

TERM OF COMMISSION: August Session of the July Adjourned Term

PLACE OF MEETING: Roger B. Wilson Boone County Government Center
Commission Chambers

PRESENT WERE: Presiding Commissioner Keith Schnarre
District I Commissioner Karen M. Miller
District II Commissioner Skip Elkin
Deputy County Clerk Shawna Victor

The meeting was called to order at 1:30 p.m.

Subject: Presentation of Circuit Clerk FY2005 Budget

Cheryl Whitmarsh, Boone County Circuit Clerk, was present on behalf of this item.

Cheryl Whitmarsh stated the revenue is projected to decrease for FY2005 by 11%. The reasons for this decrease is due to child support cases being moved to the Family Support Payment Center for collections (projected decrease of 20% in FY2005), criminal costs reimbursement (projected increase of 25%), copies (projected decrease of 50%), probate fees (projected decrease of 13%), circuit clerk fees (projected increase of 13%), crime victims compensations (projected increase of 13%) and interest (projected decrease of 65%).

The reason for the decrease in the copies revenue is due to a change in the Sunshine Law that only allows a charge of 10¢ for copies. After the Legislative Update, it was discovered that they can charge for clerk time, up to 20¢ per minute. The Circuit Clerk will charge \$1 for the first page to cover the clerk time and 10¢ for each additional page. There is still a \$1.50 charge for certification.

Commissioner Schnarre asked what was charged in the past. Mrs. Whitmarsh stated the charge was previously 25¢ per page. They do not charge for copies for parties involved in the case.

Mrs. Whitmarsh stated there is a proposed 5.5% increase in class 1. This is for the five county employees in the Circuit Clerk's office.

There is a proposed 1% decrease in class 2.

There is a proposed 6% decrease in class 3.

There is no change projected in classes 4 and 5.

There is a proposed 6% increase in class 6. This is due to an increase service contracts.

There is no change proposed in classes 7 and 8.

This is a proposed 249% increase in class 9. This increase is due to requests to purchase a new copier, two new printers, 19 flat screen monitors, three new personal computers, a court seal, and hinge doors for the civil filing unit.

There was discussion about computer equipment in the Circuit Clerk's office.

Kathy Lloyd, Court Administrator, noted the OSCA plan is to maintain the network parts of the computer system but the individual computers are maintained and upgraded by the local court and county.

There was no further discussion on this budget.

Subject: Presentation of FY2003 Financial Statements and Audit

June Pitchford, Boone County Auditor; Jackie Dippel, KPMG Partner; and Ted Williamson, Manager at KPMG, were present on behalf of this item.

The Commissioners received the Letter to the Commissioners: Required Auditor Comments (dated August 26, 2004), a letter to Management on Internal Control (dated June 11, 2004), the OMB Circular A-133 Single Audit Report, and the Comprehensive Annual Financial Report (CAFR). These documents have been submitted to the record and are available for review in the County Clerk's Office.

June Pitchford stated the Commission reviewed the draft Comprehensive Annual Financial Report several weeks ago. Today, Jackie Dippel and Ted Williamson are going to present the edited Comprehensive Annual Financial Report.

Jackie Dippel reviewed the required communication with the County Commissioners. KPMG's responsibility is to conduct their audit according to auditing standards that are generally accepted in the United States. Because of the level of federal funding the County receives, the audit must be conducted in accordance with government auditing standards. KPMG's responsibility is to express opinions on the County's financial statements. What is being discussed here is the results of the audit for the County's fiscal year ending December 31, 2003. As KPMG planned and performed the audit, they obtained what is referred to as reasonable assurance that material misstatements are detected. These misstatements are either caused by fraud or by error. They have responsibility to detect material misstatements and provide reasonable assurance; they do not provide absolute assurance.

KPMG also issued opinions on the government-wide financial statements, such as a statement of net assets and statement of activities, and fund financial statements, such as

general fund, road and bridge special revenue fund, health department capital projects fund and aggregate remaining fund financial statements.

Ms. Dippel noted there is a discretely presented component unit in this audit. This relates to the Boone Hospital Board of Trustees.

In planning and performing the audit, KPMG considered internal control in order to determine the auditing procedures. They do not issue an opinion on the County's internal control system but it is tested to help issue the opinion at the financial statement level. The internal control systems are also used to monitor compliance with federal compliance requirements for the County's various federal programs.

Ms. Dippel reviewed the Governmental Accounting Standards Board (GASB) statements that were adopted by the County effective January 1, 2003. There were no other new accounting policies adopted and applications of all other existing policies remained unchanged in 2003. There were no transactions entered into by the County during 2003 that they would be required to inform the County of, specifically because of their significance or being unusual.

KPMG did propose the adjustments to the financial statement. One of the adjustments related to an adjustment that was recorded to accumulated depreciation and the beginning of the net asset balance. This adjustment was related to the new statements. The other adjustment that was recorded was an increase in the capital expenditures. This was a timing issue; this expenditure was incurred in FY2003 but paid in FY2004. This was to increase the accounts payable and increase the expenses in the Health Department Capital Projects fund.

The third adjustment was a reclassification entry; this is a reclassification entry between cash and investments.

Ms. Dippel noted there were other insignificant adjustments that were determined throughout the course of the audit. Every adjustment that was discovered was recorded and corrected by the County.

Mrs. Pitchford stated there were no disagreements about the adjustments that were found and made during the audit. She believes it is a pragmatic problem for the County when the County does not receive invoices until well after a fiscal year is closed. That was the primary problem with the invoice from the City with the Health Department. When vendors are so tardy in invoicing the County, the County has little information in using for booking those expenditures and accrued liabilities as of the balance sheet date. KMPG searches for those through the last date of field work.

Ms. Dippel stated it is a timing issue. When they enter the field, anything that is discovered after that point in time is really an adjustment.

Commissioner Schnarre stated the City was the lead and paid the invoices in the Health Department project. The County was rebilled for those costs. There was a time lag before the County would receive the invoice to be paid.

Ms. Dippel reviewed the accounting estimates. The following are accounting estimates for the County:

- Allowance for uncollectible taxes receivable, those that will not be collected in the future
- Estimated liability for health and dental claims incurred but not paid
- Estimate of the accrued compensated absences that will ultimately be paid to employees
- Investments at their estimated fair value
- Depreciate property and equipment capital assets over their estimated useful lives

KPMG has no disagreements with County management on any financial or reporting matters throughout the year. The County has not obtained opinions from other auditors during the year. KPMG does discuss with County management a number of matters, specifically this past year with the new implementation of the reporting model. There were various discussions prior to being retained as auditor but those discussions were in a normal course of the relationship. The discussions and responses have not been a condition to KPMG being retained as the County's external auditor.

KPMG had no relationships with the County that would have impaired their independence during fiscal year 2003 to serve as the external auditor. As always, KPMG received full cooperation with all County management.

There is a new requirement to provide certain written communications the external auditors have with management of the governing body. The two documents are the engagement letter and the management representation letter.

Ms. Dippel stated KPMG has issued their unqualified independent auditor's report. It is a clean opinion stating that the financial statements fairly present the activities and financial position of the County for the fiscal year ending December 31, 2003 and the opinion is dated June 11, 2004. This report refers to other auditors and those are the other auditors for the discretely presented component unit, the Trustees of Boone Hospital.

There are new requirements in this report. One is a Management's Discussion and Analysis. This is a narrative discussion prepared by management that talks about the activities of the entity throughout the year.

Another requirement is the Government-wide financial statements and these statements are a full accrual basis of accounting and recording of capital assets and long-term

liabilities.

The fourth requirement is enhanced footnote disclosures. This does not include funds that are held for other agencies.

The final requirement is budgetary comparison information. This relates to the general fund and any major special revenue funds. The County also elects to include the budget information for all the funds budgeted in the annual report.

Ms. Dippel stated the opinion is issued on the basic financial statements, the government-wide financial statements, fund financial statements and the footnote disclosures. The opinion does not extend to the management's discussion and analysis and does not extend specifically to the budgetary comparison information. They are responsible for reading and comparing this information to the financial statements and if there were any material deviations from those statements, KMPG would be required to correct those.

Audit procedures did not uncover any improper or illegal action for fraudulent activities. There were no material weaknesses in the internal control system.

The County's discretely presented component unit, the Board of Trustees for Boone Hospital. They are audited by other auditors and their financial statements are included in the report. There are two items that were excluded from their financial statements which should have been included in the County's financial statements. Since those items were not in the Board of Trustees statement they cannot be included in the County's financial statement. The two items are the rollforward of capital assets and long term debt service principal and interest requirements in five year increments. This is a requirement of GASB 38.

Commissioner Schnarre asked if the Board of Trustees fall under GASB 38 and if there was a timing issue. Mrs. Pitchford stated she believes the Board was unaware the long term debt service principal and interest requirements in five year increments was a requirement. She has contacted the Board's auditors regarding this and she has a pledge of full cooperation for next year's audit.

Commissioner Elkin asked how this will be noted. Ms. Dippel stated it is not noted in the footnotes but since it is a requirement, KPMG has to make the County aware it is not included.

Ms. Dippel stated there was one federal award program that was deemed major, Federal Emergency Management Agency (FEMA) Public Assistance grant. KMPG has issued two independent auditors report, one on compliance and internal control with government auditing standards and the other on compliance and internal control with the specific compliance requirements for the FEMA program. Those are included in the OMB Circular A-133 Single Audit Report.

There is one finding in that report that is an instance of non-compliance of what is referred to as a reportable condition in internal control. This relates to the procurement, suspension and debarment compliance requirement. There was an exception for two contractors that they selected for test work where the suspension and debarment certification was not obtained for those two contractors.

Commissioner Schnarre stated it is to his understanding that this has been corrected. Mrs. Pitchford stated a corrective action plan has been prepared and it will be submitted.

Ms. Dippel stated KPMG is still issuing a clean opinion on the program but it is a finding that they have to include in the report.

Mrs. Pitchford stated once this was detected, there was an investigation to make sure the contractors were not suspended or debarred, which was the case. The County had not complied by obtaining the contractors certification.

Ms. Dippel stated this was not deemed to be a material weakness in internal control.

Ms. Dippel reviewed the Letter to Management on Internal Control. This is a general internal control comment and is not a material weakness in internal control. The comment is about internal at the third party administrators and the self-insurance program the County maintains. KPMG recommends the County obtain a report from the third-party administrator, which will provide the County additional assurances that the third-party administrator is conducting their operation and handling the data provided by the County appropriately.

Commissioner Schnarre asked if this is just for the health trust or does this include MARCIT. Mrs. Pitchford stated Delta Dental provides this report.

Ms. Dippel stated a report from Blue Cross Blue Shield should be provided.

Commissioner Elkin stated this has been identified in previous reports. The County has requested this information from Blue Cross Blue Shield before and they have informed the County they do not have the means to provide this information.

Commissioner Millers stated Blue Cross Blue Shield has said if the County wants to do an external audit that they would have to pay for the external audit and the audit would be of the whole system.

Ms. Dippel noted the audit could not be done for just the County specifically. She believes that there are other auditors that are requesting these reports.

Mrs. Pitchford stated she had an opportunity to inquire about this information from Blue

Cross Blue Shield this morning. Blue Cross Blue Shield does not offer solely a third-party administrator. They are an insurance company and have a vested interest in the claims processing is correctly executed. Otherwise they would place themselves at risk. She finds it hard to believe that some type of assurance is not available to the County and all other clients. This morning, Blue Cross Blue Shield staff indicated to her that they would try to research and speak with others to try to obtain this information. The County is relying on Blue Cross Blue Shield to process millions of dollars in claims and it is reasonable that the County would want some type of assurance that the process is as error free as possible.

Ms. Dippel noted the County has procedures in place to review the information that is provided from Blue Cross Blue Shield to assure the County there are some controls that are in place to monitor the activity.

Mrs. Pitchford noted there is one difference between the draft the Commission reviewed and the final presentation. The change is about the presentation of component unit information, a reclassification of some revenues from general revenue to program revenue. The information for the County has not been modified since the Commission reviewed the draft.

There was no further discussion on this item.

The Commission thanked Ms. Dippel, Mr. Williamson, and Mrs. Pitchford.

Subject: Collector's Office – Tax Sale Surplus

Patricia S. Lensmeyer, Boone County Collector of Revenue, was present on behalf of this item.

Patricia S. Lensmeyer stated there were 166 parcels subject to being sold for delinquent taxes this year in Boone County. The first newspaper advertising was for 38 parcels. Only six parcels were sold at the tax sale. The amount of surplus was \$36,718.59. Under state law, this will be turned over to the County Treasurer to be held for the benefit of the owners. Any unclaimed money after three years will go to the benefit of the school fund.

Commissioner Miller asked if this is saying the County does not know where to find these people. Mrs. Lensmeyer stated that is not what is being said.

Commissioner Schnarre asked if the owners have to come in to claim it. Mrs. Lensmeyer stated the County notifies the owners of record, if they can find them, and let them know there is an amount that is available to them. If the owners plan on redeeming the property, most of the time they will not pick it up because they will use that money as part of the redemption cost.

Commissioner Schnarre stated in order to redeem the property; the owner must pay back the full amount of the sale. Mrs. Lensmeyer stated the owners must pay back the full amount of the sale price plus interest. The surplus amount is the owner's money and that can be used toward the total.

Commissioner Miller moved to authorize the transfer of funds (\$36,718.59) from the tax sale surplus of delinquent lots and lands to the County Treasurer's Office.

Commissioner Elkin seconded the motion.

There was no discussion and no public comment.

The motion passed 3-0. **Order 353-2004**

Subject: First Reading of Budget Amendment for Child Advocacy Grant

Commissioner Miller stated this is a budget amendment for the June 2004 to December 2004 portion of the Child Advocacy Grant for \$73,487. The total grant amount received is \$125,977. This grant is for the Rainbow House.

Commissioner Schnarre stated this is a first reading and requested the Deputy County Clerk to schedule this item for a second reading at the next available meeting after the required 10-day waiting period with an appropriate order for approval.

Subject: Authorize Presiding Commissioner to sign DOVE Grant Application (Sheriff's Department)

Commissioner Elkin stated this application is requesting the same amount as last year.

Commissioner Miller stated the Sheriff's Department has applied and received this grant for the past few years.

Commissioner Elkin moved to authorize the Presiding Commissioner to sign the DOVE Grant application for the Boone County Sheriff's Department.

Commissioner Miller seconded the motion.

There was no discussion and no public comment.

The motion passed 3-0. **Order 354-2004**

Subject: Court Administrator – Second Reading and Approval of Budget Revision

Commissioner Miller moved to approve the following budget revision:

DEPARTMENT ACCOUNT AND TITLE	AMOUNT DECREASE	AMOUNT INCREASE
2904-86300: Prop L – Testing	\$1,660.00	
2904-60050: Prop L – Service Contracts		\$60.00
2904-91301: Prop L – Computer Hardware		\$1,600.00

Said budget revision is for the purchase of a laptop computer for Judge Carpenter and to cover the cost of a printer maintenance contract.

Commissioner Elkin seconded the motion.

There was no discussion and no public comment.

The motion passed 3-0. **Order 355-2004**

Subject: Authorize Use of Courtyard Square (5K Run/Walk/Roll for Cedar Creek Therapeutic Riding Center)

Commissioner Elkin moved to authorize the use of the Courtyard Square on October 2, 2004 from 8:00 to 11:00 a.m. for a 5K Run/Walk/Roll sponsored by the Cedar Creek Therapeutic Riding Center.

Commissioner Miller seconded the motion.

There was no discussion and no public comment.

The motion passed 3-0. **Order 356-2004**

Commissioner Reports

Commissioner Schnarre

Notice of Voluntary Annexation

Commissioner Schnarre stated the County has received notice of a voluntary annexation of 21.71 acres of land owned by BJO, Inc., et al, located on the south side of Old Plank Road, approximately 600 feet west of Bethel Church Road.

Commissioner Schnarre noted on Tuesday, August 24, 2004, the City of Columbia signed over the deed for the County's portion of the new Health Facility.

Commissioner Miller

No reports at this time.

Commissioner Elkin

Petition Submitted by Lake of the Woods Subdivision Residents

Commissioner Elkin stated he received a petition from residents on Teton Drive expressing their concerns if the barricade is removed. This petition is submitted to the public record. He will forward a copy of this petition to the Public Works department.

Public Comment

John Donelon, 578 N. Grace Lane, commented on the petition submitted. Grace Lane has a lot of traffic from the new development. There are speeding dump trucks on the roads and he is concerned about this.

Mr. Donelon noted road work needs to be done on Rocky Mount and Grace Lane. Commissioner Miller noted the Public Works department has budgeted to spot fix the problem in 2004. The department is proposing in the FY2005 budget to do a major project on these roads.

There was a Commission Order done earlier this year. In the order it states when all the conditions are met then the road will be reopened. To Commissioner Miller's knowledge the conditions have been met.

There was no further public comment.

The meeting adjourned at 2:27 p.m.

Attest:

Keith Schnarre
Presiding Commissioner

Wendy S. Noren
Clerk of the County Commission

Karen M. Miller
District I Commissioner

Skip Elkin
District II Commissioner