



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Carroll County, Missouri

The Office of the State Auditor, in cooperation with Carroll County, has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2008, 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, JD, CPA
State Auditor

October 2009
Report No. 2009-115

ANNUAL FINANCIAL REPORT

CARROLL COUNTY, MISSOURI

For the Years Ended
December 31, 2008 and 2007

CARROLL COUNTY, MISSOURI

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INTRODUCTORY SECTION

CARROLL COUNTY, MISSOURI
List of Elected Officials

County Commission

Presiding Commissioner – Nelson Heil

District Two Commissioner – David Martin

District One Commissioner – Jim Stewart

Other Elected Officials

Assessor – Devin Ford-Frazier

Circuit Clerk/Ex-Officio Recorder of Deeds – Cheryl Mansur

Collector-Treasurer – Alta O’Neal

Coroner – Steven Bittiker

County Clerk – Peggy McGaugh

Prosecuting Attorney – Joyce Wendel

Public Administrator – Barclay Staton

Sheriff – Joe Arnold

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the County Commission and the County Officeholders of Carroll County, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carroll County, Missouri, as of and for the years ended December 31, 2008 and 2007 which collectively comprise the primary government of Carroll County, Missouri's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Carroll County, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 from 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 opinions.

As described in Note 1, the basic financial statements of Carroll County, Missouri were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements do not include financial data for the Carroll County Health Center, a legally separate component unit of the County. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The assets, liabilities, net assets, revenues, and expenses of the discretely presented component unit are not reasonably determinable.

In our opinion, because of the omission of the discretely presented component unit, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the discretely presented component unit of Carroll County, Missouri, as of December 31, 2008 and 2007, or the changes in its financial position for the years then ended.

Further, in our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position — cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Carroll County, Missouri, as of December 31, 2008 and 2007 and for the years then ended in conformity with the basis of accounting described in Note 1.

The management's discussion and analysis and budgetary comparison information on pages iv through viii and 17 through 19 are not required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 9, 2009 on our consideration for the primary government of Carroll County, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 audits.

(Original signed by Auditor)

McBride, Lock & Associates
July 9, 2009

CARROLL COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2008 AND 2007

This discussion and analysis of Carroll County's financial performance provides an overview of the county's financial activity for the years ended December 31, 2008 and 2007. The information below, prepared by the County's management, should be read in conjunction with the financial statements that immediately follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

The contents of this report comply with the presentation requirements of Statement No. 34 of the Governmental Accounting Standards Board, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as applicable to the cash basis of accounting. The County's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. The notes are an integral part of the government-wide and fund financial statements and provide more detail about the information presented in the statements. This report also contains other financial information in addition to the basic financial statements.

The county has elected to present its financial statements on the cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America. "Basis of accounting" refers to when financial events are recorded. Under the cash basis of accounting, revenues are recorded when received rather than when earned, and expenses are recorded when paid rather than when the related liabilities are incurred. Therefore, when reviewing the financial information and discussion in this report, the reader should recall the limitations resulting from use of the cash basis of accounting.

Government-Wide Financial Statements

The Government-Wide Statement of Net Assets and the Government-Wide Statement of Activities report information about the County as a whole. These statements present the County's net assets and show how they have changed. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health or position is improving or deteriorating. However, to assess the County's overall financial health, the reader needs to consider additional nonfinancial factors. The government-wide financial statements report only governmental activities—activities such as general government operations, public safety, and health and welfare that are usually financed through taxes and intergovernmental receipts. The County has no business-type activities—activities financed wholly or partially by fees charged to external parties for goods or services.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the County as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Commission establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, or other sources of receipts. The fund financial statements include only governmental funds, which focus on the flow of money into and out of those funds and the balances left at year-end that are

available for spending. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether more or fewer financial resources can be spent in the near future to finance the County's programs.

The County as Trustee

The County is the trustee, or fiduciary, for its trust and agency funds that are used to account for assets held by the County's elected officials in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The County's fiduciary assets are reported in a separate Statement of Fiduciary Net Assets. Fiduciary funds are excluded from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Other Information

The report also includes as required supplementary information this Management's Discussion and Analysis and the Budgetary Comparison Schedule - General Fund and Major Special Revenue Funds - Cash Basis. Such information is intended to supplement the government-wide financial statements, fund financial statements, and notes to the financial statements but is not a part of those statements.

In addition, the report includes the Schedule of Expenditures of Federal Awards, required for audits of federal program expenditures conducted in accordance with Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

FINANCIAL HIGHLIGHTS

The County's net assets remained stable in the years 2008 and 2007. The net assets in total governmental funds on December 31, 2008 increased by a grand total of \$300,947 in the one year from December 31, 2007. Capital assets increased by approximately \$80,000 due to the lease/purchase of a new computer system networking the offices of the Assessor, County Clerk and Collector-Treasurer. The year 2007 brought the implementation of centralized tax collections as required by SB 21 and HB 58, passed in the 2005 General Assembly. The fees for collection of taxes are now retained by the County as charges for services rather than earned as commissions by twenty township Collectors. In addition, administrative fees in the amount of \$30,000, or \$10,000 each from Associated Electric Cooperative Inc. (AECI), Show-Me Ethanol and American Energy Producers (AEPI), the soybean crushing bio-diesel plant, also contributed to the County's favorable financial position.

THE COUNTY AS A WHOLE

	Year Ended December 31,		
	2008	2007	2006
Net Assets	\$ 2,675,546	2,374,599	1,964,221
Program Receipts	2,641,023	1,937,921	2,045,035
General Receipts	2,206,883	1,773,710	1,796,039
Disbursements	4,546,959	3,301,253	3,763,732
Change in Net Assets	300,947	410,378	77,342

Note that, pursuant to an opinion by the Missouri Attorney General, the County Health Center has been excluded from the County reporting entity. Accordingly, 2006 amounts reported above exclude the balances pertaining to the County Health Center.

THE COUNTY'S FUNDS

The General fund had a positive net change in cash balance of \$431,631 in 2008 and a carry-over balance of \$645,419, which resulted in a cash ending balance of \$1,077,050 on December 31, 2008. The significant change is due to an impressive large local option use tax receipt for \$324,911 in May 2008. This was due to goods brought into the County used in the Rockies Express Pipeline project.

As mentioned in the Financial Highlights section the retainage of the fees for collection of taxes in the County brought in \$184,343 with some additional expense in personnel and supplies as well.

The Public Administrator closed out some rather sizable accounts, as he was facing retirement, resulting in Public Administrator commission fees earned of \$53,576 which caused a budget overage of \$18,576.

In 2008, being a Presidential election year, the elections expenditures were nearly three times higher than in 2007 (\$55,821 in 2007 and \$146,435 in 2008). This was the first major election in which the Help America Vote Act (HAVA) mandated the use of both optical scan as well as touch screen technology. The software and programming cost alone amounted to \$11,319 with supplies for both systems being \$58,943 for the four major elections held. It is interesting to note that no reimbursement to the County for election expenses is received from the State of Missouri or the Federal government with the exception of the Presidential Primary held every four years. In addition, the Direct Recording Electronic Devices (DRE's), also known as touch screens, were only utilized by 147 voters in those four elections. Carroll County continues to be concerned about future obligations in paying for the creation of new programs such as these mandated by the State and Federal government while the costs to maintain and operate them escalate beyond the resources available to pay for them.

Highlights from 2008

The County legal fees were budgeted for in the Prosecuting Attorney's budget, but not spent, on a pending murder trial in the Prosecuting Attorney's office. A special prosecutor has been appointed and the trial will be held in Clay County in 2009.

Overtime in the Sheriff's department put the salary line item over budget by \$3,518. This was due to one prisoner being guarded for twenty-four hours a day for several weeks in a Kansas City area hospital.

Road and Bridge revenues of \$430,398 for Federal Bridge Projects (BRO's) were reduced from the budgeted amount of \$700,000 due to federal cutbacks; therefore, expenditures were held to \$457,087. The amount budgeted for soft match bridge expense exceeded the budgeted amount by \$97,205. This was due to the many bridges and culverts damaged or destroyed by flooding in 2008. Revenue from FEMA storm related items was budgeted at \$15,000; however, expenditures were only \$8,319 because of weather delays.

The Missouri Heritage grant monies for Court House Restoration were not received as anticipated when the budget was written in January. Minor renovations to the courthouse were done using \$5,282 of the \$50,000 budgeted. Notification of grant money awarded had been received, but the actual money did not come in. These projects will be done in 2009/2010.

The Enhanced 9-1-1 fund, as demonstrated by the E-911 budget, exceeded the Personnel budget by \$18,000 due to overtime.

The EDA 98 monies received from the U.S. Department of Commerce, Economic Development Administration for access road construction at the Show Me Ethanol was underestimated in the budget as \$325,000. The amount received and spent for the asphalt road improvements to the facility was \$385,000. The total project bid for \$797,945 was awarded to APAC of Columbia with the balance of the expenditures being paid by Show Me Ethanol, LLC.

Highlights from 2007

The County's Emergency Shelter Grant of \$15,000 that was budgeted to be received in 2007 was not received. Instead, \$15,259 was received in 2008 for both years.

The amount budgeted in the Recorder's budget for Circuit Court petit jurors was \$26,900 compared to only \$4,057 spent because the pending murder trial was continued.

Public Administrator commission fees were \$21,547 compared to the budgeted amount of \$35,000, a savings of \$13,453.

Even though the cost of fuel was very high, the sheriff's budget did not exceed the budgeted amount; however, extradition of prisoners exceeded the budget by \$3,655. Deputy salaries exceeded the budget by \$1,658 as well due to guarding a prisoner housed at an out-of-county hospital.

Due to the high cost of steel, Road and Bridge expenditures were very high and lots of repairs were needed due to flooding. The cost of culverts totaled \$73,519 compared to the budgeted amount of \$40,000. County rock and bridge expense exceeded the budget by \$39,704 due to repairs from flooding as well as a pre-fabricated bridge that was ordered in 2006, but paid for in 2007. Federal BRO projects and soft-match projects were put on hold due to lack of funding from the federal government.

CAPITAL ASSET AND DEBT ADMINISTRATION

The County continues to pay quarterly payments of \$9,300 on a lease/purchase plan with Baystone Financial services for a Hyundai Excavator. The total cost was \$37,199 in 2007 and payments will be complete in April of 2010.

The County also continues to pay on an energy loan with the Department of Natural Resources. Semi-annual payments of \$2,322 will retire the loan in August 2011.

The Carroll County Clerk, Assessor and Collector-Treasurer upgraded their hardware and software computer systems in 2007. The total cost of the equipment and software was \$80,000. Quarterly payments of \$4,050 will be made until June of 2013.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Currently, the TransCanada pipeline has begun the laying of pipeline and has submitted a locally-assessed valuation that should give the County's financial outlook a much needed lift. Soon to follow will be the added State assessed value in coming years after completion of the project.

The AECI electrical plant project has been put on an indefinite hold. The Show-Me Ethanol plant is up and running, and the AEPI bio-diesel plant is currently seeking additional sources for funding through stimulus and grant funds.

The Carroll County jail was closed and county prisoners are currently being housed in the Ray County Correctional facility. This was the decision of the newly-elected Sheriff and the Carroll County Commission saving the County liability, utilities, and personnel costs in an amount estimated to be over \$100,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

Questions about this report or requests for additional information should be addressed to Peggy McGaugh, Carroll County Clerk, 8 South Main, Suite 6, Carrollton, Missouri 64633 Phone 660-542-0615.

FINANCIAL SECTION

CARROLL COUNTY, MISSOURI
 COMPARATIVE GOVERNMENT-WIDE STATEMENTS OF NET ASSETS - CASH BASIS
 DECEMBER 31, 2007 AND 2008

	December 31,	
	<u>2007</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	<u>\$ 2,374,599</u>	<u>\$ 2,675,546</u>
Total Assets	<u>\$ 2,374,599</u>	<u>\$ 2,675,546</u>
 NET ASSETS		
Restricted	\$ 593,797	\$ 630,308
Unrestricted	<u>1,780,802</u>	<u>2,045,238</u>
Total Net Assets	<u>\$ 2,374,599</u>	<u>\$ 2,675,546</u>

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

CARROLL COUNTY, MISSOURI
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
 YEAR ENDED DECEMBER 31, 2008

		Program Receipts		Excess Disbursements Over Receipts and Changes in Net Assets
	Disbursements	Charges for Services	Intergovernmental	Governmental Activities
GOVERNMENTAL ACTIVITIES				
General county government	\$ 1,397,329	\$ 421,679	\$ 360,062	\$ (615,588)
Public safety	1,146,372	129,493	10,227	(1,006,652)
Judicial	24,817	54,151	14,742	44,076
Public works	1,978,441	40,973	1,609,376	(328,092)
Health and welfare	-	320	-	320
Total Governmental Activities	\$ 4,546,959	\$ 646,616	\$ 1,994,407	\$ (1,905,936)
GENERAL RECEIPTS				
Taxes				
Property taxes				\$ 640,595
Sales taxes				1,430,525
Interest				56,913
Other				78,850
Total General Receipts				2,206,883
Changes in Cash Balances				300,947
NET ASSETS, JANUARY 1				2,374,599
NET ASSETS, DECEMBER 31				\$ 2,675,546

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

CARROLL COUNTY, MISSOURI
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
 YEAR ENDED DECEMBER 31, 2007

		Program Receipts		Excess Disbursements Over Receipts and Changes in Net Assets
	Disbursements	Charges for Services	Intergovernmental	Governmental Activities
GOVERNMENTAL ACTIVITIES				
General county government	\$ 1,139,283	\$ 207,540	\$ 203,933	\$ (727,810)
Public safety	995,888	117,987	8,264	(869,637)
Judicial	26,503	40,140	18,330	31,967
Public works	1,139,566	15,167	1,326,245	201,846
Health and welfare	13	315	-	302
	<u>\$ 3,301,253</u>	<u>\$ 381,149</u>	<u>\$ 1,556,772</u>	<u>\$ (1,363,332)</u>
GENERAL RECEIPTS				
Taxes				
Property taxes				\$ 593,264
Sales taxes				1,012,348
Interest				102,968
Other				65,130
				<u>1,773,710</u>
Total General Receipts				<u>1,773,710</u>
Changes in Cash Balances				410,378
NET ASSETS, JANUARY 1				<u>1,964,221</u>
NET ASSETS, DECEMBER 31				<u>\$ 2,374,599</u>

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

CARROLL COUNTY, MISSOURI
COMPARATIVE GOVERNMENT-WIDE STATEMENTS OF NET ASSETS - CASH BASIS
DECEMBER 31,

	GENERAL		ROAD AND BRIDGE		COURTHOUSE RESTORATION		EMERGENCY ENHANCED 9-1-1		EDA 98 BLOCK GRANT		OTHER GOVERNMENTAL		TOTAL	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
ASSETS														
Cash and cash equivalents	\$ 645,419	\$ 1,077,050	\$ 819,002	\$ 603,923	\$ 310,633	\$ 315,807	\$ 283,164	\$ 314,501	\$ -	\$ -	\$ 316,381	\$ 364,265	\$ 2,374,599	\$ 2,675,546
Total Assets	<u>\$ 645,419</u>	<u>\$ 1,077,050</u>	<u>\$ 819,002</u>	<u>\$ 603,923</u>	<u>\$ 310,633</u>	<u>\$ 315,807</u>	<u>\$ 283,164</u>	<u>\$ 314,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,381</u>	<u>\$ 364,265</u>	<u>\$ 2,374,599</u>	<u>\$ 2,675,546</u>
NET ASSETS														
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 310,633	\$ 315,807	\$ 283,164	\$ 314,501	\$ -	\$ -	\$ -	\$ -	\$ 593,797	\$ 630,308
Unrestricted	<u>645,419</u>	<u>1,077,050</u>	<u>819,002</u>	<u>603,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,381</u>	<u>364,265</u>	<u>1,780,802</u>	<u>2,045,238</u>
Total Net Assets	<u>\$ 645,419</u>	<u>\$ 1,077,050</u>	<u>\$ 819,002</u>	<u>\$ 603,923</u>	<u>\$ 310,633</u>	<u>\$ 315,807</u>	<u>\$ 283,164</u>	<u>\$ 314,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,381</u>	<u>\$ 364,265</u>	<u>\$ 2,374,599</u>	<u>\$ 2,675,546</u>

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

CARROLL COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES - GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31,

	GENERAL		ROAD AND BRIDGE		COURTHOUSE RESTORATION		EDA 98 BLOCK GRANT		EMERGENCY ENHANCED 9-1-1		OTHER GOVERNMENTAL		TOTAL	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
RECEIPTS														
Property taxes	\$ 354,683	\$ 382,065	\$ 66,728	\$ 71,764	\$ -	\$ -	-	-	\$ -	\$ -	\$ 171,853	\$ 186,766	\$ 593,264	\$ 640,595
Sales taxes	495,487	909,673	-	-	-	-	-	-	516,861	520,852	-	-	1,012,348	1,430,525
Intergovernmental	55,589	88,645	1,326,564	1,224,376	-	-	-	385,000	-	-	174,619	296,386	1,556,772	1,994,407
Charges for services	306,040	527,429	15,167	40,973	-	-	-	-	-	-	59,942	78,214	381,149	646,616
Interest	34,072	19,898	33,955	13,512	15,960	10,701	-	-	4,562	5,030	14,419	7,772	102,968	56,913
Other	31,676	38,676	30,550	20,508	-	-	-	-	326	-	2,578	19,666	65,130	78,850
Transfers in	47,385	61,250	-	-	-	-	-	-	-	-	2,376	22,435	49,761	83,685
Total Receipts	\$ 1,324,932	\$ 2,027,636	\$ 1,472,964	\$ 1,371,133	\$ 15,960	\$ 10,701	-	\$ 385,000	\$ 521,749	\$ 525,882	\$ 425,787	\$ 611,239	\$ 3,761,392	\$ 4,931,591
DISBURSEMENTS														
General government	\$ 776,314	\$ 970,736	\$ -	\$ -	\$ 55,277	\$ 5,527	\$ -	\$ -	\$ -	\$ -	\$ 307,692	\$ 421,066	\$ 1,139,283	\$ 1,397,329
Public safety	554,995	606,618	-	-	-	-	-	-	414,600	494,545	26,293	45,209	995,888	1,146,372
Judicial	-	-	-	-	-	-	-	-	-	-	26,503	24,817	26,503	24,817
Public works	-	-	1,106,440	1,531,212	-	-	-	385,000	-	-	33,126	62,229	1,139,566	1,978,441
Health and welfare	-	-	-	-	-	-	-	-	-	-	13	-	13	-
Transfers out	1,176	18,651	45,000	55,000	-	-	-	-	-	-	3,585	10,034	49,761	83,685
Total Disbursements	\$ 1,332,485	\$ 1,596,005	\$ 1,151,440	\$ 1,586,212	\$ 55,277	\$ 5,527	\$ -	\$ 385,000	\$ 414,600	\$ 494,545	\$ 397,212	\$ 563,355	\$ 3,351,014	\$ 4,630,644
RECEIPTS OVER (UNDER) DISBURSEMENTS														
CASH, JANUARY 1	\$ 652,972	\$ 645,419	\$ 497,478	\$ 819,002	\$ 349,950	\$ 310,633	\$ -	\$ -	\$ 176,015	\$ 283,164	\$ 287,806	\$ 316,381	\$ 1,964,221	\$ 2,374,599
CASH, DECEMBER 31	\$ 645,419	\$ 1,077,050	\$ 819,002	\$ 603,923	\$ 310,633	\$ 315,807	\$ -	\$ -	\$ 283,164	\$ 314,501	\$ 316,381	\$ 364,265	\$ 2,374,599	\$ 2,675,546

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

CARROLL COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
FIDUCIARY (AGENCY) FUNDS
December 31,

	<u>2007</u>	<u>2008</u>
Assets		
Cash and cash equivalents	<u>\$ 4,694,622</u>	<u>\$ 4,351,801</u>
Total Assets	<u><u>\$ 4,694,622</u></u>	<u><u>\$ 4,351,801</u></u>
Liabilities		
Due to Others	<u>\$ 4,694,622</u>	<u>\$ 4,351,801</u>
Total Liabilities	<u><u>\$ 4,694,622</u></u>	<u><u>\$ 4,351,801</u></u>

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

CARROLL COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Carroll 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, Collector/Treasurer, Coroner, Prosecuting Attorney, Public Administrator, and Sheriff.

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. In the government-wide financial statements, except as described in Note 1.A., Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

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 the primary government of Carroll County, Missouri which, except as described in the following paragraph, consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County’s legal entity, and also the Senate Bill 40 Board, Enhanced 911 Board, and Johnson Grass Board, which are separate legal entities within the County.

The financial statements do not include financial data for the Carroll County Health Center, a legally separate component unit of the County, as required by accounting principles generally accepted in the United States of America. Net assets as of January 1, 2007 have been restated from \$2,143,845 to \$1,964,207 in order to eliminate Carroll County Health Center net assets of \$179,638 from the government-wide financial statements.

B. Basis of Presentation

Government-wide Financial Statements:

The statements of net assets and the statements of activities present financial information about Carroll County. All County activities are governmental activities generally financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of net assets presents the financial condition of the governmental activities of Carroll County at year-end. The statement of activities presents a comparison between

direct expenses and program revenues for each function of the County's governmental activities. This comparison identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Direct expenses are those that are specifically associated with a particular function. *Program revenues* are (a) charges to those who purchase, use or directly benefit from goods, services or privileges provided by a given function, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes, unrestricted interest earnings and other miscellaneous revenue not properly included among program revenues are presented instead as *general revenues*.

Fund Financial Statements:

Following the government-wide financial statements are separate financial statements for governmental funds and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The County has determined that the General Fund, Road and Bridge, Courthouse Restoration, Emergency Enhanced 911, and EDA 98 are major governmental funds. All other governmental funds are reported in one column labeled "Non-major Governmental Funds".

The fund financial statements of the County are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenues and expenditures.

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.

The various funds are summarized by type in the basic financial statements. The following fund types are used by the County:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The measurement focus is upon determination of and changes in financial position. The following are the County's governmental major funds:

General Fund — The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Road and Bridge Fund — This is a Special Revenue Fund used to account for receipts of State distributions and Federal grants and related expenditures for road maintenance and improvement projects.

Courthouse Restoration Fund — This is a Special Revenue Fund used to account for receipts of sales tax monies that are restricted to major restoration and improvement projects of the County Courthouse building and grounds.

Emergency Enhanced 911 – This is a Special Revenue Fund used to account for receipts of sales tax monies that are restricted to the operations of the emergency response system.

EDA 98 – This is a Special Revenue Fund used to account for the receipt of Community Development Block Grant proceeds which are funding the construction of a new access road on the property of Show-Me Ethanol, LLC.

The other governmental funds of the County are considered non-major funds and are primarily special revenue funds, which account for the proceeds of specific revenue sources that generally are legally restricted to expenditures for specific purposes.

Fiduciary Fund Types

Agency — Agency funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds 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 of Revenue and other agency operations.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fund financial statements are prepared using the cash basis of accounting.

This basis of accounting recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures when they result from cash transactions except that purchases of investments are recorded as assets; funds collected through the agency funds, not yet remitted, are recorded as liabilities and as receivables and revenue in the fund statements as applicable; and receipts of proceeds of short-term debt are recorded as liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while all government-wide financials would be presented on the accrual basis of accounting.

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. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.
8. Budgets are prepared and adopted on the cash basis of accounting.
9. Adoption of a formal budget is required by law, and the County adopted a formal budget for all funds.
10. Section 50.740 RSMo. Prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds.
 - a. Prosecuting Attorney Training (2007)
 - b. Drainage District III (2008)
 - c. Law Library (2008)
 - d. EDA 98 (2008)

- 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 2008 and 2007, for purposes of taxation was:

	<u>2008</u>	<u>2007</u>
Real Estate	\$121,417,137	\$107,568,203
Personal Property	34,823,104	35,161,431

During 2008 and 2007 the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2008 and 2007, for purposes of County taxation, as follows:

	<u>2008</u>	<u>2007</u>
General Revenue	0.2300	0.2400
Johnson Grass	0.0100	0.0100
Senate Bill 40	0.0940	0.0987

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 may 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.

G. Interfund Transactions

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are classified as "Due from other funds" or "Due to other funds" on the financial statements.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund activity has been eliminated for governmental activities in the government-wide financial statements.

H. Net Assets

Net assets represent the difference between assets and liabilities. Under the cash basis of accounting, liabilities other than loans from other funds and short-term borrowings are not recorded. Therefore, net assets generally equal the cash and investments balance. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The County reports as restricted net assets the proceeds of sales taxes approved by the electorate for courthouse renovation and Enhanced 911 services. All other net assets are reported as unrestricted.

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, 2008 and 2007, the carrying amounts of the County's deposits were \$2,675,546 and \$2,374,599. Additionally, at December 31, 2008 and 2007 the County Collector held cash representing collections of property taxes on behalf of various taxing districts in the County, including the County General Revenue and Sheltered Workshop funds amounting to \$4,317,894 and \$4,644,723 at December 31, 2008 and 2007, respectively.

The related bank balances for the County's and Collector's deposits were \$6,974,012 and \$7,044,085, respectively. Of the bank balances, \$829,828 and \$400,413 for December 31, 2008 and December 31, 2007, respectively, were covered by federal depository insurance and \$6,144,184 and \$6,643,672, respectively, were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent, in the County's name.

3. INTERFUND TRANSFERS

The County made the following interfund transfers during 2007 and 2008:

Transfers Out	Year Ended December 31, 2007	
	Transfers In	
	General	Non-Major
General	\$ -	\$ 1,176
Road and Bridge	45,000	-
Non-Major Governmental Funds	2,385	1,200

Transfers Out	Year Ended December 31, 2008	
	Transfers In	
	General	Non-Major
General	\$ -	\$ 18,651
Road and Bridge	55,000	-
Non-Major Governmental Funds	6,250	3,784

4. 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.

A. Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer of 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.

B. 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 maybe elected at age fifty-five. 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.

C. Funding Policy

Pursuant to State Statutes, CERF is partially funded by the state from a portion of delinquent property tax penalties and other penalties and fees. Further, a contribution to CERF of 6% of gross compensation is required for all participants hired on or after February 2002. A contribution 2% of compensation is required of employees hired before February 2002. The County employees fund these contributions. During 2008 and 2007, the County collected and remitted to CERF employee contributions of approximately \$36,361 and \$32,385, respectively, for the years then ended, equal to the required contributions.

5. DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

A. Plan Description

Carroll County offers employees the opportunity to participate in the CERF defined contribution plan and Internal Revenue Code (IRC) Section 457 deferred compensation plan. The plans' provisions and contribution requirements are established and may be amended only by the Missouri General Assembly. Pension plan members are eligible to participate.

B. Contributions

Pension plan members are required to contribute 0.7 percent of gross compensation to the defined contribution plan. Contributions of \$21,908 and \$21,400 were made during the years ended December 31, 2008 and 2007, respectively. Participation in the deferred compensation plan is voluntary, and the employee elects the contribution level, subject to the limitations of IRC Sections 401(a) and 457. The CERF Board of Directors decides if matching contributions from the pension plan trust funds for a calendar year will be made to the defined contribution plan accounts of those who participated in the deferred compensation plan. The amount of any matching contribution is determined by the Board and is limited to 50 percent of a member's voluntary contributions to the deferred compensation plan, up to 3 percent of the member's compensation. Matching contributions for years ended December 31, 2008 and 2007 were \$7,106 and \$6,359, respectively.

C. Administration

Maintenance of individual member accounts and custody of assets have been contracted to a third-party administrator and investment custodian, respectively. The counties send member contributions directly to the third-party administrator. Members have several options for investing their contributions and respective share of matching contributions.

6. 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.

7. CLAIMS COMMITMENT AND CONTINGENCIES

A. Compensated Absences

The County provides regular full-time employees with up to fifteen days of sick time – to accrue at 1.25 days for each calendar month worked. Upon termination, the employee is not compensated accrued sick time. Vacation time is accrued for full-time employees at the rate of ten days per year for employees with one to five years of service; eleven days per year with six years of service; twelve days per year with seven years of service; thirteen days with eight years of service; fourteen days with nine years of service; and fifteen days with ten or more years of service, up to a maximum of 30 days. Upon termination, the employee is compensated for accrued vacation time up to a maximum of 30 days.

B. 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.

C. Taxable Industrial Revenue Bonds

In April 2008, the County issued \$88,500,000 in taxable industrial revenue bonds to finance the acquisition, construction, and equipping of a dry-mill ethanol plant to be leased to Show Me Ethanol, LLC. The bonds will be repaid in various installments beginning in April 2009 from lease payments pursuant to the terms of a Lease Agreement dated April 1, 2008, between the County and Show Me Ethanol. Because the bonds are secured and paid solely from lease payments generated by the project, the bonds do not constitute a liability of the County.

8. 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.

9. LONG TERM DEBT

The County had the following long-term debt outstanding at December 31, 2008:

- A. \$12,762 in loans from the Department of Natural Resources to fund the design, acquisition, installation, and implementation of energy conservation measures. The loan is paid in equal semi-annual installments of \$2,322 with interest at 3.2% annually, with a final payment date of August 1, 2011.
- B. \$65,570 in loans from Bank 21 to finance a lease agreement for the acquisition of a new computer system. The lease is paid in equal quarterly installments of \$4,050 through June 1, 2013, with interest at 6.35% annually.
- C. \$53,450 in loans from Kansas State Bank for the lease of a Hyundai Excavator. The lease is paid in equal quarterly payments of \$9,300 through April 15, 2010, with interest at 4.95% annually.

10. COOPERATIVE VENTURES

The County has representatives on the governing board of the Carroll County Economic Development Board, which was created to promote the growth and stability of the local economy in Carroll County. The Board also consists of members from the town of Carrollton, Carrollton Municipal Utilities, and the Carrollton Area Chamber of Commerce. The County disbursed \$14,000 to the Board in both 2007 and 2008.

REQUIRED SUPPLEMENTARY INFORMATION

CARROLL COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS

	GENERAL FUND			
	Year Ended December 31,			
	2007		2008	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
RECEIPTS				
Property taxes	\$ 349,600	\$ 354,683	\$ 355,000	\$ 382,065
Sales taxes	444,000	495,487	495,000	909,673
Intergovernmental	66,500	55,589	76,000	88,645
Charges for services	297,820	306,040	470,065	527,429
Interest	25,000	34,072	36,000	19,898
Other	24,000	31,676	23,100	38,676
Transfers in	45,000	47,385	62,233	61,250
Total Receipts	<u>\$ 1,251,920</u>	<u>\$ 1,324,932</u>	<u>\$ 1,517,398</u>	<u>\$ 2,027,636</u>
DISBURSEMENTS				
County Commission	\$ 136,860	\$ 109,936	\$ 131,202	\$ 132,305
County Clerk	126,235	106,011	123,136	113,731
Elections	98,476	55,821	185,398	146,435
Buildings and grounds	94,098	87,258	126,864	100,029
Employee fringe benefits	204,900	182,153	208,300	198,504
Collector	106,287	98,413	122,096	112,678
Recorder of Deeds	51,695	28,040	53,908	27,118
Associate Circuit Court (Probate)	13,880	8,120	11,615	8,864
Court administration	87,700	76,665	94,550	75,754
Public Administrator	37,180	23,719	36,880	55,318
Sheriff	301,081	296,915	356,500	315,745
Jail	133,014	139,601	153,125	154,427
Prosecuting Attorney	192,720	98,025	216,721	114,264
Juvenile Officer	14,157	5,715	14,157	5,805
Coroner	15,302	14,738	16,672	16,377
Other general revenue	-	179	-	-
Transfers out	1,000	1,176	4,500	18,651
Emergency fund	37,000	-	43,500	-
Total Disbursements	<u>\$ 1,651,585</u>	<u>\$ 1,332,485</u>	<u>\$ 1,899,124</u>	<u>\$ 1,596,005</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ (399,665)	\$ (7,553)	\$ (381,726)	\$ 431,631
CASH, JANUARY 1	<u>652,971</u>	<u>652,972</u>	<u>645,419</u>	<u>645,419</u>
CASH, DECEMBER 31	<u><u>\$ 253,306</u></u>	<u><u>\$ 645,419</u></u>	<u><u>\$ 263,693</u></u>	<u><u>\$ 1,077,050</u></u>

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

CARROLL COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
GENERAL AND MAJOR SPECIAL REVENUE FUNDS

	ROAD AND BRIDGE FUND				COURTHOUSE RESTORATION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 64,000	\$ 66,728	\$ 71,000	\$ 71,764	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,381,350	1,326,564	1,607,640	1,224,376	-	-	26,737	-
Charges for services	20,000	15,167	20,000	40,973	-	-	-	-
Interest	20,000	33,955	25,000	13,512	13,000	15,960	15,000	10,701
Other	6,000	30,550	13,000	20,508	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,491,350</u>	<u>\$ 1,472,964</u>	<u>\$ 1,736,640</u>	<u>\$ 1,371,133</u>	<u>\$ 13,000</u>	<u>\$ 15,960</u>	<u>\$ 41,737</u>	<u>\$ 10,701</u>
DISBURSEMENTS								
Salaries	\$ 173,436	\$ 149,672	\$ 171,823	\$ 165,886	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	57,032	46,942	54,560	51,457	-	-	-	-
Materials and Supplies	268,780	304,356	322,150	358,977	-	-	-	-
Services and Other	129,250	114,970	126,230	129,485	200,300	55,277	104,475	5,527
Capital Outlay	-	-	-	-	-	-	-	-
Construction	835,000	490,500	945,000	825,407	-	-	-	-
Transfers out	45,000	45,000	55,020	55,000	-	-	-	-
Total Disbursements	<u>\$ 1,508,498</u>	<u>\$ 1,151,440</u>	<u>\$ 1,674,783</u>	<u>\$ 1,586,212</u>	<u>\$ 200,300</u>	<u>\$ 55,277</u>	<u>\$ 104,475</u>	<u>\$ 5,527</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (17,148)	\$ 321,524	\$ 61,857	\$ (215,079)	\$ (187,300)	\$ (39,317)	\$ (62,738)	\$ 5,174
CASH, JANUARY 1	<u>497,477</u>	<u>497,478</u>	<u>819,001</u>	<u>819,001</u>	<u>349,951</u>	<u>349,950</u>	<u>310,633</u>	<u>310,633</u>
CASH, DECEMBER 31	<u>\$ 480,329</u>	<u>\$ 819,002</u>	<u>\$ 880,858</u>	<u>\$ 603,922</u>	<u>\$ 162,651</u>	<u>\$ 310,633</u>	<u>\$ 247,895</u>	<u>\$ 315,807</u>

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

CARROLL COUNTY
COMPARATIVE SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS

	EDA 98 GRANT FUND				EMERGENCY ENHANCED 9-1-1			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	475,000	516,861	525,000	520,852
Intergovernmental	-	-	325,000	385,000	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	3,450	4,562	5,500	5,030
Other	-	-	-	-	100	326	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ 385,000</u>	<u>\$ 478,550</u>	<u>\$ 521,749</u>	<u>\$ 530,500</u>	<u>\$ 525,882</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	340,000	334,755	350,000	368,000
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	18,000	9,909	15,000	10,585
Services and Other	-	-	325,000	385,000	79,150	66,417	96,500	83,553
Capital Outlay	-	-	-	-	34,000	3,519	37,000	32,407
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ 385,000</u>	<u>\$ 471,150</u>	<u>\$ 414,600</u>	<u>\$ 498,500</u>	<u>\$ 494,545</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ -	\$ -	\$ -	\$ 7,400	\$ 107,149	\$ 32,000	\$ 31,337
CASH, JANUARY 1	-	-	-	-	176,015	176,015	283,164	283,164
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,415</u>	<u>\$ 283,164</u>	<u>\$ 315,164</u>	<u>\$ 314,501</u>

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

COMPLIANCE SECTION

McBRIDE, LOCK & ASSOCIATES

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 Carroll County, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carroll County, Missouri, as of and for the years ended December 31, 2008 and 2007, which collectively comprise Carroll County, Missouri's basic financial statements and have issued our report thereon dated July 9, 2009. The report on the basic financial statements was qualified because of the omission of the Health Center, a legally separate component unit of the County. 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 Carroll 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 Carroll County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Carroll 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 Carroll 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 Carroll County, Missouri's financial statements that is

more than inconsequential will not be prevented or detected by the Carroll County, Missouri's internal control. We consider the deficiencies described in the schedule of findings and recommendations as items 1 through 4 to be a 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 Carroll 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, we believe that the significant deficiencies described above are not material weaknesses.

Compliance and Additional Matter

As part of obtaining reasonable assurance about whether Carroll 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 certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* that are identified as items 5 through 7.

We noted a certain matter that we reported to management of Carroll County, Missouri, in the findings and recommendations section as item 8.

Carroll County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. We did not audit Carroll 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 Auditors, and 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
July 9, 2009

McBRIDE, LOCK & ASSOCIATES

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 of Carroll County, Missouri

Compliance

We have audited the compliance of Carroll 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, 2008 and 2007. Carroll 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 Carroll County, Missouri's management. Our responsibility is to express an opinion on Carroll 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 Carroll 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 Carroll County, Missouri's compliance with those requirements.

In our opinion, Carroll 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, 2008 and 2007. 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 Carroll 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 Carroll 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 Carroll 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
July 9, 2009

CARROLL 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	2008
U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
14.228	Department of Economic Development - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	2007-EM-05 05-01-04487 98-PF-754	\$ - - -	\$ 82,464 385,000 2,875
14.231	Department of Social Services - Emergency Shelter Grants Program	2007-EM-06 ERO1640797 ERO1640906	- - -	3,750 7,500 7,759
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
20.205	Highway and Transportation Commission - Highway Planning and Construction	BRO-017(46) BRO-017(47) BRO-017(48) BRO-017(49) BRO-017(51) BRO-017(52) BRO-017(54)	167,085 129,885 - - 2,472 504	75,565 317 154,131 121,342 22,763 29,397 25,470
20.703	Department of Public Safety - Interagency Hazardous Materials Public Sector Training and Planning Grants		728	-
GENERAL SERVICES ADMINISTRATION				
Passed through State Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	NA	60,779	15,777
39.011	Passed through the Office of Secretary of State - Election Reform Payments	SC23156EL-332	2,550	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through State:				
93.563	Department of Social Services - Child Support Enforcement	NA	17,682	14,436
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through State Department of Public Safety:				
97.036	Public Assistance Grants (Presidentially declared disasters)	1773FMD397	38,769	8,319
97.067	Homeland Security Grant Program	2006LBGJ097	-	6,030
Total Expenditures of Federal Awards			<u>\$ 420,454</u>	<u>\$ 962,895</u>

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

CARROLL COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditure of Federal Awards (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 sub-recipients during the years ended December 31, 2008 and 2007.

CARROLL COUNTY, MISSOURI
 SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
 YEARS ENDED DECEMBER 31, 2008 AND 2007

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of Auditors' Report Issued: Unqualified

Internal Control Over Financial Reporting:

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

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes 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 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.
14.228	Department of Economic Development – Community Development Block Grants

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

Auditee Qualified as low-risk: Yes No

SECTION II – FINANCIAL STATEMENTS FINDINGS

See Findings 1 through 7.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – FOLLOW-UP ON PRIOR YEAR'S FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

FINDINGS AND RECOMMENDATIONS

CARROLL COUNTY, MISSOURI
FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESS IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

1. Treasurer and Fee Office Receipts

Condition: The Treasurer's Office and the Assessor's Office use a form of "One Write" system which is intended to provide both a receipt for the customer and a record of receipts written, in journal form, with only one "writing" of the transaction. This system does not provide a carbon copy of receipts that have been issued. However, the One Write system currently used requires that the receipt number to be copied from the receipt onto a receipt ledger.

While examining transmittals from the Assessor's office, it was discovered that two receipt numbers had been duplicated. The Treasurer's receipt ledger had two receipts from the Assessor with the same number but different payer's and amounts. When asked, the Assessor's office could not explain the cause of the problem because there was no carbon copy of the receipts that could be examined.

The integrity of receipt numbers allows an independent party to account for the numerical sequence of receipts and verify that all dollars recorded on receipts are transmitted for deposit in the bank. It is a key internal control over the collection and deposit of revenues.

Recommendation: We recommend that all offices which issue receipts use a system that either includes pre-printed receipt numbers on both the ledger sheet and the receipt, or requires the receipt number to be hand-written and simultaneously recorded on both the receipt and ledger.

County Response: We concur.

2. County Clerk's Controls and Procedures

Condition: The County Clerk's office uses, as documentation of the bank reconciliation, a printout of the transaction detail of the cash account. This document does not identify deposits in transit or outstanding checks. A deposit in transit is money recorded on the ledger in the month, but which has not been recognized by the financial institution within the same month. Outstanding checks are issued in the current month, but have not been deposited by the payee during the same month. Deposits in transit and outstanding check lists help ensure an accurate presentation of available bank funds. The methodology used was not an issue at year-end because all receipts and disbursements recorded by the Clerk were received and deposited before month end.

Recommendation: We recommend the County Clerk utilize a standard bank reconciliation template, which will document consideration of deposits in transit and outstanding checks. This may be most useful in the event that the County Clerk is absent and someone unfamiliar with the bank reconciliation process attempts to locate and review prior reconciliations in order to perform future reconciliations.

County Response: We concur and the minor change has already been implemented.

3. Sheriff's Internal Controls

Condition: Internal controls help to prevent and detect misappropriation of funds. One type of internal control that can detect misappropriation of funds is the separation of various aspects of a transaction. For example, the same person who collects and writes receipts for daily cash collections should not also prepare the bank deposits, reconcile the bank accounts and maintain the accounting records. With proper segregation of duties, cash collections that were receipted by one person who subsequently did not turn them in for deposit would be identified by the separate person who reconciles the receipts to the cash when preparing the deposit. Similarly, a person who has access to blank checks and the ability to write checks should not also reconcile the bank account. This is because, in the event of a check forgery, the person reconciling the bank account may notice the unauthorized purchase and forged signature. However, if this person is in a position to have committed the forgery, this detective internal control will not be effective.

During our audit procedures at the Sheriff's Department, we noted that accounting duties are not segregated as described above. The office manager is primarily responsible for receiving monies, preparing checks and deposit slips, preparing bank reconciliations, and maintaining the accounting records for the Sheriff's fee and inmate account.

When an inadequate segregation of duties exists due to limited staffing, a mitigating internal control would be a very thorough review of the accounting records and source documents. The limited review of the bank statement and bank reconciliation performed by the Sheriff or Chief Deputy is not sufficiently thorough to detect missing receipts or unauthorized checks.

Recommendation: We recommend the Sheriff segregate the accounting duties to the extent possible or ensure thorough periodic supervisory reviews of accounting journals, source documents and bank reconciliations are performed and documented. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are safeguarded. Internal controls would be most improved by segregating the duties of receiving and depositing monies from recording and reconciling receipts, and prohibiting individuals who prepare checks from reconciling the bank account.

County Response: We concur.

4. Sheriff's Bank Reconciliation Procedures

Condition: Bank reconciliations do not provide for an accurate measure of available funds because reconciling items (deposits in transit and outstanding checks) are not properly handled. It appears that some of the deficiencies noted occurred because Sheriff's Office personnel are not fully knowledgeable of the Office's financial software.

For example, the December 2007 and 2008 bank reconciliations for the fee account each contain a deposit in transit of \$132, dated July 2004, and an outstanding check that had been voided, but never removed from reconciliation. The December 2007 and 2008 bank reconciliations for the inmate account each contain a deposit in transit of \$110 from the prior audit period and outstanding checks from the years 2004 through 2007. The outstanding checks from the inmate account had actually been remitted to the State's unclaimed monies fund in July 2008, and cleared the bank in the same month, but remained on the bank reconciliation.

Recommendation: We recommend the Sheriff arrange for the office manager to receive additional training on the Office's financial software. By understanding and utilizing the capabilities of the financial software, reconciling items can be resolved in a timely manner which will facilitate an effective review of the reconciliation and increase the effectiveness of the bank reconciliation process as a detective control.

County Response: We concur.

ITEMS OF NONCOMPLIANCE

5. Investment Policy

Condition: The County has not adopted an investment policy as required by State Statutes. An investment policy addresses topics such as collateralization of deposits, strategy with respect to investment of public funds, selection of investment vehicles and financial institutions, custody of investments, and other areas, and thus such a policy would be beneficial and also required for the County.

Section 110.270, RSMo 2007, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2007, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation.

Recommendation: We recommend the County adopt an investment policy and review compliance with this policy at least annually. Guidelines for developing an investment policy may be found at organizations such as the Government Finance Officers' Association, which offers a publication entitled GFOA's New Model Investment Policy, and examples of investment policies for many counties may be found on the internet.

County Response: We are currently using our local banking institution as our Custodian of County Funds and investments are monitored monthly.

6. Budgetary Controls

Condition: The County received an additional \$60,000 in EDA 98 grant revenues in 2008. These monies were expended in accordance with grantor requirements. The expenditures, while appropriate, were in excess of the approved budgetary authority. RSMo 50.740 requires that county expenditures be authorized by approved budget.

Recommendation: We recommend that, in the future, the County Commission incorporate unanticipated revenues and expenditures into the approved County operating budget, in order to be in strict compliance with related statutory requirements.

County Response: We concur.

7. Transfers

Condition: As recorded in the financial statements published with the County's annual budget, transfers from other funds did not equal transfers to other funds during either 2007 or 2008. In one case a transfer from the Emergency Management Grant fund to the Road & Bridge fund was recorded as an expense in the Emergency Management Grant and a transfer in to Road & Bridge. In another case, a transfer out of the Sheriff's Inmate fund was recorded as miscellaneous revenue in the General Revenue fund instead of as a transfer in. Transfers in and out should only be recorded for transactions between County funds and should balance at year end.

Recommendation: We recommend that the County only record transfers for transactions between County funds and ensure that all transfers to a fund are accompanied by a recorded transfer from the sending fund.

County Response: This suggestion has already been implemented.

OTHER MATTERS

8. Custody of E-911 Records

Condition: The Board Treasurer's custody of Enhanced 911 invoices and bank records is not appropriate. The Treasurer stores invoices and bank records at his personal residence and transports same documents to County E-911 facilities as needed. The procedure does not provide for adequate safekeeping of county documents. RSMo 67.1937 states the governing body of the county shall provide for the proper and safekeeping of its permanent records. Furthermore, the procedure prohibits the documents from being readily available for annual audits.

Recommendation: We recommend that the Enhanced 911 Board and staff store all E-911 documents at county facilities, ensuring safe and proper storage.

County Response: We encourage the E-911 board and staff to comply with the auditor's recommendation.

CARROLL 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 Carroll County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2006 and 2005.

1. County Funds

A. Fees collected by the Sheriff's and the Recorder's offices were incorrectly deposited into the General Revenue fund.

B. Law Enforcement Training funds were used to pay for membership dues. No documentation was provided to show how and if these dues related to training.

Status:

A&B. Implemented

2. Assessor's Accounting Controls and Procedures

Amounts received by the Assessor and transmitted to the Treasurer did not always agree. Also, receipts did not always indicate the method of payment and transmittal reports did not always include receipt numbers.

Status:

Partially Implemented. Receipts do include the method of payment and transmittal forms do include receipt numbers. However, further problems were identified during the audit. See finding 1.

3. Sheriff's Accounting Controls and Procedures

A. The duties of receiving, recording, depositing, and disbursing monies are not adequately segregated, as they are all performed by the office manager.

B. Bank reconciliations performed by the computer software package are not printed and retained. Also, procedures are not in place to ensure that all fees received are disbursed to the Treasurer.

Status:

A&B. Not implemented. See findings 3 and 4.

4. Circuit Clerk's Accounting Controls and Procedures

- A. The accounting for the receipt of money is insufficient. The Circuit Clerk neither enters all receipts directly into JIS system, nor issues pre-numbered receipt.
- B. The Circuit Clerk does not submit reimbursement requests to the state in a timely manner.

Status:

- A. *Partially Implemented. The Circuit Clerk continues to issue manual receipts for walk-in customers, but uses pre-numbered receipts instead. Payments received by mail are entered directly into JIS system and noted on manual receipt with corresponding JIS receipt number.*
- B. *Implemented.*

5. Prosecuting Attorney's Accounting Controls and Procedures

- A. The cash custody and recordkeeping duties are not adequately segregated and there is no periodic supervisory review.
- B. The Prosecuting Attorney does not issue pre-numbered receipts for partial payments. The manual receipt log does not contain corresponding receipt numbers.

Status:

- A. *Partially Implemented. No supervisory review or changes to segregation of duties was noted during 2007; however, the Prosecuting Attorney began reviewing bank reconciliations and month-end reports in 2008 and initialing the respective reports.*
- B. *Implemented.*

6. E-911 Board Policies and Procedures

- A. The board does not require documentation of receipt of goods or services prior to paying invoices.
- B. The board's procedures manual does not contain travel and expense reimbursement policies and sufficient details are not provided on employee mileage/meals expense reimbursement claims submitted by employees.
- C. The board treasurer receives a mileage reimbursement of \$100 per month without being required to submit any supporting documentation.

- D. During 2005 and 2006, the board spent a total of \$856 for Christmas dinners, sponsorship for a team participating in the American Cancer Society's Relay for Life, and appreciation dinners and gifts for the dispatchers.
- E. Numerous transactions related to the Board's Certificates of Deposit were incorrectly recorded on the budget. Also, the Board's expenditures exceeded budgeted amounts during 2005 and 2006.
- F. The board does not publish annual financial statements and file them with the State Auditor's Office as required.

Status:

- A. *Implemented.*
- B. *Implemented. The policies and procedures includes policies for mileage and meal reimbursements, as well as requiring appropriate documentation for reimbursement.*
- C. *Not Implemented. These payments continued in 2007 and 2008 at \$100 per month.*
- D. *Not Implemented. Three promotional expenditures totaling \$1,368 were noted in early 2007, and one \$223 payment was made for promotions in 2008. The prior auditor's recommendation of strictly disbursing money for items that are necessary for the operation of the emergency 911 system still stands.*
- E. *Implemented.*
- F. *Implemented.*

7. Senate Bill 40 Board Policies and Procedures

- A. The Board did not require adequate documentation for all payments and contract terms with not for profit organizations did not clearly establish the responsibilities and duties of each party.
- B. The SB40 Board does not review bank reconciliations, bank statements, and canceled checks.
- C. Funds at the Board's depository bank were under collateralized during February 2005 and February 2007.
- D. Board minutes are not signed by the preparer or by a board member to attest to their completeness and accuracy.

Status:

- A, B & D. *Implemented.*
- C. *Partially Implemented. The February 2007 collateral shortfall noted in the prior audit was during our audit period, however, no other periods of collateral shortfall were noted. Therefore, no repeat finding is deemed necessary.*