



Susan Montee, CPA
Missouri State Auditor

AGRICULTURE

Department of Agriculture

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Office of
Missouri State Auditor
Susan Montee, CPA

July 2008

YIELD OWN SHEET

The following report is our audit of the Department of Agriculture.

During 2007, the Missouri Agricultural and Small Business Development Authority (MASBDA) entered into grant agreements totaling \$500,000 under the Livestock Odor Abatement Program with three entities; a private company, the University of Missouri-Columbia and the University of Missouri-Rolla. The grant agreements limited grant payments to no more than one a month and required copies of supporting documents for expenditures. Our audit found that all of these grant funds were disbursed to the three entities in a hurried fashion, without regard for the grants' terms. None of the payments complied with the terms of the grant agreements, and none of the payments were supported by documentation of expenditures. In fact, we found that when the payments were made the three entities had only incurred a minimal amount of expenditures related to the grants. The executive director of MASBDA indicated it was necessary to make the payments prior to fiscal year end to prevent the appropriated funds from lapsing.

The Missouri Department of Agriculture (MDA) has not conducted adequate audits or reviews of ethanol and biodiesel incentive producer grant applications. Producers submit monthly applications to the MDA that include the number of gallons of fuel produced and the amount of feedstocks, such as corn, soybean oil and animal fats, used in the production of ethanol and biodiesel, as well as other information required by law. The MDA reviews the applications and tracks incentive payments through the use of spreadsheets. Through fiscal year 2007, the MDA has approved over \$43.5 million in ethanol incentive payments and over \$4.25 million in biodiesel incentive payments. Although the MDA conducted audits of two ethanol producers in 2003, no other reviews related to ethanol or biodiesel incentives were initiated until November 2007.

The MDA, Animal Care Facilities Act Program (ACFA) failed to inspect 1,111 of 2,769 licensed animal care facilities in calendar year 2006 for which an annual inspection was mandated by state law. The ACFA also failed to inspect 61 of 160 licensed rescue facilities in calendar year 2006. Similar findings regarding inspections were also noted in our prior report issued in 2004. Furthermore, as noted in our prior report, the ACFA has not developed a formal risk based assessment procedure to identify licensed animal care facilities that pose a higher risk of noncompliance with animal care, health, and safety standards.

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The MDA has not complied with a statutory requirement to perform an analysis and to adjust fees for the Device and Commodity Program, a program that tests certain scales and measuring devices and tests packaged quantities at milk processing plants. The MDA has adjusted some fees for the Animal Health Laboratories; however, further adjustments may be necessary. The MDA has not adjusted fees for the Plant Pest Control Program as authorized by statute. This program licenses and inspects nurseries, greenhouses, and sod farms for harmful pests and plant diseases.

The MDA has performed some fee analysis for other programs where fees are set by statute, but has not reported the results to the legislature for their consideration. There are several MDA programs for which the revenues generated by license, inspection, or membership fees are significantly less than the costs to operate the programs.

During February 2007, the MDA issued a check for \$70,000 from the Agriculture-Federal and Other Fund in an effort to settle the legal claims of a department employee. Under state law, legal claims against the state and covered employees are to be paid from the state's Legal Expense Fund, with the approval of the Attorney General's Office (AGO). Although the AGO agreed to represent the MDA in December 2006, the department approved this payment without the AGO's assistance. This payment not only contradicted state law, it was also inconsistent with the purpose for which the federal and other fund was administratively created and the intent of the appropriations of the fund.

Also included in the audit report are recommendations related to the petroleum device and safety inspection program, the commercial feed inspection program, treated timber licensing and inspection, and the state mediation grant. Some of our current recommendations related to the commercial feed inspection program were also included in a prior report on that program issued in 2002.

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DEPARTMENT OF AGRICULTURE

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA

Missouri State Auditor

Honorable Matt Blunt, Governor
and

Don Steen, Director
Department of Agriculture
Jefferson City, Missouri

We have audited the Department of Agriculture, excluding the Missouri State Fair and the State Milk Board, which are reported on separately. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2007 and 2006. The objectives of our audit were to:

1. Determine if the department has adequate internal controls over significant management and financial functions.
2. Determine if the department has complied with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain revenues and expenditures.
4. Determine the extent to which recommendations included in our prior audit reports were implemented.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the department, 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 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, grant agreement, 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 department's management and was not subjected to the procedures applied in our audit of the department.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Agriculture.



Susan Montee, CPA
State Auditor

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**MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS**

DEPARTMENT OF AGRICULTURE
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Ethanol and Biodiesel Incentive Programs

The MDA has not conducted adequate audits or reviews of ethanol and biodiesel incentive producer grant applications. Through fiscal year 2007, the MDA has approved over \$43.5 million in ethanol incentive payments and over \$4.25 million in biodiesel incentive payments. Those payments are based upon applications submitted and self-certified by the producers.

The MDA administers the Missouri Qualified Fuel Ethanol Producer Incentive Program established in 1988 under Section 142.028, RSMo. The MDA estimates that through fiscal year 2014, future ethanol incentive payments will total over \$77 million. Producers are eligible for incentive payments for a period of sixty months. Ethanol producers, using Missouri agricultural products, qualify for an incentive of 20 cents per gallon of fuel ethanol for the first 12.5 million gallons produced annually and 5 cents per gallon for the next 12.5 million gallons. In 2005, the ethanol incentive program was extended through December 31, 2015.

The Missouri Qualified Biodiesel Producer Incentive Program was established in 2002 under Section 142.031, RSMo. Biodiesel producers qualify for incentives of 30 cents per gallon on the first 15 million gallons produced annually and 10 cents per gallon on the next 15 million gallons. The MDA estimates that future biodiesel incentive payments through 2014 will total \$284 million. In 2007, potential biodiesel producers were required to register with the MDA by September 1, 2007, begin construction of the facility before November 1, 2007, and begin production before March 1, 2009, to participate in the program.

Producers submit monthly applications to the MDA that include the number of gallons of fuel produced and the amount of feedstocks, such as corn, soybean oil and animal fats, used in the production as well as other information required by law. The MDA reviews the applications and tracks incentive payments through the use of spreadsheets. We tested their calculations and it appears, based upon the information in the grant applications and the spreadsheets, the incentive payments are calculated in accordance with statutory provisions.

In 2003, the MDA conducted audits of producer records to substantiate or verify the information on the applications of two ethanol producers, each covering a three month period in late 2002. The MDA auditors concluded that the information related to grant payments in grant applications submitted by the two producers for the three month period reviewed were supported by adequate purchase and production records. These two audits were conducted in conjunction with regulatory audits of the facilities' grain dealer

licenses and each required approximately two working days to complete. The MDA did not initiate any other audit efforts of incentive payments until 2007.

All four of the ethanol producers participating in the incentive program are licensed grain dealers. The MDA conducted annual grain regulatory audits of those dealers, but did not review ethanol production records or producer applications for ethanol incentives. The division director of the MDA's grain regulatory division indicated they could have performed additional reviews of grant applications and producer records if they had been requested to do so.

In fiscal year 2008, the MDA received authorization to hire one compliance auditor whose duties, in part, would be reviewing ethanol and biodiesel producer grant applications and records. In November 2007, the MDA initiated plans to conduct audits on a periodic basis for all ethanol and biodiesel producers. The MDA should perform audits or reviews of ethanol and biodiesel incentive grant applications and supporting producer records to ensure ethanol and biodiesel incentive payments are in accordance with statutory requirements.

WE RECOMMEND the MDA audit or review ethanol and biodiesel incentive grant applications and supporting producer records to ensure incentive payments are in accordance with statutory requirements.

AUDITEE'S RESPONSE

We agree. However, only three ethanol or biodiesel producers received incentive grant payments prior to FY2007. As noted by the State Auditor, in the fall of 2007 we implemented a program to make more frequent audits of incentive grant payments. Every producer that received grant payments prior to January 1, 2008, has been audited at least once. No significant discrepancies were found in these audits.

MDA will continue to make annual or more frequent audits of every qualified ethanol or biodiesel producer during the 60-month period each producer receives incentive payments.

2.

Legal Settlement

During February 2007, the MDA issued a check for \$70,000 from the Agriculture-Federal and Other Fund in an effort to settle the legal claims of a department employee. Under Section 105.711, RSMo, legal claims against the state and covered employees are to be paid from the state's Legal Expense Fund, with the approval of the Attorney General's Office (AGO). It appears the issuance of the check from the MDA Federal and Other Fund was improper.

In May 2006, a department employee, alleging sexual harassment and discrimination by the department director, filed a grievance with the Missouri Commission on Human

Rights (MCHR). The department requested assistance from the AGO but were informed that the AGO's policy was to become involved only after the MCHR process was complete. In November 2006, department officials and the employee entered into mediation and a tentative settlement of \$70,000 for the employee and \$12,500 for attorney fees was reached. In December 2006, following the conclusion of the MCHR process, the AGO indicated it was now appropriate for them to provide representation.

A check in the amount of \$70,000 payable from the Agriculture-Federal and Other Fund was approved and issued by the MDA in February 2007, in an attempt to settle the matter. The payment was in contradiction to Section 105.711, RSMo, which requires legal claims to be paid from the State Legal Expense Fund. Payments from this fund require the approval of the AGO. Although the AGO agreed to represent the MDA in December 2006, the department approved this payment without the AGO's assistance. This payment not only contradicted state law, it was also inconsistent with the purpose for which the federal and other fund was administratively created and the intent of the appropriations from that fund.

The settlement offer was rejected by the employee and the check was never presented for payment. Eventually on October 10, 2007, the lawsuit was settled with the assistance of the AGO by a payment of \$82,500 from the State Legal Expense Fund.

WE RECOMMEND the MDA, in the future, ensure settlements of all legal claims are in accordance with state law and after appropriate consultation with the AGO. Further, the department should ensure all payments from its federal and other fund are consistent with the intent of the fund and its appropriations.

AUDITEE'S RESPONSE

We disagree with the findings. The Missouri Department of Agriculture (MDA) recommends the insertion of the following facts. Beginning May 23, 2006, and proceeding for many days, the MDA asked the Attorney General's office for legal counsel as the MDA had no legal staff. By statute, the Attorney General's office is to provide legal support on behalf of its client, the State. It was only after a settlement had been reached in November 2006 that the Attorney General's office suddenly agreed to provide legal counsel in December 2006. In addition, under state statute 105.711, State Legal Expense Fund, there was never any dispute as to whether this settlement qualified. The only question was that under the circumstances of the Attorney General's office refusing to represent its client, MDA, when would the MDA be reimbursed for the transaction and how would the MDA bridge the obligation until state legal expense funds came through?

However, there is no known recourse when the Attorney General's office refuses to represent its client. Furthermore, in all prior personnel cases up to the Elder case, the Attorney General's office always assumed the counsel role for the MDA.

The MDA is pleased that this lack of action did create a catalyst for the legislature to fund and approve budget additions in the 2007 budget year. This provided the necessary support for our department to hire in-house legal counsel.

In addition, in Fiscal Year 2006, the appropriations language was broadened to say "for the purpose of funding federal grants and other grants or donations which may become available between sessions of the general assembly." This revised language was also included in Fiscal Year 2007.

3.

MASBDA Odor Abatement Grant

During 2007, the Missouri Agricultural and Small Business Development Authority (MASBDA) issued grants totaling \$500,000 under the Livestock Odor Abatement Program. The method of payment to the grantees was not in accordance with the written grant agreements.

The Livestock Odor Abatement Program was authorized by the legislature for fiscal year 2007, and funded by an appropriation from the state's General Revenue Fund. The MASBDA solicited proposals and entered into grant agreements with three entities; a private company, the University of Missouri-Columbia (UMC), and the University of Missouri-Rolla (UMR) (currently Missouri University of Science and Technology) for \$350,850, \$111,000, and \$38,250, respectively.

The grant agreements limited grant payments to no more than one a month and required copies of supporting documents for expenditures. The private company received a payment of \$105,255 on April 19, 2007, eight days after the grant agreement was signed, a payment dated June 8, 2007, for \$157,882, and another payment dated June 22, 2007, for \$87,715. This company submitted an interim report dated June 15, 2007, that indicated project expenditures up to that date totaling \$375. UMC received all their funds in three payments dated June 26, 2007, totaling \$110,897, and had submitted an interim report dated June 20, 2007, indicating some equipment had been ordered and some possible sources for materials had been located. UMR received one payment dated June 12, 2007, and two payments dated June 22, 2007, all totaling \$38,250, and had submitted an interim report on June 20, 2007, indicating potential vendors had been identified, one potential site had been visited, and a design guidance document in draft form was nearly complete. Final reports on the results of all of these grants are not due until late 2008 or early 2009.

None of these payments complied with the terms of the grant agreements, and none of the interim reports included documentation supporting the minimal amount of expenditures that had been incurred at that time. The payments were processed by the MDA with little, if any, evidence that the intent or purposes of the grants had or would be met. The financial management and oversight controls intended by the grant provisions were deemed meaningless and ineffective.

The executive director of MASBDA indicated it was necessary to make the payments prior to fiscal year end to prevent the appropriated funds from lapsing. The contracts indicated the grant funding would be provided on a reimbursement basis as expenditures were incurred by the grantees; however, the MASBDA issued the full grant amounts prior to any significant expenses being incurred by the grantees. The MASBDA should ensure the method of payment is in accordance with any grant agreements and require adequate documentation prior to disbursing any grant funds.

WE RECOMMEND the MDA require MASBDA ensure the method of payment is in accordance with the grant agreements and required documentation is submitted prior to disbursing grant funds. Further, the MDA and the MASBDA should continue to monitor these grants to ensure all objectives, purposes, and results are achieved.

AUDITEE'S RESPONSE

We agree in part with the findings. House Bill 14, Supplemental Budget, was signed on March 22, 2007, for the Missouri Agricultural and Small Business Development Authority (MASBDA) to receive a one-time \$500,000 budget authority for the funding of Odor Abatement Competitive Grants. MASBDA did solicit grant proposals for the development of odor abatement systems which would measurably decrease odor. The grants were awarded on a competitive basis based on published funding criteria.

The Livestock Odor Abatement Grant Program solicitation for proposals stated, “Some monies for start-up costs of the grant project may be provided on a case-by-case basis. The final payment shall be no less than ¼ of the total grant and shall not be paid until receipt and approval of the comprehensive final report. Each of the three projects did request and receive start-up cost grant payments. The final payment to each of the three was no less than ¼ of the total grant.

The grant agreements did in fact state that grant payments would be disbursed not more often than once a month. That was written into the agreement for the benefit of MASBDA so as to limit the grant administration disbursement time and expense. With only three grants to administer making two payments in one month to one project was deemed not to be an administrative burden.

MASBDA board of director's review, evaluation, and award of the Livestock Odor Abatement Grants determined that the proposed odor abatement projects submitted and awarded would require a long-term monitoring phase to determine the viability for commercial application. The comprehensive final report could not be submitted, perhaps for up to two years.

In addition, the board determined that requiring the project applicant to wait on the final payment, contingent upon receipt of a comprehensive final report, would be an undue onerous contingency. Therefore, in negotiating the grant agreement a comprehensive final report was not required for final payment as originally printed in the grant proposal solicitation.

MASBDA staff continues to monitor the grants through on-site visits, written updates, and meetings with the project coordinators.

If MASBDA receives budget authority in the future we will continue to make every effort to ensure grant payments are disbursed in accordance with proposal solicitations, any signed grant agreements, and the intent of the budget authority.

4.

Analysis of Fees

The MDA has not complied with a statutory requirement to perform an analysis and to adjust fees for the Device and Commodity Program. The MDA has adjusted some fees for the Animal Health Laboratories; however, further adjustments may be necessary. The MDA has not adjusted fees for the Plant Pest Control Program as authorized by statute. The MDA has performed some fee analysis for other programs where fees are set by statute, but has not reported the results to the legislature for their consideration. There are several MDA programs for which the revenues generated by license, inspection, or membership fees are significantly less than the costs to operate the programs.

A. The MDA conducted two series of fee analyses in 2005. The MDA identified three programs for which fees could be increased by regulatory or rule changes. The additional fees would have generated additional revenues of about \$742,000 annually. The proposed fee increases were presented to the MDA director's office where they were rejected. The additional fee revenues would have reduced General Revenue funding requirements for the programs. The following table lists the programs, fiscal year 2007 revenues and expenditures, and the amount of expenditures not recovered from fees.

Program	Revenues	Expenditures	Expenditures Not Recovered from Fees
Device & Commodity	\$341,371	\$ 845,649	\$504,278
Animal Health Laboratories	\$438,903	\$1,016,463	\$577,560
Plant Pest Control	\$136,943	\$ 423,304	\$286,361

The Device and Commodity Program tests commercial licensed scales and measuring devices and tests packaged quantities at milk processing plants. The program licenses about 22,000 devices annually. The fees for this program were last adjusted in 1994. Section 413.225, RSMo, requires the director of agriculture to annually ascertain the receipts and expenses for the testing of weighing and

measuring devices and to fix those fees to derive revenue not more than the cost of the operation, but not less than the minimums established by statute.

The Animal Health Laboratories perform and charge for testing of samples submitted by private veterinarians, including out-of-state veterinarians. Tests that are mandated by the MDA are performed at no charge. The labs perform about 262,000 tests annually for which fees are charged. The labs do not separately track labor and overhead costs between the mandated and chargeable activities and tests. The fee analysis prepared in 2005 proposed increasing the laboratory fees; however, no action was taken at that time. Some fees for testing were adjusted or established in 2006; however the MDA did not revise the state regulations accordingly. The MDA has prepared a proposal for fiscal year 2009 that would increase 159 laboratory fees, decrease eight laboratory fees and establish seven new laboratory fees. The MDA estimates the adjusted fees would result in an additional \$94,000 annually. Section 267.122, RSMo, gives the state veterinarian the authority to assess laboratory fees to assist in defraying operating laboratory expenses.

The Plant Pest Control Program licenses and inspects plant and tree nurseries, greenhouses, and sod farms for harmful pests and plant diseases. The program licenses about 2,850 businesses annually. The fees for this program were last adjusted in 1992. Section 263.070, RSMo, authorizes fees to be revised from time to time to reflect the actual cost of these inspections.

The MDA should consider adjusting fees for the abovementioned programs as required or authorized by state statute. Fee adjustments could make the programs more accountable for their operations and ease the burdens on the state's General Revenue Fund for these programs.

- B. The MDA has several other programs that are partially funded from license, inspection, and or membership fees in which program expenditures exceed fee revenues. The MDA had performed a fee analysis for several programs in 2005 but did not propose any adjustments to the fees or report the results of the analysis to the legislature. The fees for these programs are generally set forth in regulations or statutes and some changes would require legislative action. Additional fee revenues would reduce General Revenue funding requirements for the programs. We noted four programs in which the expenditures greatly exceeded the revenues. The following table indicates the program, fiscal year 2007 revenues and expenditures, and the amount of expenditures not recovered by program fees.

Program	Revenues	Expenditures	Expenditures Not Recovered from Fees
Grain Regulatory Services	\$ 47,438	\$709,975	\$662,537
Animal Care Facility Inspection	\$502,099	\$640,852	\$138,753
AgriMissouri	\$ 59,097	\$221,045	\$161,948
Treated Timber	\$ 29,209	\$ 48,666	\$ 19,457

The Grain Regulatory Services Program licenses and monitors compliance with the state grain and grain warehousing laws and the financial position of grain storage warehouses and grain dealers under Chapters 411 and 276, RSMo. The grain warehouses pay an annual license fee ranging from \$100 to more than \$2,300 based upon their storage capacity and an annual examination fee. A fee may be imposed for any subsequent examinations deemed necessary by the MDA in the year if discrepancies are found. The annual fee for a grain dealer's license is \$40. Grain dealers may be assessed a fee for special or requested examinations. State law limits the examination fees to mileage, travel expenses of the grain auditors, and \$20 per man-hour. There are about 200 licensed grain warehouses which are also licensed as grain dealers and 200 grain dealer only licensees. The fees for grain warehouse licenses were last adjusted in 1977 and fees for grain dealer licenses and warehouse and dealer examinations were last adjusted in 1997. Any changes in the fees for this program would require legislative action.

The Animal Care Facility Inspection Program licenses and inspects commercial pet breeders under Chapter 273, RSMo. The statutes set fee limits of \$100 to \$500 annually. The MDA established through regulation a base fee of \$100 for all licensees except those exempt by statute and a per capita fee of \$.10 to \$1 per day or per animal as applicable. The base fee and the per capita fees could be increased by a change in regulation; however, increasing the maximum limit would require legislative action. There are about 2,500 licensees that are not exempt from license fees under this program. Fees have not been adjusted since the program was established in 1993.

The AgriMissouri Marketing Program was established in 1985 to promote Missouri agricultural products. Businesses participating in the program pay an annual membership fee between \$30 and \$50 that was initiated in 2004. Section 261.235, RSMo, initially adopted in 2000, authorizes the collection of a trademark fee of $\frac{1}{2}$ percent of wholesale sales of products using the AgriMissouri trademark if the Citizens' Advisory Commission for Marketing Missouri Agricultural Products (CACMMAP) adopts the trademark fee. The CACMMAP has not adopted the trademark fee. There are about 250 businesses participating in the AgriMissouri program. To fully cover expenditures of the AgriMissouri

program, the CACMMAP would need to take action to change the membership fees or adopt the trademark fee.

The Treated Timber program licenses treated timber producers and dealers under Chapter 280, RSMo, and performs sampling of finished products to determine they meet or exceed treatment standards. The annual license fee for producers is \$200 and for dealers is \$15. There are about 75 producers and 885 dealers licensed under this program. The license fees have not been adjusted since they were established in 1985. Any changes in fees for this program would require legislative action.

The MDA should perform an analysis of fees and expenditures for all fee funded programs, consider adjusting fees where possible by administrative action to cover program costs, and report the results of the analysis to the legislature for consideration of legislative changes that would make the applicable programs more accountable for their costs.

- C. We noted the analysis discussed in part A above included a proposal to establish a fee of \$25 for the issuance of a certificate of free trade that is issued by the Agriculture Business Development division. This proposed fee, like other proposed fee changes, was not acted upon.

The division issues certificates to companies who request them to meet the requirements for exporting goods to some foreign countries. Currently, there is no fee for the certificates. The MDA estimated the fee would generate about \$60,000 annually which would approximate the costs related to issuing the certificates. The MDA indicated this program was established under Section 261.095, RSMo, which gives the department responsibility for foreign market development of agricultural products. The MDA should evaluate their options regarding the establishment of a fee for the issuance of certificates of free trade and act accordingly.

WE RECOMMEND the MDA:

- A. Evaluate the need to adjust fees for the Device and Commodity Program, the Animal Health Laboratories, and the Plant Pest Control Program as required or allowed by statute to more adequately cover the costs of the programs.
- B. Perform an analysis of fees and expenditures for all fee funded programs, consider adjusting fees where possible by administrative action to cover the programs' costs, and report the results of the analysis to the legislature for their consideration.
- C. Initiate whatever actions are deemed necessary to establish an appropriate fee for the issuance of certificates of free trade.

AUDITEE'S RESPONSE

Although the department does not agree with all of the points made in the four page discussion of the Analysis of Fees finding, MDA does agree in principle with the Auditor's recommendations regarding the need to evaluate, adjust, and establish fees as appropriate. However, we also believe it's important to recognize that in many instances fees were never intended to cover all of a program's costs.

The department has made a sustained effort over a number of years to evaluate and adjust existing fees as well as establish new fees when appropriate. In fact, the Auditor's finding is based primarily on the department's previous analyses of fee revenues. It is important to note that the MDA made significant efforts to adjust the fee structure in recent legislative sessions.

The Auditor identifies concerns with a few of the department's fees. For context, however, the department currently administers over 30 different fee funds whose revenues accounted for over 63 percent of the department's operating expenditures in Fiscal Year (FY) 2007. In addition, the department administers more than 15 different fees where the revenues are deposited into the state's General Revenue Fund. These General Revenue (GR) fee revenues totaled \$1,853,908 in Fiscal Year 2007, equal to 20 percent of MDA's GR expenditures that year (excluding pass-through funding to biofuel plants).

In response to the Auditor's particular recommendations:

- A. *The department continues to evaluate and adjust its current fee structures and program expenditures. For example, as part of the FY 2009 budget the department requested and received an appropriation for an additional \$150,000 in Animal Health Laboratory Fee funds. This will allow the department to expend the additional revenue anticipated from increases in laboratory fees scheduled to take effect in FY 2009.*

Only about 60 percent of the Device and Commodity Program's responsibilities have any associated fees. FY 2007 fee revenues totaled \$341,369 and accounted for 67 percent of the associated program costs. Since there are clearly consumer benefits to the program's milk price, egg quality, and scale accuracy inspections, MDA believes it's reasonable for the general public to pay some portion of the program's costs. However, the optimal level of that public support is subject to debate. Therefore, in consultation with the Governor and the General Assembly, the department will continue to evaluate and adjust these fees as appropriate.

The Plant Pest Control Program is one of several Division of Plant Industries' programs where fee revenues are deposited into the General Revenue Fund. The department's most recent analysis shows that fee revenues exceeded program costs for three of the six categories of Plant Industries' GR fees. For the division as a whole, fees covered about 80 percent of program costs in FY 2007. Since there are clearly consumer benefits to the division's plant pest control, pesticide regulation, feed, seed, treated timber, fresh fruit and vegetable inspections, MDA believes it's reasonable for the general public to pay

some portion of these programs' costs. However, the optimal level of that public support is subject to debate. Therefore, in consultation with the Governor and the General Assembly, the department will continue to evaluate and adjust these fees as appropriate.

- B. The department continues to work with the Governor and the General Assembly to identify appropriate levels of existing fees and the need for any new fees. As part of the FY 2009 budget process the department provided the Governor and appropriation committees with an extensive evaluation of its FY 2007 fee revenues. The department also supported legislation in the most recent session that included an increase in pesticide registration fees (HCSSB 931) and an increase in grain dealer and warehouse fees (SB 1111). Although the department does not make these decisions unilaterally, we continue to advocate for appropriate fee structures throughout the department.*
- C. The Ag Business Development Division provides many services to assist Missouri's agricultural-related exporters in developing and expanding their export sales. All of its export services are provided free-of-charge. Charging for the Certificates of Free Sale would send a mixed message to Missouri's agricultural exporters. On one hand we are encouraging them to increase their export sales and at the same time requiring they pay a fee that will make them less competitive.*

Charging a fee would require extra time and expense from the exporter, the Ag Business Development Division and the Missouri Department of Agriculture's fiscal office. At times Certificates of Free Sale are needed on a very short notice and requiring companies to pay for the service could slow the export process.

In order to track the value of the free Certificate of Free Sale service, the Division requests Missouri's farms and firms share with us the value of their export shipment. As a result, Missouri's agricultural product exporters report approximately \$27 million dollars in export sales. The Ag Business Development Division believes the State's investment in its export services, including preparing for Certificates of Free Sale, returns tax revenue to the state through jobs and business profits.

5. Petroleum Device and Safety Inspection Program

The Missouri Department of Agriculture (MDA) does not require unsafe fuel storage and dispensing devices identified during inspections to be removed from service. The petroleum device inspection and violation tracking system should be revised to include additional violation codes and to record enforcement actions taken.

The Petroleum Device and Safety Inspection Program (PDSI), established under Section 414.052, RSMo, inspects petroleum storage and dispensing facilities, including retail gas stations, bulk storage facilities, terminals, marinas, and airports. The PDSI determines if these facilities are safe from fire and explosion and not likely to cause injury to adjoining property or to the public. In addition, the inspection also determines that the fuel delivery

systems are accurately measuring the volume of fuel and pricing the sale correctly. The PDSI is required by law to inspect retail facilities at least every six months and marinas at least once per year. The PDSI is funded through the Petroleum Inspection Fund from fees of 2.5 cents per 50 gallons of petroleum products sold in the state. In fiscal year 2007, the program expended about \$1.4 million and employed 20 inspectors and five administrative staff.

We obtained information from the PDSI inspection and violation tracking system for the period January 2005 through September 2007, to determine the interval between inspections for each facility. We noted that the interval between inspections was less than 365 days for over 99 percent of the inspections. In other words, each facility has been subjected to at least two inspections within any given one year period. The PDSI management indicated that performing two inspections within one year met the statutory requirement for inspections at least every six months. We also noted that 99 percent of the inspections of marine facilities occurred within 730 days of the previous inspection, or at least twice within a two year period, which according to PDSI management met the statutory requirement that marine facilities be inspected annually.

During these inspections, there were 6,618 (1.8 percent) of 368,030 pumps that were removed from service due to inaccurate volume or pricing issues. Upon completion of the inspection, the facility is given a copy of the inspection report which includes notice of the violations. The program summary information also included the number of violations by category that were issued as a result of the inspections. There were a total of 31,944 safety violations cited, of which 8,863 were classified as serious violations based on the MDA's criteria.

- A. The PDSI adopted an enforcement matrix in 2005 that required inspectors to order the removal of defective pumps, storage tanks, and other equipment from service either immediately or within 30 or 90 days depending upon the seriousness of the detected violation. The violations are assigned one of 39 violation codes by office staff who enter the violation information into the inspection and violation tracking system. The PDSI indicated that nine of the codes are assigned a Class I ranking and are considered a serious safety concern.

We analyzed the inspection data and selected a sample of 25 of the 532 inspections performed in January 2007 through September 2007, which noted at least one serious violation. We requested the PDSI provide the inspection report and other documentation to indicate that the inspector took action to remove the defective device from service as required. We determined that one of the facilities was a bulk plant and PDSI staff indicated the enforcement matrix was not applicable to bulk plants although the noted violations were serious. We determined that for nine of the remaining 24 inspections (38 percent) with critical violations the PDSI inspector did not order the removal of the defective device(s) from service as required. These nine facilities had one to twelve serious violations cited, including no emergency venting on storage tanks; no or defective

fire impact valves; faulty wiring or fuel leaks; overfilled tanks, faulty overfill alarms or no overfill alarms; badly worn or leaky dispensing hoses; and storage tanks improperly connected.

PDSI management indicated that no enforcement action was taken for many serious violations in an area of the state served by one inspector whom they had identified as failing to perform inspections as required. A different inspector had been assigned to the area and instructed to cite the violations but not take enforcement actions until facility owners had reasonable time to make repairs. The PDSI program established a stronger enforcement policy in August 2007 under which facilities with serious violations must agree to fix the problems within a specified timeframe or PDSI will remove one-half of the facility's pumps from service. Continued failure to make the repairs will result in one-half of the remaining pumps to be removed from service. The MDA should ensure enforcement actions required by policy for serious safety violations are being taken in a timely and effective manner.

- B. Our tests also noted there were nine of the 24 inspections in which the violation code(s) were either incorrect or the violation was not a serious violation. The PDSI has only established 39 violation codes and program management indicated the number of codes is not adequate to allow the use of codes to differentiate between serious and minor violations. Additional codes should be established to allow serious and minor violations to be recorded separately and be more specific, such as no overfill alarm versus a defective overfill alarm which are currently recorded under the same code.

In addition, we noted the inspection and violation tracking system does not include information indicating the enforcement actions taken by inspectors or the timeframe the facility has to make repairs. The PDSI should include this additional information in the tracking system, and produce and analyze management reports to determine if required enforcement actions are being taken and serious violations are being corrected.

WE RECOMMEND the MDA:

- A. Ensure petroleum safety inspectors are ordering the removal of defective devices from service as required by department policy.
- B. Develop additional violation codes and include enforcement actions taken and timeframes for repair in the inspection and violation tracking system. Furthermore, the department should utilize that information to ensure enforcement actions are being taken and serious safety violations are being corrected as required.

AUDITEE'S RESPONSE

We agree with the findings that a better tracking system is warranted. On February 26, 2008, a request was sent to Information Technology (IT) staff requesting additional fields and coding be added to the current database tracking system. This project is expected to be completed by August 1, 2008. These modifications will work in conjunction with the new enforcement policy issued on January 22, 2008, treating all violations in the same manner regardless of severity.

6.

Animal Care Facilities Act Program

The MDA, Animal Care Facilities Act Program (ACFA) failed to inspect 1,111 of 2,769 licensed animal care facilities in calendar year 2006 for which an annual inspection is mandated under Section 273.331, RSMo. The ACFA failed to inspect 61 of 160 licensed rescue facilities in calendar year 2006. Furthermore, the ACFA has not developed a formal risk based assessment procedure to identify licensed animal care facilities that pose a higher risk of noncompliance with animal care, health, and safety standards.

- A. The ACFA licenses commercial dog and cat sellers, breeders, kennels, pounds, rescue facilities, transporters, and show and hobby registered animal care facilities under Chapter 273, RSMo. The program also establishes regulations under the Code of State Regulations (CSR) 2 CSR 30-9 which specify minimum standards for the licensing, care, health, and safety of animals held in those facilities. Under Section 273.331, RSMo, the ACFA is mandated to perform annual inspections of licensed facilities except those facilities that are licensed as hobby registered. The program reported that 1,111 (40 percent) of 2,769 licensed facilities for which an annual inspection was required were not inspected in calendar year 2006. Program management indicated that they were unable to perform the required inspections due to an insufficient number of budgeted inspectors along with the resources required to identify unlicensed facilities and perform complaint investigations.

In our prior report on this program, issued in December 2004, we noted ACFA inspectors were not able to perform inspections of over 70 percent of licensed facilities in the first nine months of 2004. The ACFA program, pursuant to a recommendation in that audit report, determined they would minimize duplication of effort by accepting the inspections performed by USDA federal inspectors as meeting the state mandate if the program was unable to perform a state inspection at the facility. During calendar year 2006, the work of federal inspectors accounted for about 40 percent and the work of state inspectors accounted for about 60 percent of the annual inspections that were performed.

The ACFA program should perform annual inspections of licensed animal care facilities as required by Section 273.331, RSMo.

- B. The ACFA has determined that licensed rescue facilities pose a lower risk of noncompliance with state standards for care, health, and safety, and, therefore, have placed a lower priority on inspecting those facilities. Rescue facilities generally have a low number of animals in their care and animals are housed in the licensee's home. During calendar year 2006, the ACFA failed to inspect 61 (38 percent) of 160 licensed rescue facilities. Neither state laws nor regulations make any exceptions to the annual inspection mandate for rescue facilities. A similar condition was noted in our prior report. The ACFA should perform annual inspections of licensed rescue facilities as required.
- C. The ACFA has not developed a formal risk based assessment procedure to ensure licensed facilities that have a higher potential of noncompliance with licensure and standard of care requirements are subjected to annual or more frequent inspections. Program officials indicated they have trained and directed inspectors to recognize facilities that pose a higher risk of noncompliance and subject them, at a minimum, to the required annual inspection. A formal assessment procedure should include such factors as the number and severity of violations cited during inspections, the length of time a facility has been licensed, the number of animals held, as well as the design of the physical facility including the presence of automated watering, feeding, ventilation, and waste disposal equipment. Such a risk based approach would allow inspection resources to be directed where they appear to be most needed or beneficial.

A similar condition was noted in our prior report. The ACFA program should develop a formal risk based assessment procedure to ensure inspections are performed at facilities which pose a higher risk of noncompliance with animal care standards.

WE AGAIN RECOMMEND the MDA ensure the Animal Care Facilities Act Program:

- A. Performs annual inspections of licensed animal care facilities as required by state law.
- B. Performs annual inspections of licensed rescue facilities as required.
- C. Develops a formal risk based assessment procedure to ensure inspections are performed at facilities which pose a higher risk of noncompliance with animal care standards.

AUDITEE'S RESPONSE

We agree with the findings. However, according to the audit report, twelve of seventeen recommendations have been fully implemented, four have been partially implemented, and one has not been implemented.

The following explanations should provide the latest account of our progress in meeting recommendations made by the State Auditor's Office.

- A. *Our workload continues to increase faster than our available staff resources. Our program has added 756 facilities but only 2 inspectors since the 2004 audit. Our staff cited 1,652 violations in 2004, 1,914 violations in 2005, 2,283 violations in 2006, and 3,156 violations in 2007. Inspectors have been instructed to point out every violation witnessed during an inspection, and the number of documented citations has increased significantly each year. This increase in numbers includes primarily new disclosed unlicensed sites that usually have numerous violations and therefore require more inspection time. There were 1,506 facilities inspected during calendar year 2005, 1,681 facilities inspected during calendar year 2006, and 2,282 facilities inspected during calendar year 2007. We continue to add facilities at a faster rate than we add staff. We are working toward inspecting 100 percent of the kennels 100 percent of the time and as noted in this audit we have increased from 30 percent in 2004 to 60 percent in 2006. Whenever violations are severe, action is taken to remove animals from harm's way, taking a large portion of our staff's time.*
- B. *It was the policy of the ACFA Program to conduct an initial pre-license inspection of all animal rescues followed by routine inspections on an as-needed basis which we felt was justified because of the housing methods employed by the typical animal rescue. We agree that animal rescues should be inspected annually or upon complaint.*
- C. *Current determination of high-risk facilities is informally calculated at the discretion of the inspector based upon per capita volume, open violations, complaints from the public, economic support functions of the entity, and the ability of the licensee and employees to care for the number of dogs involved. Also the department provides opportunities for producers to enhance their skills by participation in our education excellence seminars and the Blue Ribbon Kennel program. The seminars are 8 hour programs covering all aspects of canine care. As more licensees participate, this will allow more resources to be directed to problem facilities. As a result of the recommendation, we will ask the IT staff to research a formal risk-based approach based on the following criteria:*
 - 1. *the number of non-compliant items*
 - 2. *the number of repeat non-compliant items*
 - 3. *the number of non-compliant items found to directly affect health and welfare*
 - 4. *the number of animals / per capita reporting*
 - 5. *inspector assessment*
 - 6. *Blue Ribbon Kennel participation*
 - 7. *Continuing education credits*

Commercial Feed Inspection Program

The MDA, Bureau of Feed and Seed, requires, on average, about eleven days from the date feed samples are taken to issue withdrawal from distribution orders to feed manufacturers, distributors, or retailers for products that failed to meet label guarantees. Bureau data indicated that about 60 percent of the entities receiving withdrawal orders reported all of the product had been sold prior to receiving the withdrawal order. About 82 percent by weight of the withdrawn products had been sold prior to receiving the withdrawal order. The bureau did not perform follow-up reviews of withdrawal orders. The bureau does not require feed manufacturers or label guarantors to notify other distributors and retailers that a withdrawal order has been issued on products of the same batch or lot shipped to those entities. The bureau has not established guidelines and timeframes for how many repeat and/or excessive failures to meet label guarantees warrant an administrative penalty.

The Bureau of Feed and Seed conducts the commercial feed licensing, inspection, and testing program established under Sections 266.152 to 266.220, RSMo. Feed samples are tested against the guaranteed values listed on the product labels. When a product fails to meet the guaranteed values, a withdrawal from distribution order is issued to the possessor and guarantor of the product. The method of correcting the failing product (re-processing, re-labeling, or destruction) must be approved by bureau staff through the issuance of a release from the withdrawal order. The possessor of the failed product must report the amount of product on hand or sold at the time the withdrawal order is received. The bureau publishes an annual report of sampling results which is distributed to licensed feed manufacturers, distributors, and retailers and is available to other interested parties upon request. The following table shows the historical compliance rate for regulatory samples for calendar years 2000 to 2006.

Compliance Rate History			
Year	Regulatory Samples	Number of Violations	Compliance Rate
2006	4,764	451	90.53%
2005	4,931	548	88.89%
2004	4,484	484	89.21%
2003	5,313	571	89.25%
2002	5,529	723	86.92%
2001	6,053	714	88.20%
2000	5,968	760	87.27%

As we have noted in previous reports, the processes involved in collecting and testing samples is unusually time consuming and many times the results of the tests have little or

no impact on the sale or use of the products tested. We noted the following concerns during our review of the commercial feed inspection program.

- A. We obtained sampling and testing data for all samples collected during calendar year 2006 from the bureau's database. There were 451 of 4,764 regulatory samples that failed to meet one or more label guarantees, such as percentage of protein, calcium, salt, fat, or various minerals. Bureau officials indicated that while these products did not meet the label guarantees, most products were not so deficient or excessive in a particular substance that immediate harm would result to animals consuming the product; however, continued use of the product could result in poor animal health and reduced growth rates.

Our analysis of the failed samples noted that the MDA required, on average, 11.3 days from the date the sample was collected until notification was made to the possessor to immediately stop distribution of the noncompliant product. The longest delay noted was 18 days. In a prior audit report issued in October 2002 regarding this topic, we noted the average delay between sampling and notification was also 11 days. Although, since our prior report, the bureau has changed some of its results notification procedures or practices, there has been little, if any, improvement in the time required to act on failed samples. Bureau officials indicated that they have considered other changes to the collecting and shipping of samples but have not acted on those considerations.

The time to test the samples and communicate the results has permitted a significant amount of the deficient products to be sold. We compared the amounts of product on hand at the time the sample was taken to the amount of product reported by the entities as having been sold prior to the receipt of the withdrawal orders. Of the 451 withdrawals, 273 (60.5 percent) entities reported the product had all been sold prior to the receipt of the withdrawal. In total, the 451 withdrawals affected 2.77 million pounds of products of which 2.27 million pounds (82 percent) were reported as sold prior to the receipt of withdrawal. The percentage by weight of withdrawn feed reported as sold has significantly increased from approximately 69 percent in 2001 to 82 percent in 2006. Our further analysis of the 2006 data found that if the time period from collection of the samples to notification to the processor could be decreased to 9 days, the percentage of deficient product sold would decrease to about 66 percent. Further, if that time period was reduced to 8 days, the percentage of product sold would be approximately 50 percent.

The Bureau should conduct a formal analysis of the sampling, testing, and notification process to identify if the current procedures and timing can be improved. To ensure the public receives the full benefits of the testing program, the bureau should take all available, reasonable measures to reduce the period of time required to sample, test and issue withdrawal from distribution orders.

B. In response to a recommendation in our report, the bureau initiated procedures that would require timely follow-up inspections on withdrawal orders to ensure deficient feed products were disposed in accordance with state laws and regulations. These procedures included a plan to follow-up on 30 to 40 percent of all withdrawals. The bureau has performed virtually no follow-up reviews of withdrawal orders in the last two years and cited the cause as budgetary reductions in the number of inspectors from six to four. Until the bureau performs follow-up reviews, on at least some withdrawal orders, the bureau has no basis to determine if that procedure would be an effective enforcement tool and if feed manufacturers, distributors, and retailers are complying with state laws and regulations regarding the disposition of withdrawn products.

The bureau should develop and implement a plan to perform follow-up reviews of withdrawal orders and after a reasonable test period conduct an analysis of the results of the follow-up reviews to determine if they are an effective enforcement tool. A similar recommendation was made in our prior report.

C. The bureau has not required feed manufacturers and label guarantors whose products have been found to be defective to issue recalls or to notify distributors and retailers of the withdrawal orders for products of the same lots or batches that have been shipped to those entities. As a result, large quantities of defective product may remain available for distribution and sale even after withdrawal orders have been issued. During 2006, the bureau detected three instances of seriously deficient or adulterated feed products. Even in these cases the bureau issued notices of violation and withdrawal orders to the three manufacturers but did not require the companies to recall the defective products. The bureau should establish formal policies regarding mandatory product recalls.

A similar recommendation was made in our prior report.

D. The bureau has not imposed any administrative penalties for failure to meet label guarantees. Under 2 CSR 70.30.110, administrative penalties may be imposed for serious violations which include selling adulterated products and repeated and/or excessive failures to meet label guarantees. We noted five companies in the 2006 Annual Feed Summary whose products were tested at least ten times and the companies' overall compliance rate was below 70 percent. Other than directing feed inspectors to meet with company officials to discuss the compliance problems, the bureau took no other actions against these companies.

We reviewed the sampling data for 2007 through September 2007 and noted one of these five companies had a continuing compliance problem, failing 5 of 12 samples for a compliance rate of approximately 58 percent. No enforcement action has been taken against this company.

Additional enforcement actions could include requiring companies with a pattern of noncompliance to prepare a corrective action plan or to obtain independent third party testing of labeling guarantees prior to shipment. The bureau should establish guidelines and timeframes for how many repeated and/or excessive violations warrant additional enforcement actions and/or administrative penalties.

A similar recommendation was made in our prior report.

WE RECOMMEND the MDA, through the Bureau of Feed and Seed:

- A. Take all available, reasonable measures to reduce the period of time required to sample, test, and issue withdrawal from distribution orders.
- B. Develop and implement a plan to perform follow-up reviews, at least on a sample basis, of withdrawal orders and, after a reasonable test period, conduct an analysis of the results of the follow-up reviews to determine if they are an effective enforcement tool.
- C. Establish formal policies regarding mandatory product recalls.
- D. Establish guidelines and timeframes for how many repeated and/or excessive violations warrant additional enforcement actions and/or administrative penalties and impose such actions and penalties.

AUDITEE'S RESPONSE

- A. *We agree with the findings. We should always be looking to increase efficiency and decrease turnaround time and the Commercial Feed Inspection Program has done just that, by maintaining the average 11 day turnaround rate with a 33 percent staff reduction. Missouri has one of the lowest turnaround times in the nation. Of the 12 states responding with similar programs, we found a range of 14 to 180 days and an overall average of 49 days from sampling to completed tests.*
- B. *We agree with the findings and will develop documentation procedures for follow-up reviews. The feed and seed bureau feels the inspectors could reasonably review 8 percent of the violations at the current staffing levels.*
- C. *Our response stands from the previous audit report. We agree with the findings that serious adulteration of feed products need immediate withdrawals and notification to retail distributor and manufacturer. However, we disagree that situations of minor deficiencies that do not pose serious or economic problems do not warrant this kind of immediate action. Also, the question exists as to whether we have statutory authority to ask for a company recall of product. Of the three instances cited in 2006, all remaining product was destroyed.*

D. *We agree in part with the findings. We feel that having inspectors meet with company officials to discuss compliance problems has been an effective tool. As shown in the report, compliance rates have increased since the last audit in 2002 from 86.92 percent to 90.53 percent in 2006. Five companies were shown to have compliance problems in 2006 with just one company with a continuing problem in 2007. We did address the problem with the company and saw an increase in compliance in 2007; however, it has still been deficient. This was not addressed as aggressively as possible due to staff vacancies at management level in 2007. We will use American Feed Control Officials (AAFCO) matrix as a guideline for enforcement. We feel the regulation 2 CSR 70-030.110 is clear on additional enforcement action and/or administrative penalties.*

8.

Treated Timber Licensing and Inspection

The MDA does not aggressively enforce the Missouri Treated Timber Law established under Chapter 280, RSMo. As a result, purchasers of treated timber products have less assurance that the products meet minimum standards for penetration and retention of wood preservatives. The MDA has limited the enforcement of the treated timber law to issuance of stop sale orders which affect only the lot from which substandard samples are taken. The MDA has not suspended or revoked licenses of companies whose products consistently fail to meet treatment standards, referred substandard companies to law enforcement officials for prosecution, sought injunctions to stop substandard companies from producing treated timber, or sought condemnation of the defective products through the courts.

Missouri is one of only three states that regulate treated timber. The original treated timber law was enacted in 1961. There were 73 licensed producers and about 885 licensed dealers in fiscal year 2007. We noted the following concerns during our review of the treated timber program.

A. The inspection program includes taking and testing physical samples of treated timber where located, either at the producer or the dealer. The samples are tested against the minimum level of penetration and retention as indicated on the label or the minimum standards in the regulation if the products are not otherwise labeled. For each sample lot for which at least 80 percent of the samples do not meet the depth of penetration as labeled or the minimum treatment standards, a stop-sale order is issued to the holder of the product and the producer is notified if the product is located at a dealer location. The sample lots are also tested for preservative retention and any lot that does not meet the retention as labeled or the minimum standard results in a stop-sale order. The MDA must approve of the method of disposal of the stop-saled product which is usually re-treatment by the Missouri producer or removal of the product from the state by out-of-state producers.

In addition to the issuance of stop-sale orders, the MDA, under 2 CSR 70.40, requires that at least 80 percent of each series of 10 sample lots pass inspection. Warning letters are sent to producers who fail to meet the 80 percent requirement. Failure of the producer to meet the 80 percent requirement in two consecutive sample lots of 10 should result in administrative hearings and possible suspension or revocation of their treated timber license.

We obtained a report of the sampling results for the period of January 2003 to July 2007. There were eight companies for which at least two consecutive sample lots of 10 samples had been tested. Six of the eight companies failed to attain a compliance rate of 80 percent. Their compliance rates ranged from 29 to 71 percent. None of the six companies with compliance rates below 80 percent have been subjected to administrative hearings, suspension or revocation of their license, referred for prosecution nor has an injunction been sought by the MDA as allowed by Chapter 280, RSMo.

According to Section 280.130, RSMo, failure to adhere to treatment standards is a Class B misdemeanor punishable by a fine of up to \$500 and or six months in jail. Under Section 280.100, the MDA is authorized to seek condemnation of products that do not meet treatment standards. Section 280.140 authorizes the MDA to seek injunctions restraining non-compliant companies who violate or continue to violate treatment standards. The MDA has never referred a non-compliant company for prosecution or sought injunctions or condemnation of defective products.

The MDA should hold administrative hearings to consider licensure suspension or revocation for companies whose products consistently fail to meet treatment standards. For companies that continue to violate provisions of the Treated Timber Law, the MDA should consider referral for prosecution or seek injunctions or condemnation of defective products.

- B. The MDA standards incorporate the treatment standards of the American Wood Protection Association (AWPA), version 2004. However, for some treated timber products, such as red oak, sold in Missouri, the minimum treatment standards are set lower than the AWPA standards if the producer appropriately labels the treated product. Products that are treated to less than the AWPA standards will be subject to a shorter useful life than products treated to those standards. The MDA should consider requiring all products to be treated to AWPA standards.
- C. We compared the sampling list for 2003 through 2007 to the list of licensed producers for 2007 and noted one of the 15 Missouri companies had not had its products subjected to sampling. We also noted that 28 of 58 companies with an out-of-state address had not had any products subjected to sampling. The inspector indicated: 1) he either did not locate those companies' products at dealers; 2) when located the lot sizes were not large enough for valid results; or 3)

testing would have destroyed the value of the product. The MDA should ensure all Missouri treated timber producers are included in the sampling and testing program. In addition, the MDA should request licensed out-of-state producers to provide a listing of dealers in Missouri handling their products so that the products can be located and sampled.

WE RECOMMEND the MDA:

- A. Enforce the Missouri Treated Timber law and hold administrative hearings to consider licensure suspension or revocation for companies whose products consistently fail to meet treatment standards.
- B. Consider requiring all treated timber products to meet the minimum standards established by the American Wood Protection Association.
- C. Ensure all Missouri treated timber producers are included in the sampling and testing program. In addition, the MDA should request licensed out-of-state producers to provide a listing of dealers in Missouri handling their products so that their products can be located and sampled.

AUDITEE'S RESPONSE

- A. *We agree with the findings. The Missouri Treated Timber Law should be enforced and wood treating companies who fail to maintain the required sample conformance rate should be held accountable. However, this program currently has only one employee who is responsible for conducting inspections throughout the entire state. In order to increase efficiency of this program, the Department's IT staff is developing a new Treated Timber database that will provide the ability to better monitor sample conformance rates and inspection data. It is also the intent of MDA to introduce an incentive to wood treating companies to improve overall compliance by making sample conformance rates available on the Department's website. Consumers, as well as retail and wholesale businesses that purchase treated wood products will be able to view this information to better determine which companies are producing quality products based on the company's sampling history. The Department has worked with wood treating companies to increase compliance with the law instead of license revocation and suspension. The Department has also made an attempt to modify the statute associated with the Missouri Treated Timber Law in 2006 and again in 2007. MDA would like to have the ability to impose civil penalties against timber treating companies who fail to improve their sample conformance rates to acceptable levels instead of license revocation and suspension. The two legislative proposals have not been a priority with the General Assembly.*
- B. *We do not agree with the findings. Requiring all wood treating companies to meet the minimum Treating standards established by AWPA would create an undue hardship on smaller facilities. Missouri has a history of allowing these particular facilities to treat hardwood products to less than AWPA standards. Hardwoods, by their very nature, are*

more naturally resistant to premature rot and decay than softwood species. In addition, these facilities claim that species such as white oak and red oak are difficult to treat under the best of conditions and that they would be unable to treat these products to AWPA standards. There are eight (8) of these facilities located in Missouri that currently treat hardwood products for farm use. Combined gross sales from these facilities are estimated at \$3.3 million.

C. *The Department agrees with the findings that all licensed wood treating facilities should be sampled as fairly and consistently as possible. However, some of the wood treating facilities required to be licensed with MDA only produce “commercial” products such as railroad ties and utility poles. These products are typically shipped to utility and railroad companies which have their own quality controls. Inspections are conducted at in-state treating plants that produce such products; however, the majority of the Department’s efforts are spent on regulating consumer products such as dimensional lumber and fence posts. If funding is ever provided for additional staff, more effort could be put into commercial products but with one employee, the Department is forced to prioritize. It should also be noted that there are several licensed wood treating facilities that only treat “specialty” products such as balusters, spindles, post caps, and lattice. Sampling of this material would essentially destroy the product. Some of these products could be purchased by the Department and then sampled, however, it would require additional funding to pay for these products. In regards to the Auditor’s suggestion that the Department request out-of-state producers to provide a listing of Missouri dealers who purchase their products, the Department does not currently have the authority to request that information.*

9.

State Mediation Grant

The MDA did not have a cost identification and allocation methodology in place to track allowable costs chargeable to the state mediation grant, and we question \$14,046 in costs charged to the grant.

The MDA has operated the mediation program since 2002. Under this program qualified MDA mediators attempt to mediate or resolve complaints between persons participating in federal farm programs and the United States Department of Agriculture agencies. The qualified mediators’ primary duties are performing regulatory audits of grain dealers and warehouses. The MDA annual report on the program for fiscal year 2007 indicated there were 18 requests for mediation, of which 13 resulted in mediation cases.

Federal regulation 7 CFR 785.4 requires that costs charged to the grant be reasonable and necessary to carry out the mediation program. The MDA charged \$27,922 to the grant in fiscal year 2007. Those costs included \$20,760 for salaries and benefits equivalent to 792 hours (88 hours for each of the nine grain regulatory auditors who were qualified to perform mediation duties). The salary and benefits costs charged to the grant are based

upon an estimate that over the course of a year 1/24th of the employees' time is spent working on the grant.

The MDA provided a report based upon timesheets indicating 276 hours for mediation work, training, and related travel time were recorded to the mediation program by MDA field personnel in fiscal year 2007. The MDA had no timesheets to support 516 of the 792 hours (65 percent); therefore, we question \$13,494 of the \$20,760 in salary and benefits charged to the grant. We also noted another \$552 was incorrectly charged to the grant. The total amount of questioned costs is \$14,046.

The MDA has the ability within the state accounting system to charge actual staff time and related benefits as they are incurred for specific grant programs through the use of labor distribution profile records (LDPR) and does so for many other grant programs. The MDA should implement the use of LDPRs for the state mediation grant and develop a cost allocation methodology for other allowable costs chargeable to this grant. The MDA should resolve the questioned costs with the grantor agency.

WE RECOMMEND the MDA implement the use of labor distribution profile records for the direct personnel costs of the state mediation grant and develop a cost allocation methodology for other allowable costs of this program. In addition, the MDA should resolve the questioned costs with the grantor agency.

AUDITEE'S RESPONSE

We partially agree with the findings and have implemented the auditor's recommendation. All direct mediation staff time is now recorded on timesheets and contemporaneously entered into the labor distribution profile records system.

We agree with the findings that not all 792 hours charged to the grant in fiscal year 2007 were supported by timesheets. However, we strongly disagree with the amount of costs questioned by the auditor. The auditor did not recognize any time allocated to the grant by our mediation coordinator even though we have reports, correspondence, telephone records, registration records, travel records and other documentation supporting his mediation activity. We believe due consideration of these records would have resolved most if not all of the costs questioned by the auditor.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

**DEPARTMENT OF AGRICULTURE
FOLLOW-UP ON PRIOR AUDIT FINDINGS**

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Department of Agriculture on findings in the Management Advisory Report (MAR) of our prior audit reports, report 2004-91, Follow-up Review of Animal Care Facilities Inspection Program, issued in December 2004, and report 2002-106, Department of Agriculture Oversight of Manufacture and Distribution of Commercial Feed Products, issued in October 2002.

The department should consider implementing the prior recommendations which have not been implemented.

**FOLLOW-UP REVIEW OF ANIMAL CARE FACILITIES INSPECTION PROGRAM
(Report No. 2004-91, dated December 16, 2004)**

2. Improvements Are Still Needed in the Canine Inspection Program
 - 2.1 Animal Care Facilities Act (ACFA) inspectors did not always conduct inspections in accordance with state regulations and did not record all violations at licensed facilities.
 - 2.2 The Division of Animal Health (division) did not ensure training provided to inspectors was consistent in type or extent, had not established mandatory training courses, and did not track the training provided.
 - 2.3 The division had increased the use of penalties, including settlements and voluntary surrender of animals; however, the division was reluctant to use the administrative hearing process, confiscate animals, and/or penalize licensed facilities.

Recommendations:

We recommend the Director, Department of Agriculture, direct program officials to:

- 2.1 Require inspectors to conduct inspections in accordance with state regulations and record all violations at licensed facilities.
- 2.2 Establish guidance on the type and extent of training courses needed for inspectors; develop mandatory training courses that, among other things, focus on inspection procedures, and track training by inspectors.
- 2.3 Pursue all avenues to penalize licensed facilities not adhering to state regulations and establish procedures to penalize licensed facilities with a record of poor performance.

Status:

2.1 Partially implemented. Program officials indicated inspectors have been instructed to point out all violations and to cite all violations that have a potential of adverse consequences for the animals. Although not repeated in the current MAR, our recommendation remains as stated above.

2.2&

2.3 Implemented.

3. Statutory Requirements Not Always Met

3.1 The division did not comply with state regulations requiring annual inspections of licensed facilities, did not conduct timely pre-license inspections, and charged re-inspection fees to pre-license facilities.

3.2 The division did not require rescue facilities meet pre-license requirements and did not inspect rescue operations on a yearly basis.

3.3 The division did not ensure unlicensed facilities operated legally.

3.4 The division had not re-established formal procedures to evaluate the validity of complaints and prioritize in order of importance.

3.5 The division did not use federal inspectors as state agents for inspection of licensed facilities resulting in duplication of effort and did not utilize federal inspection reports to assist the state inspectors' inspection efforts.

3.6 The division did not require weekly activity reports to include complete and accurate information on all inspector activities and the time spent working on the inspection program.

3.7 The division's ability to meet statutory requirements was impacted because the workload increased, most inspectors were not full-time, and key personnel were not replaced.

3.8 Inspectors have spent excessive time unsuccessfully attempting to inspect facilities and have not always documented unsuccessful inspection attempts.

3.9 The division had not conducted a risk-based assessment of all facilities or implemented a formal risk-based approach to ensure all inspectors target high-risk facilities first.

Recommendations:

We recommend the Director, Department of Agriculture, direct program officials to:

- 3.1 Comply with state regulations regarding annual inspections of licensed facilities, timely pre-license inspections, and not charge re-inspection fees to pre-license facilities.
- 3.2 Require rescue facilities meet pre-license requirements and inspect rescue operations on a yearly basis, as required by state regulations.
- 3.3 Notify law enforcement officials when facilities continue to operate without a valid license.
- 3.4 Centralize review of citizen complaints, and establish procedures to prioritize and evaluate the validity of citizen complaints.
- 3.5 Utilize federal inspectors as state agents, as well as federal inspection reports to assist in the inspection process.
- 3.6 Revise the weekly activity report to allow detailed accounting of inspector activities and require inspectors to accurately prepare the report to disclose all activities related to the canine inspection program, as well as other related or unrelated activities.
- 3.7 Require program personnel use the weekly activity reports to help assess and distribute workloads, as well as determine future personnel needs.
- 3.8 Require inspectors to document all unsuccessful inspection attempts and determine ways to reduce the number of unsuccessful inspection attempts.
- 3.9 Conduct a risk-based assessment of facilities and formalize a risk-based approach to ensure all inspectors target high-risk facilities first in attempting to inspect all licensed facilities.

Status:

- 3.1 Partially implemented. Program officials indicated that the recommendations related to pre-license facilities have been implemented. However, annual inspections were not performed of all licensed facilities. See MAR finding number 6.
- 3.2 Partially implemented. Rescue facilities are required to meet pre-license requirements. However, rescue facilities are not inspected annually. See MAR finding number 6.

3.3-

3.8 Implemented.

3.9 Not implemented. See MAR finding number 6.

4. Improvements Needed in Management Information System

4.1 The division lacked accurate information on inspectors' work-related activities. Information supplied by inspectors on timesheets sometimes conflicted with information shown on weekly activity reports.

4.2 The division did not utilize weekly activity reports and timesheets to develop information on the effectiveness, efficiency, and workload of inspectors.

4.3 The division did not establish guidance on how to complete inspection reports for items that were not inspected.

4.4 The division's inspection reporting software did not allow inspectors to carry forward violations from previous reports to the current report resulting in need for inspectors to re-enter the information.

4.5 The division did not retain historical information relating to the number of active facilities, facilities required to be inspected, and the facilities that were inspected, and, as a result, could not determine the percent of inspections performed by inspectors for prior years.

Recommendations:

We recommend the Director, Department of Agriculture, direct division officials to:

4.1 Establish procedures to ensure an accurate and complete record exists of inspector time charges by requiring inspectors to account for all job related activities on weekly activity reports and timesheets, and require the program coordinator to reconcile the weekly activity reports to timesheets to ensure accuracy and reasonableness of activities.

4.2 Establish procedures to have weekly activity reports and timesheets analyzed to develop data on inspector activity.

4.3 Establish procedures to ensure inspectors complete inspection reports correctly. If necessary, establish additional coding to identify when inspectors have not inspected an item.

4.4 Change division software to allow inspectors to carry forward violations from previous reports to a current inspection report.

4.5 Retain historical information on the number of active facilities, and the number of facilities required to be inspected, in the database to enable the division to retain information on the number of facilities inspected by inspectors on a yearly basis.

Status:

4.1, 4.3
-4.5 Implemented.

4.2 Partially implemented. Program officials indicated reports and timesheets are being analyzed but a formal data assessment has not been performed. Although not repeated in the current MAR, our recommendation remains as stated above.

**DEPARTMENT OF AGRICULTURE OVERSIGHT OF MANUFACTURE AND
DISTRIBUTION OF COMMERCIAL FEED PRODUCTS**
(Report No. 2002-106, dated October 1, 2002)

1. Improved Oversight and Control Could Help Prevent the Sale of Deficient Commercial Feed Products
 - 1.1 The Bureau of Feed and Seed did not have procedures in place to immediately notify manufacturers and distributors of commercial feed products that withdrawal from distribution orders had been issued when deficient products had been identified. The MDA used mail services rather than contacting the licensees by phone or facsimile.
 - 1.2 The bureau did not require feed inspectors to make prompt follow-up visits to feed distributors to ensure compliance with withdrawal orders.
 - 1.3 The bureau did not require feed manufacturers to notify retail distributors who had received deficient product of the withdrawal order.
 - 1.4 The bureau had not established guidelines and timeframes for how many repeated and/or excessive failures to meet labeling guarantees warrant an administrative penalty.
 - 1.5 The bureau did not take timely action to collect licensing, inspection and product registration fees and did not sanction delinquent companies by ordering a withdrawal of all products unless the delinquency exceeded 12 months.

Recommendations:

We recommend the Director, Department of Agriculture, direct the bureau to establish:

- 1.1 Procedures for immediately notifying feed manufacturers and distributors to withdraw products from sale when the product fails tests.

- 1.2 Procedures requiring timely follow-up inspections on withdrawal orders to ensure deficient feed products are disposed in accordance with state laws and regulations.
- 1.3 A policy requiring manufacturers to notify retailer distributors to withdraw deficient feed products.
- 1.4 Guidelines and timeframes for how many repeated and/or excessive failures to meet labeling guarantees warrant an administrative penalty.
- 1.5 A more stringent and timely procedure for collecting licensing, inspection, and product registration fees.

Status:

- 1.1 Implemented. The bureau implemented notification of withdrawals by telephone or facsimile; however, the length of time between sampling and notification has remained the same since our prior audit. See MAR finding number 7.
- 1.2-
1.4 Not implemented. See MAR finding number 7.
- 1.5 Implemented.

2. A More Efficient Inspection Strategy Could Improve Oversight and Control

- 2.1 The bureau lacked an inspection strategy to maximize the number of samples obtained directly from feed mills.
- 2.2 The bureau did not perform an analysis of samples obtained and test results to determine if some products are subjected to an excessive number of tests so that inspection and testing effort could be directed toward other products.

Recommendations:

We recommend the Director, Department of Agriculture, direct the bureau to establish:

- 2.1 A strategy emphasizing sampling directly from manufacturers' feed mills and reducing visits and samples collected at retail distributors.
- 2.2 Central oversight procedures to track how often a product is tested and the results.

Status:

Implemented.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

DEPARTMENT OF AGRICULTURE
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Department of Agriculture was created in 1933 by an act of the legislature to replace the Missouri State Board of Agriculture. Operating under the director, the department's divisions are charged with enforcing state laws regulating the handling and marketing of agribusiness products, as well as protecting producers, processors, distributors, and consumers of food and fiber and promoting Missouri's agricultural economy.

The following are the various responsibilities of the Office of Director, the five divisions of the department, the Missouri Agricultural and Small Business Development Authority, and the Missouri Wine and Grape Board:

1. The Office of the Director determines department policy, assigns duties among departmental units, obtains financial and personnel resources to discharge department responsibilities, administers the ethanol and biodiesel incentives programs, and monitors departmental performance.
2. The Division of Animal Health, directed by the state veterinarian, administers the laws and regulations pertaining to livestock and poultry disease control, state licensed meat processors, livestock markets and dealers, and licensed commercial companion animal breeders and dealers.
3. The Division of Grain Inspection and Warehousing is responsible for the enforcement of the Missouri grain dealers and grain warehouse laws and U.S. Grain Standards Act. The Grain Inspection Program serves as a disinterested third-party which, upon request, will determine the grade, weight, and protein content of grain for any interested party. The Grain Regulatory Services Program oversees the regulation of the storage, purchase, and sale of grain in Missouri. Additionally, the division administers the commodity check-off program and the Missouri agricultural mediation programs.
4. The Division of Agriculture Business Development administers the AgriMissouri program, the domestic and international marketing programs for Missouri agricultural products, the agriculture market news reporting service, the Agriculture Development Fund Program which provides youth and youth development programs, scholarships, as well as loans and grants for the betterment of rural agriculture. In addition, the division works with the Agricultural and Small Business Development Authority and the Wine and Grape Board.
5. The Division of Plant Industries licenses pesticide applicators and administers regulations concerning the use of pesticides, herbicides, and other chemical products, licenses plant nurseries and growers and inspects them for plant pests and diseases, licenses animal feed manufacturers and dealers and tests feed products for safety and compliance with labeling guarantees, licenses plant seed distributors and tests seed products for compliance with

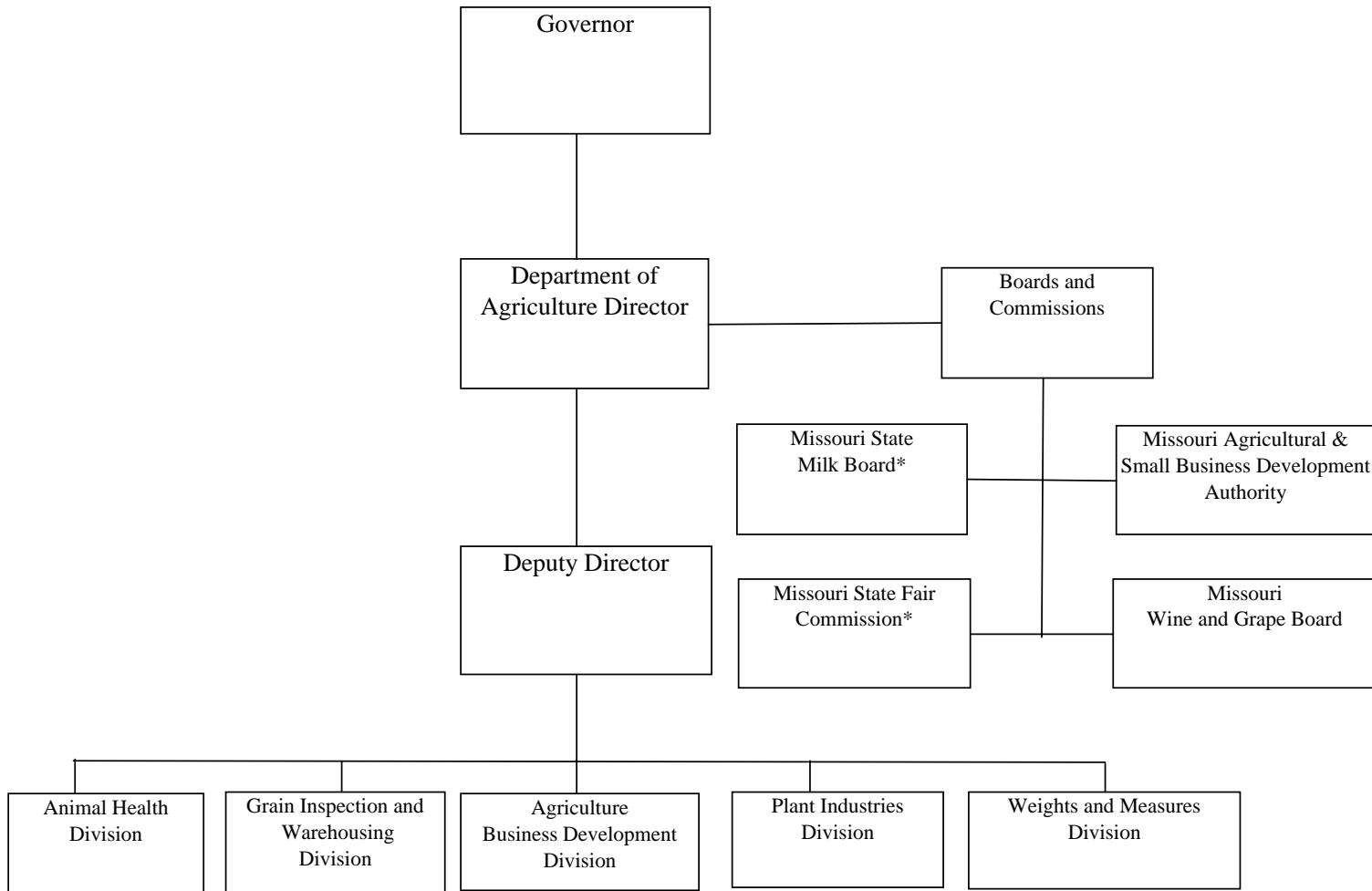
labeling guarantees, administers the fruit and vegetable inspection and the noxious weed programs, and regulates treated timber producers and sellers.

6. The Division of Weights and Measures licenses and tests commercial weighing and measuring devices to ensure accuracy and fair dealing in the exchange of commodities. The division performs small-scale and large-scale testing, price scanner verification, and egg inspections. They also perform motor fuel quality testing, volumetric testing and safety inspections of petroleum distributors and dealers, and test liquefied petroleum gas meters. They test the accuracy of grain moisture meters and the metrology lab maintains standards for mass, volume, and length and certifies test weights, test measures, and volume provers for industry and the agency testing programs.
7. The Missouri Agricultural and Small Business Development Authority was established in 1981 and its governing body consists of members who are appointed by the Governor with the advice and consent of the Senate and the department director as an ex-officio member. The authority issues tax-free bonds to lenders who make low-interest loans to farmers and small businesses and administers the beginning farmer loan, family farm breeding livestock loan, animal waste treatment system loan, single-purpose animal facilities loan guarantee, and Missouri value-added grant and loan guarantee programs. They also administer the New Generation Cooperative Incentive Tax Credit and the Agricultural Products Utilization Contributor Tax Credit programs.
8. The Missouri Wine and Grape Board was established in 2005 and its governing body consists of seven members who are appointed by the Governor with the advice and consent of the senate and four ex-officio members including the department director. The board promotes grapes, juice, and wine produced in Missouri using funds paid by grape and wine producers.

In addition, the department includes the State Fair Commission and the State Milk Board that are audited and reported upon separately.

Fred Ferrell served as the department director until February 26, 2007. Katie J. Smith was appointed department director on May 10, 2007 and served in that capacity until Don Steen was appointed department director on July 7, 2008. The department employed approximately 292 full and part-time employees as of June 30, 2007. An organization chart follows.

DEPARTMENT OF AGRICULTURE
ORGANIZATION CHART
JUNE 30, 2007



*Not included in this report.

Appendix A

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,					
	2006		2007		2008	
	Cash and Investments June 30, 2005	Receipts * June 30, 2005	Cash and Investments June 30, 2006	Receipts * June 30, 2006	Cash and Investments June 30, 2007	Receipts * June 30, 2007
Fund:						
Agriculture - Federal and Other	\$ 611,745	2,015,987	2,199,256	428,476	5,353,476	5,273,827
Animal Health Laboratory Fees	216,148	418,790	453,690	181,248	438,488	496,173
Animal Care Reserve	201,241	489,188	606,978	83,451	502,099	526,560
Livestock Brands	14,688	27,625	36,177	6,136	20,060	5,743
Commodity Council Merchandising	63,126	272,950	262,539	73,537	74,200	72,034
Single Purpose Animal Facility Loan Program	379,026	61,114	138,334	301,806	56,248	151,561
Single Purpose Animal Facility Loan Guarantee	0	3	0	3	178	181
Agricultural Product Utilizations and Business						
Development Loan Guarantee	4	35,411	35,325	90	10	0
Missouri Qualified Ethanol Producer Incentive	0	8,133,209	8,133,209	0	13,733,702	13,733,702
Aquaculture Marketing Development	0	18,020	18,020	0	16,880	16,880
Livestock Sales and Markets Fees	2,787	9,600	11,618	769	9,900	10,654
Apple Merchandising	4,155	3,523	4,060	3,618	3,944	3,574
Livestock Dealer Law Enforcement and						
Administration	233	9	0	242	10	176
Grain Inspection Fees	586,324	1,552,808	1,570,531	568,601	1,533,960	1,653,259
Petroleum Inspection Fund	2,984,613	2,667,824	2,295,416	3,357,021	2,690,260	2,858,117
Marketing Development	1,363,253	1,418,046	1,219,495	1,561,804	259,175	1,181,709
Organic Production and Certification Fee	9,306	0	9,087	219	0	107
Missouri Qualified Biodiesel Producer Incentive ***	0	0	0	0	4,250,802	4,250,802
Missouri Wine and Grape ***	0	0	0	0	1,307,062	48,078
Boll Weevil Suppression and Eradication	77,357	55,207	28,861	103,703	61,486	67,364
Missouri Wine Marketing and Research	400	34,352	34,151	601	32,425	32,626
Agriculture Development	93,394	7,170	88,747	11,817	102,559	111,035
Totals	\$ 6,607,800	17,220,836	17,145,494	6,683,142	30,446,924	30,494,162
						6,635,904

* Receipts include interagency billing receipts and transfers in.

** Disbursements include interagency disbursements and transfers out. Disbursements on this statement will not agree to fund expenditures on Appendix B primarily due to appropriated transfers out for personal service benefits costs.

*** Fund established in fiscal year 2007.

Appendix B

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2007		2006			
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND						
Director's Office Personal Service	\$ 637,830	623,712	14,118	586,735	574,041	12,694
Director's Office Expense and Equipment	173,061	173,060	1	139,890	127,862	12,028
Agriculture Business Development Personal Service	882,148	826,420	55,728	473,017	454,733	18,284
Agriculture Business Development Expense and Equipment	252,553	247,926	4,627	232,369	219,212	13,157
Market Information and Outreach Personal Service	0	0	0	354,183	339,678	14,505
Market Information and Outreach Expense and Equipment	0	0	0	39,566	38,379	1,187
Missouri Agricultural and Small Business Development Authority Grants	500,000	500,000	0	0	0	0
AgriMissouri Program Personal Service	34,947	33,898	1,049	33,603	32,590	1,013
AgriMissouri Program Expense and Equipment	164,585	159,647	4,938	164,585	159,647	4,938
Animal Health Administration Personal Service	1,672,550	1,617,885	54,665	1,559,004	1,511,067	47,937
Animal Health Administration Expense and Equipment	294,827	294,737	90	321,778	321,778	0
Animal Health Indemnities	1	0	1	750	750	0
Animal Health Ear Tags	1,000	970	30	1,000	0	1,000
Grain Regulatory Services Personal Service	638,538	618,992	19,546	612,929	594,146	18,783
Grain Regulatory Services Expense and Equipment	90,983	90,983	0	85,641	85,641	0
Plant Industries Program Personal Service	1,470,801	1,408,772	62,029	1,317,017	1,305,976	11,041
Plant Industries Program Expense and Equipment	253,895	253,895	0	251,051	251,051	0
Boll Weevil Eradication Program	475,000	460,750	14,250	0	0	0
Gypsy Moth Control Program Personal Service	4,801	4,607	194	4,576	4,439	137
Weights and Measures Personal Service	909,595	880,682	28,913	894,773	866,879	27,894
Weights and Measures Expense and Equipment	439,270	439,270	0	281,180	281,180	0
Motor Fuel and Utilities	0	0	0	29,415	29,415	0
Overtime	0	0	0	24,266	0	24,266
Refund Account	4,340	4,263	77	3,640	2,929	711
Agriculture State-Owned Facilities	297,390	297,390	0	0	0	0
Agriculture Facilities Leasing	282,266	282,266	0	279,385	269,184	10,201
Agriculture Information Technology Consolidation Personal Service	0	0	0	281,320	272,878	8,442
Agriculture Information Technology Consolidation Expense and Equipment	0	0	0	242,544	235,263	7,281
Total General Revenue Fund	9,480,381	9,220,125	260,256	8,214,217	7,978,718	235,499

Appendix B

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

FACILITIES MAINTENANCE RESERVE FUND

Facilities Maintenance and Repair
Operational Maintenance and Repair
Statewide Facilities Maintenance and Repair Year 1
Statewide Facilities Maintenance and Repair Year 2
Total Facilities Maintenance Reserve Fund

AGRICULTURE-FEDERAL AND OTHER FUND

Director's Office Personal Service
Director's Office Expense and Equipment
Replacement Vehicles
Agriculture Business Development Personal Service
Agriculture Business Development Expense and Equipment
Agriculture Awareness Program
Market Information and Outreach Personal Service
Missouri Agricultural and Small Business Development Authority
Animal Health Administration Personal Service
Animal Health Administration Expense and Equipment
Electronic Animal Identification System Program
Grain Regulatory Services Personal Service
Grain Regulatory Services Expense and Equipment
Plant Industries Program Personal Service
Plant Industries Program Expense and Equipment
Gypsy Moth Control Program
Gypsy Moth Control Program Personal Service
Gypsy Moth Control Program Expense and Equipment
Weights and Measures Personal Service
Weights and Measures Expense and Equipment
Agriculture State-Owned Facilities
Agriculture Information Technology Consolidation Personal Service
Agriculture Information Technology Consolidation Expense and Equipment
Total Agriculture-Federal And Other Fund

Year Ended June 30,					
2007			2006		
Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
1,076,352	1,076,351	1	2,754,679	643,064	2,111,615 *
94,689	93,840	849	94,689	94,689	0
1	0	1	17,580	17,580	0 *
136,182	136,182	0	128,348	128,347	1 *
1,307,224	1,306,373	851	2,995,296	883,680	2,111,616
205,473	63,860	141,613	181,660	46,879	134,781
3,895,227	2,801,585	1,093,642	1,149,761	13,534	1,136,227
78,250	75,332	2,918	0	0	0
82,326	8,132	74,194	31,704	1,085	30,619
298,808	90,186	208,622	200,108	5,250	194,858
0	0	0	98,744	8,966	89,778
0	0	0	47,456	15,718	31,738
250,000	0	250,000	0	0	0
649,083	471,466	177,617	624,117	453,775	170,342
2,648,083	699,442	1,948,641	795,691	549,309	246,382
0	0	0	211,687	0	211,687
41,858	14,529	27,329	40,248	14,314	25,934
41,189	6,058	35,131	41,180	7,142	34,038
380,332	268,190	112,142	365,703	341,615	24,088
513,208	389,118	124,090	493,271	350,227	143,044
33,000	0	33,000	100,000	20,227	79,773
27,000	21,402	5,598	0	0	0
40,000	32,167	7,833	0	0	0
67,766	0	67,766	65,160	0	65,160
50,000	0	50,000	766,526	0	766,526
15,674	15,674	0	0	0	0
0	0	0	77,584	18,289	59,295
0	0	0	109,009	19,502	89,507
9,317,277	4,957,141	4,360,136	5,399,609	1,865,832	3,533,777

Appendix B

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

MISMOURI AIR EMISSION REDUCTION FUND

Missouri Agricultural and Small Business Development Authority
Total Missouri Air Emission Reduction Fund

			Year Ended June 30,		
2007		Lapsed	2006		Lapsed
Appropriation Authority	Expenditures	Balances	Appropriation Authority	Expenditures	Balances
232,300	0	232,300		0	0
232,300	0	232,300		0	0

ANIMAL HEALTH LABORATORY FEES FUND

Animal Health Administration Personal Service
Animal Health Administration Expense and Equipment
Agriculture Facilities Leasing
Agriculture Information Technology Consolidation Personal Service
Agriculture Information Technology Consolidation Expense and Equipment
Total Animal Health Laboratory Fees Fund

146,239	46,557	99,682	140,614	16,290	124,324
386,602	360,458	26,144	428,950	414,907	14,043
58,239	58,239	0	0	0	0
0	0	0	4,886	4,886	0
0	0	0	19,865	3,980	15,885
591,080	465,254	125,826	594,315	440,063	154,252

ANIMAL CARE RESERVE FUND

Animal Health Administration Personal Service
Animal Health Administration Expense and Equipment
Replacement Vehicles
Overtime
Agriculture State Owned Facilities
Agriculture Information Technology Consolidation Personal Service
Agriculture Information Technology Consolidation Expense and Equipment
Total Animal Care Reserve Fund

353,366	320,623	32,743	338,775	331,883	6,892
209,831	37,117	172,714	192,717	93,205	99,512
47,250	0	47,250	0	0	0
0	0	0	1,000	0	1,000
1,743	1,743	0	0	0	0
0	0	0	6,357	6,159	198
0	0	0	26,445	18,359	8,086
612,190	359,483	252,707	565,294	449,606	115,688

LIVESTOCK BRANDS FUND

Livestock Brands Program
Agriculture Information Technology Consolidation Personal Service
Agriculture Information Technology Consolidation Expense and Equipment
Total Livestock Brands Fund

38,151	3,441	34,710	33,860	33,860	0
0	0	0	210	210	0
0	0	0	7,301	1,533	5,768
38,151	3,441	34,710	41,371	35,603	5,768

BOARD OF PUBLIC BUILDING BOND PROCEEDS FUND -SERIES A 2003

Statewide Facilities Maintenance and Repair
Total Board of Public Buildings Bond Proceeds Fund - Series A 2003

0	0	0	97,726	97,726	0	*
0	0	0	97,726	97,726	0	

Appendix B

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

COMMODITY COUNCIL MERCHANDISING FUND

Commodity Merchandising Personal Service	80,495	35,278	45,217	77,399	33,529	43,870
Commodity Merchandising Expense and Equipment	22,446	15,804	6,642	22,000	8,591	13,409
Refunds and Reimbursements	85,000	0	85,000	210,000	201,110	8,890
Agriculture State-Owned Facilities	2,549	2,548	1	0	0	0
Agriculture Information Technology Consolidation Personal Service	0	0	0	309	0	309
Agriculture Information Technology Consolidation Expense and Equipment	0	0	0	1,227	796	431
Total Commodity Council Merchandising Fund	190,490	53,630	136,860	310,935	244,026	66,909

SINGLE PURPOSE ANIMAL FACILITY LOAN PROGRAM FUND

Missouri Agricultural and Small Business Development Authority Personal Service	100,748	92,863	7,885	96,873	83,440	13,433
Missouri Agricultural and Small Business Development Authority Expense and Equipment	21,379	7,941	13,438	19,688	9,628	10,060
Replacement Vehicles	15,750	0	15,750	0	0	0
Agriculture State-Owned Facilities	3,772	3,695	77	0	0	0
Agriculture Information Technology Consolidation Personal Service	0	0	0	388	388	0
Agriculture Information Technology Consolidation Expense and Equipment	0	0	0	3,377	1,156	2,221
Total Single Purpose Animal Facility Loan Program Fund	141,649	104,499	37,150	120,326	94,612	25,714

SINGLE PURPOSE ANIMAL FACILITY LOAN GUARANTEE FUND

Single Purpose Animal Facility Loan Program	1	0	1	1	0	1
Total Single Purpose Animal Facility Loan Guarantee Fund	1	0	1	1	0	1

AGRICULTURAL PRODUCT UTILIZATION AND BUSINESS DEVELOPMENT LOAN GUARANTEE FUND

Missouri Value-Added Loan Guarantee Program	1	0	1	1	0	1
Total Agricultural Product Utilization and Business Development Loan Guarantee Fund	1	0	1	1	0	1

OFFICE OF ADMINISTRATION REVOLVING ADMINISTRATIVE TRUST FUND

Maintenance and Repair From Design and Construction Settlements	34,677	34,677	0	30,813	0	30,813
Total Office of Administration Revolving Administrative Trust Fund	34,677	34,677	0	30,813	0	30,813

Year Ended June 30,					
2007		2006			
Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
80,495	35,278	45,217	77,399	33,529	43,870
22,446	15,804	6,642	22,000	8,591	13,409
85,000	0	85,000	210,000	201,110	8,890
2,549	2,548	1	0	0	0
0	0	0	309	0	309
0	0	0	1,227	796	431
190,490	53,630	136,860	310,935	244,026	66,909
100,748	92,863	7,885	96,873	83,440	13,433
21,379	7,941	13,438	19,688	9,628	10,060
15,750	0	15,750	0	0	0
3,772	3,695	77	0	0	0
0	0	0	388	388	0
0	0	0	3,377	1,156	2,221
141,649	104,499	37,150	120,326	94,612	25,714
1	0	1	1	0	1
1	0	1	1	0	1
1	0	1	1	0	1
34,677	34,677	0	30,813	0	30,813
34,677	34,677	0	30,813	0	30,813

Appendix B

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

NATURAL RESOURCES PROTECTION FUND

Missouri Agricultural and Small Business Development Authority
Total Natural Resources Protection Fund

MISSOURI QUALIFIED FUEL ETHANOL PRODUCER INCENTIVE FUND

Missouri Ethanol Producer Incentive Payments
Total Missouri Qualified Fuel Ethanol Producer Incentive Fund

AQUACULTURE MARKETING DEVELOPMENT FUND

Missouri Aquaculture Council
Missouri Agricultural and Small Business Development Authority
Personal Service
Total Aquaculture Marketing Development Fund

LIVESTOCK SALES AND MARKETS FEES FUND

Agriculture Information Technology Consolidation Personal Service
Agriculture Information Technology Consolidation Expense and Equipment
Livestock Market Regulation
Total Livestock Sales and Markets Fees Fund

APPLE MERCHANDISING FUND

Research, Promotion and Market Development of Apples
Total Apple Merchandising Fund

LIVESTOCK DEALER LAW ENFORCEMENT AND
ADMINISTRATION FUND

Agriculture Information Technology Consolidation Personal Service
Agriculture Information Technology Consolidation Expense and Equipment
Livestock Dealer Law Enforcement
Total Livestock Dealer Law Enforcement and Administration Fund

			Year Ended June 30,		
2007			2006		
Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
17,700	0	17,700		0	0
17,700	0	17,700		0	0
13,687,991	13,687,991	0	9,067,800	8,102,393	965,407
13,687,991	13,687,991	0	9,067,800	8,102,393	965,407
25,000	7,150	17,850	25,000	7,755	17,245
8,419	6,554	1,865	8,095	7,046	1,049
33,419	13,704	19,715	33,095	14,801	18,294
0	0	0	354	0	354
0	0	0	4,262	0	4,262
32,565	9,948	22,617	28,565	11,475	17,090
32,565	9,948	22,617	33,181	11,475	21,706
12,000	3,500	8,500	12,000	4,000	8,000
12,000	3,500	8,500	12,000	4,000	8,000
0	0	0	137	0	137
0	0	0	95	0	95
12,250	0	12,250	12,250	0	12,250
12,250	0	12,250	12,482	0	12,482

Appendix B

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GRAIN INSPECTION FEES FUND

Grain Inspection Services Personal Service	1,588,701	971,594	617,107	1,517,602	944,178	573,424
Grain Inspection Services Expense and Equipment	313,129	170,068	143,061	298,573	140,965	157,608
Replacement Vehicles	53,250	0	53,250	0	0	0
Payment of Federal User Fee	100,000	71,899	28,101	100,000	65,663	34,337
Overtime	0	0	0	9,996	0	9,996
Agriculture State Owned Facilities	3,187	3,187	0	0	0	0
Agriculture Facilities Leasing	24,572	21,922	2,650	22,686	21,084	1,602
Agriculture Information Technology Consolidation Personal Service	0	0	0	9,388	5,482	3,906
Agriculture Information Technology Consolidation Expense and Equipment	0	0	0	27,135	6,050	21,085
Total Grain Inspection Fees Fund	2,082,839	1,238,670	844,169	1,985,380	1,183,422	801,958

PETROLEUM INSPECTION FUND

Weights and Measures Personal Service	1,331,517	1,255,182	76,335	1,278,997	1,168,162	110,835
Weights and Measures Expense and Equipment	785,316	607,842	177,474	737,889	365,782	372,107
Replacement Vehicles	115,500	115,318	182	0	0	0
Overtime	0	0	0	1,308	0	1,308
Agriculture State Owned Facilities	91,269	91,268	1	0	0	0
Agriculture Facilities Leasing	7,563	7,458	105	7,673	7,200	473
Agriculture Information Technology Consolidation Personal Service	0	0	0	75,673	75,673	0
Agriculture Information Technology Consolidation Expense and Equipment	0	0	0	94,908	11,406	83,502
Total Petroleum Inspection Fund	2,331,165	2,077,068	254,097	2,196,448	1,628,223	568,225

Year Ended June 30,					
		2007		2006	
Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
1,588,701	971,594	617,107	1,517,602	944,178	573,424
313,129	170,068	143,061	298,573	140,965	157,608
53,250	0	53,250	0	0	0
100,000	71,899	28,101	100,000	65,663	34,337
0	0	0	9,996	0	9,996
3,187	3,187	0	0	0	0
24,572	21,922	2,650	22,686	21,084	1,602
0	0	0	9,388	5,482	3,906
0	0	0	27,135	6,050	21,085
2,082,839	1,238,670	844,169	1,985,380	1,183,422	801,958
1,331,517	1,255,182	76,335	1,278,997	1,168,162	110,835
785,316	607,842	177,474	737,889	365,782	372,107
115,500	115,318	182	0	0	0
0	0	0	1,308	0	1,308
91,269	91,268	1	0	0	0
7,563	7,458	105	7,673	7,200	473
0	0	0	75,673	75,673	0
0	0	0	94,908	11,406	83,502
2,331,165	2,077,068	254,097	2,196,448	1,628,223	568,225

Appendix B

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

MARKETING DEVELOPMENT FUND

Governor's Conference on Agriculture	125,000	83,889	41,111	125,000	144	124,856
Aid to State Fair	1	0	1	1	0	1
Agriculture Business Development Personal Service	6,240	0	6,240	0	0	0
Agriculture Business Development Expense and Equipment	167,382	124,755	42,627	90,000	43,489	46,511
Market Information and Outreach Personal Service	0	0	0	5,000	0	5,000
Market Information and Outreach Expense and Equipment	0	0	0	77,000	11,139	65,861
AgriMissouri Program Expense and Equipment	10,000	0	10,000	10,000	0	10,000
Grape and Wine Program Personal Service	111,750	111,639	111	107,452	98,843	8,609
Grape and Wine Program Expense and Equipment	1,250,410	781,608	468,802	1,661,229	994,841	666,388
Overtime	0	0	0	1,000	0	1,000
Agriculture State-Owned Facilities	2,660	2,342	318	0	0	0
Agriculture Information Technology Consolidation Personal Service	0	0	0	5,766	5,766	0
Agriculture Information Technology Consolidation Expense and Equipment	0	0	0	12,997	1,218	11,779
Total Marketing Development Fund	1,673,443	1,104,233	569,210	2,095,445	1,155,440	940,005

ORGANIC PRODUCTION AND CERTIFICATION FEE FUND

Plant Industries Program Personal Service	0	0	0	11,000	0	11,000
Plant Industries Program Expense and Equipment	0	0	0	116,562	9,026	107,536
Total Organic Production and Certification Fee Fund	0	0	0	127,562	9,026	118,536

AGRICULTURE BOND TRUSTEE FUND

Processing Livestock Market Bankruptcy Claims	135,000	0	135,000	135,000	0	135,000
Total Agriculture Bond Trustee Fund	135,000	0	135,000	135,000	0	135,000

MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND

Missouri Biodiesel Producer Incentive Payments	5,250,000	4,250,802	999,198	1	0	1
Total Missouri Qualified Biodiesel Producer Incentive Fund	5,250,000	4,250,802	999,198	1	0	1

MISSOURI WINE AND GRAPE FUND

Grape and Wine Program Personal Service	45,060	17,367	27,693	0	0	0
Grape and Wine Program Expense and Equipment	412,113	24,243	387,870	0	0	0
Total Missouri Wine And Grape Fund	457,173	41,610	415,563	0	0	0

		Year Ended June 30,				
		2007	2006			
Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances	
Governor's Conference on Agriculture	125,000	83,889	41,111	125,000	144	124,856
Aid to State Fair	1	0	1	1	0	1
Agriculture Business Development Personal Service	6,240	0	6,240	0	0	0
Agriculture Business Development Expense and Equipment	167,382	124,755	42,627	90,000	43,489	46,511
Market Information and Outreach Personal Service	0	0	0	5,000	0	5,000
Market Information and Outreach Expense and Equipment	0	0	0	77,000	11,139	65,861
AgriMissouri Program Expense and Equipment	10,000	0	10,000	10,000	0	10,000
Grape and Wine Program Personal Service	111,750	111,639	111	107,452	98,843	8,609
Grape and Wine Program Expense and Equipment	1,250,410	781,608	468,802	1,661,229	994,841	666,388
Overtime	0	0	0	1,000	0	1,000
Agriculture State-Owned Facilities	2,660	2,342	318	0	0	0
Agriculture Information Technology Consolidation Personal Service	0	0	0	5,766	5,766	0
Agriculture Information Technology Consolidation Expense and Equipment	0	0	0	12,997	1,218	11,779
Total Marketing Development Fund	1,673,443	1,104,233	569,210	2,095,445	1,155,440	940,005
Plant Industries Program Personal Service	0	0	0	11,000	0	11,000
Plant Industries Program Expense and Equipment	0	0	0	116,562	9,026	107,536
Total Organic Production and Certification Fee Fund	0	0	0	127,562	9,026	118,536
Processing Livestock Market Bankruptcy Claims	135,000	0	135,000	135,000	0	135,000
Total Agriculture Bond Trustee Fund	135,000	0	135,000	135,000	0	135,000
Missouri Biodiesel Producer Incentive Payments	5,250,000	4,250,802	999,198	1	0	1
Total Missouri Qualified Biodiesel Producer Incentive Fund	5,250,000	4,250,802	999,198	1	0	1
Grape and Wine Program Personal Service	45,060	17,367	27,693	0	0	0
Grape and Wine Program Expense and Equipment	412,113	24,243	387,870	0	0	0
Total Missouri Wine And Grape Fund	457,173	41,610	415,563	0	0	0

Appendix B

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

BOLL WEEVIL SUPPRESSION AND ERADICATION FUND

Boll Weevil Eradication Personal Service
Boll Weevil Eradication Expense and Equipment
Agriculture State-Owned Facilities
Total Boll Weevil Suppression and Eradication Fund

Appropriation Authority	Year Ended June 30,		
	2007	2006	Lapsed Balances
Expenditures	Appropriation Authority	Expenditures	Lapsed Balances
71,371	36,287	35,084	68,626
30,820	12,948	17,872	30,815
1,356	1,356	0	0
103,547	50,591	52,956	99,441
			20,879
			78,562

MISSOURI WINE MARKETING AND RESEARCH DEVELOPMENT FUND

Missouri Wine Marketing and Research Council
Total Missouri Wine Marketing and Research Development Fund

33,000	32,157	843	34,000	33,786	214
33,000	32,157	843	34,000	33,786	214

AGRICULTURE DEVELOPMENT FUND

Agriculture Development Program Personal Service
Agriculture Development Program Expense and Equipment
Market Information and Outreach Personal Service
Agriculture Development Fund Investments
Agriculture State-Owned Facilities
Agriculture Information Technology Consolidation Personal Service
Agriculture Information Technology Consolidation Expense and Equipment
Total Agriculture Development Fund

201,470	42,344	159,126	87,601	1,000	86,601
48,273	27,243	21,030	45,370	6,977	38,393
0	0	0	106,121	39,595	66,526
100,000	18,250	81,750	100,000	18,279	81,721
1,748	1,322	426	0	0	0
0	0	0	978	795	183
0	0	0	3,971	1,403	2,568
351,491	89,159	262,332	344,041	68,049	275,992

INSTITUTION GIFT TRUST FUND

Director's Office Personal Service
Director's Office Expense and Equipment
Agriculture Awareness Program
Expenditure of Contributions to Reduce Suffering of Abandoned Animals
Agriculture Information Technology Consolidation Expense and Equipment
Total Institution Gift Trust Fund
Total All Funds

0	0	0	39,928	39,638	290
0	0	0	18,000	10,198	7,802
24,910	0	24,910	23,744	0	23,744
5,000	3,092	1,908	5,000	661	4,339
0	0	0	1,256	0	1,256
29,910	3,092	26,818	87,928	50,497	37,431
\$ 48,188,914	39,107,148	9,081,766	34,633,708	24,371,857	10,261,851

* Biennial appropriations set up in the current fiscal year are re-appropriations to the next fiscal year. After the fiscal year-end processing has been completed, the unexpended appropriation balance for a biennial appropriation is established in the new fiscal year. Therefore, there is no lapsed balance for a biennial appropriation at the end of the first year.

Appendix B

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2007	2006
General Revenue Fund		
Personal Service	\$ 190,238	147,374
Expense and Equipment	9,565	15,586
Boll Weevil Eradication Program	14,250	0
Animal Health Ear Tags	30	30
Overtime	0	728
Agriculture - Federal and Other Fund		
Missouri Agricultural and Small Business Development Authority	250,000	0
Natural Resources Protection Fund		
Missouri Agricultural and Small Business Development Authority	17,700	0
Missouri Air Emission Reduction Fund		
Missouri Agricultural and Small Business Development Authority	232,300	0
Total All Funds	\$ 714,083	163,718

Appendix C

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2007	2006	2005	2004	2003
Salaries and wages	\$ 9,798,833	9,720,735	10,625,797	10,477,474	11,242,702
Travel, in-state	354,213	326,721	324,311	336,281	385,415
Travel, out-of-state	130,996	118,668	121,330	137,287	115,629
Fuel and utilities	40,568	66,943	63,294	69,992	74,696
Supplies	1,267,688	1,212,757	1,186,467	1,200,707	1,133,300
Professional development	184,769	135,371	110,459	96,161	131,651
Communication service and supplies	155,566	206,141	226,036	261,104	224,259
Services:					
Professional	1,837,101	1,688,408	1,800,381	1,503,024	1,388,615
Housekeeping and janitorial	54,766	56,533	73,288	96,541	61,841
Maintenance and repair	328,491	358,499	326,357	336,861	278,130
Equipment:					
Computer	19,029	126,189	101,917	449,792	237,035
Motorized	451,241	182,459	72,678	402,686	65,445
Office	34,047	28,618	23,569	26,145	34,864
Other	381,575	294,410	114,000	487,374	197,293
Property and improvements	1,243,283	883,104	1,153,817	1,311,429	2,258,334
Debt service	0	259	1,048	1,797	2,290
Building lease payments	817,091	369,576	350,926	379,749	429,509
Equipment rental and leases	10,212	12,891	56,536	45,026	96,878
Miscellaneous expenses	157,785	80,634	150,952	164,206	114,045
Refunds	32,410	296,176	176,396	134,840	148,354
Program distributions	<u>21,807,484</u>	<u>8,206,765</u>	<u>5,576,180</u>	<u>3,889,064</u>	<u>3,518,553</u>
Total Expenditures	<u>\$ 39,107,148</u>	<u>24,371,857</u>	<u>22,635,739</u>	<u>21,807,540</u>	<u>22,138,838</u>

Appendix D

DEPARTMENT OF AGRICULTURE
COMPARATIVE STATEMENT OF GENERAL CAPITAL ASSETS

Asset Type:	June 30,	
	2007	2006
Buildings	\$ 25,516,091	25,516,091
Equipment	5,823,466	5,924,883
Land Improvements	560,695	560,695
Land	12,875	12,875
Tools	120,906	120,906
Vehicles	3,994,420	3,864,713
Total	\$ 36,028,453	36,000,163

Fund of Acquisition:	June 30, 2007
General Revenue	\$ 16,156,485
Facilities Maintenance Reserve	3,406,064
Agriculture - Federal and Other	1,127,320
Revenue Sharing Trust	449,384
Animal Health Laboratory Fees	205,327
Animal Care Reserve	132,104
Livestock Brands	74,851
Board of Public Buildings Bond Proceeds - Series A 2003	3,210
Third State Building	502,249
Third State Building Trust	8,732,885
Commodity Council Merchandising	3,318
Single Purpose Animal Facility Loan Program	19,207
State Fair Fees	522,150
Aquaculture Marketing Development	1,329
Livestock Sales and Markets Fees	11,640
Livestock Dealer Law Enforcement and Administration	2,793
Milk Inspection Fees	67,567
Grain Inspection Fees	331,962
Petroleum Inspection Fund	2,702,250
Petroleum Violation Escrow	15,578
Marketing Development	48,146
ADA Compliance	1,485,938
Boll Weevil Suppression and Eradication	845
Agriculture Development	2,444
Institution Gift Trust	23,407
Total	\$ 36,028,453