



# Thomas A. Schweich

Missouri State Auditor

---

## Miller County



---

November 2014  
Report No. 2014-109

---

<http://auditor.mo.gov>



**Thomas A. Schweich**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of Miller County

Financial Condition	As noted in our two prior audits, the financial condition of the Jail Fund and Special Road and Bridge Fund remains poor, and the financial condition of the Enhanced 911 (E911) Fund has deteriorated. In addition, the amount of General Revenue Fund and Capital Improvements Sales Tax Fund monies used to support these other funds has increased significantly over the past several years. As a result, the General Revenue Fund is also in poor financial condition and the Capital Improvement Sales Tax Fund may not have the monies needed to pay off outstanding debt.
Sales Tax Procedures	Some capital improvement sales tax revenue was spent on road and bridge related purposes that is not allowed under state law. In addition, the county could not provide documentation showing how capital improvement sales tax revenues transferred to the Jail Fund and E911 Fund were spent in accordance with state law. The county did not sufficiently reduce the property tax levy to offset 50 percent of sales tax monies received by \$453,793 during 2013. The County Clerk's annual sales tax reduction calculations were incorrect and the 2013 tax levy reductions were improperly reported to the State Auditor's office.
Property Tax System and Controls and Procedures	The County Collector and his staff have unlimited access to all information in the property tax system, can make changes to individual tax records, and can delete or void receipt transactions after they are completed. In addition, County Collector personnel cannot generate a report of voided transactions. Neither the County Clerk and County Commission adequately review additions and abatements entered into the property tax system by the County Collector or adequately review the financial activities of the County Collector. As a result of the significant control weaknesses identified, there is little assurance property tax monies are accounted for properly.
County Collector Procedures	As of June 2014, the County Collector had not prepared annual settlements of property taxes for the years ended February 28, 2013, and 2014. The County Collector does not prepare monthly lists of liabilities for the main collection bank account, and consequently, liabilities are not compared to the reconciled bank balance. The County Collector maintains an inactive bank account of \$1,092 that should be closed.
Sheriff Accounting Controls and Procedures	Despite similar concerns in our prior audits, the Sheriff has not established adequate controls and procedures and significant weaknesses continue to exist. The Sheriff has not adequately segregated accounting duties and does not perform adequate supervisory reviews. The Sheriff's office does not adequately bill, pursue collection of, or track amounts due from other counties for the boarding of prisoners, and is not billing some defendants. The Sheriff lacks proper controls and procedures for receipting and depositing monies to ensure all monies are accounted for properly. Bank reconciliations procedures were not adequate and monthly lists of liabilities are not prepared to compare to the reconciled bank balances. The Sheriff does not maintain adequate records over seized property, and personnel do not periodically back up the data in the computerized accounting system.

Prosecuting Attorney Controls and Procedures	The Prosecuting Attorney has not established adequate segregation of duties over accounting functions, or established proper controls or procedures for receipting, depositing, and transmitting monies to the County Treasurer. The Prosecuting Attorney does not routinely follow up on outstanding checks and maintains a trust bank account with an unidentified balance of \$5,227 at December 31, 2013.
Public Administrator Salary	The County Commission has not set the Public Administrator's salary in accordance with state law, and as a result, is underpaying the Public Administrator \$20,000 annually. Pursuant to Section 473.742, RSMo, the Public Administrator's salary is based upon the average number of open cases, which was 43, and should be \$45,000.
Passport Fees	The Recorder of Deeds collected approximately \$18,360 in passport processing fees, but there is no authority for the Recorder of Deeds to collect this fee. Moreover, state law mandates that any such fees shall be used only for the maintenance of the courthouse or to fund operations of the circuit court, but the county does not track how these monies are spent.
Capital Assets	As similarly noted in several of our prior audits, the County Clerk has not updated capital asset records since 2003, and these records lack sufficient detail. Some capital asset are not numbered, tagged, or otherwise identified as county property, and the county does not adequately identify capital asset purchases and dispositions throughout the year
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.

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

---

# Miller County

## Table of Contents

---

State Auditor's Report	2
------------------------	---

---

Management Advisory Report - State Auditor's Findings	1. Financial Condition .....4 2. Sales Tax Procedures.....6 3. Property Tax System Controls and Procedures .....9 4. County Collector Procedures.....13 5. Sheriff Accounting Controls and Procedures .....14 6. Prosecuting Attorney Controls and Procedures.....20 7. Public Administrator Salary .....22 8. Passport Fees .....23 9. Capital Assets .....24
---	--

---

Organization and Statistical Information	25
---	----



# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

To the County Commission  
and  
Officeholders of Miller County

We have audited certain operations of Miller County in fulfillment of our duties under Section 29.230, RSMo. In addition, Daniel Jones & Associates, Certified Public Accountants, was engaged to audit the financial statements of Miller County for the 2 years ended December 31, 2013. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2013. 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 Miller County.

A handwritten signature in black ink, reading "Thomas A. Schweich". The signature is fluid and cursive, with the first name "Thomas" and last name "Schweich" clearly legible.

Thomas A. Schweich  
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	Regina Pruitt, CPA
Audit Manager:	Susan J. Beeler, CPA, CIA
In-Charge Auditor:	Terri Erwin, MBA, CGAP
Audit Staff:	Brian Hammann, M.Acct., CPA
	Jennifer Anderson

# Miller County

## Management Advisory Report

### State Auditor's Findings

#### 1. Financial Condition

As noted in our two prior audits, the financial condition of the Jail Fund and Special Road and Bridge (SRB) Fund remains poor. In addition, the financial condition of the Enhanced 911 (E911) Fund has deteriorated. The amount of General Revenue (GR) Fund and restricted Capital Improvements Sales Tax (CIST) Fund monies used to support these other funds has increased significantly over the past several years. As a result, the GR Fund is also in poor financial condition and the CIST Fund may not have the monies needed to pay off outstanding debt. The following table reflects the ending cash balances of these funds over the last 4 years and the projected ending cash balance for 2014.

	Ending Cash Balance, Year Ended December 31,				
	2014 Budgeted (1)	2013 Actual (2)	2012 Actual (2)	2011 Actual (3)	2010 Actual (3)
<b>Special Road and Bridge Fund</b>					
Ending cash balance	\$ 2,423	53,125	96,160	78,934	39,690
Ending cash balance without transfers	(237,577)	(282,911)	21,160	29,419	(98,488)
<b>Enhanced 911 Fund</b>					
Ending cash balance	16,515	(135,404)	(22,469)	(3,115)	(153,213)
Ending cash balance without transfers	(515,485)	(452,227)	(372,044)	(335,615)	(239,660)
<b>Jail Fund</b>					
Ending cash balance	44	(130,853)	(43,503)	(6,099)	700
Ending cash balance without transfers	(691,956)	(523,314)	(693,503)	(634,006)	(456,153)
<b>General Revenue Fund</b>					
Ending cash balance (4)	395,217	197,967	124,874	187,578	6,568
Ending cash balance without transfers	686,067	350,543	212,849	232,588	68,878
<b>Capital Improvements Sales Tax Fund</b>					
Ending cash balance	590,286	580,986	241,871	280,613	132,527
Ending cash balance without transfers	\$ 1,772,286	1,345,517	1,241,871	1,313,203	688,960

(1) Amounts obtained from 2014 county budget documents.

(2) Amounts obtained from audited financial statements.

(3) Amounts obtained from 2012 county budget documents.

(4) The General Revenue Fund's budgeted ending cash balance for 2014 includes \$453,793 in over collection of property taxes that must be offset in future years due to an error in the 2013 sales tax rollback calculation (see MAR finding number 2.2).

As shown, if the county had not transferred monies to the SRB, E911, and Jail Funds to cover deficits, these funds would have had even lower balances, and the GR and CIST Funds would be in better financial positions. In addition, these sales tax monies are restricted for capital improvement use only and cannot legally be used to cover deficits in other funds (see MAR finding number 2.1). We identified the following additional concerns related to these funds:



## Miller County Management Advisory Report - State Auditor's Findings

- The county erroneously reported property tax reductions in 2013, resulting in a \$453,793 over collection in the GR Fund that must be offset against property tax collections in future years (see MAR finding number 2.2). In addition, considering the GR Fund is projected to end 2014 with a \$395,000 cash balance and the 2014 projected GR property tax revenues were based on 2013 GR property tax collections, the GR Fund is now in poor financial condition and can no longer afford to transfer monies to the other funds.
- The county has a significant amount of debt that further erodes the county's financial condition. The largest of the debt is the principal and interest outstanding on the lease-purchase agreement for the justice center. The remaining principal outstanding at December 31, 2013, was \$3,975,000. Interest remaining to be paid over the life of the lease totals \$1,778,610. If the county continues to use the CIST Fund to cover the negative cash balances in other funds, it risks not having the funds necessary to pay this lease-purchase obligation (details of the lease-purchase agreement are included in the Organizational and Statistical Information section).
- The county used various lease-purchase agreements, notes, and lines of credit to purchase a new road grader, 6 new sheriff vehicles, and other new and used road and bridge equipment during the year ended December 31, 2013. The total amount of principal due as of December 31, 2013 (including capital assets purchases from prior years), was \$836,813, with \$426,705 due between 2014 and 2018 and the remaining \$410,108 financed on a one-year note and line of credit that are renewable annually (see the Organizational and Statistical Information section). Rather than paying these debt instruments down or off, the county continues to finance additional purchases through these instruments. The County Commission should take steps to reduce the amount of county debt by either limiting the purchase of vehicles and equipment or buying used vehicles and equipment instead of purchasing new items, when possible.

It is essential that the County Commission address the financial condition of these funds in both the immediate and long-term future. Possible options include reducing spending where possible; evaluating controls and management practices to ensure efficient use of county resources; maximizing all sources of revenue; paying only allowable expenditures, including maintenance and utilization of county-owned buildings, from the capital improvement sales tax; and closely monitoring county budgets. In addition, based on the lack of controls in the County Collector's office (see MAR finding numbers 3 and 4), the County Commission should include a thorough, periodic review of the County Collector's operations as a part of its long-term plan to ensure the County Collector's office is properly accounting for all county monies received.





Miller County  
Management Advisory Report - State Auditor's Findings

---

## Recommendation

The County Commission perform long-term planning, closely monitor the county's financial condition, and take necessary steps to improve the financial condition of the Jail, Special Road and Bridge, Enhanced 911, and General Revenue Funds. In addition, the County Commission should take advantage of any opportunities to decrease disbursements and maximize revenues.

## Auditee's Response

*The County Commission provided the following written response:*

*The Sheriff oversees the operation of the jail so the County Commission will meet with him to discuss billing procedures which will help improve collections which will in turn help improve the condition financially in the jail.*

*The County Commission has had a plan to pay down the machinery notes. We will continue to use conservative decisions in this department.*

*We will continue to monitor the needs in our 911 system. We will search for more grants and utilize them when possible.*

*The County Commission works on the General Revenue budget annually and we try to balance disbursements and revenues to protect the jobs of our people.*

---

## 2. Sales Tax Procedures

Various concerns related to county sales taxes were identified.

### 2.1 Capital Improvements Sales Tax

Some capital improvement sales tax revenue was spent on road and bridge related purposes that is not allowable under state law. In addition, the county could not provide documentation showing how capital improvement sales tax revenues transferred to the Jail Fund and E911 Fund were spent in accordance with state law.

Section 67.700, RSMo, allows counties to impose a sales tax for any capital improvement purpose designated by the county in a ballot submitted to voters, and requires the monies received from the sales tax to be deposited in a separate account and used solely for the designated capital improvement.

Miller County voters extended a 1/2-cent capital improvements sales tax levy in August 2010, for a period of 20 years. The county collected \$1,444,306 from this sales tax during the year ended December 31, 2013. The ballot language specified the tax monies were to be used "for the purpose of funding capital improvements to county-owned buildings and paying costs of maintenance and utilization thereof."



---

Miller County  
Management Advisory Report - State Auditor's Findings

---

The County Commission believes operating costs of the county courthouse and jail (including salaries of employees) are allowable utilization costs. However, while some costs of operating county buildings may be allowable uses of this revenue, salary and benefit expenses are not capital improvement related and thus are not allowable. In addition, the county is not tracking the transfers out of the CIST Fund to ensure these monies are spent only for allowable purposes. We noted various concerns with the transfers out of this fund.

Special Road and Bridge  
Fund

According to budget documents, the county transferred \$130,000 from the CIST Fund to the SRB Fund during the 4 years ended December 31, 2013, and budgeted \$90,000 in transfers for 2014, in violation of state law. The ballot language does not list improvements to roads and bridges as a purpose of the tax. Since Section 67.700, RSMo, requires the monies be used solely for the purpose designated in the ballot, road and bridge disbursements cannot be paid from these monies.

Jail Fund

The county did not track transfers to the Jail Fund to ensure they were spent in accordance with state law. According to budget documents, the county transferred \$1,957,869 from the CIST Fund to the Jail Fund during the 4 years ended December 31, 2013, and budgeted \$692,000 in transfers for 2014. During the 2 years ended December 31, 2013, approximately \$909,000 was transferred to the Jail Fund from the CIST Fund. Our review of the Jail Fund disbursements made during these 2 years identified only 4 disbursement categories that included clearly allowable capital improvement costs (roof and building, general maintenance, repair/upkeep, and elevator maintenance totaling \$121,799 for the 2 years). In addition, several disbursement categories (such as salaries and benefits, training, and uniforms) would not have included any capital improvement-related costs.

Enhanced 911 Fund

Similar to the Jail Fund, the county did not track transfers to the E911 Fund to ensure they were spent in accordance with state law. According to budget documents, the county transferred \$1,043,362 from the CIST Fund to the E911 Fund during the 4 years ended December 31, 2013, and budgeted transfers of \$400,000 for 2014. During the 2 years ended December 31, 2013, approximately \$667,000 was transferred to the E911 Fund from the CIST Fund. Our review of the E911 Fund disbursements made during these 2 years identified only 2 disbursement categories that included clearly allowable capital improvement costs (lease/maintenance and repair/upkeep totaling \$98,934 for the 2 years). In addition, several disbursement categories (such as salaries and benefits, mileage, fees/dues/training, and vehicles) would not have included any capital improvement-related costs.

Conclusion

Capital improvement sales tax revenue transferred to the SRB Fund was not spent for allowable purposes under state law. A significant amount of capital improvement sales tax revenue transferred to the Jail Fund and the



## Miller County Management Advisory Report - State Auditor's Findings

E911 Fund was also likely not spent for allowable purposes under state law. Some of the money transferred to those two funds may have been spent for allowable purposes; however, county officials did not track its use and could not provide documentation of how it was spent.

Section 67.700, RSMo, does not prohibit a county from having multiple capital improvement sales taxes. Therefore, the county could have a second capital improvement sales tax for road and bridge related costs. However, the combined capital improvement sales taxes under this law cannot exceed 1/2-cent. Since the county's current capital improvement sales tax rate is already at the 1/2-cent maximum, the county would have to reduce the current capital improvement sales tax rate in order to initiate a road and bridge capital improvement sales tax. Both actions would need to be approved by a public vote.

### 2.2 County sales tax

The county did not sufficiently reduce the property tax levy to offset 50 percent of sales tax monies received by \$453,793 during 2013. The County Clerk's annual sales tax reduction calculations were incorrect and the 2013 tax levy reductions were improperly reported to the State Auditor's office. Increased property tax levy rollbacks will be required in future years to offset this liability.

Section 67.505, RSMo, requires the county to reduce property taxes for a percentage of sales taxes collected. Miller 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.

The County Clerk's sales tax reduction calculations incorrectly use the prior year assessed valuation and tax rate ceiling instead of current year amounts. For example, the 2013 calculation used the 2012 assessed valuation and tax rate ceiling instead of using the 2013 amounts. Additionally, the County Clerk does not consider prior year over or under collection of property taxes when calculating the current year property tax reduction. Further, for 2013 the County Clerk mistakenly certified the sales tax reduction of \$.1840 as the tax rate levy instead of the calculated tax levy of \$.0645. The combination of these errors resulted in a \$453,793 over collection of property taxes for the year.

To ensure property tax levies are properly set, 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.



Miller County  
Management Advisory Report - State Auditor's Findings

## Recommendations

The County Commission:

- 2.1 Discontinue using capital improvements sales tax monies to cover non-capital improvement related costs and reimburse the CIST Fund for transfers made to the SRB Fund for current and prior years. In addition, the County Commission should determine total allowable capital improvement costs paid out of the Jail and E911 funds from current and prior years and reimburse the CIST Fund for transferred amounts that exceeded allowable costs. The County Commission should implement procedures to ensure capital improvement sales tax monies are tracked and spent in accordance with state law. If a road and bridge capital improvement sales tax is deemed necessary, the County Commission should evaluate possible funding options.
- 2.2 And the County Clerk properly calculate and report property tax rate reductions, adequately reduce property tax levies for 50 percent of sales tax revenue, and develop a plan to correct for the prior year's over collection of property taxes.

## Auditee's Response

*The County Commission provided the following written response:*

- 2.1 *The County Commission will work at documenting capital improvement sales tax funds in a way that shows them being used for paying, maintaining, and utilizing county buildings. We will review the transfers to the SRB Fund and discuss options for repayment. We feel like the monies in the other funds were spent correctly and do not feel like there is a need to reimburse the CIST Fund.*

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

- 2.2 *The County will work on correcting the amount of tax over collection over the next three years in conjunction with the County Clerk's office.*

## 3. Property Tax System Controls and Procedures

Controls and procedures over the property tax system are not adequate and significant improvement is needed. As a result of the significant control weaknesses identified below and in MAR finding number 4, there is little assurance property tax monies are accounted for properly. During the year ended February 28, 2014, the County Collector processed receipts totaling approximately \$20.1 million, of which approximately \$19.9 million were entered into the property tax system. The remaining monies are for lodging tax revenues and are accounted for separately by the County Collector.



Miller County  
Management Advisory Report - State Auditor's Findings

### 3.1 Tax system access

Access to the property tax system is not adequately restricted. The County Collector and his staff are the only personnel in the county with access to the property tax system. They have unlimited access to all information in the system, can make changes to individual tax records, and can delete or void receipt transactions after they are completed. In addition, County Collector personnel cannot generate a report of voided transactions and maintained no documentation to support such transactions, other than copies of checks to support transactions voided due to insufficient funds. Because the County Collector and his staff are responsible for collecting tax monies, good internal controls require they not have system access rights allowing them to alter or delete tax rates, assessed values, property tax billings, or property tax receipts. With unrestricted access, there is an increased risk of unsupported or unauthorized changes occurring in the property tax system after property taxes are approved for the year.

To prevent unauthorized changes to the property tax records, access should be limited based on user needs, and personnel from the County Clerk's office should be given access to make required changes after the property taxes are approved for the year. In addition, retaining documentation to support voided transactions helps ensure such transactions are appropriate and reduces the risk of errors, loss, theft, or misuse of funds.

### 3.2 Addition and abatement review

The County Clerk and County Commission do not review additions and abatements entered into the property tax system by the County Collector. According to system printouts prepared by the County Collector's office for the year ended February 28, 2014, additions totaled \$95,367 and abatements totaled \$83,779.

The County Assessor prepares court orders for additions and abatements and provides a copy to the County Commission, but the County Commission does not review these documents. The County Assessor also provides a listing to the County Collector's office for entry into the property tax system. As explained in section 3.1 above, a significant control weakness exists because the County Collector is responsible for collecting property taxes and also has system access to change tax records (including entering addition and abatement information). This control weakness is increased because neither the County Commission nor the County Clerk performs reconciliations of the approved additions and abatements to the actual changes made in the property tax system. As a result, additions and abatements, which constitute changes to the amount of taxes the County Collector is charged with collecting, are not properly segregated or monitored, and errors or irregularities could go undetected.

Sections 137.260 and 137.270, RSMo, assign 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 corrections to the tax books, periodic reviews and timely approvals of the



## Miller County Management Advisory Report - State Auditor's Findings

additions and abatements, along with an independent reconciliation of approved additions and abatements to actual corrections made to the property tax system would help ensure changes are proper.

### 3.3 Review of property taxes

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. Such records are needed to verify the accuracy of the County Collector's accounting records. As of June 2014, the County Collector had not filed annual settlements for the 2 years ended February 28, 2014 (see MAR finding number 4.1). The County Collector files a monthly collections report with the County Treasurer, but neither the County Clerk nor the County Commission perform procedures to verify the accuracy of the reports or other accounting records of the County Collector. As a result, there is an increased risk of loss, theft, or 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 to the county treasury. An account book or other records that summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, 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 annual settlements, when filed. Such procedures are intended to establish checks and balances related to the collection of property taxes.

A similar condition was noted in our prior report.

## Recommendations

- 3.1 The County Commission and the County Clerk ensure property tax system access is restricted to only allow officials and personnel to access functions necessary for their duties. In addition, the County Collector should maintain documentation of all voided transactions and work with the computer programmer to develop a voided transaction report that can be periodically compared to the supporting documentation of voided transactions.
- 3.2 The County Commission and the County Clerk ensure procedures are adequately segregated and all property tax additions and abatements are properly and timely approved and monitored. In addition, the County Commission should change the responsibility for entering the additions and abatements from the County Collector to the County Clerk.
- 3.3 The County Clerk maintain an account book with the County Collector. In addition, the County Clerk and County Commission



Miller County  
Management Advisory Report - State Auditor's Findings

should use the account book to review the accuracy and completeness of the County Collector's accounting records.

## Auditee's Response

*The County Collector provided the following written response:*

- 3.1 *We have supporting documentation when we reverse a transaction because the taxpayer gives us a bad check. The check is retained and information regarding the reversal is recorded including the transaction number on the computer system software. This is all kept in a file in the County Collector's desk. In addition, we will also keep documentation of all other voided transactions. We have been working with the computer company to produce a monthly report of voided transactions. We hope to have this completed by the end of this fiscal year. Regarding the input of abatements, additions, and court orders, the County Collector's office plans to turn over these duties to the County Assessor's office. After County Assessor staff input the changes they will provide a written copy of the change to the County Clerk and to the County Collector.*

*The County Commission provided the following responses:*

- 3.1 *The County Commission and County Clerk will work with the County Collector, County Assessor, and the computer programmer to comply with this recommendation.*
- 3.2 *The County Commission will work with the County Clerk, County Collector, and County Assessor's office to correct the way additions and abatements are processed.*
- 3.3 *Once the County Clerk prepares an account book, we will work with the County Clerk to review the County Collector's records.*

*The County Clerk provided the following responses:*

- 3.1 *The County Clerk and County Commission will work with the County Collector, County Assessor, and the computer programmer to comply with this recommendation.*
- 3.2 *The County Clerk and County Commission will work with the County Collector and County Assessor's office.*
- 3.3 *The County Clerk will implement an account book with the County Collector.*



Miller County  
Management Advisory Report - State Auditor's Findings

## 4. County Collector Procedures

The County Collector's accounting and reporting procedures are not sufficient and do not provide adequate assurance that all property tax receipts and disbursements are accounted for properly.

### 4.1 Annual settlements

As of June 2014, the County Collector had not prepared annual settlements of property taxes for the years ended February 28, 2013, and 2014. By not preparing timely annual settlements, the County Collector has not provided the County Commission or the taxpayers with a complete accounting of property tax transactions.

Section 139.160, RSMo, requires the County Collector to annually settle with the County Commission the accounts of all monies received from taxes and other sources. To help ensure the validity of tax book charges, collections, and credits, and for the County Clerk and County Commission to properly verify these amounts, it is imperative the County Collector file annual settlements timely.

### 4.2 Liabilities

The County Collector does not prepare monthly lists of liabilities for the main collection bank account, and consequently, liabilities are not compared to the reconciled bank balance. We identified liabilities for the County Collector's main account at February 28, 2014, totaling \$3,415,987. The reconciled bank balance was \$3,436,611, leaving an unidentified balance of \$20,624. In addition, this account had an unidentified balance at December 31, 2013, of \$45,153. The County Collector could not determine the reasons for these differences for either month or why the difference changed.

Monthly lists of liabilities should be prepared and reconciled to available cash balances to ensure records are in balance, errors are detected and corrected timely, and sufficient cash is available to pay all liabilities.

### 4.3 Inactive bank account

The County Collector maintains an inactive bank account that should be closed. The account holds monies for the homestead preservation tax credit, a property tax credit program for senior citizens and the disabled that has expired. The account had a balance of \$1,092 as of December 31, 2013, and has had no activity since January 2011.

Maintaining an inactive account increases the risk of misuse of funds. To ensure funds are disposed of properly, the County Collector should attempt to identify and distribute the funds held in the account, dispose of any unclaimed or unidentified funds in accordance with state law, and close the account.

Similar conditions  
previously reported

Similar conditions to sections 4.1 and 4.2 were noted in our prior audit report.





Miller County  
Management Advisory Report - State Auditor's Findings

---

## Recommendations

The County Collector:

- 4.1 Prepare and file annual settlements as required by state law.
- 4.2 Prepare detailed monthly lists of liabilities, reconcile the list to the reconciled bank balance, and investigate any differences.
- 4.3 Investigate unidentified balances, dispose of unclaimed monies in accordance with state law, and close the inactive bank account.

## Auditee's Response

*The County Collector provided the following written responses:*

- 4.1 *I will endeavor to provide the annual settlements on a timely basis. If we continue to have balancing problems with the computer system, we will provide the annual settlement, and send an amended settlement after balancing issues are resolved.*
- 4.2 *I will try to perform these tasks to the best of my ability.*
- 4.3 *I will dispose the unused homestead account monies according to state law.*

---

## 5. Sheriff Accounting Controls and Procedures

Despite similar concerns noted in our prior audits, the Sheriff has not established adequate controls and procedures and significant weaknesses continue to exist. With the exception of sections 5.6 and 5.7, we have reported similar findings related to the Sheriff's office in one or more of our prior reports. Deposits in the Sheriff's jail, bond, and concealed carry permits (CCW) bank accounts for the year ended December 31, 2013, totaled approximately \$85,000, \$176,000, and \$33,000, respectively. However, due to the concerns noted below, we were unable to determine if all monies were accounted for, deposited, and disbursed properly.

### 5.1 Segregation of duties

The Sheriff has not adequately segregated accounting duties and does not perform adequate supervisory reviews. One clerk is responsible for receiving, recording, depositing, and disbursing monies, and reconciling the bond bank account. Another clerk is responsible for those same duties for the jail and CCW bank accounts.

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, the Sheriff should implement a documented independent or supervisory review to ensure bank records are in agreement with accounting records.

### 5.2 Board of prisoners

The Sheriff's office does not adequately bill, pursue collection of, or track amounts due from other counties for the boarding of prisoners, and is not billing some defendants. According to the computerized system, prisoner



## Miller County Management Advisory Report - State Auditor's Findings

board incurred during the year ended December 31, 2013, totaled approximately \$1.2 million.

Sheriff's office personnel prepare and send board bills to other counties, cities, etc. monthly. However, due to a misunderstanding in the Sheriff's office, accounts for defendants processed through the Miller County Circuit Court, which totaled approximately \$838,000 during 2013, are sent to the Miller County Treasurer and are not billed to defendants by either the Sheriff's office or the County Treasurer's office. The court bills for some of this prisoner board (i.e., when a defendant is placed on probation), and transmits collections to the County Treasurer and submits a related report to the Sheriff's office. However, the Sheriff's office does not track which defendants are billed by the court, and payments received by the county (whether collected by the court or by the Sheriff's office) are not entered into the Sheriff's computerized system. As a result, the Sheriff's office does not know which defendants were billed and how much is actually outstanding on each account. Thus office personnel cannot effectively pursue collection of unpaid bills.

We also reviewed the Sheriff's records of outstanding board bills from 2009 through 2012 and determined outstanding board bills totaled approximately \$3.1 million as of December 2013, including 2 local counties with approximately \$742,000 outstanding. However, based on the procedural and record-keeping concerns, the accuracy of these amounts is uncertain.

All accounts should be properly billed, paid board bills should be entered into the system when received, and procedures such as independent reconciliations of board bill records to jail records and payments received should be established to ensure prisoner housing is properly billed, and payments received are proper. Unpaid board bills should be monitored and appropriate follow-up action should be taken to ensure payment is properly received. Failure to monitor unpaid amounts may result in a loss of revenue to the county, and considering the poor financial condition of the Jail Fund (see MAR finding number 1) any potential revenue sources for this fund should be actively pursued.

### 5.3 Receipts and deposits

The Sheriff has not established proper controls or procedures for receipting and depositing monies to ensure all monies are accounted for properly. We performed a cash count on February 20, 2014, and a detailed review of receipts and deposits for the period March 2013 through May 2013. For 28 of the 57 deposits (49 percent) made from March 2013 to May 2013, the deposited amounts did not agree to the corresponding receipt slips. Sheriff's office personnel could not fully explain the reasons for the discrepancies. Based on the work performed, we were unable to determine if all monies were accounted for and deposited properly.



## Miller County Management Advisory Report - State Auditor's Findings

Our cash count and receipt/deposit review identified various problems that contributed to the inability to reconcile receipt records to deposits. Some of these problems include:

- The cash count of the jail and CCW monies identified cash totaling \$253; however, receipt slips totaled \$330, resulting in an apparent shortage of \$77 in cash deposited.
- Receipt slips are not issued for all monies received and the method of payment (cash, check, or money order) is not consistently indicated on the receipt slips or was indicated incorrectly.
- Receipts are not deposited intact. The clerks typically deposit all checks received, but cash receipts are often withheld from deposits for use as a change fund. The cash is not maintained at a set amount and the clerks do not maintain records of the amount of cash withheld from each deposit.
- The same payment is sometimes receipted into more than one receipt slip book, causing receipt slip amounts to exceed deposit totals for some deposits.
- Some payments were receipted after the monies had already been deposited. For example, two payments totaling \$85 were receipted on April 8, 2013, but deposited on April 3, 2013, and four payments totaling \$185 were receipted on April 12, 2013, but deposited on March 22, 2013.

To adequately account for collections and reduce the risk of loss, theft, or misuse of funds, receipt slips should indicate the method of payment and should be issued for all monies received. The composition of receipts should be reconciled to the composition of deposits. Further, monies should be receipted in the correct receipt slip books and all monies should be deposited timely and intact. If a change fund is needed, it should be set at a constant amount and a procedure established to reconcile to this amount every time a deposit is made.

### 5.4 Bank reconciliations

Sheriff's office personnel did not perform bank reconciliations for the jail account from January 2013 to October 2013, and the bank reconciliation procedures for the CCW and bond accounts were not adequate. Disbursements from the bank accounts were not recorded in the computerized system until after they cleared the bank; therefore, Sheriff's office personnel were not reconciling to an accurate book balance or accounting for any outstanding checks when performing reconciliation procedures.



## Miller County Management Advisory Report - State Auditor's Findings

Timely entry of accounting information and the preparation and review of monthly bank reconciliations is necessary to ensure accounting records are in balance and to identify errors timely.

### 5.5 Liabilities

Sheriff's office personnel do not prepare monthly lists of liabilities for the 3 bank accounts, and consequently, liabilities are not compared to the reconciled bank balances.

We requested the Sheriff's office prepare a list of liabilities for each of the accounts as of December 31, 2013, but the office was unable to provide this information to us. Based on a review of the Sheriff's records, we identified liabilities as of December 31, 2013, and determined the unidentified balance for each account as follows:

	CCW	Bond	Jail
	Account	Account	Account
Adjusted bank balance	\$ 2,464	8,884	21,448
Identified liabilities	(1,486)	(4,667)	(6,648)
Unidentified balance	\$ 978	4,217	14,800

Because disbursements were not entered into the accounting records until they cleared the bank (see section 5.4), a portion of the unidentified balances may be outstanding checks.

Monthly lists of liabilities should be prepared and reconciled to cash balances to ensure records are in balance, errors are detected and corrected timely, and sufficient funds are available for payment of all liabilities. Any differences should be promptly investigated and resolved, and any unidentified monies should be disposed of in accordance with state law.

### 5.6 Seized property

The Sheriff has not established adequate controls over seized property. The office does not maintain complete and accurate logs that include disposition of seized property, and periodic inventories of seized property are not conducted.

Sheriff's office personnel cannot generate reports from the office's computerized system to show the disposition of seized property. Sheriff's office personnel indicated it would be necessary to review individual case files to see if property seized in conjunction with a case had been disposed. Additionally, the Sheriff's office indicated a physical inventory had not been completed of seized property since 2000, and that inventory only covered a portion of the seized property on hand.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the stored items. Complete and accurate inventory control



Miller County  
Management Advisory Report - State Auditor's Findings

records should be maintained and periodic physical inventories should be performed and the results compared to the inventory records to ensure seized property and evidence are accounted for properly.

## 5.7 Accounting records backup

Sheriff's office personnel do not periodically back up the data in the computerized accounting system used to process receipts and disbursements and to prepare reports for all 3 bank accounts. In December 2013, the system crashed and personnel attempted to recreate the accounting records based on manual records. However, not all manual records had been retained, so office personnel made a \$19,966 adjustment in the jail account to make the cash balance agree to the bank statement balance. Therefore, office personnel cannot be certain of the accuracy of the book balance for the jail account.

Again in June 2014, one of the office computers became infected with a virus resulting in the loss of all electronic accounting data. In both instances, if the data had been backed up regularly, the records could likely have been fully or partially recovered.

Preparation of backup data, preferably on a daily or at least weekly basis, periodic testing to ensure the backup process is adequate, and off-site storage would provide reasonable assurance data could be recovered if necessary.

## Recommendations

The Sheriff:

- 5.1 Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented.
- 5.2 Establish procedures to ensure all amounts owed for prisoner board are properly billed, and implement procedures to track and pursue collection of amounts owed, including entering all payments received into the system.
- 5.3 Ensure receipt slips, which indicate the method of payment, are issued for all monies received, the numerical sequence is accounted for properly, and the composition of receipts is reconciled to the composition of deposits. The Sheriff should also ensure monies are receipted in the correct receipt slip books, and all monies are deposited timely and intact. If a change fund is needed, it should be set at a constant amount and a procedure established to reconcile to this amount every time a deposit is made.
- 5.4 Ensure accounting information is entered into the computerized system timely, bank reconciliations are prepared monthly, and any differences are promptly investigated.



Miller County  
Management Advisory Report - State Auditor's Findings

- 5.5 Prepare a monthly list of liabilities for each account and compare them to the reconciled bank balances. Any differences should be promptly investigated and resolved. Any unidentified monies should be disposed of in accordance with state law.
- 5.6 Maintain complete and accurate inventory records of all items in the evidence room, and perform periodic physical inventories and compare the results to the inventory records. The Sheriff should also perform a complete review of all items and take action to dispose of items no longer needed.
- 5.7 Regularly back up computer data and ensure it is stored in a secure off-site location and its recovery is tested on a regular, predefined basis.

## Auditee's Response

*The Sheriff provided the following responses:*

- 5.1 *We have implemented this recommendation. Each clerk reviews the other clerk's records for accuracy and completeness.*
- 5.2 *We are currently billing all prisoner board, except what goes through the Miller County Circuit Court. Currently we cannot adequately track money paid in court for jail bills. We are working with the court to get a better system. A suggested system is the jail being responsible for collecting all jail money.*
- 5.3 *We will implement this recommendation. Now only exact change is accepted with payment, so no change fund is needed. A new computer system was implemented to automatically assign receipt numbers to make the process easier.*
- 5.4 *Checks are now being entered when written and bank reconciliations are now performed monthly.*
- 5.5 *We have a new system and are working towards preparing a list of liabilities for each account. Any unidentified money will be disposed of properly.*
- 5.6 *An inventory of the property room is being worked on. A bar code scanner and printer have been ordered to help track inventory. Once the inventory is completed, we will work with the Prosecuting Attorney to determine what can be disposed of. We will also perform periodic inventories.*
- 5.7 *Accounts are now being backed up. A new computer company has been hired. We will talk to the company about using off-site storage.*



## **6. Prosecuting Attorney Controls and Procedures**

### **6.1 Segregation of duties**

Controls and procedures in the Prosecuting Attorney's office need improvement. The Prosecuting Attorney's office collected bad check restitution and victim fees, bad check fees, and court-ordered restitution totaling approximately \$64,000, \$14,000, and \$98,000, respectively, during the year ended December 31, 2013.

The Prosecuting Attorney has not established adequate segregation of duties over accounting functions. The Bad Check Clerk who is responsible for receiving, recording, depositing, and disbursing all monies, and reconciling the Prosecuting Attorney's bank account also has the ability to post adjustments to defendant accounts in the office's computer system without independent approval. In addition, a supervisory review of the accounting records is not performed. As a result, a significant control weakness exists and there is little assurance transactions are accounted for properly and accounting records are complete and accurate.

Proper segregation of duties is necessary to ensure all transactions are accounted for properly, adjustments are valid, and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, the Prosecuting Attorney should implement a documented independent or supervisory review of accounting records, which would include a review of adjustments made.

### **6.2 Receipting, depositing, and transmitting monies**

The Prosecuting Attorney has not established proper controls or procedures for receipting, depositing, and transmitting monies to the County Treasurer. We noted the following concerns during our review:

- Office personnel do not record the method of payment on the manual one-write receipt ledger, and checks and money orders are not restrictively endorsed immediately upon receipt.
- The Bad Check Clerk does not reconcile the manual one-write receipt ledger with monies posted to the computerized accounting system, and does not account for the numerical sequence of manual and computer-generated receipt slips.
- The Bad Check Clerk does not always deposit bad check and court-ordered restitution receipts timely. For example, a review of the September 2013 bank statement showed the clerk made only 4 bank deposits, totaling \$3,808, during the month, with 2 deposits occurring on the same day.
- The Bad Check Clerk does not always transmit bad check fee receipts to the County Treasurer intact or timely. For example, bad check fees receipted in July and August 2013 were not transmitted to the County Treasurer until September 2013. Also, some bad check fees receipted in September 2013 were transmitted to the County Treasurer before some



Miller County  
Management Advisory Report - State Auditor's Findings

August 2013 receipts. Bad check fees transmitted to the County Treasurer during September totaled \$2,365.

To reduce the risk of loss, theft, or misuse of monies received going undetected, procedures should be established to ensure all monies received are properly receipted and deposited or transmitted intact and timely.

### 6.3 Outstanding checks

The Prosecuting Attorney has not established procedures to routinely follow up on outstanding checks. As a result, at December 31, 2013, 75 checks payable to business and individuals for court-ordered restitution, totaling \$7,002 had been outstanding for over a year with some checks dating back to 2004.

Procedures to routinely follow up on outstanding checks are necessary to prevent their accumulation and ensure monies are appropriately disbursed to the payee or as otherwise provided by state law.

### 6.4 Unidentified monies

The Prosecuting Attorney's trust account had a \$5,227 unidentified balance on the monthly list of liabilities as of December 31, 2013. During the prior audit the account had an unidentified balance as \$6,462, with unidentified amounts in the account dating back to 2007. The Prosecuting Attorney indicated his office personnel identified a portion of the amount reported during the last audit, but any further review would be both time and cost prohibitive. Therefore, he does not plan to try to identify the remaining unidentified balance.

Maintaining unidentified bank balances increases the risk of loss, theft, or misuse of such funds. Various statutory provisions address the disposal of unidentified monies.

### Similar conditions previously reported Recommendations

Similar conditions to sections 6.2 and 6.4 were noted our prior audit report.

The Prosecuting Attorney:

- 6.1 Adequately segregate accounting duties to the extent possible or ensure supervisory reviews of accounting records are performed and documented. Additionally, the Prosecuting Attorney should require a supervisory review and approval for all accounting adjustments.
- 6.2 Ensure the method of payment of receipts is recorded on the one-write receipt ledger, checks and money orders are restrictively endorsed immediately upon receipt, and the numerical sequence of all receipt slip numbers is accounted for. The Prosecuting Attorney should also ensure manual receipt records are reconciled to the computerized accounting system and deposits and transmittals are made intact and timely.





Miller County  
Management Advisory Report - State Auditor's Findings

- 6.3 Establish procedures to routinely investigate outstanding checks. Old outstanding checks should be voided and reissued to payees that can be readily located. If the payee cannot be located, the amount should be disbursed in accordance with state law.
- 6.4 Dispose of unidentified monies in accordance with state law.

## Auditee's Response

*The Prosecuting Attorney provided the following written responses:*

- 6.1 *The Prosecutor's office continues to operate with limited staff, such that greater segregation of duties may not be possible. It is anticipated that additional staff may be made available in 2015 and future budget years, which may be able to provide enhanced funds handling and accounting safeguards. These issues along with other alternatives for handling and streamlining restitution and fees will be reviewed with the incoming Prosecutor in an effort of improve these procedures on an ongoing basis, including periodic supervisory review and approval of all adjustments and corrections.*
- 6.2 *A policy will be implemented to note the payment type on manual receipt slips and reconcile the manual receipt ledger to the computerized system. The other issues noted will also be reviewed as part of orientation to office systems with the incoming Prosecutor.*
- 6.3 *The current officeholder will review and cancel any stale outstanding checks and transfer those funds and payee information to the unclaimed property fund in accordance with law by the end of calendar year 2014, as part of an effort to reduce and eliminate any cash funds within the responsibility of the office prior to the incoming Prosecutor assuming office.*
- 6.4 *The current officeholder will transfer all remaining unidentified funds to the unclaimed property fund in accordance with state law by the end of calendar year 2014, so as to eliminate any such items from the responsibility of the Prosecutor's office prior to the incoming officeholder assuming office.*

## 7. Public Administrator Salary

The County Commission has not set the Public Administrator's salary in accordance with state law, and as a result, is underpaying the Public Administrator \$20,000 annually. When the new Public Administrator took office in January 2013, she elected to receive a salary, as allowed under Section 473.742, RSMo. According to this statute, when the salary option is elected, the Public Administrator's salary is based upon the average number of open letters (cases) assigned to the Public Administrator in the 2 years preceding the term.



Miller County  
Management Advisory Report - State Auditor's Findings

The Public Administrator's salary was incorrectly based on an average of 36 open letters (cases), which resulted in a \$25,000 salary, as specified by Section 473.742, RSMo. However, according to court records, there was actually an average of 43 open cases, which would have resulted in an annual salary of \$45,000. This difference in the number of open cases was due to a miscommunication between the County Clerk and the Associate Circuit Court, Probate Division. The Associate Circuit Court, Probate Division provided the County Clerk with the number of open cases during the previous 2 years that were assigned to the former Public Administrator (average of 36), rather than the total open cases for the office, which included cases inherited by the former Public Administrator when she took office (increasing the average to 43 in total). Therefore, the Public Administrator's salary should have been based on the average of all open cases for the office (43) and should have been set at \$45,000 according to state law, not \$25,000. As of June 2014, she was still being paid based on this incorrect yearly amount.

## Recommendation

The County Commission should set the Public Administrator's salary in accordance with state law, and consider whether the payment of back pay is appropriate.

## Auditee's Response

*The County Commission provided the following written response:*

*The Public Administrator salary will be paid in accordance with state law when proof is presented to the County Commission of caseload. We will have a meeting with the court this month to discuss the caseload and obtain proper documentation.*

## 8. Passport Fees

There is no authority for the Recorder of Deeds to collect passport fees, and the county cannot demonstrate the fees collected were spent in accordance with state law.

During the year ended December 31, 2013, the Recorder of Deeds processed 136 passport applications and collected \$18,360 in passport processing fees. The county retains \$25 of each passport fee and retained \$3,400 during that year, which was turned over to the County Treasurer as general revenue. Passport fees revenue is not separately tracked to ensure it is spent in accordance with state law.

Section 483.537, RSMo, states that the clerk of any state court who, by deputy or otherwise, takes or processes applications for passports or their renewal shall account for the fees charged for such service and for the expenditure of such fee in an annual report made to the presiding judge and the office of the state courts administrator. Such fees shall be used only for the maintenance of the courthouse or to fund operations of the circuit court.



Miller County  
Management Advisory Report - State Auditor's Findings

---

## Recommendation

The Recorder of Deeds discontinue collecting passport fees or ensure passport fees are reported and spent in accordance with state law.

## Auditee's Response

*The Recorder of Deeds provided the following response:*

*In May 2014 we started turning over passport fees to the Circuit Court. We are planning to stop taking passport applications sometime this fall.*

---

## 9. Capital Assets

As similarly noted in several of our prior reports, procedures and records to account for county property are not adequate.

The County Clerk has not updated capital asset records since 2003 and capital asset records lack necessary information such as the purchase date, acquisition cost, serial number, and disposal information. Some capital assets are not numbered, tagged, or otherwise identified as county property. In addition, the county does not have adequate procedures in place to identify capital asset purchases and dispositions throughout the year. These problems increase the possibility of undetected theft and inadequate insurance coverage.

Adequate county property records and procedures are necessary to ensure effective internal controls, meet statutory requirements, and provide a basis for determining proper insurance coverage. Procedures to track property purchases and dispositions throughout the year, along with periodic physical inventories and comparisons of the results to overall county property records are necessary to evaluate the accuracy of the records, and deter and detect theft. Proper tagging of county property items is necessary to facilitate the record-keeping process. Section 49.093, RSMo, requires counties to account for personal property costing \$1,000 or more, assigns responsibilities to the officer or applicable designee of each county department, and describes details to be provided in the inventory records.

## Recommendation

The County Commission and the County Clerk work with other county officials to ensure complete and accurate inventory records are maintained, purchases and dispositions of assets are tracked, annual physical inventories are conducted, and assets are tagged as county property.

## Auditee's Response

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

*The County Commission will work with the County Clerk's office to ensure county property is correctly listed and reported.*

---

# Miller County

## Organization and Statistical Information

---

Miller County is a county-organized, third-class county. The county seat is Tuscumbia.

Miller 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 111 full-time employees and 14 part-time employees on December 31, 2013.

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

### Elected Officials

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

Officeholder	2014	2013
Tom Wright, Presiding Commissioner	\$	31,700
Darrell Bunch, Associate Commissioner		29,700
Brian Duncan, Associate Commissioner		29,700
Deb Wiles, Recorder of Deeds		45,000
Clayton E. Jenkins, County Clerk		45,000
Matthew Howard, Prosecuting Attorney		116,858
William Abbott, Sheriff		50,000
Phil Lawson, County Treasurer		45,000
Rick Callahan, County Coroner		16,000
Theresa Lupardus, Public Administrator		25,000
William Harvey, County Collector, year ended February 28,	45,113	
Joseph Cochran, County Assessor, year ended August 31,		45,000
Gerard J. Harms Sr., County Surveyor (1)		

(1) Compensation on a fee basis.

### Financing Arrangements

The county entered into an amended lease-purchase agreement with Southwest Trust Company on November 1, 2010. The terms of the agreement call for the county to lease the justice center (which includes the courthouse and adjoining law enforcement center) to Southwest Trust Company, and then the company leases the justice center back to the county with lease payments equal to the amount due to retire the indebtedness. In



---

Miller County  
Organization and Statistical Information

---

October 2010, Southwest Trust Company, on behalf of the county, issued refunding certificates of participation, Series 2010 in the amount of \$4,295,000 for the purpose of refinancing the Series 2001 Certificates. Principal payments are due annually on October 1 and interest payments are due semi-annually on April 1 and October 1. The payments are made with the revenue generated from the county's 1/2-cent capital improvement sales tax that was extended by the voters on August 3, 2010, and is in effect through 2030, when the lease is scheduled to be paid off. The remaining principal outstanding at December 31, 2013, was \$3,975,000. Interest remaining to be paid over the life of the lease totals \$1,778,610.

The county has entered into 6 separate lease-purchase agreements for 3 motor graders, 2 pickup trucks, and 1 dump truck. Principal and interest payments for 5 of the agreements are made from the Special Road and Bridge Fund, and payments for 1 agreement are from the Sheriff's Discretionary Fund. Final payments for the leases are scheduled to occur from 2014 to 2018. The remaining principal outstanding at December 31, 2013, totaled \$426,705. Interest remaining to be paid over the life of the agreements totaled \$33,623.

The county has a line of credit with a 1-year maturity and renewable annually, which was used to purchase 5 Sheriff's department vehicles. The maximum principal indebtedness under the line of credit at December 31, 2013, was \$142,700. Principal and interest payments are made from the General Revenue Fund and the Sheriff's Discretionary Fund. The principal balance due at December 31, 2013, is \$113,177 with interest rate of 2.58 percent. Interest will be calculated at maturity.

The county has a line of credit with a 1-year maturity date for various road and bridge equipment. The maximum principal indebtedness under the line of credit at December 31, 2013, was \$750,000 with a variable interest rate being charged. Principal and interest payments are made from the Special Road and Bridge Fund. The line of credit had a principal balance due at December 31, 2013, of \$296,931. Interest will be calculated at maturity.

The county has established 6 neighborhood improvement districts and issued general obligation bonds as part of the financing for these projects. Although these are general obligations bonds of the county, special assessments have been levied on the property located in the districts to pay the principal and interest. Final payments for the bonds are scheduled to occur from 2014 to 2023. The remaining balance outstanding at December 31, 2013, totaled \$386,412. Interest remaining to be paid over the life of the bonds totaled \$53,298.