



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Bates County, Missouri

The Office of the State Auditor, in cooperation with Bates 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. 2010-82

ANNUAL FINANCIAL REPORT

BATES COUNTY, MISSOURI

For the Years Ended
December 31, 2009 and 2008

BATES COUNTY, MISSOURI
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INTRODUCTORY SECTION

BATES COUNTY, MISSOURI
List of Elected Officials

County Commission

Presiding Commissioner – Donna Gregory

Associate Commissioner – Randy Pike

Associate Commissioner – Larry Berry

Other Elected Officials

Assessor – Roger Pruden

Circuit Clerk – Diana Rich

Collector/Treasurer – James Platt

Coroner – Gary Schowengerdt

County Clerk – Marlene Wainscott

Prosecuting Attorney – Hugh Jenkins

Public Administrator – Sharon Cumpton

Recorder – Lucille Munday

Sheriff – Chad Anderson

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the County Commission and
Officeholders of Bates County, Missouri

We have audited the accompanying financial statements of Bates 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 audit.

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 provides a reasonable basis for our opinions.

As described more fully in Note 1, Bates 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 Bates 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 Bates 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 May 25, 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
May 25, 2010

FINANCIAL SECTION

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

Fund	Cash	Receipts	Disbursements	Cash	Receipts	Disbursements	Cash
	January 1, 2008			December 31, 2008			December 31, 2009
General Revenue	\$ 128,099	\$ 1,577,772	\$ 1,204,518	\$ 501,353	\$ 1,136,460	\$ 958,513	\$ 679,300
Road & Bridge	100,396	1,336,998	1,213,177	224,217	995,556	992,692	227,081
Assessment	25,384	295,006	219,821	100,569	237,849	214,457	123,961
Law Enforcement Sales Tax	(28,423)	2,398,923	2,180,357	190,143	2,385,084	2,312,929	262,298
Recorder's Users Fee	1,931	51,531	19,831	33,631	7,819	11,817	29,633
Prosecuting Attorney Training	662	1,097	1,234	525	1,244	-	1,769
Prosecuting Attorney Bad Check	284	-	-	284	-	-	284
Law Officer Training	3,519	6,741	6,847	3,413	6,965	5,520	4,858
Families In Crisis	414	820	820	414	641	691	364
L.E.P.C.	7,799	4,974	2,594	10,179	377	-	10,556
Sheriff's Civil	3,899	15,520	5,157	14,262	44,940	31,343	27,859
Sheriff's Revolving	8,915	6,540	7,662	7,793	11,186	9,156	9,823
Election Services	12,822	10,568	3,995	19,395	6,383	4,607	21,171
Recorder's Technology	1,000	25,638	620	26,018	6,238	10,462	21,794
Jail Bond	1,366,105	595,768	462,915	1,498,958	484,203	487,715	1,495,446
Tax Maintenance	2,675	25,493	10,153	18,015	24,064	12,516	29,563
Prosecuting Attorney	6,510	2,160	-	8,670	2,740	96	11,314
Deputy Wage Supplement Fund	-	1,330	990	340	8,971	8,596	715
Senate Bill 40	39,159	124,295	129,400	34,054	132,690	130,800	35,944
Total	<u>\$ 1,681,150</u>	<u>\$ 6,481,174</u>	<u>\$ 5,470,091</u>	<u>\$ 2,692,233</u>	<u>\$ 5,493,410</u>	<u>\$ 5,191,910</u>	<u>\$ 2,993,733</u>

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

BATES 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	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
RECEIPTS				
Property taxes	\$ 493,500	\$ 483,001	\$ 481,100	\$ 517,815
Sales taxes	448,500	518,500	-	2,224
Intergovernmental	68,500	33,317	64,825	49,155
Charges for services	476,100	463,311	459,500	461,434
Interest	11,000	31,260	30,000	34,353
Other	52,300	48,383	22,525	71,479
Transfers in	-	-	-	-
Total Receipts	<u>\$ 1,549,900</u>	<u>\$ 1,577,772</u>	<u>\$ 1,057,950</u>	<u>\$ 1,136,460</u>
DISBURSEMENTS				
County Commission	\$ 101,780	\$ 97,246	\$ 102,030	\$ 100,034
County Clerk	79,000	77,440	77,700	69,107
Elections	94,100	100,452	31,300	54,030
Buildings and Grounds	364,150	324,913	232,300	127,865
Treasurer	112,400	89,485	119,240	111,749
Recorder of Deeds	82,290	77,745	86,542	84,588
Circuit Court	19,300	10,569	19,550	7,742
Court Administration	69,415	6,235	47,290	12,821
Public Administrator	34,295	30,785	51,050	46,530
Other County Government	127,775	129,794	174,450	158,621
Public Health and Welfare	2,000	2,000	3,000	3,000
Emergency Management	64,910	53,139	113,600	83,339
Emergency Fund	25,000	-	25,000	-
Fringe Benefits	108,500	84,715	113,000	99,087
Transfers out	145,000	120,000	-	-
Total Disbursements	<u>\$ 1,429,915</u>	<u>\$ 1,204,518</u>	<u>\$ 1,196,052</u>	<u>\$ 958,513</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 119,985	\$ 373,254	\$ (138,102)	\$ 177,947
CASH, JANUARY 1	<u>128,099</u>	<u>128,099</u>	<u>501,353</u>	<u>501,353</u>
CASH, DECEMBER 31	<u>\$ 248,084</u>	<u>\$ 501,353</u>	<u>\$ 363,251</u>	<u>\$ 679,300</u>

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

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

	ROAD AND BRIDGE				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 100,000	\$ 105,947	\$ 100,000	\$ 55,195	\$ -	\$ -	\$ -	\$ -
Sales taxes	941,000	874,364	850,000	839,461	-	-	-	-
Intergovernmental	583,900	277,648	301,000	59,711	234,658	218,243	236,957	223,885
Charges for services	-	-	-	-	1,598	2,174	1,893	1,842
Interest	15,000	13,480	12,000	11,567	6,621	6,822	6,821	6,028
Other	69,900	65,559	36,300	29,622	9,575	7,767	8,694	6,094
Transfers in	-	-	-	-	60,000	60,000	-	-
Total Receipts	<u>\$ 1,709,800</u>	<u>\$ 1,336,998</u>	<u>\$ 1,299,300</u>	<u>\$ 995,556</u>	<u>\$ 312,452</u>	<u>\$ 295,006</u>	<u>\$ 254,365</u>	<u>\$ 237,849</u>
DISBURSEMENTS								
Salaries	\$ 245,240	\$ 245,379	\$ 227,800	229,095	\$ 132,550	\$ 120,975	\$ 133,700	\$ 132,615
Employee fringe benefits	82,345	61,504	67,100	63,181	47,750	31,745	43,300	34,674
Materials and Supplies	218,100	171,786	255,000	132,788	18,200	11,245	18,500	13,119
Services and Other	59,300	28,997	40,400	48,118	65,100	55,856	39,600	18,304
Capital Outlay	153,500	78,134	85,000	75,100	-	-	16,000	15,745
Construction	1,051,000	627,377	818,750	444,410	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 1,809,485</u>	<u>\$ 1,213,177</u>	<u>\$ 1,494,050</u>	<u>\$ 992,692</u>	<u>\$ 263,600</u>	<u>\$ 219,821</u>	<u>\$ 251,100</u>	<u>\$ 214,457</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (99,685)	\$ 123,821	\$ (194,750)	\$ 2,864	\$ 48,852	\$ 75,185	\$ 3,265	\$ 23,392
CASH, JANUARY 1	<u>100,396</u>	<u>100,396</u>	<u>224,217</u>	<u>224,217</u>	<u>25,384</u>	<u>25,384</u>	<u>100,569</u>	<u>100,569</u>
CASH, DECEMBER 31	<u>\$ 711</u>	<u>\$ 224,217</u>	<u>\$ 29,467</u>	<u>\$ 227,081</u>	<u>\$ 74,236</u>	<u>\$ 100,569</u>	<u>\$ 103,834</u>	<u>\$ 123,961</u>

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

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

	LAW ENFORCEMENT SALES TAX				RECORDER'S USERS			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	675,000	764,766	750,000	620,049	-	-	-	-
Intergovernmental	81,500	56,932	82,700	130,391	-	-	-	-
Charges for services	1,307,200	1,558,908	1,567,350	1,569,433	9,500	9,847	8,500	6,742
Interest	5,000	8,721	7,500	7,192	1,900	1,684	1,500	1,077
Other	37,000	9,596	34,000	58,019	-	-	-	-
Transfers in	-	-	-	-	40,000	40,000	-	-
Total Receipts	<u>\$ 2,105,700</u>	<u>\$ 2,398,923</u>	<u>\$ 2,441,550</u>	<u>\$ 2,385,084</u>	<u>\$ 51,400</u>	<u>\$ 51,531</u>	<u>\$ 10,000</u>	<u>\$ 7,819</u>
DISBURSEMENTS								
Salaries	\$ 1,189,948	\$ 1,211,409	\$ 1,250,921	\$ 1,167,213	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	375,000	266,966	340,000	293,078	-	-	-	-
Materials and Supplies	282,535	320,465	492,601	364,264	2,000	1,630	1,500	1,110
Services and Other	351,946	375,484	406,150	354,935	17,200	18,201	30,200	10,707
Capital Outlay	16,000	6,033	116,500	133,439	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 2,215,429</u>	<u>\$ 2,180,357</u>	<u>\$ 2,606,172</u>	<u>\$ 2,312,929</u>	<u>\$ 19,200</u>	<u>\$ 19,831</u>	<u>\$ 31,700</u>	<u>\$ 11,817</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>\$ (109,729)</u>	<u>\$ 218,566</u>	<u>\$ (164,622)</u>	<u>\$ 72,155</u>	<u>\$ 32,200</u>	<u>\$ 31,700</u>	<u>\$ (21,700)</u>	<u>\$ (3,998)</u>
CASH, JANUARY 1	<u>(28,423)</u>	<u>(28,423)</u>	<u>190,143</u>	<u>190,143</u>	<u>1,931</u>	<u>1,931</u>	<u>33,631</u>	<u>33,631</u>
CASH, DECEMBER 31	<u><u>\$ (138,152)</u></u>	<u><u>\$ 190,143</u></u>	<u><u>\$ 25,521</u></u>	<u><u>\$ 262,298</u></u>	<u><u>\$ 34,131</u></u>	<u><u>\$ 33,631</u></u>	<u><u>\$ 11,931</u></u>	<u><u>\$ 29,633</u></u>

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

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

	PROSECUTING ATTORNEY TRAINING				PROSECUTING ATTORNEY BAD CHECK FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	1,700	1,097	1,200	1,244	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,700</u>	<u>\$ 1,097</u>	<u>\$ 1,200</u>	<u>\$ 1,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	2,300	1,234	1,700	-	-	-	-	-
Capital Outlay and Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 2,300</u>	<u>\$ 1,234</u>	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (600)	\$ (137)	\$ (500)	\$ 1,244	\$ -	\$ -	\$ -	\$ -
CASH, JANUARY 1	<u>662</u>	<u>662</u>	<u>525</u>	<u>525</u>	<u>284</u>	<u>284</u>	<u>284</u>	<u>284</u>
CASH, DECEMBER 31	<u><u>\$ 62</u></u>	<u><u>\$ 525</u></u>	<u><u>\$ 25</u></u>	<u><u>\$ 1,769</u></u>	<u><u>\$ 284</u></u>	<u><u>\$ 284</u></u>	<u><u>\$ 284</u></u>	<u><u>\$ 284</u></u>

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

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

	LAW OFFICER TRAINING				FAMILIES IN CRISIS			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,500	2,421	2,500	2,118	700	820	850	641
Charges for services	5,000	4,244	4,000	4,807	50	-	-	-
Interest	-	76	50	40	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 7,500</u>	<u>\$ 6,741</u>	<u>\$ 6,550</u>	<u>\$ 6,965</u>	<u>\$ 750</u>	<u>\$ 820</u>	<u>\$ 850</u>	<u>\$ 641</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	7,950	6,847	6,550	5,520	1,114	820	1,200	691
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 7,950</u>	<u>\$ 6,847</u>	<u>\$ 6,550</u>	<u>\$ 5,520</u>	<u>\$ 1,114</u>	<u>\$ 820</u>	<u>\$ 1,200</u>	<u>\$ 691</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (450)	\$ (106)	\$ -	\$ 1,445	\$ (364)	\$ -	\$ (350)	\$ (50)
CASH, JANUARY 1	<u>3,519</u>	<u>3,519</u>	<u>3,413</u>	<u>3,413</u>	<u>414</u>	<u>414</u>	<u>414</u>	<u>414</u>
CASH, DECEMBER 31	<u><u>\$ 3,069</u></u>	<u><u>\$ 3,413</u></u>	<u><u>\$ 3,413</u></u>	<u><u>\$ 4,858</u></u>	<u><u>\$ 50</u></u>	<u><u>\$ 414</u></u>	<u><u>\$ 64</u></u>	<u><u>\$ 364</u></u>

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

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

	L. E. P. C.				SHERIFF'S CIVIL			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	8,000	4,504	4,505	-	14,000	15,176	15,000	44,142
Charges for services	-	-	-	-	-	-	-	-
Interest	600	470	475	377	400	344	340	798
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 8,600</u>	<u>\$ 4,974</u>	<u>\$ 4,980</u>	<u>\$ 377</u>	<u>\$ 14,400</u>	<u>\$ 15,520</u>	<u>\$ 15,340</u>	<u>\$ 44,940</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	8,700	2,594	9,000	-	14,000	5,157	40,000	31,343
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 8,700</u>	<u>\$ 2,594</u>	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 5,157</u>	<u>\$ 40,000</u>	<u>\$ 31,343</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (100)	\$ 2,380	\$ (4,020)	\$ 377	\$ 400	\$ 10,363	\$ (24,660)	\$ 13,597
CASH, JANUARY 1	<u>7,799</u>	<u>7,799</u>	<u>10,179</u>	<u>10,179</u>	<u>3,899</u>	<u>3,899</u>	<u>14,262</u>	<u>14,262</u>
CASH, DECEMBER 31	<u>\$ 7,699</u>	<u>\$ 10,179</u>	<u>\$ 6,159</u>	<u>\$ 10,556</u>	<u>\$ 4,299</u>	<u>\$ 14,262</u>	<u>\$ (10,398)</u>	<u>\$ 27,859</u>

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

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

	SHERIFF'S REVOLVING				ELECTION SERVICES			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,000	5,987	5,800	10,782	8,500	9,753	4,000	5,614
Charges for services	-	-	-	-	-	-	-	-
Interest	100	553	500	404	500	815	500	769
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,100</u>	<u>\$ 6,540</u>	<u>\$ 6,300</u>	<u>\$ 11,186</u>	<u>\$ 9,000</u>	<u>\$ 10,568</u>	<u>\$ 4,500</u>	<u>\$ 6,383</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	3,000	7,662	10,600	9,156	10,000	3,995	5,000	4,607
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,000</u>	<u>\$ 7,662</u>	<u>\$ 10,600</u>	<u>\$ 9,156</u>	<u>\$ 10,000</u>	<u>\$ 3,995</u>	<u>\$ 5,000</u>	<u>\$ 4,607</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,900)	\$ (1,122)	\$ (4,300)	\$ 2,030	\$ (1,000)	\$ 6,573	\$ (500)	\$ 1,776
CASH, JANUARY 1	<u>8,915</u>	<u>8,915</u>	<u>7,793</u>	<u>7,793</u>	<u>12,822</u>	<u>12,822</u>	<u>19,395</u>	<u>19,395</u>
CASH, DECEMBER 31	<u><u>\$ 7,015</u></u>	<u><u>\$ 7,793</u></u>	<u><u>\$ 3,493</u></u>	<u><u>\$ 9,823</u></u>	<u><u>\$ 11,822</u></u>	<u><u>\$ 19,395</u></u>	<u><u>\$ 18,895</u></u>	<u><u>\$ 21,171</u></u>

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

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

	RECORDER'S TECHNOLOGY				JAIL BOND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	5,000	4,601	4,000	5,459	587,000	569,859	570,000	484,114
Charges for services	-	-	-	-	-	-	-	-
Interest	800	1,037	800	779	-	22,409	-	89
Other	-	-	-	-	-	3,500	-	-
Transfers in	20,000	20,000	-	-	-	-	-	-
Total Receipts	<u>\$ 25,800</u>	<u>\$ 25,638</u>	<u>\$ 4,800</u>	<u>\$ 6,238</u>	<u>\$ 587,000</u>	<u>\$ 595,768</u>	<u>\$ 570,000</u>	<u>\$ 484,203</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	10,000	620	26,000	10,462	587,000	462,915	570,000	487,715
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 10,000</u>	<u>\$ 620</u>	<u>\$ 26,000</u>	<u>\$ 10,462</u>	<u>\$ 587,000</u>	<u>\$ 462,915</u>	<u>\$ 570,000</u>	<u>\$ 487,715</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 15,800	\$ 25,018	\$ (21,200)	\$ (4,224)	\$ -	\$ 132,853	\$ -	\$ (3,512)
CASH, JANUARY 1	<u>1,000</u>	<u>1,000</u>	<u>26,018</u>	<u>26,018</u>	<u>1,366,105</u>	<u>1,366,105</u>	<u>1,498,958</u>	<u>1,498,958</u>
CASH, DECEMBER 31	<u><u>\$ 16,800</u></u>	<u><u>\$ 26,018</u></u>	<u><u>\$ 4,818</u></u>	<u><u>\$ 21,794</u></u>	<u><u>\$ 1,366,105</u></u>	<u><u>\$ 1,498,958</u></u>	<u><u>\$ 1,498,958</u></u>	<u><u>\$ 1,495,446</u></u>

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

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

	TAX MAINTENANCE				PROSECUTING ATTORNEY			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	20,000	24,862	33,694	23,060	1,800	1,689	1,800	2,293
Charges for services	-	-	-	-	-	-	-	-
Interest	2,000	631	1,000	1,004	275	471	500	447
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 22,000</u>	<u>\$ 25,493</u>	<u>\$ 34,694</u>	<u>\$ 24,064</u>	<u>\$ 2,075</u>	<u>\$ 2,160</u>	<u>\$ 2,300</u>	<u>\$ 2,740</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	24,000	10,153	40,632	12,516	-	-	-	96
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 24,000</u>	<u>\$ 10,153</u>	<u>\$ 40,632</u>	<u>\$ 12,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,000)	\$ 15,340	\$ (5,938)	\$ 11,548	\$ 2,075	\$ 2,160	\$ 2,300	\$ 2,644
CASH, JANUARY 1	<u>2,675</u>	<u>2,675</u>	<u>18,015</u>	<u>18,015</u>	<u>6,510</u>	<u>6,510</u>	<u>8,670</u>	<u>8,670</u>
CASH, DECEMBER 31	<u><u>\$ 675</u></u>	<u><u>\$ 18,015</u></u>	<u><u>\$ 12,077</u></u>	<u><u>\$ 29,563</u></u>	<u><u>\$ 8,585</u></u>	<u><u>\$ 8,670</u></u>	<u><u>\$ 10,970</u></u>	<u><u>\$ 11,314</u></u>

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

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

	DEPUTY WAGE SUPPLEMENT FUND				SENATE BILL 40			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 126,500	\$ 122,452	\$ 124,000	\$ 131,706
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	1,330	1,500	8,971	-	-	-	-
Interest	-	-	-	-	1,400	1,843	1,500	984
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 1,330</u>	<u>\$ 1,500</u>	<u>\$ 8,971</u>	<u>\$ 127,900</u>	<u>\$ 124,295</u>	<u>\$ 125,500</u>	<u>\$ 132,690</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	990	1,500	8,596	157,900	129,400	158,500	130,800
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ 990</u>	<u>\$ 1,500</u>	<u>\$ 8,596</u>	<u>\$ 157,900</u>	<u>\$ 129,400</u>	<u>\$ 158,500</u>	<u>\$ 130,800</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	\$ 340	\$ -	\$ 375	\$ (30,000)	\$ (5,105)	\$ (33,000)	\$ 1,890
CASH, JANUARY 1	<u>-</u>	<u>-</u>	<u>340</u>	<u>340</u>	<u>39,159</u>	<u>39,159</u>	<u>34,054</u>	<u>34,054</u>
CASH, DECEMBER 31	<u><u>\$ -</u></u>	<u><u>\$ 340</u></u>	<u><u>\$ 340</u></u>	<u><u>\$ 715</u></u>	<u><u>\$ 9,159</u></u>	<u><u>\$ 34,054</u></u>	<u><u>\$ 1,054</u></u>	<u><u>\$ 35,944</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 Bates 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.

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 Section 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. Budgeted expenditures of the Law Enforcement Sales Tax Fund exceeded budgeted revenues plus anticipated beginning fund balances by \$138,152 for fiscal year 2008.
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. Adoption of a formal budget is required by law. However, the County did not adopt a formal budget for the Deputy Wage Supplement Fund in 2008.
9. Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds:

Fund	2009	2008
Recorder's User	N/A	X
Sheriff's Revolving	N/A	X
Deputy Wage Supplement	X	X
Prosecuting Attorney	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	\$ 123,168,104	\$ 120,702,976
Personal Property	43,826,992	48,936,599
Railroad and Utilities	15,572,148	17,157,062

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	\$ 0.2703	\$ 0.2625
Senate Bill 40	0.0700	0.0700

- 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

Deposits

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 \$2,993,733 and \$2,692,233, respectively, and the bank balances were \$4,001,741 and \$3,329,560, respectively. Of the bank balances, \$750,922 and \$442,362 for December 31, 2009 and December 31, 2008, respectively, were covered by federal depository insurance and the balance was 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, \$1,495,446 and \$1,498,958, respectively, were held in trust in federal treasury obligations according to the terms of the certificates of participation obtained to finance the law enforcement center.

At December 31, 2009 and 2008, the County Collector/Treasurer 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 Fund. These amounts, all of which were secured by pledged collateral, amounted to \$6,799,753 and \$6,984,408 at December 31, 2009 and 2008, respectively.

Investments

Section 110.270, RSMo, based on Article IV, Section 1, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. At December 31, 2009 and 2008, the County had no such investments. In addition, Section 30.950, RSMo 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. The County has not adopted such a policy.

3. LONG –TERM DEBT

The County’s debt outstanding at December 31, 2009 is summarized below.

Certificates of Participation

The County entered into a lease purchase agreement with First Bank of Missouri on March 1, 2002. The terms of the agreement call for the County to lease the law enforcement and detention center to First Bank of Missouri, and for the bank to lease purchase the law enforcement and detention center back to the County with lease payments equal to the amount due to retire the indebtedness. Certificates of Participation totaling \$5,590,000 were issued by First Bank of Missouri on behalf of the County and the proceeds of those certificates were used to construct the law enforcement and detention center. The lease is scheduled to be fully paid in 2017. The remaining principal and interest due on the lease at December 31, 2009 was \$4,190,000 and \$927,538, respectively. The Certificates of Participation are to be paid with the revenue generated from the capital improvement sales tax which was passed on November 6, 2001. Interest expense paid on the certificates is presented as debt service on the Jail Bond Fund financial statements, and amounted to \$194,215 and \$204,415 in fiscal year 2009 and 2008, respectively.

The County maintains proceeds from sales tax revenues in a financial institution pursuant to a trust agreement. The balance of approximately \$1,495,446 at December 31, 2009 was held entirely in Federal Treasury Obligation funds with an independent trustee.

Capital Lease

The County was obligated on a capital lease, the proceeds of which financed seven Dodge Charger vehicles used by the Sheriff’s Department. The amount outstanding on the lease at December 31, 2009 was \$114,761. The lease is scheduled to be paid in three remaining annual payments of \$57,380 including interest at 5.48%. Payments are made using available monies in the General Fund.

4. 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 \$92,345 and \$90,749, respectively, for the years then ended.

5. 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.

6. CLAIMS, COMMITMENT AND CONTINGENCIES

A. Compensated Absences

The County provides full time employees with up to 45 days of sick time, to accrue at one day per complete calendar month of employment. Vacation time is accrued for every full time employee and accrues at the rate of zero days per year up to twenty-five days per year depending on length of employment. Any unused vacation time will be forfeited at the end of the year. No sick time or vacation time accruals occur during the employee's first three months of employment.

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.

7. 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.

8. 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 agency funds and to include the Senate Bill 40 fund. The effect of the aforementioned change in reporting entity on the cash balances of the governmental funds as previously reported at December 31, 2007 is to decrease cash balances by the amount representing cash balances of the funds pertaining to the agency funds and to increase cash balances by the amount representing cash balances of the Senate Bill 40 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 Bates County, Missouri

We have audited the accompanying financial statements of Bates 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 May 25, 2010. We conducted our audit 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 audit, we considered Bates 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 Bates County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bates County, Missouri's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and recommendations as items 1 and 2, that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bates 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 3 through 5.

Bates 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 Bates 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 25, 2010

FINDINGS AND RECOMMENDATIONS

BATES COUNTY, MISSOURI
FINDINGS AND RECOMMENDATIONS

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

1. Electronic Payments Through the Treasurer's General Bank Account After Warrant Checks Were Executed

Condition: During internal control reviews, the Treasurer stated that the only payments authorized to be paid electronically (via ACH or wire transfer) are payroll related payments such as payroll taxes and CERF submissions.

In both November and December 2009, warrant checks were approved, cut, and executed to pay Sheriff's Department credit card balances. However, instead of the warrant check being mailed, the check was given to Sheriff's Department personnel. The Sheriff's Department personnel phoned in electronic payments instead of mailing the warrant checks to the credit card company. After the phone payments, the warrant checks were then returned to the Treasurer's Office. These two warrant checks and the respective phone payments totaled \$13,763.

Recommendation: We recommend that procedures be implemented that require warrant checks be mailed upon receiving the signature of the Treasurer. Initiating unauthorized disbursements from the Treasurer's bank account should be strictly prohibited, as such payments circumvent important internal control procedures.

County's Response: Initiating unauthorized disbursements from the Treasurer's bank account are prohibited as of January 1, 2010.

Auditor's Evaluation: The stated corrective action is responsive to the concern.

2. Paying Invoices Without Adequate Supporting Documentation

Condition: In evaluating risk, concerns were raised regarding credit card use at the Sheriff's Department. The Sheriff obtained personal credit cards that his department uses to pay departmental costs. The invoices are then submitted to the County Commission for review and approval.

During the audit, we evaluated sixteen items purchased using the Sheriff's Department credit cards. When reviewing support, no explanations were originally provided with invoices to explain how the expenditures supported County business functions. No supporting documentation was provided to support five of the sixteen expenditures.

Recommendation: We recommend the County implement controls to ensure reimbursement payments are only authorized after review of supporting documentation including an explanation of how these items related to County business functions.

County's Response: The County will issue warrants only with supporting documentation.

Auditor's Evaluation: The stated corrective action is responsive to the concern.

ITEMS OF NONCOMPLIANCE

3. Budgetary Controls

Condition: We noted three issues with the County's budgeting process during our audit:

- A. The County Commission did not adopt a formal budget as required by law for the Deputy Wage Supplement fund for 2008.
- B. The County Commission did not exercise adequate budgetary control over a number of funds during the audit period. During the audit period, there were four different funds for which expenditures were approved for payment which exceed the approved budget. These funds were:
 - Recorder's User – 2008
 - Sheriff's Revolving – 2008
 - Prosecuting Attorney - 2009

Also, because a budget was not adopted for the Deputy Wage Supplement Fund (2008) expenditures in that fund exceeded budgetary authority to the extent that a budget was not adopted.

RSMo 50.740 prohibits expenditures in excess of the approved budgets.

- C. The Law Enforcement Sales Tax Fund started 2008 with a deficit cash balance and had a larger negative ending budgeted cash balance in the 2008 budget. The Sheriff's Civil Fund also had a negative ending budgeted cash balance in the 2009 budget. For example, had the County spent up to the approved budget amounts and collected only the budgeted revenues, it would have incurred a cash deficit in the Law Enforcement Sales Tax Fund of \$138,152. State statutes prohibit the County from adopting a budget that would create a negative ending cash balance for any fund. Circumstances arose during the year that caused actual revenues to be higher than expected for each of these funds, and thus cash deficits did not occur.

Recommendation: We recommend that the County monitor budget amendments during the year to ensure that the amount of budgeted expenditures for a fund is not exceeding the amount of budgeted revenues plus the beginning cash balance. We suggest that the County Commission establish controls to ensure that disbursements are not approved in excess of the approved budget. We also recommend the Commission amend the budget when it becomes apparent that budgeted amounts are unrealistic in relation to the spending plan. This action will increase the meaningfulness of the budget as a monitoring control.

County's Response: The Commission will continue to monitor the budget. The Commission will consider measures to ensure that disbursements are not approved in excess of the approved budget. Per Statute, the county Commission can only amend the budget when there is an increase in revenues (not expenditures).

Auditor's Evaluation: The stated corrective action is responsive to the concern although the Commission interpretation regarding limitations on amendments to the budget as expressed may be more limiting than required by Statute.

4. Timely Filing of Collector's Annual Settlement

Condition: The Collector filed annual settlements later than the due date of the first Monday in March in 2008 and 2009. The settlement for 2008 was certified on May 4, 2009 and the settlement for 2009 was certified on March 31, 2010.

Recommendation: We recommend that the County Collector establish procedures to ensure that future settlements are submitted by the required date.

County's Response: The fiscal year end for 2008 taxes is February 28, 2009 and February 29, 2010 for the 2009 taxes. We would find it nearly impossible to stop collecting taxes the last day of February and report the collection and distribution of those taxes for 72 taxing subdivisions for the previous 12 months and up to 5 delinquent tax year collection, providing the technology we rely heavy upon to keep costs down is cooperative. The Collector priority on March 1st is to accurately distribute the February collections as soon as possible to the schools and townships then to include those distributions in the annual settlement which you will find in done with 100% accuracy and by all reasonable standards in a timely manner.

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

5. Absence of Investment Policy

Condition: The County has not adopted an investment policy. The purpose of an investment policy is to establish the investment scope, objectives, delegation of authority, internal controls, standards of prudence, authorized investments and transactions, diversification mandate, risk tolerance, safekeeping and custodial procedures, and reporting requirements for the investment of cash funds.

At the County, such a policy may establish criteria to determine when the investment of cash deposits should be considered, assign responsibility for monitoring collateral, address procedures for overseeing and securing deposits in bond reserve accounts, document procedures for bidding bank depositories and policies and procedures specific to individual investment decisions. 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 should commit the County to the principles of safety, liquidity, and yield when managing public funds and 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.

We recognize that the County has no investments, however, creating an investment policy is an effort best accomplished with due consideration to all relevant factors, and not in a limited amount of time when the need is finally recognized. Such a policy also provides guidance for

incoming Treasurers and can foster continuity in the County's investment strategies and self-imposed limits.

Adopting an investment policy is a prudent business practice and it is required by state statutes.

Recommendation: We recommend the County adopt an investment policy and review compliance with this policy at least annually.

County Response: We have no investments nor have we had any investments that require a written investment policy according to Missouri Statute Chapter 30 Section 30.950, paragraph 4. This is a conservative investment approach that we have done well with. Missouri Revised Statutes, Chapter 30, Section 30.950, paragraph 4 is our written investment policy by law.

Auditor's Evaluation: The adoption of an investment policy provides for cash depositories and provides additional security for all funds held by the county in addition to that noted in RSMo 30.950.

BATES COUNTY, MISSOURI

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

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

1. County Commission did not obtain bids for many applicable purchases during the audit period.

Status - Resolved.

2. County Clerk did not maintain a tax book for the 2007 tax year.

Status - Resolved.

3. County Commission did not exercise adequate budgetary control over a number of funds during the audit period.

Status - Not resolved. See Finding No. 3.

4. The County has not adopted an investment policy.

Status - Not resolved. See Finding No. 5.

5. The Sheriff's Inmate account is not being reconciled and reviewed by a supervisor.

Status - Resolved.

6. Road and Bridge supervisor was approving his own timesheet.

Status - Resolved.

7. The Road and Bridge Department maintains inventories of items used on a regular basis, some of which are sold to cities, townships, and private individuals. The audit cited internal control risks associated with selling inventory.

Status - The County no longer sells to private individuals. This item is considered resolved.

8. Prosecuting attorney paid bonuses to employees.

Status - Resolved.