



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

To the County Commission  
and  
Officeholders of Andrew County, Missouri

The Office of the State Auditor, in cooperation with Andrew County, 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. 2009-15

# **ANDREW COUNTY, MISSOURI**

## **ANNUAL FINANCIAL REPORT**

December 31, 2007 and 2006

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# **INTRODUCTORY SECTION**

ANDREW COUNTY, MISSOURI  
List of Elected Officials

*County Commission*

Presiding Commissioner – Larry Atkins

Associate Commissioner – Richard Townsend

Associate Commissioner – Greg Wall

*Other Elected Officials*

Assessor – Ronald Christmas

Circuit Clerk / Recorder – Rose Lancey

Collector – Phil Rogers

Coroner – Ronald Crouse

County Clerk – Cyndee Merritt

Prosecuting Attorney – Steven Stevenson

Public Administrator – Karen Keller

Sheriff – Gary Howard

Treasurer – Cindy Esely

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CERTIFIED PUBLIC ACCOUNTANTS

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## McBRIDE, LOCK & ASSOCIATES

### INDEPENDENT AUDITORS' REPORT

To the County Commission and Officeholders of Andrew County, Missouri

We have audited the accompanying financial statements of Andrew 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 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 provide a reasonable basis for our opinion.

As described more fully in Note 1, Andrew 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 Andrew 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 Andrew 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 18, 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 grants and other matters. The purpose of that report is to describe the scope of our testing for internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Andrew County, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

(Original Signed by Auditor)

McBride, Lock & Associates  
July 18, 2008

## **FINANCIAL SECTION**



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

	Cash January 1 2006 (restated)	Receipts 2006	Disbursements 2006	Cash December 31 2006	Receipts 2007	Disbursements 2007	Cash December 31 2007
General Revenue	\$ 1,611,262	1,654,594	1,880,156	1,385,700	1,530,472	1,770,889	1,145,283
Special Road and Bridge	356,335	2,905,808	2,510,782	751,361	2,215,180	2,487,408	479,133
Assessment	70,431	192,666	204,362	58,735	222,385	232,875	48,245
Law Enforcement Sales Tax	248,473	566,240	671,863	142,850	606,512	733,135	16,227
Law Enforcement Training	29,207	7,321	5,017	31,511	6,846	3,496	34,861
Capital Improvement Sales Tax	127,923	125,593	67,325	186,191	156,854	32,754	310,291
Recorder's Records Account	44,444	15,414	10,794	49,064	15,681	8,959	55,786
Prosecuting Attorney Training	626	1,075	1,192	509	882	388	1,003
ACCD 911	49,331	49,293	61,653	36,971	13,674	9,632	41,013
Local Emergency Planning Commission	7,184	4,219	3,920	7,483	4,011	4,615	6,879
Prosecuting Attorney Bad Check	18,609	17,685	2,690	33,604	15,713	15,761	33,556
Election Services	7,081	3,815	3,312	7,584	985	4,176	4,393
Sheriff's Civil Fees	36,281	31,562	29,408	38,435	23,951	23,260	39,126
Sheriff's Reserve	11,238	2,584	7,875	5,947	4,752	4,716	5,983
Collector's Tax Maintenance	23,521	21,493	13,075	31,939	4,830	320	36,449
Cemetery Trust	2,007,089	220,613	45,215	2,182,487	87,196	50,866	2,218,817
Ford Farm	118,256	8,705	6,115	120,846	9,018	7,740	122,124
HAVA	15,832	121,287	124,515	12,604	1,065	13,669	-
Total	\$ 4,783,123	5,949,967	5,649,269	5,083,821	4,920,007	5,404,659	4,599,169

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

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

GENERAL FUND Year Ended December 31,				
	2006		2007	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
RECEIPTS				
Property taxes	\$ 313,314	376,774	396,000	325,959
Sales taxes	495,000	371,107	475,000	484,468
Intergovernmental	170,265	136,681	170,081	182,098
Charges for services	339,400	360,260	296,100	341,087
Interest	25,000	80,835	80,000	76,556
Other	123,500	328,937	123,800	114,104
Transfers in	-	-	-	6,200
Total Receipts	<u>1,466,479</u>	<u>1,654,594</u>	<u>1,540,981</u>	<u>1,530,472</u>
DISBURSEMENTS				
County Commission	117,500	94,365	115,500	94,455
County Clerk	148,480	136,523	165,532	132,667
Elections	70,200	40,492	64,200	14,544
Buildings and grounds	125,600	53,876	418,600	106,152
Employee fringe benefits	-	203,255	246,754	214,698
County Treasurer	44,480	43,505	71,480	54,777
Collector	110,725	85,014	106,850	89,950
Recorder of Deeds	38,300	34,649	39,761	33,794
Circuit Clerk	46,000	13,591	46,000	12,100
Associate Circuit Court	9,700	8,366	9,700	7,665
Court administration	31,600	28,564	32,561	29,243
Public Administrator	33,500	25,534	30,500	25,630
Prosecuting Attorney	110,010	101,591	114,685	103,805
Juvenile Officer	42,000	27,494	66,816	58,800
Coroner	24,845	22,123	26,070	17,432
Other	439,485	661,214	630,890	775,177
Transfers out	189,000	300,000	525,809	-
Emergency fund	44,055	-	45,627	-
Total Disbursements	<u>1,625,480</u>	<u>1,880,156</u>	<u>2,757,335</u>	<u>1,770,889</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(159,001)	(225,562)	(1,216,354)	(240,417)
CASH, JANUARY 1	<u>1,772,813</u>	<u>1,611,262</u>	<u>1,385,700</u>	<u>1,385,700</u>
CASH, DECEMBER 31	<u>\$ 1,613,812</u>	<u>1,385,700</u>	<u>169,346</u>	<u>1,145,283</u>

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

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

	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
RECEIPTS								
Property taxes	\$ 807,106	986,398	992,200	854,087	-	-	-	-
Sales taxes	370,000	353,367	355,000	341,226	-	-	-	-
Intergovernmental	2,578,121	1,076,094	1,659,041	884,407	180,712	187,421	199,501	217,132
Charges for services	-	-	-	-	-	540	2,000	933
Interest	10,000	24,527	24,000	40,931	-	3,859	3,000	3,675
Other	90,000	162,080	85,000	91,906	3,000	846	2,000	645
Transfers in	105,000	303,342	341,809	2,623	89,000	-	89,000	-
Total Receipts	3,960,227	2,905,808	3,457,050	2,215,180	272,712	192,666	295,501	222,385
DISBURSEMENTS								
Salaries	511,792	452,892	538,587	492,112	122,870	126,192	133,373	123,824
Employee fringe benefits	247,318	206,087	258,879	224,797	-	-	-	-
Materials and Supplies	281,500	304,880	414,000	263,284	6,500	3,655	6,500	5,170
Services and Other	449,650	499,555	875,400	636,965	149,526	74,515	126,742	103,881
Capital Outlay	332,000	240,246	340,000	327,368	-	-	-	-
Construction	2,384,459	807,122	1,430,000	542,882	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	4,206,719	2,510,782	3,856,866	2,487,408	278,896	204,362	266,615	232,875
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(246,492)	395,026	(399,816)	(272,228)	(6,184)	(11,696)	28,886	(10,490)
CASH, JANUARY 1	356,335	356,335	751,361	751,361	70,402	70,431	58,735	58,735
CASH, DECEMBER 31	\$ 109,843	751,361	351,545	479,133	64,218	58,735	87,621	48,245

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

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

	LAW ENFORCEMENT SALES TAX 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
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	500,000	371,108	500,000	484,473	-	-	-	-
Intergovernmental	25,000	132,130	30,000	35,684	-	-	-	-
Charges for services	30,000	50,177	35,000	41,657	2,000	-	2,000	-
Interest	4,000	9,105	5,000	4,603	200	1,312	300	1,857
Other	10,000	3,720	8,000	15,095	5,000	6,009	5,000	4,989
Transfers in	25,000	-	150,000	25,000	-	-	-	-
Total Receipts	594,000	566,240	728,000	606,512	7,200	7,321	7,300	6,846
DISBURSEMENTS								
Salaries	425,000	408,105	440,000	417,141	-	-	-	-
Employee fringe benefits	103,308	125,871	138,880	126,330	-	-	-	-
Materials and Supplies	66,000	49,219	76,500	57,974	3,000	-	3,000	232
Services and Other	87,500	88,668	106,000	131,690	10,000	5,017	22,300	3,264
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	681,808	671,863	761,380	733,135	13,000	5,017	25,300	3,496
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(87,808)	(105,623)	(33,380)	(126,623)	(5,800)	2,304	(18,000)	3,350
CASH, JANUARY 1	248,473	248,473	142,850	142,850	29,207	29,207	31,511	31,511
CASH, DECEMBER 31	\$ 160,665	142,850	109,470	16,227	23,407	31,511	13,511	34,861

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

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

	CAPITAL IMPROVEMENT SALES TAX FUND				RECORDER'S RECORDS ACCOUNT 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	125,000	117,789	120,000	143,242	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	12,000	13,233	13,000	12,932
Interest	-	-	-	-	500	2,181	1,000	2,749
Other	5,000	7,804	5,000	13,612	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	130,000	125,593	125,000	156,854	12,500	15,414	14,000	15,681
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	21,500	8,230	20,500	4,951
Services and Other	130,000	67,325	306,000	32,754	7,500	2,564	8,500	4,008
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	130,000	67,325	306,000	32,754	29,000	10,794	29,000	8,959
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	-	58,268	(181,000)	124,100	(16,500)	4,620	(15,000)	6,722
CASH, JANUARY 1	127,923	127,923	186,191	186,191	44,444	44,444	49,064	49,064
CASH, DECEMBER 31	\$ 127,923	186,191	5,191	310,291	27,944	49,064	34,064	55,786

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

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

	PROSECUTING ATTORNEY TRAINING FUND				ACCD 911 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	-	-	-	-	10,000	-	10,000	10,000
Charges for services	-	-	-	-	-	-	-	-
Interest	-	20	30	44	1,600	2,286	2,000	2,422
Other	1,200	1,055	1,100	838	100,000	47,007	50,000	1,252
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	1,200	1,075	1,130	882	111,600	49,293	62,000	13,674
DISBURSEMENTS								
Salaries	-	-	-	-	7,622	6,496	7,851	6,971
Employee fringe benefits	-	-	-	-	583	497	602	533
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	2,800	1,192	1,250	388	103,400	54,660	53,200	2,128
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	30,000	-	30,000	-
Total Disbursements	2,800	1,192	1,250	388	141,605	61,653	91,653	9,632
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(1,600)	(117)	(120)	494	(30,005)	(12,360)	(29,653)	4,042
CASH, JANUARY 1	626	626	509	509	49,331	49,331	36,971	36,971
CASH, DECEMBER 31	\$ (974)	509	389	1,003	19,326	36,971	7,318	41,013

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

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

	LOCAL EMERGENCY PLANNING COMMITTEE FUND				PROSECUTING ATTORNEY BAD CHECK			
	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	-	-	-	-	10,000	17,685	16,000	15,713
Interest	-	336	400	309	-	-	1,000	-
Other	4,115	3,883	6,182	3,702	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	4,115	4,219	6,582	4,011	10,000	17,685	17,000	15,713
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	2,799	1,205	2,100	1,699	-	2,690	12,202	15,761
Services and Other	5,100	2,715	4,025	2,916	-	-	-	-
Capital Outlay	-	-	-	-	-	-	1,000	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	7,899	3,920	6,125	4,615	-	2,690	13,202	15,761
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(3,784)	299	457	(604)	10,000	14,995	3,798	(48)
CASH, JANUARY 1	7,184	7,184	7,483	7,483	18,609	18,609	33,604	33,604
CASH, DECEMBER 31	\$ 3,400	7,483	7,940	6,879	28,609	33,604	37,402	33,556

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

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

	ELECTION SERVICES				SHERIFF'S CIVIL FEES			
	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	-	-	-	-	17,000	29,804	30,000	17,803
Charges for services	1,500	3,392	2,700	775	-	-	-	-
Interest	200	399	300	210	300	1,758	300	1,347
Other	-	24	100	-	-	-	-	4,801
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	1,700	3,815	3,100	985	17,300	31,562	30,300	23,951
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	500	1,007	-	4,176	5,000	29,208	-	21,810
Services and Other	6,700	1,510	-	-	-	200	-	1,450
Capital Outlay	1,500	795	-	-	24,000	-	35,000	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	8,700	3,312	-	4,176	29,000	29,408	35,000	23,260
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(7,000)	503	3,100	(3,191)	(11,700)	2,154	(4,700)	691
CASH, JANUARY 1	7,081	7,081	7,584	7,584	36,281	36,281	38,435	38,435
CASH, DECEMBER 31	\$ 81	7,584	10,684	4,393	24,581	38,435	33,735	39,126

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



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

	SHERIFF'S RESERVE				COLLECTOR'S TAX MAINTENANCE			
	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	2,500	2,134	-	4,385	-	-	-	-
Charges for services	-	-	2,500	-	20,000	21,137	20,000	4,830
Interest	100	450	200	367	850	356	1,500	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	2,600	2,584	2,700	4,752	20,850	21,493	21,500	4,830
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	5,000	5,997	7,500	4,401	-	-	-	-
Services and Other	1,000	1,878	-	315	6,000	13,075	12,000	320
Capital Outlay	-	-	-	-	6,000	-	6,000	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	6,000	7,875	7,500	4,716	12,000	13,075	18,000	320
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(3,400)	(5,291)	(4,800)	36	8,850	8,418	3,500	4,510
CASH, JANUARY 1	11,238	11,238	5,947	5,947	23,521	23,521	31,939	31,939
CASH, DECEMBER 31	\$ 7,838	5,947	1,147	5,983	32,371	31,939	35,439	36,449

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

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

	CEMETERY TRUST				FORD FARM			
	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	-	-	-	-	3,828	6,314	3,478	6,593
Charges for services	-	-	-	-	-	-	-	-
Interest and dividends	48,910	219,877	114,640	87,196	2,260	2,391	6,000	2,425
Other	-	736	-	-	90	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	48,910	220,613	114,640	87,196	6,178	8,705	9,478	9,018
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	30,995	45,215	51,650	50,866	6,750	6,115	7,500	7,740
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	10,000	-	10,000	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	30,995	45,215	51,650	50,866	16,750	6,115	17,500	7,740
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	17,915	175,398	62,990	36,330	(10,572)	2,590	(8,022)	1,278
CASH, JANUARY 1	2,007,089	2,007,089	2,182,487	2,182,487	118,256	118,256	120,846	120,846
CASH, DECEMBER 31	\$ 2,025,004	2,182,487	2,245,477	2,218,817	107,684	120,846	112,824	122,124

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

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

HELP AMERICA VOTE ACT (HAVA) FUND				
	Year Ended December 31,		Year Ended December 31,	
	2006		2007	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ -	-	-	-
Sales taxes	-	-	-	-
Intergovernmental	103,300	120,615	3,829	557
Charges for services	-	-	-	-
Interest	500	672	600	508
Other	-	-	-	-
Transfers in	-	-	-	-
Total Receipts	103,800	121,287	4,429	1,065
DISBURSEMENTS				
Salaries	-	-	-	-
Employee fringe benefits	-	-	-	-
Materials and Supplies	-	124,515	-	13,107
Services and Other	48,127	-	14,929	562
Capital Outlay	70,550	-	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	118,677	124,515	14,929	13,669
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(14,877)	(3,228)	(10,500)	(12,604)
CASH, JANUARY 1	15,832	15,832	12,604	12,604
CASH, DECEMBER 31	\$ 955	12,604	2,104	-

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

ANDREW 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
Collector	\$ 6,978,705	6,978,705	4,548,900	4,548,900
County Employee's Retirement Fund	2,013	2,013	4,146	4,146
John Glenn Neighborhood Improvement District	42,460	42,460	44,192	44,192
Gore Neighborhood Improvement District	6,912	6,912	7,803	7,803
Victoria Hills Neighborhood Improvement District	795	795	5,172	5,172
Johnson Grass	34,432	34,432	18,996	18,996
Fines Distributable to Schools	60,446	60,446	3,701	3,701
Other Agency Funds	290	290	189	189
School Revolving Fund	1,253	1,253	817	817
Railroad and Utility Tax Held for Schools	3,918	3,918	-	-
Funds Held for Levee Districts	7,270	7,270	-	-
Protested Taxes	-	-	3,244	3,244
Unclaimed Fees	-	-	134	134
Total	\$ 7,138,494	7,138,494	4,637,294	4,637,294

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Andrew 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, Collector, Prosecuting Attorney, Public Administrator, Sheriff and 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), which 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 Andrew 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.

The Cemetery Trust Fund is comprised of cash and investments of twenty-nine cemeteries for which the County Commission is the trustee. The County Commission is required to follow the terms and conditions of the gift or bequest. The County is required to file annual reports for the twenty-nine funds with the Probate Judge.

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 generally 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. Although adoption of a formal budget is required by law, the County did not adopt a formal

budget for the Prosecuting Attorney's Bad Check Fund in 2006 or for the Election Services Fund in 2007

9. Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted appropriations for the following funds:
- General Fund – 2006
  - Prosecuting Attorney's Bad Check Fund – 2006 and 2007
  - Election Services – 2007
  - Sheriff's Civil Fees – 2006
  - Sheriff's Reserve - 2006
  - Collector's Tax Maintenance - 2006
  - Cemetery - 2006
  - HAVA – 2006.
- 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	\$ 137,330,300	124,356,320
Personal Property	49,127,396	48,179,234
Railroad and Utilities	3,605,812	4,641,183

During 2007 and 2006 the County Commission approved tax levies for General Revenue, Road and Bridge and Johnson Grass funds that are valued at \$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	\$0.1912	\$0.1912
Road and Bridge	0.4961	0.5075
Johnson Grass	0.0250	0.0250

F. Cash Deposits and Investments

Deposits and investments are stated at cost in the financial statements. Cash balances for all the County Treasurer funds, other than balances held for the Cemetery Trust Fund, 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. At December 31, 2006 and 2007 the County had no investments other than those of the Cemetery Trust Funds which are described in Note 2 below. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

#### G. Interfund Transactions

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

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

## 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 \$11,737,663 and \$9,721,115, respectively and the bank balance was \$9,424,371 and \$8,671,781, respectively. Of the bank balance, \$431,944 and \$404,359, for December 31, 2007 and December 31, 2006, respectively, was covered by federal depository insurance and \$8,992,427 and \$8,267,422, respectively, was covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent, in the County's name.

Investments - The County's only investments are recorded in the Cemetery Trust Fund and are made in accordance with the terms of the trust agreement, which authorizes investments in United States Government securities and stocks currently traded on the New York Stock Exchange. A court opinion docketed in 2001 authorized the County Commission to buy, sell, or trade stocks and bonds as long as the shares of original stock making up the corpus of the trust were maintained.

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. 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.



As of December 31, 2007, the Cemetery Trust Fund had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity (in Years)</u>			
		<u>No Maturity</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
U.S. government securities	\$ 529,529	-	529,529	-	-
U.S. government bonds	72,275	-	-	-	72,275
U.S. government bond fund	143,140	143,140	-	-	-
Stocks and mutual funds	1,072,251	1,072,251	-	-	-
Corporate bonds	101,327	-	7,699	-	93,628

Interest rate risk: The trust agreement does not discuss limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit risk: The trust agreement does not include limits on ratings for investments made by the Cemetery Trust Fund. Ratings for the fund's bond investments are from Moody's Investors Service.

	<u>Market Value</u>	<u>Rating 2007</u>
Government National Mortgage Association Bonds	\$ 72,373	Not Rated
New York Telephone Company Bonds	15,484	AAA
GTE Corporation Bonds	21,698	A
General Motors Corporation Bonds	56,445	B-
General Motors Acceptance Corporation Bonds	7,699	Not Rated

Concentration of credit risk: The trust agreement does not limit the amount the Trust may invest in any one issuer. More than 5 percent of the Cemetery's investments are in Pfizer stock. This investment accounts for 10.6 percent of the Cemetery Trust Fund's total investments at December 31, 2007.

Custodial credit risk: Custodial credit risk is the risk that, if the counterparty to an investment transaction fails, Andrew County will not be able to recover the investment's value or the collateral securities that are in an outside party's possession. The County's investments at December 31, 2007 and 2006, were not exposed to custodial credit risk because they were held by the County's custodial bank in the Cemetery Trust'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. Responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of nine persons.

#### B. Pension Benefits

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

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement 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

Pursuant to State Statutes, CERF is partially funded from a portion of delinquent property tax penalties and other penalties and fees. Further, a contribution to CERF of 4% to 6% of gross compensation, depending on LAGERS participation, is required for all participants hired on or after February 2002. A contribution of 0% to 4% of compensation, depending on LAGERS participation, is required of employees hired before February 2002. A lesser contribution requirement applies to employees who participate in LAGERS. The source of funding of these contributions is determined by each county. During 2007 and 2006, the County

collected and remitted to CERF employee contributions of approximately for \$31,682 and \$27,436, respectively, for the years then ended, equal to the required contributions.

Because certain employees are also participants in LAGERS, a contribution is also required by the County to LAGERS, based on an actuarially determined rate. The LAGERS rate for general employees for 2007 was 10.5% and for law enforcement employees, 4.3%. In 2006 the rates contributed were 11.3%, and 5.5% for general and law enforcement employees, respectively, of annual covered payroll. During 2007 and 2006, the County collected and remitted to LAGERS employee contributions of \$59,354 and \$57,080, respectively, and employer contributions of \$53,047 and \$58,334, respectively.

#### 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, COMMITMENTS AND CONTINGENCIES

##### A. Compensated Absences

The County provides full time employees with the following accrued time for purposes of paid leave. Sick time will accrue at the rate of one day per complete calendar month of employment up to 60 days rollover balance. Upon termination, the employee will not be compensated for any unused sick time. Vacation time will accrue at the rate of one-half day to one and one half days per month depending on length of employment, up to two weeks rollover balance. Upon termination the employee may choose time taken as early separation or to be compensated on last payroll check for balance of unused vacation time limited to two weeks. Comp time will accrue at a rate of one and one half time actual hours worked based on federal wage and hour regulations, up to 180 hours rollover balance. Upon termination the employee may choose time taken as early separation or to be compensated on last payroll check for balance of unused comp time limited to 180 hours.

##### B. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

#### 6. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from

the prior year and settlements have not exceeded coverage in the past three years.

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

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

#### 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**

## 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 Andrew County, Missouri

We have audited the accompanying financial statements of Andrew 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 18, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audits, we considered Andrew 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 Andrew County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Andrew 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 Andrew 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 Andrew County, Missouri's financial statements that is more than inconsequential will not be prevented or detected by the Andrew 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 Andrew 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 and financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Andrew 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that are identified as items 1 and 2.

We noted certain matters that we reported to management of Andrew County, Missouri's, in the findings and recommendations section as items 3-6.

Andrew 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 Andrew 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 18, 2008

## McBRIDE, LOCK & ASSOCIATES

### AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission and Officeholders of Andrew County, Missouri

#### Compliance

We have audited the compliance of Andrew County, Missouri, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2006. Andrew County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Andrew County, Missouri's management. Our responsibility is to express an opinion on Andrew County, Missouri's compliance based on our audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Andrew County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination of Andrew County, Missouri's compliance with those requirements.

In our opinion, Andrew County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2006. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

#### Internal Control Over Compliance

The management of Andrew County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audits, we considered Andrew County, Missouri's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion



on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Andrew County, Missouri's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

(Original Signed by Auditor)

McBride, Lock & Associates  
July 18, 2008

ANDREW COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

		Pass-Through	Federal Expenditures	
Federal		Entity	Years ended December 31,	
CFDA		Identifying		
Number	Federal Grantor/Pass-Through Grantor/Program Title	Number	2007	2006
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through State of Missouri			
	Department of Social Services -			
10.069	Conservation Reserve Program		\$ 7,740	13,105
	Total for U.S. DEPARTMENT OF AGRICULTURE		7,740	13,105
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through State of Missouri			
	Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	2004-PF-557	16,920	137,000
	Total for U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		16,920	137,000
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through State of Missouri			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-B002(34)	-	202,021
		BRO-B002(35)	3,944	21,278
		BRO-B002(36)	14,048	18,820
		BRO-B002(27)	-	550,909
		BRO-B002(30)	3,438	-
		BRO-B002(31)	10,822	-
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public		2,192	-
	Total for U.S. DEPARTMENT OF TRANSPORTATION		34,444	793,028
GENERAL SERVICES ADMINISTRATION				
	Passed through the Missouri Office of Secretary of State -			
39.011	Election Reform Payments		12,550	-
	Poll Worker Training & Elections Improvement	47-0601-0-1-808	-	6,627
	Total for GENERAL SERVICES ADMINISTRATION		12,550	6,627
ELECTION ASSISTANCE COMMISSION				
	Passed through the Missouri Office of Secretary of State -			
90.401	Help America Vote Act Requirements Payments	95-1650-0-1-808	-	120,615
	Total for ELECTION ASSISTANCE COMMISSION		0	120,615
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through State of Missouri			
	Department of Social Services -			
93.563	Child Support Enforcement	2008 IV-D	82,953	119,113
	Total for U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		82,953	119,113
U. S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through State of Missouri Department of Public Safety:			
97.036	Public Assistance Grants		70,716	875
97.042	Emergency Management Performance Grants		4,149	2,300
97.067	Homeland Security Grant Program		18,397	44,748
97.007	Local Emergency Preparedness Commission (LEPC)		-	4,029
97.036	Federal Emergency Management Agency		-	7,442
	Total for U.S. DEPARTMENT OF HOMELAND SECURITY		93,262	59,394
Total Expenditures of Federal Awards			\$ 247,869	1,248,882

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

**ANDREW COUNTY, MISSOURI**  
**NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditure of Federal Awards (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE C – SUBRECEIPIENTS**

The County provided no federal awards to sub-recipients during the years ended December 31, 2007 and 2006.

ANDREW COUNTY, MISSOURI  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

Type of Auditors' Report Issued: Unqualified

Internal Control Over Financial Reporting:

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

**Federal Awards:**

Internal Control Over Major Programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of Auditor's Report Issued on Compliance For Major Programs: Unqualified

Any audit findings disclosed that required to be Reported in accordance with section 510(A) of Circular A-133? ☐ Yes ☒ No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway and Transportation – Highway Planning and Construction.

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

Auditee Qualified as low-risk: ☐ Yes ☒ No

## **SECTION II – FINANCIAL STATEMENTS FINDINGS**

See Finding No. 1 – Lack of Investment Policy and Finding No. 2 – Lack of Compliance with State Statutes Regarding County Budget Law.

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

None

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

The County has not developed cash management procedures to ensure timely payment of contractors on projects funded by federal monies.

Status – Implemented.

## **FINDINGS AND RECOMMENDATIONS**

ANDREW COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**ITEM OF NONCOMPLIANCE**

**1. Absence of Investment Policy**

Condition: The County has not adopted an investment policy as required by State Statutes. The County has no investments, however, an investment policy addresses topics such as collateralization of deposits, strategy with respect to investment of public funds, and other areas, and thus such a policy would be beneficial and also required for the County. Section 110.270, RSMo 2007, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2007, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation.

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

County's Response: This issue will be addressed in an upcoming meeting with the County Commissioners, County Clerk and County Treasurer involved.

**2. Budgetary Compliance**

Condition: Although adoption of a formal budget is required by law, the County did not adopt a formal budget for the Prosecuting Attorney's Bad Check Fund in 2006 or for the Election Services Fund in 2007. Also, Section 50.740 RSMo. prohibits incurring expenditures in excess of the approved budgets. However, expenditures exceeded budgeted appropriations for the following funds:

- General Fund – 2006
- Prosecuting Attorney's Bad Check Fund – 2006 and 2007
- Election Services – 2007
- Sheriff's Civil Fees – 2006
- Sheriff's Reserve - 2006
- Collector's Tax Maintenance - 2006
- Cemetery - 2006
- HAVA – 2006.

Recommendation: We recommend annual budgets be prepared and adopted for all funds of the County, and that expenditures are monitored by the Commission to ensure budgetary compliance.

County's Response: The Commission and the County Clerk have implemented procedures that provide for regular monitoring of budgets in relation to expenditures incurred. Also, budgets will be adopted for all County funds beginning with in 2009.

## **OTHER MATTERS**

In planning and performing our audit of the financial statements of Andrew 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 18, 2008. (A separate report dated July 18, 2008 contains our report on significant deficiencies in the County's internal control). This document does not affect our report dated July 18, 2008.

### **3. Transition of Officeholders**

Condition: During the audit we were advised by County officials that the previous Treasurer had discarded over 20 large containers of items from her office on her last day as Treasurer in late 2006. The County Commission was unaware of this circumstance until after the items had been discarded and were therefore unable to retrieve them or determine whether they were official County records subject to record retention policies and regulations. We were also informed that a computer is missing from the Treasurer's office. The above situation has placed a burden on the successor Treasurer as she has attempted to ensure that all vital records are available and to implement new efficient and effective systems with appropriate internal controls.

Recommendation: We recommend the County make maximum use of electronic scanning devices and electronic storage technology to copy critical records and retain a backup copy in a separate secure location under the control of the County Clerk or, in the case of the County Clerk's records, the Presiding Commissioner. We also recommend the County enforce the requirement to inventory and tag County property in order that it can be identified and return in the event of loss or theft.

County's Response: The Treasurer's Office is now on the server for back-up purposes, it was not before. Our inventory system was updated in 2007. It is now assigned to a specific position in Clerk's Office so it can be better monitored.



#### **4. Documentation of 941's**

Condition There was no copy of the original IRS payroll withholding 941 form for the second quarter of 2006 available. However, the County Clerk represented that the related tax payments were made. The first quarter and third quarter 2006 941s had incorrect salary amounts. The first quarter 2007 941 had an incorrect FICA amount.

Recommendation: We recommend that the County Clerk's Office retain and file the payroll 941 forms in order to provide assurance of compliance with taxing authority requirements. The County should also ensure that appropriate tax payments were made in those instances for which no 941 is available, or the available 941 is incorrect.

County's Response: A spreadsheet has been developed to help correct these errors.

#### **5. Documentation in Personnel Files**

Condition: Personnel files should contain W-4, payroll authorization, employment forms, and personnel reviews. One of the four employee files we tested did not have documentation confirming their current authorized salary, nor did any of the files contain authorization forms concerning correct raises for 2007. This documentation provides a reference for any questions or concerns that may arise. The County Clerk is responsible for placing current payroll authorization forms in the personnel file.

Recommendation: We recommend that the County Clerk's Office properly place the payroll authorization forms in the personnel file in order to provide assurance for accurate salaries for each employee.

County Response: A new procedure based from the Clerk's Office, instead of the individual offices, is now in effect to help correct this.

#### **6. Recorder's Bank Reconciliation**

Condition: The Circuit Clerk-Recorder records checks in the month prior to when they are actually written. Checks are considered to be outstanding checks at month-end for purposes of the bank reconciliation. This practice understates the Circuit Clerk-Recorder's ending monthly cash balance.

Recommendation: We recommend the Circuit Clerk-Recorder record checks when written and prepare a bank reconciliation properly noting outstanding checks and book balances.

County's Response: The above practice has been corrected and implemented.

ANDREW 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 Andrew County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2005 and 2004.

County budget documents contained numerous incorrect amounts and various adjustments were required for the General Revenue Fund and Special Road and Bridge Fund. Cash balances calculated by the County Clerk on the cash reconciliation in the budget for the General Revenue Fund and Special Road and Bridge Fund did not agree to the actual cash balances maintained by the County Treasurer.

Status- implemented.

Budgets for some funds under the control of other elected officials were lacking required information and budgets for some other funds were not prepared.

Status- Not implemented.

While the County bid numerous items during the audit period, some items were not bid and advertised. In addition, adequate documentation is not always maintained to support efforts to compare prices or document sole source procurement situations.

Status- Implemented.

Receipt of goods was not indicated on several invoices, some invoices were not marked paid and sufficient documentation was not available for some expenditures.

Status- Implemented.

The delinquent tax books are not prepared or verified by the County Clerk and aggregate abstracts of assessed valuations and taxes to be collected have not been prepared timely. An independent comparison of additions and abatements to actual changes to property tax files is not performed. In addition, neither the County Commission nor the County Clerk provides a review of the activities of the County Collector.

Status- Implemented.