



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

To the County Commission  
and  
Officeholders of Benton County, Missouri

The Office of the State Auditor, in cooperation with Benton County, has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2009, 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

July 2010  
Report No. 2010-81

ANNUAL FINANCIAL REPORT

**BENTON COUNTY, MISSOURI**

For the Years Ended  
December 31, 2009 and 2008

# BENTON COUNTY, MISSOURI

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## **INTRODUCTORY SECTION**

BENTON COUNTY, MISSOURI  
List of Elected Officials

*County Commission*

Presiding Commissioner – Mark Breshears

Associate Commissioner – Paul Estes

Associate Commissioner – Walter Schumacher Jr.

*Other Elected Officials*

Assessor – Roger Reedy

Circuit Clerk – Cheryl Schultz

Collector – Donna Hart

Coroner – James Miller

County Clerk – Mary Lutman

Prosecuting Attorney – Karen Coffey-Woodley

Public Administrator – Wayne Linhardt

Recorder – Beverly Burnett

Sheriff – Rick Fajen

Treasurer – Rick Renno

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the County Commission and  
Officeholders of Benton County, Missouri

We have audited the accompanying financial statements of Benton County, Missouri as of and for the years ended December 31, 2009 and 2008, 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 opinions 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 opinions.

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Benton County, Missouri, as of December 31, 2009 and 2008, 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 Benton County, Missouri, as of December 31, 2009 and 2008, and their respective cash receipts and 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 March 26, 2010, 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 considered in assessing the results of our audits.

*(Original signed by Auditor)*

McBride, Lock & Associates  
March 26, 2010

## **FINANCIAL SECTION**

BENTON COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2008 AND 2009

Fund	Cash			Cash			Cash
	January 1, 2008	Receipts 2008	Disbursements 2008	December 31, 2008	Receipts 2009	Disbursements 2009	December 31, 2009
General Revenue	\$ 279,740	\$ 2,116,492	\$ 2,199,574	\$ 196,658	\$ 2,152,906	\$ 2,064,059	\$ 285,505
Road and Bridge	725,683	1,258,421	1,484,932	499,172	1,309,128	1,134,732	673,568
Assessment	80,329	380,534	408,511	52,352	440,777	400,286	92,843
Adult Abuse	512	437	512	437	3,472	2,687	1,222
Law Enforcement	8,926	5,204	5,186	8,944	4,376	7,188	6,132
Prosecuting Attorney Training	286	1,014	837	463	1,273	1,300	436
Capital Improvement	1,081,424	1,014,531	1,368,435	727,520	928,392	982,669	673,243
Prosecuting Attorney Bad Check	9,894	13,671	21,708	1,857	11,645	11,000	2,502
Prosecuting Attorney Delinquent Tax	493	1,789	439	1,843	2,796	2,052	2,587
Recorder User Fees	51,558	23,173	27,730	47,001	20,451	24,386	43,066
Juvenile Detention	-	23,164	23,164	-	22,691	22,691	-
Sheriff Civil	-	23,941	23,941	-	55,857	43,778	12,079
DARE Fund	1,344	5,783	4,793	2,334	4,360	6,346	348
Community Oriented Policing Services Fund	1,019	-	1,019	-	-	-	-
Election Services	2,248	1,657	523	3,382	1,154	2,567	1,969
E-911	66,547	651,061	646,822	70,786	611,842	602,598	80,030
HAVA	-	4,327	4,327	-	3,774	3,774	-
Federal Seizure Fund	-	817	320	497	-	-	497
Deputy Sheriff Supplemental	-	1,210	720	490	9,820	10,310	-
Tax Maintenance	20,300	30,171	18,467	32,004	37,013	37,872	31,145
Total	<u>\$ 2,330,303</u>	<u>\$ 5,557,397</u>	<u>\$ 6,241,960</u>	<u>\$ 1,645,740</u>	<u>\$ 5,621,727</u>	<u>\$ 5,360,295</u>	<u>\$ 1,907,172</u>

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

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

	GENERAL REVENUE FUND			
	Year Ended December 31,			
	2008		2009	
	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>				
Property taxes	\$ 315,200	\$ 319,270	\$ 328,900	\$ 352,159
Sales taxes	911,100	858,796	875,000	826,158
Intergovernmental	339,920	307,169	306,900	307,231
Charges for services	459,603	461,956	478,255	487,653
Interest	11,850	11,598	12,000	10,001
Other	78,420	69,903	86,176	92,756
Transfers in	134,493	87,800	180,280	76,948
Total Receipts	<u>\$ 2,250,586</u>	<u>\$ 2,116,492</u>	<u>\$ 2,267,511</u>	<u>\$ 2,152,906</u>
<b>DISBURSEMENTS</b>				
County Commission	\$ 92,800	\$ 92,642	\$ 93,480	\$ 92,368
County Clerk	74,983	73,781	81,284	73,880
Elections	121,316	116,482	43,103	47,192
Buildings and grounds	46,964	46,404	47,846	46,427
Employee fringe benefits	213,500	194,457	254,650	253,557
Treasurer	43,000	42,920	42,920	42,991
Collector	129,473	122,609	127,142	114,972
Recorder of Deeds	42,500	25,301	64,100	45,729
Circuit Clerk	69,150	43,802	55,195	46,420
Court administration	11,247	3,906	11,409	4,420
Public Administrator	34,374	31,511	50,525	48,461
Sheriff	742,399	694,083	727,344	590,090
Jail	269,174	236,089	248,519	244,219
Prosecuting Attorney	231,887	223,848	227,448	213,273
Juvenile Officer	34,282	30,889	33,043	35,334
Coroner	20,100	22,913	22,925	18,724
Emergency Management	46,310	26,587	20,550	19,984
University Extension	47,810	47,890	35,000	35,000
Other County Government	101,945	102,460	91,877	91,018
Health and Welfare	1,000	1,000	-	-
Emergency fund	62,760	-	68,025	-
Transfers out	20,000	20,000	-	-
Total Disbursements	<u>\$ 2,456,974</u>	<u>\$ 2,199,574</u>	<u>\$ 2,346,385</u>	<u>\$ 2,064,059</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (206,388)	\$ (83,082)	\$ (78,874)	\$ 88,847
CASH, JANUARY 1	<u>279,740</u>	<u>279,740</u>	<u>196,658</u>	<u>196,658</u>
CASH, DECEMBER 31	<u>\$ 73,352</u>	<u>\$ 196,658</u>	<u>\$ 117,784</u>	<u>\$ 285,505</u>

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

BENTON 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,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 404,800	\$ 399,280	\$ 428,200	\$ 448,897	\$ -	\$ -	\$ -	\$ -
Sales taxes	132,000	99,618	100,000	86,135	-	-	-	-
Intergovernmental	746,865	729,503	673,055	645,616	339,936	225,092	286,969	324,714
Charges for services	-	-	-	-	3,100	2,790	2,000	3,193
Interest	18,900	16,401	16,300	21,288	6,000	3,831	3,000	4,298
Other	14,320	13,619	104,220	107,192	-	-	-	3,535
Transfers in	-	-	-	-	180,000	148,821	131,063	105,037
Total Receipts	<u>\$ 1,316,885</u>	<u>\$ 1,258,421</u>	<u>\$ 1,321,775</u>	<u>\$ 1,309,128</u>	<u>\$ 529,036</u>	<u>\$ 380,534</u>	<u>\$ 423,032</u>	<u>\$ 440,777</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 522,000	\$ 465,345	\$ 470,000	447,149	\$ 214,176	\$ 213,735	\$ 214,954	\$ 213,437
Employee fringe benefits	145,100	103,904	138,600	135,881	48,427	39,656	49,178	50,538
Materials and supplies	444,700	364,728	307,200	168,504	22,900	15,920	27,900	22,509
Services and other	211,040	207,588	232,300	187,830	12,500	10,420	16,000	8,765
Capital outlay	409,500	186,658	200,000	150,869	160,000	128,780	115,000	105,037
Construction	143,200	118,708	39,500	20,186	-	-	-	-
Transfers out	38,000	38,001	43,000	24,313	-	-	-	-
Total Disbursements	<u>\$ 1,913,540</u>	<u>\$ 1,484,932</u>	<u>\$ 1,430,600</u>	<u>\$ 1,134,732</u>	<u>\$ 458,003</u>	<u>\$ 408,511</u>	<u>\$ 423,032</u>	<u>\$ 400,286</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (596,655)	\$ (226,511)	\$ (108,825)	\$ 174,396	\$ 71,033	\$ (27,977)	\$ -	\$ 40,491
CASH, JANUARY 1	<u>673,267</u>	<u>725,683</u>	<u>449,589</u>	<u>499,172</u>	<u>80,329</u>	<u>80,329</u>	<u>52,352</u>	<u>52,352</u>
CASH, DECEMBER 31	<u>\$ 76,612</u>	<u>\$ 499,172</u>	<u>\$ 340,764</u>	<u>\$ 673,568</u>	<u>\$ 151,362</u>	<u>\$ 52,352</u>	<u>\$ 52,352</u>	<u>\$ 92,843</u>

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

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

	ADULT ABUSE				LAW ENFORCEMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	560	429	3,020	3,454	4,800	4,054	4,300	3,926
Interest	10	8	25	18	-	-	-	-
Other	-	-	-	-	1,150	1,150	1,200	450
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 570</u>	<u>\$ 437</u>	<u>\$ 3,045</u>	<u>\$ 3,472</u>	<u>\$ 5,950</u>	<u>\$ 5,204</u>	<u>\$ 5,500</u>	<u>\$ 4,376</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	570	512	2,700	2,687	9,750	5,186	10,750	7,188
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 570</u>	<u>\$ 512</u>	<u>\$ 2,700</u>	<u>\$ 2,687</u>	<u>\$ 9,750</u>	<u>\$ 5,186</u>	<u>\$ 10,750</u>	<u>\$ 7,188</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ -</u>	<u>\$ (75)</u>	<u>\$ 345</u>	<u>\$ 785</u>	<u>\$ (3,800)</u>	<u>\$ 18</u>	<u>\$ (5,250)</u>	<u>\$ (2,812)</u>
<b>CASH, JANUARY 1</b>	<u>512</u>	<u>512</u>	<u>437</u>	<u>437</u>	<u>8,926</u>	<u>8,926</u>	<u>8,944</u>	<u>8,944</u>
<b>CASH, DECEMBER 31</b>	<u><u>\$ 512</u></u>	<u><u>\$ 437</u></u>	<u><u>\$ 782</u></u>	<u><u>\$ 1,222</u></u>	<u><u>\$ 5,126</u></u>	<u><u>\$ 8,944</u></u>	<u><u>\$ 3,694</u></u>	<u><u>\$ 6,132</u></u>

tatements are an integral part of these statements.

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

	PROSECUTING ATTORNEY TRAINING FUND				CAPITAL IMPROVEMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	887,500	857,310	857,800	802,375
Intergovernmental	900	1,014	1,000	998	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	31,390	31,382	31,290	26,956
Other	-	-	-	275	82,250	72,591	205,119	99,061
Transfers in	-	-	-	-	27,000	53,248	-	-
Total Receipts	<u>\$ 900</u>	<u>\$ 1,014</u>	<u>\$ 1,000</u>	<u>\$ 1,273</u>	<u>\$ 1,028,140</u>	<u>\$ 1,014,531</u>	<u>\$ 1,094,209</u>	<u>\$ 928,392</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	1,182	837	1,400	1,300	-	-	-	-
Capital outlay	-	-	-	-	1,325,000	1,216,058	1,045,120	865,188
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	181,500	152,377	139,000	117,481
Total Disbursements	<u>\$ 1,182</u>	<u>\$ 837</u>	<u>\$ 1,400</u>	<u>\$ 1,300</u>	<u>\$ 1,506,500</u>	<u>\$ 1,368,435</u>	<u>\$ 1,184,120</u>	<u>\$ 982,669</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>								
	\$ (282)	\$ 177	\$ (400)	\$ (27)	\$ (478,360)	\$ (353,904)	\$ (89,911)	\$ (54,277)
<b>CASH, JANUARY 1</b>	<u>286</u>	<u>286</u>	<u>463</u>	<u>463</u>	<u>1,081,424</u>	<u>1,081,424</u>	<u>727,521</u>	<u>727,520</u>
<b>CASH, DECEMBER 31</b>	<u>\$ 4</u>	<u>\$ 463</u>	<u>\$ 63</u>	<u>\$ 436</u>	<u>\$ 603,064</u>	<u>\$ 727,520</u>	<u>\$ 637,610</u>	<u>\$ 673,243</u>

Statements are an integral part of these statements.

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

	PROSECUTING ATTORNEY BAD CHECK FUND				PROSECUTING ATTORNEY DELINQUENT TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,860	1,759	2,000	2,024
Charges for services	13,000	13,385	13,500	11,462	-	-	-	-
Interest	270	286	250	183	30	30	85	85
Other	-	-	-	-	-	-	-	687
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 13,270</u>	<u>\$ 13,671</u>	<u>\$ 13,750</u>	<u>\$ 11,645</u>	<u>\$ 1,890</u>	<u>\$ 1,789</u>	<u>\$ 2,085</u>	<u>\$ 2,796</u>
<b>DISBURSEMENTS</b>								
Salaries	17,393	17,393	\$ 9,750	\$ 9,200	-	-	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	3,900	4,315	4,000	1,800	1,000	439	2,030	2,052
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 21,293</u>	<u>\$ 21,708</u>	<u>\$ 13,750</u>	<u>\$ 11,000</u>	<u>\$ 1,000</u>	<u>\$ 439</u>	<u>\$ 2,030</u>	<u>\$ 2,052</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	\$ (8,023)	\$ (8,037)	\$ -	\$ 645	\$ 890	\$ 1,350	\$ 55	\$ 744
CASH, JANUARY 1	<u>9,894</u>	<u>9,894</u>	<u>1,857</u>	<u>1,857</u>	<u>493</u>	<u>493</u>	<u>1,843</u>	<u>1,843</u>
CASH, DECEMBER 31	<u><u>\$ 1,871</u></u>	<u><u>\$ 1,857</u></u>	<u><u>\$ 1,857</u></u>	<u><u>\$ 2,502</u></u>	<u><u>\$ 1,383</u></u>	<u><u>\$ 1,843</u></u>	<u><u>\$ 1,898</u></u>	<u><u>\$ 2,587</u></u>

Statements are an integral part of these statements.

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

	RECORDER USER FEES				JUVENILE DETENTION			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	25,000	21,510	22,000	18,905	-	-	-	-
Charges for services	-	-	-	-	23,700	23,071	23,220	22,591
Interest	1,600	1,663	1,600	1,546	75	93	90	100
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 26,600</u>	<u>\$ 23,173</u>	<u>\$ 23,600</u>	<u>\$ 20,451</u>	<u>\$ 23,775</u>	<u>\$ 23,164</u>	<u>\$ 23,310</u>	<u>\$ 22,691</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 13,500	\$ 16,861	\$ 18,530	\$ 18,916	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	20,600	10,869	15,340	5,470	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	23,550	23,164	23,200	22,691
Total Disbursements	<u>\$ 34,100</u>	<u>\$ 27,730</u>	<u>\$ 33,870</u>	<u>\$ 24,386</u>	<u>\$ 23,550</u>	<u>\$ 23,164</u>	<u>\$ 23,200</u>	<u>\$ 22,691</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ (7,500)</u>	<u>\$ (4,557)</u>	<u>\$ (10,270)</u>	<u>\$ (3,935)</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 110</u>	<u>\$ -</u>
<b>CASH, JANUARY 1</b>	<u>51,558</u>	<u>51,558</u>	<u>47,000</u>	<u>47,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH, DECEMBER 31</b>	<u><u>\$ 44,058</u></u>	<u><u>\$ 47,001</u></u>	<u><u>\$ 36,730</u></u>	<u><u>\$ 43,066</u></u>	<u><u>\$ 225</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 110</u></u>	<u><u>\$ -</u></u>

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

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

	SHERIFF CIVIL FUND				DARE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	24,400	23,941	52,500	55,857	-	-	-	-
Interest	-	-	-	-	50	53	75	69
Other	-	-	-	-	5,000	5,730	5,000	4,291
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 24,400</u>	<u>\$ 23,941</u>	<u>\$ 52,500</u>	<u>\$ 55,857</u>	<u>\$ 5,050</u>	<u>\$ 5,783</u>	<u>\$ 5,075</u>	<u>\$ 4,360</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 24,400	\$ 23,941	\$ 41,000	\$ 43,778	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	4,150	4,793	5,200	6,346
Services and other	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 24,400</u>	<u>\$ 23,941</u>	<u>\$ 41,000</u>	<u>\$ 43,778</u>	<u>\$ 4,150</u>	<u>\$ 4,793</u>	<u>\$ 5,200</u>	<u>\$ 6,346</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	\$ -	\$ -	\$ 11,500	\$ 12,079	\$ 900	\$ 990	\$ (125)	\$ (1,986)
<b>CASH, JANUARY 1</b>	-	-	-	-	1,344	1,344	2,334	2,334
<b>CASH, DECEMBER 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,500</u>	<u>\$ 12,079</u>	<u>\$ 2,244</u>	<u>\$ 2,334</u>	<u>\$ 2,209</u>	<u>\$ 348</u>

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

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

	COMMUNITY ORIENTED POLICING SERVICES GRANT FUND				ELECTION SERVICE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,660	1,616	1,120	1,154
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	41	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,660</u>	<u>\$ 1,657</u>	<u>\$ 1,120</u>	<u>\$ 1,154</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	1,019	1,019	-	-	-	-	-	-
Services and other	-	-	-	-	1,130	523	2,900	2,567
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,019</u>	<u>\$ 1,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,130</u>	<u>\$ 523</u>	<u>\$ 2,900</u>	<u>\$ 2,567</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ (1,019)</u>	<u>\$ (1,019)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530</u>	<u>\$ 1,134</u>	<u>\$ (1,780)</u>	<u>\$ (1,413)</u>
<b>CASH, JANUARY 1</b>	<u>1,019</u>	<u>1,019</u>	<u>-</u>	<u>-</u>	<u>2,248</u>	<u>2,248</u>	<u>3,382</u>	<u>3,382</u>
<b>CASH, DECEMBER 31</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,778</u></u>	<u><u>\$ 3,382</u></u>	<u><u>\$ 1,602</u></u>	<u><u>\$ 1,969</u></u>

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

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

	E-911 FUND				HAVA FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	665,000	638,724	625,000	601,764	-	-	-	-
Intergovernmental	-	-	-	-	5,000	4,327	4,000	3,774
Charges for services	3,200	3,015	1,000	995	-	-	-	-
Interest	2,500	2,536	2,500	2,249	-	-	-	-
Other	6,800	6,786	-	6,834	-	-	-	-
Transfers in	-	-	10,000	-	-	-	-	-
Total Receipts	<u>\$ 677,500</u>	<u>\$ 651,061</u>	<u>\$ 638,500</u>	<u>\$ 611,842</u>	<u>\$ 5,000</u>	<u>\$ 4,327</u>	<u>\$ 4,000</u>	<u>\$ 3,774</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ 362,826	\$ 347,397	\$ 362,826	\$ 347,214	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	77,522	59,814	84,522	72,043	-	-	-	-
Materials and supplies	26,450	26,521	27,550	26,414	-	-	-	-
Services and other	144,176	97,436	144,251	125,057	-	-	4,000	3,774
Capital outlay	63,000	63,654	31,500	31,870	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	27,000	52,000	-	-	5,000	4,327	-	-
Total Disbursements	<u>\$ 700,974</u>	<u>\$ 646,822</u>	<u>\$ 650,649</u>	<u>\$ 602,598</u>	<u>\$ 5,000</u>	<u>\$ 4,327</u>	<u>\$ 4,000</u>	<u>\$ 3,774</u>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>\$ (23,474)</u>	<u>\$ 4,239</u>	<u>\$ (12,149)</u>	<u>\$ 9,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CASH, JANUARY 1</b>	<u>66,547</u>	<u>66,547</u>	<u>70,786</u>	<u>70,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH, DECEMBER 31</b>	<u><u>\$ 43,073</u></u>	<u><u>\$ 70,786</u></u>	<u><u>\$ 58,637</u></u>	<u><u>\$ 80,030</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Statements are an integral part of these statements.

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

	FEDERAL SEIZURE FUND				DEPUTY SHERIFF SUPPLEMENTAL			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	1,400	1,210	10,000	9,820
Interest	-	-	-	-	-	-	-	-
Other	818	817	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 818</u>	<u>\$ 817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 1,210</u>	<u>\$ 10,000</u>	<u>\$ 9,820</u>
<b>DISBURSEMENTS</b>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Services and other	818	320	-	-	1,400	720	8,610	10,310
Capital outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 818</u>	<u>\$ 320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ 720</u>	<u>\$ 8,610</u>	<u>\$ 10,310</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ 497	\$ -	\$ -	\$ -	\$ 490	\$ 1,390	\$ (490)
CASH, JANUARY 1	-	-	497	497	-	-	490	490
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ 497</u>	<u>\$ 497</u>	<u>\$ 497</u>	<u>\$ -</u>	<u>\$ 490</u>	<u>\$ 1,880</u>	<u>\$ -</u>

Statements are an integral part of these statements.

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

	TAX MAINTENANCE			
	Year Ended December 31,			
	2008		2009	
	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	100	142	145	546
Other	27,000	30,029	30,000	36,467
Transfers in	-	-	-	-
Total Receipts	<u>\$ 27,100</u>	<u>\$ 30,171</u>	<u>\$ 30,145</u>	<u>\$ 37,013</u>
<b>DISBURSEMENTS</b>				
Salaries	\$ 3,000	\$ 552	\$ 2,800	\$ 6,776
Employee fringe benefits	-	-	-	-
Materials and supplies	13,400	12,645	11,614	4,541
Services and other	2,200	1,485	1,500	2,973
Capital outlay	5,000	3,785	3,500	6,082
Construction	-	-	-	-
Transfers out	-	-	-	17,500
Total Disbursements	<u>\$ 23,600</u>	<u>\$ 18,467</u>	<u>\$ 19,414</u>	<u>\$ 37,872</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 3,500	\$ 11,704	\$ 10,731	\$ (859)
CASH, JANUARY 1	<u>20,300</u>	<u>20,300</u>	<u>32,004</u>	<u>32,004</u>
CASH, DECEMBER 31	<u><u>\$ 23,800</u></u>	<u><u>\$ 32,004</u></u>	<u><u>\$ 42,735</u></u>	<u><u>\$ 31,145</u></u>

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

BENTON COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Benton County, Missouri (“County”) is governed by a three-member board of commissioners. In addition to the three board members, there are ten elected Constitutional Officers: Assessor, County Clerk, Circuit Clerk, Recorder, Coroner, Prosecuting Attorney, Public Administrator, Sheriff, Treasurer and 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 Benton County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, offices that are considered by the Missouri State Auditor’s Office to comprise the County’s legal entity.

Certain elected 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 by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements.

Proceeds from the Benton County, Missouri Senior Services property tax levy are distributed to an organization called Care Connection for Aging Services, which provides services to seniors in a 13 county area. The financial statements of Care Connection for Aging Services are audited by other accountants. Copies of the audited financial statements can be obtained by writing Care Connection for Aging Services, 106 W. Young, P.O. Box 1078, Warrensburg, Missouri 64093.

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.

#### 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's policy is to adopt 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. The County adopted a formal budget for all funds in accordance with State statutes.

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

Fund	2009	2008
Prosecuting Attorney Bad Check	N/A	X
Prosecuting Attorney Delinquent Tax	X	N/A
Sheriff Civil	X	N/A
DARE Fund	X	X
Deputy Sheriff Supplemental	X	N/A
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 2009 and 2008, for purposes of taxation was:

	2009	2008
Real Estate	\$ 162,372,690	\$ 158,897,190
Personal Property	49,376,155	53,543,016
Railroad and Utilities	10,824,495	11,151,767

During 2009 and 2008, the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2009 and 2008, for purposes of County taxation, as follows:

	2009	2008
General Revenue	\$ 0.1615	\$ 0.1450
Road & Bridge	0.2047	0.2012

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" 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, 2009 and 2008, the carrying amounts of the County's deposits were \$1,907,172 and \$1,645,740, respectively, and the bank balances were \$2,669,435 and \$2,175,508, respectively. Of the bank balances, \$382,917 and \$381,871 for December 31, 2009 and December 31, 2008, respectively, were covered by federal depository insurance and \$2,286,518 and \$1,793,637, 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, 2009 and 2008, 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, including the County General Revenue and Special Road and Bridge Fund. These amounts, all of which were secured by pledged collateral, amounted to \$6,165,288 and \$5,288,547 at December 31, 2009 and 2008, respectively.

### 3. COUNTY EMPLOYEES' RETIREMENT PLANS

#### A. County Employees' Retirement Fund (CERF)

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

##### 1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than one

thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

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

## 2) Pension Benefits

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

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement is at age sixty. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

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

## 3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further, a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002, in order to participate in CERF. During 2009 and 2008, the County collected and remitted to CERF employee contributions of approximately \$122,052 and \$119,273, respectively, for the years then ended.

## 4. POST EMPLOYMENT BENEFITS

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

## 5. CLAIMS, COMMITMENT AND CONTINGENCIES

### A. Compensated Absences

The County provides full time employees with up to 40 days of sick time -- to accrue at three-fourths day per complete calendar month of employment. Upon termination, an employee of five years is compensated for 25% to 50% of accrued sick time depending on the length of employment. Vacation time is accrued for every full time employee, and accrues at the rate of zero days per year up to fifteen days per year depending on length of employment. However, employees may only carry over ten vacation days from one year to the next. Any days accrued in excess of ten days will be forfeited at the end of the year.

### 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.

The County's expenditure for federal awards did not exceed \$500,000 in either 2009 or 2008 and accordingly, the County is not required to obtain a single audit in accordance with Office of Management and Budget Circular A-133.

## 6. RISK MANAGEMENT

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

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

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

## 7. CHANGE IN REPORTING ENTITY

The County has changed its definition of the reporting entity, as of January 1, 2008, to exclude certain funds pertaining to the Circuit Court and the Insurance Fund. The effect of the aforementioned change in reporting entity is to decrease cash balances of the governmental funds as previously reported at December 31, 2007 by the amount representing cash balances of the funds pertaining to the Circuit Court and the Insurance Fund. The Insurance Fund, an agency fund of the County, was discontinued in 2009.

## 8. LONG TERM DEBT

The County had the following debt outstanding at December 31, 2009:

- A. \$38,423 for a capital lease of a JCB Excavator by the Road and Bridge District #1. The lease is scheduled to be paid in six annual payments of \$20,693 including interest at 5.10% annually. The final payment is scheduled for 2011. Payments are made using available monies in the Road and Bridge Fund.
- B. \$27,690 for a capital lease of a Caterpillar track loader by the Road and Bridge District #1. The lease is scheduled to be paid in five annual payments of \$14,965 including interest at 5.35% annually. The final payment is scheduled for 2011. Payments are made using available monies in the Road and Bridge Fund.
- C. \$12,100 for a capital lease of a John Deere skid steer and sweep angle broom by the Road and Bridge District #1. The lease is scheduled to be paid in four annual payments of \$12,839 including interest at 5.95% annually. The final payment is scheduled for 2010. Payments are made using available monies in the Road and Bridge Fund.
- D. \$39,757 for a capital lease of a John Deere tractor and mower by the Road and Bridge District #1. The lease is scheduled to be paid in five annual payments of \$14,599 including interest at 5.00% annually. The final payment is scheduled for 2012. Payments are made using available monies in the Road and Bridge Fund.
- E. \$148,329 for a capital lease of a Caterpillar road grader by the Road and Bridge District #2. The lease is scheduled to be paid in six annual payments of \$19,584 including interest at 5.05% annually with a final balloon payment of \$101,024 scheduled for January 2014. Payments are made using available monies in the Road and Bridge Fund.
- F. \$65,833 for a capital lease of a Caterpillar road grader by the Road and Bridge District #2. The lease is scheduled to be paid in seven annual payments of \$12,970 including interest at 5.00% annually. The final payment is scheduled for 2015. Payments are made using available monies in the Road and Bridge Fund.
- G. \$43,147 for a capital lease of a John Deere tractor and mower by the Road and Bridge District #2. The lease is scheduled to be paid in five annual payments of \$13,289 including interest at 8.90% annually. The final payment is scheduled for 2013. Payments are made using available monies in the Road and Bridge Fund.

H. \$30,000 for interfund loan from the Capital Improvement Fund to the E-911 Fund. The loan is scheduled to be paid in three annual payments of \$10,000 plus interest at 3.00% annually. The final payment is scheduled for 2012. Payments are made using available monies in the E-911 fund.

## **COMPLIANCE SECTION**

## McBRIDE, LOCK & ASSOCIATES

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

To the County Commission and  
Officeholders of Benton County, Missouri

We have audited the accompanying financial statements of Benton County, Missouri as of and for the years ended December 31, 2009 and 2008, which collectively comprise the County's basic financial statements as identified in the table of contents, and have issued our report thereon dated March 26, 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 1 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and recommendations as items 2 through 5 to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton County, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 6.

We also noted an immaterial instance of noncompliance that we reported in the accompanying schedule of findings and recommendations section as item 7.

We noted a certain other matter that we reported in the accompanying schedule of findings and recommendations section as item 8.

Benton 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 Benton County, Missouri's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Commission, County Officeholders, the Missouri State Auditor, 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  
March 26, 2010

## **FINDINGS AND RECOMMENDATIONS**

BENTON COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**MATERIAL WEAKNESSES IN INTERNAL CONTROL**

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

Condition: In FY 2008, the County Treasurer had not properly prepared or documented monthly bank reconciliations. In January 2009 the County implemented a new accounting system in order to facilitate the bank reconciliation process and established a new bank account to be used for current operations. The amount transferred to the new account was based on balances generated through the Treasurer's Settlement at December 31, 2008. The County maintained the money in excess of the balance transferred in the old account to allow outstanding checks to clear. In November 2009 the County transferred \$10,749 from the old bank account to the new bank account. This amount was unexplained but was thought to be receipts that had not been previously posted in prior years. It was noted that the bank reconciliations were performed in 2009 on a monthly basis. However, a variance of \$3,681 remained at December 31, 2009.

Additionally, we noted discrepancies with the account reconciliations, Treasurer's Settlement and budgets between the beginning and ending bank balances. The variances were caused by timing of interest postings, other reconciling items, and the elimination and consolidation of certain funds.

Recommendation: We recommend that the Treasurer's office and the County Clerk's office continue to compare monthly records of deposits and checks on all accounts and perform monthly reconciliations of all ending balances of all funds and accounts. We also recommend that the Treasurer and the County Clerk research the cause of the \$3,681 variance between the actual cash in the bank and the amount recorded in the County's accounting records at December 31, 2009.

A review of the prior year budgets and Treasurer's Settlement should be done to ensure that current year records begin with the same ending balances and that transactions are recorded in the appropriate year.

County's Response: As of January 2009 the Treasurer's office has prepared monthly reconciliations and filed them with the County Clerk's Office. The aforementioned variance of \$3,681.00 occurred in the first month of the transition from the old accounting system to the new and was tracked for the first six months of the year. The variance was eliminated with a one-time correction. The Treasurer believes at this time that timely and accurate monthly reconciliations are being prepared by his office.

Auditor's Evaluation: The stated corrective action appears to be appropriate.

## **SIGNIFICANT INTERNAL CONTROL DEFICIENCIES**

### **2. Writing and Holding Checks at December 31**

Condition: Benton County has three Special Road Districts that receive funds from the County for pro-rata shares of CART and Capital Improvement Sales Tax monies. These checks are routinely written prior to December 31st. On the same day the checks are written, Letters of Agreement are sent to the Special Road District Commissions requesting their signatures. Once these letters are signed and returned to the County Clerk, they are taken to the Benton County Commission for their signatures. It is only after all parties have signed the Letter of Agreement that the previously written checks are sent to the Special Road Districts. Due to the nature of this process, these checks are sometimes held into the subsequent year before they are actually sent to the special road districts. Two of these checks were held over into 2009 and two others were held over in 2010. The amounts of these checks ranged from \$10,000 to \$20,000.

Recommendation: We recommend that the County establish procedures to ensure that the checks written to the special road districts for CART and Capital Improvement Sales Tax are recorded in the same month that they are written and issued.

County's Response: The County will establish procedures in handling this issue. Letters of agreement will be mailed to the special road districts the first of December, with a requested return date by December 15<sup>th</sup>. Upon receiving the signed agreement letters, the Commission will also sign the agreements for approval of payment. The checks to the special road districts for CART and Capital Improvement Sales Tax will be written and issued within the same month.

Auditor's Evaluation: The stated corrective action appears appropriate.

### **3. Internal Control – Timecards Not Being Signed**

Condition: As part of the audit, four timecards were selected at random for review. Three of the four selected timecards had control issues. Two of the three were not signed by either the employee or the employee's supervisor. The remaining one of the three was not signed by the employee's supervisor.

Recommendation: We recommend the County establish and enforce adequate policies and procedures that require timecards to be signed by both the employee and the employee's supervisor prior to payroll checks being issued.

County's Response: Commission's response: The County has issued notification to all elected officials and department supervisors, informing them that all time sheets must be properly filled out and signed prior to payroll checks being issued. The Commission will continue to monitor this situation.

Sheriff's response: The Sheriff's office time sheet will be signed by both the employee and the supervisor.

Auditor's Evaluation: The stated corrective action appears appropriate.

#### **4. Expenditures**

Condition: We tested thirty expenditures. We noted nine invoices that were not approved by a department head prior to reaching the County Commission. Additionally, we found one invoice that was mathematically incorrect resulting in an overpayment of \$7.83 by the county.

Recommendation: We recommend the County establish and implement adequate policies and procedures in regards to invoice review and the departmental approval of all invoices prior to County Commission review.

County's Response: The County has also identified this audit finding to the department heads. Invoices must be initialed and approved prior to submitting them to the Clerk's office and the Commission for payment. The Commission will continue to monitor this situation.

Auditor's Evaluation: The stated corrective action appears to be appropriate.

#### **5. Internal Control – Sheriff's Office**

Condition: At the Sheriff's Office, we noted that the office uses unnumbered counter checks for the sheriff's sale bank account. Due to the unnumbered counter checks, we were unable to determine the propriety of the bank reconciliation since there was no trail of checks issued through the account. As for the other sheriff's bank accounts, we noted that the secretary adequately reconciled the bank accounts. However, there was no evidence of review of the bank reconciliation.

Recommendation: We recommend that pre-numbered preprinted checks be used with this account in the future. The use of pre-numbered checks provides a way to ensure that all disbursements are recorded and properly accounted for. We also recommend that the elected official review all bank reconciliations.

County's Response: Sheriff's office will order pre-numbered checks and will review all bank reconciliation.

Auditor's Evaluation: The stated corrective action appears to be appropriate.

## ITEMS OF NONCOMPLIANCE

### **6. Budgetary Controls**

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

- Prosecuting Attorney Bad Check – 2008
- Prosecuting Attorney Delinquent Tax – 2009
- Sheriff Civil – 2009
- DARE – 2009 and 2008
- Deputy Sheriff Supplemental – 2009
- Tax Maintenance – 2009

RSMo 50.740 prohibits expenditures in excess of the approved budgets.

Recommendation: We recommend that the County Commission establish controls to ensure that disbursements are not approved in excess of the approved budget. We also recommend the Commission amend the budget when it becomes apparent that budgeted amounts are unrealistic in relation to the spending plan. This action will increase the meaningfulness of the budget monitoring control and ensure that spending authority is established in a public environment.

County's Response: Commission's Response: The County feels that we have always maintained a professional monitoring control. The County reviews the budget on a regular basis and when spending exceeds budgeted amounts the Clerk recommends to the Commission to amend budget to compensate for negative figures. Most, if not all findings, are end of year, which County has no time left to amend. We feel spending authority is established in our public environment.

Collector's Response: There was a transfer of funds from my Tax Maintenance Fund to General Revenue in the amount of \$15,000 which was not originally budgeted. This is the reason for the over-budget.

Auditor's Evaluation: The stated corrective action appears to be appropriate.

### **7. Accounting for Transfers**

Condition: The financial statements of the County as presented in the annual budget document present transfers between funds. However, we noted that some transfers were identified as expenditures and revenues within the funds. Additionally, there were costs identified as reimbursements that were shown as transfers.

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

County Response: The County Clerk will ensure that transfers are clearly identified as transfers and presented in the budget within the transfer category.

Auditor's Evaluation: The stated corrective action appears to be appropriate.

## **OTHER MATTERS**

In planning and performing our audit of the financial statements of Benton County, Missouri (the County) as of and for the years ended December 31, 2009 and 2008, in accordance with generally accepted government auditing standards, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the effectiveness of the County's internal control. However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are summarized below. We previously reported on the County's internal control in our report dated March 26, 2010. (A separate report dated March 26, 2010, included herein, contains our report on significant deficiencies in the County's internal control). This document does not affect our report dated March 26, 2010.

### **8. Internal Controls – Collector's Office**

Condition: At the Collector's office, we noted that the Collector herself writes all the checks, mails/distributes the checks, and reconciles the bank account. Only one signature is required on this account.

Recommendation: We recommend these duties be separated by having an independent employee in the department reconcile the bank account and have the elected official review the bank reconciliation.

County's Response: It was noted that I, the collector, do the bank reconciliations and write the checks with only my signature. The deputies in my office make up the daily deposits which I do not check on a daily basis. I feel it is necessary for me to do the bank reconciliations to check that all monies are in the account. I, am the one accountable for the money collected by my office.

Auditor's Evaluation: Participation by a second party in bank reconciliations provides assurance that improper disbursements from the bank account will be detected. The Collector should review the bank statements for completeness and also review the bank reconciliation for accuracy and completeness. Implementing these internal controls will enhance the accountability of the Collector to the taxpayers.

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

In accordance with Government Auditing Standards, this section reports the auditors' follow-up on action taken by Benton County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2007 and 2006.

1. The County Treasurer has not properly prepared or documented monthly bank reconciliations.

*Status- The same situation was apparent for FY 2008. Monthly reconciliations were performed in 2009. However, the end of the year reconciliation was off by \$3,681. See Finding No. 1.*

2. After checks have been prepared, the County Treasurer, the County Clerk, and the Presiding Commissioner all sign the checks without seeing the related invoice.

*Status- We were not able to observe the check signing process. However, during the exit conference (which was a meeting on the public record), both the County Clerk and the Presiding Commissioner asserted that they each sign the checks while reviewing the invoices. Additionally, the Treasurer signs the check without seeing the related invoice. The Treasurer feels that his responsibility is to advise the County whether or not the funds are available to cover the check, not to determine the validity of the expense. By signing the check, he asserts that funds are available. Based on these assertions, no exception was noted and this prior audit finding is considered resolved.*

3. The functions of controlling blank check stock, printing checks and reconciling approved invoices to checks printed are not adequately segregated nor is there independent oversight of the processes.

*Status- Resolved.*

4. Several purchases showed no evidence of approval by the department head or officeholder. Also, the auditors were informed that a clerk puts the Commissioner's initials on invoices as a convenience for them.

*Status- Not Resolved. See Finding No. 4.*

5. The County Collector filed annual settlements late in 2006 and 2007.

*Status- Resolved.*

6. No bid documentation was available for some of the purchases tested.

*Status- Resolved.*

7. The compensation of employees paid from the HAVA, Insurance and Tax Maintenance Funds were not included on the Form 941s.

*Status- Resolved.*

8. There were several funds for which expenditures were approved for payment which exceeded the approved budget.

*Status- Not Resolved. See Finding No. 6.*

9. Checks dating back to January 2006 were still listed on the outstanding check list.

*Status- Resolved.*

10. In 2006, one employee's compensation increase was not documented as approved by the County Commission.

*Status- Resolved.*

11. Some transfers were presented in other expenditure categories, such as the "Salaries" category, and other types of revenues and expenditures are presented within the "transfer" category.

*Status- Not Resolved. See Finding No. 7.*