



**SUSAN MONTEE, JD, CPA**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Mercer County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Mercer County, and issues a separate report on that audit. In addition, the Office of the State Auditor 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. 2009-116

ANNUAL FINANCIAL REPORT

**MERCER COUNTY, MISSOURI**

For the Years Ended  
December 31, 2008 and 2007

# MERCER COUNTY, MISSOURI

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## **INTRODUCTORY SECTION**

MERCER COUNTY, MISSOURI  
List of Elected Officials

*County Commission*

Presiding Commissioner – Clifford Shipley

Associate Commissioner – Shane Grooms

Associate Commissioner – Ken Wilson

*Other Elected Officials*

Assessor – Norberta De Moss

Circuit Clerk, Recorder – Patricia Stamper

Collector/Treasurer – Susan Moore

Coroner – Michael Greenlee

County Clerk – Judy Hamilton

Prosecuting Attorney – John Young

Public Administrator – Kelli Judd

Sheriff – Steve Stockman

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CERTIFIED PUBLIC ACCOUNTANTS

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## McBRIDE, LOCK & ASSOCIATES

### INDEPENDENT AUDITORS' REPORT

To the County Commission and  
Officeholders of Mercer County, Missouri

We have audited the accompanying financial statements of Mercer County, Missouri as of and for the years ended December 31, 2008 and 2007, 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.

As described more fully in Note 1, Mercer 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 Mercer County, Missouri, as of December 31, 2008 and 2007, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Mercer County, Missouri, as of December 31, 2008 and 2007, and the receipts, disbursements and budgetary results of these 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 May 1, 2009, 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 Mercer 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  
May 1, 2009

## **FINANCIAL SECTION**

MERCER COUNTY

Exhibit A

STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS-REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2007 AND 2008

Fund	Cash			Cash			Cash
	January 1, 2007	Receipts 2007	Disbursements 2007	December 31, 2007	Receipts 2008	Disbursements 2008	December 31, 2008
General Revenue	\$ 146,411	\$ 678,579	\$ 640,359	\$ 184,631	\$ 803,901	\$ 710,305	\$ 278,227
Special Road and Bridge	8,021	1,293,404	1,152,237	149,188	762,825	815,075	96,938
Assessment	34,937	89,022	89,292	34,667	92,528	112,624	14,571
Prosecuting Attorney Training	348	213	-	561	172	-	733
Law Enforcement Training	500	1,694	926	1,268	1,096	1,056	1,308
Special Recorder	8,327	4,473	5,958	6,842	4,047	2,212	8,677
Recorder Trust	105	167	-	272	170	150	292
Law Library	82	2,689	1,415	1,356	-	799	557
Prosecuting Attorney Bad Check	1,388	9,097	3,000	7,485	8,811	8,505	7,791
Circuit Clerk Interest	827	36	-	863	-	-	863
Sheriff's Special	1,716	7,040	3,872	4,884	7,360	8,939	3,305
Sheriff's Revolving	332	-	-	332	1,026	-	1,358
Division II Interest	177	21	-	198	-	-	198
Law Enforcement Sales Tax	11,324	137,817	127,051	22,090	129,135	145,145	6,080
Recreational District	63,987	137,134	139,648	61,473	132,978	127,175	67,276
Restitution	3,831	3,851	2,273	5,409	4,179	3,524	6,064
Help America Vote Act	7,072	174	1,429	5,817	-	-	5,817
Tax Maintenance	6,294	5,035	2,899	8,430	7,918	4,309	12,039
Juvenile	-	110	-	110	61	-	171
Surplus Tax	-	1,326	-	1,326	2,660	789	3,197
Criminal Costs	-	18,902	-	18,902	22,248	8,878	32,272
Senior Citizen	-	-	-	-	3,562	-	3,562
Lindley Township	-	-	-	-	40,802	47,881	(7,079)
Local Election Authority	-	-	-	-	1,964	235	1,729
Federal Emergency Mgmt. Agency	-	52,411	-	52,411	53,900	98,725	7,586
Local Emerg. Protection Comm.- Siren	-	4,520	-	4,520	13,888	18,026	382
Local Emerg. Protection Comm. #2	-	-	-	-	14,872	5,924	8,948
Deputy Sheriff Salary Supplemental	-	-	-	-	150	108	42
Total	<u>\$ 295,679</u>	<u>\$ 2,447,715</u>	<u>\$ 2,170,359</u>	<u>\$ 573,035</u>	<u>\$ 2,110,253</u>	<u>\$ 2,120,384</u>	<u>\$ 562,904</u>

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

GENERAL FUND				
Year Ended December 31,				
	2007		2008	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>RECEIPTS</b>				
Property taxes	\$ 175,750	\$ 195,860	\$ 325,000	\$ 341,747
Sales taxes	270,000	308,311	300,000	294,124
Charges for services	105,050	79,419	77,700	79,243
Interest	6,200	7,673	6,500	12,071
Other	55,643	35,291	44,792	47,538
Transfers in	30,000	52,025	70,000	29,178
Total Receipts	<u>\$ 642,643</u>	<u>\$ 678,579</u>	<u>\$ 823,992</u>	<u>\$ 803,901</u>
<b>DISBURSEMENTS</b>				
County Commission	\$ 64,595	\$ 66,709	\$ 67,160	\$ 66,766
County Clerk	68,221	78,144	94,500	91,978
Elections	9,650	5,676	32,900	29,608
Buildings and grounds	68,159	63,194	73,114	81,993
Employee fringe benefits	64,600	67,192	73,600	73,637
Treasurer	62,495	54,616	62,445	58,603
Circuit Clerk	5,356	4,648	6,260	5,278
Associate Circuit Court	5,800	4,544	4,550	4,286
Court administration	6,680	2,047	6,601	2,670
Public Administrator	28,450	28,843	31,742	31,298
Sheriff	98,622	109,671	91,467	93,520
Prosecuting Attorney	67,170	60,313	66,550	61,376
Juvenile Officer	14,958	2,635	8,916	2,769
Coroner	7,500	8,000	8,000	8,000
Other general government	89,900	84,127	96,840	98,523
Emergency fund	17,761	-	20,750	-
Total Disbursements	<u>\$ 679,917</u>	<u>\$ 640,359</u>	<u>\$ 745,395</u>	<u>\$ 710,305</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ (37,274)	\$ 38,220	\$ 78,597	\$ 93,596
CASH, JANUARY 1	146,411	146,411	184,631	184,631
CASH, DECEMBER 31	<u>\$ 109,137</u>	<u>\$ 184,631</u>	<u>\$ 263,228</u>	<u>\$ 278,227</u>

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

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

	ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,							
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 29,100	\$ -	\$ -	\$ 4,063	\$ -	\$ -	\$ -	\$ -
Sales taxes	69,000	77,077	80,000	73,499	-	-	-	-
Intergovernmental	1,108,500	1,189,296	620,000	575,979	82,952	86,614	87,000	89,996
Charges for services	-	-	-	102,531	650	606	600	706
Interest	4,500	6,044	6,000	6,753	1,500	1,802	1,800	1,567
Other	31,286	20,987	15,000	-	-	-	-	259
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,242,386</u>	<u>\$ 1,293,404</u>	<u>\$ 721,000</u>	<u>\$ 762,825</u>	<u>\$ 85,102</u>	<u>\$ 89,022</u>	<u>\$ 89,400</u>	<u>\$ 92,528</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 103,673	\$ 102,924	\$ 117,000	\$ 114,436	\$ 63,908	\$ 64,930	\$ 68,000	\$ 65,218
Employee fringe benefits	22,100	22,474	27,200	21,789	5,000	4,755	6,000	4,747
Materials and Supplies	368,900	327,146	412,850	440,442	4,950	4,107	3,425	3,286
Services and Other	608,500	609,878	196,000	134,405	17,250	15,500	41,150	39,373
Capital Outlay	16,000	55,529	37,200	62,729	-	-	-	-
Construction	5,000	4,286	5,000	-	-	-	-	-
Transfers out	30,000	30,000	50,000	41,274	-	-	-	-
Total Disbursements	<u>\$ 1,154,173</u>	<u>\$ 1,152,237</u>	<u>\$ 845,250</u>	<u>\$ 815,075</u>	<u>\$ 91,108</u>	<u>\$ 89,292</u>	<u>\$ 118,575</u>	<u>\$ 112,624</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 88,213	\$ 141,167	\$ (124,250)	\$ (52,250)	\$ (6,006)	\$ (270)	\$ (29,175)	\$ (20,096)
CASH, JANUARY 1	8,021	8,021	149,188	149,188	34,937	34,937	34,667	34,667
CASH, DECEMBER 31	<u>\$ 96,234</u>	<u>\$ 149,188</u>	<u>\$ 24,938</u>	<u>\$ 96,938</u>	<u>\$ 28,931</u>	<u>\$ 34,667</u>	<u>\$ 5,492</u>	<u>\$ 14,571</u>

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

## MERCER COUNTY, MISSOURI

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

	PROSECUTING ATTORNEY TRAINING FUND				LAW ENFORCEMENT TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	196	200	-
Charges for services	162	195	185	148	650	772	750	562
Interest	10	18	-	24	25	30	25	34
Other	-	-	-	-	700	500	500	500
Transfers in	-	-	-	-	-	196	-	-
Total Receipts	<u>\$ 172</u>	<u>\$ 213</u>	<u>\$ 185</u>	<u>\$ 172</u>	<u>\$ 1,375</u>	<u>\$ 1,694</u>	<u>\$ 1,475</u>	<u>\$ 1,096</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	500	-	500	-	1,800	926	1,000	1,056
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 1,800</u>	<u>\$ 926</u>	<u>\$ 1,000</u>	<u>\$ 1,056</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	\$ (328)	\$ 213	\$ (315)	\$ 172	\$ (425)	\$ 768	\$ 475	\$ 40
CASH, JANUARY 1	348	348	561	561	500	500	1,268	1,268
CASH, DECEMBER 31	<u>\$ 20</u>	<u>\$ 561</u>	<u>\$ 246</u>	<u>\$ 733</u>	<u>\$ 75</u>	<u>\$ 1,268</u>	<u>\$ 1,743</u>	<u>\$ 1,308</u>

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

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

	SPECIAL RECORDER FUND				LAW LIBRARY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	4,000	4,185	4,200	3,700	3,300	2,689	1,600	-
Interest	200	288	240	268	-	-	-	-
Other	-	-	-	79	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 4,200</u>	<u>\$ 4,473</u>	<u>\$ 4,440</u>	<u>\$ 4,047</u>	<u>\$ 3,300</u>	<u>\$ 2,689</u>	<u>\$ 1,600</u>	<u>\$ -</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	2,300	72	1,600	164	3,300	1,415	1,600	799
Services and Other	4,875	5,886	5,676	2,048	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 7,175</u>	<u>\$ 5,958</u>	<u>\$ 7,276</u>	<u>\$ 2,212</u>	<u>\$ 3,300</u>	<u>\$ 1,415</u>	<u>\$ 1,600</u>	<u>\$ 799</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,975)	\$ (1,485)	\$ (2,836)	\$ 1,835	\$ -	\$ 1,274	\$ -	\$ (799)
CASH, JANUARY 1	8,327	8,327	12,800	6,842	82	82	1,356	1,356
CASH, DECEMBER 31	<u>\$ 5,352</u>	<u>\$ 6,842</u>	<u>\$ 9,964</u>	<u>\$ 8,677</u>	<u>\$ 82</u>	<u>\$ 1,356</u>	<u>\$ 1,356</u>	<u>\$ 557</u>

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

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

	PROSECUTING ATTORNEY BAD CHECK FUND				RECORDER TRUST FUND			
	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	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	6,500	7,597	7,500	7,461	175	167	150	170
Interest	50	98	100	155	-	-	-	-
Other	1,100	1,402	1,250	1,195	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 7,650</u>	<u>\$ 9,097</u>	<u>\$ 8,850</u>	<u>\$ 8,811</u>	<u>\$ 175</u>	<u>\$ 167</u>	<u>\$ 150</u>	<u>\$ 170</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	7,000	3,000	7,190	8,505	150	-	-	150
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 7,000</u>	<u>\$ 3,000</u>	<u>\$ 7,190</u>	<u>\$ 8,505</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 650	\$ 6,097	\$ 1,660	\$ 306	\$ 25	\$ 167	\$ 150	\$ 20
CASH, JANUARY 1	1,388	1,388	7,485	7,485	105	105	272	272
CASH, DECEMBER 31	<u>\$ 2,038</u>	<u>\$ 7,485</u>	<u>\$ 9,145</u>	<u>\$ 7,791</u>	<u>\$ 130</u>	<u>\$ 272</u>	<u>\$ 422</u>	<u>\$ 292</u>

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

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

	CIRCUIT CLERK INTEREST FUND				SHERIFF'S SPECIAL FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	6,050	6,896	6,550	7,195
Interest	220	36	35	-	85	111	100	145
Other	-	-	-	-	800	33	-	20
Transfers in	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>\$ 220</b>	<b>\$ 36</b>	<b>\$ 35</b>	<b>\$ -</b>	<b>\$ 6,935</b>	<b>\$ 7,040</b>	<b>\$ 6,650</b>	<b>\$ 7,360</b>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	2,340	1,840	4,340	5,633
Services and Other	-	-	-	-	6,300	2,032	2,913	3,306
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total Disbursements</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,640</b>	<b>\$ 3,872</b>	<b>\$ 7,253</b>	<b>\$ 8,939</b>
<b>RECEIPTS OVER (UNDER)</b>								
<b>DISBURSEMENTS</b>	<b>\$ 220</b>	<b>\$ 36</b>	<b>\$ 35</b>	<b>\$ -</b>	<b>\$ (1,705)</b>	<b>\$ 3,168</b>	<b>\$ (603)</b>	<b>\$ (1,579)</b>
<b>CASH, JANUARY 1</b>	<b>827</b>	<b>827</b>	<b>863</b>	<b>863</b>	<b>1,716</b>	<b>1,716</b>	<b>4,884</b>	<b>4,884</b>
<b>CASH, DECEMBER 31</b>	<b>\$ 1,047</b>	<b>\$ 863</b>	<b>\$ 898</b>	<b>\$ 863</b>	<b>\$ 11</b>	<b>\$ 4,884</b>	<b>\$ 4,281</b>	<b>\$ 3,305</b>

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

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

	SHERIFF'S REVOLVING FUND				DIVISION II INTEREST FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	400	-	-	930	-	-	-	-
Interest	18	-	-	96	20	21	18	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,026</u>	<u>\$ 20</u>	<u>\$ 21</u>	<u>\$ 18</u>	<u>\$ -</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	600	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (182)	\$ -	\$ -	\$ 1,026	\$ 20	\$ 21	\$ 18	\$ -
CASH, JANUARY 1	332	332	332	332	177	177	198	198
CASH, DECEMBER 31	<u>\$ 150</u>	<u>\$ 332</u>	<u>\$ 332</u>	<u>\$ 1,358</u>	<u>\$ 197</u>	<u>\$ 198</u>	<u>\$ 216</u>	<u>\$ 198</u>

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

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

	LAW ENFORCEMENT SALES TAX FUND				RECREATIONAL DISTRICT FUND			
	Year Ended December 31,							
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	120,000	137,131	125,000	128,462	108,000	137,134	135,000	128,478
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	350	686	600	650	-	-	-	-
Other	110	-	-	23	-	-	-	4,500
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 120,460</u>	<u>\$ 137,817</u>	<u>\$ 125,600</u>	<u>\$ 129,135</u>	<u>\$ 108,000</u>	<u>\$ 137,134</u>	<u>\$ 135,000</u>	<u>\$ 132,978</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 92,960	\$ 92,960	\$ 94,360	\$ 90,986	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	7,000	6,599	7,000	6,303	-	-	-	-
Materials and Supplies	19,000	17,496	25,000	23,773	-	-	-	-
Services and Other	11,500	9,996	26,000	24,083	97,200	139,648	110,000	127,175
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 130,460</u>	<u>\$ 127,051</u>	<u>\$ 152,360</u>	<u>\$ 145,145</u>	<u>\$ 97,200</u>	<u>\$ 139,648</u>	<u>\$ 110,000</u>	<u>\$ 127,175</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (10,000)	\$ 10,766	\$ (26,760)	\$ (16,010)	\$ 10,800	\$ (2,514)	\$ 25,000	\$ 5,803
CASH, JANUARY 1	11,324	11,324	22,090	22,090	63,987	63,987	61,473	61,473
CASH, DECEMBER 31	<u>\$ 1,324</u>	<u>\$ 22,090</u>	<u>\$ (4,670)</u>	<u>\$ 6,080</u>	<u>\$ 74,787</u>	<u>\$ 61,473</u>	<u>\$ 86,473</u>	<u>\$ 67,276</u>

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

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

	RESTITUTION FUND				HELP AMERICA VOTE ACT			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	4,000	3,450	-	1,975	-	-	-	-
Interest	80	149	-	173	150	174	-	-
Other	-	252	-	2,031	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 4,080</u>	<u>\$ 3,851</u>	<u>\$ -</u>	<u>\$ 4,179</u>	<u>\$ 150</u>	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ -</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	4,500	1,429	-	-
Services and Other	3,000	2,273	-	3,524	300	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,000</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 3,524</u>	<u>\$ 4,800</u>	<u>\$ 1,429</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>								
	\$ 1,080	\$ 1,578	\$ -	\$ 655	\$ (4,650)	\$ (1,255)	\$ -	\$ -
CASH, JANUARY 1	3,831	3,831	5,409	5,409	7,072	7,072	5,817	5,817
CASH, DECEMBER 31	<u>\$ 4,911</u>	<u>\$ 5,409</u>	<u>\$ 5,409</u>	<u>\$ 6,064</u>	<u>\$ 2,422</u>	<u>\$ 5,817</u>	<u>\$ 5,817</u>	<u>\$ 5,817</u>

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

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

	TAX MAINTENANCE				JUVENILE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	4,000	4,762	5,000	7,511	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	140	226	-	407	-	60	-	61
Other	-	47	-	-	-	50	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 4,140</u>	<u>\$ 5,035</u>	<u>\$ 5,000</u>	<u>\$ 7,918</u>	<u>\$ -</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 61</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	2,300	2,296	2,500	1,777	-	-	-	-
Services and Other	1,000	603	1,600	2,532	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,300</u>	<u>\$ 2,899</u>	<u>\$ 4,100</u>	<u>\$ 4,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 840	\$ 2,136	\$ 900	\$ 3,609	\$ -	\$ 110	\$ -	\$ 61
CASH, JANUARY 1	6,294	6,294	8,430	8,430	-	-	110	110
CASH, DECEMBER 31	<u>\$ 7,134</u>	<u>\$ 8,430</u>	<u>\$ 9,330</u>	<u>\$ 12,039</u>	<u>\$ -</u>	<u>\$ 110</u>	<u>\$ 110</u>	<u>\$ 171</u>

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

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

	SURPLUS TAX FUND				CRIMINAL COSTS FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	204	-	241	-	-	-	-
Other	-	1,122	-	2,419	-	18,902	-	22,248
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ -	\$ 1,326	\$ -	\$ 2,660	\$ -	\$ 18,902	\$ -	\$ 22,248
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	789	-	-	-	8,878
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ -	\$ -	\$ -	\$ 789	\$ -	\$ -	\$ -	\$ 8,878
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	\$ -	\$ 1,326	\$ -	\$ 1,871	\$ -	\$ 18,902	\$ -	\$ 13,370
CASH, JANUARY 1	-	-	1,326	1,326	-	-	18,902	18,902
CASH, DECEMBER 31	\$ -	\$ 1,326	\$ 1,326	\$ 3,197	\$ -	\$ 18,902	\$ 18,902	\$ 32,272

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

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

	SENIOR CITIZENS FUND				LINDLEY TOWNSHIP FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ 3,562	\$ -	\$ -	\$ -	\$ 6,099
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	34,703
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,802</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	-	-	-	47,881
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,881</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ -	\$ -	\$ 3,562	\$ -	\$ -	\$ -	\$ (7,079)
CASH, JANUARY 1	-	-	-	-	-	-	-	-
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,079)</u>

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

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

	LOCAL ELECTION AUTHORITY FUND				FEDERAL EMERG. MGMT. AGENCY FUND			
	Year Ended December 31,							
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	52,411	-	53,900
Charges for services	-	-	-	1,964	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,964</u>	<u>\$ -</u>	<u>\$ 52,411</u>	<u>\$ -</u>	<u>\$ 53,900</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	235	-	-	-	-
Services and Other	-	-	-	-	-	-	-	98,725
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,725</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ -	\$ -	\$ 1,729	\$ -	\$ 52,411	\$ -	\$ (44,825)
CASH, JANUARY 1	-	-	-	-	-	-	-	52,411
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,729</u>	<u>\$ -</u>	<u>\$ 52,411</u>	<u>\$ -</u>	<u>\$ 7,586</u>

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

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

	LEPC - SIREN FUND			
	Year Ended December 31,			
	2007		2008	
	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	-	4,520	-	13,888
Transfers in	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 4,520</u>	<u>\$ -</u>	<u>\$ 13,888</u>
<b>DISBURSEMENTS</b>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	-	-	-	18,026
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,026</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ -	\$ 4,520	\$ -	\$ (4,138)
CASH, JANUARY 1	-	-	-	4,520
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ 4,520</u>	<u>\$ -</u>	<u>\$ 382</u>

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

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

	LEPC #2 FUND				DEPUTY SHERIFF SUPPLEMENTAL FUND			
	Year Ended December 31,				Year Ended December 31,			
	2007		2008		2007		2008	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	14,872	-	-	-	150
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	5,924	-	-	-	108
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ -	\$ -	\$ 8,948	\$ -	\$ -	\$ -	\$ 42
CASH, JANUARY 1	-	-	-	-	-	-	-	-
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

As discussed further in Note 1, these financial statements are presented 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, which would include all relevant Government Accounting Standards Board (GASB) pronouncements. The differences include use of a prescribed definition of the reporting entity and the cash basis of accounting.

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 Mercer County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered by the Missouri State Auditor’s Office to comprise the County’s legal entity. The financial statements also include the Local Emergency Planning Commission, Parks and Recreation Board and Senior Citizens Board, which are separate legal entities within the County that are required by the Missouri State Auditor’s Office to be included in the County’s reporting entity for financial reporting purposes.

B. Basis of Presentation

Governmental Funds - 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 County’s funds are governmental funds. Governmental funds are those through which most governmental functions are financed. The County’s expendable financial resources are accounted for through governmental funds.

Fiduciary (Agency) Funds - Certain County officials, particularly the County Collector, Treasurer, Circuit Clerk and Sheriff collect and hold monies in a trustee capacity as an agent of individuals, taxing units, or other governments. These assets, which are held for the benefit of external parties, are held in fiduciary (agency) funds which are custodial in nature, and are not reported on the accompanying financial statements.

### 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. 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. The County did not adopt formal budgets for the following funds:

	<u>2008</u>	<u>2007</u>
A. Restitution	X	N/A
B. Juvenile	X	X
C. Surplus Tax	X	X
D. Criminal Costs	X	X
E. Senior Citizens	X	N/A
F. Lindley Township	X	N/A
G. Local Election Authority	X	N/A
H. Federal Emergency Management Agency	X	X
I. Local Emergency Protection Commission – Siren	X	X
J. Local Emergency Protection Commission #2	X	N/A
K. Deputy Sheriff Salary Supplemental	X	N/A

Budgets were not completed for all line items for the Road & Bridge and Law Enforcement Training funds. Additionally, the County budgeted a negative fund balance for the Law Enforcement Sales Tax fund in 2008.

10. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds:

	<u>2008</u>	<u>2007</u>
A. Law Enforcement Training	X	N/A
B. Recorder Trust Fund	X	N/A
C. Prosecuting Attorney Bad Check	X	N/A
D. Sheriff's Special	X	N/A
E. Recreational District	X	X
F. Tax Maintenance	X	N/A

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	\$ 33,316,160	\$ 32,497,767
Personal Property	25,362,035	23,852,079

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 Fund	\$ 0.2400	\$ 0.3000
Senior Services	0.0500	0.3000

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 Activity

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

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 \$585,363 and \$592,844, respectively, and the bank balances were \$360,742 and \$268,840, respectively. Of the bank balances, \$250,000 and \$100,000 for December 31, 2008 and December 31, 2007, respectively, were covered by federal depository insurance and \$110,749 and \$168,840,

respectively, were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name.

At December 31, 2008 and 2007 the County Collector held, in addition to the cash and cash equivalents listed above, cash representing collections of property taxes on behalf of various taxing districts in the County. These amounts, all of which were secured by pledged collateral, amounted to \$2,616,989 and \$2,688,864 at December 31, 2008 and 2007, respectively.

### 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.

#### A. 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.

#### 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, or a reduced benefit annuity at age 55. 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 from a portion of delinquent property tax penalties and other penalties and fees. Further, a contribution to CERF of 4% to 6% of gross compensation, depending on LAGERS participation, is required for all participants hired on or after February 2002. A contribution of 0% to 4% of compensation, depending on LAGERS participation, is required of employees hired before February 2002. A lesser contribution requirement applies to employees who participate in LAGERS. The source of funding of these contributions is determined by each county. During 2008 and 2007, the County collected and remitted to CERF employee contributions of approximately \$4,071 and \$3,801, respectively, for the years then ended, equal to the required contributions.

## 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

### A. Compensated Absences

Full time employees earn two weeks of sick leave upon the anniversary of their hire date. After fifteen years of employment the employee will receive three weeks of sick leave. Sick leave may not accrue from year to year. Employees who have worked with the County for one full fiscal year or longer will be reimbursed for unused sick leave at the rate of 50 percent on the last paycheck of the year. Vacation is earned at the rate of two weeks per year after one year and three weeks after fifteen years.

### 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.

## 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.

## **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 Mercer County, Missouri

We have audited the accompanying financial statements of Mercer County, Missouri as of and for the years ended December 31, 2008 and 2007, which collectively comprise the County's basic financial statements as identified in the table of contents, and have issued our report thereon dated May 1, 2009. 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 Mercer 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 Mercer County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mercer County, Missouri's internal control over financial reporting.

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 Mercer 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 Mercer County, Missouri's financial statements that is more than inconsequential will not be prevented or detected by the Mercer County, Missouri's internal control.

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 Mercer 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mercer 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 08-1 through 08-4.

We also noted immaterial instances of noncompliance that we reported to management of Mercer County, Missouri, in the findings and recommendations section as items 08-5 through 08-6.

Mercer 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 Mercer 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  
May 1, 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 and Officeholders of Mercer County, Missouri

#### Compliance

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

In our opinion, Mercer 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. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as Item 08-4.

## Internal Control Over Compliance

The management of Mercer 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 Mercer 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 Mercer County, Missouri's internal control over compliance.

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

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 08-4 to be a significant deficiency.

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 an entity's internal control. We do not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Mercer County, Missouri's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Mercer 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  
May 1, 2009

MERCER 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 JUSTICE				
	Passed through State Missouri Sheriff's Association			
16.xxx	Domestic Cannabis Eradication/Suppression Program	N/A	\$ 1,224	\$ -
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through the State Department of Economic Development			
14.228	Community Development Block Grant/States Program	BRO-065(26)	239,000	
U.S. DEPARTMENT OF TRANSPORTATION				
	Passed through State Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-065(24)	22,228	-
		BRO-065(25)	304,702	-
		BRO-065(27)	24,917	109,435
ELECTION ASSISTANCE COMMISSION				
	Passed through the Office of Secretary of State -			
90.401	Help America Vote Act Requirements Payments		-	558
U.S DEPARTMENT OF HOMELAND SECURITY				
	Passed through State Department of Public Safety:			
97.036	Disaster Grants - Public Assistance Grants (Presidentially declared disasters)		-	53,900
			\$ 592,071	\$ 163,893

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

**MERCER 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 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.

MERCER 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 are 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 Planning and Construction

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

Auditee Qualified as low-risk:  Yes  No

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

Financial Statement Findings required to be reported in accordance with generally accepted Government Auditing Standards:

See Findings and Recommendations Section.

- 08-1. Cash Balances
- 08-2. Ledger Reconciliations
- 08-3. Budgetary Practices
- 08-4. Reporting Practices
- 08-5. Absence of Investment Policy
- 08-6. Payroll Personnel Files

Summary of Schedule of Prior Audit Findings:

### **04-1 County Financial Records and Procedures**

The accounting records prepared by the County Clerk and County Treasurer for the years ended December 31, 2004 and 2003 did not reconcile. The County Commission also approved expenditures in excess of budgeted amounts for various funds.

*Status: Not Implemented. See findings 08-2 and 08-3 in the Findings and Recommendations section.*

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Federal Award Findings Required to be reported in Accordance with Generally Accepted Government Auditing Standards.

Summary Schedule of Prior Audit Federal Award Findings

04-2 Highway Planning and Construction Program, CFDA#20.205, Tracking and Reporting. The County did not submit a complete and accurate schedule of expenditures of federal awards for 2003 and 2004.

*Status: Not Implemented. See finding 08-4 in the Findings and Recommendations section.*

## **FINDINGS AND RECOMMENDATIONS**

MERCER COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**MATERIAL WEAKNESSES IN INTERNAL CONTROL**

None

**SIGNIFICANT INTERNAL CONTROL DEFICIENCIES**

None

**ITEMS OF NONCOMPLIANCE**

**08-1. Cash Balances**

Condition: It was noted that the County's cash balances per bank reconciliation at December 31, 2008 and December 31, 2007 did not reconcile to the Treasurer's Annual Settlement, with variances of \$4,142 and \$231 being noted, respectively. These variances result in part from the exclusion of bank account balances from the Settlement for both years. Additionally, several bank deposits during 2008 were not been recorded in the County's financial records until the following year.

Recommendation: We recommend that the County Treasurer's Office ensure that cash balances per bank statements are reconciled and incorporated into the Settlement on a monthly basis. Any variance noted should be resolved in a timely manner.

County's Response: The Collector/Treasurer's Office will strive to keep better track of any ACH deposits to ensure they are posted correctly and get posted the same month they are received. We will reconcile all monthly deposits to the cash receipts posting journal and the bank statement. Any variances will be investigated and resolved in a timely manner to ensure better accuracy in the future.

**08-2. Ledger Reconciliations**

Condition: Pursuant to our review, it was determined that numerous differences existed in 2007 between the County Clerk's and Collector/Treasurer's ledgers. These differences carried through to financial statements prepared by the County Clerk and the Annual Settlement prepared by the Collector/Treasurer. The variances continued into 2008 but at a significantly reduced rate. We noted that the County Clerk's position was vacated in the first quarter of 2008 and that the position was subsequently filled by the Governor of Missouri by executive appointment. By the conclusion of 2008, all County ledgers and financial statements for the entire year had been brought into balance.

Recommendation: We recommend that the County Clerk and Collector/Treasurer communicate effectively to ensure that their ledgers and financial reports reconcile and are in agreement both by line item and in the aggregate on a monthly basis. Any variance noted between the County Clerk's and Collector/Treasurer's records should be resolved in a timely manner.

County's Response: Steps have been taken in 2008 to ensure that ledgers and financial reports reconcile between the offices of the County Clerk and the Collector/Treasurer. We have made sure that fund revenues, expenditures and balances match the Summary of funds provided on a monthly basis. We will continue to ensure this is done on a monthly basis.

### **08-3. Budgetary Practices**

Condition: The County did not adopt budgets for a number of funds and, for certain funds, budgets were not completed for all line items as required by State Statute. One fund was budgeted with a negative ending cash balance. Also, the County disbursements exceeded the authorized budgets for a number of funds in 2007 and in 2008.

A. The County did not adopt formal budgets for the following funds:

- Restitution
- Juvenile
- Surplus Tax
- Criminal Costs
- Senior Citizens
- Lindley Township Local Election Authority funds
- Federal Emergency Management Agency
- Local Emergency Protection Commission – Siren
- Local Emergency Protection Commission - #2
- Deputy Sheriff Salary Supplemental

Funds for which budgets were not completed include Road and Bridge and Law Enforcement. The Law Enforcement Sales Tax Fund budget contained a negative ending cash balance in 2008.

B. The County Commission approved expenditures in excess of the authorized budget for six different funds during 2008 and for one fund in 2007 as identified in Note 1.D.10.

Recommendation: We recommend the County adopt complete formal budgets for all funds as required by law. We also recommend that the County strictly adhere to the authorized budget or follow the appropriate procedures to amend the budget if additional expenditures are necessary.

County's Response: Mercer County has incorporated internal procedural improvements in large part due to the new computer system being set up this year. In the past only 4 funds were actually on the computer system and kept track of by the County Clerk's Office and all other funds were accounted for by the Treasurer in hand written ledger books. By putting all funds in the computer system budget balances can be checked daily. This is a vast improvement for us. It will help us to adhere to the authorized budget in all funds or amend budget if additional expenditures are necessary. So far this year we have been able to check balances and stick to our budget. Our new computer system has been great. We are taking steps to ensure that the County follows all procedures required by state statute in the future.

#### **08-4. Reporting Practices**

Condition: The County does not adequately track or report federal assistance on the Schedule of Expenditures of Federal Awards (SEFA) Section .310(b) of Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, requires the auditee to prepare a SEFA for the period covered by the auditee's financial statements. The County is required to submit the SEFA to the State Auditors Office as part of the annual budget. For the SEFA to adequately reflect the County's federal expenditures, it is necessary that all federal expenditures be properly recorded. Compilation of the SEFA requires consulting County financial records and requesting information from other departments and or officials.

The County's 2007 SEFA expenditures for their major program, Highway Planning and Construction (CFDA 20.205) were overstated by approximately \$148,813. A Community Development Block Grant (CFDA 14.228) totaling approximately \$239,000 was not reported on the County's 2007 SEFA. As a result, the SEFA schedules prepared by the County Clerk had total expenditures understated by \$90,187 in 2007. In addition, the SEFA did not include the required pass through entities' identifying numbers or contract numbers.

Without an accurate and complete SEFA, federal financial activity cannot be properly audited and reported in accordance with federal audit requirements.

A similar condition was noted in prior reports. Although the County Commission and the County Clerk indicated they would implement these recommendations, the County to-date has not implemented appropriate controls and procedures.

Recommendation: We again recommend the County Commission and the County Clerk prepare a complete and accurate schedule of expenditures of federal awards.

County's Response: We will continue to attempt to prepare an accurate and complete SEFA. We will make every attempt to ensure the 2009 SEFA is correct.

#### **08-5. Absence of Investment Policy**

Condition: The County has not adopted an investment policy as required by State Statutes. The County has no investments, however, an investment policy addresses topics such as collateralization of deposits, strategy with respect to investment of public funds, 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's Response: We are in the process of developing a formal investment policy.

**08-6. Payroll Personnel Files**

Condition: The County does not keep an updated record of each employee's pay rate or employee-approved voluntary deductions in their personnel file. When an employee receives a pay raise, there is no evidence in their personnel file of when and how much the raise was for nor documentation of County Commissioner approval. The County Clerk's office does maintain a listing indicating current approved pay rates for each County employee.

Recommendation: We recommend that the County Clerk's Office maintain documentation of each employee's pay and voluntary deductions in their personnel file in addition to supporting documentation from the County Commission approving any pay raises an employee has received.

County's Response: County Clerk's office was not aware that this needed to be documented. After notification from auditors, we had corrected within forty-eight hours.

MERCER 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 Mercer County, Missouri, on the applicable Management Advisory Report (MAR) findings in the prior audit report issued for the two years ended December 31, 2004 and 2003. MAR items 4, 5, 6, 7, and 10 were beyond the scope of the current audit. Accordingly no follow-up is reported for those items.

MAR-1. Expenditure and Transfer Controls and Procedures

- A. The County did not solicit bids for several major purchases
- B. Several duplicate payments were made as a result of invoices not being marked as paid upon payment.
- C. Adequate supporting documentation for credit card charges is not maintained.
- D. Several payments were made to related parties and may have been indicated conflicts of interest in violation of state law.
- E. The County transferred more than the allowable amount out of Road & Bridge to General Revenue for administrative service fees.

*Status: A-E: Implemented*

MAR-2. County Commission Minutes

- A. County Commission minutes did not adequately detail the meetings of the Commission, including some meetings having no minutes taken at all.
- B. The County did not maintain documentation of the required tentative agenda for the meetings of the County Commission.
- C. Minutes of closed meetings were not always kept and the open minutes did not document the reasons for going into closed meetings.

*Status: A-C: Implemented*

MAR-3. Salaries and Personnel Procedures

- A. The County had no documentation to indicate how the Public Administrator's salary was determined.
- B. The County has not adopted an official personnel policies manual.
- C. Road and Bridge employees do not fill out timesheets signed by the employee and department head.

*Status: A-C: Implemented*

MAR-8. Computer System Controls and Procedures

- A. Employees have access to files which are necessary for the performance of the duties, allowing for the possibility of unauthorized changes to financial and property tax records.
- B. Passwords are not changed periodically and kept confidential.
- C. The County does not have adequate disaster recovery or data backup plans.

*Status: A-C: Implemented*

MAR-9. Property Tax Controls and Procedures

- A. The Ex-Officio Collector does not always issue receipt slips for tax payments.
- B. The County Clerk does not maintain an account book with the Ex-Officio Collector and the Collector's annual settlements are not reviewed by the County Commission.

*Status: A-B Implemented.*