



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Douglas County, Missouri

The Office of the State Auditor 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 Davis, Lynn & Moots, P.C., Certified Public Accountants, is attached.

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

Susan Montee, JD, CPA
State Auditor

August 2010
Report No. 2010-97

DOUGLAS COUNTY, MISSOURI

FINANCIAL STATEMENTS

Years Ended December 31, 2009 and 2008

DOUGLAS COUNTY, MISSOURI

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INDEPENDENT AUDITORS' REPORT

Douglas County Commission
Douglas County
Ava, Missouri

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 A, 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.

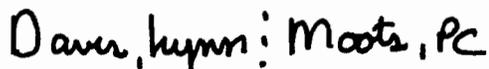
In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Douglas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

Douglas County Commission
Douglas County
Ava, Missouri

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and investment balances of the governmental and agency funds of Douglas County, Missouri, as of and for the years ended 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 A.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 A.

A handwritten signature in black ink that reads "Davis, Lynn: Moots, PC". The signature is written in a cursive, slightly slanted style.

DAVIS, LYNN & MOOTS, P.C.
May 21, 2010

DOUGLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT
BALANCES – ALL GOVERNMENTAL FUNDS – REGULATORY BASIS
Year Ended December 31, 2009

FUND	Cash and Investment Balance	Receipts	Disbursements	Cash and Investment Balance
	January 1			December 31
General Revenue	\$ 244,841	\$ 1,598,761	\$ 1,628,140	\$ 215,462
Special Road and Bridge	253,169	1,266,902	1,409,769	110,302
Assessment	46,584	184,663	187,249	43,998
Law Enforcement	873	3,390	887	3,376
Prosecuting Attorney Training	853	511	602	762
Prosecuting Attorney Bad Check Fee	5,957	18,715	16,753	7,919
Law Enforcement Training	1,058	1,975	1,930	1,103
Recorder User Fee	2,628	7,942	4,604	5,966
Local Emergency Planning Commission	1,341	2,767	3,279	829
Victims of Domestic Violence	814	617	1,000	431
Sheriff Civil Fee	2,743	8,178	7,667	3,254
Prosecuting Attorney Delinquent Tax	1,168	444	453	1,159
Election Services	7,936	2,365	9,884	417
Emergency Management	1,342	54,644	53,621	2,365
Collector's Tax Maintenance	1,601	11,547	5,698	7,450
Sheriff's Revolving	5,755	39,714	13,893	31,576
Inmate Security	6,007	2,039	-	8,046
Hazardous Materials				
Emergency Preparedness	1,987	1,078	3,065	-
Federal Disaster	212,798	99,057	57,906	253,949
Support the Handicapped Board	63,749	105,210	106,429	62,530
TOTAL	\$ 863,204	\$ 3,410,519	\$ 3,512,829	\$ 760,894

See accompanying notes.

DOUGLAS COUNTY, 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 Balance	Receipts	Disbursements	Cash and Investment Balance
	January 1			December 31
General Revenue	\$ 289,081	\$ 1,605,375	\$ 1,649,615	\$ 244,841
Special Road and Bridge	109,009	1,552,082	1,407,922	253,169
Assessment	57,472	170,157	181,045	46,584
Law Enforcement	853	1,098	1,078	873
Prosecuting Attorney Training	769	522	438	853
Prosecuting Attorney Bad Check Fee	6,388	15,065	15,496	5,957
Law Enforcement Training	582	2,095	1,619	1,058
Recorder User Fee	23,039	13,276	33,687	2,628
Local Emergency Planning Commission	1,257	2,124	2,040	1,341
Victims of Domestic Violence	293	521	-	814
Sheriff Civil Fee	1,254	12,424	10,935	2,743
Prosecuting Attorney Delinquent Tax	470	698	-	1,168
Election Services	2,706	6,677	1,447	7,936
Emergency Management	1,858	41,321	41,837	1,342
Collector's Tax Maintenance	3,636	10,548	12,583	1,601
Sheriff's Revolving	3,073	5,095	2,413	5,755
Election Improvement	4,005	-	4,005	-
Inmate Security	3,937	2,070	-	6,007
Hazardous Materials				
Emergency Preparedness	612	2,258	883	1,987
Federal Disaster	-	596,026	383,228	212,798
Support the Handicapped Board	70,052	142,050	148,353	63,749
TOTAL	<u>\$ 580,346</u>	<u>\$ 4,181,482</u>	<u>\$ 3,898,624</u>	<u>\$ 863,204</u>

See accompanying notes.

DOUGLAS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
 INVESTMENT BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS –
 REGULATORY BASIS

	Year Ended December 31,					
	2009			2008		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	\$ 135,000	\$ 157,373	\$ 22,373	\$ 116,000	\$ 135,651	\$ 19,651
Sales taxes	885,000	858,800	(26,200)	950,000	911,395	(38,605)
Intergovernmental	331,009	338,127	7,118	232,274	314,154	81,880
Charges for services	161,043	179,776	18,733	179,600	176,297	(3,303)
Interest	6,000	5,130	(870)	9,000	9,586	586
Other	26,958	36,360	9,402	4,720	13,523	8,803
Transfers in	48,108	23,195	(24,913)	75,115	44,769	(30,346)
TOTAL RECEIPTS	1,593,118	1,598,761	5,643	1,566,709	1,605,375	38,666
DISBURSEMENTS						
County Commission	78,882	78,367	515	74,766	73,394	1,372
County Clerk	67,469	67,428	41	70,027	66,679	3,348
Elections	5,550	5,219	331	71,105	64,195	6,910
Buildings and grounds	95,719	75,061	20,658	96,265	107,241	(10,976)
Employee fringe benefit	222,744	200,921	21,823	218,244	193,005	25,239
County Treasurer	39,600	39,555	45	39,450	39,259	191
County Collector	72,269	68,427	3,842	70,527	70,858	(331)
Recorder of Deeds	44,400	43,934	466	-	-	-
Circuit Clerk	6,000	5,716	284	30,327	29,634	693
Associate Circuit Court	5,800	5,599	201	7,100	5,158	1,942
Court administration	40,546	24,263	16,283	50,439	31,037	19,402
Public Administrator	44,000	43,556	444	40,200	40,076	124
Sheriff	390,959	379,687	11,272	367,300	343,769	23,531
Jail	142,570	141,484	1,086	118,210	160,981	(42,771)
Prosecuting Attorney	157,555	153,277	4,278	152,207	149,007	3,200
Juvenile Officer	37,660	35,150	2,510	34,840	32,494	2,346
County Coroner	12,615	12,457	158	11,215	11,555	(340)
Victim Advocate	23,269	20,472	2,797	23,269	15,951	7,318
44th Judicial Drug Court	35,112	35,072	40	34,114	33,076	1,038
Meth Investigator Grant	-	-	-	30,666	29,808	858
Other	188,419	134,163	54,256	147,001	98,248	48,753
Transfers out	52,470	58,332	(5,862)	50,970	54,190	(3,220)
TOTAL DISBURSEMENTS	1,763,608	1,628,140	135,468	1,738,242	1,649,615	88,627
RECEIPTS (UNDER)						
DISBURSEMENTS	(170,490)	(29,379)	141,111	(171,533)	(44,240)	127,293
CASH AND INVESTMENT BALANCE, January 1	244,841	244,841	-	289,081	289,081	-
CASH AND INVESTMENT BALANCE, December 31	\$ 74,351	\$ 215,462	\$ 141,111	\$ 117,548	\$ 244,841	\$ 127,293

See accompanying notes.

DOUGLAS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
 INVESTMENT BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS – REGULATORY
 BASIS (CONTINUED)

	Year Ended December 31,					
	2009			2008		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
SPECIAL ROAD AND BRIDGE FUND						
RECEIPTS						
Property taxes	\$ 270,000	\$ 272,672	\$ 2,672	\$ 260,000	\$ 270,549	\$ 10,549
Other taxes	677,125	626,863	(50,262)	722,938	650,198	(72,740)
Intergovernmental	40,000	273,783	233,783	49,734	234,260	184,526
Charges for services	300	1,073	773	1,550	970	(580)
Interest	6,000	9,359	3,359	3,500	8,095	4,595
Other	3,000	22,062	19,062	1,750	4,449	2,699
Transfers in	752,798	61,090	(691,708)	715,000	383,561	(331,439)
TOTAL RECEIPTS	1,749,223	1,266,902	(482,321)	1,754,472	1,552,082	(202,390)
DISBURSEMENTS						
Salaries	467,296	481,265	(13,969)	458,018	460,186	(2,168)
Employee fringe benefit	177,000	169,336	7,664	172,300	169,092	3,208
Supplies	237,050	146,813	90,237	233,500	172,858	60,642
Insurance	22,000	20,228	1,772	20,000	20,486	(486)
Road and bridge materials	124,000	110,531	13,469	213,000	108,634	104,366
Equipment repairs	120,000	124,428	(4,428)	50,000	126,303	(76,303)
Equipment purchases	143,468	100,162	43,306	170,713	115,372	55,341
Construction, repair, and maintenance	600,000	22,845	577,155	200,000	26,122	173,878
Distributions to schools	-	185,239	(185,239)	-	160,894	(160,894)
Other	26,000	21,607	4,393	20,500	22,890	(2,390)
Transfers out	-	27,315	(27,315)	25,000	25,085	(85)
TOTAL DISBURSEMENTS	1,916,814	1,409,769	507,045	1,563,031	1,407,922	155,109
RECEIPTS OVER (UNDER) DISBURSEMENTS	(167,591)	(142,867)	24,724	191,441	144,160	(47,281)
CASH AND INVESTMENT BALANCE, January 1	253,169	253,169	-	109,009	109,009	-
CASH AND INVESTMENT BALANCE, December 31	<u>\$ 85,578</u>	<u>\$ 110,302</u>	<u>\$ 24,724</u>	<u>\$ 300,450</u>	<u>\$ 253,169</u>	<u>\$ (47,281)</u>

ASSESSMENT FUND						
RECEIPTS						
Charges for services	\$ 135,451	\$ 142,260	\$ 6,809	\$ 132,559	\$ 128,419	\$ (4,140)
Interest	-	1,026	1,026	1,000	1,670	670
Other	-	177	177	-	68	68
Transfers in	41,200	41,200	-	40,000	40,000	-
TOTAL RECEIPTS	176,651	184,663	8,012	173,559	170,157	(3,402)
DISBURSEMENTS						
Assessor	200,173	187,249	12,924	188,958	181,045	7,913
TOTAL DISBURSEMENTS	200,173	187,249	12,924	188,958	181,045	7,913
RECEIPTS (UNDER) DISBURSEMENTS	(23,522)	(2,586)	20,936	(15,399)	(10,888)	4,511
CASH AND INVESTMENT BALANCE, January 1	46,584	46,584	-	57,472	57,472	-
CASH AND INVESTMENT BALANCE, December 31	<u>\$ 23,062</u>	<u>\$ 43,998</u>	<u>\$ 20,936</u>	<u>\$ 42,073</u>	<u>\$ 46,584</u>	<u>\$ 4,511</u>

See accompanying notes.

DOUGLAS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
 INVESTMENT BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS –
 REGULATORY BASIS (CONTINUED)

	Year Ended December 31,					
	2009			2008		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	\$ 1,250	\$ 887	\$ (363)	\$ 1,200	\$ 1,078	\$ (122)
Charges for services	-	2,479	2,479	-	-	-
Interest	22	24	2	20	20	-
TOTAL RECEIPTS	1,272	3,390	2,118	1,220	1,098	(122)
DISBURSEMENTS						
Sheriff	1,250	887	363	1,200	1,078	122
TOTAL DISBURSEMENTS	1,250	887	363	1,200	1,078	122
RECEIPTS OVER DISBURSEMENTS	22	2,503	2,481	20	20	-
CASH AND INVESTMENT BALANCE, January 1	873	873	-	853	853	-
CASH AND INVESTMENT BALANCE, December 31	\$ 895	\$ 3,376	\$ 2,481	\$ 873	\$ 873	\$ -
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	\$ 574	\$ 500	\$ (74)	\$ 574	\$ 504	\$ (70)
Interest	14	11	(3)	14	18	4
TOTAL RECEIPTS	588	511	(77)	588	522	(66)
DISBURSEMENTS						
Prosecuting Attorney	748	602	146	786	438	348
TOTAL DISBURSEMENTS	748	602	146	786	438	348
RECEIPTS OVER (UNDER) DISBURSEMENTS	(160)	(91)	69	(198)	84	282
CASH AND INVESTMENT BALANCE, January 1	853	853	-	769	769	-
CASH AND INVESTMENT BALANCE, December 31	\$ 693	\$ 762	\$ 69	\$ 571	\$ 853	\$ 282

See accompanying notes.

DOUGLAS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
 INVESTMENT BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS –
 REGULATORY BASIS (CONTINUED)

	Year Ended December 31,					
	2009			2008		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>PROSECUTING ATTORNEY</u>						
<u>BAD CHECK FEE FUND</u>						
RECEIPTS						
Charges for services	\$ 17,100	\$ 18,498	\$ 1,398	\$ 17,100	\$ 14,909	\$ (2,191)
Interest	150	93	(57)	150	156	6
Other	-	124	124	-	-	-
TOTAL RECEIPTS	17,250	18,715	1,465	17,250	15,065	(2,185)
DISBURSEMENTS						
Prosecuting Attorney	10,551	7,257	3,294	8,450	6,000	2,450
Transfers out	9,496	9,496	-	9,496	9,496	-
TOTAL DISBURSEMENTS	20,047	16,753	3,294	17,946	15,496	2,450
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,797)	1,962	4,759	(696)	(431)	265
CASH AND INVESTMENT BALANCE, January 1	5,957	5,957	-	6,388	6,388	-
CASH AND INVESTMENT BALANCE, December 31	<u>\$ 3,160</u>	<u>\$ 7,919</u>	<u>\$ 4,759</u>	<u>\$ 5,692</u>	<u>\$ 5,957</u>	<u>\$ 265</u>
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	\$ 2,500	\$ 1,958	\$ (542)	\$ 2,300	\$ 2,080	\$ (220)
Interest	20	17	(3)	15	15	-
Other	30	-	(30)	-	-	-
TOTAL RECEIPTS	2,550	1,975	(575)	2,315	2,095	(220)
DISBURSEMENTS						
Sheriff	2,800	1,930	870	2,200	1,619	581
TOTAL DISBURSEMENTS	2,800	1,930	870	2,200	1,619	581
RECEIPTS OVER (UNDER) DISBURSEMENTS	(250)	45	295	115	476	361
CASH AND INVESTMENT BALANCE, January 1	1,058	1,058	-	582	582	-
CASH AND INVESTMENT BALANCE, December 31	<u>\$ 808</u>	<u>\$ 1,103</u>	<u>\$ 295</u>	<u>\$ 697</u>	<u>\$ 1,058</u>	<u>\$ 361</u>

See accompanying notes.

DOUGLAS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
 INVESTMENT BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS –
 REGULATORY BASIS (CONTINUED)

	Year Ended December 31,					
	2009			2008		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services	\$ 15,056	\$ 7,886	\$ (7,170)	\$ 28,919	\$ 13,071	\$ (15,848)
Interest	199	56	(143)	100	205	105
TOTAL RECEIPTS	15,255	7,942	(7,313)	29,019	13,276	(15,743)
DISBURSEMENTS						
Recorder of Deed	17,806	4,604	13,202	35,000	33,687	1,313
TOTAL DISBURSEMENTS	17,806	4,604	13,202	35,000	33,687	1,313
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,551)	3,338	5,889	(5,981)	(20,411)	(14,430)
CASH AND INVESTMENT BALANCE, January 1	2,628	2,628	-	23,039	23,039	-
CASH AND INVESTMENT BALANCE, December 31	<u>\$ 77</u>	<u>\$ 5,966</u>	<u>\$ 5,889</u>	<u>\$ 17,058</u>	<u>\$ 2,628</u>	<u>\$ (14,430)</u>
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	\$ 4,075	\$ 2,662	\$ (1,413)	\$ 4,716	\$ 2,124	\$ (2,592)
Other	2,000	105	(1,895)	1,295	-	(1,295)
TOTAL RECEIPTS	6,075	2,767	(3,308)	6,011	2,124	(3,887)
DISBURSEMENTS						
Emergency planning	6,075	3,231	2,844	5,011	2,040	2,971
Transfers out	-	48	(48)	-	-	-
TOTAL DISBURSEMENTS	6,075	3,279	2,796	5,011	2,040	2,971
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(512)	(512)	1,000	84	(916)
CASH AND INVESTMENT BALANCE, January 1	1,341	1,341	-	1,257	1,257	-
CASH AND INVESTMENT BALANCE, December 31	<u>\$ 1,341</u>	<u>\$ 829</u>	<u>\$ (512)</u>	<u>\$ 2,257</u>	<u>\$ 1,341</u>	<u>\$ (916)</u>

See accompanying notes.

DOUGLAS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
 INVESTMENT BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS –
 REGULATORY BASIS (CONTINUED)

	Year Ended December 31,					
	2009			2008		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	\$ 500	\$ 610	\$ 110	\$ 580	\$ 510	\$ (70)
Interest	5	7	2	6	11	5
TOTAL RECEIPTS	505	617	112	586	521	(65)
DISBURSEMENTS						
Domestic violence shelter	1,000	1,000	-	600	-	600
TOTAL DISBURSEMENTS	1,000	1,000	-	600	-	600
RECEIPTS OVER (UNDER) DISBURSEMENTS	(495)	(383)	112	(14)	521	535
CASH AND INVESTMENT BALANCE, January 1	814	814	-	293	293	-
CASH AND INVESTMENT BALANCE, December 31	<u>\$ 319</u>	<u>\$ 431</u>	<u>\$ 112</u>	<u>\$ 279</u>	<u>\$ 814</u>	<u>\$ 535</u>
<u>SHERIFF CIVIL FEE FUND</u>						
RECEIPTS						
Charges for services	\$ 15,020	\$ 7,020	\$ (8,000)	\$ 10,075	\$ 12,374	\$ 2,299
Interest	80	58	(22)	90	50	(40)
Other	900	1,100	200	315	-	(315)
TOTAL RECEIPTS	16,000	8,178	(7,822)	10,480	12,424	1,944
DISBURSEMENTS						
Sheriff	17,850	7,090	10,760	11,525	10,935	590
Transfers out	-	577	(577)	-	-	-
TOTAL DISBURSEMENTS	17,850	7,667	10,183	11,525	10,935	590
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,850)	511	2,361	(1,045)	1,489	2,534
CASH AND INVESTMENT BALANCE, January 1	2,743	2,743	-	1,254	1,254	-
CASH AND INVESTMENT BALANCE, December 31	<u>\$ 893</u>	<u>\$ 3,254</u>	<u>\$ 2,361</u>	<u>\$ 209</u>	<u>\$ 2,743</u>	<u>\$ 2,534</u>

See accompanying notes.

DOUGLAS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
 INVESTMENT BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS –
 REGULATORY BASIS (CONTINUED)

	Year Ended December 31,					
	2009			2008		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>PROSECUTING ATTORNEY</u>						
<u>DELINQUENT TAX FUND</u>						
RECEIPTS						
Charges for services	\$ 341	\$ 428	\$ 87	\$ 341	\$ 677	\$ 336
Interest	6	16	10	6	21	15
TOTAL RECEIPTS	347	444	97	347	698	351
DISBURSEMENTS						
Prosecuting Attorney	653	453	200	200	-	200
TOTAL DISBURSEMENTS	653	453	200	200	-	200
RECEIPTS OVER (UNDER) DISBURSEMENTS	(306)	(9)	297	147	698	551
CASH AND INVESTMENT BALANCE, January 1	1,168	1,168	-	470	470	-
CASH AND INVESTMENT BALANCE, December 31	\$ 862	\$ 1,159	\$ 297	\$ 617	\$ 1,168	\$ 551
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	\$ 1,754	\$ 1,754	\$ -	\$ -	\$ 1,750	\$ 1,750
Charges for services	551	501	(50)	2,700	1,944	(756)
Interest	150	110	(40)	150	96	(54)
Transfers in	-	-	-	-	2,887	2,887
TOTAL RECEIPTS	2,455	2,365	(90)	2,850	6,677	3,827
DISBURSEMENTS						
Elections	10,000	9,884	116	5,100	1,447	3,653
TOTAL DISBURSEMENTS	10,000	9,884	116	5,100	1,447	3,653
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,545)	(7,519)	26	(2,250)	5,230	7,480
CASH AND INVESTMENT BALANCE, January 1	7,936	7,936	-	2,706	2,706	-
CASH AND INVESTMENT BALANCE, December 31	\$ 391	\$ 417	\$ 26	\$ 456	\$ 7,936	\$ 7,480

See accompanying notes.

DOUGLAS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
 INVESTMENT BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS –
 REGULATORY BASIS (CONTINUED)

	Year Ended December 31,					
	2009			2008		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>EMERGENCY MANAGEMENT FUND</u>						
RECEIPTS						
Intergovernmental	\$ 81,300	\$ 15,279	\$ (66,021)	\$ 81,300	\$ 19,262	\$ (62,038)
Other	60,350	11,092	(49,258)	20,482	17,774	(2,708)
Transfers in	4,500	28,273	23,773	4,200	4,285	85
TOTAL RECEIPTS	146,150	54,644	(91,506)	105,982	41,321	(64,661)
DISBURSEMENTS						
Emergency management	143,650	53,489	90,161	107,382	41,837	65,545
Transfers out	-	132	(132)	-	-	-
TOTAL DISBURSEMENTS	143,650	53,621	90,029	107,382	41,837	65,545
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,500	1,023	(1,477)	(1,400)	(516)	884
CASH AND INVESTMENT BALANCE, January 1	1,342	1,342	-	1,858	1,858	-
CASH AND INVESTMENT BALANCE, December 31	\$ 3,842	\$ 2,365	\$ (1,477)	\$ 458	\$ 1,342	\$ 884
<u>COLLECTOR'S TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	\$ 10,000	\$ 11,456	\$ 1,456	\$ 10,000	\$ 10,395	\$ 395
Interest	100	91	(9)	130	153	23
TOTAL RECEIPTS	10,100	11,547	1,447	10,130	10,548	418
DISBURSEMENTS						
Collector	7,500	5,698	1,802	7,500	9,080	(1,580)
Transfers out	3,500	-	3,500	2,500	3,503	(1,003)
TOTAL DISBURSEMENTS	11,000	5,698	5,302	10,000	12,583	(2,583)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	5,849	6,749	130	(2,035)	(2,165)
CASH AND INVESTMENT BALANCE, January 1	1,601	1,601	-	3,636	3,636	-
CASH AND INVESTMENT BALANCE, December 31	\$ 701	\$ 7,450	\$ 6,749	\$ 3,766	\$ 1,601	\$ (2,165)

See accompanying notes.

DOUGLAS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
 INVESTMENT BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS –
 REGULATORY BASIS (CONTINUED)

	Year Ended December 31,					
	2009			2008		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>SHERIFF'S REVOLVING FUND</u>						
RECEIPTS						
Charges for services	\$ 5,000	\$ 8,027	\$ 3,027	\$ 3,000	\$ 5,006	\$ 2,006
Interest	65	282	217	125	89	(36)
Other	31,405	31,405	-	-	-	-
TOTAL RECEIPTS	36,470	39,714	3,244	3,125	5,095	1,970
DISBURSEMENTS						
Sheriff	14,700	13,893	807	5,600	2,413	3,187
TOTAL DISBURSEMENTS	14,700	13,893	807	5,600	2,413	3,187
RECEIPTS OVER (UNDER) DISBURSEMENTS	21,770	25,821	4,051	(2,475)	2,682	5,157
CASH AND INVESTMENT BALANCE, January 1	5,755	5,755	-	3,073	3,073	-
CASH AND INVESTMENT BALANCE, December 31	\$ 27,525	\$ 31,576	\$ 4,051	\$ 598	\$ 5,755	\$ 5,157
<u>ELECTION IMPROVEMENT FUND</u>						
RECEIPTS						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL RECEIPTS	-	-	-	-	-	-
DISBURSEMENTS						
Elections	-	-	-	-	4,005	(4,005)
Transfers out	-	-	-	4,005	-	4,005
TOTAL DISBURSEMENTS	-	-	-	4,005	4,005	-
RECEIPTS (UNDER) DISBURSEMENTS	-	-	-	(4,005)	(4,005)	-
CASH AND INVESTMENT BALANCE, January 1	-	-	-	4,005	4,005	-
CASH AND INVESTMENT BALANCE, December 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes.

DOUGLAS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
 INVESTMENT BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS –
 REGULATORY BASIS (CONTINUED)

	Year Ended December 31,					
	2009			2008		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>INMATE SECURITY FUND</u>						
RECEIPTS						
Charges for services	\$ 1,956	\$ 1,932	\$ (24)	\$ 1,516	\$ 1,956	\$ 440
Interest	114	107	(7)	60	114	54
TOTAL RECEIPTS	2,070	2,039	(31)	1,576	2,070	494
DISBURSEMENTS						
Sheriff	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	-	-	-	-	-
RECEIPTS OVER DISBURSEMENTS	2,070	2,039	(31)	1,576	2,070	494
CASH AND INVESTMENT BALANCE, January 1	6,007	6,007	-	3,937	3,937	-
CASH AND INVESTMENT BALANCE, December 31	\$ 8,077	\$ 8,046	\$ (31)	\$ 5,513	\$ 6,007	\$ 494
<u>HAZARDOUS MATERIALS EMERGENCY PLANNING FUND</u>						
RECEIPTS						
Intergovernmental	\$ 8,000	\$ 1,000	\$ (7,000)	\$ 3,241	\$ 2,258	\$ (983)
Other	-	30	30	-	-	-
Transfers in	-	48	48	-	-	-
TOTAL RECEIPTS	8,000	1,078	(6,922)	3,241	2,258	(983)
DISBURSEMENTS						
Emergency planning	8,000	3,065	4,935	3,241	883	2,358
TOTAL DISBURSEMENTS	8,000	3,065	4,935	3,241	883	2,358
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(1,987)	(1,987)	-	1,375	1,375
CASH AND INVESTMENT BALANCE, January 1	1,987	1,987	-	612	612	-
CASH AND INVESTMENT BALANCE, December 31	\$ 1,987	\$ -	\$ (1,987)	\$ 612	\$ 1,987	\$ 1,375

See accompanying notes.

DOUGLAS COUNTY, MISSOURI
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND
 INVESTMENT BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS –
 REGULATORY BASIS (CONTINUED)

	Year Ended December 31,					
	2009			2008		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
FEDERAL DISASTER FUND						
RECEIPTS						
Intergovernmental	\$ 540,000	\$ 99,057	\$ (440,943)	\$ 715,000	\$ 596,026	\$ (118,974)
TOTAL RECEIPTS	540,000	99,057	(440,943)	715,000	596,026	(118,974)
DISBURSEMENTS						
Transfers out	752,798	57,906	694,892	715,000	383,228	331,772
TOTAL DISBURSEMENTS	752,798	57,906	694,892	715,000	383,228	331,772
RECEIPTS OVER (UNDER) DISBURSEMENTS	(212,798)	41,151	253,949	-	212,798	212,798
CASH AND INVESTMENT BALANCE, January 1	212,798	212,798	-	-	-	-
CASH AND INVESTMENT BALANCE, December 31	\$ -	\$ 253,949	\$ 253,949	\$ -	\$ 212,798	\$ 212,798
SUPPORT THE HANDICAPPED BOARD FUND						
RECEIPTS						
Property Taxes	\$ 100,000	\$ 102,910	\$ 2,910	\$ 102,480	\$ 102,147	\$ (333)
Intergovernmental	205	274	69	184	299	115
Interest	2,000	2,026	26	3,000	2,883	(117)
Other	-	-	-	36,721	36,721	-
TOTAL RECEIPTS	102,205	105,210	3,005	142,385	142,050	(335)
DISBURSEMENTS						
Contracted services	120,000	106,429	13,571	164,000	148,353	15,647
TOTAL DISBURSEMENTS	120,000	106,429	13,571	164,000	148,353	15,647
RECEIPTS (UNDER) DISBURSEMENTS	(17,795)	(1,219)	16,576	(21,615)	(6,303)	15,312
CASH, January 1	63,749	63,749	-	70,052	70,052	-
CASH, December 31	\$ 45,954	\$ 62,530	\$ 16,576	\$ 48,437	\$ 63,749	\$ 15,312

See accompanying notes.

DOUGLAS COUNTY, MISSOURI

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS – AGENCY FUNDS – REGULATORY BASIS

December 31, 2009

	Prosecuting Attorney's Bad Check Fund	Collector of Revenue Fund	Collector's Protested Tax Fund	Collector's Partial Payment Fund	Unclaimed Fees Fund	Capital Fines Fund	Sheriff's Civil Service Fund	Sheriff's Fund	Total
ASSETS									
Cash and investments	\$ 4,598	\$ 3,505,296	\$ 101	\$ 9,228	\$ 576	\$ 43,703	\$ 1,191	\$ 309,464	\$ 3,874,157
TOTAL ASSETS	\$ 4,598	\$ 3,505,296	\$ 101	\$ 9,228	\$ 576	\$ 43,703	\$ 1,191	\$ 309,464	\$ 3,874,157
LIABILITIES									
Due to others	\$ 4,598	\$ 5,402	\$ 101	\$ -	\$ 576	\$ -	\$ 1,191	\$ 309,464	\$ 321,332
Due to other funds	-	334,335	-	-	-	-	-	-	334,335
Due to other governments	-	3,165,559	-	9,228	-	43,703	-	-	3,218,490
TOTAL LIABILITIES	\$ 4,598	\$ 3,505,296	\$ 101	\$ 9,228	\$ 576	\$ 43,703	\$ 1,191	\$ 309,464	\$ 3,874,157

See accompanying notes.

DOUGLAS COUNTY, MISSOURI

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS – AGENCY FUNDS – REGULATORY BASIS

December 31, 2008

	Prosecuting Attorney's Bad Check Fund	Collector of Revenue Fund	Collector's Protested Tax Fund	Collector's Partial Payment Fund	Unclaimed Fees Fund	Capital Fines Fund	Recorder of Deed's Fund	Sheriff's Civil Service Fund	Sheriff's Fund	Total
ASSETS										
Cash and investments	\$ 2,887	\$ 3,330,332	\$ 301	\$ 4,825	\$ 4,098	\$ 50,021	\$ 5,131	\$ 1,183	\$ 102	\$ 3,398,880
TOTAL ASSETS	\$ 2,887	\$ 3,330,332	\$ 301	\$ 4,825	\$ 4,098	\$ 50,021	\$ 5,131	\$ 1,183	\$ 102	\$ 3,398,880
LIABILITIES										
Due to others	\$ 2,887	\$ 2,233	\$ 301	\$ -	\$ 4,098	\$ -	\$ -	\$ 1,183	\$ 102	\$ 10,804
Due to other funds	-	315,499	-	-	-	-	-	-	-	315,499
Due to other governments	-	3,012,600	-	4,825	-	50,021	5,131	-	-	3,072,577
TOTAL LIABILITIES	\$ 2,887	\$ 3,330,332	\$ 301	\$ 4,825	\$ 4,098	\$ 50,021	\$ 5,131	\$ 1,183	\$ 102	\$ 3,398,880

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by the Missouri State Auditor’s Office, which include a Statements of Receipts, Disbursements and Changes in Cash and Investment Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – 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 funds are used by the County:

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

Budgets and Budgetary Accounting

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Budgets are prepared and adopted on the cash basis of accounting.
9. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the Collector's Tax Maintenance Fund.

Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund is readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements.

NOTE B – CASH AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed as "Cash and investments". In addition, cash and investments are separately held by several of the County's funds. Investments of the County consist of certificates of deposit with local banking institutions. State statutes require that County deposits be fully collateralized in the name of the County. As of December 31, 2009 and 2008, all bank balances and certificates of deposit are entirely insured or collateralized with securities.

NOTE C – CLAIMS, JUDGMENTS AND CONTINGENCIES

Federal and State Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2009 and 2008, significant amounts of grant disbursements have not been audited by grantor governments, but the County believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the County.

NOTE C – CLAIMS, JUDGMENTS AND CONTINGENCIES (continued)

Legal Matters

There are a number of claims and/or lawsuits to which the County is a party as a result of certain injuries and various other matters and complaints arising in the ordinary course of County activities. The County's management and legal counsel anticipate that the potential claims, if any, against the County resulting from such litigation would not have a material effect on the financial position of the County.

NOTE D – PENSION PLAN – CERF

STATE OF MISSOURI COUNTY EMPLOYEES' RETIREMENT FUND

Plan Description

Douglas County participates in the County Employees' Retirement Fund (CERF), a cost-sharing multiple-employer pension plan. CERF is a defined benefit pension plan which provides retirement and death benefits to plan members and beneficiaries. CERF was created and is governed by state statute, RSMo 50.1000 to 50.1300. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

The County Employees' Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to CERF, Boone County National Bank, P.O. Box 577, Columbia, MO 65202 or by calling 1-800-357-8557.

Funding Policy

Douglas County's full-time employees hired before February 25, 2002, are required by state statute to contribute 2% of annual payroll to the pension plan. Douglas County's full-time employees hired after February 25, 2002, are required by state statute to contribute 6% of annual covered payroll to the pension plan. The County is required by state statute to remit the fees collected under RSMo Sections 52.290, 150.150, 137.280, 137.345 and Chapters 59 and 54, RSMo, plus interest. The required contributions have been made.

DOUGLAS COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

NOTE E – ASSESSED VALUATION, TAX LEVY AND LEGAL DEBT MARGIN

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1, and are payable by December 31.

The 2009 and 2008 assessed valuation of the tangible taxable property (excluding railroad and utilities) and the tax levies per \$100 assessed valuation of that property were as follows:

	<u>2009</u>	<u>2008</u>
ASSESSED VALUATION		
Real estate	\$ 86,210,636	\$ 83,799,088
Personal property	<u>43,014,489</u>	<u>43,786,863</u>
	<u>\$ 129,225,125</u>	<u>\$ 127,585,951</u>
TAX LEVY		
General Fund	\$.1250	\$.1200
Special Road & Bridge	.2118	.2112
Support the Handicapped Board	<u>.0807</u>	<u>.0805</u>
	<u>\$.4175</u>	<u>\$.4117</u>

The legal debt margin at December 31, 2009 and December 31, 2008, is computed as follows:

	<u>2009</u>	<u>2008</u>
Constitutional debt limit	\$ 12,922,513	\$ 12,758,595
General obligation bonds payable	<u>-</u>	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 12,922,513</u>	<u>\$ 12,758,595</u>

Under Article VI, Section 26(b) and (c), Missouri Constitution, the County, by a vote of its qualified electors voting therein, may incur an indebtedness for any purpose authorized by law of the County or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the County.

DOUGLAS COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

NOTE F – 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. The County has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE G – INTERFUND TRANSFERS

Interfund transfers for the years ended December 31, 2009 and 2008, consisted of the following:

	Transfers In (Out)	
	2009	2008
General Fund	\$ (35,137)	\$ (9,421)
Special Road and Bridge Fund	33,775	358,476
Assessment Fund	41,200	40,000
Sheriff's Civil Fee Fund	(577)	-
Prosecuting Attorney Bad Check Fee Fund	(9,496)	(9,496)
Prosecuting Attorney Delinquent Tax Fund	-	2,887
Collector's Tax Maintenance Fund	-	(3,503)
Emergency Management Fund	28,141	4,285
Federal Disbursement Fund	(57,906)	(383,228)
Circuit Clerk Interest Fund	710	-
Associate Division Interest Fund	(710)	-
Local Emergency Planning Commission Fund	(48)	-
Hazardous Materials Emergency Planning Fund	48	-
	<u>\$ -</u>	<u>\$ -</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 unrestricted receipts in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

DOUGLAS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE H – LONG-TERM DEBT

Long-term debt for the County at December 31, 2009, consists of a real estate loan, five capital leases, and compensated absences payable.

Capital Lease Obligations

In 2008, the County entered into a cancelable lease purchase agreement to finance the purchase of a wheel loader at a cost of \$93,872. The agreement requires annual payments of \$20,824, which includes interest at 3.5 % until 2013.

In 2008, the County entered into a cancelable lease purchase agreement to finance the purchase of a motor grader at a cost of \$142,861. The agreement requires annual payments of \$31,692, which includes interest at 3.5% until 2013.

In 2006, the County entered into a cancelable lease purchase agreement to finance the purchase of a motor grader at a cost of \$145,445. The agreement requires annual payments of \$33,946, which includes interest at 5.25% until 2011.

In December 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of a motor grader at a cost of \$159,600. The agreement requires five annual payments of \$17,864, which includes interest at 3.5% until 2015, plus one additional payment of \$95,000 in 2015.

In November 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of four vehicles for the Sheriff's office at a cost of \$60,911. The agreement requires annual payments of \$17,094, which includes interest at 4.8% until 2013.

Although the agreements provide for cancellation of the leases if the County should fail to appropriate funds at the annual renewal dates, the County does not foresee exercising its options to cancel.

Real Estate Loan

In January 2009, the County entered into a loan agreement with Century Bank of the Ozarks in the amount of \$90,173 to finance the purchase of real estate. The agreement requires one payment, which includes interest at 5.6% in 2010. Subsequent to year end, the loan agreement was extended to 2011 for the remaining loan balance of \$60,173, with interest at 5.6%.

DOUGLAS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE H – LONG-TERM DEBT (continued)

The annual requirements to amortize the principal of the leases and loan are as follows:

Year Ended December 31,	2007 Wheel Loader Lease	2006 John Deere Grader Lease	2009 John Deere Grader Lease	2007 John Deere Grader Lease	Sheriff's Vehicles Lease	Real Estate Loan	Total Lease Payments
2010	\$ 20,824	\$ 33,946	\$ -	\$ 31,692	\$ 17,094	\$ 95,223	\$ 198,779
2011	20,824	33,946	17,864	31,692	17,094	-	121,420
2012	20,824	-	17,864	31,692	17,094	-	87,474
2013	20,824	-	17,864	31,692	17,094	-	87,474
2014	-	-	17,864	-	-	-	17,864
2015	-	-	112,866	-	-	-	112,866
	83,296	67,892	184,322	126,768	68,376	95,223	625,877
Less Portion Representing Interest	(6,910)	(5,109)	(24,722)	(10,518)	(7,465)	(5,050)	(59,774)
Minimum Future Payments	<u>\$ 76,386</u>	<u>\$ 62,783</u>	<u>\$ 159,600</u>	<u>\$ 116,250</u>	<u>\$ 60,911</u>	<u>\$ 90,173</u>	<u>\$ 566,103</u>

The following is the change in long-term debt for the years ending December 31, 2009 and 2008.

	Balance December 31, 2007			Balance December 31, 2008			Balance December 31, 2009
	2007	Additions	Retirements	2008	Additions	Retirements	2009
Capital Lease Obligations							
2007 Wheel loader lease	\$ -	\$ 93,872	\$ -	\$ 93,872	\$ -	\$ 17,486	\$ 76,386
2006 John Deere grader lease	119,321	-	27,529	91,792	-	29,009	62,783
2009 John Deere grader lease	-	-	-	-	159,600	-	159,600
2007 John Deere grader lease	-	142,861	-	142,861	-	26,611	116,250
Sheriff's vehicles lease	-	-	-	-	60,911	-	60,911
Real estate loan	-	-	-	-	90,173	-	90,173
Compensated absences	25,851	9,485	-	35,336	5,829	-	41,165
	<u>\$ 145,172</u>	<u>\$ 246,218</u>	<u>\$ 27,529</u>	<u>\$ 363,861</u>	<u>\$ 316,513</u>	<u>\$ 73,106</u>	<u>\$ 607,268</u>

SUPPLEMENTARY SCHEDULE



DAVIS, LYNN &
MOOTS, P.C.
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Accountants

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

County Commission
Douglas County
Ava, Missouri

We have audited the accompanying financial statements of Douglas County, Missouri, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 21, 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 of the financial statements of Douglas County, Missouri, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Douglas County, Missouri'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

County Commission
Douglas County
Ava, Missouri

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider deficiencies 09-1 and 09-2 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Douglas County, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of Douglas County in a separate letter dated May 21, 2010.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. 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, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Lynn; Moots, PC

DAVIS, LYNN & MOOTS, P.C.
May 21, 2010



DAVIS, LYNN &
MOOTS, P.C.
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**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

County Commission
Douglas County
Ava, Missouri

Compliance

We have audited the compliance of Douglas County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2009 and 2008. Douglas County's major federal program is identified in the summary of auditor's results section of the accompanying summary schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Douglas County's management. Our responsibility is to express an opinion on Douglas County's compliance based on our audit.

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

In our opinion, Douglas County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2009 and 2008.

Internal Control Over Compliance

Management of Douglas County, Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's 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 in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

Davis, Lynn; Moots, PC

DAVIS, LYNN & MOOTS, P.C.
May 21, 2010

DOUGLAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Years Ended December 31, 2009 and 2008

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures Year Ended December 31,	
			2009	2008
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Missouri State Office of Administration Schools and Roads Cluster Schools and Roads - Grants to States	10.665	N/A	\$ 246,986	\$ 214,525
TOTAL U.S. DEPARTMENT OF AGRICULTURE			246,986	214,525
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Public Safety Partnership and Community Policing Grants	16.710	N/A	955	-
Missouri Department of Public Safety Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	DPS-2008-MOSMART-001	-	30,241
Edward Byrne Memorial Justice Assistance	16.808	2009-F7301-MO-SB	11,752	-
TOTAL U.S. DEPARTMENT OF JUSTICE			12,707	30,241
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Missouri Highway and Transportation Commission Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	N/A	2,987	883
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			2,987	883
<u>GENERAL SERVICES ADMINISTRATION</u>				
Missouri State Office of Administration Donation of Federal Surplus Personal Property	39.003	N/A	1,769	2,603
TOTAL GENERAL SERVICES ADMINISTRATION			1,769	2,603
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Missouri Department of Public Safety Chemical Emergency Preparedness and Prevention Technical Assistance Grants Program	66.810	N/A	2,775	2,303
TOTAL ENVIRONMENTAL PROTECTION AGENCY			2,775	2,303

DOUGLAS COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Years Ended December 31, 2009 and 2008

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures Year Ended December 31,	
			2009	2008
<u>ELECTION ASSISTANCE COMMISSION</u>				
Missouri Office of the Secretary of State Help America Vote Act	90.401	N/A	-	692
TOTAL ELECTION ASSISTANCE COMMISSION			-	692
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Missouri Department of Social Services Child Support Enforcement - Title IV, D	93.563	N/A	56,932	52,860
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			56,932	52,860
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Missouri State Emergency Management Agency Disaster Grants - Public Assistance	97.036	FEMA 1748-DR FEMA 1749-DR FEMA 1809-DR FEMA 1847-DR	- 85,164 38,937 31,672	19,734 503,000 38,690 -
Emergency Management Performance Grant	97.042	N/A	3,101	3,863
Homeland Security Grant Program	97.067	2005-GE-t5-0022	-	8,572
Citizens Corps Council Grant	97.053	2006-GE-t6-0067	9,136	5,391
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			168,010	579,250
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 492,166</u>	<u>\$ 883,357</u>

N/A - Not Applicable

DOUGLAS COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE
Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Douglas County, Missouri.

B Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

The schedule is presented on the regulatory basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

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

DOUGLAS COUNTY, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Years ended December 31, 2009 and 2008

Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? X Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes X No

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Type of auditors' report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes X No

Identification of major program(s):

CFDA or Other

Identifying Number Program Title

97.036 Disaster Grants - Public Assistance

Dollar threshold used to distinguish between Type A and Type B program: \$ 300,000

Auditee qualified as a low -risk auditee? Yes X No

Financial Statement Findings

09-1 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.

09-2 Centralized Accounting Function

Condition: The County's accounting system currently consists of two distinct systems of recording receipts and disbursements. The receipts and disbursements for some funds are recorded by the County Clerk and the receipts and disbursements for other funds are recorded by the County Treasurer in a separate accounting system. In addition, for some special revenue funds, extensive manual ledgers are maintained to track receipts and disbursements. The manual ledgers are necessary because all transactions for these funds are recorded in the same account in the accounting software, resulting in only the cash balances by fund being tracked in the accounting software.

Criteria: The County should have a centralized accounting system capable of integrating cash receipts and disbursements with the general ledger.

Effect: Due to the absence of a centralized accounting system, receipts and disbursements are not maintained together for funds throughout the year. In order to prepare financial statements, management must rely on manual ledgers due to the lack of adequate reports available from the County's financial accounting software.

Recommendation: The County implement a centralized accounting system.

DOUGLAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Years ended December 31, 2009 and 2008

Financial Statement Findings (continued)

09-2 Centralized Accounting Function (continued)

Response: The County understands the necessity of converting to a centralized accounting system and will examine the feasibility of the conversion.

DOUGLAS COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Years ended December 31, 2009 and 2008

Federal Award Findings and Questioned Costs

None

DOUGLAS COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

This section represents the summary schedule of prior audit findings. The prior audit report issued for the two years ended December 31, 2005, included no audit findings that are required to be reported in accordance with OMB Circular A-133.



DAVIS, LYNN &
MOOTS, P.C.
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Douglas County Commission
Douglas County
Ava, Missouri

In planning and performing our audit of the basic financial statements of Douglas County, Missouri for the years ended December 31, 2009 and 2008, we considered the County's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the 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*, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses.

In addition to the material weaknesses discussed in the 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*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and suggestions regarding these matters.

1. Budgetary Compliance

The County was not in compliance with the budgetary statute, Chapter 50, RSMo in 2008 as actual disbursements exceeded budgeted disbursements in the Collector's Tax Maintenance Fund for the year ended December 31, 2008. The budgetary statute prohibits actual disbursements exceeding budgeted disbursements.

We Recommend:

The County review expenditures during the year and amend the budget as necessary to ensure actual disbursements do not exceed budgeted disbursements (Chapter 50, RSMo).

2. Bank Reconciliations

Although bank reconciliations were performed for some bank accounts of the County, not all bank accounts were reconciled on a monthly basis to ensure all receipts, disbursements and reconciling items had been properly recorded in the County's financial records.

We Recommend:

The County perform monthly bank reconciliations on all of its accounts. A bank reconciliation is one of the most important internal control features that can be performed by County personnel. Reconciliations must be performed on a monthly basis. These reconciliations ensure that all accounting functions have been properly accomplished and that there are no errors or irregularities in the financial reports and statements. Bank reconciliations are performed by obtaining bank statement data from all banking institutions, adding to these statements any deposits that have been included on the County's financial statements that are not on the bank's statements, and deducting any County disbursements that have not cleared the bank as of the statement date. This amount is then compared to the County's financial statements to ensure that both sources agree. This procedure ensures that all County receipts have been properly deposited into the County's bank accounts and that all disbursement checks have been accounted for and properly recorded in the County's financial statements.

3. Bank Depository Agreements

As a custodian of public monies, we believe the County should review certain elements of depository agreements with the County's banking institutions to ensure proper controls are in place regarding the deposits. The County has a responsibility for the safety of County monies and the depository agreements are often not reviewed and updated appropriately.

We Recommend:

- a. The County determine that the depository agreement with the banking institution has instructions regarding when a check is valid and may be honored by the institution. If more than one signature is required on checks, then the depository agreement should reflect that requirement.
- b. The County determine that the depository agreement specify the persons authorized to make wire transfers and to whom they may be made. This is necessary to prevent unauthorized wire transfers of County funds.
- c. The County determine that the depository agreement has procedures for opening new accounts in order to prevent unauthorized accounts from being opened under the County's name.

4. Approved Vendor List

During our audit we noted that the County does not have policies and procedures in place to require purchases only from approved vendors. Maintenance of an approved vendor list is an excellent procedure to have in place to prevent fraudulent disbursements to fictitious vendors.

We Recommend:

The County develop policies and procedures in order to have an approved vendor list for purchases made by the County.

5. Disbursement Procedures

Currently the County does not require two signatures on checks from some of the County's bank accounts. Coupled with the lack of segregation of duties, this creates an environment in which the County's assets could be misappropriated and the misappropriation would not be discovered in a timely manner.

We Recommend:

The County institute a policy requiring two signatures on all checks for all County disbursements, including all Special Revenue Fund disbursements.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as Douglas County's independent auditor and the courtesies and assistance extended to us by the County's employees.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
May 21, 2010



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County Commission
Douglas County
Ava, Missouri

We have audited the basic financial statements of Douglas County, Missouri for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 21, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 12, 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 U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated March 12, 2010.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Primary Government of Douglas County, Missouri are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008 or 2009.

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.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

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. No such misstatements were noted during the course of our audit.

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 May 21, 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 County'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.

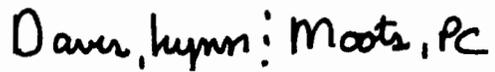
Other Audit Findings or Issues

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 County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Douglas County Commission
Douglas County
Ava, Missouri
Page Three

This report is intended solely for the use of the County Commission and management of the Primary Government of Douglas County, Missouri and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Davis, Lynn & Moots, PC". The signature is written in a cursive, slightly slanted style.

DAVIS, LYNN & MOOTS, P.C.
May 21, 2010