



NICOLE GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Benton County, Missouri

The Office of the State Auditor contracted for an audit of Benton County's financial statements for the year ended December 31, 2019, through the state Office of Administration, Division of Purchasing and Materials Management. The audit includes an audit of each county officer in fulfillment of our duties under Section 29.230.1, RSMo. A copy of this audit, performed by Stopp & VanHoy, Certified Public Accountants, and Business Advisors, LLC, is attached.

Nicole R. Galloway, CPA
State Auditor

November 2020
Report No. 2020-090



Nicole Galloway, CPA
Missouri State Auditor

RECOMMENDATION SUMMARY

Recommendations in the contracted audit of Benton County

2019-001	The county periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.
2019-002	The county develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.
2019-003	The county address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.
2019-004	The county utilize their accounting software to track cash and fund balances. Due to the nature of corrections that need to be made within the accounting software, it may require the county to engage a qualified accounting firm or software specialist who is knowledgeable with the software that the county uses to fully correct this issue.

**The County of Benton
Warsaw, Missouri
Independent Auditor's Reports and Financial Statements
December 31, 2019**



**The County of Benton
Warsaw, Missouri
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Independent Auditor's Report

To the County Commission and
Officeholders of Benton County, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Benton County, Missouri, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Benton County, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law to demonstrate compliance with the State of Missouri's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by Benton County, Missouri on the basis of accounting practices prescribed or permitted by Missouri law to demonstrate compliance with the State of Missouri's regulatory basis of accounting and budget laws,

which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of Benton County, Missouri as of December 31, 2019, or changes in financial position or cash flows thereof for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Benton County, Missouri has not adequately tracked cash and fund balances for all funds of the County for the year ended December 31, 2019. We were unable to verify that the beginning and ending bank balances reconcile to cash and fund balances on the fund level. The amounts by which cash and fund balances are misstated, although not reasonably determinable, are presumed to be material.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the matter described in the preceding paragraph, in all material respects, the cash balances of each fund of Benton County, Missouri as of December 31, 2019, and their respective cash receipts and disbursements, and budgetary results for the year then ended in accordance with the basis of accounting practices prescribed or permitted by Missouri law as described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2020 on our consideration of Benton County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County, Missouri's internal control over financial reporting and compliance.



Creve Coeur, Missouri
August 13, 2020

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

<u>Fund</u>	Cash and Equivalents January 1, 2019	Receipts 2019	Disbursements 2019	Cash and Equivalents December 31, 2019
General Revenue	\$ 384,870	\$ 2,796,835	\$ 2,708,041	\$ 473,664
Special Road and Bridge	809,260	1,606,850	1,701,908	714,202
Assessment	472,179	399,441	323,382	548,238
Capital Improvement	1,131,827	1,121,885	804,920	1,448,792
E-911	221,952	793,905	759,929	255,928
Adult Abuse	2,701	5,312	5,467	2,546
Law Enforcement	6,660	1,929	3,542	5,047
Prosecuting Attorney Training	266	1,008	250	1,024
Prosecuting Attorney Bad Check	32,007	2,563	7,899	26,671
Recorder User	36,793	17,874	7,076	47,591
Sheriff Civil	14,430	20,626	31,516	3,540
Drug Abuse Resistance Education (DARE)	1,768	2,637	1,505	2,900
Sheriff Revolving	27,726	13,451	10,428	30,749
Sheriff Inmate Security	21,655	17,216	9,303	29,568
Election Services	1,516	634	856	1,294
Help America Vote Act (HAVA)	720	3,287	3,187	820
General Investment	302,917	8,814	-	311,731
County Aid Road Trust Investment	52,067	592,748	592,289	52,526
Tax Maintenance	42,200	35,271	41,032	36,439
Administrative Handling Cost	2,940	2,514	-	5,454
Law Enforcement Sales Tax	15,485	261,356	226,468	50,373
Jail Sales Tax	72,091	1,028,062	576,534	523,619
Senior Citizens Services Board	53,493	134,076	125,070	62,499
Total	<u>\$ 3,707,523</u>	<u>\$ 8,868,294</u>	<u>\$ 7,940,602</u>	<u>\$ 4,635,215</u>

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	General Revenue Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 375,158	\$ 362,578
Sales Taxes	1,304,057	1,304,057
Intergovernmental	509,551	474,845
Charges for Services	433,683	448,687
Interest	20,000	18,013
Other Receipts	104,499	67,797
Transfers In	137,919	120,858
Total Receipts	2,884,867	2,796,835
<u>Disbursements</u>		
County Commission	112,550	102,173
County Clerk	99,647	96,890
Elections	65,221	43,289
Building and Grounds	65,121	58,713
Employee Fringe Benefits	325,295	309,369
County Treasurer	52,931	51,840
Collector	154,501	129,948
Recorder of Deeds	86,679	86,304
Circuit Clerk	38,200	15,740
Court Administration	18,527	11,772
Public Administrator	66,404	63,987
Sheriff	847,635	820,394
Jail	352,894	309,818
Prosecuting Attorney	300,758	290,618
Juvenile Officer	45,325	40,904
Coroner	63,055	62,086
Emergency Management	42,211	41,028
Extension Office	27,000	25,307
Other Disbursements	131,156	123,101
Transfers Out	24,760	24,760
Emergency Fund	86,550	-
Total Disbursements	3,006,420	2,708,041
Receipts Over (Under)		
Disbursements	\$ (121,553)	\$ 88,794
Cash and Equivalents, Jan 1	384,870	384,870
Cash and Equivalents, Dec 31	\$ 263,317	\$ 473,664

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	Special Road and Bridge Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ 571,615	\$ 567,166
Sales Taxes	-	-
Intergovernmental	343,588	333,204
Charges for Services	-	-
Interest	22,000	17,784
Other Receipts	100,372	96,407
Transfers In	592,289	592,289
Total Receipts	<u>1,629,864</u>	<u>1,606,850</u>
<u>Disbursements</u>		
Salaries	478,466	474,737
Employee Fringe Benefits	135,917	123,304
Supplies	169,672	160,528
Insurance	42,000	36,854
Road and Bridge Materials	250,621	147,394
Equipment Repairs	130,000	122,598
Equipment Purchases	436,366	433,971
Road and Bridge Construction	149,100	100,392
Other Disbursements	75,237	67,529
Transfers Out	43,608	34,601
Total Disbursements	<u>1,910,987</u>	<u>1,701,908</u>
Receipts Over (Under)		
Disbursements	\$ (281,123)	\$ (95,058)
Cash and Equivalents, Jan 1	<u>809,260</u>	<u>809,260</u>
Cash and Equivalents, Dec 31	<u>\$ 528,137</u>	<u>\$ 714,202</u>

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	Assessment Fund	
	Budget	Actual
<u>Receipts</u>		
Property Taxes	\$ -	\$ -
Sales Taxes	-	-
Intergovernmental	351,444	351,444
Charges for Services	1,725	1,737
Interest	15,000	14,031
Other Receipts	8,000	7,469
Transfers In	24,760	24,760
Total Receipts	400,929	399,441
<u>Disbursements</u>		
Salaries	240,964	203,415
Employee Fringe Benefits	62,379	39,081
Materials and Supplies	25,600	21,029
Services	16,200	8,507
Other Disbursements	-	-
Capital Outlay	97,411	51,350
Transfers Out	-	-
Total Disbursements	442,554	323,382
Receipts Over (Under)		
Disbursements	\$ (41,625)	\$ 76,059
Cash and Equivalents, Jan 1	472,179	472,179
Cash and Equivalents, Dec 31	\$ 430,554	\$ 548,238

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	Capital Improvement Fund		E-911 Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	1,041,281	1,041,281	780,956	780,956
Intergovernmental	-	-	-	-
Charges for Services	-	-	6,366	5,866
Interest	34,740	32,273	7,500	7,016
Other Receipts	71,900	45,144	75	67
Transfers In	3,187	3,187	-	-
Total Receipts	<u>1,151,108</u>	<u>1,121,885</u>	<u>794,897</u>	<u>793,905</u>
<u>Disbursements</u>				
Salaries	-	-	492,345	441,321
Employee Fringe Benefits	-	-	107,860	68,293
Materials and Supplies	-	-	13,400	9,983
Services	40,000	39,463	56,269	50,547
Other Disbursements	66,515	66,515	960	960
Capital Outlay	1,438,614	685,766	196,382	188,825
Transfers Out	16,230	13,176	-	-
Total Disbursements	<u>1,561,359</u>	<u>804,920</u>	<u>867,216</u>	<u>759,929</u>
Receipts Over (Under)				
Disbursements	\$ (410,251)	\$ 316,965	\$ (72,319)	\$ 33,976
Cash and Equivalents, Jan 1	<u>1,131,827</u>	<u>1,131,827</u>	<u>221,952</u>	<u>221,952</u>
Cash and Equivalents, Dec 31	<u>\$ 721,576</u>	<u>\$ 1,448,792</u>	<u>\$ 149,633</u>	<u>\$ 255,928</u>

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	Adult Abuse Fund		Law Enforcement Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	6,870	5,276	2,696	1,929
Interest	40	36	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>6,910</u>	<u>5,312</u>	<u>2,696</u>	<u>1,929</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	6,000	5,467	5,500	3,542
Other Disbursements	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>6,000</u>	<u>5,467</u>	<u>5,500</u>	<u>3,542</u>
Receipts Over (Under)				
Disbursements	\$ 910	\$ (155)	\$ (2,804)	\$ (1,613)
Cash and Equivalents, Jan 1	<u>2,701</u>	<u>2,701</u>	<u>6,660</u>	<u>6,660</u>
Cash and Equivalents, Dec 31	<u><u>\$ 3,611</u></u>	<u><u>\$ 2,546</u></u>	<u><u>\$ 3,856</u></u>	<u><u>\$ 5,047</u></u>

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	Prosecuting Attorney Training Fund		Prosecuting Attorney Bad Check Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	1,324	1,008	3,500	1,867
Interest	-	-	700	696
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>1,324</u>	<u>1,008</u>	<u>4,200</u>	<u>2,563</u>
<u>Disbursements</u>				
Salaries	-	-	1,000	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	1,000	250	9,899	7,899
Other Disbursements	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>1,000</u>	<u>250</u>	<u>10,899</u>	<u>7,899</u>
Receipts Over (Under)				
Disbursements	\$ 324	\$ 758	\$ (6,699)	\$ (5,336)
Cash and Equivalents, Jan 1	<u>266</u>	<u>266</u>	<u>32,007</u>	<u>32,007</u>
Cash and Equivalents, Dec 31	<u>\$ 590</u>	<u>\$ 1,024</u>	<u>\$ 25,308</u>	<u>\$ 26,671</u>

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	Recorder User Fund		Sheriff Civil Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	19,000	16,930	20,630	20,626
Interest	1,100	944	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>20,100</u>	<u>17,874</u>	<u>20,630</u>	<u>20,626</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	500	301	2,000	316
Services	12,250	6,716	-	-
Other Disbursements	300	59	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	31,200	31,200
Total Disbursements	<u>13,050</u>	<u>7,076</u>	<u>33,200</u>	<u>31,516</u>
Receipts Over (Under)				
Disbursements	\$ 7,050	\$ 10,798	\$ (12,570)	\$ (10,890)
Cash and Equivalents, Jan 1	<u>36,793</u>	<u>36,793</u>	<u>14,430</u>	<u>14,430</u>
Cash and Equivalents, Dec 31	<u>\$ 43,843</u>	<u>\$ 47,591</u>	<u>\$ 1,860</u>	<u>\$ 3,540</u>

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	Drug Abuse Resistance Education (DARE) Fund		Sheriff Revolving Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	13,996	12,509
Interest	50	37	1,100	942
Other Receipts	3,000	2,600	-	-
Transfers In	-	-	-	-
Total Receipts	<u>3,050</u>	<u>2,637</u>	<u>15,096</u>	<u>13,451</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	3,000	1,505	-	-
Services	-	-	10,400	1,738
Other Disbursements	-	-	1,738	6,170
Capital Outlay	-	-	2,000	2,000
Transfers Out	-	-	520	520
Total Disbursements	<u>3,000</u>	<u>1,505</u>	<u>14,658</u>	<u>10,428</u>
Receipts Over (Under)				
Disbursements	\$ 50	\$ 1,132	\$ 438	\$ 3,023
Cash and Equivalents, Jan 1	<u>1,768</u>	<u>1,768</u>	<u>27,726</u>	<u>27,726</u>
Cash and Equivalents, Dec 31	<u>\$ 1,818</u>	<u>\$ 2,900</u>	<u>\$ 28,164</u>	<u>\$ 30,749</u>

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	Sheriff Inmate Security Fund		Election Services Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	22,241	16,661	1,000	634
Interest	600	555	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>22,841</u>	<u>17,216</u>	<u>1,000</u>	<u>634</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	8,000	4,500	-	-
Services	15,000	4,803	800	781
Other Disbursements	-	-	-	-
Capital Outlay	-	-	200	75
Transfers Out	-	-	-	-
Total Disbursements	<u>23,000</u>	<u>9,303</u>	<u>1,000</u>	<u>856</u>
Receipts Over (Under)				
Disbursements	\$ (159)	\$ 7,913	\$ -	\$ (222)
Cash and Equivalents, Jan 1	<u>21,655</u>	<u>21,655</u>	<u>1,516</u>	<u>1,516</u>
Cash and Equivalents, Dec 31	<u>\$ 21,496</u>	<u>\$ 29,568</u>	<u>\$ 1,516</u>	<u>\$ 1,294</u>

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	Help America Vote Act (HAVA) Fund		General Investment Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	3,187	3,187	-	-
Charges for Services	200	100	-	-
Interest	-	-	9,000	8,814
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>3,387</u>	<u>3,287</u>	<u>9,000</u>	<u>8,814</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services	-	-	-	-
Other Disbursements	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	3,187	3,187	-	-
Total Disbursements	<u>3,187</u>	<u>3,187</u>	<u>-</u>	<u>-</u>
Receipts Over (Under)				
Disbursements	\$ 200	\$ 100	\$ 9,000	\$ 8,814
Cash and Equivalents, Jan 1	<u>720</u>	<u>720</u>	<u>302,917</u>	<u>302,917</u>
Cash and Equivalents, Dec 31	<u>\$ 920</u>	<u>\$ 820</u>	<u>\$ 311,917</u>	<u>\$ 311,731</u>

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	County Aid Road Trust		Tax Maintenance Fund	
	Investment Fund			
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	585,894	585,894	-	-
Charges for Services	-	-	35,622	34,453
Interest	6,854	6,854	441	818
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>592,748</u>	<u>592,748</u>	<u>36,063</u>	<u>35,271</u>
<u>Disbursements</u>				
Salaries	-	-	4,800	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	2,500	1,185
Services	-	-	2,200	1,874
Other Disbursements	-	-	650	1,185
Capital Outlay	-	-	1,500	16,788
Transfers Out	592,289	592,289	20,000	20,000
Total Disbursements	<u>592,289</u>	<u>592,289</u>	<u>31,650</u>	<u>41,032</u>
Receipts Over (Under)				
Disbursements	\$ 459	\$ 459	\$ 4,413	\$ (5,761)
Cash and Equivalents, Jan 1	<u>52,067</u>	<u>52,067</u>	<u>42,200</u>	<u>42,200</u>
Cash and Equivalents, Dec 31	<u>\$ 52,526</u>	<u>\$ 52,526</u>	<u>\$ 46,613</u>	<u>\$ 36,439</u>

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	Administrative Handling Cost Fund		Law Enforcement Sales Tax Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	260,573	260,573
Intergovernmental	-	-	-	-
Charges for Services	2,514	2,514	-	-
Interest	-	-	1,400	783
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>2,514</u>	<u>2,514</u>	<u>261,973</u>	<u>261,356</u>
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	1,000	-	-	-
Services	-	-	218,638	205,107
Other Disbursements	-	-	-	-
Capital Outlay	-	-	-	-
Transfers Out	-	-	21,361	21,361
Total Disbursements	<u>1,000</u>	<u>-</u>	<u>239,999</u>	<u>226,468</u>
Receipts Over (Under)				
Disbursements	\$ 1,514	\$ 2,514	\$ 21,974	\$ 34,888
Cash and Equivalents, Jan 1	<u>2,940</u>	<u>2,940</u>	<u>15,485</u>	<u>15,485</u>
Cash and Equivalents, Dec 31	<u>\$ 4,454</u>	<u>\$ 5,454</u>	<u>\$ 37,459</u>	<u>\$ 50,373</u>

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the year ended December 31, 2019

	Jail Sales Tax Fund		Senior Citizens Services Board Fund	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ 132,000	\$ 131,817
Sales Taxes	1,022,652	1,022,652	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	5,410	5,410	600	1,070
Other Receipts	-	-	-	1,189
Transfers In	-	-	-	-
Total Receipts	1,028,062	1,028,062	132,600	134,076
<u>Disbursements</u>				
Salaries	-	-	-	-
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	50	-
Services	-	-	125,388	125,070
Other Disbursements	-	-	100	-
Capital Outlay	711,000	576,534	-	-
Debt Service	241,194	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	952,194	576,534	125,538	125,070
Receipts Over (Under)				
Disbursements	\$ 75,868	\$ 451,528	\$ 7,062	\$ 9,006
Cash and Equivalents, Jan 1	72,091	72,091	53,493	53,493
Cash and Equivalents, Dec 31	\$ 147,959	\$ 523,619	\$ 60,555	\$ 62,499

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Statement of Assets and Liabilities Arising From Cash Transactions
Agency Funds - Regulatory Basis
December 31, 2019

	Collector	Recorder	Sheriff	Treasurer	Total
Assets					
Cash and Equivalents	\$ 10,892,785	\$ 15,987	\$ 6,893	\$ 234,403	\$ 11,150,068
Total Assets	10,892,785	15,987	6,893	234,403	11,150,068
Liabilities and Fund Balances					
Total Liabilities	10,892,785	15,987	6,893	234,403	11,150,068
	10,892,785	15,987	6,893	234,403	11,150,068
Fund Balances	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 10,892,785	\$ 15,987	\$ 6,893	\$ 234,403	\$ 11,150,068

See Notes to the Financial Statements

The County of Benton
Warsaw, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies

Organized in 1835, the county of Benton was named after United States Senator Thomas Hart Benton. It is a third-class county, and the county seat is Warsaw. Benton County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, Collector, Treasurer, Sheriff, Assessor, Coroner, Circuit Clerk, Recorder of Deeds, Public Administrator and Prosecuting Attorney.

As discussed further in Note 1, these financial statements are presented on the regulatory basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of Benton County, Missouri and the Benton County Senior Citizens Services Board.

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

The financial statements referred to above include only the primary government of Benton County, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise Benton County's legal entity. The Senior Citizens Services Board is controlled by a separate board and also included under the control of the County.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are included in the Statement of Assets and Liabilities Arising from Cash Transactions - Agency Funds - Regulatory Basis.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Benton County and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects 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.

The County of Benton
Warsaw, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation, bonds, and obligations under capital leases), and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If Benton County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50, RSMo., Benton County adopts a budget for each governmental fund.

On or before January 15th, each elected official and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

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 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 unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.

Budgets are prepared and adopted on the cash basis of accounting.

During the audit, it was noted the County was not in compliance with Missouri budgetary statute Chapter 50, RSMo. The following funds had actual expenditures which exceeded the budgeted expenditures in 2019: Tax Maintenance Fund.

The County of Benton
Warsaw, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in 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 2019 for the purposes of taxation was:

	<u>2019</u>
Real Estate	\$ 193,506,460
Personal Property	67,022,442
Railroad and Utilities	<u>12,146,825</u>
	<u><u>\$ 272,675,727</u></u>

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2019 for the purpose of County taxation, was as follows:

General Revenue	\$ 0.1350
Special Road and Bridge	0.2232
Senior Citizens Services Board	0.0500

The County also receives sales tax collected by the State and remitted based on the County's sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of 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 Benton County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

The County of Benton
Warsaw, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions

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.

Note 2 - Deposits and Investments

Benton County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents." Cash held for others is displayed on the statement of assets and liabilities arising from cash transactions as "Cash and Equivalents."

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

The carrying values and bank balances of deposits and investments shown above are included in the financial statements at December 31, 2019, as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposits	\$ 15,785,283	\$ 15,260,941
Investments	-	-
Total Deposits and Investments as of December 31, 2019	<u>\$ 15,785,283</u>	<u>\$ 15,260,941</u>
 Total Cash and Equivalents - Governmental Funds	 \$ 4,635,215	
Total Cash and Equivalents - Agency Funds	<u>11,150,068</u>	
	<u>\$ 15,785,283</u>	

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At December 31, 2019, 100% of the County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Benton County or its agent but not in the government's name. The County does not have a policy for custodial credit risk relating to investments.

The County of Benton
Warsaw, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019

Note 2 - Deposits and Investments (continued)

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Benton County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities.

Note 3 - Long-Term Debt

In 2014, the County entered into a financing agreement with John Deere Financial for a 2014 JD 672G Motor Grader for \$110,820. The agreement requires seven annual payments of \$18,162, which includes interest payable at 3.500%. The lease agreement expires on March 27, 2021.

In 2014, the County entered into a financing agreement with U.S. Bancorp Government Leasing and Finance, Inc., for a 911 communications equipment and maintenance agreement for \$351,320. The agreement requires seven annual payments of \$55,100, which includes interest payable at 2.390%. The lease agreement expires on September 26, 2021.

In 2014, the County entered into a financing agreement with John Deere Financial for a Backhoe Loader for \$108,850. The agreement requires an initial payment of \$10,883 and five additional annual payments of \$21,435, which includes interest payable at 3.000%. This lease agreement was paid in full as of December 31, 2019.

In 2015, the County entered into a financing agreement with U.S. Bancorp Government Leasing and Finance, Inc., for a 2016 Peterbilt Truck for \$138,239. The agreement requires seven annual payments of \$21,882, which includes interest payable at 2.633%. The lease agreement expires on May 27, 2022.

In 2016, the County entered into a financing agreement with U.S Bancorp Government Leasing and Finance, Inc., for a 2016 6105D John Deere Cab Tractor and a 2016 Tiger Mid Mount Side Rotary Mower for \$100,522. The agreement requires seven annual payments of \$16,049, which includes interest payable at 2.860%. The lease agreement expires on January 8, 2023.

In 2016, the County entered into a financing agreement with John Deere Financial for a 2017 JD 672GXDW Motor Grader for \$245,711. The agreement requires six annual payments of \$44,565, which includes interest payable at 3.340%. The lease agreement expires on February 1, 2022.

In 2017, the County entered into a financing agreement with John Deere Financial for a used 2015 JD 410L Loader Backhoe for \$105,428. The agreement requires five annual payments of \$23,440, which includes interest payable at 3.500%. The lease agreement expires on January 20, 2023.

The County of Benton
Warsaw, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019

Note 3 - Long-Term Debt (continued)

In 2017, the County entered into a financing agreement with U.S. Bancorp Government Leasing and Finance, Inc., for Metal Culverts for \$107,500. The agreement requires three annual payments of \$37,910, which includes interest payable at 2.870%. The lease agreement expires on May 1, 2020.

In 2017, the County entered into a financing agreement with John Deere Financial for a 2017 JD 544KXDW Wheel Loader for \$138,820. The agreement requires five annual payments of \$30,795, which includes interest payable at 3.500%. The lease agreement expires on June 15, 2022.

In 2017, the County entered into a financing agreement with John Deere Financial for a 2017 JD 524K-II Wheel Loader and a 2018 JD 672G Motor Grader for \$387,000. The agreement required two annual payments of \$201,079, which included interest payable at 2.600%. This lease agreement was paid in full as of December 31, 2019.

In 2019, the County entered into a financing agreement with U.S. Bancorp Government Leasing and Finance, Inc., for a 2019 6105E Cab Tractor for \$65,417. The agreement requires four annual payments of \$17,620, which includes interest payable at 3.008%. The lease agreement expires on August 26, 2023.

In 2019, the County entered into a financing agreement with Geo-Comm, Inc. for a server including software support and maintenance for \$56,667. The agreement requires an initial payment of \$19,250 and two additional payments of \$19,248, which includes imputed interest payable of 1.800%. The lease agreement expires on June 11, 2021.

In 2019, the County issued \$7,200,000 Series 2019 Certificates of Participation for the purpose of paying for the construction of a new jail for detention facilities and administrative space as well as paying for certain costs in connection with the execution and delivery of the Series 2019 Certificates. The Certificates bear interest at 2.750% - 3.375% and mature in April of 2039.

	Balance at 1/1/2019	Amount Borrowed	Amount Repaid	Balance at 12/31/2019	Interest Paid During Year
JD 672G Motor Grader	\$ 50,830	\$ -	\$ (16,355)	\$ 34,475	\$ 1,807
911 Communications Equipment	157,702	-	(51,331)	106,371	3,769
Backhoe Loader	20,803	-	(20,803)	-	632
2015 Peterbilt Truck	82,057	-	(19,722)	62,335	2,160
Cab Tractor and Rotary Mower	73,797	-	(28,277)	45,520	3,822
JD 672GXDW Motor Grader	169,444	-	(44,107)	125,337	459
JD 410L Loader Backhoe	105,428	-	(19,446)	85,982	3,994
Metal Culverts	72,675	-	(35,823)	36,852	2,086
JD 544KXDW Wheel Loader	112,962	-	(26,777)	86,185	4,018
Wheel Loader and Motor Grader	195,983	-	(195,983)	-	5,096
6105E Cab Tractor	-	65,417	-	65,417	-
Server	-	56,667	(19,250)	37,417	-
Series 2019 COP's	-	7,200,000	-	7,200,000	-
	<u>\$ 1,041,681</u>	<u>\$ 7,322,084</u>	<u>\$ (477,874)</u>	<u>\$ 7,885,891</u>	<u>\$ 27,843</u>

The County of Benton
Warsaw, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019

Note 3 - Long-Term Debt (continued)

As of December 31, 2019, the schedule of future payments of long-term debt of the County is as follows:

Year Ending December 31,	Principal	Interest	Total
2020	\$ 249,265	\$ 302,110	\$ 551,375
2021	233,468	244,135	477,603
2022	147,820	237,273	385,093
2023	55,338	232,511	287,849
2024	-	230,738	230,738
2025-2029	-	1,153,688	1,153,688
2030-2034	2,910,000	948,112	3,858,112
2035-2039	4,290,000	373,275	4,663,275
Total	<u>\$ 7,885,891</u>	<u>\$ 3,721,842</u>	<u>\$ 11,607,733</u>

Note 4 - Interfund Transfers

Transfers between funds for the year ended December 31, 2019 are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Revenue Fund	\$ 120,858	\$ 24,760
Special Road and Bridge Fund	592,289	34,601
Assessment Fund	24,760	-
Capital Improvement Fund	3,187	13,176
Sheriff Civil Fund	-	31,200
Sheriff Revolving Fund	-	520
Help America Vote Act (HAVA) Fund	-	3,187
County Aid Road Trust Investment Fund	-	592,289
Tax Maintenance Fund	-	20,000
Law Enforcement Sales Tax Fund	-	21,361
Total	<u>\$ 741,094</u>	<u>\$ 741,094</u>

Note 5 - State of Missouri County Employees' Retirement Fund (CERF)

Plan Description

The County Employees' Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elected 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 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 eleven persons.

The County of Benton
Warsaw, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019

Note 5 - State of Missouri County Employees' Retirement Fund (CERF) (continued)

Benefits Provided

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

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement is at age 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, 2121 Schotthill Woods Drive, Jefferson City, Missouri, 65101, by calling (573) 632-9203, or by visiting the CERF website at www.mocerf.org.

Contributions

Prior to January 1, 2003, participating county employees were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002 are required to make contributions of 6%. If any employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 6% contribution on behalf of employees. During 2019, the County collected and remitted to CERF, employee contributions of \$138,430 for the year ended.

In addition to the above contributions required of employees, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of personal property tax declarations;
- Twenty dollars on each merchant's and manufacturer's license issued;
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one dollar on each document recorded;
- Three sevenths of the fee on delinquent property taxes; and
- Interest earned on investment of the above collections prior to remittance to CERF.

The County collected and remitted CERF fees and penalties of \$207,887 for the year ended December 31, 2019.

Further information related to required contributions, pension benefits, other plan terms, and investments and related return and financial information can be found in the notes to the financial statements of CERF's Annual Financial Report.

Note 6 - Prosecuting Attorney Retirement Fund

In accordance with state statute Section 56.807, RSMo., the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County contributed \$11,628 for the year ended December 31, 2019.

The County of Benton
Warsaw, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019

Note 7 - Other Retirement Plans

Benton County has voluntary 457 and 401(a) plans administered by Empower Retirement (formerly Great-West Retirement Services) which are paid by a deduction from employees' salary. These contributions qualify under the Internal Revenue Code and are tax exempt. Employee contributions collected and remitted by the County for the year ended December 31, 2019 for the 457 plan were \$57,885, and employee contributions collected and remitted by the County for the year ended December 31, 2019 for the 401(a) plan were \$16,815.

Note 8 - 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.

Note 9 - Claims, Commitments, and Contingencies

Litigation

The County can be subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of such matters will not have a material adverse effect on the financial condition of the County.

Compensated Absences

The County provides full-time employees with up to 40 days of sick time, to accrue at three-fourths day per complete calendar month of employment. Upon termination, employees are compensated for 25% to 50% of accrued sick time depending on the length of employment. Vacation time is accrued for every full-time employee, and accrues up to fifteen days per year depending on length of employment. However, employees may only carry over ten vacation days from one year to the next. Any days accrued in excess of ten days will be forfeited at the end of the year. Employees are not compensated for unused vacation time at termination.

Federal and State Assisted Programs

The County receives proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned. Such audits could result in refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 10 - 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 of Benton
Warsaw, Missouri
Notes to the Financial Statements
For the year ended December 31, 2019

Note 10 - Risk Management (continued)

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 \$500,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

Note 11 - Subsequent Events

The County has evaluated events subsequent to December 31, 2019 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through August 13, 2020, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the County expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be estimated at this time.

In May of 2020, the County issued \$5,200,000 Series 2020 Certificates of Participation for the purpose of paying for the construction of a new jail for detention facilities and administrative space as well as paying for certain costs in connection with the execution and delivery of the Series 2019 Certificates. The Certificates bear interest at 3.000% and mature in April of 2034.

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*

Independent Auditor's Report

To the County Commission and
Officeholders of Benton County, Missouri

We have audited, 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, the accompanying financial statements of Benton County, Missouri as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Benton County, Missouri's basic financial statements, and have issued our report thereon dated August 13, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Benton County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Benton County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Benton County, Missouri's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-004 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-002 and 2019-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the schedule of findings and responses as item 2019-001.

Benton County, Missouri's Responses to Findings

Benton County, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Benton County, Missouri's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Creve Coeur, Missouri
August 13, 2020

**The County of Benton
Warsaw, Missouri
Schedule of Findings and Responses
For the year ended December 31, 2019**

Financial Statement Findings

2019-001 **Criteria:** Missouri statutes requires Counties to prepare an annual budget as applicable to each fund. Expenditures are not to exceed the budget.

Condition: During the audit, it was noted the County was not in compliance with Missouri budgetary statute Chapter 50, RSMo. The following funds had actual expenditures which exceeded the budgeted expenditures in 2019: Tax Maintenance Fund.

Cause: Oversight

Effect: The County is in violation of Missouri Revised Statutes due to exceeding budgets in a certain fund.

Recommendation: We recommend that the County periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The County Clerk will perform a detailed review of budgetary schedules and actual expenditures in order to ensure budgetary compliance, and amendments to the budget will be prepared and approved by the County Commission, if necessary. The expected completion date is December 31, 2020. The phone number for the County Clerk's office is (660) 438-7326.

2019-002 **Criteria:** Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Cause: Management has not prepared documentation of internal controls.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: The County will work to prepare internal control documentation. The expected completion date is December 31, 2020. The phone number for the County Clerk's office is (660) 438-7326.

**The County of Benton
Warsaw, Missouri
Schedule of Findings and Responses
For the year ended December 31, 2019**

Financial Statement Findings (continued)

2019-003 **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: The County will work to prepare a risk assessment procedure. The expected completion date is December 31, 2020. The phone number for the County Clerk's office is (660) 438-7326.

2019-004 **Criteria:** Strong internal controls over financial statement reporting require that cash and fund balances be tracked for all funds.

Condition: During our audit, we noted the County was not adequately tracking cash and fund balances for all County funds within the accounting system. Beginning cash balances per the Treasurer's records did not reconcile to beginning fund balances by \$38,342. Ending cash balances per the Treasurer's records did not reconcile to ending fund balances by \$36,431.

Cause: The County is not properly tracking cash and fund balances within their accounting system due to uncorrected software errors.

Effect: Because cash and fund balances are not adequately being tracked within the accounting system or by the Treasurer, it is possible that cash and fund balances are materially misstated due to error or fraud.

Recommendation: We recommend that the County utilize their accounting software to track cash and fund balances. Due to the nature of corrections that need to be made within the accounting software, it may require the County to engage a qualified accounting firm or software specialist who is knowledgeable with the software that the County uses to fully correct this issue.

Management's Response: After discussing this situation with the auditors, the Treasurer's office intends to confirm the amount that needs adjusting to reflect the correction due to the software issues, and will make it in a timely manner. The phone number for the Treasurer's office is (660) 438-6313.

The County of Benton
Warsaw, Missouri
Summary Schedule of Prior Year Findings and Questioned Costs
For the year ended December 31, 2019

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Benton County, Missouri, on the applicable findings in the prior audit report issued for the one year ended December 31, 2018.

Prior Year Financial Statement Findings

2018-001 **Criteria:** The Treasurer is charged with maintaining accountability over funds in the county treasury. A proper system of internal controls dictates that bank reconciliations be performed on a timely basis to ensure that cash balances per the accounting records agree to the cash balances held in the bank.

Condition: For all months during 2018, the Treasurer's Annual Settlement was not agreed to the reconciled monthly bank account balances for the Treasurer's main checking account. At December 31, 2018 the Treasurer's Annual Settlement had a stated cash balance of \$3,795,677, however, the bank reconciliation showed a reconciled bank balance of \$3,757,336, a difference of \$38,341. The difference between the book and reconciled bank balances varied from month to month. Similar conditions were noted in the past two prior audit reports.

Cause: The reconciled bank balance is not being compared to the balances of the funds on hand per the Treasurer's settlements.

Effect: Without timely, accurate bank reconciliations, the risk of material misstatement of the County's cash balances due to error or misappropriation is heightened.

Recommendation: We recommend the Treasurer implement the necessary procedures to ensure that the bank balance reconciles to the book balance of the County's funds when performing the bank reconciliation on a monthly basis.

County's Response: The Treasurer's office is working in conjunction with the accounting software writer, to try and rectify the issues that have occurred causing the reconciliation to be off. It is believed that this problem can be fixed in a short time period.

Auditor's Response: The response is appropriate to correct the concern.

Status: Management has not corrected this issue and the finding is repeated as finding 2019-004 in the current year.

Prior Year Federal Award Findings

2018-002 Federal Grantor: U.S. Department of Transportation
Pass-Through Grantor: Missouri Department of Transportation
Federal CFDA Number: 20.205
Program Title: Highway Planning and Construction
Pass-through Entity Identifying Number: BRO-008(14)
Award Year: 2018
Questioned Costs: None

The County of Benton
Warsaw, Missouri
Summary Schedule of Prior Year Findings and Questioned Costs
For the year ended December 31, 2019

Prior Year Federal Award Findings (continued)

2018-002 **Criteria:** Federal award requirements state that recipients receiving advances of federal funds must implement (cont.) procedures to minimize the time elapsing between the receipt of federal funds and the disbursement of the funds. BRO program regulations state that Local Public Agencies (Benton County) must "develop cash management procedures to ensure payment is made to the contractor/consultant within two (2) business days of receipt of funds from MoDOT."

Condition: There were several instances where the County wrote checks to the consulting engineers and construction contractors well after the reimbursement from MoDOT was received into the County's bank account. The County submitted invoices to MoDOT for reimbursement prior to making the payment on the invoice to the engineer or construction contractor. There were six checks totaling \$127,335 that were written between three and seven business days after receipt of funds from MoDOT

Cause: The County Commission meets only once per week to approve disbursements, therefore, a meeting may not be held within two business days of receiving reimbursement from MoDOT.

Effect: The grant is intended to be a reimbursement type grant, however, the County may have inappropriately earned interest on the federal funds due to the delay in payments.

Recommendation: We recommend that the County implement procedures to ensure that federal funds are disbursed in a timely manner in accordance with federal regulations and the terms and conditions of federal awards.

County's Response: In the future, when federal money is received due to projects of this nature, Commissioners will hold a special meeting within two business days in order to distribute these types of expenditures.

Auditor's Response: The response is appropriate to correct the concern.

Status: This finding is no longer applicable.