



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

To the County Commission  
and  
Officeholders of Chariton County, Missouri

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

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

Susan Montee, CPA  
State Auditor

January 2009  
Report No. 2009-12

**CHARITON COUNTY, MISSOURI**

**ANNUAL FINANCIAL REPORT**

December 31, 2007 and 2006

CHARITON COUNTY, MISSOURI

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# **INTRODUCTORY SECTION**

CHARITON COUNTY, MISSOURI  
List of Elected Officials

*County Commission*

Presiding Commissioner – Tony McCollum

Associate Commissioner – Gail Brown

Associate Commissioner – Ray Dowell

*Other Elected Officials*

Assessor – Darrin Gladbach

Circuit Clerk / Recorder – Eric Stallo

Collector/ Treasurer – Beverly Vasser

Coroner – Larry Breshears

County Clerk – Susan Littleton

Prosecuting Attorney – Renae Ehler

Public Administrator – Patti Yung

Sheriff – Christopher Hughes

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CERTIFIED PUBLIC ACCOUNTANTS

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## McBRIDE, LOCK & ASSOCIATES

### INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the County Commission  
and  
Officeholders of Chariton County, Missouri

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Chariton County, Missouri, as of December 31, 2007 and 2006, 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 governmental and agency funds of Chariton County, Missouri, as of December 31, 2007 and 2006, and the receipts, disbursements and budgetary results of the governmental funds for the years then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we also have issued our report dated July 25, 2008 on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

(Original signed by Auditor)

McBride, Lock & Associates  
July 25, 2008

# **FINANCIAL SECTION**



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

Fund	Cash			Cash			Cash
	January 1 2006 (restated)	Receipts 2006	Disbursements 2006	December 31 2006	Receipts 2007	Disbursements 2007	December 31 2007
General Fund	\$ 165,298	1,115,170	1,073,765	206,703	1,201,484	1,117,135	291,052
Road and Bridge Fund	645,959	986,812	974,839	657,932	1,049,579	885,311	822,200
Assessment Fund	9,846	167,447	155,100	22,193	175,791	156,945	41,039
Law Enforcement Sales Tax Fund	-	495,893	495,893	-	496,732	497,022	(290)
Election Services Fund	17,962	9,097	8,319	18,740	169,040	182,325	5,455
Tax Maintenance Fund	7,159	6,642	8,748	5,053	6,718	6,481	5,290
Law Enforcement Training Fund	1,228	3,177	2,193	2,212	3,029	2,820	2,421
Prosecuting Attorney Training Fund	195	552	282	465	518	494	489
Prosecuting Attorney Tax Fee Fund	4,001	184	1,030	3,155	124	2,131	1,148
Victims of Domestic Violence Fund	193	252	200	245	293	300	238
Prosecuting Attorney Bad Check Fund	15,666	4,789	6,329	14,126	2,601	3,868	12,859
Recorder Fund	18,354	10,258	9,979	18,633	8,306	7,154	19,785
Sheriff Fund	648	6,716	7,102	262	12,691	5,832	7,121
Local Emergency Planning Commission Fund	22,086	5,374	5,965	21,495	4,951	4,777	21,669
Grant Fund	-	-	-	-	43,043	43,043	-
Drainage District #3 Fund	9,543	1,075	-	10,618	1,123	400	11,341
Drainage District #4 Fund	136,572	24,347	4,277	156,642	27,929	-	184,571
Drainage District #6 Fund	1,291	261	6	1,546	273	-	1,819
Drainage District #7 Fund	8,856	1,267	170	9,953	1,364	-	11,317
Drainage District #18 Fund	15,596	1,426	2,067	14,955	1,379	-	16,334
Drainage District #19 Fund	12,873	634	-	13,507	646	-	14,153
Drainage District #20 Fund	15,273	7,662	300	22,635	3,894	-	26,529
Drainage District #8 Fund	69	4	-	73	4	-	77
Drainage District #17 Fund	102	6	-	108	6	-	114
Total	\$ 1,108,599	2,849,035	2,756,564	1,201,070	3,211,508	2,916,038	1,496,540

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

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

GENERAL FUND  
Year Ended December 31,

	2006		2007	
	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>				
Property taxes	\$ 325,900	320,224	317,000	360,239
Sales taxes	360,000	380,793	385,000	384,910
Intergovernmental	69,950	73,455	71,400	55,131
Charges for services	147,300	148,542	173,850	163,885
Interest	10,000	21,052	20,000	22,613
Other	112,210	104,964	151,595	148,652
Transfers in	66,050	66,140	66,200	66,054
Total Receipts	<u>1,091,410</u>	<u>1,115,170</u>	<u>1,185,045</u>	<u>1,201,484</u>
<b>DISBURSEMENTS</b>				
County Commission	75,216	72,946	74,716	75,200
County Clerk	102,068	94,930	101,274	92,879
Elections	25,290	34,056	10,400	20,807
Buildings and grounds	104,718	83,617	204,650	91,495
Employee fringe benefits	128,650	107,895	122,600	116,833
County Treasurer	74,832	64,738	88,151	84,095
Collector	3,250	3,908	-	-
Circuit Court	36,812	30,110	39,217	32,367
Court administration	23,411	17,532	23,001	14,635
Public Administrator	20,500	19,277	20,200	18,780
Sheriff	157,065	135,144	205,205	173,812
Jail	83,000	41,346	71,500	31,552
Prosecuting Attorney	62,998	61,706	65,883	64,211
Juvenile Officer	17,870	9,795	17,870	13,643
Coroner	18,449	11,104	18,449	13,711
Other	87,900	87,234	94,950	88,034
Transfers out	205,000	198,427	196,890	185,081
Emergency fund	32,750	-	35,600	-
Total Disbursements	<u>\$ 1,259,779</u>	<u>1,073,765</u>	<u>1,390,556</u>	<u>1,117,135</u>
<b>RECEIPTS OVER (UNDER)</b>				
DISBURSEMENTS	(168,369)	41,405	(205,511)	84,349
CASH, JANUARY 1	<u>165,298</u>	<u>165,298</u>	<u>206,703</u>	<u>206,703</u>
CASH, DECEMBER 31	<u>\$ (3,071)</u>	<u>206,703</u>	<u>1,192</u>	<u>291,052</u>

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

CHARITON COUNTY, MISSOURI  
COMPARATIVE STATEMENTS 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,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,229,950	951,700	1,334,600	1,003,202	161,337	163,594	165,138	170,915
Charges for services	-	-	-	-	-	-	-	-
Interest	22,000	32,343	32,000	41,923	1,400	2,580	2,500	3,438
Other	6,000	2,769	3,000	4,454	1,250	1,273	1,050	1,438
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>1,257,950</u>	<u>986,812</u>	<u>1,369,600</u>	<u>1,049,579</u>	<u>163,987</u>	<u>167,447</u>	<u>168,688</u>	<u>175,791</u>
<b>DISBURSEMENTS</b>								
Salaries	136,712	124,886	138,792	104,353	97,354	96,959	99,538	98,859
Employee fringe benefits	54,900	49,651	56,700	37,142	35,261	35,078	36,162	35,132
Materials and Supplies	800	628	900	1,229	12,500	6,736	13,500	8,183
Services and Other	160,850	89,120	476,900	110,694	22,750	16,327	23,300	14,771
Capital Outlay	166,500	125,901	206,500	13,526	-	-	-	-
Construction	790,750	518,653	870,750	552,367	-	-	-	-
Transfers out	66,000	66,000	66,000	66,000	-	-	-	-
Total Disbursements	<u>1,376,512</u>	<u>974,839</u>	<u>1,816,542</u>	<u>885,311</u>	<u>167,865</u>	<u>155,100</u>	<u>172,500</u>	<u>156,945</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	(118,562)	11,973	(446,942)	164,268	(3,878)	12,347	(3,812)	18,846
CASH, JANUARY 1	<u>645,959</u>	<u>645,959</u>	<u>657,932</u>	<u>657,932</u>	<u>9,846</u>	<u>9,846</u>	<u>22,193</u>	<u>22,193</u>
CASH, DECEMBER 31	<u>\$ 527,397</u>	<u>657,932</u>	<u>210,990</u>	<u>822,200</u>	<u>5,968</u>	<u>22,193</u>	<u>18,381</u>	<u>41,039</u>

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

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

	LAW ENFORCEMENT SALES TAX FUND				ELECTION SERVICES FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	270,000	263,520	265,000	268,585	-	-	-	-
Intergovernmental	11,500	14,650	16,500	19,950	171,550	2,599	166,650	168,030
Charges for services	-	-	-	-	-	-	-	-
Interest	1,000	904	1,000	1,596	800	1,142	1,000	1,002
Other	18,700	18,660	21,060	21,520	1,350	5,356	4,500	-
Transfers in	205,000	198,159	196,890	185,081	-	-	-	8
Total Receipts	506,200	495,893	500,450	496,732	173,700	9,097	172,150	169,040
<b>DISBURSEMENTS</b>								
Salaries	380,862	373,992	375,200	375,684	-	-	-	-
Employee fringe benefits	125,000	121,611	125,250	121,338	-	-	-	-
Materials and Supplies	-	-	-	-	500	-	200	17
Services and Other	-	290	-	-	182,650	8,319	182,300	182,308
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	505,862	495,893	500,450	497,022	183,150	8,319	182,500	182,325
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	338	-	-	(290)	(9,450)	778	(10,350)	(13,285)
CASH, JANUARY 1	-	-	-	-	17,962	17,962	18,740	18,740
CASH, DECEMBER 31	\$ 338	-	-	(290)	8,512	18,740	8,390	5,455

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

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

	TAX MAINTENANCE FUND				LAW ENFORCEMENT TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	6,165	6,167	6,170	6,319	2,650	3,078	3,150	2,921
Interest	425	395	395	246	50	99	100	108
Other	163	80	100	153	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>6,753</u>	<u>6,642</u>	<u>6,665</u>	<u>6,718</u>	<u>2,700</u>	<u>3,177</u>	<u>3,250</u>	<u>3,029</u>
<b>DISBURSEMENTS</b>								
Salaries	150	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	5,560	7,607	6,000	5,409	-	-	-	-
Services and Other	1,050	848	1,150	1,072	1,850	1,269	1,850	1,891
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	293	-	-	850	924	950	929
Total Disbursements	<u>6,760</u>	<u>8,748</u>	<u>7,150</u>	<u>6,481</u>	<u>2,700</u>	<u>2,193</u>	<u>2,800</u>	<u>2,820</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	(7)	(2,106)	(485)	237	-	984	450	209
CASH, JANUARY 1	<u>7,159</u>	<u>7,159</u>	<u>5,053</u>	<u>5,053</u>	<u>1,228</u>	<u>1,228</u>	<u>2,212</u>	<u>2,212</u>
CASH, DECEMBER 31	<u>\$ 7,152</u>	<u>5,053</u>	<u>4,568</u>	<u>5,290</u>	<u>1,228</u>	<u>2,212</u>	<u>2,662</u>	<u>2,421</u>

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

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

	PROSECUTING ATTORNEY TRAINING FUND				PROSECUTING ATTORNEY TAX FEE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	445	545	450	497	-	-	-	-
Interest	5	7	5	21	150	184	200	124
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>450</u>	<u>552</u>	<u>455</u>	<u>518</u>	<u>150</u>	<u>184</u>	<u>200</u>	<u>124</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	3,300	1,030	3,000	2,131
Services and Other	450	282	450	494	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>450</u>	<u>282</u>	<u>450</u>	<u>494</u>	<u>3,300</u>	<u>1,030</u>	<u>3,000</u>	<u>2,131</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	-	270	5	24	(3,150)	(846)	(2,800)	(2,007)
CASH, JANUARY 1	<u>195</u>	<u>195</u>	<u>465</u>	<u>465</u>	<u>4,001</u>	<u>4,001</u>	<u>3,155</u>	<u>3,155</u>
CASH, DECEMBER 31	<u>\$ 195</u>	<u>465</u>	<u>470</u>	<u>489</u>	<u>851</u>	<u>3,155</u>	<u>355</u>	<u>1,148</u>

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

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

	VICTIMS OF DOMESTIC VIOLENCE FUND				PROSECUTING ATTORNEY BAD CHECK FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	200	245	200	285	1,500	4,073	3,000	1,932
Interest	10	7	10	8	400	716	600	661
Other	-	-	-	-	-	-	-	8
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>210</u>	<u>252</u>	<u>210</u>	<u>293</u>	<u>1,900</u>	<u>4,789</u>	<u>3,600</u>	<u>2,601</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	5,303	1,484	1,475	447
Services and Other	200	200	300	300	5,419	4,129	3,300	3,171
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	250	716	600	250
Total Disbursements	<u>200</u>	<u>200</u>	<u>300</u>	<u>300</u>	<u>10,972</u>	<u>6,329</u>	<u>5,375</u>	<u>3,868</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	10	52	(90)	(7)	(9,072)	(1,540)	(1,775)	(1,267)
CASH, JANUARY 1	<u>193</u>	<u>193</u>	<u>245</u>	<u>245</u>	<u>15,666</u>	<u>15,666</u>	<u>14,126</u>	<u>14,126</u>
CASH, DECEMBER 31	<u>\$ 203</u>	<u>245</u>	<u>155</u>	<u>238</u>	<u>6,594</u>	<u>14,126</u>	<u>12,351</u>	<u>12,859</u>

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

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

	RECORDER FUND				SHERIFF FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	6,300	8,529	6,900	7,401	8,500	6,191	7,000	9,522
Interest	425	750	525	905	30	46	50	184
Other	-	979	-	-	900	479	2,100	2,985
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>6,725</u>	<u>10,258</u>	<u>7,425</u>	<u>8,306</u>	<u>9,430</u>	<u>6,716</u>	<u>9,150</u>	<u>12,691</u>
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	5,750	6,149	4,250	2,582	3,980	2,737	3,780	2,305
Services and Other	3,900	3,830	5,020	4,572	5,450	4,365	5,270	3,527
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>9,650</u>	<u>9,979</u>	<u>9,270</u>	<u>7,154</u>	<u>9,430</u>	<u>7,102</u>	<u>9,050</u>	<u>5,832</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(2,925)	279	(1,845)	1,152	-	(386)	100	6,859
CASH, JANUARY 1	<u>18,354</u>	<u>18,354</u>	<u>18,633</u>	<u>18,633</u>	<u>648</u>	<u>648</u>	<u>262</u>	<u>262</u>
CASH, DECEMBER 31	<u>\$ 15,429</u>	<u>18,633</u>	<u>16,788</u>	<u>19,785</u>	<u>648</u>	<u>262</u>	<u>362</u>	<u>7,121</u>

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



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

	LOCAL EMERGENCY PLANNING COMMITTEE FUND				GRANT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	8,500	4,591	4,600	4,951	-	-	300,000	43,043
Charges for services	-	-	-	-	-	-	-	-
Interest	650	683	-	-	-	-	-	-
Other	-	100	200	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>9,150</u>	<u>5,374</u>	<u>4,800</u>	<u>4,951</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>43,043</u>
<b>DISBURSEMENTS</b>								
Salaries	3,000	3,000	3,000	3,000	-	-	-	-
Employee fringe benefits	805	766	830	798	-	-	-	-
Materials and Supplies	5,195	1,757	5,650	578	-	-	-	-
Services and Other	5,100	442	1,400	401	-	-	300,000	43,043
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>14,100</u>	<u>5,965</u>	<u>10,880</u>	<u>4,777</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>43,043</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	(4,950)	(591)	(6,080)	174	-	-	-	-
CASH, JANUARY 1	<u>22,086</u>	<u>22,086</u>	<u>21,495</u>	<u>21,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH, DECEMBER 31	<u>\$ 17,136</u>	<u>21,495</u>	<u>15,415</u>	<u>21,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

	DRAINAGE DISTRICT #3 FUND				DRAINAGE DISTRICT #4 FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 566	564	566	582	18,150	16,920	18,100	19,426
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	324	511	394	541	4,850	7,427	6,700	8,503
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>890</u>	<u>1,075</u>	<u>960</u>	<u>1,123</u>	<u>23,000</u>	<u>24,347</u>	<u>24,800</u>	<u>27,929</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	100	-	100	-	2,500	101	2,500	-
Services and Other	2,000	-	1,500	400	63,970	-	60,000	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	4,176	-	-
Total Disbursements	<u>2,100</u>	<u>-</u>	<u>1,600</u>	<u>400</u>	<u>66,470</u>	<u>4,277</u>	<u>62,500</u>	<u>-</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	(1,210)	1,075	(640)	723	(43,470)	20,070	(37,700)	27,929
CASH, JANUARY 1	<u>9,543</u>	<u>9,543</u>	<u>10,618</u>	<u>10,618</u>	<u>136,572</u>	<u>136,572</u>	<u>156,642</u>	<u>156,642</u>
CASH, DECEMBER 31	<u>\$ 8,333</u>	<u>10,618</u>	<u>9,978</u>	<u>11,341</u>	<u>93,102</u>	<u>156,642</u>	<u>118,942</u>	<u>184,571</u>

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

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

	DRAINAGE DISTRICT #6 FUND				DRAINAGE DISTRICT #7 FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 180	179	180	179	780	778	780	827
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	45	82	70	94	280	489	420	537
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>225</u>	<u>261</u>	<u>250</u>	<u>273</u>	<u>1,060</u>	<u>1,267</u>	<u>1,200</u>	<u>1,364</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	50	6	50	-	200	-	200	-
Services and Other	500	-	500	-	1,000	170	1,000	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>550</u>	<u>6</u>	<u>550</u>	<u>-</u>	<u>1,200</u>	<u>170</u>	<u>1,200</u>	<u>-</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(325)	255	(300)	273	(140)	1,097	-	1,364
CASH, JANUARY 1	<u>1,291</u>	<u>1,291</u>	<u>1,546</u>	<u>1,546</u>	<u>8,856</u>	<u>8,856</u>	<u>9,953</u>	<u>9,953</u>
CASH, DECEMBER 31	<u>\$ 966</u>	<u>1,546</u>	<u>1,246</u>	<u>1,819</u>	<u>8,716</u>	<u>9,953</u>	<u>9,953</u>	<u>11,317</u>

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

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

	DRAINAGE DISTRICT #18 FUND				DRAINAGE DISTRICT #19			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 615	616	617	626	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	485	810	723	753	420	634	505	646
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>1,100</u>	<u>1,426</u>	<u>1,340</u>	<u>1,379</u>	<u>420</u>	<u>634</u>	<u>505</u>	<u>646</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	200	-	200	-	50	-	50	-
Services and Other	1,000	2,067	4,000	-	500	-	500	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>1,200</u>	<u>2,067</u>	<u>4,200</u>	<u>-</u>	<u>550</u>	<u>-</u>	<u>550</u>	<u>-</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS		(641)	(2,860)	1,379	(130)	634	(45)	646
CASH, JANUARY 1	15,596	15,596	14,955	14,955	12,873	12,873	13,507	13,507
CASH, DECEMBER 31	<u>\$ 15,596</u>	<u>14,955</u>	<u>12,095</u>	<u>16,334</u>	<u>12,743</u>	<u>13,507</u>	<u>13,462</u>	<u>14,153</u>

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

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

	DRAINAGE DISTRICT #20				DRAINAGE DISTRICT #8 FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 6,330	6,333	2,360	2,600	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	500	1,329	1,200	1,294	5	4	5	4
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>6,830</u>	<u>7,662</u>	<u>3,560</u>	<u>3,894</u>	<u>5</u>	<u>4</u>	<u>5</u>	<u>4</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	100	-	100	-	-	-	-	-
Services and Other	5,000	300	5,000	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>5,100</u>	<u>300</u>	<u>5,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	1,730	7,362	(1,540)	3,894	5	4	5	4
CASH, JANUARY 1	<u>15,273</u>	<u>15,273</u>	<u>22,635</u>	<u>22,635</u>	<u>69</u>	<u>69</u>	<u>73</u>	<u>73</u>
CASH, DECEMBER 31	<u>\$ 17,003</u>	<u>22,635</u>	<u>21,095</u>	<u>26,529</u>	<u>74</u>	<u>73</u>	<u>78</u>	<u>77</u>

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

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

	DRAINAGE DISTRICT #17 FUND			
	Year Ended December 31,			
	2006		2007	
	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>				
Property taxes	\$ -	-	-	-
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	5	6	5	6
Other	-	-	-	-
Transfers in	-	-	-	-
Total Receipts	<u>5</u>	<u>6</u>	<u>5</u>	<u>6</u>
<b>DISBURSEMENTS</b>				
Salaries	-	-	-	-
Employee fringe benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	-	-	-	-
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	5	6	5	6
CASH, JANUARY 1	<u>102</u>	<u>102</u>	<u>108</u>	<u>108</u>
CASH, DECEMBER 31	<u>\$ 107</u>	<u>108</u>	<u>113</u>	<u>114</u>

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

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

AGENCY FUND	December 31, 2007		December 31, 2006	
	Cash and Cash Equivalents	Due to Others	Cash and Cash Equivalents	Due to Others
County School Interest	\$ 40,025	40,025	39,593	39,593
Land Sales Surplus	6,408	6,408	5,319	5,319
Unclaimed Fees	693	693	225	225
911 Escrow Account	21,358	21,358	20,382	20,382
Collector	6,935,729	6,935,729	1,944,479	1,944,479
County Employee Retirement Fund	710	710	585	585
Total	\$ 7,004,923	7,004,923	2,010,583	2,010,583

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Chariton 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, County Surveyor, Prosecuting Attorney, Public Administrator, Sheriff and Collector-Treasurer.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

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

C. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting



differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgets and Budgetary Accounting

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

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

10. Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets. Actual expenditures did not materially exceed budget amounts for any funds.

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

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

	<u>2007</u>	<u>2006</u>
Real Estate	\$ 54,715,050	50,448,860
Personal Property	28,019,490	26,925,940
Railroad and Utilities	38,525,782	37,659,113

During 2007 and 2006 the County Commission approved a \$0.285 and \$0.285 tax levy respectively per \$100 of assessed valuation of tangible taxable property for the calendar year 2007 and 2006, for purposes of County taxation, as follows:

	<u>2007</u>	<u>2006</u>
General Revenue Fund	<u>\$0.285</u>	<u>\$0.285</u>

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions.

Details of these cash balances are presented in Note 2.

## 2. CASH AND INVESTMENTS

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

"Cash and Equivalents" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2007 and 2006, the carrying amount of the County's deposits was \$8,501,463 and \$3,211,653 the bank balance was \$7,875,796 and \$2,867,431, respectively. Of the bank balance, \$200,000 at December 31, 2007 and December 31, 2006 was covered by federal depository insurance and \$7,675,796 and \$2,667,431, respectively, was covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent, in the County's name.

### 3. COUNTY EMPLOYEES' RETIREMENT FUND - CERF

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

#### A. Plan Description

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

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

#### B. Pension Benefits

Beginning January 1, 1994, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

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

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

The County also participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by Statute, Section RSMo. 70.600 — 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax-exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

#### C. Funding Policy

In accordance with State Statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible full time employees hired after 2002 are required to contribute 4% of their annual salary. Eligible part time employees hired before February 2002 are required to contribute 2% of their annually salary, while part time employees hired after February 2002 are required to contribute 6% of their annual salary in order to participate in the CERF. During 2007 and 2006, the County collected and remitted to CERF, employee contributions of approximately for \$42,519 and \$42,191 respectively, for the years then ended.

The County's full-time employees are required to contribute 4% to the LAGERS pension plan. The County is required by State Statute to contribute at an actuarially determined rate; the rate for 2007 was 9.9% (general) and 7% (sheriff) and in 2006 the rate contributed was 10.8% (general) and 6% (sheriff) of annual covered payroll. During 2007 and 2006, the County contributed \$76,942 and \$83,489 respectively, for the years then ended. 21

#### 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 60 days of total leave time – sick leave accrues at the rate of one day per calendar month of employment up to 30 days. Vacation time is accrued for every full time employee, and accrues at the rate of .417 days per calendar month up to 1.25 days per month up to 30 days depending on the length of the employee's term of employment. Upon termination, the employee may receive reimbursement for all unused accrued vacation time if employment has been at least one 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 expenditures of federal awards did not exceed \$500,000 in either 2007 or 2006 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, 2006, to include certain fiduciary agency funds in the basic financial statements and to exclude certain funds pertaining to the Circuit Court. The effect of this change is to report a statement of assets and liabilities arising from cash transactions for all agency funds, including agency funds not previously reported. These agency funds consist of assets held by County officeholders as an agent of individuals, private organizations and other governmental units. Because agency funds do not report results of operations, the aforementioned change in reporting entity does not affect changes in cash balances of governmental funds as previously reported.

## **COMPLIANCE SECTION**

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## McBRIDE, LOCK & ASSOCIATES

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

To the County Commission and Officeholders of Chariton County, Missouri

We have audited the accompanying financial statements of Chariton County, Missouri as of and for the years ended December 31, 2007 and 2006, which collectively comprise the County's basic financial statements as identified in the table of contents, and have issued our report thereon dated July 25, 2008. 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 audits, we considered Chariton County, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chariton County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chariton County, Missouri's internal control over financial reporting.

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider

to be material weaknesses, as described above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chariton 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* that is identified as item 1.

We noted certain matters that we reported to management of Chariton County, Missouri, in the findings and recommendations section as items 2 through 4.

Chariton County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Chariton County, Missouri's response and, accordingly, we express no opinion on it.

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

(Original signed by Auditor)

McBride, Lock & Associates  
July 25, 2008



## **FINDINGS AND RECOMMENDATIONS**

CHARITON COUNTY, MISSOURI  
Findings and Recommendations

**ITEM OF NONCOMPLIANCE**

**1. Bidding Procedures**

Condition: The County used one engineering firm for various construction projects and did not solicit proposals from other firms for these projects. The County Commission indicated that the other engineering firms had been considered and that the firm was selected based on the County's prior experience with that firm. However, documentation was not available to support the selection process. A similar condition was reported in the State Auditor's prior report for the two year period ended December 31, 2003. Engineering costs for various bridge construction projects during the audit period totaled \$79,151.

Sections 8.289 and 8.291, RSMo 2007, provide that at least three firms should be considered when obtaining engineering services for any capital improvement project. The firms should be evaluated based upon specific criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located.

Recommendation: We recommend that the County Commission obtain statements of qualifications and performance data from at least three engineering firms before contracting for engineering services and that selection process be documented.

County's Response: We will start documenting the information we receive from engineering firms as we obtain it and get updated information before contracting for engineering services.

**OTHER MATTERS**

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

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are summarized below. We previously reported on the County's internal control in our report dated July 25, 2008. (A separate report dated July 25, 2008 contains our report on significant deficiencies in the County's internal control). This document does not affect our report dated July 25, 2008.

**2. Payroll Personnel Files**

Condition: The County does not keep an updated record of each employee's pay rate in their personnel file. When an employee receives an increase in compensation there is no evidence of the effective date of the increase, the amount of the increase or whether the increase was properly approved. Currently the Deputy Clerk keeps an informal list of salary levels at her

desk to use as a reference during payroll processing.

Recommendation: We recommend that the County Clerk's Office maintain records of each employee's compensation level in their personnel file along with supporting documentation from the County Commission approving compensation increases.

County's Response: The County Clerk's Office will maintain compensation levels of each employee by placing the information in each employee file.

### **3. Employee Pay**

Condition: Documentation is not maintained to adequately support employee salaries. Employee personnel files do not contain documentation supporting employee current or prior years' salary and a current approved salary schedule is not maintained. Salary pay increases are documented in the County Commission minutes. However, there is no formal system for tracking cumulative pay increases other than the payroll system and approval for current pay levels is unclear.

Recommendation: We recommend the County Commission establish a system for tracking employee's salary and place this information in each employee's personnel file. We also recommend the County Commission consider establishing a salary schedule for all employees.

County's Response: The County Clerk's Office will adopt a system of tracking employee salaries and place in each file. Adopting a salary schedule is a decision to be made by the County Commission.

### **4. Personnel Policies**

The County's personnel policies manual has not been updated for approximately 20 years. Some of the policies included in the manual are no longer applicable or have been changed. The policy covering retirement benefits, for example, includes information only on LAGERS (Local Government Employees Retirement System). County employees have been included on the CERF (County Employees Retirement Fund) since February 2002. However, the manual makes no mention of this retirement system.

Recommendation: We recommend the County Commission establish and formally adopt a personnel policy manual that includes applicable updated information and ensure that it is updated periodically as appropriate.

County's Response: We will continue working on a new personnel policy which will include all benefits.

CHARITON 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 Chariton County, Missouri, (County) on the applicable findings in the prior audit report issued for the two years ended December 31, 2005 and 2004.

1. The County used one engineering firm for the various projects and did not solicit proposals from other firms as required by state law. See finding No. 1.

*Status- Not implemented.*

2. The County Commission sometimes approves expenditures without reviewing detailed supporting documentation and ensuring goods or services have been received.

*Status- Implemented.*

3. The County's personnel policies manual has not been updated since 1989. Some policies are not being followed and additional guidelines are needed for some county procedures. See finding No. 4.

*Status- Not implemented.*