



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Vernon County, Missouri

The Office of the State Auditor, in cooperation with Vernon County, has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2009, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

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

Susan Montee, JD, CPA
State Auditor

July 2010
Report No. 2010-76

ANNUAL FINANCIAL REPORT

VERNON COUNTY, MISSOURI

For the Years Ended
December 31, 2009 and 2008

VERNON COUNTY, MISSOURI

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INTRODUCTORY SECTION

VERNON COUNTY, MISSOURI
List of Elected Officials

County Commission

Presiding Commissioner – Bonnie McCord

Associate Commissioner – Neal Gerster

Associate Commissioner – Kennon Shaw

Other Elected Officials

Assessor – Cherie Roberts

Circuit Clerk – Vickie Erwin

Coroner – David Ferry

County Clerk – Tammi Beach

Prosecuting Attorney – Lynn Ewing III

Public Administrator – Tammy Bond

Sheriff – Ron Peckman

Treasurer/Collector – Phil Couch

Recorder – Doug Shupe

McBRIDE, LOCK & ASSOCIATES

INDEPENDENT AUDITORS' REPORT

To the County Commission and
Officeholders of Vernon County, Missouri

We have audited the accompanying financial statements of Vernon County, Missouri as of and for the years ended December 31, 2009 and 2008, which collectively comprise the County's basic financial statements as identified in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Vernon County, Missouri, as of December 31, 2009 and 2008, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Vernon County, Missouri, as of December 31, 2009 and 2008, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 28, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The

purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Vernon 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 audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

(Original Signed by Auditor)

McBride, Lock & Associates
May 28, 2010

FINANCIAL SECTION

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

Fund	Cash January 1, 2008	Receipts 2008	Disbursements 2008	Cash December 31, 2008	Receipts 2009	Disbursements 2009	Cash December 31, 2009
General Revenue	\$ 144,934	\$ 2,828,282	\$ 2,904,441	\$ 68,775	\$ 3,203,054	\$ 3,258,119	\$ 13,710
Special Road and Bridge	245,318	1,709,920	1,952,645	2,593	1,099,888	921,482	180,999
Assessment	2,646	233,128	235,773	1	246,535	234,333	12,203
Law Enforcement Training	710	3,413	3,314	809	3,483	4,139	153
Sheriff's Discretionary	-	35,777	25,690	10,087	40,085	42,281	7,891
Prosecuting Attorney Training	120	592	303	409	595	684	320
Prosecuting Attorney Bad Check	9,231	24,407	21,770	11,868	19,414	27,248	4,034
Sewer	43,020	6,288	16,422	32,886	6,748	2,062	37,572
L.E.P.C.	22,702	10,230	6,795	26,137	968	13,148	13,957
Shelter	-	4,418	4,418	-	4,276	4,276	-
Election Service	15,894	15,643	11,320	20,217	23,752	18,028	25,941
HAVA	46	4,094	3,815	325	14,977	15,251	51
Election	-	102,325	102,325	-	58,127	58,127	-
Tax Maintenance	27,686	30,572	25,614	32,644	29,773	24,593	37,824
Quarter % Assessment	23,218	28,313	34,909	16,622	33,965	48,910	1,677
Recorder's User Fee	94,349	15,787	15,600	94,536	11,874	16,100	90,310
Law Enforcement Restitution	43,933	39,683	16,409	67,207	44,806	102,907	9,106
Law Enforcement Sales Tax	8,646,225	1,135,396	4,677,327	5,104,294	892,225	5,891,592	104,927
Inmate Security	10,315	2,536	-	12,851	2,502	8,195	7,158
Bond Reserve	758,515	15,268	27,278	746,505	993	3,254	744,244
Prosecuting Attorney Tax Collection	42	667	194	515	330	-	845
Total	<u>\$ 10,088,904</u>	<u>\$ 6,246,739</u>	<u>\$ 10,086,362</u>	<u>\$ 6,249,281</u>	<u>\$ 5,738,370</u>	<u>\$ 10,694,729</u>	<u>\$ 1,292,922</u>

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

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

GENERAL REVENUE FUND Year Ended December 31,				
	2008		2009	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
RECEIPTS				
Property taxes	\$ 347,618	\$ 308,724	\$ 389,400	\$ 355,330
Sales taxes	951,900	929,925	929,500	879,782
Intergovernmental	522,840	431,117	671,687	535,276
Charges for services	559,080	583,921	804,005	594,185
Interest	12,000	8,460	4,000	2,816
Other	233,923	185,964	189,960	365,832
Transfers in	411,672	380,171	552,788	469,833
Total Receipts	<u>\$ 3,039,033</u>	<u>\$ 2,828,282</u>	<u>\$ 3,541,340</u>	<u>\$ 3,203,054</u>
DISBURSEMENTS				
County Commission	\$ 94,228	\$ 95,171	\$ 98,797	\$ 97,548
County Clerk	186,101	184,108	191,076	190,997
Elections	54,300	68,565	5,350	4,226
Buildings and grounds	162,606	147,294	184,617	198,335
Employee fringe benefits	365,630	351,078	391,164	370,303
Treasurer	113,659	102,849	117,728	111,009
Recorder of Deeds	89,418	85,347	89,752	87,009
Circuit Clerk	51,277	42,689	53,263	35,259
Court administration	28,825	24,444	28,325	24,503
Public Administrator	55,672	54,741	65,573	64,701
Sheriff	909,565	789,127	1,189,952	1,000,708
Jail	337,415	338,047	399,260	438,617
Prosecuting Attorney	197,121	182,433	197,779	182,013
Juvenile Officer	122,560	111,033	142,985	129,009
Coroner	35,090	29,042	32,503	22,948
Other	284,438	262,912	271,504	253,494
Health and Welfare	2,500	2,500	2,500	2,500
Emergency fund	89,545	132	94,434	8,341
Transfers out	47,225	32,929	43,794	36,599
Total Disbursements	<u>\$ 3,227,175</u>	<u>\$ 2,904,441</u>	<u>\$ 3,600,356</u>	<u>\$ 3,258,119</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ (188,142)	\$ (76,159)	\$ (59,016)	\$ (55,065)
CASH, JANUARY 1	<u>144,934</u>	<u>144,934</u>	<u>68,775</u>	<u>68,775</u>
CASH, DECEMBER 31	<u>\$ (43,208)</u>	<u>\$ 68,775</u>	<u>\$ 9,759</u>	<u>\$ 13,710</u>

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

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

	SPECIAL ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 107,536	\$ 107,536	\$ 105,000	\$ 110,914	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,043,348	1,402,692	1,077,922	965,387	207,158	200,046	216,510	206,942
Charges for services	-	-	-	-	-	-	-	-
Interest	20,000	15,108	7,000	2,537	3,000	1,301	1,300	560
Other	21,000	184,584	12,900	21,050	350	556	400	2,434
Transfers in	-	-	-	-	31,225	31,225	27,578	36,599
Total Receipts	<u>\$ 2,191,884</u>	<u>\$ 1,709,920</u>	<u>\$ 1,202,822</u>	<u>\$ 1,099,888</u>	<u>\$ 241,733</u>	<u>\$ 233,128</u>	<u>\$ 245,788</u>	<u>\$ 246,535</u>
DISBURSEMENTS								
Salaries	\$ 287,607	\$ 269,705	\$ 280,000	\$ 253,982	\$ 162,993	\$ 164,110	\$ 165,914	\$ 152,487
Employee fringe benefits	92,399	86,432	99,119	92,409	50,576	26,936	27,676	26,952
Materials and Supplies	96,000	127,007	107,000	141,056	19,135	17,199	18,800	24,769
Services and Other	1,281,440	1,001,129	321,700	181,515	11,675	27,528	33,399	30,125
Capital Outlay	65,000	52,256	13,000	12,718	-	-	-	-
Construction	500,250	307,744	260,000	186,958	-	-	-	-
Transfers out	108,372	108,372	52,844	52,844	-	-	-	-
Total Disbursements	<u>\$ 2,431,068</u>	<u>\$ 1,952,645</u>	<u>\$ 1,133,663</u>	<u>\$ 921,482</u>	<u>\$ 244,379</u>	<u>\$ 235,773</u>	<u>\$ 245,789</u>	<u>\$ 234,333</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (239,184)	\$ (242,725)	\$ 69,159	\$ 178,406	\$ (2,646)	\$ (2,645)	\$ (1)	\$ 12,202
CASH, JANUARY 1	<u>245,318</u>	<u>245,318</u>	<u>2,593</u>	<u>2,593</u>	<u>2,646</u>	<u>2,646</u>	<u>1</u>	<u>1</u>
CASH, DECEMBER 31	<u>\$ 6,134</u>	<u>\$ 2,593</u>	<u>\$ 71,752</u>	<u>\$ 180,999</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 12,203</u>

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

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

	LAW ENFORCEMENT TRAINING FUND				SHERIFF'S DISCRETIONARY FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	3,080	3,373	3,400	3,472	33,450	35,329	33,000	39,916
Interest	20	40	30	11	150	183	150	169
Other	-	-	-	-	-	265	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 3,100</u>	<u>\$ 3,413</u>	<u>\$ 3,430</u>	<u>\$ 3,483</u>	<u>\$ 33,600</u>	<u>\$ 35,777</u>	<u>\$ 33,150</u>	<u>\$ 40,085</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	3,810	3,314	4,239	4,139	33,600	25,690	43,237	30,199
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	12,082
Total Disbursements	<u>\$ 3,810</u>	<u>\$ 3,314</u>	<u>\$ 4,239</u>	<u>\$ 4,139</u>	<u>\$ 33,600</u>	<u>\$ 25,690</u>	<u>\$ 43,237</u>	<u>\$ 42,281</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (710)	\$ 99	\$ (809)	\$ (656)	\$ -	\$ 10,087	\$ (10,087)	\$ (2,196)
CASH, JANUARY 1	<u>710</u>	<u>710</u>	<u>809</u>	<u>809</u>	<u>-</u>	<u>-</u>	<u>10,087</u>	<u>10,087</u>
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ 809</u>	<u>\$ -</u>	<u>\$ 153</u>	<u>\$ -</u>	<u>\$ 10,087</u>	<u>\$ -</u>	<u>\$ 7,891</u>

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

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

	PROSECUTING ATTORNEY TRAINING FUND				PROSECUTING ATTORNEY BAD CHECK FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	25,000	23,985	23,000	19,237
Interest	10	9	-	5	1,500	422	-	177
Other	500	583	550	590	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 510</u>	<u>\$ 592</u>	<u>\$ 550</u>	<u>\$ 595</u>	<u>\$ 26,500</u>	<u>\$ 24,407</u>	<u>\$ 23,000</u>	<u>\$ 19,414</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 34,000	\$ 2,678	\$ 18,000	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	500	303	900	684	-	-	3,000	3,003
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	19,092	10,000	24,245
Total Disbursements	<u>\$ 500</u>	<u>\$ 303</u>	<u>\$ 900</u>	<u>\$ 684</u>	<u>\$ 34,000</u>	<u>\$ 21,770</u>	<u>\$ 31,000</u>	<u>\$ 27,248</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 10	\$ 289	\$ (350)	\$ (89)	\$ (7,500)	\$ 2,637	\$ (8,000)	\$ (7,834)
CASH, JANUARY 1	<u>120</u>	<u>120</u>	<u>409</u>	<u>409</u>	<u>9,231</u>	<u>9,231</u>	<u>11,868</u>	<u>11,868</u>
CASH, DECEMBER 31	<u>\$ 130</u>	<u>\$ 409</u>	<u>\$ 59</u>	<u>\$ 320</u>	<u>\$ 1,731</u>	<u>\$ 11,868</u>	<u>\$ 3,868</u>	<u>\$ 4,034</u>

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

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

	SEWER FUND				L.E.P.C. FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 6,000	\$ 5,305	\$ 5,988	\$ 6,214	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	8,000	9,643	3,689	859
Charges for services	-	-	-	-	900	587	250	109
Interest	2,000	983	500	534	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 8,000</u>	<u>\$ 6,288</u>	<u>\$ 6,488</u>	<u>\$ 6,748</u>	<u>\$ 8,900</u>	<u>\$ 10,230</u>	<u>\$ 3,939</u>	<u>\$ 968</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	51,020	16,422	39,374	2,062	10,000	6,795	13,825	13,148
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 51,020</u>	<u>\$ 16,422</u>	<u>\$ 39,374</u>	<u>\$ 2,062</u>	<u>\$ 10,000</u>	<u>\$ 6,795</u>	<u>\$ 13,825</u>	<u>\$ 13,148</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (43,020)	\$ (10,134)	\$ (32,886)	\$ 4,686	\$ (1,100)	\$ 3,435	\$ (9,886)	\$ (12,180)
CASH, JANUARY 1	<u>43,020</u>	<u>43,020</u>	<u>32,886</u>	<u>32,886</u>	<u>22,702</u>	<u>22,702</u>	<u>26,137</u>	<u>26,137</u>
CASH, DECEMBER 31	<u>\$ -</u>	<u>\$ 32,886</u>	<u>\$ -</u>	<u>\$ 37,572</u>	<u>\$ 21,602</u>	<u>\$ 26,137</u>	<u>\$ 16,251</u>	<u>\$ 13,957</u>

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

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

	SHELTER FUND				ELECTION SERVICES FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	4,382	4,382	4,300	4,259	5,800	15,217	2,900	23,470
Interest	36	36	10	17	800	426	425	282
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 4,418</u>	<u>\$ 4,418</u>	<u>\$ 4,310</u>	<u>\$ 4,276</u>	<u>\$ 6,600</u>	<u>\$ 15,643</u>	<u>\$ 3,325</u>	<u>\$ 23,752</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	22,494	11,320	23,542	18,028
Services and Other	4,350	4,418	4,310	4,276	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 4,350</u>	<u>\$ 4,418</u>	<u>\$ 4,310</u>	<u>\$ 4,276</u>	<u>\$ 22,494</u>	<u>\$ 11,320</u>	<u>\$ 23,542</u>	<u>\$ 18,028</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 68	\$ -	\$ -	\$ -	\$ (15,894)	\$ 4,323	\$ (20,217)	\$ 5,724
CASH, JANUARY 1	-	-	-	-	15,894	15,894	20,217	20,217
CASH, DECEMBER 31	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,217</u>	<u>\$ -</u>	<u>\$ 25,941</u>

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

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

	HAVA FUND				ELECTION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	7,707	3,815	15,446	14,846	116,000	100,621	58,000	58,127
Charges for services	100	275	50	108	-	-	-	-
Interest	5	4	4	23	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,704	-	-
Total Receipts	<u>\$ 7,812</u>	<u>\$ 4,094</u>	<u>\$ 15,500</u>	<u>\$ 14,977</u>	<u>\$ 116,000</u>	<u>\$ 102,325</u>	<u>\$ 58,000</u>	<u>\$ 58,127</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	5,745	3,815	3,733	4,026	116,000	102,325	58,000	58,127
Capital Outlay	1,962	-	12,092	11,225	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 7,707</u>	<u>\$ 3,815</u>	<u>\$ 15,825</u>	<u>\$ 15,251</u>	<u>\$ 116,000</u>	<u>\$ 102,325</u>	<u>\$ 58,000</u>	<u>\$ 58,127</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 105	\$ 279	\$ (325)	\$ (274)	\$ -	\$ -	\$ -	\$ -
CASH, JANUARY 1	<u>46</u>	<u>46</u>	<u>325</u>	<u>325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH, DECEMBER 31	<u>\$ 151</u>	<u>\$ 325</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	TAX MAINTENANCE FUND				QUARTER % ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 27,000	\$ 27,815	\$ 32,000	\$ 30,022
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	19,000	29,610	25,000	29,200	-	-	-	3,850
Interest	1,000	962	500	573	2,300	498	500	93
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 20,000</u>	<u>\$ 30,572</u>	<u>\$ 25,500</u>	<u>\$ 29,773</u>	<u>\$ 29,300</u>	<u>\$ 28,313</u>	<u>\$ 32,500</u>	<u>\$ 33,965</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	30,000	25,614	30,000	12,631	-	-	9,422	6,143
Capital Outlay	-	-	-	-	52,518	34,909	23,500	27,880
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	11,962	-	-	16,200	14,887
Total Disbursements	<u>\$ 30,000</u>	<u>\$ 25,614</u>	<u>\$ 30,000</u>	<u>\$ 24,593</u>	<u>\$ 52,518</u>	<u>\$ 34,909</u>	<u>\$ 49,122</u>	<u>\$ 48,910</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (10,000)	\$ 4,958	\$ (4,500)	\$ 5,180	\$ (23,218)	\$ (6,596)	\$ (16,622)	\$ (14,945)
CASH, JANUARY 1	<u>27,686</u>	<u>27,686</u>	<u>32,644</u>	<u>32,644</u>	<u>23,218</u>	<u>23,218</u>	<u>16,622</u>	<u>16,622</u>
CASH, DECEMBER 31	<u>\$ 17,686</u>	<u>\$ 32,644</u>	<u>\$ 28,144</u>	<u>\$ 37,824</u>	<u>\$ -</u>	<u>\$ 16,622</u>	<u>\$ -</u>	<u>\$ 1,677</u>

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

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

	RECORDER'S USER FEE FUND				LAW ENFORCEMENT RESTITUTION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	14,000	13,378	12,000	10,551	36,000	38,334	35,000	44,030
Interest	4,000	2,409	2,200	1,323	1,000	1,349	1,100	776
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 18,000</u>	<u>\$ 15,787</u>	<u>\$ 14,200</u>	<u>\$ 11,874</u>	<u>\$ 37,000</u>	<u>\$ 39,683</u>	<u>\$ 36,100</u>	<u>\$ 44,806</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	50,000	-	50,000	500	-	16,409	-	4,616
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	15,600	-	15,600	80,933	-	103,307	98,291
Total Disbursements	<u>\$ 50,000</u>	<u>\$ 15,600</u>	<u>\$ 50,000</u>	<u>\$ 16,100</u>	<u>\$ 80,933</u>	<u>\$ 16,409</u>	<u>\$ 103,307</u>	<u>\$ 102,907</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (32,000)	\$ 187	\$ (35,800)	\$ (4,226)	\$ (43,933)	\$ 23,274	\$ (67,207)	\$ (58,101)
CASH, JANUARY 1	<u>94,349</u>	<u>94,349</u>	<u>94,536</u>	<u>94,536</u>	<u>43,933</u>	<u>43,933</u>	<u>67,207</u>	<u>67,207</u>
CASH, DECEMBER 31	<u>\$ 62,349</u>	<u>\$ 94,536</u>	<u>\$ 58,736</u>	<u>\$ 90,310</u>	<u>\$ -</u>	<u>\$ 67,207</u>	<u>\$ -</u>	<u>\$ 9,106</u>

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

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

	LAW ENFORCEMENT SALES TAX				INMATE SECURITY			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	900,000	922,376	925,000	878,906	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	2,082	2,255	2,000	2,314
Interest	500	211,644	5,000	13,319	400	281	150	188
Other	-	1,376	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 900,500</u>	<u>\$ 1,135,396</u>	<u>\$ 930,000</u>	<u>\$ 892,225</u>	<u>\$ 2,482</u>	<u>\$ 2,536</u>	<u>\$ 2,150</u>	<u>\$ 2,502</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	727,539	700,592	743,500	612,080	12,797	-	15,001	8,195
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	3,739,628	-	5,039,590	-	-	-	-
Transfers out	237,500	237,107	240,000	239,922	-	-	-	-
Total Disbursements	<u>\$ 965,039</u>	<u>\$ 4,677,327</u>	<u>\$ 983,500</u>	<u>\$ 5,891,592</u>	<u>\$ 12,797</u>	<u>\$ -</u>	<u>\$ 15,001</u>	<u>\$ 8,195</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (64,539)	\$ (3,541,931)	\$ (53,500)	\$ (4,999,367)	\$ (10,315)	\$ 2,536	\$ (12,851)	\$ (5,693)
CASH, JANUARY 1	<u>8,646,225</u>	<u>8,646,225</u>	<u>5,104,294</u>	<u>5,104,294</u>	<u>10,315</u>	<u>10,315</u>	<u>12,851</u>	<u>12,851</u>
CASH, DECEMBER 31	<u>\$ 8,581,686</u>	<u>\$ 5,104,294</u>	<u>\$ 5,050,794</u>	<u>\$ 104,927</u>	<u>\$ -</u>	<u>\$ 12,851</u>	<u>\$ -</u>	<u>\$ 7,158</u>

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

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

	BOND RESERVE FUND				PROSECUTING ATTORNEY TAX COLLECTION			
	Year Ended December 31,				Year Ended December 31,			
	2008		2009		2008		2009	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	1,200	663	600	321
Interest	-	15,268	-	993	75	4	-	9
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 15,268</u>	<u>\$ -</u>	<u>\$ 993</u>	<u>\$ 1,275</u>	<u>\$ 667</u>	<u>\$ 600</u>	<u>\$ 330</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	27,278	-	3,254	1,200	194	800	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ 27,278</u>	<u>\$ -</u>	<u>\$ 3,254</u>	<u>\$ 1,200</u>	<u>\$ 194</u>	<u>\$ 800</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ (12,010)	\$ -	\$ (2,261)	\$ 75	\$ 473	\$ (200)	\$ 330
CASH, JANUARY 1	<u>758,515</u>	<u>758,515</u>	<u>746,505</u>	<u>746,505</u>	<u>42</u>	<u>42</u>	<u>515</u>	<u>515</u>
CASH, DECEMBER 31	<u>\$ 758,515</u>	<u>\$ 746,505</u>	<u>\$ 746,505</u>	<u>\$ 744,244</u>	<u>\$ 117</u>	<u>\$ 515</u>	<u>\$ 315</u>	<u>\$ 845</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

As discussed further in Note 1, these financial statements are presented using accounting practices prescribed or permitted by the Missouri State Auditor's Office, which differ from accounting principles generally accepted in the United States of America, which would include all relevant Government Accounting Standards Board (GASB) pronouncements. The differences include use of a prescribed definition of the reporting entity and the cash basis of accounting.

A. Reporting Entity

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

The financial statements referred to above include the primary government of Vernon County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, offices that are considered by the Missouri State Auditor's Office to comprise the County's legal entity.

Certain elected County officials, particularly the Treasurer/Collector and Sheriff, may collect and hold monies in a trustee capacity as an agent of individuals, taxing units, or other governments. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements.

B. Basis of Presentation

Governmental Funds - Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The County's funds are governmental funds. Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds.

C. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgets and Budgetary Accounting

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

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

8. Budgets are prepared and adopted on the cash basis of accounting.
9. Adoption of a formal budget is required by law. However, the County did not adopt a formal budget for the Bond Reserve Fund in 2008 or 2009.
10. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>2009</u>	<u>2008</u>
Shelter	N/A	✓
Election	✓	N/A

The Law Enforcement Sales Tax fund includes payments for construction. Such capital outlay costs are payments from bond proceeds and as such are not specifically budgeted and therefore do not reflect amounts expended in excess of budget.

Also, because a budget was not adopted for the Bond Reserve Fund as discussed in Note 1.D.9, expenditures in that fund exceeded budgetary authority to the extent that a budget was not adopted.

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

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2009 and 2008, for purposes of taxation was:

	<u>2009</u>	<u>2008</u>
Real Estate	\$ 152,704,640	\$ 149,544,542
Personal Property	53,331,977	57,581,403
Railroad and Utilities	12,574,065	13,459,106

During 2009 and 2008, the County Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2008 and 2007, for purposes of County taxation, as follows:

	<u>2009</u>	<u>2008</u>
General Revenue	\$ 0.1611	\$ 0.1579

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

G. Interfund Activity

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

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

2. CASH AND INVESTMENTS

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

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2009 and 2008, the carrying amounts of the County's deposits were \$1,292,922 and \$6,249,281, respectively, and the bank balances were \$910,630 and \$925,471, respectively. Of the bank balances, \$290,274 and \$267,672 for December 31, 2009 and December 31, 2008, respectively, were covered by federal depository insurance and the balance was covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name and by a line of credit held by the County or by its agent in the County's name.

At December 31, 2009 and 2008, the County Treasurer/Collector held, in addition to the cash and cash equivalents listed above, cash representing collections of property taxes on behalf of various taxing districts in the County, including the County General Revenue fund. These amounts, all of which were secured by pledged collateral, amounted to \$7,463,462 and \$6,056,363 at December 31, 2009 and 2008, respectively.

3. COUNTY EMPLOYEES' RETIREMENT PLANS

The following information is presented in accordance with the Governmental Accounting Standards Board Statement 27 (GASB 27), "Accounting for Pensions by State and Local Governmental Employees":

A. Missouri Local Government Employees Retirement System (LAGERS)

1) Plan Description

Vernon County 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 is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

2) Pension Benefits

Upon termination of employment, any member who is vested is entitled to either an unreduced benefit annuity, payable at age sixty (police and fire fighters, age fifty-five), or a reduced benefit annuity, payable at age fifty-five (police and fire fighters, age fifty).

3) Funding Policy

Participation in the plan is mandatory for full-time employees with six months service. Part-time employees are not eligible to participate in the plan. Employees do not contribute to LAGERS. Employer contributions are determined each year by LAGERS' actuary and are based on level-percent-of-payroll funding principles so the employer contribution rate may remain level over time. For 2009 and 2008, total payments to LAGERS were \$119,888 and \$103,076 respectively.

B. County Employees' Retirement Fund (CERF)

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

1) Plan Description

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

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

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

2) Pension Benefits

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

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

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

3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. All participants hired on or after February 24, 2002 are required to contribute an additional 4% of their gross compensation to CERF, starting January 1, 2003. An active LAGERS participant who was employed with the County prior to February 24, 2002, is not required to make contributions. During 2009 and 2008, the County collected and remitted to CERF employee contributions of approximately \$33,221 and \$36,657, respectively, for the years then ended.

4. POST EMPLOYMENT BENEFITS

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

5. CLAIMS, COMMITMENT AND CONTINGENCIES

A. Compensated Absences

The County provides full time employees with up to 30 days of sick time, to accrue at one and one half day per complete calendar month of employment. Upon termination, the employee is not compensated accrued sick time. Vacation time is accrued for every full time employee, and accrues at the rate of 5 days per year up to two and 20 days per year depending on length of employment. Employees must use vacation time in the year it is earned.

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. LONG TERM DEBT

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

A. Bonds Payable:

The County issued certificates of participation bonds to provide funds for the construction of a new law enforcement facility and to repay the related bond anticipation notes. The County created a Law Enforcement Sales Tax Fund and a Bond Reserve Fund in which the activity for this project and the bond reserve are recorded. Sales tax revenue bonds are payable from a one-half cent sales tax plus the interest from the Bond Reserve fund. The County debt at December 31, 2009 consisted of the following:

1) Certificates of Participation:

\$9,625,000 outstanding as of December 31, 2009; Certificates of Participation Series 2007, issued for the Law Enforcement Project, due in semi-annual installments of \$187,949 to \$569,444, interest at 3.55% to 3.7% through October 1, 2012; \$134,126 to \$609,126, interest at 3.75% to 3.95%, through October 1, 2017; \$70,374 to \$670,374, interest at 4% to 4.2% through October 1, 2023; \$15,520 to \$725,620, interest 4.25% to 4.4% through maturity at October 1, 2027.

- B. \$16,290 for a capital lease of two police cruisers. The lease is scheduled to be paid in three annual payments of \$16,290 including interest at 6.15% annually. The final payment is scheduled for 2010.

8. CHANGE IN REPORTING ENTITY

The County has changed its definition of the reporting entity, as of January 1, 2008, to exclude certain funds held by County officeholders, including the Treasurer/Collector, Sheriff, and Prosecuting Attorney for the benefit of other taxing districts and third parties. The effect of the aforementioned change in reporting entity is to decrease cash balances of the agency funds as previously reported at December 31, 2007 by the amount representing cash balances of the aforementioned funds.

COMPLIANCE SECTION

McBRIDE, LOCK & ASSOCIATES

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

To the County Commission and
Officeholders of Vernon County, Missouri

We have audited the accompanying financial statements of Vernon County, Missouri as of and for the years ended December 31, 2009 and 2008, which collectively comprise the County's basic financial statements as identified in the table of contents, and have issued our reports thereon dated May 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vernon 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 Vernon County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Vernon County, Missouri's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and recommendations as item 1, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vernon County, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 2 and 3.

We also noted a matter that we reported to management of Vernon County, Missouri, in the accompanying schedule of findings and recommendations section as item 4.

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

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

(Original Signed by Auditor)

McBride, Lock & Associates
May 28, 2010

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 Vernon County, Missouri

Compliance

We have audited the compliance of Vernon 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 its major federal programs for the years ended December 31, 2009 and 2008. Vernon 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 its major federal programs is the responsibility of Vernon County, Missouri's management. Our responsibility is to express an opinion on Vernon County, Missouri's compliance based on our audit.

We conducted our audit 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 Vernon County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provide a reasonable basis for our opinion. Our audit does not provide a legal determination of Vernon County, Missouri's compliance with those requirements.

In our opinion, Vernon County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the years ended December 31, 2009 and 2008. 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 Vernon 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 Vernon 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 Vernon County, Missouri's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies over compliance that might be deficiencies, 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.

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

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

(Original Signed by Auditor)

McBride, Lock & Associates
May 28, 2010

VERNON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Federal Expenditures	
		Year Ended December 31,	
		2008	2009
U. S. DEPARTMENT OF AGRICULTURE			
Passed through state:			
Department of Social Services -			
Office of Administration -			
10.665	Schools and Roads - Grants to States Sheriff Radio Equipment Grant	\$ -	\$ 25,200
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through state:			
14.228	Department of Economic Development - Community Development Block Grants/State's Program Hwy 54 Project - 2006 ED07	139,200	15,000
U.S. DEPARTMENT OF JUSTICE			
Direct programs:			
16.000	Equitable Sharings of Seized and Forfeited Property	35,520	-
Passed through state:			
State Department of Public Safety -			
16.104	Protection of Voting Rights Citizens Corp	-	1,472
16.523	Juvenile Accountability Block Grants ERO17262	23,728	-
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States ERO172354	-	18,132
	OSCA Grant		22,550
16.588	Violence Against Women Formula Grants 2008DDBX0163	-	74,251
16.592	Local Law Enforcement Block Grants Program 2007LBGJ-114	8,999	-
16.607	Bullet Proof Vest Partnership Program BulletProofVest	-	4,059
16.710	Public Safety Partnership and Community Policing Grants	-	45,880
16.727	Enforcing Underage Drinking Laws DWI (EUDL)	-	384
16.738	Edward Byrne Memorial Justice Assistance Grant Program 2008LBGJ064	-	7,452
	Edward Byrne Memorial Justice Assistance Grant Program 2009SBB92025	-	15,197
Cape Girardeau County -			
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		
	2000DDVX0055	58,606	-
	2006CKWX00774	22,902	-
	Missouri Sheriff's Methamphetamine Relief Project COPS07 Meth Grant	96,944	76,773
	Missouri Sheriff's Methamphetamine Relief Project COPS06	-	26,421
	Edward Byrne Memorial Justice Assistance Grants (JAG): Enforcement Assistance Discretionary Grants Program		
	2006EUDL51	162	-
	Program or Grant title JAG Reimbursement	8,173	9,329
	Highway and Transportation Commission		
	Click-It-Ticket MO DOT - Click-It-Ticket	903	-
U. S. DEPARTMENT OF TRANSPORTATION			
Passed through state:			
Highway and Transportation Commission -			
20.205	Highway Planning and Construction BRO-108(32)	90,190	-
	BRO-108(33)	374,605	-
20.607	National Highway Safety Administration Highway Safety	-	1,507
	Alcohol Open Container Requirement Project09-K8-03	-	1,589
Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants HMEP	9,643	-
GENERAL SERVICES ADMINISTRATION			
Passed through the Office of Secretary of State -			
39.011	Election Reform Payments SOSEPT10 8Z	309	-
	SOSEVA10 8Z	360	-
ELECTION ASSISTANCE COMMISSION			
Passed through the Office of Secretary of State -			
90.401	Help America Vote Act Requirements Payments SOSE 8 PZ	2,537	2,276
	SOSECPW 09Z	1,180	1,206
	SOSECE2 08Z	609	381
	2nd Chance Eq	-	12,190
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through state:			
Department of Social Services -			
93.563	Child Support Enforcement Circuit Clerk	2,189	1,789
93.569	Community Services Block Grant Prosecuting Attorney	36,394	36,064
U. S. DEPARTMENT OF HOMELAND SECURITY			
Passed through State Department of Public Safety:			
97.004	State Domestic Preparedness Equipment Support Program SEMA	-	2,305
97.036	Disaster Grants - Public Assistance Grants FEMA DR1749	-	3,240
	(Presidentially declared disasters) FEMA DR1773	24,299	17,290
97.042	Emergency Management Performance Grants	19,719	20,508
Total Expenditures of Federal Awards		\$ 957,171	\$ 442,445

VERNON COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – MATCHING REQUIREMENTS

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

NOTE C – SUBRECIPIENTS

The County provided no federal awards to sub-recipients during the years ended December 31, 2009 and 2008.

VERNON COUNTY, MISSOURI
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2009 AND 2008

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of Auditors' Report Issued: Unqualified

Internal Control Over Financial Reporting:

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

Federal Awards:

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
14.228	Community Development Block Grant
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program

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

Auditee Qualified as low-risk: ☐ Yes ☒ No

SECTION II – FINANCIAL STATEMENT FINDINGS

See findings on pages 29 and 30, as follows:

1. Bond Reserve Monitoring and Reporting
2. Budgetary Controls
3. Absence of Investment Policy

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

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

None

FINDINGS AND RECOMMENDATIONS

VERNON COUNTY, MISSOURI
FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESSES IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

1. Bond Reserve Monitoring and Reporting

Condition: A bond reserve was established in connection with the County's issuance of certificates of participation to finance the costs of the County Law Enforcement Facility in 2007. The Reserve Fund for the Certificates was established pursuant to the Declaration and was required to be funded at the time of the delivery of the Certificates from proceeds of the Certificates in an amount equal to \$744,086 (the "Reserve Requirement"). The reserve is to remain invested until the certificates of participation are paid in full in 2027, with the balance of the fund is to be used toward the final bond payment.

The interest earned by the fund and sales taxes collected by the County are used toward the payments of these certificates. While the bond reserve was presented in the County's published financial statements, the reserve fund and associated transactions are not included in the County's annual budget. The omission of cash and disbursement transactions from the County's central accounting system misstates the financial statements and also weakens internal control by reducing the oversight and monitoring functions pertaining to the disbursement of the funds and the repayment of the related debt.

Recommendation: We recommend that the County record all transactions associated with the Bond Reserve in the County's accounting system. These transactions and balances should also be included in the annual County budget.

County's Response: The County will start showing the Reserve Account on the page where County Long Term Debt (Bonds, Leases, Loans, etc) is located in the budget. We do not believe it would be appropriate to have the reserve funds shown as a part of the Summary of Budgets. The balance shown in the summary represents funds on hand and it would overstate the actual cash at the County's disposal for conducting the regular day to day business.

Auditor's Evaluation:

The stated corrective action is partially responsive to the recommendation. Inclusion in the budget and financial statements of the estimated interest earnings and service charges associated with the bond reserve will facilitate monitoring of bond reserve transactions. We recommend the budgeted and actual transactions and balances of the Reserve Account be included in the budget, appropriately captioned as Reserve Account to illustrate that these monies are not available for current expenditure.

ITEMS OF NONCOMPLIANCE

2. Budgetary Controls

Condition: The County Commission did not exercise adequate budgetary control over 3 funds which incurred expenditures in excess of the authorized budgeted levels. RSMo 50.740 prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>2009</u>	<u>2008</u>
Shelter	N/A	✓
Election	✓	N/A

Also, because a budget was not adopted for the Bond Reserve fund, expenditures in that fund exceeded budgetary authority to the extent that a budget was not adopted.

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

County's Response: As stated during previous audits the Shelter Fund and the Election Fund are pass-through accounts that do not carry over an ending balance from year to year. We will watch more closely and amend those if the actual exceeds the estimate.

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

3. Absence of Investment Policy

Condition: The County has not adopted an investment policy. The purpose of an investment policy is to establish the investment scope, objectives, delegation of authority, internal controls, standards of prudence, authorized investments and transactions, diversification mandate, risk tolerance, safekeeping and custodial procedures, and reporting requirements for the investment of cash funds. At the County, such a policy may establish criteria to determine when the investment of cash deposits should be considered, assigning responsibility for monitoring collateral, addressing procedures for overseeing and securing deposits in bond reserve accounts, procedures for bidding bank depositories, as well as policies and procedures specific to individual investment decisions. Section 110.270, RSMo 2007, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2007, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy.

Among other topics, the policy should commit the County 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. We recognize that the County has no investments, however, creating an investment policy is an effort best accomplished with due consideration to all relevant factors, and not in a limited amount of time when the need is finally recognized. Such a policy also provides guidance for incoming Treasurers and can foster continuity in the County's investment strategies and self-imposed limits.

Adopting an investment policy is not only a prudent business practice, it is also required by state statutes.

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

County's Response: As stated in the previous audit we have an agreement with our depository institution which is bid every four years. We do not interpret RSMo 30.950 as pertaining to the County. We will review the matter further with our legal counsel.

Auditor's Evaluation: The stated corrective action is not responsive to the recommendation. The existence of a depository agreement does not address the many facets of a comprehensive investment policy and we do not believe that it satisfies the requirements of state statutes.

OTHER MATTERS

In planning and performing our audit of the financial statements of Vernon County, Missouri (the County) as of and for the years ended December 31, 2008 and 2009, 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 May 28, 2010. (A separate report dated May 28, 2010 contains our report on significant deficiencies in the County's internal control). This document does not affect our report dated May 28, 2010.

4. Accounting for Transfers

Condition: The financial statements of the County as presented in the annual budget present transfers between funds. However, we noted that transfers between funds are not always budgeted as such in the respective funds. We noted that some transfers were labeled as transfers in the general ledger, but were actually listed in other expense categories. We noted that, while transfers between the General Revenue, Special Road & Bridge, and Assessment funds were generally accurate, transfers to and from other funds were not always properly identified and in balance.

Some transfers were in fact expenses that had been inadvertently coded as transfers. Certain transfers from other funds were recorded as revenues from external parties. It is important that transfers between funds be accounted for and reported as such. Failure to do so places the County at greater risk for inaccurate reporting of expenses and revenues.

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

County Response: The Clerk will more closely monitor transfer items to ensure they coincide between funds and actual expenses are not substituted in place of transferring funds.

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

VERNON 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 Vernon County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2007 and 2006.

1. The County issued in 2007 certificates of participation to finance the costs of the County Law Enforcement Facility. This debt, in the amount of approximately \$8,500,000, and the related proceeds of the borrowing were not presented in the County's published financial statements nor were they included in the County's accounting system or the County's annual budget.

Status – Resolved in part. Taxes collected for the payment of the debt are included in the Law Enforcement Sales Tax Fund. There is a Bond Reserve Fund, however, that should be presented in the County's published financial statements and included in the County's accounting system and annual budget. See finding No. 1.

2. The County has not adopted an investment policy as required by State Statutes.

Status – This issue is not resolved. See finding No. 3.

3. In violation of state statute, there were 4 funds for which expenditures were incurred in excess of approved budgetary authority.

Status – Not resolved. See finding No. 2.

4. Transfers between funds are not always budgeted as such in the respective funds.

Status – Not resolved. See finding No. 4.

5. The Treasurer receives monies from County officeholders for fees and charges collected. The Treasurer places the collected amounts in her cash drawer, however, the receipt for this cash may be written at a later time.

Status – Resolved.

6. The County Clerk deposits collections with the Treasurer once or twice a month.

Status – Resolved.

7. Out of the four employees we tested, all four employees did not have documentation setting forth their current authorized salary.

Status – Resolved.