Office of State Treasurer

Period July 1, 2008 Through January 12, 2009

March 2009
Report No. 2009-28
The following report is our audit of the Office of the State Treasurer.

On January 10, 2005, Sarah Steelman was inaugurated as the forty-fourth Treasurer of the State of Missouri. Her term as State Treasurer expired in January 2009. On January 12, 2009, Clint Zweifel was inaugurated as the forty-fifth Treasurer of the state of Missouri.

The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer are to be the custodian of all state funds, determine the amount of state monies not needed for current operating expenses, and invest such monies as allowed by state law. The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services, 2) disbursements and records, 3) investments and deposit programs, and 4) unclaimed property.

We had no findings on the Office of State Treasurer.

All reports are available on our Web site: auditor.mo.gov
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<th>Page</th>
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OFFICE OF STATE TREASURER

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STATE AUDITOR'S REPORT
Honorables Sarah Steelman and Clint Zweifel, State Treasurer
Jefferson City, Missouri

We have audited the Office of State Treasurer. The scope of our audit included, but was not necessarily limited to, the period of July 1, 2008 through January 12, 2009. The objectives of our audit were to:

1. Determine if the office has adequate internal controls over significant management and financial functions.
2. Determine if the office has complied with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain revenues and expenditures.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; inspection of capital assets; analysis of comparative data obtained from external and/or internal sources; 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 tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We 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. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such
an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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

No findings resulted from our audit of the Office of State Treasurer.

Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits: Douglas Porting, CPA, CFE
Audit Manager: Jeannette Eaves, CPA
In-Charge Auditor: Christina Davis
Audit Staff: Patrick M. Pullins, M.Acct.
            Joseph Adrian
            Tina Gildehaus, M.Acct.
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION
The Office of State Treasurer is an elective office as provided in the Missouri Constitution. The duties of the State Treasurer as defined by Article IV Section 15 are to be the custodian of all state funds; to determine the amount of state monies not needed for current operating expenses; and to invest such monies in interest-bearing time deposits, in Missouri banking institutions selected by the State Treasurer and approved by the Governor and State Auditor, in short-term U.S. government securities, or in certain allowable commercial paper and banker's acceptances.

The Office of State Treasurer operates in four major functional areas: 1) accounting and banking services, 2) disbursements and records, 3) investments and deposit programs, and 4) unclaimed property.

The accounting and banking services area 1) maintains a fund accounting system to fulfill a statutory responsibility to keep separate accounts of the funds of the state and to allocate investment interest to funds, 2) maintains ledger controls on fund balances and appropriations to assure that no check is issued that exceeds the lawful appropriated balances, 3) controls receipt of state monies collected by state agencies and deposited in local banks throughout the state, 4) reconciles bank activity to receipt and disbursement activity reflected on the state books, 5) determines the amount of state monies not needed for current operating expenses, and 6) confirms daily disbursements with the bank as certified by the Office of Administration.

The disbursements and records area provides processing support to other departments of the State Treasurer's office, as follows: 1) provides storage and retrieval of state checks, and 2) controls and processes outlawed checks and processes and verifies claims for replacement checks.

The investments area places state monies not needed for current operating expenses in interest-bearing time deposits, U.S. government and agency securities, commercial paper, banker’s acceptances, and repurchase agreements. This area also administers the State Treasurer's statutory linked deposit program and monitors and accounts for the collateralization of state funds.

The Unclaimed Property Division administers Missouri's Unclaimed Property Act (Chapter 447 RSMo). The Unclaimed Property Division is responsible for 1) ensuring unclaimed property is reported, 2) receiving and recording reports of unclaimed property, 3) depositing unclaimed funds to the Abandoned Fund Account Fund, 4) maintaining custody and safekeeping of abandoned or unclaimed physical property, and 5) processing owner claims for abandoned funds or physical property.

Sarah Steelman became Missouri's forty-fourth State Treasurer when she took the oath of office on January 10, 2005. Her term expired in January 2009. On January 12, 2009, Clint Zweifel was inaugurated as the forty-fifth Treasurer of the state of Missouri.

As of January 12, 2009, the office had 40 full-time positions and 6 part-time positions to assist in the accomplishment of its mission.
### GENERAL REVENUE FUND

<table>
<thead>
<tr>
<th>Item</th>
<th>Appropriations</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Uncommitted Approp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuing duplicate/outlawed checks</td>
<td>$1,500,000</td>
<td>1,222,054</td>
<td>0</td>
<td>277,946</td>
</tr>
<tr>
<td>Refunds of excess interest from the linked deposit program</td>
<td>750</td>
<td>352</td>
<td>0</td>
<td>398</td>
</tr>
<tr>
<td>Total General Revenue Fund</td>
<td>1,500,750</td>
<td>1,222,406</td>
<td>0</td>
<td>278,344</td>
</tr>
</tbody>
</table>

### TREASURER'S GENERAL OPERATIONS FUND

<table>
<thead>
<tr>
<th>Item</th>
<th>Appropriations</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Uncommitted Approp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal service</td>
<td>1,553,365</td>
<td>811,247</td>
<td>22,097</td>
<td>720,021</td>
</tr>
<tr>
<td>Expense and equipment</td>
<td>270,655</td>
<td>97,062</td>
<td>34,506</td>
<td>139,087</td>
</tr>
<tr>
<td>Treasurer state owned building</td>
<td>231,699</td>
<td>113,563</td>
<td>113,562</td>
<td>4,574</td>
</tr>
<tr>
<td>Total Treasurer's General Operations Fund</td>
<td>2,055,719</td>
<td>1,021,872</td>
<td>170,165</td>
<td>863,682</td>
</tr>
</tbody>
</table>

### TREASURER'S INFORMATION FUND

<table>
<thead>
<tr>
<th>Item</th>
<th>Appropriations</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Uncommitted Approp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense and equipment</td>
<td>8,000</td>
<td>720</td>
<td>10</td>
<td>7,270</td>
</tr>
<tr>
<td>Total Treasurer's Information Fund</td>
<td>8,000</td>
<td>720</td>
<td>10</td>
<td>7,270</td>
</tr>
</tbody>
</table>

### CENTRAL CHECK MAILING SERVICE

<table>
<thead>
<tr>
<th>Item</th>
<th>Appropriations</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Uncommitted Approp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal service</td>
<td>22,978</td>
<td>12,201</td>
<td>0</td>
<td>10,777</td>
</tr>
<tr>
<td>Expense and equipment</td>
<td>225,000</td>
<td>55,862</td>
<td>0</td>
<td>169,138</td>
</tr>
<tr>
<td>Total Central Check Mailing Service Revolving Fund</td>
<td>247,978</td>
<td>68,063</td>
<td>0</td>
<td>179,915</td>
</tr>
</tbody>
</table>

### SECOND INJURY FUND

<table>
<thead>
<tr>
<th>Item</th>
<th>Appropriations</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Uncommitted Approp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal service</td>
<td>41,789</td>
<td>30,229</td>
<td>2,725</td>
<td>8,835</td>
</tr>
<tr>
<td>Expense and equipment</td>
<td>3,280</td>
<td>1,178</td>
<td>118</td>
<td>1,984</td>
</tr>
<tr>
<td>Total Second Injury Fund</td>
<td>45,069</td>
<td>31,407</td>
<td>2,843</td>
<td>10,819</td>
</tr>
</tbody>
</table>

### ABANDONED FUND ACCOUNT FUND

<table>
<thead>
<tr>
<th>Item</th>
<th>Appropriations</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Uncommitted Approp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal service</td>
<td>517,401</td>
<td>287,483</td>
<td>0</td>
<td>229,918</td>
</tr>
<tr>
<td>Expense and equipment</td>
<td>98,600</td>
<td>26,522</td>
<td>5,556</td>
<td>66,522</td>
</tr>
<tr>
<td>Advertising and auctions</td>
<td>225,000</td>
<td>57,663</td>
<td>8,853</td>
<td>158,484</td>
</tr>
<tr>
<td>Payment of claims for abandoned property</td>
<td>22,500,000</td>
<td>14,397,054</td>
<td>0</td>
<td>8,102,946</td>
</tr>
<tr>
<td>Total Abandoned Fund Account Fund</td>
<td>23,341,001</td>
<td>14,768,722</td>
<td>14,409</td>
<td>8,557,870</td>
</tr>
<tr>
<td>Total All Funds</td>
<td>$27,198,517</td>
<td>17,113,190</td>
<td>187,427</td>
<td>9,897,900</td>
</tr>
</tbody>
</table>
OFFICE OF STATE TREASURER
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS
PERIOD JULY 1, 2008 THROUGH JANUARY 12, 2009

<table>
<thead>
<tr>
<th></th>
<th>Furniture and Equipment</th>
<th>Motor Vehicles</th>
<th>Total General Capital Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, June 30, 2008</td>
<td>$ 859,157</td>
<td>16,582</td>
<td>875,739</td>
</tr>
<tr>
<td>Additions</td>
<td>38,777</td>
<td>0</td>
<td>38,777</td>
</tr>
<tr>
<td>Dispositions</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Balance, January 12, 2009</td>
<td>$ 897,934</td>
<td>16,582</td>
<td>914,516</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund of Acquisition</th>
<th>Balance, January 12, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>$ 568,730</td>
</tr>
<tr>
<td>Treasurer's General Operations Fund</td>
<td>248,500</td>
</tr>
<tr>
<td>Central Check Mailing Service Revolving Fund</td>
<td>42,877</td>
</tr>
<tr>
<td>Second Injury Fund</td>
<td>2,093</td>
</tr>
<tr>
<td>Abandoned Fund Account Fund</td>
<td>50,617</td>
</tr>
<tr>
<td>Treasurer's Information Fund</td>
<td>1,699</td>
</tr>
<tr>
<td><strong>Total All Funds</strong></td>
<td><strong>$ 914,516</strong></td>
</tr>
</tbody>
</table>