



SUSAN MONTEE, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Benton County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Benton County, and issues a separate report on that audit. In addition, in cooperation with the county, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2007, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in cursive script that reads "Susan Montee".

Susan Montee, CPA
State Auditor

December 2008
Report No. 2008-83

BENTON COUNTY, MISSOURI

ANNUAL FINANCIAL REPORT

December 31, 2007 and 2006

BENTON COUNTY, MISSOURI

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INTRODUCTORY SECTION

BENTON COUNTY, MISSOURI
List of Elected Officials

County Commission

Presiding Commissioner – Mark Breshears

Associate Commissioner – Tom Henderson

Associate Commissioner – Walter Schumacher Jr.

Other Elected Officials

Assessor – Roger Reedy

Circuit Clerk / Recorder – Cheryl Schultz

Collector – Donna Hart

Coroner – James Miller

County Clerk – Mary Lutman

Prosecuting Attorney – Karen Coffey- Woodley

Public Administrator – Wayne Linhardt

Sheriff – Gary Friar

Treasurer – Rick Renno

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McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the County Commission and Officeholders of Benton County, Missouri

We have audited the accompanying financial statements of Benton County, Missouri as of and for the years ended December 31, 2007 and 2006, which collectively comprise the County's basic financial statements as identified in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The County has not established adequate internal controls, including reconciling bank balances to the accounting records, as necessary to ensure that cash transactions and cash balances are properly recorded and that cash balances are actually on deposit at the County's depository. The effects on the financial statements of these internal control deficiencies are not reasonably determinable.

As described more fully in Note 1, Benton County, Missouri has prepared these financial statements using accounting practices prescribed or permitted by the Missouri State Auditor's Office, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Benton County, Missouri, as of December 31, 2007 and 2006, or the changes in its financial position for the years then ended.

In our opinion, except for the effects of the matter discussed in the third preceding

paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of the governmental and agency funds of Benton County, Missouri, as of December 31, 2007 and 2006, and the receipts, disbursements and budgetary results of the governmental funds for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 20, 2008, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

(Original signed by Auditor)

McBride, Lock & Associates
June 20, 2008

FINANCIAL SECTION

BENTON COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS
 REGULATORY BASIS
 YEARS ENDED DECEMBER 31, 2006 AND 2007

Fund	Cash			Cash			Cash
	January 1 2006 (restated)	Receipts 2006	Disbursements 2006	December 31 2006	Receipts 2007	Disbursements 2007	December 31 2007
General Revenue	\$ 153,778	1,962,271	1,923,902	192,147	2,101,666	2,014,073	279,740
Special Road and Bridge	615,103	1,360,366	1,236,954	738,515	1,994,962	1,956,522	776,955
Assessment	21,747	263,248	228,584	56,411	306,243	282,325	80,329
Insurance	65,457	215,460	242,052	38,865	346,573	326,211	59,227
Adult Abuse	294	563	570	287	512	287	512
Law Enforcement	11,263	4,684	4,270	11,677	4,162	6,913	8,926
Prosecuting Attorney Training	326	2,018	1,736	608	1,047	1,369	286
Capital Improvement	913,203	961,939	1,081,045	794,097	1,074,647	787,320	1,081,424
Prosecuting Attorney Bad Check	3,588	18,880	14,810	7,658	19,979	17,743	9,894
Prosecuting Attorney Delinquent Tax	4,873	1,700	4,551	2,022	914	2,443	493
Recorder User	50,142	27,245	27,683	49,704	26,562	24,708	51,558
Juvenile Detention	26,537	52,154	78,691	-	23,245	23,245	-
Sheriff Civil	-	17,823	17,823	-	15,062	15,062	-
D.A.R.E.	493	4,111	2,895	1,709	4,271	4,636	1,344
Cops Grant	26,151	-	20,150	6,001	-	4,982	1,019
Election Services	2,760	913	1,842	1,831	873	456	2,248
E-911	90,490	634,892	673,428	51,954	667,698	653,105	66,547
HAVA Grant	7,630	77,661	82,291	3,000	689	3,689	-
Tax Maintenance	6,400	23,700	20,992	9,108	27,389	16,197	20,300
Drug Court	586	1,000	536	1,050	1,123	827	1,346
Total	\$ 2,000,821	5,630,628	5,664,805	1,966,644	6,617,617	6,142,113	2,442,148

The accompanying Notes to the Financial Statements are an integral part of this statement.

BENTON COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND

	Year Ended December 31, 2006		Year Ended December 31, 2007	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
RECEIPTS				
Property taxes	\$ 283,500	286,907	289,500	311,681
Sales taxes	789,000	768,113	878,900	902,065
Intergovernmental	262,996	244,749	251,420	247,963
Charges for services	413,618	364,765	422,494	417,490
Interest	6,250	10,935	16,600	17,509
Other	74,205	96,442	77,950	66,021
Transfers in	180,583	190,360	123,138	138,937
Total Receipts	<u>2,010,152</u>	<u>1,962,271</u>	<u>2,060,002</u>	<u>2,101,666</u>
DISBURSEMENTS				
County Commission	87,651	86,102	98,040	94,361
County Clerk	74,839	72,886	74,622	69,320
Elections	96,990	82,799	60,943	42,955
Buildings and grounds	40,922	39,716	46,062	44,080
Employee fringe benefits	157,500	161,152	224,170	218,636
County Treasurer	31,875	32,261	42,945	42,903
Collector	109,908	118,860	125,582	115,694
Recorder of Deeds	33,842	32,307	37,156	35,591
Circuit Clerk	29,000	41,083	69,900	36,712
Court administration	48,394	4,916	11,444	4,304
Public Administrator	31,560	30,262	32,269	31,625
Sheriff	639,013	586,672	669,334	627,460
Jail	230,862	225,596	263,654	204,654
Prosecuting Attorney	194,487	190,194	207,549	196,227
Juvenile Officer	28,087	26,361	28,603	27,935
Coroner	19,100	18,946	19,100	19,822
Other general revenue	200,497	168,375	178,750	164,776
Transfers out	3,500	5,414	-	37,018
Emergency fund	58,800	-	61,610	-
Total Disbursements	<u>2,116,826</u>	<u>1,923,902</u>	<u>2,251,733</u>	<u>2,014,073</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(106,674)	38,369	(191,731)	87,593
CASH, JANUARY 1	<u>153,778</u>	<u>153,778</u>	<u>192,147</u>	<u>192,147</u>
CASH, DECEMBER 31	<u>\$ 47,104</u>	<u>192,147</u>	<u>416</u>	<u>279,740</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
REGULATORY BASIS

	ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,							
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 378,500	384,315	387,200	404,093	-	-	-	-
Sales taxes	120,500	106,131	137,000	131,679	-	-	-	-
Intergovernmental	998,785	808,990	1,190,900	1,288,633	245,940	234,221	271,943	275,552
Charges for services	-	-	-	-	4,550	4,918	4,600	3,887
Interest	12,500	27,216	44,000	37,729	950	4,109	4,100	6,804
Other	7,700	33,714	143,700	132,828	32,816	20,000	21,019	20,000
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>1,517,985</u>	<u>1,360,366</u>	<u>1,902,800</u>	<u>1,994,962</u>	<u>284,256</u>	<u>263,248</u>	<u>301,662</u>	<u>306,243</u>
DISBURSEMENTS								
Salaries	504,000	434,357	511,500	455,633	199,496	181,229	202,206	202,254
Employee fringe benefits	122,800	107,233	147,860	133,520	42,860	27,203	46,897	46,973
Materials and Supplies	423,650	339,167	460,650	397,451	21,900	15,085	29,900	27,932
Services and Other	103,700	100,780	106,700	630,469	10,000	5,067	12,500	5,166
Capital Outlay	264,500	136,362	500,700	301,873	-	-	-	-
Construction	253,500	88,694	736,430	-	-	-	-	-
Transfers out	30,000	30,361	33,000	37,576	-	-	-	-
Total Disbursements	<u>1,702,150</u>	<u>1,236,954</u>	<u>2,496,840</u>	<u>1,956,522</u>	<u>274,256</u>	<u>228,584</u>	<u>291,503</u>	<u>282,325</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(184,165)	123,412	(594,040)	38,440	10,000	34,664	10,159	23,918
CASH, JANUARY 1	<u>615,103</u>	<u>615,103</u>	<u>738,515</u>	<u>687,243</u>	<u>21,747</u>	<u>21,747</u>	<u>56,411</u>	<u>56,411</u>
CASH, DECEMBER 31	<u>\$ 430,938</u>	<u>738,515</u>	<u>144,475</u>	<u>725,683</u>	<u>31,747</u>	<u>56,411</u>	<u>66,570</u>	<u>80,329</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL -
REGULATORY BASIS

	INSURANCE FUND				ADULT ABUSE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	550	550	560	495
Interest	250	-	-	-	5	13	10	17
Other	242,154	215,460	308,000	346,573	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>242,404</u>	<u>215,460</u>	<u>308,000</u>	<u>346,573</u>	<u>555</u>	<u>563</u>	<u>570</u>	<u>512</u>
DISBURSEMENTS								
Salaries	2,500	2,500	2,500	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	244,110	239,552	306,500	326,211	650	570	570	287
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>246,610</u>	<u>242,052</u>	<u>309,000</u>	<u>326,211</u>	<u>650</u>	<u>570</u>	<u>570</u>	<u>287</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(4,206)	(26,592)	(1,000)	20,362	(95)	(7)	-	225
CASH, JANUARY 1	<u>65,457</u>	<u>65,457</u>	<u>38,865</u>	<u>38,865</u>	<u>294</u>	<u>294</u>	<u>287</u>	<u>287</u>
CASH, DECEMBER 31	<u>\$ 61,251</u>	<u>38,865</u>	<u>37,865</u>	<u>59,227</u>	<u>199</u>	<u>287</u>	<u>287</u>	<u>512</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL -
REGULATORY BASIS

	LAW ENFORCEMENT FUND				PROSECUTING ATTORNEY TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,300	1,180	1,200	1,047
Charges for services	5,500	4,684	4,800	4,162	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	850	838	-	-
Total Receipts	<u>5,500</u>	<u>4,684</u>	<u>4,800</u>	<u>4,162</u>	<u>2,150</u>	<u>2,018</u>	<u>1,200</u>	<u>1,047</u>
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	5,440	4,270	8,000	6,913	2,150	1,736	1,783	1,369
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>5,440</u>	<u>4,270</u>	<u>8,000</u>	<u>6,913</u>	<u>2,150</u>	<u>1,736</u>	<u>1,783</u>	<u>1,369</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	60	414	(3,200)	(2,751)	-	282	(583)	(322)
CASH, JANUARY 1	<u>11,263</u>	<u>11,263</u>	<u>11,677</u>	<u>11,677</u>	<u>326</u>	<u>326</u>	<u>608</u>	<u>608</u>
CASH, DECEMBER 31	<u>\$ 11,323</u>	<u>11,677</u>	<u>8,477</u>	<u>8,926</u>	<u>326</u>	<u>608</u>	<u>25</u>	<u>286</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL -
REGULATORY BASIS

	CAPITAL IMPROVEMENT FUND				PROSECUTING ATTORNEY BAD CHECK FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	825,500	837,799	863,900	878,727	-	-	-	-
Intergovernmental	-	-	52,890	-	-	-	-	-
Charges for services	-	-	-	-	14,500	18,330	18,000	19,414
Interest	27,900	49,708	56,500	60,890	180	550	500	565
Other	80,650	74,432	83,342	135,030	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	934,050	961,939	1,056,632	1,074,647	14,680	18,880	18,500	19,979
DISBURSEMENTS								
Salaries	-	-	-	-	12,000	-	15,000	15,628
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	2,600	2,810	3,000	2,115
Capital Outlay and Construction	1,664,500	1,081,045	1,657,560	787,320	-	-	-	-
Transfers out	-	-	-	-	-	12,000	2,135	-
Total Disbursements	1,664,500	1,081,045	1,657,560	787,320	14,600	14,810	20,135	17,743
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(730,450)	(119,106)	(600,928)	287,327	80	4,070	(1,635)	2,236
CASH, JANUARY 1	913,203	913,203	794,097	794,097	3,588	3,588	7,658	7,658
CASH, DECEMBER 31	\$ 182,753	794,097	193,169	1,081,424	3,668	7,658	6,023	9,894

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
REGULATORY BASIS

	PROSECUTING ATTORNEY DELINQUENT TAX FUND				RECORDER USER FUND			
	Year Ended December 31,							
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	4,100	1,204	2,000	780	-	-	26,400	23,417
Charges for services	-	-	-	-	26,400	23,938	-	-
Interest	200	496	500	134	800	3,307	2,800	3,145
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	4,300	1,700	2,500	914	27,200	27,245	29,200	26,562
DISBURSEMENTS								
Salaries	-	-	-	-	10,500	11,131	12,000	13,445
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	22,900	15,282	10,700	11,263
Services and Other	3,393	4,551	2,493	2,443	1,200	1,270	12,900	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	3,393	4,551	2,493	2,443	34,600	27,683	35,600	24,708
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	907	(2,851)	7	(1,529)	(7,400)	(438)	(6,400)	1,854
CASH, JANUARY 1	4,873	4,873	2,022	2,022	50,142	50,142	49,704	49,704
CASH, DECEMBER 31	\$ 5,780	2,022	2,029	493	42,742	49,704	43,304	51,558

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL -
REGULATORY BASIS

	JUVENILE DETENTION FUND				SHERIFF CIVIL FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	26,350	25,649	25,700	23,032	28,500	17,823	16,500	15,062
Interest	950	1,044	1,000	213	-	-	-	-
Other	-	25,461	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	27,300	52,154	26,700	23,245	28,500	17,823	16,500	15,062
DISBURSEMENTS								
Salaries	-	-	-	-	28,500	17,823	16,500	15,062
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	28,100	78,691	26,700	23,245	-	-	-	-
Total Disbursements	28,100	78,691	26,700	23,245	28,500	17,823	16,500	15,062
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(800)	(26,537)	-	-	-	-	-	-
CASH, JANUARY 1	26,537	26,537	-	-	-	-	-	-
CASH, DECEMBER 31	\$ 25,737	-	-	-	-	-	-	-

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL -
REGULATORY BASIS

	DARE FUND				COPS GRANT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	14	61	20	126	-	-	-	-
Other	1,550	4,050	3,620	4,145	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	1,564	4,111	3,640	4,271	-	-	-	-
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	2,000	2,895	3,810	4,636	26,151	20,150	6,001	4,982
Services and Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	2,000	2,895	3,810	4,636	26,151	20,150	6,001	4,982
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(436)	1,216	(170)	(365)	(26,151)	(20,150)	(6,001)	(4,982)
CASH, JANUARY 1	493	493	1,709	1,709	26,151	26,151	6,001	6,001
CASH, DECEMBER 31	\$ 57	1,709	1,539	1,344	-	6,001	-	1,019

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL -
REGULATORY BASIS

	ELECTION SERVICES FUND				E-911 FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	613,000	627,653	635,000	658,973
Intergovernmental	1,000	913	875	873	-	-	945	1,042
Charges for services	-	-	-	-	3,000	2,662	2,000	1,519
Interest	-	-	-	-	2,900	3,966	4,000	4,222
Other	-	-	-	-	2,000	611	500	1,942
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	1,000	913	875	873	620,900	634,892	642,445	667,698
DISBURSEMENTS								
Salaries	-	-	-	-	337,344	352,975	336,866	340,381
Employee fringe benefits	-	-	-	-	66,100	58,623	82,200	79,414
Materials and Supplies	900	617	500	456	23,780	24,102	28,450	160,495
Services and Other	-	1,225	500	-	231,627	237,728	235,617	72,815
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	900	1,842	1,000	456	658,851	673,428	683,133	653,105
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	100	(929)	(125)	417	(37,951)	(38,536)	(40,688)	14,593
CASH, JANUARY 1	2,760	2,760	1,831	1,831	90,490	90,490	51,954	51,954
CASH, DECEMBER 31	\$ 2,860	1,831	1,706	2,248	52,539	51,954	11,266	66,547

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL -
REGULATORY BASIS

	HAVA GRANT FUND				TAX MAINTENANCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	75,270	75,969	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	500	1,692	500	56	75	59	60	101
Other	-	-	1,000	633	25,000	23,641	25,000	27,288
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>75,770</u>	<u>77,661</u>	<u>1,500</u>	<u>689</u>	<u>25,075</u>	<u>23,700</u>	<u>25,060</u>	<u>27,389</u>
DISBURSEMENTS								
Salaries	70,220	70,960	1,500	-	2,200	2,968	3,000	2,628
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	1,053	13,050	1,109	3,000	10,579
Services and Other	9,370	11,331	2,500	2,636	11,100	16,915	14,850	2,990
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>79,590</u>	<u>82,291</u>	<u>4,000</u>	<u>3,689</u>	<u>26,350</u>	<u>20,992</u>	<u>20,850</u>	<u>16,197</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(3,820)	(4,630)	(2,500)	(3,000)	(1,275)	2,708	4,210	11,192
CASH, JANUARY 1	<u>7,630</u>	<u>7,630</u>	<u>3,000</u>	<u>3,000</u>	<u>6,400</u>	<u>6,400</u>	<u>9,108</u>	<u>9,108</u>
CASH, DECEMBER 31	<u>\$ 3,810</u>	<u>3,000</u>	<u>500</u>	<u>-</u>	<u>5,125</u>	<u>9,108</u>	<u>13,318</u>	<u>20,300</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL -
REGULATORY BASIS

	DRUG COURT FUND			
	Year Ended December 31,			
	2006		2007	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ -	-	-	-
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	2,500	1,000	1,500	1,123
Transfers in	-	-	-	-
Total Receipts	<u>2,500</u>	<u>1,000</u>	<u>1,500</u>	<u>1,123</u>
DISBURSEMENTS				
Salaries	-	-	-	-
Employee fringe benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	3,000	536	2,545	827
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	<u>3,000</u>	<u>536</u>	<u>2,545</u>	<u>827</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(500)	464	(1,045)	296
CASH, JANUARY 1	<u>586</u>	<u>586</u>	<u>1,050</u>	<u>1,050</u>
CASH, DECEMBER 31	<u>\$ 86</u>	<u>1,050</u>	<u>5</u>	<u>1,346</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY, MISSOURI
 STATEMEN OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
 AGENCY FUNDS - REGULATORY BASIS
 DECEMBER 31, 2006 and 2007

AGENCY FUND	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	Cash and		Cash and	
	Equivalents	Due to Others	Equivalents	Due to Others
Collector	\$ 7,932,368	7,932,368	7,348,479	7,348,479
Conservation	1,529	1,529	1,529	1,529
Capital School Fund	216,387	216,387	225,730	225,730
County Employees Retirement Fund	3,276	3,276	5,340	5,340
Financial Institutions Tax	15,083	15,083	48,621	48,621
Flood Control	-	-	31,199	31,199
Overplus	143,107	143,107	90,481	90,481
Senior Services	18,580	18,580	-	-
Total	<u>\$ 8,330,330</u>	<u>8,330,330</u>	<u>7,751,379</u>	<u>7,751,379</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

BENTON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Benton County, Missouri ("County"), is governed by a three-member board of commissioners. In addition to the three board members, there are nine elected Constitutional Officers: Assessor, County Clerk, Circuit Clerk-Recorder, Coroner, Collector, Prosecuting Attorney, Public Administrator, Sheriff and Treasurer.

As discussed further in Note 1, these financial statements are presented on the cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Benton County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The following fund types are used by the County:

Governmental Fund Type – Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds.

Fiduciary Fund Type – Fiduciary funds (agency funds) are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector and other officeholders.

C. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.
- 2) On or before the second Monday in January, each elected officer and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
- 3) The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
- 4) State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance.
- 5) A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.
- 6) Prior to February 1 the budget is legally enacted by a vote of the County Commission.
- 7) Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Adjustments made during the year were not significant and are reflected in the budget information in the financial statements. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.
- 8) Budgets are prepared and adopted on the cash basis of accounting.

- 9) Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for several funds as follows:

Fund	Year Ended December 31,	
	2007	2006
Insurance	\$ 17,211	N/A
PA Delinquent Tax	N/A	1,158
PA Bad Check	N/A	210
Juvenile Detention	N/A	50,591
D.A.R.E.	826	895
911	N/A	14,577
Election Services	N/A	942
HAVA	N/A	2,701

- E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and tax bills are mailed to taxpayers in October and November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2007 and 2006, for purposes of taxation was:

	<u>2007</u>	<u>2006</u>
Real Estate	\$ 153,877,600	134,002,090
Personal Property	51,683,666	50,244,155
Railroad and Utilities	12,407,359	12,661,902

During 2007 and 2006 the County Commission approved tax levies for the General Revenue and Special Road and Bridge Funds that are based on \$100 of assessed valuation of tangible taxable property for the calendar year 2007 and 2006, for purposes of County taxation, as follows:

	<u>2007</u>	<u>2006</u>
General Revenue Fund	<u>\$0.1450</u>	<u>\$0.1450</u>
Special Road and Bridge Fund	<u>\$0.2012</u>	<u>\$0.2100</u>

- F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time

certificates of deposit, purchased at a price at or below par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Cash and Equivalents" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2007 and 2006, the carrying amount of the County's deposits was \$10,772,478 and \$9,718,023; the bank balance was \$8,063,399 and \$7,572,488, respectively. Of the bank balances, \$589,950 and \$503,877, at December 31, 2007 and December 31, 2006, respectively, were covered by federal depository insurance and \$7,473,449 and \$7,068,611, respectively, were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent, in the County's name.

3. COUNTY EMPLOYEES' RETIREMENT FUND - CERF

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

1. Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of nine persons.

2. Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age sixty (for sheriff's department personnel); all other departments in the county the age is sixty. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, P.O. Box 2271, Jefferson City, MO 65102-2271, or by calling 1-573-632-9203.

3. Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further, a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002, in order to participate in the CERF. During 2007 and 2006, the County collected and remitted to CERF, employer contributions of approximately for \$96,178 and \$104,967, respectively, for the years then ended.

4. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County.

5. CLAIMS COMMITMENT AND CONTINGENCIES

1. Compensated Absences

The County provides full time employees with up to 40 days of sick time -- to accrue at one-half day per complete calendar month of employment up to 40 days. Upon termination, the employee is compensated for one-half accrued sick time. Vacation time is accrued for every full time employee, and accrues at the rate of zero days per year up to fifteen days per year depending on length of employment. Employees may accrue up to 15 years worth of vacation credits, the number of which depends on the length of service. However, employees may only carry over ten vacation days from one year to the next. Any days accrued in excess of ten days will be forfeited at the end of the year.

2. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

6. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections which are intended to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

7. CHANGE IN REPORTING ENTITY

The County has changed its definition of the reporting entity, as of January 1, 2006, to include certain fiduciary agency funds in the basic financial statements and to exclude certain funds pertaining to the Circuit Court. The effect of this change is to report a statement of assets and liabilities arising from cash transactions for all agency funds, including agency funds not previously reported. These agency funds consist of assets held by County officeholders as an agent of individuals, private organizations and other governmental units. Because agency funds do not report results of operations, the aforementioned change in reporting entity does not affect changes in cash balances of governmental funds as previously reported.

COMPLIANCE SECTION

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AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the County Commission and Officeholders of Benton County, Missouri

We have audited the financial statements of the governmental activities and fiduciary fund types as identified in the table of contents of Benton County, Missouri, as of and for the years ended December 31, 2007, and December 31, 2006 which collectively comprise the Benton County, Missouri's basic financial statements and have issued our report thereon dated June 20, 2008 which was qualified based upon a lack of internal controls over cash balances. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Benton County, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Benton County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Benton County, Missouri's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Benton County, Missouri's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a

misstatement of the Benton County, Missouri's financial statements that is more than inconsequential will not be prevented or detected by the Benton County, Missouri's internal control. We consider the deficiencies described in the Findings and Recommendations section as items 1 through 4 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Benton County, Missouri's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above items 1-2 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton County, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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. The results of our tests disclosed four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that are identified as items 5 through 8.

We noted certain matters that we reported to management of Benton County, Missouri, in the Findings and Recommendations section as items 9 through 11.

Benton County, Missouri's response to the findings identified in our audit is described in the accompanying Findings and Recommendations section. We did not audit Benton County, Missouri's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Commission, County Officeholders, the Missouri State Auditor, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

(Original signed by Auditor)

McBride, Lock & Associates

June 20, 2008

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AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission and Officeholders of Benton County, Missouri

Compliance

We have audited the compliance of Benton County, Missouri, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2006. Benton County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Benton County, Missouri's management. Our responsibility is to express an opinion on Benton County, Missouri's compliance based on our audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Benton County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination of Benton County, Missouri's compliance with those requirements.

In our opinion, Benton County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2006. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of Benton County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audits, we considered Benton County, Missouri's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Benton County, Missouri's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County Commission, County Officeholders, the Missouri State auditor, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

(Original signed by Auditor)

McBride, Lock & Associates
June 20, 2008

BENTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2007	2006
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
	Office of Administration -			
10.665	Flood Control		\$ 1,922	2,067
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants		-	20,150
Passed through:				
	State Department of Public Safety -			
16.575	Crime Victim Assistance		23,080	28,607
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-B008(10)	493,814	56,562
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	CERT CEPF	1,589	431 2,234
ELECTION ASSISTANCE COMMISSION				
Passed through the Office of Secretary of State -				
90.401	Help America Vote Act Requirements Payments		-	82,292
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through State Department of Public Safety:				
97.042	Emergency Management Performance Grants		4,639	
97.067	Homeland Security Grant Program			60,556
97.036	Public Assistance - Dept. Public Safety-Disaster Relief		42,639	-
Total Expenditures of Federal Awards			\$ <u>567,683</u>	<u>252,899</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

BENTON COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE C – SUBRECIPIENTS

The County provided no federal awards to subrecipients during the years ended December 31, 2007 and 2006.

BENTON COUNTY, MISSOURI
 SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2007 AND 2006

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of Auditors' Report Issued: Qualified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes None Reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of Auditor's Report Issued on Compliance for Major Programs: Unqualified

Any audit findings disclosed that required to be Reported in accordance with section 510(A) of Circular A-133? Yes X No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway and Transportation – Highway Planning and Construction.

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk: Yes X No

SECTION II – FINANCIAL STATEMENTS FINDINGS

See finding nos. 1 through 4.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – FOLLOW-UP PRIOR YEARS FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs related to Federal Awards for the two years ended December 31, 2003.

FINDINGS AND RECOMMENDATIONS

BENTON COUNTY, MISSOURI
FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESS IN INTERNAL CONTROL

1. **Treasurer's Account Bank Reconciliation**

Condition: The County Treasurer has not properly prepared or documented monthly bank reconciliations. The Treasurer indicated he reviews the bank statements and compares his receipts to bank statement deposits. However, the Treasurer does not reconcile the total bank balances to the total cash balances as recorded in the County's accounting records. Our comparison showed that bank account balances (adjusted for the outstanding checks, unrecorded interest earnings, and other miscellaneous items) exceeded total recorded cash balances by \$67,173 and \$19,865 at December 31, 2005 and 2006, and the bank account balance was less than the recorded cash balance by \$41,955 at December 31, 2007. The Treasurer has been unable to provide an explanation for these differences and has not proposed an entry to adjust the accounting records. As a result, our auditors' opinion on the County's financial statements is qualified as to the indeterminable effect of these errors on the financial statement amounts. Complete and properly documented reconciliations between the bank balances and the fund ledger balances are necessary to ensure all monies have been accounted for properly and to detect bank errors, defalcations, or other irregularities.

Recommendation: We recommend the Treasurer immediately undertake to research the causes of these differences between actual cash in bank and the amounts recorded in the County accounting records. This will require research into several years, but it must be done in order to ensure the County is not inappropriately expending monies due to other funds or entities. We further recommend the County Clerk review each monthly bank reconciliation and agree not only total receipts and disbursements to her records, but also view the bank statement received from the bank and ensure that its balance agrees to the Treasurer's bank reconciliation.

County's Response: The current process that is used to track the Main Treasurers Account is the procedure that was in place when the current Treasurer took office. Since taking office the Treasurer has put in place new procedures that have made monthly reconciling the five other accounts possible. The Treasurer's office and County Clerk's office do compare monthly records of Deposits and Checks on all accounts and do a monthly reconciliation of all ending balances of all funds and accounts.

It is the Treasurer's intention to work with the County Clerk's office to install a new program at the first of the year that will make monthly reconciliation of the Main Account possible.

Auditor's Evaluation: The Corrective Action Plan is non-responsive to the issues with respect to determining the County's cash position and strengthening the County Clerk's monthly cash validation processes.

2. Check Authorization

Condition: After checks have been prepared, three signatures are required in order for the checks to be mailed to vendors. The Commission approves all warrants with invoices attached; however, after checks have been prepared, the Treasurer, County Clerk, and Presiding Commissioner all sign the checks without seeing the related invoice. As a result of all three officials signing checks without seeing the related invoice, there is a potential for unapproved transactions and unauthorized checks to be signed.

Recommendation: We recommend that the prepared checks be taken to each official to sign with the original invoice or warrant attached.

County's Response: It is the Treasurer's opinion that he does not have authority to act as an auditor concerning expenditures of the County and thus cannot approve or refuse payment of invoices. That authority is held by the Commissioner's office. The Treasurer's office is responsible to make sure that there are adequate funds available to pay the approved bills and to advise the Commissioners as to the financial status of the County and its funds.

Auditor's Evaluation: The Corrective Action Plan is non-responsive with respect to the Presiding Commissioner signing checks with the related invoices attached.

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

3. County Clerk's Controls and Procedures

Condition: The functions of controlling blank check stock, printing checks and reconciling approved invoices to checks printed are not adequately segregated nor is there independent oversight of these processes. The County Clerk and/or Deputy Clerk are responsible for inputting and reconciling all information pertaining to invoices and check preparation. As a result, the same person may perform the inputting and reconciling functions, which allows a potential for errors or irregularities to occur without detection.

Recommendation: We recommend that the County Clerk's Office segregate the data entry and reconciling duties to the extent possible or, at a minimum, ensure that periodic independent reviews are performed and documented. Specifically, someone other than the individual who can access blank checks should be assigned responsibility for printing the checks, and printed checks should be reconciled to approved invoices by someone other than the printer of the checks. This would reduce the likelihood that someone could print unapproved checks.

County's Response:

These duties are partially segregated at this time. The County Clerk reviews all invoices and reconciles to checks written upon the Presiding Commissioner's signature. The

County Commission approves the invoices and the deputy clerk does input the approved invoices and print the checks. The clerk will implement procedures to monitor these duties.

Auditor's Evaluation: The Corrective Action Plan is acceptable.

4. **Expenditure Approval**

Condition: Goods and services are procured by individual department heads and invoices are forwarded to the County Clerk. We noted that 3 of 8 purchases tested showed no evidence of approval by the department head or officeholder. We also were informed that a clerk puts the Commissioners' initials on invoices as a convenience for them.

Recommendation: We suggest that all invoices be reviewed and approved by the department heads, with the approval documented, before the checks are signed. We also recommend that the commissioners initial the invoices themselves, or acquire and secure a stamp to use for this purpose. With these practices it will be less likely that an invoice is for a good or service that was actually received and reduce the likelihood of a commissioner's initials being improperly placed on an invoice.

County Response: This recommendation has already been implemented. Each official initials and approves their department expenses. The County Commission reviews and stamps all invoices for payment.

Auditor's Evaluation: The Corrective Action Plan is acceptable.

ITEMS OF NONCOMPLIANCE

5. **Timely Filing of Collector's Annual Settlement**

Condition: The Collector filed annual settlements late in 2006 and 2007. The Collector responsible for filing the 2006 settlement is no longer in office. That settlement was filed July 18, 2007, more than 4 months after the due date of the first Monday in March. The new Collector greatly improved the timeliness of the filing by submitting the settlement on April 29, 2008.

Recommendation: We recommend the County Collector ensure that future settlements are submitted by the required date. We suggest the Collector prepare monthly settlements in order to expedite the completion of the annual settlement.

County Response: The way the annual settlement has been done in the past is impossible to have done by the 15th of March. I am adopting a new program this year that will make the settlement much easier and hopefully will be done in a timely manner.

6. **Bid Documentation**

Condition: Our audit tests over the purchasing function revealed that no bid documents were available for 2 of 22 items tested. RSMo Section 50.660 requires that:

“All contracts and purchases shall be let to the lowest and best bidder after due opportunity for competition, including advertising the proposed letting in a newspaper in the county or township with a circulation of at least five hundred copies per issue, if there is one, except that the advertising is not required in case of contracts or purchases involving an expenditure of less than six thousand dollars.”

Recommendation: We recommend that the County seek and retain all bid information for all purchases above \$6,000. In the event that a sole source procurement is

appropriate, such as in an emergency, or when no other provider is available, or when a State-negotiated contract is used, the rationale for not soliciting bids should be documented and retained with the related invoice. This practice provides assurance that the County is getting the lowest price for services sought, and is in compliance with state statutes.

County's Response: Bid documentation forms have been developed and are being used to ensure all bidding procedure are being followed.

7. **Preparation of IRS 941 Tax Forms**

Condition: The Internal Revenue Service requires that a Form 941 be prepared to document compensation and Federal tax withholdings for each employee. The Form 941 accompanies the check or wire transfer of Federal tax withholdings to the government. During our audit we noted that the compensation of employees paid from the HAVA, Insurance and Tax Maintenance Funds were not included on the Form 941s.

Recommendation: We recommend the County adopt procedures to ensure that all compensation is presented on the Form 941. We also suggest that the amount of compensation not reported be calculated and the appropriate withholding taxes be remitted to the government.

County Response: Form 941 does reflect the compensation and withholding, the employees are paid through General Revenue salary, which includes the deductions. These expenses may be reimbursed to General Revenue from other funds as approved in the budget request.

8. **Budgetary Controls**

Condition: The County Commission did not exercise adequate budgetary control over a number of funds during the audit period. During the audit period, there were 7 different funds for which expenditures were approved for payment which exceed the approved budget. These funds were:

- 911 – 2006
- Insurance – 2007
- Law Enforcement – 2007
- D.A.R.E. – 2006 and 2007
- Juvenile Detention – 2006
- Prosecuting Attorney's Bad Check – 2006
- Election Services – 2006
- HAVA Grant – 2006
- Prosecuting Attorney's Delinquent Tax - 2006

RSMo 50.740 prohibits expenditures in excess of the approved budgets.

We also noted that the Capital Improvement Fund's approved expenditure budget for 2007 was \$1,657,560. However, only \$787,320 was expended. This was caused mainly by budgeting \$600,000 for Lane Building Repairs and spending only \$23,400. Apparently this project was abandoned as the \$600,000 was not re-budgeted in 2008.

Recommendation: We suggest that the County Commission establish controls to ensure

that disbursements are not approved in excess of the approved budget. We also recommend the Commission amend the budget when it becomes apparent that budgeted amounts are unrealistic in relation to the spending plan. This action will increase the meaningfulness of the budget monitoring control.

County Response: The County Commission has established budget monitoring and controls and will make budget amendments if necessary.

OTHER MATTERS

In planning and performing our audit of the financial statements of Benton County, Missouri (the County) as of and for the years ended December 31, 2007 and 2006, in accordance with generally accepted government auditing standards, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are summarized below. We previously reported on the County's internal control in our report dated June 20, 2008. (A separate report dated June 20, 2008 contains our report on significant deficiencies in the County's internal control). This document does not affect our report dated June 20, 2008.

9. Collector's Disposition of Outstanding Checks

Condition: During the audit we noted that checks dating back to January 2006 were listed on the outstanding check list.

Recommendation: We recommend the Collector attempt to locate the payees or reissue the checks. If the checks can not be disposed of, the monies should be remitted as unclaimed property. Procedures should be adopted to routinely follow up on old outstanding checks in compliance with relevant statutory provisions for the disposition of unclaimed monies.

County Response: The Collector has reissued checks where the payees could be found and the rest has been remitted as unclaimed property. The Collector will see that this is done in a timely manner in the future.

10. Authorizations for Compensation Increases

Condition: Our tests of the payroll process identified one employee whose compensation increase in 2006 was not documented as approved by the County Commission.

Recommendation: We recommend the County Clerk instruct the Payroll Clerk to not process any compensation increases without first seeing the compensation increase form evidencing Commission approval.

County Response: The official or department head shall submit the proper form for compensation increases, and the County Commission shall approve the request prior to

any increases.

11. **Accounting for Transfers**

Condition: The financial statements of the County as presented in the annual budget document present transfers between funds. However, we noted that some transfers are presented in other expenditure categories such as the Salaries category, and other types of both revenues and expenditures are presented within the Transfer category.

Recommendation: In order to ensure that transfers are properly reported and are in balance (transfers to other funds is equal to transfers from other funds), we recommend the transfers be clearly identified as transfers and presented in the budget within the Transfer category. Other types of transactions should not be presented in the Transfers Category.

County Response: The County will identify transfers made within the budget, so they can be identified in the transfer category of each fund.

BENTON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

In accordance with Government Auditing Standards, this section reports the auditors' follow-up on action taken by Benton County, Missouri, (County) on the applicable findings in the prior audit report issued for the two years ended December 31, 2003 and 2002.

1. Despite a growth in receipts, the County has spent more than it received in the General Fund during the last two years and anticipates a similar situation during 2004.

Status- Resolved.

2. The County's criteria and selection procedures related to selecting an architect to design and administer the construction of an E-911 facility were not adequately documented.

Status- Not implemented

3. The County Treasurer did not prepare proper bank reconciliations, distribute surplus monies from land tax sales as provided by law, or prepare semi-annual settlements.

Status- Not implemented.

4. Bank reconciliations are not prepared on a timely basis and bank balances are not reconciled to liabilities, resulting in a \$5,100 shortage in the bank accounts. Outstanding checks are not monitored and approximately \$8,055 in old outstanding checks were added back to the cash balance in the collector's records with no effort made to locate payees or reissue new checks. See finding No. 9.

Status- Not implemented.

5. Some bank account balances were not adequately monitored for the sufficiency of pledged collateral securities or commercial insurance.

Status- Implemented.

6. Annual settlements were filed late, contained errors, and were not reviewed by the County Commission. See finding No. 5.

Status- Not implemented.

7. In our prior report it was noted the County Collector was not properly distributing payment in lieu of tax monies, resulting in approximately \$12,000 being due from the County's General Revenue Fund to various political subdivisions. While these monies are now being properly distributed, the \$12,000 error has not been corrected.

Status- Resolved

8. The Sheriff has not provided for a proper segregation of recordkeeping duties, the identification liabilities, and timely deposits.

Status- Implemented.