



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Montgomery County, Missouri

The Office of the State Auditor, in cooperation with Montgomery 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 Daniel Jones & Associates, Certified Public Accountants, is attached.

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

Susan Montee, JD, CPA
State Auditor

November 2010
Report No. 2010-141

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2009 AND 2008

**THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
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FINANCIAL SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Montgomery, Missouri

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because 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 Montgomery County, Missouri, at December 31, 2009 and 2008, or the changes in financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the governmental and agency funds of Montgomery County, Missouri, as of and for the years end December 31, 2009 and 2008, and the receipts, disbursements and budgetary results of the governmental funds for the years then ended, on the basis of accounting described in Note I.

As described in Note X, Montgomery County has converted from a modified cash (GASB 34) basis of accounting to the regulatory basis of accounting which differs from accounting principles generally accepted in the United States of America, as of and for the years ended December 31, 2009 and December 31, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole that are referred to in the first paragraph. The accompanying additional supplementary information and state compliance section are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, that were prepared on the basis of accounting described in Note I.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

September 17, 2010

FINANCIAL STATEMENTS

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS -
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2009

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2009	RECEIPTS 2009	DISBURSEMENTS 2009	CASH AND INVESTMENT BALANCES DECEMBER 31, 2009
General Revenue	\$ 80,589.81	\$ 3,109,265.77	\$ 3,189,262.63	\$ 592.95
Special Road & Bridge	720,836.84	1,697,028.09	1,693,123.41	724,741.52
Assessment	116,628.50	245,907.36	243,686.71	118,849.15
Dare/Pride Fund	3,316.00	28.27	10.50	3,333.77
Emergency Management Fund	8,754.55	138,926.60	147,345.41	335.74
Emergency 9-1-1 Fund	1,661.52	103,766.09	94,142.31	11,285.30
P A Bad Check Fund	24,303.73	15,784.86	8,218.61	31,869.98
Capital Improvements Fund	143,817.12	451,639.11	458,672.45	136,783.78
Law Enforcement Training Fund	7,608.70	3,245.13	1,079.00	9,774.83
P A Training Fund	12,705.40	905.31	1,107.17	12,503.54
Johnson Grass Fund	5,768.50	-	-	5,768.50
Rec User Fee	34,715.99	5,863.58	6,224.56	34,355.01
Sheriff Forfeiture Fund	6,480.77	55.35	-	6,536.12
LEPC Fund	33,903.22	5,540.53	9.31	39,434.44
P A Delinquent Tax Fund	11,269.00	1,161.97	10.50	12,420.47
Reserve Fund G.R.	345,079.45	160,720.23	16,625.61	489,174.07
Sheriff Revolving Fund	8,855.96	4,561.86	10.50	13,407.32
Post Commission Fund	1,527.47	1,578.99	1,565.37	1,541.09
Special Election Fund	6,733.84	27,744.55	30,307.43	4,170.96
Local Law Enforcement Block Grant Fund	-	-	-	-
Sheriff Operations Fund	110,550.29	66,232.49	66,133.70	110,649.08
Election Services Fund	4,674.05	1,931.58	5,392.88	1,212.75
Children's Trust Fund	3,520.80	2,978.44	-	6,499.24
Courthouse Annex Building	4,992.07	42.52	21.00	5,013.59
Recorder Technology Fund	25,346.35	3,476.74	1,347.14	27,475.95
Collector's Tax Maintenance Fund	40,311.85	29,641.35	54,046.08	15,907.12
Inmate Security Fund	6,634.93	3,195.03	-	9,829.96
	-	-	-	-
TOTAL	\$ 1,770,586.71	\$ 6,081,221.80	\$ 6,018,342.28	\$ 1,833,466.23

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENT BALANCES -
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2008

FUND	CASH AND INVESTMENT			CASH AND INVESTMENT
	BALANCES JANUARY 1, 2008	RECEIPTS 2008	DISBURSEMENTS 2008	
General Revenue	\$ 50,940.67	\$ 3,215,026.82	\$ 3,185,377.68	\$ 80,589.81
Special Road & Bridge	637,547.43	1,662,608.26	1,579,318.85	720,836.84
Assessment	117,692.65	275,171.59	276,235.74	116,628.50
Dare/Pride Fund	3,261.49	54.51	-	3,316.00
Emergency Management Fund	24,788.30	66,485.73	82,519.48	8,754.55
Emergency 9-1-1 Fund	6,007.46	102,865.14	107,211.08	1,661.52
P A Bad Check Fund	22,633.24	13,270.28	11,599.79	24,303.73
Capital Improvements Fund	94,461.35	461,162.91	411,807.14	143,817.12
Law Enforcement Training Fund	5,750.81	3,646.89	1,789.00	7,608.70
P A Training Fund	13,997.59	1,117.25	2,409.44	12,705.40
Johnson Grass Fund	5,768.50	-	-	5,768.50
Rec User Fee	34,311.15	6,783.37	6,378.53	34,715.99
Sheriff Forfeiture Fund	6,374.24	106.53	-	6,480.77
LEPC Fund	32,509.91	5,184.79	3,791.48	33,903.22
P A Delinquent Tax Fund	11,186.48	633.52	551.00	11,269.00
Reserve Fund G.R.	558,917.84	12,285.72	226,124.11	345,079.45
Sheriff Revolving Fund	6,334.44	2,521.52	-	8,855.96
Post Commission Fund	1,502.36	1,860.02	1,834.91	1,527.47
Special Election Fund	-	82,887.50	76,153.66	6,733.84
Local Law Enforcement Block Grant Fund	-	-	-	-
Sheriff Operations Fund	100,829.95	67,595.35	57,875.01	110,550.29
Election Services Fund	8,428.32	8,256.01	12,010.28	4,674.05
Children's Trust Fund	1,741.06	2,779.74	1,000.00	3,520.80
Courthouse Annex Building	5,289.51	86.10	383.54	4,992.07
Recorder Technology Fund	26,582.94	3,797.81	5,034.40	25,346.35
Collector's Tax Maintenance Fund	32,268.19	25,818.56	17,774.90	40,311.85
Inmate Security Fund	3,108.59	3,526.34	-	6,634.93
TOTAL	\$ 1,812,234.47	\$ 6,025,532.26	\$ 6,067,180.02	\$ 1,770,586.71

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	GENERAL REVENUE FUND			
	2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 474,170.00	\$ 522,334.16	\$ 461,054.00	\$ 462,813.44
Sales Taxes	1,140,000.00	1,018,919.54	1,247,000.00	1,139,246.02
Intergovernmental	942,220.00	967,068.37	905,275.00	1,093,898.72
Charges for Services	333,350.00	394,999.40	357,523.00	341,289.07
Interest	8,900.00	3,362.45	7,000.00	7,116.78
Other	493,500.00	148,917.80	409,240.00	60,385.95
Transfers In	21,170.00	53,664.05	-	110,276.84
TOTAL RECEIPTS	3,413,310.00	3,109,265.77	3,387,092.00	3,215,026.82
DISBURSEMENTS				
County Commission	102,030.00	102,209.61	100,930.00	99,299.54
County Clerk	111,015.00	111,302.41	111,015.00	109,247.29
Elections	10,000.00	6,590.75	40,000.00	40,000.00
Buildings and Grounds	162,010.00	147,963.79	128,700.00	137,879.51
Employee Fringe Benefits	12,500.00	10,201.78	11,350.00	12,438.35
County Treasurer	52,790.00	51,785.32	52,735.00	50,910.36
Collector	85,265.00	86,213.65	85,305.00	85,005.68
Recorder of Deeds	81,975.00	77,053.20	81,920.00	81,632.38
Circuit Clerk	33,880.00	12,540.41	39,400.00	28,187.31
Associate Circuit Court	29,855.00	25,368.25	29,090.00	25,311.20
Court Administration	24,745.00	20,403.45	18,990.00	18,979.74
Public Administrator	33,350.00	33,173.57	32,975.00	33,187.38
Sheriff	629,960.00	581,476.90	634,050.00	575,027.33
Jail	1,064,800.00	1,003,436.11	1,047,000.00	988,063.31
Prosecuting Attorney	223,220.00	215,098.04	221,370.00	188,101.18
Juvenile Officer	57,160.00	70,938.84	53,045.00	53,302.55
Coroner	25,130.00	18,677.94	23,250.00	20,074.91
Health and Welfare	-	-	-	-
Debt Service	-	-	-	-
Transfers Out	47,100.00	46,600.00	47,100.00	46,600.00
Emergency Fund	101,190.00	-	99,420.00	622.10
Other	574,990.00	568,228.61	566,972.00	591,507.56
TOTAL DISBURSEMENTS	3,462,965.00	3,189,262.63	3,424,617.00	3,185,377.68
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(49,655.00)	(79,996.86)	(37,525.00)	29,649.14
CASH AND INVESTMENTS, JANUARY 1	80,589.81	80,589.81	50,940.67	50,940.67
CASH AND INVESTMENTS, DECEMBER 31	\$ 30,934.81	\$ 592.95	\$ 13,415.67	\$ 80,589.81

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SPECIAL ROAD & BRIDGE FUND			
	2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 880,000.00	\$ 929,403.32	\$ 897,540.00	\$ 885,396.39
Sales Taxes	-	-	-	-
Intergovernmental	1,259,180.00	727,989.77	652,706.00	587,815.78
Charges for Services	-	83.00	-	-
Interest	30,000.00	17,096.40	35,000.00	32,477.77
Other	1,000.00	22,455.60	1,000.00	2,193.99
Transfers In	-	-	-	154,724.33
TOTAL RECEIPTS	2,170,180.00	1,697,028.09	1,586,246.00	1,662,608.26
DISBURSEMENTS				
Salaries	444,990.00	444,073.27	451,600.00	442,500.04
Employee Fringe Benefits	108,690.00	100,744.01	116,350.00	104,938.83
Supplies	226,500.00	177,802.44	220,000.00	232,803.05
Insurance	35,000.00	13,819.00	150,000.00	-
R & B Materials	335,000.00	329,923.45	301,000.00	310,838.17
Equipment Repairs	60,000.00	78,452.73	60,000.00	46,274.24
Rentals	1,000.00	-	10,000.00	16,536.32
Equipment Purchases	140,000.00	141,166.00	10,000.00	-
R & B Construction	747,500.00	211,773.97	217,500.00	385,355.32
Transfers Out	198,100.00	195,368.54	43,000.00	40,072.88
TOTAL DISBURSEMENTS	2,296,780.00	1,693,123.41	1,579,450.00	1,579,318.85
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(126,600.00)	3,904.68	6,796.00	83,289.41
CASH AND INVESTMENTS, JANUARY 1	720,836.84	720,836.84	637,547.43	637,547.43
CASH AND INVESTMENTS, DECEMBER 31	\$ 594,236.84	\$ 724,741.52	\$ 644,343.43	\$ 720,836.84

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	ASSESSMENT FUND				DARE/PRIDE FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	245,460.00	195,627.95	242,321.00	219,399.26	-	-	-	-
Charges for Services	1,500.00	641.39	1,100.00	1,762.25	-	-	-	-
Interest	2,000.00	1,992.66	3,000.00	3,869.66	60.00	28.27	60.00	54.51
Other	2,600.00	1,045.36	2,640.00	3,540.42	-	-	-	-
Transfers In	46,600.00	46,600.00	46,600.00	46,600.00	-	-	-	-
TOTAL RECEIPTS	298,160.00	245,907.36	295,661.00	275,171.59	60.00	28.27	60.00	54.51
DISBURSEMENTS								
Salaries	205,800.00	149,598.01	205,800.00	167,263.51	-	-	-	-
Office Expenses	5,000.00	2,644.69	5,000.00	3,622.88	1,500.00	10.50	-	-
Equipment	57,470.00	53,980.26	56,670.00	52,622.39	-	-	-	-
Fringe Benefits	36,950.00	25,679.14	42,620.00	33,199.68	-	-	-	-
Other	10,700.00	3,208.67	11,500.00	7,555.54	-	-	1,500.00	-
Training	11,000.00	8,575.94	11,000.00	11,971.74	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	326,920.00	243,686.71	332,590.00	276,235.74	1,500.00	10.50	1,500.00	-
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(28,760.00)	2,220.65	(36,929.00)	(1,064.15)	(1,440.00)	17.77	(1,440.00)	54.51
CASH AND INVESTMENTS , JANUARY 1	116,628.50	116,628.50	117,692.65	117,692.65	3,316.00	3,316.00	3,261.49	3,261.49
CASH AND INVESTMENTS , DECEMBER 31	\$ 87,868.50	\$ 118,849.15	\$ 80,763.65	\$ 116,628.50	\$ 1,876.00	\$ 3,333.77	\$ 1,821.49	\$ 3,316.00

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	EMERGENCY MANAGEMENT FUND				EMERGENCY 9-1-1 FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 37,000.00	\$ 90,361.27	\$ 12,000.00	\$ 22,727.20	\$ 200.00	\$ 581.00	\$ 200.00	\$ 405.00
Charges for Services	-	-	-	-	95,000.00	98,036.54	100,000.00	95,386.78
Interest	750.00	230.61	1,000.00	740.46	50.00	45.28	200.00	45.51
Other	46,100.00	48,334.72	46,000.00	43,018.07	4,000.00	5,103.27	-	7,027.85
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	83,850.00	138,926.60	59,000.00	66,485.73	99,250.00	103,766.09	100,400.00	102,865.14
DISBURSEMENTS								
Payroll	50,240.00	45,684.90	50,800.00	46,704.85	46,950.00	50,169.10	47,800.00	63,372.43
Office	37,300.00	100,114.51	22,600.00	30,814.63	44,970.00	43,973.21	46,620.00	43,838.65
Transfers Out	5,000.00	1,546.00	5,000.00	5,000.00	-	-	-	-
TOTAL DISBURSEMENTS	92,540.00	147,345.41	78,400.00	82,519.48	91,920.00	94,142.31	94,420.00	107,211.08
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(8,690.00)	(8,418.81)	(19,400.00)	(16,033.75)	7,330.00	9,623.78	5,980.00	(4,345.94)
CASH AND INVESTMENTS , JANUARY 1	8,754.55	8,754.55	24,788.30	24,788.30	1,661.52	1,661.52	6,007.46	6,007.46
CASH AND INVESTMENTS , DECEMBER 31	\$ 64.55	\$ 335.74	\$ 5,388.30	\$ 8,754.55	\$ 8,991.52	\$ 11,285.30	\$ 11,987.46	\$ 1,661.52

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	P A BAD CHECK FUND				CAPITAL IMPROVEMENT FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	\$ 13,000.00	\$ 13,401.30	\$ 14,000.00	\$ 12,838.48	\$ -	\$ -	\$ -	\$ -
Sales Tax Revenues	-	-	-	-	456,000.00	426,414.06	498,000.00	455,770.26
Interest	500.00	373.56	500.00	429.25	3,000.00	2,781.45	3,000.00	3,092.18
Other	-	2,010.00	-	2.55	-	22,443.60	-	2,300.47
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	13,500.00	15,784.86	14,500.00	13,270.28	459,000.00	451,639.11	501,000.00	461,162.91
DISBURSEMENTS								
Payroll	6,150.00	6,535.37	6,670.00	5,635.49	36,835.00	46,821.42	35,220.00	38,473.94
Office	6,800.00	1,683.24	5,800.00	5,964.30	462,400.00	411,851.03	423,400.00	373,333.20
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	12,950.00	8,218.61	12,470.00	11,599.79	499,235.00	458,672.45	458,620.00	411,807.14
RECEIPTS OVER (UNDER) DISBURSEMENTS	550.00	7,566.25	2,030.00	1,670.49	(40,235.00)	(7,033.34)	42,380.00	49,355.77
CASH AND INVESTMENTS, JANUARY 1	24,303.73	24,303.73	22,633.24	22,633.24	143,817.12	143,817.12	94,461.35	94,461.35
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 24,853.73</u>	<u>\$ 31,869.98</u>	<u>\$ 24,663.24</u>	<u>\$ 24,303.73</u>	<u>\$ 103,582.12</u>	<u>\$ 136,783.78</u>	<u>\$ 136,841.35</u>	<u>\$ 143,817.12</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	LAW ENFORCEMENT TRAINING FUND				P. A. TRAINING FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Service	3,500.00	3,174.00	3,200.00	3,556.28	800.00	797.11	1,000.00	896.61
Interest	100.00	71.13	100.00	90.61	200.00	108.20	300.00	220.64
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	3,600.00	3,245.13	3,300.00	3,646.89	1,000.00	905.31	1,300.00	1,117.25
DISBURSEMENTS								
Office	3,000.00	1,079.00	3,000.00	1,789.00	4,500.00	1,107.17	6,500.00	2,409.44
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	3,000.00	1,079.00	3,000.00	1,789.00	4,500.00	1,107.17	6,500.00	2,409.44
RECEIPTS OVER (UNDER) DISBURSEMENTS	600.00	2,166.13	300.00	1,857.89	(3,500.00)	(201.86)	(5,200.00)	(1,292.19)
CASH AND INVESTMENTS, JANUARY 1	7,608.70	7,608.70	5,750.81	5,750.81	12,705.40	12,705.40	13,997.59	13,997.59
CASH AND INVESTMENTS, DECEMBER 31	\$ 8,208.70	\$ 9,774.83	\$ 6,050.81	\$ 7,608.70	\$ 9,205.40	\$ 12,503.54	\$ 8,797.59	\$ 12,705.40

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	JOHNSON GRASS FUND				RECORDER - USER FEE FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	6,000.00	5,264.00	6,000.00	6,066.30
Interest	-	-	-	-	500.00	599.58	500.00	717.07
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	-	-	-	6,500.00	5,863.58	6,500.00	6,783.37
DISBURSEMENTS								
Payroll	-	-	-	-	-	-	-	-
Office	-	-	-	-	33,000.00	6,224.56	33,000.00	6,378.53
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	-	-	-	33,000.00	6,224.56	33,000.00	6,378.53
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	(26,500.00)	(360.98)	(26,500.00)	404.84
CASH AND INVESTMENTS, JANUARY 1	5,768.50	5,768.50	5,768.50	5,768.50	34,715.99	34,715.99	34,311.15	34,311.15
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 5,768.50</u>	<u>\$ 5,768.50</u>	<u>\$ 5,768.50</u>	<u>\$ 5,768.50</u>	<u>\$ 8,215.99</u>	<u>\$ 34,355.01</u>	<u>\$ 7,811.15</u>	<u>\$ 34,715.99</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SHERIFF FORFEITURE FUND				LEPC FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Interest	\$ 110.00	\$ 55.35	\$ 125.00	\$ 106.53	\$ 600.00	\$ 310.32	\$ 1,000.00	\$ 543.03
Other	-	-	-	-	4,600.00	5,230.21	6,000.00	4,641.76
Charges for Service	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	110.00	55.35	125.00	106.53	5,200.00	5,540.53	7,000.00	5,184.79
DISBURSEMENTS								
Payroll	-	-	-	-	-	-	-	-
Office	3,000.00	-	3,000.00	-	39,100.00	9.31	35,000.00	3,791.48
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	3,000.00	-	3,000.00	-	39,100.00	9.31	35,000.00	3,791.48
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,890.00)	55.35	(2,875.00)	106.53	(33,900.00)	5,531.22	(28,000.00)	1,393.31
CASH AND INVESTMENTS, JANUARY 1	6,480.77	6,480.77	6,374.24	6,374.24	33,903.22	33,903.22	32,509.91	32,509.91
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 3,590.77</u>	<u>\$ 6,536.12</u>	<u>\$ 3,499.24</u>	<u>\$ 6,480.77</u>	<u>\$ 3.22</u>	<u>\$ 39,434.44</u>	<u>\$ 4,509.91</u>	<u>\$ 33,903.22</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	PA DELINQUENT TAX FUND				RESERVE FUND G.R.			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges For Services	500.00	1,062.70	8,000.00	450.00	-	-	-	-
Other	-	-	-	-	-	-	500.00	-
Interest	150.00	99.27	50.00	183.52	20,000.00	5,620.04	20,000.00	12,285.72
Transfers In	-	-	-	-	500.00	155,100.19	-	-
TOTAL RECEIPTS	650.00	1,161.97	8,050.00	633.52	20,500.00	160,720.23	20,500.00	12,285.72
DISBURSEMENTS								
Office	500.00	10.50	8,000.00	551.00	-	4,775.91	-	6,195.82
Transfers Out	-	-	-	-	360,000.00	11,849.70	300,000.00	219,928.29
TOTAL DISBURSEMENTS	500.00	10.50	8,000.00	551.00	360,000.00	16,625.61	300,000.00	226,124.11
RECEIPTS OVER (UNDER) DISBURSEMENTS	150.00	1,151.47	50.00	82.52	(339,500.00)	144,094.62	(279,500.00)	(213,838.39)
CASH AND INVESTMENTS, JANUARY 1	11,269.00	11,269.00	11,186.48	11,186.48	345,079.45	345,079.45	558,917.84	558,917.84
CASH AND INVESTMENTS, DECEMBER 31	\$ 11,419.00	\$ 12,420.47	\$ 11,236.48	\$ 11,269.00	\$ 5,579.45	\$ 489,174.07	\$ 279,417.84	\$ 345,079.45

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SHERIFF REVOLVING FUND				POST COMMISSION FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	\$ 1,000.00	\$ 3,820.00	\$ 1,000.00	\$ 1,065.00	\$ -	\$ -	\$ -	\$ -
Interest	100.00	96.86	100.00	121.52	-	-	-	-
Intergovernmental	-	-	-	-	-	-	1,850.00	-
Other	800.00	645.00	-	1,335.00	1,850.00	1,578.99	-	1,860.02
TOTAL RECEIPTS	1,900.00	4,561.86	1,100.00	2,521.52	1,850.00	1,578.99	1,850.00	1,860.02
DISBURSEMENTS								
Office	1,500.00	10.50	1,500.00	-	1,850.00	1,565.37	1,850.00	1,834.91
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	1,500.00	10.50	1,500.00	-	1,850.00	1,565.37	1,850.00	1,834.91
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	400.00	4,551.36	(400.00)	2,521.52	-	13.62	-	25.11
CASH AND INVESTMENTS, JANUARY 1	8,855.96	8,855.96	6,334.44	6,334.44	1,527.47	1,527.47	1,502.36	1,502.36
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 9,255.96</u>	<u>\$ 13,407.32</u>	<u>\$ 5,934.44</u>	<u>\$ 8,855.96</u>	<u>\$ 1,527.47</u>	<u>\$ 1,541.09</u>	<u>\$ 1,502.36</u>	<u>\$ 1,527.47</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SPECIAL ELECTION FUND				LAW ENFORCEMENT BLOCK GRANT FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges For Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-
Other	40,000.00	27,744.55	100,000.00	82,887.50	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	40,000.00	27,744.55	100,000.00	82,887.50	-	-	-	-
DISBURSEMENTS								
Office	40,000.00	30,307.43	100,000.00	76,153.66	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	40,000.00	30,307.43	100,000.00	76,153.66	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(2,562.88)	-	6,733.84	-	-	-	-
CASH AND INVESTMENTS, JANUARY 1	6,733.84	6,733.84	-	-	-	-	-	-
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 6,733.84</u>	<u>\$ 4,170.96</u>	<u>\$ -</u>	<u>\$ 6,733.84</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SHERIFF OPERATION FUND				ELECTION SERVICES FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 16,000.00	\$ 15,924.48	\$ 16,390.00	\$ 16,389.12	\$ -	\$ -	\$ -	\$ -
Charges for Services	48,000.00	49,325.33	43,000.00	48,890.34	1,000.00	-	15,000.00	814.83
Interest	1,900.00	982.68	3,000.00	1,815.89	100.00	38.78	200.00	87.28
Other	1,500.00	-	4,000.00	500.00	4,000.00	1,892.80	4,000.00	7,353.90
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	67,400.00	66,232.49	66,390.00	67,595.35	5,100.00	1,931.58	19,200.00	8,256.01
DISBURSEMENTS								
Office	105,500.00	66,133.70	80,000.00	57,875.01	9,100.00	5,392.88	12,200.00	12,010.28
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	105,500.00	66,133.70	80,000.00	57,875.01	9,100.00	5,392.88	12,200.00	12,010.28
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(38,100.00)	98.79	(13,610.00)	9,720.34	(4,000.00)	(3,461.30)	7,000.00	(3,754.27)
CASH AND INVESTMENTS, JANUARY 1	110,550.29	110,550.29	100,829.95	100,829.95	4,674.05	4,674.05	8,428.32	8,428.32
CASH AND INVESTMENTS, DECEMBER 31	\$ 72,450.29	\$ 110,649.08	\$ 87,219.95	\$ 110,550.29	\$ 674.05	\$ 1,212.75	\$ 15,428.32	\$ 4,674.05

The Accompanying financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	CHILD TRUST FUND				COURTHOUSE ANNEX BUILDING FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges For Service	\$ 2,200.00	\$ 2,834.50	\$ 1,950.00	\$ 2,732.50	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Interest	30.00	39.94	30.00	47.24	100.00	42.52	100.00	86.10
Other	-	104.00	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	2,230.00	2,978.44	1,980.00	2,779.74	100.00	42.52	100.00	86.10
DISBURSEMENTS								
Payroll	-	-	-	-	-	-	-	-
Office	1,000.00	-	1,000.00	1,000.00	5,000.00	21.00	5,000.00	383.54
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	1,000.00	-	1,000.00	1,000.00	5,000.00	21.00	5,000.00	383.54
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,230.00	2,978.44	980.00	1,779.74	(4,900.00)	21.52	(4,900.00)	(297.44)
CASH AND INVESTMENTS, JANUARY 1	3,520.80	3,520.80	1,741.06	1,741.06	4,992.07	4,992.07	5,289.51	5,289.51
CASH AND INVESTMENTS, DECEMBER 31	\$ 4,750.80	\$ 6,499.24	\$ 2,721.06	\$ 3,520.80	\$ 92.07	\$ 5,013.59	\$ 389.51	\$ 4,992.07

The accompanying financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	RECORDER TECHNOLOGY FUND				COLLECTOR TAX MAINTENANCE FUN			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges For Service	\$ 3,000.00	\$ 3,048.75	\$ 4,000.00	\$ 3,198.75	\$ 20,000.00	\$ 21,115.33	\$ 20,000.00	\$ 20,852.31
Interest	500.00	427.99	450.00	599.06	800.00	528.88	800.00	878.48
Other	-	-	-	-	7,175.00	7,997.14	1,342.00	4,087.77
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	3,500.00	3,476.74	4,450.00	3,797.81	27,975.00	29,641.35	22,142.00	25,818.56
DISBURSEMENTS								
Office	23,000.00	1,347.14	23,000.00	5,034.40	64,500.00	54,046.08	44,650.00	17,774.90
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	23,000.00	1,347.14	23,000.00	5,034.40	64,500.00	54,046.08	44,650.00	17,774.90
RECEIPTS OVER (UNDER) DISBURSEMENTS	(19,500.00)	2,129.60	(18,550.00)	(1,236.59)	(36,525.00)	(24,404.73)	(22,508.00)	8,043.66
CASH AND INVESTMENTS, JANUARY 1	25,346.35	25,346.35	26,582.94	26,582.94	40,311.85	40,311.85	32,268.19	32,268.19
CASH AND INVESTMENTS, DECEMBER 31	\$ 5,846.35	\$ 27,475.95	\$ 8,032.94	\$ 25,346.35	\$ 3,786.85	\$ 15,907.12	\$ 9,760.19	\$ 40,311.85

The accompanying financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
INVESTMENT BALANCES BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	INMATE SECURITY FUND			
	2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Charges For Service	\$ 1,200.00	\$ 3,127.50	\$ 300.00	\$ 1,226.00
Interest	75.00	67.53	25.00	73.84
Other	2,500.00	-	3,000.00	2,226.50
Transfers In	-	-	-	-
TOTAL RECEIPTS	<u>3,775.00</u>	<u>3,195.03</u>	<u>3,325.00</u>	<u>3,526.34</u>
DISBURSEMENTS				
Office	-	-	2,000.00	-
Other	2,000.00	-	-	-
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	<u>2,000.00</u>	<u>-</u>	<u>2,000.00</u>	<u>-</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,775.00	3,195.03	1,325.00	3,526.34
CASH AND INVESTMENTS, JANUARY 1	<u>6,634.93</u>	<u>6,634.93</u>	<u>3,108.59</u>	<u>3,108.59</u>
CASH AND INVESTMENTS, DECEMBER 31	<u>\$ 8,409.93</u>	<u>\$ 9,829.96</u>	<u>\$ 4,433.59</u>	<u>\$ 6,634.93</u>

The accompanying financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
DECEMBER 31, 2009

	<u>Collector Accounts</u>	<u>Recorder</u>	<u>Sheriff</u>	<u>Law Library</u>	<u>Prosecuting Attorney</u>	<u>County School Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 8,389,979.48	\$ -	\$ 13,102.00	\$ 13,044.85	\$ 36.11	\$ 89,177.26
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	8,389,979.48	-	13,102.00	13,044.85	36.11	89,177.26
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	8,389,979.48	-	13,102.00	13,044.85	36.11	89,177.26
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,389,979.48</u>	<u>\$ -</u>	<u>\$ 13,102.00</u>	<u>\$ 13,044.85</u>	<u>\$ 36.11</u>	<u>\$ 89,177.26</u>

	<u>School Building Revolving</u>	<u>Surplus Land Sales</u>	<u>Wellsville Special Road</u>	<u>State Criminal</u>	<u>Hinton Interest</u>	<u>Hinton Fund</u>
ASSETS						
Cash and Cash Equivalents	\$ 7.58	\$ 80,652.37	\$ 0.51	\$ 1,558.00	\$ 10.36	\$ 1,033.00
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	7.58	80,652.37	0.51	1,558.00	10.36	1,033.00
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	7.58	80,652.37	0.51	1,558.00	10.36	1,033.00
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7.58</u>	<u>\$ 80,652.37</u>	<u>\$ 0.51</u>	<u>\$ 1,558.00</u>	<u>\$ 10.36</u>	<u>\$ 1,033.00</u>

	<u>Unclaimed Fees</u>	<u>Bedford Cemetery</u>	<u>B Collier Cemetery</u>	<u>Prices Branch Presb. Cemetery</u>	<u>White Cemetery Int.</u>	<u>Hopewell Cemetery</u>
ASSETS						
Cash and Cash Investments	\$ 830.99	\$ 287.37	\$ 4.28	\$ 1,085.16	\$ 173.05	\$ 68.99
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	830.99	287.37	4.28	1,085.16	173.05	68.99
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	830.99	287.37	4.28	1,085.16	173.05	68.99
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 830.99</u>	<u>\$ 287.37</u>	<u>\$ 4.28</u>	<u>\$ 1,085.16</u>	<u>\$ 173.05</u>	<u>\$ 68.99</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
DECEMBER 31, 2009

	<u>Montgomery Co. Ambulance</u>	<u>Hermann Area Ambulance</u>	<u>Hermann Area Dist Hospital</u>	<u>Wellsville/ Middleton R-1</u>	<u>Montgomery Co R-2</u>	<u>Gasconade Co R-1</u>
ASSETS						
Cash and Cash Investments	\$ 71.41	\$ 0.34	\$ 1.81	\$ 15.42	\$ 932.57	\$ 9.69
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	71.41	0.34	1.81	15.42	932.57	9.69
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	71.41	0.34	1.81	15.42	932.57	9.69
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 71.41</u>	<u>\$ 0.34</u>	<u>\$ 1.81</u>	<u>\$ 15.42</u>	<u>\$ 932.57</u>	<u>\$ 9.69</u>

	<u>SB 40 Board</u>	<u>Montgomery Co HD</u>	<u>City of Bellflower</u>	<u>City of Jonesburg</u>	<u>City of Montgomery</u>	<u>Bellflower Fire Protection</u>
ASSETS						
Cash and Cash Equivalents	\$ 28.11	\$ 37.75	\$ 0.14	\$ 140.42	\$ 1.79	\$ 0.05
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	28.11	37.75	0.14	140.42	1.79	0.05
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	28.11	37.75	0.14	140.42	1.79	0.05
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28.11</u>	<u>\$ 37.75</u>	<u>\$ 0.14</u>	<u>\$ 140.42</u>	<u>\$ 1.79</u>	<u>\$ 0.05</u>

	<u>Jonesburg/High Hill Fire</u>	<u>Montgomery Volunteer Fire</u>	<u>Wellsville Fire Prot. Dist.</u>	<u>Total Fiduciary Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 69.57	\$ 1.39	\$ 1.11	\$ 8,592,362.93
Investments				
Other Investments	-	-	-	-
Total Investments	-	-	-	-
Total Assets	69.57	1.39	1.11	8,592,362.93
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	69.57	1.39	1.11	8,592,362.93
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 69.57</u>	<u>\$ 1.39</u>	<u>\$ 1.11</u>	<u>\$ 8,592,362.93</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
DECEMBER 31, 2008

	<u>Collector Accounts</u>	<u>Recorder</u>	<u>Sheriff</u>	<u>Law Library</u>	<u>Prosecuting Attorney</u>	<u>County School Funds</u>
ASSETS						
Cash and Investments	\$ 220,563.77	\$ -	\$ 29,683.23	\$ 13,616.66	\$ 653.61	\$ 84,038.33
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	220,563.77	-	29,683.23	13,616.66	653.61	84,038.33
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	220,563.77	-	29,683.23	13,616.66	653.61	84,038.33
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 220,563.77</u>	<u>\$ -</u>	<u>\$ 29,683.23</u>	<u>\$ 13,616.66</u>	<u>\$ 653.61</u>	<u>\$ 84,038.33</u>

	<u>School Building Revolving</u>	<u>Surplus Land Sales</u>	<u>Wellsville Special Road</u>	<u>State Criminal</u>	<u>Hinton Interest</u>	<u>Hinton Fund</u>
ASSETS						
Cash and Investments	\$ 5.12	\$ 44,312.00	\$ -	\$ -	\$ 22.21	\$ 1,033.00
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	5.12	44,312.00	-	-	22.21	1,033.00
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	5.12	44,312.00	-	-	22.21	1,033.00
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5.12</u>	<u>\$ 44,312.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22.21</u>	<u>\$ 1,033.00</u>

	<u>Unclaimed Fees</u>	<u>Bedford Cemetery</u>	<u>B Collier Cemetery</u>	<u>Prices Branch Presb. Cemetery</u>	<u>White Cemetery Int.</u>	<u>Hopewell Cemetery</u>
ASSETS						
Cash and Cash Equivalents	\$ 238.56	\$ 248.67	\$ 0.06	\$ 743.05	\$ 324.31	\$ 84.35
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	238.56	248.67	0.06	743.05	324.31	84.35
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	238.56	248.67	0.06	743.05	324.31	84.35
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 238.56</u>	<u>\$ 248.67</u>	<u>\$ 0.06</u>	<u>\$ 743.05</u>	<u>\$ 324.31</u>	<u>\$ 84.35</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
DECEMBER 31, 2008

	<u>Montgomery Co. Ambulance</u>	<u>Hermann Area Ambulance</u>	<u>Herman Area Dist Hospital</u>	<u>Wellsville/ Middleton R-1</u>	<u>Montgomery Co R-2</u>	<u>Gasconade Co R-1</u>
ASSETS						
Cash and Cash Equivalents	\$ 307.64	\$ 3.34	\$ 18.14	\$ -	\$ 4,048.92	\$ 95.67
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	307.64	3.34	18.14	-	4,048.92	95.67
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	307.64	3.34	18.14	-	4,048.92	95.67
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 307.64</u>	<u>\$ 3.34</u>	<u>\$ 18.14</u>	<u>\$ -</u>	<u>\$ 4,048.92</u>	<u>\$ 95.67</u>

	<u>SB 40 Board</u>	<u>Montgomery Co HD</u>	<u>City of Bellflower</u>	<u>City of Jonesburg</u>	<u>City of Montgomery</u>	<u>Bellflower Fire Protection</u>
ASSETS						
Cash and Cash Equivalents	\$ 122.47	\$ 176.58	\$ -	\$ 193.85	\$ 841.43	\$ -
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	122.47	176.58	-	193.85	841.43	-
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	122.47	176.58	-	193.85	841.43	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 122.47</u>	<u>\$ 176.58</u>	<u>\$ -</u>	<u>\$ 193.85</u>	<u>\$ 841.43</u>	<u>\$ -</u>

	<u>Jonesburg/ High Hill Fire</u>	<u>Montgomery Volunteer Fire</u>	<u>Wellsville Fire Protection Dist</u>	<u>Total Fiduciary Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 64.47	\$ 252.13	\$ -	\$ 401,691.57
Investments				
Other Investments	-	-	-	-
Total Investments	-	-	-	-
Total Assets	64.47	252.13	-	401,691.57
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	64.47	252.13	-	401,691.57
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 64.47</u>	<u>\$ 252.13</u>	<u>\$ -</u>	<u>\$ 401,691.57</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Montgomery, Missouri (“County”), which is governed by a three-member board of commissioners, was established in 1818 by an Act of the Missouri Territory. In addition to the three board members, there are six elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, Sheriff, and Prosecuting Attorney.

As discussed further in Note I, 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).

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the regulatory basis of accounting, these financial statements present financial accountability of the County.

The County’s operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, social and human services, and cultural and recreation services.

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

B. Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by the Missouri State Auditor’s Office, which include a Statement of Receipts, Disbursements and Changes in Cash and investment balances– All Governmental Funds, a Comparative Statement of Receipts and Disbursements and changes in cash – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency 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. The following fund types are used by the County:

Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The County’s expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Fiduciary Fund Types

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

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The financial statements are prepared on the regulatory basis of accounting, this basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America.

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 the 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.

D. Budget and Budgetary Accounting

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

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.
2. On or before January 15th, each elected officer 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 OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting (Concluded)

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning the following January 1. The proposed budget included 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. During our audit we noted that the County was noncompliant with Missouri budgetary state statute Chapter 50 RSMo.
4. 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.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. 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 information in the financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the regulatory basis of accounting.
8. 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 information in the financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

9. Budgets are prepared and adopted on the regulatory basis of accounting.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended December 31, 2009, and 2008:

	2009	2008
Emergency Management Fund	54,805.41	4,119.48
Emergency 9-1-1 Fund	2,222.31	12,791.08

The excess expenditures were covered by available fund balance in the funds.

F. Property 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 2009 and 2008, for purposes of taxation was:

	2009	2008
Real Estate	\$ 125,826,230	\$ 119,535,230
Personal Property	31,090,748	32,923,167
Railroad and Utilities	32,718,512	30,708,535
	\$ 189,635,490	\$ 183,166,932

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Property Taxes (Concluded)

During 2009 and 2008, the County Commission approved a \$0.6502 and \$0.6325 tax levy respectively per \$100 of assessed valuation of tangible taxable property for the calendar year 2009 and 2008, for purpose of County taxation, as follows:

	2009	2008
General Revenue Fund	\$ 0.2709	\$ 0.2525
Road and Bridge	0.2825	0.2832
DDAB of Montgomery Co	0.0968	0.0971
	\$ 0.6502	\$ 0.6328

G. Cash Deposits and Investments

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

H. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are classified as "Due from other funds" or "Due to other funds" on the Balance Sheet – Regulatory Basis – Governmental Fund.

Legally required transfers are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

I. Reserved Fund Balance

Reserved fund balance represents the portion of fund balance that is not available for appropriation or is legally restricted for a specific purpose. Fund balance is unrestricted at December 31, 2009 and 2008.

II. DEPOSITS AND INVESTMENTS

The 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 as "Cash and Investments" 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 amount of the County's deposits was \$1,833,466.23 and \$1,770,586.71, and the bank balance was \$2,008,634.72 and \$1,906,729.21 respectively. As of December 31, 2009, 100% of the County's investments were guaranteed by the U. S. Government.

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2009, as follows:

Included in the following fund financial statement captions:

<u>Assets and Liabilities – Government Funds</u>	
Deposits	\$ 1,126,118.09
Investments	<u>707,348.14</u>
Total Deposits and Investments as of December 31, 2009	<u>\$ 1,833,466.23</u>

As of December 31, 2009, the county's investments were as follows:

Investments 2009

<u>Fund</u>	<u>Type</u>	<u>Maturities</u>	<u>Amount</u>
Road and Bridge	Certificate of Deposit	1/9/2010	\$ 409,338.94
Assessment	Certificate of Deposit	1/9/2010	40,423.49
PA Bad Check	Certificate of Deposit	1/9/2010	15,155.35
Capital Improvements	Certificate of Deposit	1/9/2010	101,046.14
Recorder User Fees	Certificate of Deposit	1/9/2010	23,814.61
Reserve Fund	Certificate of Deposit	1/9/2010	102,290.94
Recorder Tech	Certificate of Deposit	1/9/2010	<u>15,278.67</u>
Total Investments			<u>\$ 707,348.14</u>

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

II. DEPOSITS AND INVESTMENTS (continued)

The carrying values of deposits and investments at December 31, 2008, are as follows:

Included in the following fund financial statement captions:

<u>Assets and Liabilities – Government Funds</u>	
Deposits	\$ 920,135.77
Investments	<u>850,450.94</u>
Total Deposits and Investments as of December 31, 2008	<u>\$ 1,770,586.71</u>

Investments 2008

<u>Fund</u>	<u>Type</u>	<u>Maturities</u>	<u>Amount</u>
Road and Bridge	Certificate of Deposit	1/8/2009	\$ 720,821.28
Assessment	Certificate of Deposit	1/8/2009	52,008.16
Recorders User Fees	Certificate of Deposit	1/8/2009	17,682.77
Reserve Fund	Certificate of Deposit	1/8/2009	25,613.34
Recorder Tech	Certificate of Deposit	1/8/2009	13,522.13
Collector Tax Maintenance	Certificate of Deposit	1/8/2009	<u>20,803.26</u>
Total Investments			<u>\$ 850,450.94</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. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2009 and 2008.

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 who sold the security to the 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.

All investments, evidenced by individual securities, are registered in the name of the County or of a type that are not exposed to custodial credit risk.

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. The 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.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

II. DEPOSITS AND INVESTMENTS (concluded)

Concentration of Investment Credit Risk

Concentration of 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. The County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2009 and 2008.

III. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2008:

	General Obligation Bonds	Lease Purchase	Automobile Lease Purchase	TOTAL
Long-Term Debt – January 1, 2008	\$2,120,000.00	\$ 54,465.98	\$ 37,243.23	\$ 2,211,709.21
Add-issued	0.00	0.00	0.00	0.00
Less Payments	<u>(220,000.00)</u>	<u>(26,711.51)</u>	<u>(21,372.93)</u>	<u>(268,084.44)</u>
Long-Term Debt – December 31, 2008	<u>\$1,900,000.00</u>	<u>\$ 27,754.47</u>	<u>\$ 15,870.30</u>	<u>\$ 1,943,624.77</u>

Bonds payable at December 31, 2008, consists of:

\$3,680,000 Original Principal Montgomery County General Obligation Bonds Series 1998-due in varying annual principal installments ranging from \$60,000 to \$160,000 through August 15, 2015, interest rate is variable from 3.70 percent to 5.10 percent. \$ 1,900,000.00

Automobile Lease Purchase at December 31, 2008, consists of:

The County has entered into various Lease Purchase agreements for vehicles through Ford Credit. These vehicles were purchased in 2006 and 2007 and they make various annual payments that do not exceed 36 months. The interest rate on all of the Lease Purchases range from 6.40% to 6.80%. \$ 15,870.30

Lease Purchase at December 31, 2008, consists of:

\$200,000 Original Principal Montgomery County Lease Purchase Series 2000; due in varying annual principal and interest installments ranging from \$7,764 to \$14,477 through August 1, 2009, interest rate is 6.5 percent. \$ 27,754.47

Total Long-Term Debt \$ 1,943,624.77

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

III. CHANGES IN LONG-TERM DEBT (continued)

The annual requirements to amortize all General Obligation Bonds outstanding as of December 31, 2008, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	235,000.00	92,312.50	327,312.50
2010	245,000.00	80,882.50	325,882.50
2011	255,000.00	68,847.50	323,847.50
2012	270,000.00	55,972.50	325,972.50
2013	285,000.00	42,075.00	327,075.00
2014 - 2015	<u>610,000.00</u>	<u>39,525.00</u>	<u>649,525.00</u>
Totals	<u>\$ 1,900,000.00</u>	<u>\$ 379,615.00</u>	<u>\$ 2,279,615.00</u>

The annual requirements to amortize the Automobile Lease Purchase Agreements outstanding as of December 31, 2008, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	<u>\$ 43,624.77</u>	<u>\$ 2,438.42</u>	<u>\$ 46,063.19</u>
Totals	<u>\$ 43,624.77</u>	<u>\$ 2,438.42</u>	<u>\$ 46,063.19</u>

The annual requirements to amortize all Lease Purchase Agreements outstanding as of December 31, 2008, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	<u>\$ 27,754.47</u>	<u>\$ 1,343.40</u>	<u>\$ 29,097.87</u>
Totals	<u>\$ 27,754.47</u>	<u>\$ 1,343.40</u>	<u>\$ 29,097.87</u>

The following is a summary of changes in long-term debt for the year ended December 31, 2009:

	General Obligation Bonds	Lease Purchase	Automobile Lease Purchase	TOTAL
Long-Term Debt – January 1, 2009	\$1,900,000.00	\$ 27,754.47	\$ 15,870.30	\$ 1,943,624.77
Add-issued	0.00	0.00	75,830.28	75,830.28
Less Payments	<u>(235,000.00)</u>	<u>(27,754.47)</u>	<u>(42,730.30)</u>	<u>(305,484.77)</u>
Long-Term Debt – December 31, 2009	<u>\$1,665,000.00</u>	<u>\$ 0.00</u>	<u>\$ 48,970.28</u>	<u>\$ 1,713,970.28</u>

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

III. CHANGES IN LONG-TERM DEBT (concluded)

Bonds payable at December 31, 2009, consists of:

\$3,680,000 Original Principal Montgomery County General Obligation Bonds Series 1998-due in varying annual principal installments ranging from \$60,000 to \$160,000 through August 15, 2015, interest rate is variable from 3.70 percent to 5.10 percent.	\$ 1,665,000.00
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Automobile Lease Purchase at December 31, 2009, consists of:

The County has entered into various Lease Purchase agreements for vehicles through Ford Credit. These vehicles were purchased in 2006, 2007 and 2009 and they make various annual payments that do not exceed 36 months. The interest rate on all of the Lease Purchases range from 6.40% to 6.80%.	\$ 48,970.28
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Lease Purchase at December 31, 2009, consists of:

\$200,000 Original Principal Montgomery County Lease Purchase Series 2000; due in varying annual principal and interest installments ranging from \$7,764 to \$14,477 through August 1, 2009, interest rate is 6.5 percent.	\$ 0.00
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Total Long-Term Debt	<u>\$ 1,713,970.28</u>
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The annual requirements to amortize all General Obligation Bonds outstanding as of December 31, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	245,000.00	80,882.50	325,882.50
2011	255,000.00	68,847.50	323,847.50
2012	270,000.00	55,972.50	325,972.50
2013	285,000.00	42,075.00	327,075.00
2014	295,000.00	27,412.50	322,412.50
2015	<u>315,000.00</u>	<u>12,112.50</u>	<u>327,112.50</u>
Totals	<u>\$ 1,665,000.00</u>	<u>\$ 287,302.50</u>	<u>\$ 1,952,302.50</u>

The annual requirements to amortize the Automobile Lease Purchase Agreements outstanding as of December 31, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 23,725.90	\$ 3,134.10	\$ 26,860.00
2011	<u>25,244.38</u>	<u>1,615.62</u>	<u>26,860.00</u>
Totals	<u>\$ 48,970.28</u>	<u>\$ 4,749.72</u>	<u>\$ 53,720.00</u>

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

IV. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2009 and 2008 are as follows:

FUNDS	2009		2008	
	TRANSFERS	TRANSFERS	TRANSFERS	TRANSFERS
	IN	OUT	IN	OUT
General Revenue	\$ 53,664.05	\$ 46,600.00	\$ 110,276.84	\$ 46,600.00
Special Road & Bridge	-	195,368.54	154,724.33	40,072.88
Assessment	46,600.00	-	46,600.00	-
Emergency Management	-	1,546.00	-	5,000.00
Reserve Fund G.R.	155,100.19	11,849.70		219,928.29
	<u>\$ 255,364.24</u>	<u>\$ 255,364.24</u>	<u>\$ 311,601.17</u>	<u>\$ 311,601.17</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use restricted receipts in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

V. COUNTY EMPLOYEE'S RETIREMENT FUND (CERF)

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

1. Plan Description

CERF was established by an act of the Missouri General Assembly effective August, 28 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000 could opt out of the system. CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

V. COUNTY EMPLOYEE'S RETIREMENT FUND (CERF) (Concluded)

1. Plan Description (Concluded)

joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1% are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of funds of the system.

2. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, in addition to the prior contributions requirements, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an 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 Legislation. Administrative expenses for the operation of CERF are paid out of funds of the system.

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 funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 have an option to contribute 2% of their annual salary, while employees hired after February 2002 are required to contribute 6% of their annual salary in order to participate in the CERF. During 2009 and 2008, the County collected and remitted to CERF, employee contributions of approximately \$39,507.05.85 and \$35,567.41, respectively, for the years then ended.

VI. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 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 Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$2,244 and \$2,244, respectively, for the years ended December 31, 2009 and 2008.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

VII. 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.

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is involved in pending litigation at December 31, 2009. No provision has been made in the financial statements for any loss that might arise in the event of an unfavorable outcome of these matters. County management believes that such litigation and claims will ultimately be resolved without material financial liability if any to the District.

B. Compensated Absences

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation and comp time. Although employees accrue unused hours the County was unable to determine their outstanding liability.

IX. 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 created pursuant to state statute (Chapter 537.700 RSMo. 1986). 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 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.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

X. ACCOUNTING CHANGE

For the years ended December 31, 2009 and December 31, 2008, the County has elected to change its accounting method from a modified cash basis to the regulatory basis of accounting. This basis recognizes assets, liabilities, fund balance, receipts, and disbursements when they result from cash transactions with a provision for investments and settlements pending (if applicable). The regulatory basis differs from the accounting principles generally accepted in the United States of America and is described in Note I of the notes to the financial statements. The new method of accounting presentation was implemented to conform with Missouri State Auditor's regulations.

**SUPPLEMENTARY SCHEDULES
AND
AUDITOR'S REPORT**

STATE COMPLIANCE SECTION

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
SCHEDULE OF STATE FINDINGS
DECEMBER 31, 2009 AND 2008

SCHEDULE OF STATE FINDINGS

As Described in Note I, the County exceeded their approved budget limitations for multiple funds in fiscal years ended December 31 2009 and 2008.

COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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
The County of Montgomery, Missouri

We were engaged to audit the financial statements of the County of Montgomery ("County"), Missouri as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 17, 2010. The financial statements were prepared 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. 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 the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow managers 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting; 09/08-01, 09/08-02 and 09/08-03. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated September 17, 2010.

The County's response to the findings identified in our audit is described in the accompany schedule of findings and responses. We did not audit the County'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, Missouri State Auditor, the Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

September 17, 2010

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

I. FINANCIAL STATEMENT FINDINGS

09/08-01 Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2009, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.

Context: We the auditors prepared all of the financial statements and footnotes without help from the client.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

Cause: Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.

Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

Management's Response: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual financial statements.

09/08-02 Criteria: Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2006, 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.

Context: We did not observe any internal control documentation since the client did not have any.

Effect: The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

I. FINANCIAL STATEMENT FINDINGS (Concluded)

09/08-02 (Concluded)

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 is willing to review this recommendation with the state auditor and the contract auditor to further understand the COSO internal controls.

09/08-03

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.

Context: We did not observe any formal risk assessment because since the client did not perform any.

Effect: Lack of an appropriate 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.

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

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 Response: The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2009 AND 2008

II. FOLLOW-UP PRIOR YEAR FINDINGS

- 06/07-01 Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2006, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.
- Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.
- Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.
- Cause: Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.
- Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.
- Management's Response: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the county's annual budget document and annual financial statement. The county was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.
- Auditors Evaluation: The stated corrective action is not responsive to the recommendation, see FS 09/08-01.
- 06/07-02 Criteria: Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2006, 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.
- Effect: The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.
- Cause: Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.
- 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.

THE COUNTY OF MONTGOMERY
MONTGOMERY CITY, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2009 AND 2008

II. FOLLOW-UP PRIOR YEAR FINDINGS (Concluded)

Management's Response: The County is willing to review this recommendation with the state auditor and the contract auditor to further understand the COSO internal controls. The county was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

Auditors Evaluation: The stated corrective action is not responsive to the recommendation, see FS 09/08-02.

06/07-03

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.

Effect: Lack of an appropriate 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.

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

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 Response: The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

Auditors Evaluation: The stated corrective action is not responsive to the recommendation, see FS 09/08-03.



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

To the County Commissioners
County of Montgomery

In planning and performing our audit of the statements of cash receipts, disbursements, disbursement – budget to actual, and change in cash of the County of Montgomery (County) as of and for the years ended December 31, 2009 and 2008, in accordance with auditing standards generally accepted in the United States of America, 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 opinions on the financial statements, but not for the purpose of expressing an 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be 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 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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency, or a combination of significant 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 attached list of deficiencies in the County's internal control to be significant.

Our comments concerning internal control and other material and significant matters are presented as follows:

- I. Deficiencies Considered to be Significant
- II. Changes Impacting Governmental Organizations
- III. Information Required by Professional Standards

County of Montgomery's management has provided written responses to the comments in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, County Commissioners, and others within the County, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

Daniel Jones & Associates, P.C.
Certified Public Accountants
September 17, 2010

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

08/09-01

Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2009, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.

Context: We the auditors prepared all of the financial statements and footnotes without help from the client.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

Cause: Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.

Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

Management's Response: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual financial statements.

08/09-02

Criteria: Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2006, 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.

Context: We did not observe any internal control documentation since the client did not have any.

Effect: The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.

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 is willing to review this recommendation with the state auditor and the contract auditor to further understand the COSO internal controls.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

08/09-03

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.

Context: We did not observe any formal risk assessment because since the client did not perform any.

Effect: Lack of an appropriate 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.

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

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 Response: The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

Governments frequently establish governmental audit requirements for entities to undergo an audit of their compliance with applicable compliance requirements. To address such governmental audit requirements, the Auditing Standards Board has issued Statement on Auditing Standards (SAS) No. 117, *Compliance Audits*, which supersedes SAS No. 74, *Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance*. SAS No. 117 was primarily developed in response to the results of a federal study on the quality of audits performed under Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* (also referred to as single audits), which showed that improvements were needed in many areas.

SAS No. 117 establishes standards and provides guidance on performing and reporting (in accordance with GAAS, *Government Auditing Standards*, and a governmental audit requirement that requires an auditor to express an opinion on compliance) on an audit of an entity's compliance with applicable compliance requirements of a governmental audit requirement. Examples of such engagements include single audits and audits performed under the U.S. Department of Housing and Urban Development (HUD) *Consolidated Audit Guide for Audits of HUD Programs*.

SAS No. 117 updates SAS No. 74 to reflect changes in the compliance audit environment and incorporates the risk assessment standards. It requires the auditor to adapt and apply the AU sections of AICPA *Professional Standards* to a compliance audit and provides guidance on how to do so. It identifies the AU sections that are not applicable to a compliance audit, defines terms related to compliance audits and used in the SAS, and identifies the elements to be included in an auditor's report on a compliance audit. The SAS is effective for compliance audits for fiscal periods ending on or after June 15, 2010 with earlier application permitted.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 18, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the regulatory basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered County of Montgomery's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with 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 and to test and report on internal control over compliance.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 18, 2010.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Montgomery are described in Note I to the financial statements. As described in Note X for the years ended December 31, 2009, and December 31, 2008, the County has elected to change its accounting method from a modified cash basis to the regulatory basis of accounting. This basis recognizes assets, liabilities, fund balance, receipts, and disbursements when they result from cash transactions with a provision for investments and settlements pending (if applicable). The regulatory basis differs from the accounting principles generally accepted in the United States of America and is described in Note I of the Notes to the financial statements. The new method of accounting presentation was implemented to conform with Missouri State Auditor's regulations. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 17, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the governmental unit's auditors. During the course of our audit we became aware that certain incentive payments were made by the County to non elected employees. It is not clear at this time whether these payments are within the limitations set forth by the Missouri State Constitution. The County should seek further clarification from oversight agencies before continuing this practice. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.