with a county monthly cycle credit limit of \$350,000. Because some monthly credit cards limits are as high as \$20,000, consideration should be given to establishing individual transaction limits to further control significant purchases.

To adequately control the use of credit cards and to reduce the risk of loss, theft, and misuse going undetected, the County Commission should review credit card assignments and usage to evaluate each employee's continued need for a credit card and establish individual transaction limits.

4.3 Vehicle and fuel use

The county has not established effective monitoring procedures regarding fuel and vehicle use. Without effective procedures, fuel could be obtained for non-county use and the county's vehicle fleet may not be used in an efficient and appropriate manner.

The county's February 2013 inventory listing showed 127 vehicles and equipment are maintained for all county services excluding law enforcement. The Road and Bridge department maintains 8 bulk fuel tanks



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at 3 locations to fuel these vehicles and equipment. During the year ended December 31, 2012, bulk fuel purchases totaled approximately \$480,000.

Mileage and fuel usage logs are not maintained for numerous county vehicles and equipment, and fuel use is not adequately reviewed and reconciled to fuel purchases.

Procedures for reviewing fuel use and reconciling use to fuel purchased are necessary to ensure the reasonableness and propriety of fuel use and disbursements. Also, mileage and fuel usage logs are necessary to document the appropriate use of vehicles and to support fuel charges. Failure to account for fuel purchases could result in loss, theft, and misuse going undetected.

Recommendations

The County Commission:

- 4.1 Ensure the County Treasurer and County Auditor reconcile the annual settlement to the county budget and promptly investigate any differences.
- 4.2 Evaluate the need for each credit card issued and establish appropriate individual transaction limits.
- 4.3 Establish adequate records and procedures to effectively monitor vehicle and fuel use by requiring mileage and fuel usage logs for all vehicles and equipment, reconciling fuel used to fuel purchases, and promptly investigating any significant discrepancies.

Auditee's Response

The County Commission provided the following written responses:

- 4.1 *The Commission will monitor the County Treasurer and County Auditor in their reconciliation of the annual settlement to the county budget.*
- 4.2 *Taney County has developed a county credit card policy. In addition, individual transaction limits have been established, and we will review card assignments and limit the number of cards, as needed. Should further reviews or updates to the current policy be needed, the County Commission will undertake the task.*
- 4.3 *The County Commission will review all policies currently in place and establish changes throughout the system as needed.*

The County Treasurer provided the following written response:

- 4.1 *This computer error has been corrected and safeguards will be put in place to prevent such errors in the future.*



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The County Auditor provided the following written responses:

- 4.1 *I will work with the County Treasurer to reconcile the annual settlement to the county budget, and promptly investigate any differences.*
- 4.2 *I will work with the County Commission to evaluate the need for each credit card issued and establish appropriate individual transaction limits.*
- 4.3 *I will work with the County Commission to establish adequate records and procedures to effectively monitor vehicle and fuel use by requiring mileage and fuel usage logs for all vehicles and equipment, reconciling fuel used to fuel purchases, and promptly investigating any significant discrepancies.*

5. Property Tax System

Utility tax distributions totaling \$434,118 were incorrectly distributed to school districts for the years 2001 through 2010. The County Commission, County Clerk, and County Auditor do not adequately review the activities of the County Collector and County Assessor.

5.1 Utility tax distributions

The County Collector did not correctly distribute utility taxes to various school districts in the county for the years 2001 through 2010, resulting in distribution errors totaling \$434,118. Based upon our calculations the school districts were over/(under) paid as follows.

School District	Property Taxes		
	Property Taxes Owed to District	Distributed to District	Amount Over/(Under) Paid
Forsyth R-III	\$ 24,930 ¹	0	(24,930)
Branson R-IV	440,838 ²	31,649 ¹	(409,188)
Hollister R-V	311,163	434,118 ²	122,955
Kirbyville R-VI	427	311,163	310,736
Mark Twain R-VIII	0	427	427

^{1 & 2} The property taxes owed differ from the property taxes distributed due to a second distribution based on manual calculations.

The primary reason for these errors was a programming mistake in the tax extension phase of the property tax system that caused the school district names to not be in alignment with their respective distribution calculation. As a result, the Branson R-IV School District received Forsyth R-III School District's distribution, the Hollister R-V School District received Branson R-IV School District's distribution, the Kirbyville R-VI School District received Hollister R-V School District's distribution, and the Mark Twain R-VIII School District received Kirbyville R-VI School District's distribution. Forsyth R-III School District received no property tax



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distribution because no taxes were collected for the Mark Twain R-VIII School District.

The County Collector relied on the property tax system for the distribution calculations and did not manually verify the calculations or compare the distributions to the tax statements, resulting in the distribution error going undetected for 10 years. In addition, reviews performed by the County Auditor did not detect this error.

At the request of various school district officials, the County Collector contracted with a consultant in March 2012, to recalculate the utility tax distributions for 2001 through 2010. Our calculations of amounts over/(under) paid noted above were consistent with those determined by the consultant in a report dated May 2012, with only minor differences related to the Mark Twain R-VIII School District.

Two school districts are involved in ongoing litigation over distribution of the 2001 through 2010 utility tax monies. The utility tax distributions were correctly calculated for the 2011 and 2012 tax years.

To ensure all future distribution calculations are correct, the County Collector and County Auditor should implement procedures to properly review all calculations and distributions for accuracy.

5.2 Account book

Neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. The County Clerk does not maintain an account book or other records summarizing property tax charges, transactions, and changes, and no evidence was provided to indicate procedures are performed to verify the accuracy and completeness of the County Collector's annual settlements. As a result, there is an increased risk of loss, theft, and misuse of property tax monies going undetected.

Section 51.150.1(2), RSMo, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. An account book or other records that summarize all tax charged to the County Collector, monthly collections, delinquent credits, additions and abatements, and protested amounts should be maintained by the County Clerk. Such records would help the County Clerk ensure taxes charged and credited to the County Collector are complete and accurate and could also be used by the County Clerk and County Commission to verify the County Collector's annual settlements. Such procedures are intended to establish checks and balances related to the collection of property taxes.

5.3 Delinquent taxes

The County Clerk does not prepare or verify the accuracy of the delinquent tax books totaling approximately \$7 million at February 28, 2013, and the



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County Commission also does not verify the accuracy of the delinquent tax books prepared and printed by the County Collector. According to the County Collector, she randomly tests the accuracy of several tax statements, but does not document this procedure. The County Clerk does not perform procedures to verify the totals of the delinquent tax books, and County Commission meeting minutes only indicate that the County Commission received the delinquent tax books.

Section 140.030, RSMo, requires the County Collector to prepare delinquent tax listings. Section 140.040, RSMo, requires the County Commission to examine and correct the listings, and Section 140.050, RSMo, requires the County Clerk to make the listings into delinquent tax books and charge the County Collector with the amount of delinquent taxes to be collected. If it is not feasible for the County Clerk to prepare delinquent tax books, at a minimum, the County Clerk should verify the accuracy of the delinquent tax book and document approval of the tax book amounts to be charged to the County Collector.

5.4 Tax book changes

The County Commission did not approve additions to personal property taxes totaling over \$600,000 and did not approve personal property taxes outlawed totaling \$188,000 during the year ended February 28, 2013. As a result, changes to the amount of the taxes the County Collector is charged with collecting are not properly monitored. Minutes of the County Commission meetings indicate the personal property taxes outlawed were presented to the County Commission by the County Collector; however, the County Commission did not approve a court order authorizing the removal of these taxes from the tax books.

Section 137.260, RSMo, assigns responsibility to the County Clerk for making corrections to the tax books with the approval of the County Commission. If it is not feasible for the County Clerk to make changes to the tax books, an independent reconciliation of approved additions and outlawed taxes to actual changes made to the property tax system would help to ensure changes are proper.

5.5 Fire district taxes

The former County Assessor changed the application of the 2011 and 2012 property tax levies in the property tax system for the portion of the Central Taney County Fire Protection District located within the city of Forsyth, and as a result, taxes for this district were not properly levied to some city of Forsyth residents. This change was not detected until officials from the fire protection district contacted the county. While the County Clerk had procedures in place to review the tax book, procedures were not sufficient to identify these changes made by the former County Assessor. According to the County Collector approximately \$44,000 was not charged for real property taxes for the 2 years ended February 28, 2013. The amount of personal property taxes not charged for that period has not been determined.



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In April 2013, the Taney County Circuit Court ordered the county to levy these remedial taxes that were not previously levied. In February 2014, the Taney County Circuit Court further ordered the county to levy these 2011 and 2012 remedial taxes as a current tax and no penalties or interest shall be imposed on any taxpayer for 1 year from the date of the tax statement submitted to the taxpayer.

To ensure property taxes are properly charged to county taxpayers, a thorough review of changes made to the property tax system is necessary.

Recommendations

- 5.1 The County Collector and County Auditor ensure future utility tax distributions are computed properly and reviewed for accuracy.
- 5.2 The County Clerk maintain an account book with the County Collector. In addition, the County Clerk and County Commission should use the account book to review the accuracy and completeness of the County Collector's annual settlements.
- 5.3 The County Commission and County Clerk should verify the accuracy of the delinquent tax books prior to charging the County Collector with the property tax amounts.
- 5.4 The County Commission and County Clerk review and approve personal property tax additions and personal property taxes outlawed.
- 5.5 The County Commission ensure remedial taxes are levied in accordance with Taney County Circuit Court's judgment. In addition, the County Clerk should review all changes made to the property tax system by the County Assessor and recalculate total taxes charged to each taxing district to ensure tax books are accurate.

Auditee's Response

The County Commission provided the following written responses:

- 5.1 *The County Commission realizes that the accurate distribution of all tax dollars to our schools and other political subdivisions is critically important. The lack of manual calculations and comparisons of distributions to the tax statements has convinced the County Commission that proper checks and balances of these tax funds are desperately needed. The County Commission will research Missouri law for a determination of whether school funds should be statutorily distributed by the County Treasurer or the County Collector. The County Commission fully agrees with the State Auditor in that the County Collector and County Auditor*



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should ensure that future utility tax distributions are computed properly and reviewed for accuracy.

5.2 *The County Commission agrees with the State Auditor that the County Clerk should maintain an account book with the County Collector. The County Commission believes that the County Clerk is statutorily charged with the responsibility of reviewing and monitoring the financial activities of the County Collector.*

5.3 *The County Commission believes it is the County Clerk's responsibility to make/prepare the delinquent tax book. The County Commission believes it should review the delinquent tax book when presented by the County Clerk before charging the County Collector for the collection of taxes. The County Commission will review all County Commission responsibilities and comply with said laws.*

5.4 *The County Commission has requested and is now receiving all additions to personal property taxes and all outlawed personal property taxes for approval.*

5.5 *The County Commission will ensure that remedial taxes are levied in accordance with the Taney County Circuit Court's judgment.*

The County Collector provided the following written response:

5.1 *I have implemented procedures to be able to balance the railroad and utility program for all schools to assure monies are distributed as charged.*

The County Auditor provided the following written responses:

5.1 *Procedures have been implemented to check these calculations.*

The County Clerk provided the following written responses:

5.2 *An account book was recently implemented. The account book will be used to review the accuracy and completeness of the County Collector's annual settlement.*

5.3 *I plan to verify the accuracy of the delinquent tax books prior to charging the County Collector with property tax amounts.*

5.4 *Procedures for reviewing and approving personal property tax additions and outlawed taxes have been implemented.*



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5.5 *I had procedures in place and performed reviews of the tax book, but these changes were not identified. The county has purchased a new property tax system, and I am working with the programmer to develop a report of all changes made by the County Assessor prior to the Board of Equalization meeting, which will be reviewed for accuracy in the future.*

The County Assessor provided the following written response:

5.5 *I am striving to work with the County Collector and County Commission to correct past errors. In the future, the application of the levies of the fire protection district will be correctly applied.*

6. Assessment Fund Reimbursements

The Missouri State Tax Commission (STC) withheld approximately \$956,000 in property tax assessment reimbursement claims from Taney County since 2007, because the county failed to fully comply with approved assessment maintenance plans and applicable state law regarding property assessments.

After the STC withheld all quarterly reimbursements to the county for the state fiscal years ended June 30, 2007, 2008, and 2009, the STC entered into 2 assessment maintenance plan agreements with former County Assessor Strahan and the County Commission (the first agreement was for the period July through December 2009 and the second agreement was for the period January 1, 2010, through December 31, 2011). These agreements required the County Assessor to assess all taxable property in the county uniformly and at the statutorily required percentage, and also required compliance with various statutory and constitutional provisions pertaining to property assessments. Subsequent analysis and studies conducted by the STC determined problems with some property assessments lacking uniformity and not reflecting market values. As a result, obligations of the county's assessment maintenance plans were not met and additional quarterly reimbursements were withheld for the state fiscal year ended June 30, 2011. An addendum to the 2010-2011 maintenance agreement was entered into by the STC, the former County Assessor, and the County Commission in July 2011. The addendum established expectations for the remainder of the 2011 calendar year, and required its provisions be incorporated into the 2012-2013 maintenance plan. The STC determined there was a lack of compliance with the 2012-2013 maintenance plan and the STC issued a compliance order in December 2012 requiring the County Assessor and all assessing officials to comply with the county's assessment maintenance plan; and indicated state reimbursements would be withheld until property assessments met uniformity and value requirements. Quarterly reimbursements were withheld for the state fiscal year ended June 30, 2013, and also for the first 2 quarters of state fiscal year ended June 30, 2014. The STC reimbursed the county \$138,777 on May 15, 2014, for the first 2



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quarters of state fiscal year ended June 30, 2014. Lost revenues to the county by state fiscal year are listed in the following table.

State Fiscal Year Ended June 30,	Amount of Reimbursement Claims	Amount of Reimbursements Received	Amount of Lost Reimbursements
2007	\$ 243,498	0	243,498
2008	248,694	0	248,694
2009	248,694	0	248,694
2010	165,796	165,796	0
2011	165,796	86,996	78,800
2012	155,281	155,281	0
2013	136,611	0	136,611
2014	138,777	138,777	0
Total	\$ 1,503,147	546,850	956,297

Note: This information was obtained from the STC.

The amounts of the reimbursements fluctuate each year based upon available funding through the STC.

Section 137.750, RSMo, provides state funding to qualifying counties for a portion of the costs and expenses of the assessor. Compliance with state law and constitutional provisions and approved county maintenance plans when assessing property, is necessary to ensure state reimbursements are received.

Recommendation

The County Commission, County Assessor, and all assessing officials continue to work with the STC to correct assessment noncompliance so that the county is eligible for full assessment reimbursements.

Auditee's Response

The County Commission provided the following written response:

The audit announces that Taney County has lost approximately \$956,000 in reimbursements from the State Tax Commission over the last several years. These are funds from the state of Missouri that Taney County would have received, had the State Tax Commission deemed Taney County was in compliance with the Tax Commission's wishes. The Tax Commission had stated that the values of older homes and structures within Taney County needed to be assessed at higher values. Increasing the values of older homes and structures within Taney County would have shifted an enormous tax burden onto many of the senior citizens within Taney County resulting in much higher taxes.

The position of the previous County Assessor, the County Board of Equalization, and the County Commission was contrary to the position of the State Tax Commission. The Taney County Assessor and the Taney



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County Commission believed the county was in compliance with Missouri law. They had conducted their own ratio studies and concluded that the Tax Commission was incorrect in their findings. Taney County officials felt strong enough in their findings that they brought suit against the Missouri State Tax Commission. Eventually, a judge in Cole County found against some of the county's arguments.

The Taney County Assessor made an attempt to appease the State Tax Commission during the assessment process of 2009. The County Assessor's office presented over 13,000 increases. The Tax Commission reinstated state funding to Taney County, however the Board of Equalization, as its last act of the summer board meeting, rolled all increases back by 50%. The State Tax Commission once again withheld state funding from Taney County.

The current Taney County Commission agrees that Taney County could have and possibly should have received assessment expenses from the state of Missouri during the period denoted by the State Auditor. However, there were mitigating circumstances that should be considered.

Taney County Commissions over the past few years have elected to spend local county tax dollars on the assessment process rather than succumbing to acceptance of monies from the state, and the strings tied to those monies, which would force higher taxes on Taney County citizens.

There have been no major changes in assessment procedures or the local index, however, Taney County has recently received funds from the State Tax Commission representing some period of time in the past (no accompanying documentation for time reimbursed was included with the check). We believe the Tax Commission and the county position have been positions of politics; the current Taney County Commission believes it is time for both the Tax Commission and Taney County to move forward in a cooperative spirit.

7. Payroll and Personnel Issues

Procedures related to timesheets and background checks need improvement.

7.1 Timesheets

Timesheets are not prepared by the Information Systems Director and the Emergency Management Director. Both are part-time salaried employees and are not required to submit documentation of hours worked and/or tasks performed. According to the payroll clerk, the Information Systems Director's annual salary of \$51,892 is based upon 18 work hours per week and the Emergency Management Director's annual salary is \$8,690 regardless of the number of hours worked.



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Timesheets are necessary to document and monitor hours actually worked to substantiate payroll disbursements. Additionally, the county personnel manual requires the county to keep accurate time records for every employee.

7.2 Background checks

The county does not perform formal background checks on employees who work in sensitive information technology positions. According to the Human Resource Director, she only reviews the state courts automated case management system prior to offering a job to potential new employees; however, this review is not documented. While the case management system is a good resource, it is not sufficient to show out of state and federal violations, suspended imposition of sentence violations, and personal credit history, etc., which may be needed due to the sensitive nature of these positions.

According to accepted standards,¹ background checks should be performed for new employees and periodically for current employees dependent on the sensitivity and/or criticality of the job function. Without performing appropriate background checks, there is an increased risk of exposing sensitive information to an employee with a criminal background.

Recommendations

The County Commission:

- 7.1 Require the Information Systems Director and the Emergency Management Director to submit timesheets.
- 7.2 Ensure complete periodic background checks are performed on employees who have access to sensitive information.

Auditee's Response

The County Commission provided the following responses:

- 7.1 *The County Commission will address the issue regarding timesheets for these employees with the County Human Resource Director.*
- 7.2 *Background checks were completed on employees who work in sensitive positions, including the information systems department; however, documentation of these background checks will be retained in the future, and the type of background check obtained will be scrutinized and improved.*

¹ COBIT 5 Enabling Processes, AP007 Manage Human Resources. © 2012 ISACA. All rights reserved. Used with permission.



8. Sheriff Seized Property and Evidence

Seized cash

The Sheriff has not established adequate controls and records for seized cash and property. In addition, the Sheriff's office does not have procedures to dispose of seized cash held for many years.

The Sheriff's office records of seized cash at April 2013, show the Sheriff was holding approximately \$77,000 for 50 cases. Our review of 10 of these 50 cases determined the following:

- Seized cash totaling \$3,270 from 2 cases was not on hand and disposition of the cash was not documented. In one case, \$2,550 was seized and there is no documentation the cash was released; however, the cash was not located. In another case, \$3,320 was seized and documentation indicates \$2,600 was transmitted to the court leaving a balance of \$720 to be released to the defendant. The Sheriff's records do not document the cash was released to the defendant and the cash is not on hand. We contacted the defendant, who indicated the cash had not been received. As a result, cash totaling \$3,270 could not be located and cannot be accounted for properly.
- Seized cash totaling \$10,373 was still on hand although the case was dismissed in February 2012.
- Seized cash totaling \$2,500 from one case was still on hand even though a 1998 court judgment had been obtained releasing the seized cash.
- Seized cash records indicate \$1,369 of cash seized for one case was released to the court; however, the seized cash was located with other seized property evidence. Sheriff's office personnel were unaware this cash was with the other evidence.
- Cash totaling \$6,440 seized in March 1995 was still on hand without any documentation the Sheriff had attempted to dispose of the funds. No case has been filed with the Circuit Clerk's office in relation to this cash.

Seized property

The Sheriff maintains seized property items at the county impound lot, barn, and evidence room. Records and procedures to account for these items are inadequate.

- Seized property items are maintained in multiple locations and there is no overall inventory list that identifies the storage location of specific items.
- Seized property is not always tagged and identified. For example, we noted a dismantled rifle at the barn without a tag. The Evidence Officer



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said the rifle has been in the seized evidence area since prior to when he took his position and he does not know its status.

- Periodic physical inventories of seized property items are not conducted; and procedures have not been implemented to periodically review cases and dispose of related seized property items when appropriate and in accordance with court judgments.
- Not all firearms are stored at the Sheriff's evidence room as required by office policy. We noted a pistol and rifle (noted above) stored at the county barn.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. Complete and accurate inventory records should be maintained and periodic physical inventories should be performed and the results compared to inventory records to ensure seized property is accounted for properly. Section 542.301, RSMo, provides guidance for the disposition of unclaimed seized property. Proper disposal of such items would eliminate the significant risks of unauthorized access, use, or theft.

Recommendation

The Sheriff ensure a complete and accurate seized cash and property inventory record is maintained and a periodic physical inventory is conducted and reconciled to the records, and investigate any differences. The Sheriff should also make timely and appropriate dispositions of seized property.

Auditee's Response

The Sheriff provided the following written responses:

A complete and accurate seized cash and property inventory record will be maintained. A periodic inventory will be conducted and reconciled to the records and any discrepancies will be investigated and recorded. I hope to implement these records and physical inventory by January 2015. I have already taken steps to dispose of old seized property.

9. Sheriff Controls and Procedures

Controls and procedures need improvement. During 2012, the Sheriff's office processed approximately \$570,000 in civil and criminal process fees, concealed carry permits, bonds, and other miscellaneous receipts.

9.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and independent or supervisory reviews of accounting records are not performed. One clerk performs all the duties of receiving, recording, depositing, and disbursing monies related to civil and criminal monies and another clerk performs all these duties related to concealed carry permit monies. Neither the Sheriff nor other office personnel perform a documented review of accounting records or a comparison of monies received to those deposited or transmitted.



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Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential.

9.2 Receipting and depositing

Receipting and depositing procedures need improvement.

- Receipt slips are only issued if requested for civil and criminal process fees, concealed carry permits, and miscellaneous fees. An unofficial generic receipt slip book is used, but only 13 receipt slips were issued during 2012. Fees for concealed carry permits are recorded on a spreadsheet, but the method of payment (cash, check, or money order) is not recorded. All other civil and criminal process fees and miscellaneous fees are posted to a computer program, but the numerical sequence of transaction numbers assigned by the program is not accounted for by the clerk, and the transaction numbers do not appear in sequential order on the generated reports.
- Bond monies are recorded in a separate unofficial generic receipt slip book, copies of voided receipt slips are not always retained, and bond forms are not prenumbered.
- Cash bonds are not always deposited timely. For example, 3 bonds totaling \$1,600 were received on November 15, 2012, but not deposited until November 20, 2012. Cash bonds are generally deposited once or twice per week.
- Documentation is not maintained for bond monies received and subsequently transmitted to a court in another county rather than deposited. For example, 2 money orders totaling \$1,500 were received, recorded in the bond receipt slip book, and then mailed to a court in another county without any documentation to support the disposition of the money orders. Copies of the money orders were not retained, and there was no information on the receipt slip to indicate the payee. We verified the Carroll County Circuit Court received these money orders.

To ensure all monies received are properly handled and deposited or transmitted, and reduce the risk of loss, theft, or misuse of funds, adequate receipting, depositing, and transmitting procedures are needed.

Recommendations

The Sheriff:

- 9.1 Segregate accounting duties to the extent possible or ensure adequate independent or supervisory reviews of accounting and bank records are performed and documented.



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- 9.2 Issue official prenumbered receipt slips for all monies received, record the method of payment, account for the numerical sequence of receipt slips and transaction numbers, deposit monies timely, and maintain supporting documentation of monies transmitted to other entities. The Sheriff should also issue prenumbered bond forms and account for the numerical sequence of bond forms.

Auditee's Response

The Sheriff provided the following written responses:

- 9.1 *I have instructed the clerks to clearly document who prepares and reviews bank reconciliations on bank statements. Also, the Chief Deputy will perform independent reviews and comparison of monies received to those deposited or transmitted.*
- 9.2 *Prenumbered receipt books were implemented in May 2013. Prenumbered receipts indicating the method of payment are issued for all monies.*

The transaction number assigned to a receipt can be matched to a name on a deposit slip and a full description of the transaction can be found in the system. I also plan to implement a new records management system later this year.

A prenumbered bond receipt book has already been implemented in the jail. Copies of all receipts, including voided receipts, are retained and the numerical sequence of receipts slips is now being accounted for. Also, we plan to implement prenumbered bond forms so they can be accounted for.

Cash bonds are picked up by the records clerk from a locked bond box, and the money is counted by the clerk and jail personnel. A copy of the receipt is dated and initialed by each of them. While the records clerk is not always available, all bonds are deposited on the day they are picked up from the locked drop box.

Money orders or cashier's checks made out to courts other than Taney County cannot be deposited into the Sheriff's bond account. In the future, we will indicate on the bond receipt slip the date these bonds are mailed to the applicable court.

10. Sheriff Commissary Records and Procedures

We identified several problems with the records and procedures accounting for commissary monies. Deposits into the commissary account totaled approximately \$229,000 for the year ended December 31, 2012.

The Sheriff operates a 264 bed jail, housing Taney County inmates and inmates from cities and neighboring counties. The Sheriff maintains a



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separate checking account to handle personal inmate monies and provides a commissary through an outside vendor. The monies received, commissary purchases made, and available cash for each inmate are recorded in a computerized accounting system. Inmates order items from the commissary through a kiosk and the payment is deducted from their balance. Commissary profits are paid directly from the outside vendor to the County Treasurer. Any remaining personal monies are paid to inmates upon their release through a smartcard (prepaid credit card) refund.

10.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and independent or supervisory reviews of accounting records are not performed. The administrative assistant performs the duties of receiving, recording, depositing, and disbursing commissary monies. Neither the Sheriff nor other office personnel perform a documented review of accounting records or a comparison of monies received to those deposited.

Additionally, the jail administrator and the administrative assistant are married to each other. The supervision of a related employee could compromise a supervisor's objectivity when assigning duties or evaluating employee performance. Also, related employees with receipt handling responsibilities increase the risk of collusion and theft or misuse of county funds.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential and include comparing daily receipt activity to deposits.

10.2 Inmate deposits and refunds

The administrative assistant does not deposit inmate monies timely. These monies are only deposited approximately once a week. Additionally, documentation of inmate refunds is not maintained. At the time of release, an inmate's monies are loaded on a prepaid credit card and given to the inmate; however, the inmate does not sign to verify receipt of the card.

To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies should be deposited timely, and to validate refunds were made to the inmate, documentation of refunds made should be signed by both the inmate and the Sheriff office employee issuing the refund.

10.3 Bank reconciliations and liabilities

The jail administrator does not perform formal bank reconciliations or prepare monthly lists of liabilities to reconcile to the available cash balances of the commissary bank accounts. The Sheriff's office maintains an old commissary account that was primarily used until August 2013, when a new commissary account was opened. Additionally, a third commissary bank account is maintained by the commissary vendor to issue prepaid credit cards to inmates for inmate monies on hand at the time of release from jail.



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We requested the jail administrator generate bank reconciliation and liability reports from the computerized accounting system maintained for these 3 accounts as of October 31, 2013. Our review of these reports noted the following concerns:

- The reconciled bank balance of the old commissary account was (\$670), while the book balance in the computerized accounting system was (\$12,820). Deposits in transit of \$146 and outstanding checks totaling \$816 were erroneously posted to this account in the accounting system, resulting in a net difference totaling (\$12,150) between the adjusted reconciled bank and book balances.
- The bank balance of the new commissary account was \$138,345, while the book balance in the computerized accounting system was \$109,403. Additionally, the bank balance of the vendor commissary account was \$3,600, while the book balance in the computerized accounting system was \$52,305.

Receipts totaling \$49,724 were erroneously posted in the computerized accounting system to the vendor commissary account while the related monies were actually deposited into the new commissary account. Additionally, \$1,041 was transferred from the new commissary account to the vendor commissary account in October 2013, but the transfer was not recorded in the computerized accounting system until November 2013. Other recording errors for receipts and voided transactions totaling \$389 were not identified and posted to the computerized accounting system for the new commissary account until November 2013. After considering these various adjustments needed to book balances due to errors we noted, differences still exist between the bank and book balances for both accounts.

- The list of liabilities for these 3 accounts totaled \$144,242, while the reconciled bank balances totaled \$141,945, indicating a shortage of \$2,297. The liabilities include amounts that need to be turned over to the County Treasurer for commissions on telephone cards (net of operating expenses paid from the commissary account [\$124,804]), medical fees (\$9,068), and interest income (\$1,445).

Without preparing monthly bank reconciliations, identifying liabilities, and reconciling computerized accounting records and liabilities to cash balances, there is little assurance cash receipts and disbursements have been properly handled and recorded, sufficient cash is available for the payment of all amounts due, and all monies in the bank account can be identified. Prompt follow up on discrepancies is necessary to resolve errors and ensure monies are properly disbursed. Old outstanding checks should be timely resolved. In addition, Section 221.102, RSMo (effective August 28, 2013), requires each county jail to keep revenues from its canteen or commissary in a separate account and pay for goods and other expenses from that account,



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allows retention of a minimum amount of money in the account for cash flow purposes and current expenses, and requires deposit of the remaining funds (profits) into the county Inmate Prisoner Detainee Security Fund.

Our prior audit report issued in 2002 addressed similar concerns.

10.4 Inmate telephone card procedures and controls

The jail administrator does not maintain records to account for prepaid telephone cards purchased and sold to inmates, and on hand. Batches of telephone cards are periodically purchased and held by the jail administrator until sold to inmates. During 2012, \$36,000 in telephone cards were purchased for resale. The contract with the telephone card vendor indicates \$20,000 in complimentary cards are to be provided each year of the 5-year contract. However, the jail administrator indicated he was not aware of this provision and complimentary cards valued at \$20,000 were received during 2010, but not during 2011 and 2012. After we brought this issue to the Sheriff's attention, the complimentary cards for 2011 and 2012 were received in March 2013, and the complimentary cards for 2013 were received in April 2013.

To ensure telephone cards are properly recorded and handled, detailed inventory records should be maintained. Inventory records should document the beginning number of telephone cards, cards purchased, cards sold, and the ending balance of cards. Periodic physical inventory counts should be performed and reconciled to inventory records. Loss, theft, or misuse of the telephone cards and receipts may go undetected without adequate telephone card records and procedures. In addition, contracts should be reviewed to ensure all contracted items are provided.

Recommendations

The Sheriff:

- 10.1 Segregate accounting duties to the extent possible or ensure documented independent or supervisory reviews of accounting and bank records are performed.
- 10.2 Deposit inmate monies timely, and ensure documentation of inmate refunds made include a signature from the inmate and applicable Sheriff's office employee.
- 10.3 Prepare monthly bank reconciliations and lists of liabilities for all accounts, compare liabilities to the available cash balances, and promptly investigate and resolve differences. The Sheriff should ensure all existing and future commissary profits are deposited to the Inmate Prisoner Detainee Security Fund. The Sheriff should dispose of old outstanding checks in accordance with state law and correct recording errors in a timely manner.
- 10.4 Develop records and procedures to adequately account for the purchase and sale of telephone cards. In addition, inventory records



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of telephone cards should be maintained and reconciled to purchases, sales, and a physical inventory count.

The Sheriff provided the following written responses:

- 10.1 *I have instructed the clerks to clearly document who prepares and reviews bank reconciliations on bank statements. Also, the Chief Deputy will perform independent reviews and comparison of monies received to those deposited or transmitted. Also, a kiosk is being placed in the booking area of the jail in order for inmates to deposit their own monies. The kiosk will eliminate anyone in the jail of receiving, recording, and depositing these monies. The kiosk should be in place by the end of June 2014.*
- 10.2 *I will make sure that all money is deposited daily and ensure inmates sign all inmate refund receipts.*
- 10.3 *I will ensure that monthly bank reconciliations and lists of liabilities for all accounts are performed. We will compare liabilities to the available cash balances and investigate and resolve any differences. All balances in the commissary account will be transferred to the Inmate Prisoner Detainee Security Fund on a monthly basis. I will ensure old outstanding checks are disposed of in accordance with state law and recording errors are corrected each month as they are identified.*
- 10.4 *We have developed and implemented a form to account for the tracking and inventory of telephone cards, which includes conducting a physical count of phone cards on hand.*

11. Public Administrator Controls and Procedures

The Public Administrator failed to adequately track money owed to wards and holds some money for extended periods of time before depositing it to help wards retain Medicaid eligibility. We also identified weaknesses involving mileage reimbursements and computerized accounting system controls.

The Public Administrator is the court-appointed personal representative for wards or decedent estates of the Associate Circuit Court - Probate Division, and is responsible for the financial activity of approximately 100 individuals.

11.1 Receipting and depositing

The Public Administrator does not have a receipting system in place to properly track and document when monies owed are received on behalf of wards. Additionally, checks received by the Public Administrator on behalf of the wards are often held for extended periods of time before deposit to help wards retain Medicaid eligibility, and checks are not restrictively endorsed until the deposit is prepared.



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Tracking receipts

Our review of 7 Medicaid eligible wards identified 2 instances where money owed to the ward was not properly tracked and received by the Public Administrator. In one instance, the Public Administrator failed to identify an alimony payment that was not received in October 2012. We brought it to her attention on October 23, 2013, and the payment was received and deposited on October 31, 2013. Additionally, the court order for the alimony indicates the ward is to receive \$865 monthly; however, only \$360 is typically received monthly.

In another instance, a ward's payroll checks for March 13 and July 31, 2012, totaling \$343, were not recorded and deposited by the Public Administrator. After our April 2013 inquiry, the Public Administrator contacted the employer and learned the checks had not cleared the bank and the employer had already direct deposited the \$343 into the ward's bank account in December 2012. The Public Administrator had not identified or followed up on these checks and indicated the ward failed to give her these checks. The Public Administrator authorized this employer to direct deposit the ward's bi-monthly wages in August 2012; however, the Public Administrator was not aware the employer had replaced the uncleared checks with the December direct deposit.

Depositing receipts

On November 26, 2012, we counted 30 checks totaling \$79,210 held by the Public Administrator, of which 20 checks totaling \$4,088 had been held for 1 to 4 months based upon check issue dates. We also determined 15 payroll checks for one ward issued between October 2011 and August 2012 were each held at least a month before being deposited.

According to the Public Administrator, checks are often held for future expenses so a ward's estate assets remain below Medicaid eligibility limits. Our review of Medicaid eligibility forms identified some differences between reported cash balances and actual cash balances. For example, a Medicaid eligibility form filed for one ward on September 14, 2012, showed a bank account balance of \$529; however, the reconciled bank balance was \$795. Further, the Public Administrator was holding three payroll checks totaling \$360 and the ward was holding two payroll checks totaling \$343. As a result, the ward's available cash was \$1,498 and not the \$529 reported by the Public Administrator.

Also, checks are not restrictively endorsed until the deposit is prepared further subjecting the checks being held to the risk of loss, theft, or misuse.

Conclusion

To properly track all monies owed and received on behalf of the wards and to adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, a log should be maintained to document monies owed and received, monies should be deposited timely, and checks should be restrictively endorsed immediately upon receipt. In addition, Section



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208.210.1, RSMo, requires recipients to notify county welfare offices if they possess property that affects their right to receive benefits. Further, Section 208.210.2, RSMo, provides that if it is found that a recipient or spouse possessed income in excess of the amount reported that would affect his/her right to receive benefits, the amount of benefits may be recovered as a debt to the state.

11.2 Mileage reimbursements

Mileage claim forms submitted by the Public Administrator to the county for reimbursement did not always contain sufficient detail, and as a result, mileage claim forms were not always accurate.

Our review of 2 monthly mileage claim forms submitted in 2012 noted one instance where details provided on the claim form did not agree with the amount of miles claimed for reimbursement. For example, from July 8 to July 10, 2012, the Public Administrator indicated she went to Columbia, St. Louis, and Mt. Vernon for a total of 839 miles; however, based on the locations documented on the claim form, mileage should have totaled only 649 miles. When we questioned the number of miles claimed for these locations, the Public Administrator indicated she failed to include all travel locations during those days.

Section 50.333.10, RSMo, allows the county to reimburse county officials and employees for each mile actually traveled in the performance of their official duties. To ensure mileage paid is accurate, mileage claim forms should include sufficient detail of locations traveled.

11.3 Computer system controls

The Public Administrator's computerized accounting system allows the user to change check numbers and dates in the system once a check has been printed and issued. For example, in response to our inquiry the Public Administrator indicated a check number that was not included on an annual settlement was voided. However, upon her further review of the computerized accounting system, the Public Administrator determined she had incorrectly entered the wrong check number as void. At that point she made a change to the computerized accounting system to change the recorded check number.

To ensure all disbursements are properly recorded and to reduce the risk of loss, theft, or misuse of funds, the Public Administrator should work with the computer software vendor to ensure adequate controls are put in place that prevent actions such as changing check numbers and dates.

Recommendations

The Public Administrator:

- 11.1 Maintain a log to document all monies received and due, and properly monitor the receipt of payments owed to wards. In addition, the Public Administrator should discontinue the practice of



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holding checks. The Public Administrator should also report accurate asset information for wards to the Department of Social Services (DSS), Family Support Division, and contact DSS to determine whether any monies are due to the state. In addition, monies should be deposited timely and checks restrictively endorsed immediately upon receipt.

- 11.2 Provide adequate documentation including sufficient details of locations traveled for all mileage reimbursements.
- 11.3 Work with the computer software vendor to ensure adequate controls are in place to allow for the proper accountability of all transactions.

Auditee's Response

The Public Administrator provided the following written responses:

- 11.1 *In the future, I plan to use my electronic calendar to prompt me so that I can track payments owed and due to wards, and checks will be deposited in a timely manner and endorsed upon receipt. As has been the policy of my office, any extra monies that a ward received is spent on ward purchases such as personal needs, dental insurance, pre-need funeral plans, and special needs trust accounts. While I believe no money is owed to the Department of Social Services, in the future, I will contact the Department of Social Services to determine whether any monies are due the state.*
- 11.2 *In the future, physical addresses will be submitted for mileage reimbursements.*
- 11.3 *The computer software vendor has been contacted to ensure controls are in place to allow proper accountability of all transactions.*

12. Prosecuting Attorney Controls and Procedures

Improvements are needed in accounting controls and procedures of the Prosecuting Attorney's office. Criminal restitution, delinquent taxes, and bad check restitution and fees collected at the Prosecuting Attorney's office totaled approximately \$500,000 during the year ended December 31, 2012.

12.1 Adjustments and reversals

One clerk, who is responsible for receiving and recording all monies, also has the ability to post adjustments and reversals to the computerized accounting system without obtaining independent approval. Common reasons for adjustment and reversal entries recorded in the computerized accounting system include recording errors and the dismissal of cases. Adjustments totaling \$250,305 were made during 2012. The clerk could not



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provide a total for all reversals made in 2012 because she could only generate a daily reversal report.

To reduce the risk of loss, theft, or misuse of funds, and ensure the validity of all adjustments and reversals, adjustments and reversals should be reviewed and approved by a supervisor.

12.2 Receipting and recording

Procedures for receipting and recording need improvement.

- Monies received are not always recorded immediately upon receipt and are not properly secured prior to deposit. The Prosecuting Attorney requires 2 clerks to be present when money is recorded in the computerized accounting system. When only 1 clerk is in the office and a payment is received, a photocopy of the payment is provided to the payer as a receipt and the payment is held in an unlocked drawer until the payment can be recorded in the presence of 2 clerks.
- The numerical sequence of computerized receipt numbers is not accounted for properly. The computerized accounting system assigns a sequential receipt number and generates a receipt slip each time a payment is entered. The computerized accounting system also assigns a receipt number to adjusting and reversal entries; however, the receipt numbers associated with reversal entries are not included in the collection reports generated by the Prosecuting Attorney's office. Our review of October 2012 receipt numbers identified 16 of 162 receipt numbers assigned during this time period were associated with reversals and were not included on collection reports generated by the Prosecuting Attorney's office. According to the software programmer a computer update of the system would resolve this issue; however, the Prosecuting Attorney's system has not been updated since May 2010.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be recorded immediately upon receipt, held in a secure location, and the numerical sequence of receipt numbers accounted for properly. Receiving timely software updates are necessary to ensure computerized reports are complete and accurate, and system improvements are utilized.

12.3 Bank reconciliations and liabilities

The Prosecuting Attorney's office manager does not prepare accurate bank reconciliations for the restitution and bad check bank accounts. The office manager only compares the ending bank balance on her computerized accounting system to the ending balance on the bank statement and does not ensure deposits in transit and outstanding checks are accurate. The December 31, 2012, restitution account bank reconciliation listed 143 checks totaling \$29,158 as outstanding for over a year when these checks had actually cleared the bank during 2010 and 2011. We identified similar problems with the bad check account bank reconciliation.



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The Prosecuting Attorney does not identify liabilities. At our request in February 2013, corrections to the December 31, 2012, bank reconciliations were made and a list of liabilities for both accounts was prepared. The restitution account reflected a shortage of approximately \$500 when compared to liabilities while the bad check account had a balance in excess of liabilities of approximately \$900.

The preparation of complete and accurate monthly bank reconciliations is necessary to ensure accounting records are in balance and to identify errors in a timely manner. Additionally, a list of liabilities should be prepared monthly and reconciled to cash balances to ensure sufficient cash is available for the payment of all amounts due and all monies in the bank account can be identified.

12.4 Accounts receivable

The Prosecuting Attorney's office does not generate a monthly list of unpaid bad checks and restitution, and is not proactive in identifying cases with unpaid receivables. Improvements are needed to better monitor and pursue collection of receivables.

At our request, the clerk contacted the software programmer for instructions to generate an accounts receivable report. As of January 16, 2013, the bad check accounts receivable listing included 1,075 defendants with amounts due totaling \$658,172 and the restitution accounts receivable listing included 479 cases with amounts due totaling \$2,881,565. We reviewed 10 bad check cases and 12 restitution cases and identified 8 cases totaling \$285,508 that were no longer collectible for reasons such as bankruptcy or case dismissal. For example, the clerk was unaware of a case dismissed in May 2012 following a plea agreement until we asked about the case in March 2013.

Further, probation termination dates were not accurately recorded or updated in 4 of 12 restitution cases reviewed. These dates are used to ensure collection of monies prior to a defendant's release from probation.

A complete and accurate list of unpaid bad checks and restitution would allow the Prosecuting Attorney's office to more easily review the amounts due and to take appropriate steps to ensure collection of amounts owed.

12.5 Delinquent tax collections

Office personnel are not always transmitting delinquent taxes collected for the Missouri Department of Revenue (DOR) timely. We noted 2 checks totaling \$1,535 were receipted on August 22, 2012, and September 4, 2012, but not transmitted to the DOR until October 19, 2012. According to the clerk, efforts are made to transmit these monies to the DOR twice a month. To ensure all receipts are accounted for properly, transmittals should be made on a timely basis.



12.6 Computer system controls

The computerized accounting system allows the user to postdate or backdate receipts and checks without an audit trail. On November 26, 2012, we observed an unsigned check prepared and on hand dated December 3, 2012. The clerk indicated the check was a replacement check and she will print replacement checks periodically through the month, but she will usually date them for the date she plans to perform her monthly check run. The ability to postdate or backdate receipts and disbursements transactions allows possible manipulation of financial data and less assurance of its validity.

To properly account for all monies received and disbursed, all receipts and checks should be dated on the date received and/or disbursed. Consideration should be given to working with the software programmer to add control features to the program to prevent receipts or checks from being postdated or backdated.

12.7 Seized cash

Seized cash held by the Prosecuting Attorney's office was not disposed of in a timely manner. Seized cash records from the Sheriff's office indicate \$2,885 seized in 2009 was transferred to the Prosecuting Attorney in April 2010. The seized cash was still on hand in May 2013, although a court judgment of forfeiture to release the funds was issued in March 2012. After it was brought to the attention of the Prosecuting Attorney, all funds were released in June 2013.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. Timely disposal of such items would eliminate the significant risks of unauthorized access, use, or theft.

Recommendations

The Prosecuting Attorney:

- 12.1 Require supervisory review and approval for all adjustments and reversals.
- 12.2 Record all monies immediately upon receipt, store monies in a secure location, and account for the numerical sequence of receipt numbers.
- 12.3 Prepare accurate and complete bank reconciliations and a list of liabilities monthly, and reconcile the cash balances to the list of liabilities. Any differences should be promptly investigated and resolved.
- 12.4 Maintain an accounts receivables record and establish procedures to monitor and collect accounts receivables. The Prosecuting Attorney should also periodically review case information for accuracy.



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- 12.5 Ensure all delinquent taxes collected are transmitted to the DOR timely.
 - 12.6 Ensure receipt slips and checks are issued in sequential order and contact the software programmer to add control features that prevent a receipt or check from being postdated or backdated.
 - 12.7 Make timely and appropriate dispositions of seized property.

Auditee's Response

The Prosecuting Attorney provided the following written responses:

- 12.1 *We now create a paper trail of supervisory reviews and approvals for all adjustments and reversals. Such supervisory approvals were previously not documented.*
- 12.2 *We are now using manual pre-numbered receipt slips that provide a numerical sequence of all payments received, and we feel that this has improved our record keeping in this area. All monies are recorded immediately upon receipt and stored in a secure location until they can be delivered to the County Treasurer.*
- 12.3 *The County Treasurer now maintains these bank accounts, with deposits being made and disbursements (checks) being written from her office.*
- 12.4 *We are already monitoring accounts receivables more diligently than before the audit, conducting reviews at least once per month, and closing out old accounts.*
- 12.5 *Rather than holding payments for the state until such a time that multiple payments can be sent at once, our office is now transmitting payments to the Department of Revenue much more timely.*
- 12.6 *The County Treasurer now controls these monies and issues checks to crime victims. We also utilize pre-numbered sequential receipts manually rather than generating receipts through our computer software provider.*
- 12.7 *All forfeited monies mentioned have been accounted for, and have been forwarded on. We aim to be better aware of what evidence is kept in our secure evidence room, and what evidence has been returned to the seizing agencies, so that forfeited funds are not inadvertently retained.*



13. County Collector Controls and Procedures

The County Collector's receipting, depositing, and reconciling procedures need improvement.

13.1 Receipting and depositing

Procedures for receipting and depositing need improvement.

- The County Collector does not account for the numerical sequence of receipt numbers assigned by the computer system. The 4 collection stations (cash drawers) share the same sequence of receipt numbers; therefore, skipped numbers occur in the receipt number sequence on the daily cash reports generated for each station. No one in the County Collector's office accounts for the numerical sequence of the receipt numbers when reviewing the daily cash reports and preparing deposits.
- Receipt numbers are not issued for partial payments received. In addition, the method of payment is not indicated on the partial payment reports, and, as a result, the composition of partial payments received is not reconciled to the composition of deposits. Partial payments are handled separately from other payments and a separate daily report is generated at the time of the deposit. Additionally, monies received for partial payments are not always deposited timely. For example, partial payments totaling \$3,234 received from the period of November 21, 2012, to December 2, 2012, were not deposited until December 4, 2012.

To ensure all monies received are properly recorded and deposited and to reduce the risk of loss, theft, or misuse of funds, the County Collector should account for the numerical sequence of receipt numbers, issue receipt numbers for partial payments received, indicate the method of payment, reconcile the composition of receipts to the composition of deposits, and deposit partial payments timely.

13.2 Protested tax reconciliations

The list of liabilities prepared for the protested tax account is not adequately reconciled to the protested tax account balance. As a result, a \$3,034 overpayment for a protested tax refund made in October 2012 was not identified by the County Collector until April 2013. The County Collector requested and subsequently received a refund of the overpayment. Additionally, as of February 28, 2013, the balance in the protested tax account exceeded the list of liabilities by \$5,984. The County Collector indicated the difference may be accumulated interest.

Regular comparison of liabilities to the available cash balance is necessary, to identify errors in a timely manner, and ensure accounting records are in balance, sufficient cash is available for the payments of all amounts due, and all monies in the bank account can be identified.



Recommendations

The County Collector:

- 13.1 Implement procedures to account for the numerical sequence of receipt numbers. For partial payments, the County Collector should work with the computer software programmer to ensure receipt numbers are issued and the method of payment is documented. In addition, the County Collector should reconcile the composition of receipts to the composition of deposits, and make deposits timely.
- 13.2 Reconcile the protested taxes list of liabilities to the reconciled bank account balance monthly and promptly investigate any differences. The County Collector should also identify the source of the \$5,984 and distribute as appropriate and in accordance with state law.

Auditee's Response

The County Collector provided the following responses:

- 13.1 *With the new software program I will be able to follow the sequence order daily, as the drawers are balanced and deposits are made. The programmer will have the method of payment print on each drawer report on the pay-in-advance program. I plan to continue to deposit partial payments weekly.*
- 13.2 *In the future, I will balance my interest quarterly and transfer the accumulated interest annually to the county General Revenue Fund to avoid future errors.*

14. Airport Controls and Procedures

Controls and procedures of the county's airport need improvement. The county operates an airport where office, hangar, and apron space is rented, and fuel is sold. The county's airport has an advisory board, an airport manager, and 5 employees. Approximately \$600,000 was collected for the year ended December 31, 2012. These monies were deposited by the airport manager into a county bank account held by the County Treasurer and recorded in the Airport Fund.

14.1 Segregation of duties

The airport manager does not adequately segregate accounting duties or ensure independent or supervisory reviews of the accounting records are performed. Five airport employees including the office manager collect monies. In addition, the office manager has recording, depositing, and reconciling responsibilities and no one adequately reviews receipt and deposit records. As a result, the office manager is responsible for some transactions from initial receipt to reconciliation without adequate independent or supervisory review.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential.



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14.2 Receipting

Airport personnel do not record monies immediately upon receipt. Rather, receipts are posted to the computerized accounting system when deposits are prepared. Additionally, receipt slips are only issued for cash receipts.

To ensure all monies received are properly recorded and deposited and to reduce the risk of loss, theft, or misuse of funds, monies should be recorded immediately upon receipt, and receipt slips issued for all monies collected.

14.3 Lease contracts

The county does not adequately monitor hangar rental lease and the car rental company lease contracts. In addition, the airport manager signs all hangar lease contracts on behalf of the county including his own hangar lease contract. The airport received approximately (1) \$121,000 from hangar leases, and (2) \$27,000 from the car rental company during 2012.

During our review of the 32 hangar leases billed in June 2012, 14 were billed at a higher rate and 2 were billed at a lower rate than the rates per the hangar lease contracts. The airport manager indicated the Airport Board approved a rate increase in May 2011, and some of the hangar lease contracts have not been updated, and the 2 lower rates were verbally renegotiated after the contract was signed. The airport manager gave us a copy of a letter dated June 15, 2011, airport customers received explaining the rate increase for single-engine aircraft storage. While the letter indicated these rates were for single-engine aircraft storage, the hangar lease contracts did not indicate this information.

The airport's lease contract with a car rental company for office space requires monthly lease payments of \$500 plus a 4 percent commission based upon car rental fees and mileage collected by the car rental company. The contract further provides for the county to request an independent certified audit of the car rental company's monthly and annual reports to verify the accuracy of the commission. However, the county has not requested an audit or verified the commission or amount of car rental fees and mileage collected. Additionally, according to the airport manager, no lease payments were received from the car rental company during the last 4 months of 2012, because the car rental company was paying remodeling costs in lieu of lease payments. The contract was not revised for the change in lease payments during the remodeling period.

Contracts should be updated and renewed periodically to ensure the terms of the contract are still accurate. To ensure monthly lease payments received from the car rental company are accurate, the county should verify the amount of car rental fees and mileage collected as provided for in the contract. Allowing the airport manager to sign his own contract creates a conflict of interest, and airport lease contracts should be signed by someone independent of the contract, and filed with the County Commission to ensure county officials are adequately informed of airport revenues.



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14.4 Fuel reconciliations

Reconciliations of airport fuel purchased to fuel sold are not performed. While the airport manager and office manager indicated they review the gallons of fuel purchased and sold, no formal reconciliation is performed. Inquiries were made in March 2013, regarding these reviews of fuel purchased and sold; however, the airport manager did not provide documentation showing a reconciliation of fuel purchased and sold to audit staff until April 28, 2014. Purchases of airport fuel totaled approximately \$250,000 and sales of airport fuel totaled approximately \$300,000 for the year ended December 31, 2012.

To ensure fuel purchased by the airport is accounted for properly, procedures should be established to periodically reconcile fuel purchased to fuel sold and significant differences should be investigated.

Recommendations

The County Commission:

- 14.1 Adequately segregate accounting duties to the extent possible or ensure an adequate independent or supervisory review of accounting and bank records is performed and documented.
- 14.2 Ensure monies are recorded timely and require issuance of receipt slips for all monies received.
- 14.3 Periodically update contracts, implement procedures to monitor lease revenues from the car rental company, ensure contracts are signed by someone independent of the contract, and require contracts to be filed with the County Commission.
- 14.4 Ensure fuel purchases are periodically reconciled to fuel sold and significant differences are promptly investigated.

Auditee's Response

The County Commission provided the following responses:

14.1-4 The County Commission will work cooperatively with the Airport Board to implement these recommendations.

The Airport Manager provided the following written response:

- 14.1 I will segregate accounting duties to the extent possible or ensure an adequate independent or supervisory review of accounting and bank records is performed and documented.*
- 14.2 I will ensure monies are recorded and receipt slips will be issued for all monies received.*
- 14.3 I will periodically update contracts, and implement procedures to monitor lease revenues from the car rental company. I will ensure*



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contracts are signed by someone independent of the contract, and file contracts with the County Commission.

14.4 I will ensure fuel purchases are periodically reconciled to fuel sold and significant differences promptly investigated.

15. Transfer Station Controls and Procedures

Controls and procedures of the county's transfer station need improvement. The county operates a transfer station where individuals and businesses can bring trash for transfer to a landfill. Fees are charged based on the amount and type of trash brought into the station. Approximately \$1 million in fees were collected for the year ended December 31, 2012.

15.1 Segregation of duties

Accounting duties are not adequately segregated and a supervisory review of accounting records is not performed. The transfer operator has receiving, recording, depositing, and reconciling responsibilities; and is the administrator for the transfer station computerized accounting system allowing her to add new customers, change addresses, add new prices, create reports, and edit information. As a result, the transfer operator is responsible for transactions from initial receipt to reconciliation without supervisor involvement. Since the transfer operator is responsible for collecting fees, good internal controls require that she not have unlimited system access rights to make system changes.

Proper segregation of duties is necessary to ensure transactions are accounted for properly and assets are safeguarded. If proper segregation of duties cannot be achieved, documented independent or supervisory reviews of accounting and bank records are essential. In addition, to preserve the integrity of financial data, controls should be implemented to limit administrative access to the computerized accounting system.

15.2 Receipting and depositing

The numerical sequence of ticket numbers assigned by the computerized accounting system is not adequately tracked and the method of payment received is not recorded. Vehicles bringing trash to the transfer station are weighed before entering and upon leaving the location to determine the fee amount to charge. The computerized accounting system calculates the fee based upon the difference in weight and prints a ticket for the customer indicating the amount to be paid.

- Neither the transfer operator nor the County Treasurer accounts for the numerical sequence of ticket numbers issued. Ticket numbers do not appear in sequential order on daily receipt reports provided to the County Treasurer, and ticket numbers issued for nonpaying customers, such as the county road and bridge department or charge customers, are not included on daily cash reports.



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- The transfer operator does not record the method of payment (cash, check, money order, and debit/credit card) in the system. As a result, the composition of receipts is not reconciled to the composition of deposits.

To ensure all monies received are properly recorded and deposited and to reduce the risk of loss, theft, or misuse of funds, the numerical sequence of ticket numbers issued should be accounted for properly, the method of payment received should be recorded, and the composition of receipts should be reconciled to the composition of deposits.

15.3 Credit card reconciliations

The former County Treasurer did not adequately reconcile credit card receipt transactions at the transfer station to credit card deposits in the county's bank account. During our review of credit card transactions for June 2012, we noted credit card transactions for June 4, 2012, totaled \$315; however, only \$282 was deposited into the county bank account by the credit card company. There was no documentation to indicate the county was aware of the difference. When questioned about the difference in March 2013, the County Auditor contacted the credit card company for an explanation and learned the \$33 difference was a charge that had been disputed in March 2012. This amount was deducted from the June 2012 credit card receipts.

To ensure all credit card transactions are properly received and have been accounted for properly, reconciliations of credit card transactions should be performed and any differences identified and promptly investigated.

15.4 Reconciliations

The transfer operator and County Treasurer do not perform monthly reconciliations of total amounts billed (based on tickets issued to customers), payments received, and amounts unpaid.

The transfer operator prints monthly invoices from the transfer station computerized accounting system for charge customers only and provides them to the County Treasurer. The County Treasurer uses the invoices to post accounts receivable information into the county's computerized accounting system and generates another invoice that is mailed to customers. A monthly reconciliation of total amounts billed, payments received, and amounts unpaid is not performed. As a result, the transfer operator nor the County Treasurer have any assurance that all monies billed (ticketed) have been collected. According to the former County Treasurer's records, approximately \$665,000 of the fees received during 2012 relate to customer charges.

Monthly reconciliations are necessary to ensure all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis.



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Recommendations

The County Commission:

- 15.1 Segregate accounting duties to the extent possible or ensure an adequate independent or supervisory review of accounting and bank records is performed, and limit administrative access to computer functions.
- 15.2 Ensure the numerical sequence of ticket numbers issued is accounted for properly, review the county road and bridge department tickets for propriety, record the method of payment, and reconcile the composition of receipts to the compositions of deposits.
- 15.3 Properly reconcile credit card transactions to deposits in the county's bank account and promptly investigate any differences.
- 15.4 Ensure monthly reconciliations of the amounts billed (ticketed) to amounts collected and delinquent accounts are performed and documented.

Auditee's Response

The County Commission provided the following written responses:

15.1-3 The County Commission will address these recommendations.

15.4 The County Commission will work cooperatively with the County Treasurer to address the recommendation.

The Transfer Station Supervisor provided the following written response:

15.2 A report which includes all ticket numbers is generated by the transfer station; however, this report has not been provided to the County Treasurer. In the future, we plan to provide this report to the County Treasurer so that the numerical sequence of ticket numbers can be accounted for.

The County Treasurer provided the following written response:

15.3 When I became County Treasurer in January 2013, I began printing the credit card statement for the transfer station each month. I compare each credit card transaction to each credit card deposit on my bank statements. This check and balance system will allow me to see any debits and/or credit transactions the credit card company performs to our account.

15.4 I will work with the transfer station to implement a better monthly reconciliation. I believe a new computer system for the Transfer Station and Treasurer's office would help reach this goal.



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16. Sunshine Law

Procedures over open and closed meetings of the County Commission need improvement. The County Commission held 114 closed sessions during 76 meetings during the year ended December 31, 2012.

Open meeting minutes do not always document the specific reasons or section of law allowing a meeting to be closed. During 2012, open meeting minutes typically indicated the County Commission would enter into a closed session to discuss legal, real estate, personnel, and sealed bids. However, while in the closed session, the County Commission would only discuss one or two of these topics and not all four as indicated by the open meeting minutes.

In addition, some issues discussed in closed sessions were not allowable by law. These issues included the county's health insurance, a new county personnel manual, and an employee medical leave of absence policy.

The Sunshine Law, Chapter 610, RSMo, indicates the specific reasons for the closed meeting shall be voted on at an open meeting and limits discussion topics and actions in closed meetings to only those specifically allowed by law.

Recommendation

The County Commission ensure specific reasons for closing a meeting are documented, and discuss only allowable topics in closed meetings.

Auditee's Response

The County Commission provided the following written response:

The County Commission, since there are multiple legal issues, almost always discusses one or more legal issues. There are numerous personnel issues that the County Commissioners are constantly dealing with including termination discussions. The county has been working for two years actively pursuing the purchase of real estate. During legal reviews with legal counsel all issues are discussed. The County Commission will closely monitor the posting of all closed sessions, and make a conscious effort to limit the closed session reasons to only the intended topics.

Taney County

Organization and Statistical Information

Taney County is a county-organized, first-class county. The county seat is Forsyth.

Taney County's government is composed of a three-member county commission and separate elected officials performing various tasks. All elected officials serve 4-year terms. 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 county roads and bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to 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 employed 228 full-time employees and 16 part-time employees on December 31, 2012.

In addition, county operations include the Senate Bill 40 Board and the Senior Citizens' Board.

Elected Officials

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

Officeholder	2013	2012
Ronald Houseman, Presiding Commissioner	\$	53,000
Danny Strahan, Associate Commissioner		51,000
Jim Strafuss, Associate Commissioner		51,000
Robert A. Dixon, Recorder of Deeds		53,000
Donna Neeley, County Clerk		53,000
Jeffrey M. Merrell, Prosecuting Attorney		113,112
Jimmie Russell, Sheriff		58,000
Helen Souttee, County Treasurer		53,000
Kevin Tweedy, County Coroner		16,000
Carol S. Davis, Public Administrator		53,000
Sheila L. Wyatt, County Collector, year ended February 28,	53,000	
James Strahan, County Assessor, year ended August 31,		53,000
Rick C. Findley, County Auditor		53,000



Taney County
Organization and Statistical Information

Financing
Arrangements

In April 2002, the voters of Taney County passed a \$30 million bond issue for the purpose of extending and improving the sewer system of the sewer district. The capital improvement sales tax passed by voters in April 2000, has been pledged for the repayment of revenue bonds issued in 2004. In 2004, the Sewer District entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund to sell \$15,590,000 in Wastewater System Revenue Bonds, Series 2004C. The bonds bear interest at 3 percent to 5.25 percent. The interest paid is offset by an interest subsidy from the Department of Natural Resources Water Protection Program. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due January 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at 0.714 percent of the outstanding principal balance. According to the Taney County's independent audit report, the principal balance remaining at December 31, 2012, was \$10.1 million and interest remaining totaled \$2,949,717.

On November 15, 2006, Taney County issued Lease Certificates of Participation Series 2006 for the construction of a new judicial facility. The average annual interest is 4.25 percent and the certificates are payable in annual installments ranging from \$655,000 to \$1,500,000 and mature on December 31, 2023. According to Taney County's independent audit report, the principal balance remaining at December 31, 2012, was \$14,985,700 and interest remaining totaled \$4,551,898.