



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Butler County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Butler County, and issues a separate report on that audit. In addition, in cooperation with the county, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2010, 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 black ink that reads "Thomas A. Schweich". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Thomas A. Schweich
State Auditor

September 2011
Report No. 2011-75

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2010 & 2009

**THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
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FINANCIAL SECTION



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Butler, Missouri

We have audited the accompanying financial statements of the County of Butler ("County"), Missouri, as of and for the years ended December 31, 2010 and 2009, which collectively comprise the County's 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 more fully in Note I, these financial statements were prepared using accounting practices prescribed or permitted by Missouri Law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County of Butler, Missouri, as of December 31, 2010 and 2009, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the governmental and agency funds of the County of Butler, Missouri, as of December 31, 2010 and 2009, 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, the County of Butler 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, 2010 and December 31, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2011 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 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-Profits 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 I.

Daniel Jones & Associates

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

August 29, 2011

FINANCIAL STATEMENTS

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
 CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2010

FUND	CASH AND INVESTMENTS JANUARY 1, 2010	RECEIPTS 2010	DISBURSEMENTS 2010	CASH AND INVESTMENTS DECEMBER 31, 2010
General Revenue	\$ 2,125,996.52	\$ 4,519,652.37	\$ 4,457,089.67	\$ 2,188,559.22
Special Road & Bridge	682,153.15	3,001,298.60	3,179,422.74	504,029.01
Assessment	289,568.68	455,157.40	429,279.07	315,447.01
LETF	1,531.23	7,332.02	7,862.40	1,000.85
PAT	3,392.81	902.59	2,768.12	1,527.28
CDBG Grant Fund	61.62	445,003.21	445,003.21	61.62
PAD	1,698.80	1,647.83	1,030.08	2,316.55
Eastern Capital Improvement	494,299.68	809,334.58	702,568.05	601,066.21
Western Capital Improvement	547,463.65	809,334.55	699,785.19	657,013.01
Care of Handicapped	411,330.51	462,639.94	475,086.04	398,884.41
Drainage District #12	19,519.92	2,852.33	420.00	21,952.25
Domestic Violence	4,863.65	15,673.96	20,264.76	272.85
36th JJC Escrow Fund	-	-	-	-
DRA Fund	-	50.00	20.58	29.42
Community Policing	963.61	5,669.86	1,079.48	5,553.99
Sheriff Drug	325.62	-	-	325.62
Special Elections/HAVA	37,255.63	178,947.42	170,350.23	45,852.82
Bad Check	151,979.17	80,517.86	65,418.86	167,078.17
Recorder User Fee	235,865.64	22,929.32	-	258,794.96
Butler County 911	94,269.16	135,572.15	148,546.25	81,295.06
Health & Dental Escrow	49,938.26	1,203,660.84	1,246,404.57	7,194.53
Collector's TMF	228,361.54	61,341.35	12,006.66	277,696.23
Senior Citizens	70,882.57	230,776.08	231,795.23	69,863.42
LERF	2,433.91	3,942.50	2,738.40	3,638.01
Sheriff Civil	17,739.08	48,997.64	52,062.44	14,674.28
Sheriff Revolving	15,420.51	26,390.00	28,905.05	12,905.46
Law Enforcement Complex	615,766.90	2,792,976.91	2,995,907.11	412,836.70
TOTAL	\$ 6,103,081.82	\$ 15,322,601.31	\$ 15,375,814.19	\$ 6,049,868.94

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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 INVESTMENTS JANUARY 1, 2009	RECEIPTS 2009	DISBURSEMENTS 2009	CASH AND INVESTMENTS DECEMBER 31, 2009
General Revenue	\$ 1,878,294.18	\$ 4,060,212.11	\$ 3,812,509.77	\$ 2,125,996.52
Special Road & Bridge	551,155.24	2,635,074.62	2,504,076.71	682,153.15
Assessment	245,766.61	525,018.09	481,216.02	289,568.68
LETF	11,292.52	4,706.78	14,468.07	1,531.23
PAT	4,036.53	847.08	1,490.80	3,392.81
CDBG Grant Fund	61.62	29,764.28	29,764.28	61.62
PAD	2,493.35	2,600.84	3,395.39	1,698.80
Eastern Capital Improvement	455,543.88	705,520.08	666,764.28	494,299.68
Western Capital Improvement	514,972.54	705,520.10	673,028.99	547,463.65
Care of the Handicapped	442,081.98	472,158.57	502,910.04	411,330.51
Drainage District #12	17,313.38	3,006.54	800.00	19,519.92
Domestic Violence	252.64	16,061.78	11,450.77	4,863.65
36th JJC Escrow	-	-	-	-
DRA Fund	-	-	-	-
Community Policing	2,013.61	1,950.00	3,000.00	963.61
Sheriff Drug	535.62	-	210.00	325.62
Special Elections/HAVA	23,078.63	70,363.57	56,186.57	37,255.63
Bad Check	140,741.91	97,159.67	85,922.41	151,979.17
Recorder User Fee	216,492.57	24,262.01	4,888.94	235,865.64
Butler County 911	111,587.86	159,610.07	176,928.77	94,269.16
Health & Dental Escrow	19,260.73	945,054.98	914,377.45	49,938.26
Collector's TMF	184,558.51	57,460.36	13,657.33	228,361.54
Senior Citizens	82,140.75	232,928.02	244,186.20	70,882.57
LERF	2,180.62	4,273.29	4,020.00	2,433.91
Sheriff Civil	48,345.43	48,775.40	79,381.75	17,739.08
Sheriff Revolving	13,494.50	19,727.98	17,801.97	15,420.51
Law Enforcement Complex	836,440.21	2,690,506.50	2,911,179.81	615,766.90
TOTAL	\$ 5,804,135.42	\$ 13,512,562.72	\$ 13,213,616.32	\$ 6,103,081.82

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

THE COUNTY OF BUTLER
POPLAR BLUFF, 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, 2010 AND 2009

	GENERAL REVENUE FUND			
	2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 500,000.00	\$ 537,985.58	\$ 480,000.00	\$ 534,774.92
Sales Taxes	1,770,000.00	1,997,223.69	1,770,000.00	1,975,246.01
Intergovernmental	1,128,422.00	798,820.39	953,780.00	410,587.71
Charges for Services	1,209,287.39	1,139,649.28	1,001,700.00	1,083,845.04
Interest	1,000.00	606.29	40,000.00	1,074.52
Other	25,200.00	45,367.14	67,050.00	54,683.91
Transfers In	13,000.00	-	-	-
TOTAL RECEIPTS	4,646,909.39	4,519,652.37	4,312,530.00	4,060,212.11
DISBURSEMENTS				
County Commission	129,021.96	121,919.04	129,021.96	126,023.05
County Clerk	166,919.69	148,629.61	167,670.31	151,655.32
Elections	190,000.00	155,570.52	84,000.00	38,572.97
Buildings and Grounds	615,869.72	288,919.32	651,000.00	324,296.88
Employee Fringe Benefits	879,000.00	688,382.83	782,200.00	600,000.64
County Treasurer	97,986.37	89,603.44	97,103.89	90,160.13
Collector	181,882.47	161,538.71	183,487.12	181,019.53
Recorder of Deeds	196,387.09	182,020.93	199,983.77	180,258.88
Circuit Clerk	75,000.00	47,648.40	85,000.00	41,929.14
Associate Circuit Court	-	-	-	-
Court Administration	95,890.00	44,619.14	14,120.00	28,915.14
Public Administrator	132,551.14	108,831.24	134,858.99	114,032.96
Sheriff	-	-	-	-
Jail	-	-	-	-
Prosecuting Attorney	304,689.03	306,691.34	299,262.12	301,103.96
Juvenile Officer	506,403.76	306,753.99	384,870.56	290,726.53
Coroner	100,267.22	73,162.16	103,116.32	78,981.85
Other	1,662,197.91	1,209,247.81	1,533,646.53	805,232.79
Health and Welfare	10,000.00	1,600.00	10,000.00	9,600.00
Debt Service	-	-	-	-
Transfers Out	555,000.00	521,951.19	450,000.00	450,000.00
Emergency Fund	550,000.00	-	450,000.00	-
TOTAL DISBURSEMENTS	6,449,066.36	4,457,089.67	5,759,341.57	3,812,509.77
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,802,156.97)	62,562.70	(1,446,811.57)	247,702.34
CASH AND INVESTMENT BALANCES, JANUARY 1	2,125,996.52	2,125,996.52	1,878,400.85	1,878,294.18
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 323,839.55	\$ 2,188,559.22	\$ 431,589.28	\$ 2,125,996.52

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	SPECIAL ROAD & BRIDGE FUND				ASSESSMENT FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ 170,000.00	\$ 173,205.29	\$ 160,000.00	\$ 176,398.83	\$ -	\$ -	\$ -	\$ -
Sales Taxes	800,000.00	855,953.03	770,000.00	846,534.00	-	-	-	-
Intergovernmental	4,502,600.00	1,969,944.35	1,870,250.00	1,598,009.27	433,368.00	430,760.84	\$422,000.00	497,258.82
Charges for Services	-	-	-	-	27,000.00	24,198.64	31,750.00	27,490.73
Interest	300.00	137.59	7,000.00	300.45	100.00	83.52	6,000.00	198.54
Other	2,300.00	2,058.34	2,300.00	13,832.07	10,000.00	114.40	250.00	70.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	5,475,200.00	3,001,298.60	2,809,550.00	2,635,074.62	470,468.00	455,157.40	460,000.00	525,018.09
DISBURSEMENTS								
Assessor	-	-	-	-	493,056.43	429,279.07	558,626.15	481,216.02
Salaries	1,350,000.00	1,288,722.77	1,285,000.00	1,269,717.88	-	-	-	-
Employee Fringe Benefits	773,000.00	666,506.46	673,000.00	592,052.95	-	-	-	-
Supplies	546,000.00	411,441.91	613,000.00	447,551.10	-	-	-	-
Insurance	96,000.00	83,403.70	96,000.00	86,494.13	-	-	-	-
Road & Bridge Materials	6,000.00	2,036.70	7,000.00	4,584.66	-	-	-	-
Equipment Repairs	20,000.00	3,693.82	20,000.00	27,449.54	-	-	-	-
Rentals	1,500.00	540.00	1,500.00	505.65	-	-	-	-
Road & Bridge Construction	3,305,000.00	682,358.24	605,000.00	33,327.36	-	-	-	-
Other	54,500.00	40,719.14	57,000.00	42,393.44	-	-	-	-
TOTAL DISBURSEMENTS	6,152,000.00	3,179,422.74	3,357,500.00	2,504,076.71	493,056.43	429,279.07	558,626.15	481,216.02
RECEIPTS OVER (UNDER) DISBURSEMENTS	(676,800.00)	(178,124.14)	(547,950.00)	130,997.91	(22,588.43)	25,878.33	(98,626.15)	43,802.07
CASH AND INVESTMENT BALANCES, JANUARY 1	682,153.15	682,153.15	551,155.24	551,155.24	289,568.68	289,568.68	245,766.61	245,766.61
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 5,353.15	\$ 504,029.01	\$ 3,205.24	\$ 682,153.15	\$ 266,980.25	\$ 315,447.01	\$ 147,140.46	\$ 289,568.68

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	LAW ENFORCEMENT TRAINING FUND				PAT FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 1,550.00	\$ 1,451.10	\$ 1,700.00	\$ 1,568.39	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,900.00	1,993.34	2,000.00	2,743.84	550.00	526.09	550.00	508.54
Interest	-	-	100.00	4.19	-	-	-	-
Other	1,050.00	2,387.58	1,500.00	390.36	305.00	376.50	290.00	260.00
Transfers In	1,500.00	1,500.00	-	-	-	-	-	78.54
TOTAL RECEIPTS	6,000.00	7,332.02	5,300.00	4,706.78	855.00	902.59	840.00	847.08
DISBURSEMENTS								
Sheriff	7,500.00	7,862.40	15,500.00	14,468.07	-	-	-	-
Prosecuting Attorney	-	-	-	-	1,750.00	2,768.12	1,750.00	1,490.80
TOTAL DISBURSEMENTS	7,500.00	7,862.40	15,500.00	14,468.07	1,750.00	2,768.12	1,750.00	1,490.80
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500.00)	(530.38)	(10,200.00)	(9,761.29)	(895.00)	(1,865.53)	(910.00)	(643.72)
CASH AND INVESTMENT BALANCES, JANUARY 1	1,531.23	1,531.23	11,292.52	11,292.52	3,392.81	3,392.81	4,036.53	4,036.53
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 31.23	\$ 1,000.85	\$ 1,092.52	\$ 1,531.23	\$ 2,497.81	\$ 1,527.28	\$ 3,126.53	\$ 3,392.81

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	CDBG GRANT FUND				PAD FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	2,000.00	1,647.83	2,000.00	2,600.84
Grant Receipts	-	445,003.21	-	29,764.28	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	445,003.21	-	29,764.28	2,000.00	1,647.83	2,000.00	2,600.84
DISBURSEMENTS								
Expenses	-	-	-	-	3,000.00	1,030.08	2,200.00	3,395.39
Passport	-	-	-	-	-	-	-	-
Time Payment	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Road and Bridge Projects	-	445,003.21	-	29,764.28	-	-	-	-
TOTAL DISBURSEMENTS	-	445,003.21	-	29,764.28	3,000.00	1,030.08	2,200.00	3,395.39
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	(1,000.00)	617.75	(200.00)	(794.55)
CASH AND INVESTMENT BALANCES, JANUARY 1	61.62	61.62	61.62	61.62	1,698.80	1,698.80	2,493.35	2,493.35
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 61.62	\$ 61.62	\$ 61.62	\$ 61.62	\$ 698.80	\$ 2,316.55	\$ 2,293.35	\$ 1,698.80

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	EASTERN CAPITAL IMPROVEMENT FUND				WESTERN CAPITAL IMPROVEMENT FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	650,000.00	713,239.88	633,000.00	705,327.57	650,000.00	713,239.86	633,000.00	705,327.56
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	150.00	708.18	7,000.00	192.51	150.00	708.17	7,000.00	192.54
Other	94,000.00	95,386.52	-	-	94,000.00	95,386.52	-	-
TOTAL RECEIPTS	744,150.00	809,334.58	640,000.00	705,520.08	744,150.00	809,334.55	640,000.00	705,520.10
DISBURSEMENTS								
Road Improvments and Construction	1,155,000.00	702,568.05	1,000,000.00	666,764.28	1,155,000.00	699,785.19	1,000,000.00	673,028.99
TOTAL DISBURSEMENTS	1,155,000.00	702,568.05	1,000,000.00	666,764.28	1,155,000.00	699,785.19	1,000,000.00	673,028.99
RECEIPTS OVER (UNDER) DISBURSEMENTS	(410,850.00)	106,766.53	(360,000.00)	38,755.80	(410,850.00)	109,549.36	(360,000.00)	32,491.11
CASH AND INVESTMENT BALANCES, JANUARY 1	494,299.68	494,299.68	455,543.88	455,543.88	547,463.65	547,463.65	514,972.54	514,972.54
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 83,449.68	\$ 601,066.21	\$ 95,543.88	\$ 494,299.68	\$ 136,613.65	\$ 657,013.01	\$ 154,972.54	\$ 547,463.65

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	CARE OF THE HANDICAPPED FUND				DRAINAGE DISTRICT 12 FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ 470,000.00	\$ 460,740.55	\$440,000.00	\$ 470,277.15	\$ 2,400.00	\$ 2,848.79	\$ 2,000.00	\$ 2,998.37
Intergovernmental	900.00	1,782.58	2,100.00	1,556.64	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	100.00	116.81	11,400.00	324.78	10.00	3.54	300.00	8.17
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	471,000.00	462,639.94	453,500.00	472,158.57	2,410.00	2,852.33	2,300.00	3,006.54
DISBURSEMENTS								
Adapt	83,500.00	83,500.00	83,500.00	83,500.00	-	-	-	-
Willheaven	125,600.00	125,600.04	125,600.00	153,600.04	-	-	-	-
MAG	264,864.00	264,864.00	264,688.00	264,688.00	-	-	-	-
Care of the Handicapped	3,000.00	1,122.00	3,000.00	1,122.00	-	-	-	-
Drainage Expenses	-	-	-	-	20,500.00	420.00	15,500.00	800.00
TOTAL DISBURSEMENTS	476,964.00	475,086.04	476,788.00	502,910.04	20,500.00	420.00	15,500.00	800.00
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(5,964.00)	(12,446.10)	(23,288.00)	(30,751.47)	(18,090.00)	2,432.33	(13,200.00)	2,206.54
CASH AND INVESTMENT								
BALANCES, JANUARY 1	411,330.51	411,330.51	442,081.98	442,081.98	19,519.92	19,519.92	17,313.38	17,313.38
CASH AND INVESTMENT								
BALANCES, DECEMBER 31	<u>\$ 405,366.51</u>	<u>\$ 398,884.41</u>	<u>\$418,793.98</u>	<u>\$ 411,330.51</u>	<u>\$ 1,429.92</u>	<u>\$ 21,952.25</u>	<u>\$ 4,113.38</u>	<u>\$ 19,519.92</u>

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	DOMESTIC VIOLENCE FUND				36TH JJC ESCROW FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,500.00	6,292.43	9,000.00	7,153.94	-	-	-	-
Charges for Services	8,200.00	9,381.53	9,000.00	8,907.84	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	15,700.00	15,673.96	18,000.00	16,061.78	-	-	-	-
DISBURSEMENTS								
Grants and Fees	20,500.00	20,264.76	18,000.00	11,450.77	-	-	-	-
TOTAL DISBURSEMENTS	20,500.00	20,264.76	18,000.00	11,450.77	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,800.00)	(4,590.80)	-	4,611.01	-	-	-	-
CASH AND INVESTMENT BALANCES, JANUARY 1	4,863.65	4,863.65	252.64	252.64	-	-	-	-
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 63.65	\$ 272.85	\$ 252.64	\$ 4,863.65	\$ -	\$ -	\$ -	\$ -

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	DRA FUND				COMMUNITY POLICING FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	50.00	-	-	-	-	-	-
Interest	-	-	-	-	-	-	100.00	-
Other	-	-	-	-	2,100.00	5,669.86	1,500.00	1,950.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>50.00</u>	<u>-</u>	<u>-</u>	<u>2,100.00</u>	<u>5,669.86</u>	<u>1,600.00</u>	<u>1,950.00</u>
DISBURSEMENTS								
Office	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Community Policing	-	-	-	-	3,000.00	1,079.48	3,000.00	3,000.00
Supplies	-	-	-	-	-	-	-	-
Road & Bridge Construction	-	20.58	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>20.58</u>	<u>-</u>	<u>-</u>	<u>3,000.00</u>	<u>1,079.48</u>	<u>3,000.00</u>	<u>3,000.00</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	29.42	-	-	(900.00)	4,590.38	(1,400.00)	(1,050.00)
CASH AND INVESTMENT BALANCES, JANUARY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>963.61</u>	<u>963.61</u>	<u>2,013.61</u>	<u>2,013.61</u>
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ -</u>	<u>\$ 29.42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63.61</u>	<u>\$ 5,553.99</u>	<u>\$ 613.61</u>	<u>\$ 963.61</u>

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	SHERIFF DRUG FUND				SPECIAL ELECTIONS FUND/HAVA FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	261,698.00	178,947.32	75,000.00	70,363.57
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	1,500.00	-	-	-	-	0.10	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,500.00	-	-	-	261,698.00	178,947.42	75,000.00	70,363.57
DISBURSEMENTS								
Office	1,500.00	-	535.62	210.00	-	-	-	-
Election	-	-	-	-	246,500.00	169,779.39	87,000.00	55,799.41
HAVA	-	-	-	-	400.00	-	-	387.16
State Grants	-	-	-	-	31,298.00	570.84	-	-
TOTAL DISBURSEMENTS	1,500.00	-	535.62	210.00	278,198.00	170,350.23	87,000.00	56,186.57
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	(535.62)	(210.00)	(16,500.00)	8,597.19	(12,000.00)	14,177.00
CASH AND INVESTMENT BALANCES, JANUARY 1	325.62	325.62	535.62	535.62	37,255.63	37,255.63	23,078.63	23,078.63
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 325.62	\$ 325.62	\$ -	\$ 325.62	\$ 20,755.63	\$ 45,852.82	\$ 11,078.63	\$ 37,255.63

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	BAD CHECK FUND				RECORDER USER FEE FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	100,000.00	80,479.86	115,000.00	96,264.17	23,000.00	22,579.00	18,000.00	23,960.25
Interest	-	38.00	3,000.00	60.50	200.00	350.32	500.00	301.76
Other	-	-	-	835.00	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	100,000.00	80,517.86	118,000.00	97,159.67	23,200.00	22,929.32	18,500.00	24,262.01
DISBURSEMENTS								
Office	46,000.00	29,919.82	46,000.00	29,631.18	-	-	-	-
Equipment	41,000.00	11,530.12	46,000.00	25,557.06	216,000.00	-	214,000.00	4,888.94
Mileage & Training	13,750.00	7,466.66	14,000.00	8,203.46	-	-	-	-
Other	56,000.00	16,502.26	52,500.00	22,530.71	-	-	-	-
TOTAL DISBURSEMENTS	156,750.00	65,418.86	158,500.00	85,922.41	216,000.00	-	214,000.00	4,888.94
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56,750.00)	15,099.00	(40,500.00)	11,237.26	(192,800.00)	22,929.32	(195,500.00)	19,373.07
CASH AND INVESTMENT BALANCES, JANUARY 1	151,979.17	151,979.17	140,741.91	140,741.91	235,865.64	235,865.64	216,492.57	216,492.57
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 95,229.17</u>	<u>\$ 167,078.17</u>	<u>\$ 100,241.91</u>	<u>\$ 151,979.17</u>	<u>\$ 43,065.64</u>	<u>\$ 258,794.96</u>	<u>\$ 20,992.57</u>	<u>\$ 235,865.64</u>

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	BUTLER COUNTY 911 FUND				HEALTH & DENTAL ESCROW FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	\$ 125,000.00	\$ 135,556.65	\$ 125,000.00	\$ 139,559.48	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	50.00	15.50	2,000.00	55.59	-	-	-	-
Other	-	-	-	19,995.00	1,337,500.00	1,203,660.84	1,084,500.00	945,054.98
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	125,050.00	135,572.15	127,000.00	159,610.07	1,337,500.00	1,203,660.84	1,084,500.00	945,054.98
DISBURSEMENTS								
911 Expenses	85,000.00	48,546.25	60,000.00	76,928.77	-	-	-	-
Transfers Out	100,000.00	100,000.00	100,000.00	100,000.00	-	-	-	-
County Insurance	-	-	-	-	1,319,500.00	1,246,404.57	1,077,000.00	914,377.45
TOTAL DISBURSEMENTS	185,000.00	148,546.25	160,000.00	176,928.77	1,319,500.00	1,246,404.57	1,077,000.00	914,377.45
RECEIPTS OVER (UNDER) DISBURSEMENTS	(59,950.00)	(12,974.10)	(33,000.00)	(17,318.70)	18,000.00	(42,743.73)	7,500.00	30,677.53
CASH AND INVESTMENT BALANCES, JANUARY 1	94,269.16	94,269.16	111,587.86	111,587.86	49,938.26	49,938.26	19,260.73	19,260.73
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 34,319.16	\$ 81,295.06	\$ 78,587.86	\$ 94,269.16	\$ 67,938.26	\$ 7,194.53	\$ 26,760.73	\$ 49,938.26

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	SENIOR CITIZENS FUND				LAW ENFORCEMENT RESTITUTION FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ 230,000.00	\$ 229,901.90	\$ 230,000.00	\$ 232,094.77	\$ -	\$ -	\$ -	\$ -
Intergovernmental	700.00	824.13	900.00	714.13	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	100.00	50.05	2,100.00	119.12	-	-	50.00	-
Other	-	-	-	-	4,100.00	3,942.50	3,000.00	4,273.29
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	230,800.00	230,776.08	233,000.00	232,928.02	4,100.00	3,942.50	3,050.00	4,273.29
DISBURSEMENTS								
Nutrition	132,000.00	131,486.23	133,100.00	129,804.24	-	-	-	-
Home Health Services	63,800.00	55,817.21	67,100.00	68,051.02	-	-	-	-
Transportation	29,000.00	29,241.70	31,900.00	31,658.30	-	-	-	-
Support Service	14,920.00	13,920.00	15,070.00	13,360.00	-	-	-	-
Administration	18,000.00	1,330.09	18,000.00	1,312.64	-	-	-	-
Equipment and Supplies	-	-	-	-	6,000.00	2,738.40	5,000.00	4,020.00
TOTAL DISBURSEMENTS	257,720.00	231,795.23	265,170.00	244,186.20	6,000.00	2,738.40	5,000.00	4,020.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,920.00)	(1,019.15)	(32,170.00)	(11,258.18)	(1,900.00)	1,204.10	(1,950.00)	253.29
CASH AND INVESTMENT BALANCES, JANUARY 1	70,882.57	70,882.57	82,140.75	82,140.75	2,433.91	2,433.91	2,180.62	2,180.62
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 43,962.57	\$ 69,863.42	\$ 49,970.75	\$ 70,882.57	\$ 533.91	\$ 3,638.01	\$ 230.62	\$ 2,433.91

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	SHERIFF CIVIL FUND				SHERIFF REVOLVING FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	3.59	1,250.00	22.72	-	-	200.00	7.98
Other	53,000.00	48,994.05	74,000.00	48,752.68	15,000.00	26,390.00	10,000.00	19,720.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	53,000.00	48,997.64	75,250.00	48,775.40	15,000.00	26,390.00	10,200.00	19,727.98
DISBURSEMENTS								
Sheriff Civil Expense	13,500.00	12,062.44	30,250.00	4,381.75	-	-	-	-
Transfers Out	40,000.00	40,000.00	44,000.00	75,000.00	25,000.00	25,000.00	12,500.00	12,500.00
Sheriff Revolving	-	-	-	-	4,100.00	3,905.05	6,000.00	5,301.97
TOTAL DISBURSEMENTS	53,500.00	52,062.44	74,250.00	79,381.75	29,100.00	28,905.05	18,500.00	17,801.97
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500.00)	(3,064.80)	1,000.00	(30,606.35)	(14,100.00)	(2,515.05)	(8,300.00)	1,926.01
CASH AND INVESTMENT BALANCES, JANUARY 1	17,739.08	17,739.08	48,345.43	48,345.43	15,420.51	15,420.51	13,494.50	13,494.50
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 17,239.08</u>	<u>\$ 14,674.28</u>	<u>\$ 49,345.43</u>	<u>\$ 17,739.08</u>	<u>\$ 1,320.51</u>	<u>\$ 12,905.46</u>	<u>\$ 5,194.50</u>	<u>\$ 15,420.51</u>

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, 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, 2010 AND 2009

	LAW ENFORCEMENT COMPLEX FUND				COLLECTORS TMF FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	\$ 1,410,000.00	\$ 1,426,481.38	\$ 1,350,000.00	\$ 1,410,656.73	\$ 3,500.00	\$ 1,248.92	\$ -	\$ 3,859.44
Intergovernmental	523,157.16	514,137.40	519,248.41	398,636.16	50,000.00	59,796.86	55,000.00	53,368.92
Charges for Services	217,000.00	136,055.89	290,000.00	221,372.50	-	-	-	-
Interest	500.00	202.06	15,000.00	363.98	150.00	295.57	-	232.00
Other	33,500.00	30,648.99	38,000.00	21,977.13	-	-	-	-
Transfers In	718,500.00	685,451.19	637,500.00	637,500.00	-	-	-	-
TOTAL RECEIPTS	2,902,657.16	2,792,976.91	2,849,748.41	2,690,506.50	53,650.00	61,341.35	55,000.00	57,460.36
DISBURSEMENTS								
Sheriff-Salaries	814,425.25	823,459.30	780,557.30	793,027.47	227,575.00	12,006.66	184,090.91	13,657.33
Jail-Salaries	359,092.19	354,741.18	356,438.44	350,466.92	-	-	-	-
Employee Fringe Benefits	646,020.96	494,338.25	563,999.62	467,288.46	-	-	-	-
Sheriff Expense	394,964.00	344,851.79	343,000.00	253,515.10	-	-	-	-
Jail Expense	220,000.00	238,201.97	328,000.00	214,066.60	-	-	-	-
Buildings & Grounds	908,598.50	740,314.62	875,173.41	832,815.26	-	-	-	-
TOTAL DISBURSEMENTS	3,343,100.90	2,995,907.11	3,247,168.77	2,911,179.81	227,575.00	12,006.66	184,090.91	13,657.33
RECEIPTS OVER (UNDER) DISBURSEMENTS	(440,443.74)	(202,930.20)	(397,420.36)	(220,673.31)	(173,925.00)	49,334.69	(129,090.91)	43,803.03
CASH AND INVESTMENT BALANCES, JANUARY 1	615,766.90	615,766.90	836,440.21	836,440.21	228,361.54	228,361.54	184,558.51	184,558.51
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 175,323.16	\$ 412,836.70	\$ 439,019.85	\$ 615,766.90	\$ 54,436.54	\$ 277,696.23	\$ 55,467.60	\$ 228,361.54

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
 AGENCY FUNDS - REGULATORY BASIS
 AS OF DECEMBER 31, 2010

	2010					
	School Account	Surplus Land Tax	Fee Account	CERF	Payroll Account	Pros. Attny Bad Check
ASSETS						
Cash and Cash Equivalents	\$ 65,706.24	\$ 55,300.43	\$ 65.65	\$ 1.20	\$ 1,144.90	\$ 5,768.22
Total Assets	65,706.24	55,300.43	65.65	1.20	1,144.90	5,768.22
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	65,706.24	55,300.43	65.65	1.20	1,144.90	5,768.22
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 65,706.24</u>	<u>\$ 55,300.43</u>	<u>\$ 65.65</u>	<u>\$ 1.20</u>	<u>\$ 1,144.90</u>	<u>\$ 5,768.22</u>

	Prosecuting Attorney	Recorder of Deeds	Sheriff Bond Account	Sheriff Civil Account	Sheriff Inmate Account	Sheriff Commissary Account
ASSETS						
Cash and Cash Equivalents	\$ 712.49	\$ 24,399.00	\$ -	\$ 599.39	\$ 5,569.98	\$ 3,573.63
Total Assets	712.49	24,399.00	-	599.39	5,569.98	3,573.63
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	712.49	24,399.00	-	599.39	5,569.98	3,573.63
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 712.49</u>	<u>\$ 24,399.00</u>	<u>\$ -</u>	<u>\$ 599.39</u>	<u>\$ 5,569.98</u>	<u>\$ 3,573.63</u>

	Law Library	Collectors Accounts	Total 2010 Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 17,414.34	\$ 15,100,396.65	\$ 15,280,652.12
Total Assets	17,414.34	15,100,396.65	15,280,652.12
LIABILITIES AND FUND BALANCES			
TOTAL LIABILITIES	-	-	-
UNRESERVED FUND BALANCES	17,414.34	15,100,396.65	15,280,652.12
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,414.34</u>	<u>\$ 15,100,396.65</u>	<u>\$ 15,280,652.12</u>

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

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
 AGENCY FUNDS - REGULATORY BASIS
 AS OF DECEMBER 31, 2009

	2009					
	School Account	Surplus Land Tax	Fee Account	CERF	Payroll Account	Pros. Attny Bad Check
ASSETS						
Cash and Cash Equivalents	\$ 57,058.20	\$ 51,665.06	\$ 65.65	\$ 140.07	\$ 1,144.90	\$ 4,650.23
Total Assets	57,058.20	51,665.06	65.65	140.07	1,144.90	4,650.23
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	57,058.20	51,665.06	65.65	140.07	1,144.90	4,650.23
TOTAL LIABILITIES AND FUND BALANCES	\$ 57,058.20	\$ 51,665.06	\$ 65.65	\$ 140.07	\$ 1,144.90	\$ 4,650.23

	Prosecuting Attorney	Recorder of Deeds	Sheriff Bond Account	Sheriff Civil Account	Sheriff Inmate Account	Sheriff Commissary Account
ASSETS						
Cash and Cash Equivalents	\$ 465.87	\$ 23,844.00	\$ -	\$ 17,647.26	\$ 5,717.71	\$ 2,561.58
Total Assets	465.87	23,844.00	-	17,647.26	5,717.71	2,561.58
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	100.00	-	-	100.00
UNRESERVED FUND BALANCES	465.87	23,844.00	(100.00)	17,647.26	5,717.71	2,461.58
TOTAL LIABILITIES AND FUND BALANCES	\$ 465.87	\$ 23,844.00	\$ (100.00)	\$ 17,647.26	\$ 5,717.71	\$ 2,461.58

	Law Library	Collectors Accounts	Total 2009 Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 24,707.72	\$ 13,811,668.30	\$ 14,001,336.55
Total Assets	24,707.72	13,811,668.30	14,001,336.55
LIABILITIES AND FUND BALANCES			
TOTAL LIABILITIES	-	-	-
UNRESERVED FUND BALANCES	24,707.72	13,811,668.30	14,001,336.55
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,707.72	\$ 13,811,668.30	\$ 14,001,336.55

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

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Butler, Missouri (“County”), which is governed by a three-member board of commissioners, was established in 1849 by an Act of the Missouri Territory. In addition to the three Commissioners, there are nine elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk and ex officio Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator 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, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only the primary government of Butler 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 Missouri law, which include a Statement 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 fund types are used by the County:

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

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.

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 officeholders.

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. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

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.

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
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.
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 cash basis of accounting.

State law requires that budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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 2010 and 2009, for purposes of taxation was:

	2010	2009
Real Estate	\$ 371,977,918	\$ 394,523,697
Personal Property	118,498,177	113,596,647
Railroad and Utilities	25,850,896	23,772,694
	\$ 516,326,991	\$ 531,893,038

During 2010 and 2009, the County Commission approved a \$.1337 and \$.1337, respectively, tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2010 and 2009, for purposes of County taxation, as follows:

	2010	2009
General Revenue Fund	\$.0995	\$.0995
Special Road and Bridge Fund	.0342	.0342
	1.337	1.337

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer Funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on a weighted average of cash balance. Cash equivalents include any 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.

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. 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 eliminated due to reporting the financial statements on the regulatory basis of accounting.

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

II. DEPOSITS AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Equivalents" under each fund's caption. Deposits with maturities greater than three months are considered 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.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2010 and 2009, the carrying amount of the County's deposits was \$6,049,868.94 and \$6,103,081.82, and the bank balance was \$6,211,548.18 and \$6,320,534.24, respectively. As of December 31, 2010 and 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, 2010, as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -	
Deposits	\$ 6,049,868.94
Investments	-
	<hr/>
Total Deposits & Investments as of December 31, 2010	\$ <u>6,049,868.94</u>

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

II. DEPOSITS AND INVESTMENTS (concluded)

The carrying values of deposits and investments at December 31, 2009, are as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -	
Deposits	\$ 6,103,081.82
Investments	-
	<hr/>
Total Deposits & Investments as of December 31, 2009	\$ <u>6,103,081.82</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, 2010 & 2009.

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.

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 investments were not exposed to concentration of investment credit risk for the year end December 31, 2010 & 2009.

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

III. LONG-TERM DEBT

On December 1, 1998 Butler County issued Leasehold Revenue Refunding Bonds for \$6,095,000 for the Butler County Jail project. Interest rate ranges from 3.25% to 4.50% payable in annual installments ranging from \$350,000 to \$540,000 and maturing on December 1, 2013.

DEBT	2010				
	BALANCE AT 12/31/2009	AMOUNT BORROWED	AMOUNT REPAID	BALANCE AT 12/31/2010	INTEREST PAID DURING YEAR
1999 BOND	\$ 2,005,000.00	\$ -	\$ (475,000.00)	\$ 1,530,000.00	\$ 88,800.00
TOTAL	\$ 2,005,000.00	\$ -	\$ (475,000.00)	\$ 1,530,000.00	\$ 88,800.00

DEBT	2009				
	BALANCE AT 12/31/2008	AMOUNT BORROWED	AMOUNT REPAID	BALANCE AT 12/31/2009	INTEREST PAID DURING YEAR
1999 BOND	\$ 2,455,000.00	\$ -	\$ (450,000.00)	\$2,005,000.00	\$ 107,700.00
TOTAL	\$ 2,455,000.00	\$ -	\$ (450,000.00)	\$ 2,005,000.00	\$ 107,700.00

2010 AMORTIZATIONS

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2011	\$ 475,000.00	\$ 68,375.00	\$ 543,375.00
2012	515,000.00	47,475.00	562,475.00
2013	540,000.00	24,300.00	564,300.00
	<u>\$ 1,530,000.00</u>	<u>\$ 140,150.00</u>	<u>\$ 1,670,150.00</u>

2009 AMORTIZATIONS

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2010	\$ 475,000.00	\$ 88,800.00	\$ 563,800.00
2011	475,000.00	68,375.00	543,375.00
2012	515,000.00	47,475.00	562,475.00
2013	540,000.00	24,300.00	564,300.00
	<u>\$ 2,005,000.00</u>	<u>\$ 228,950.00</u>	<u>\$ 2,233,950.00</u>

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

III. LONG-TERM DEBT (Continued)

CAPITAL LEASE:

On April 25, 2007 the County entered into a Capital Lease with Marlin Leasing for Konica Copier for the Prosecuting Attorneys office. The lease has a principal of \$11,124 with zero percent interest. Monthly payments beginning May 2007 of \$309 with a 36 month term are stated in the agreement.

On April 16, 2010 the County entered into a Capital Lease with Marlin Leasing for Konica Copier for the Prosecuting Attorneys office. The lease has a principal of \$6,120 with zero percent interest. Monthly payments beginning May 2010 of \$255 with a 24 month term are stated in the agreement.

2010					
CAPITAL LEASE	BALANCE AT 12/31/2009	AMOUNT BORROWED	PAYMENTS 2010	BALANCE AT 12/31/2010	INTEREST PAID DURING YEAR
2007 Copier Lease	\$ 1,236.00	\$ -	\$ (1,236.00)	\$ -	\$ -
2010 Copier Lease	-	6,120.00	(2,040.00)	4,080.00	-
TOTAL	\$ 1,236.00	\$ 6,120.00	\$ (3,276.00)	\$ 4,080.00	\$ -

2009					
CAPITAL LEASE	BALANCE AT 12/31/2008	AMOUNT BORROWED	PAYMENTS 2009	BALANCE AT 12/31/2009	INTEREST PAID DURING YEAR
2007 Copier Lease	\$ 4,944.00	\$ -	\$ (3,708.00)	\$ 1,236.00	\$ -
2010 Copier Lease	-	-	-	-	-
TOTAL	\$ 4,944.00	\$ -	\$ (3,708.00)	\$ 1,236.00	\$ -

The annual requirements to amortize all Capital Leases outstanding as of December 31, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$ 3,060.00	\$ -	\$ 3,060.00
2012	1,020.00	-	1,020.00
Totals	\$ 4,080.00	\$ -	\$ 4,080.00

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

III. LONG-TERM DEBT (Concluded)

The annual requirements to amortize all Capital leases outstanding as of December 31, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 1,236.00	\$ -	\$ 1,236.00
Totals	\$ 1,236.00	\$ -	\$ 1,236.00

OPERATING LEASE:

On March 1, 2010 the County entered into an operating lease with Scheffer Financial Services for the lease of a Canon IR5070 Copier for the Prosecuting Attorneys office. The payments are \$230 a month for a 60 month term.

2010 AMORTIZATIONS

YEARS ENDING DECEMBER 31,	PAYMENT	TOTAL
2011	\$ 2,760.00	\$ 2,760.00
2012	2,760.00	2,760.00
2013	2,760.00	2,760.00
2014	2,760.00	2,760.00
	<u>\$ 11,040.00</u>	<u>\$ 11,040.00</u>

2009 AMORTIZATIONS

YEARS ENDING DECEMBER 31,	PAYMENT	TOTAL
2010	\$ 2,070.00	\$ 2,070.00
2011	2,760.00	2,760.00
2012	2,760.00	2,760.00
2013	2,760.00	2,760.00
2014	2,760.00	2,760.00
2015-2019	690.00	690.00
	<u>\$ 13,800.00</u>	<u>\$ 13,800.00</u>

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

IV. INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2010 and 2009 are as follows:

	2010		2009	
	Transfers In	Transfers Out	Transfers In	Transfers Out
MAJOR FUNDS				
General Fund	\$ -	\$ 521,951.19	\$ -	\$ 450,000.00
Law Enforcement Complex	685,451.19	-	637,500.00	-
Law Enforcement Training	1,500.00	-	-	-
Sheriff Civil Fund	-	40,000.00	-	75,000.00
Sheriff Revolving	-	25,000.00	-	12,500.00
Butler County 911	-	100,000.00	-	100,000.00
TOTAL	\$ 686,951.19	\$ 686,951.19	\$ 637,500.00	\$ 637,500.00

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.

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

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

A. Plan Description

The Retirement Fund is a 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 actual performance of duties not less than 1,000 hours per calendar 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.

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (Concluded)

B. Pension Benefits

All benefits vest after 8 years of creditable service. Employees who retire on or after 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 Joint and survivor annuity and 10-year certain 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 and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, P.O. Box 2271, 2121 Schotthill Road, Jefferson City, MO 65101, or by calling 1-573-632-9203.

C. Funding Policy

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, 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 Missouri Legislature. During 2010 and 2009, the Primary Government collected and remitted to CERF, employee contributions of approximately for \$73,298.13 and \$67,729.04, respectively, for the years then ended.

VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Butler County participates in the Missouri Local Government Employees Retirement System (LAGERS) an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMO. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly.

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

A. Plan Description (Concluded)

The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Policy

Butler County's full time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rates for 2010 are 20.6% (general), 13.3% (police), and 19.2% (road), for 2009 they are 19.6% (general), 12.3% (police), and 18.2% (road) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for 2010 were as follows:

Annual required contribution	\$	668,026
Interest on net pension obligation		-
Adjustment on annual required contribution		-
Annual Pension Cost		668,026
Actual contributions		660,678
Increase (decrease) in NPO		7,348
NPO beginning of year		-
NPO end of year	\$	7,348

For 2010, the annual required contribution (ARC) was determined as part of the February 29, 2008 and February 28, 2009 annual actuarial valuations using the entry age actuarial cost method. For 2009, the the political subdivision's annual pension cost of \$655,525 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and /or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5 percent per year, compounded annually, (b) projected salary increases of 4.0 percent per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0 percent to 6.0 percent per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on RP 2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (Concluded)

assets was determined using the techniques that smooth the effects of short-term volatility in the market value of the investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis for each year. The amortization period for 2010 was as follows: as of February 29, 2008 was 15 years for General division, 15 years for the Police division and 15 years for Roads division. The amortization period as of February 28, 2009 was 22 years for the General division, 30 years for the Police division and 23 years for the Roads division. The amortization period for 2009 was as follows: the amortization period at February 28, 2009 was 15 years.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/2008	\$ 628,732	100%	\$ 0
6/30/2009	655,525	100%	0
6/30/2010	668,026	98.9%	7,348

REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/29/2008	\$5,927,689	\$ 8,315,447	\$ 2,387,758	71%	\$ 3,658,047	65%
2/28/2009	4,889,222	8,525,211	3,635,989	57%	3,613,264	101%
2/28/2010	5,491,452	8,995,678	3,504,226	61%	3,717,139	94%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

VII. 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 \$7,752 and \$7,752, respectively, for the years ended December 31, 2010 and 2009.

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is involved in a pending lawsuit at December 31, 2010. 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 County.

B. Compensated Absences

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. Vacation days do not carry forward if they are unused. Upon termination, an employee is reimbursed for any unused vacation days. Employees accrue one sick day per month. The County allows employees to carry forward six days a year to a maximum of thirty days. These have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

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

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 537.70 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 Rural Services Self-Insured Workers' Trust 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 BUTLER
POPLAR BLUFF, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

X. ACCOUNTING CHANGE

For the years ended December 31, 2010 and December 31, 2009, 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.

XI. RESTATEMENT OF FUND BALANCE

For the years ended December 31, 2009 and December 31, 2010 we are restating the beginning fund balance as of December 31, 2008 for the following itemized reasons.

12/31/08 Fund Balance from Audit Report	\$ 5,871,182.37
General Fund adjustment for overpayment of Prior Period Deductions	(106.67)
Circuit JIS Fund - Removed since Circuit Court is not part of the County Funds	(41,027.69)
Law Library Fund - Moved to an Agency Fund	(24,674.23)
Sheriff Commissary Fund - Moved to an Agency Fund	(1,299.98)
CDBG Grant Fund - Moved from an Agency fund to a County Fund	<u>61.62</u>
12/31/08 Revised Fund Balance	\$ <u><u>5,804,135.42</u></u>

XII. SUBSEQUENT EVENTS

As of the date of the audit report, there are no subsequent events to report.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
SCHEDULE OF STATE FINDINGS
YEARS ENDED DECEMBER 31, 2010 AND 2009

SCHEDULE OF STATE FINDINGS

- A. For the year ended December 31, 2010, expenditures exceeded those budgeted for the following: Law Enforcement Training Fund, PAT Fund, CDBG Grant Fund, and the DRA Fund.
- B. For the year ended December 31, 2009, expenditures exceeded those budgeted for the following: PAD Fund, CDBG Grant Fund, Care of Handicapped Fund, Butler County 911 Fund and the Sheriff Civil Fund.
- C. For the year ended December 31, 2010, the DRA fund was not budgeted. It began to be budgeted starting in the 2011 budget.
- D. For the years ended December 31, 2010 and December 31, 2009 the CDBG Grant Fund was not budgeted. It began to be budgeted starting in the 2011 budget.

FEDERAL COMPLIANCE SECTION



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 Butler, Missouri

We have audited the financial statements of the County of Butler ("County"), Missouri, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 29, 2011. The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. 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 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.

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 weaknesses, 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. (FS 10/09-01, FS 10/09-02, FS 10/09-03, FS 10/09-04, FS 10/09-05, FS 10/09-06 and FS 10/09-07) 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 August 29, 2011.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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 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

August 29, 2011



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Independent Auditor's Report

To The County Commission
The County of Butler
Poplar Bluff, Missouri

Compliance

We have audited the County of Butler's ("County") compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the years ended December 31, 2010 and December 31, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the 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 the 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 of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2010 and December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items SA10/09-02 and SA10/09-03.

Internal Control Over Compliance

Management of the County 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 the requirements that could have a direct and material effect on a major federal program to determine the 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 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiencies as described in the accompanying schedule of findings and questioned costs as item SA 10/09-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit management's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the County Commission, County Officeholders, Missouri State Auditor, others within the entity, other auditing agencies, 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.

Daniel Jones & Associates

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

August 29, 2011

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009

FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY NUMBER	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2010	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2009
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through State: Office of Administration: Schools and Roads Grants to States (PILT)	10.665		176,379.86	229,513.92
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through State: Department of Social Services: ARRA - Homeless Prevention and Rapid Re-Housing Grant	14.257		6,292.43	7,153.94
Community Development Block Grant	14.228	07-PF-38 2008-D1-19	3,400.00 441,603.21	27,035.18 -
U.S. DEPARTMENT OF INTERIOR				
Direct Program: PILT - Payment in Lieu of Taxes	15.226		45,983.00	34,717.00
U.S. DEPARTMENT OF JUSTICE				
Passed Through State: State Department of Public Safety: Juvenile Accountability Block Grant	16.523	1035605	-	23,804.02
Juvenile Justice & Delinquency Prevention	16.540		69,170.25	77,316.49
National Crime History Improvement Program	16.554		1,238.80	-
Edward Byrne Memorial State and Local Law Enforce	16.580	2006DJBX0845	-	2,832.00
Passed Through Missouri Sheriff's Association: Domestic Cannabis Eradication/Suppression	16.XXX	2000DBX0163	1,953.00	37,769.30
Rural Crime Grant	16.810	2008-DD-B9-0084	2,469.34	-
ARRA-Recovery Act Justice Assistance Grant	16.804	2009-SB-B9-2239	29,305.00	-
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through State: Highway and Transportation Commission: Highway Planning and Construction	20.205	STP-5100(007) STP9900012 BRO-012(27)	181,742.14 - 493,896.10	31,494.38 2,729.10 1,832.98
DWI Enforcement	20.600	11K8-03-71	2,544.73	-
DWI Enforcement	20.601	LLK040	-	2,316.16
DWI Enforcement	20.600	10-PT-02-107	409.54	1,142.66
DWI Enforcement	20.601	10-PT-02-107	5,618.84	-
CLOT/CPS Enforcement	20.600	LKK058	-	1,025.84
HMV Enforcement	20.600	11-PT-02-82	2,031.07	-
HMV Enforcement	20.600	09-PT-02-26	-	7,863.74
MINI Grants	20.601	LKK073	2,262.15	-
Child Passenger Safety	20.601	LKK081	500.00	-
DWI Enforcement	20.607	LLK040	-	2,623.06
Lake Contract	20.XXX		38,475.00	38,475.00
CLOT/CPS Enforcement	20.613	LKK063	-	529.32
ELECTION ASSISTANCE COMMISSION				
Passed Through the Office of Secretary of State: Help America Vote Act Requirements Payments	90.401		-	350.98
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Passed Through State: Department of Social Services: Child Support Services	93.563		374,495.45	371,138.20
Community Services Block Grant	93.569		78,679.50	39,339.75
Child Care Asthma Quality Improvement	93.713			
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through State Department of Public Safety: State Domestic Preparedness Equipment Support Homeland Security Grant Program	97.067	4360005370T	-	4,100.91
Disaster Grant - Public Assistance Grant	97.036	4360005370L	-	312,225.26
Public Assistance Grants	97.703	4360005370L	1,000.00	1,000.00
Emergency Management Performance Grant	97.042	4360005370Q	23,836.18	32,517.35
Total Expenditures of Federal Awards			\$ 1,983,285.59	\$ 1,290,846.54

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 NOTES TO EXPENDITURES OF FEDERAL AWARDS
 YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 – BASIS OF PRESENTATION

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 major 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 Butler 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.

NOTE 2 – SUBRECIPIENTS

The County provided federal awards to the following subrecipients during the years ended December 31, 2010 and 2009:

Subrecipient	Program	CFDA #	2010	2009
East Carter School District	Dept. of Agriculture-PILT	10.665	\$ 29,251.72	\$ 38,589.69
Greenville School District	Dept. of Agriculture-PILT	10.665	4,878.65	6,495.74
Doniphan School District	Dept. of Agriculture-PILT	10.665	2,862.40	3,811.55
Twin Rivers School District	Dept. of Agriculture-PILT	10.665	16,934.14	22,547.19
Poplar Bluff R-2 School District	Dept. of Agriculture-PILT	10.665	62,441.31	83,138.28
Total			\$ <u>116,368.22</u>	\$ <u>154,582.45</u>

THE COUNTY OF BUTLER
 POPLAR BLUFF, MISSOURI
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unqualified - Regulatory Basis
2. Internal control over financial reporting:
 - a. Material weakness(es) identified?

	2010	___ Yes	___ No	
	2009	___ Yes	___ No	
 - b. Significant deficiencies identified?

	2010	___ Yes	___ None Reported	
	2009	___ Yes	___ None Reported	
3. Noncompliance material to financial statements noted?

	2010	___ Yes	___ No	
	2009	___ Yes	___ No	

B. Federal Awards

1. Internal control over major programs:
 - a. Material weakness(es) identified?

	2010	___ Yes	___ No	
	2009	___ Yes	___ No	
 - b. Significant deficiencies identified?

	2010	___ Yes	___ None Reported	
	2009	___ Yes	___ None Reported	
2. Type of auditor's report issued on compliance for major programs:

	2010	- Unqualified – Regulatory Basis
	2009	- Unqualified – Regulatory Basis
3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*?

	2010	___ Yes	___ No	
	2009	___ Yes	___ No	

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

II. FINANCIAL STATEMENT FINDINGS (continued)

10/09-01 Views of responsible officials and planned corrective actions: 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 will pursue remedy for SAS 115 compliance if it is determined that it is required for a county of this size.

10/09-02 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, 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: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 115 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: 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.

Views of responsible officials and planned corrective actions: 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. Each official has their own internal controls within their office.

10/09-03 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: During discussions with management, we noted there were no formal fraud risk assessments implemented.

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

II. FINANCIAL STATEMENT FINDINGS (continued)

10/09-03 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.

Views of responsible officials and planned corrective actions: The Commission will encourage all elected officials to review and document antifraud risk assessments.

10/09-04 Criteria: Account balances should be properly and timely reconciled on a monthly basis in the Prosecuting Attorney's office for 2010 and 2009.

Condition: During our audit, we noted that the reconciliations of the prosecuting attorney's accounts are not being properly reconciled on a monthly basis due to the software being used and its report format setup for 2010 and 2009.

Context: Bank statement reconciliations are not being properly prepared due to the software report format being used.

Effect: Lack of proper reconciliation and monitoring of accounts may lead to errors that may not be found in a timely manner.

Cause: The Prosecuting Attorney's account reconciliation is not being properly prepared.

Recommendation: We recommend that the Prosecuting Attorney's office properly reconcile its accounts on a monthly basis and monitor the reconciliations to be sure they are being properly prepared. These reconciliations will ensure meaningful and accurate financial statements.

Views of responsible officials and planned corrective actions: The Prosecuting Attorney's office is currently working with Dennis Jones and Associates Bad Check Prosecution System Software to correct the reconciliation reports.

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

II. FINANCIAL STATEMENT FINDINGS (continued)

10/09-05 Criteria: The Sheriff's office December 2010 reconciliation should include all checks written up to and including December 31, 2010.

Condition: During our audit, we noted that the Sheriff's account reconciliation did not include eight checks that were written in December 2010.

Context: The bank reconciliation did not include eight checks written in December 2010.

Effect: Book balances in the Sheriff's office were overstated by \$1,245.50.

Cause: The Sheriff's December 2010 bank reconciliation did not include eight checks that were written in December 2010.

Recommendation: Preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements. We recommend that the reconciliations be reviewed for accuracy and completeness by an individual not involved in the bank reconciliation preparation.

Views of responsible officials and planned corrective actions: Procedures will be reviewed to implement monitoring of bank reconciliations on a monthly basis.

10/09-06 Criteria: The Recorder's office should prepare complete and accurate bank reconciliations.

Condition: During our audit, we noted that the Recorder's bank reconciliations are not being prepared completely and accurately for 2010 and 2009.

Context: The bank reconciliations are not being prepared completely and accurately and have unknown discrepancies.

Effect: Incomplete and inaccurate bank reconciliations can lead to cash balances being over/under stated.

Cause: The Recorder's office December 2010 and 2009 bank reconciliations have unknown discrepancies.

Recommendation: Preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements. We recommend that procedures be implemented to prepare complete and accurate bank reconciliations and that the reconciliations be reviewed for accuracy and completeness by an individual not involved in the bank reconciliation preparation.

Views of responsible officials and planned corrective actions: The Recorder's Office has implemented a new procedure to have one person review the electronic funds transfers on a daily basis now instead of monthly.

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

II. FINANCIAL STATEMENT FINDINGS (concluded)

10/09-07 Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to SAS No. 55*.

Condition: Lack of sufficient segregation of duties within the Recorder's, Collector's, and Treasurer's office.

Context: During the audit, we noted that the Recorder, Collector, Treasurer, and Deputy Treasurer are allowed to write, approve, sign and reconcile expenditures to the bank statement.

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding department.

Recommendation: These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Views of responsible officials and planned corrective actions: We will review periodically the size and budget constraints limiting the number of personnel within each of the departments . We will continue to utilize the other internal controls, such as administrative oversight, to minimize the lack of sufficient segregation of duties.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 & 2009

The following findings, recommendations, and questioned costs are the results of the single audit of Butler County, Missouri for the fiscal years ended December 31, 2010 and 2009. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 & 2009 (continued)

A. Category of Internal Control Weakness

If the finding represents a weakness in internal control, one of the following designations will appear:

1. Significant Deficiency: A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.
2. Material Weakness: 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.

B. Category of Noncompliance Findings

If the finding represents an instance of noncompliance, one of the following designations will appear:

1. Material Noncompliance: A material noncompliance finding is a finding related to a major federal program which discusses conditions representing noncompliance with federal laws, regulations, contracts, or grants, the effects of which have a material effect in relation to a type of compliance requirement or audit objective identified in OMB Circular A-133 *Compliance Supplement*.
2. Questioned Cost Finding: A questioned cost finding is a finding which discusses known or likely questioned costs that are greater than \$10,000 for a type of compliance requirement, unless the conditions giving rise to the questioned costs are otherwise reported as a material noncompliance finding.

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 & 2009 (continued)

C. Federal Award Findings and Questioned Costs

SA10/09-01 All Programs except CFDA numbers 14.257 and 90.401.

Significant
Deficiency

Information on the federal programs: The schedule of expenditures of federal awards contained errors.

Criteria: Section .310(b) of Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, requires the County to prepare a SEFA for the period covered by the County's financial statements.

Condition: The County did not comply with OMB Circular A-133 section .310(b).

Questioned Costs: Not applicable.

Context: During our audit of the schedule of expenditures of federal awards, we noted numerous errors in the amounts reported on the schedule.

Effect: Without an accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

Cause: The County did not implement prior year corrective action plans.

Recommendation: We recommend that County officials receive training in preparing the schedule of expenditures of federal awards.

Views of responsible officials and planned corrective actions: The County Clerk will work with all agencies receiving federal money to prepare an accurate schedule of expenditures of federal awards.

SA10/09-02 Highway Planning and Construction – CFDA No. 20.205

Significant
Deficiency

Information on the federal programs: Required contracting procedures were not followed.

Criteria: OMB Circular A-133 Compliance Supplement and 41 CFR 105-71.135 prohibit entities from contracting with parties that are on the prohibited list.

Condition: The County does not have procedures in place to ensure that it complies with OMB Circular A-133 and 41 CFR 105-71.135 by not contracting with prohibited parties in administering federal funds.

Questioned Costs: Not applicable.

Context: During our audit of the schedule of expenditures of federal awards, we noted that the County did not check the Excluded Parties List System maintained by the General Services Administration to verify that parties it contracted with were not on the prohibited list.

Effect: As a result of not following required contracting procedures, there is an increased risk of federal funds being spent in violation of grant requirements.

Cause: The County did not perform required contracting procedures nor implement prior year corrective action plans.

Recommendation: We recommend that the County implement procedures to ensure that parties they contract with are not on the prohibited list.

Views of responsible officials and planned corrective actions: The County will work on implementing the required procedures to meet this compliance requirement.

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 & 2009 (concluded)

C. Federal Award Findings and Questioned Costs (concluded)

SA10/09-03 Highway Planning and Construction – CFDA No. 20.205
Payment in Lieu of Taxes (Dept. of Agriculture) – CFDA No. 10.665

Significant
Deficiency

Information on the federal programs: Noncompliance with Single Audit Requirements in control over expenditures.

Criteria: The County is required to properly maintain separate expense accounts to account for federal expenditures.

Condition: The County did not properly maintain separate expense accounts to account for federal expenditures to prepare the schedule of expenditures of federal awards.

Questioned Costs: Not applicable.

Context: During our audit of the schedule of expenditures of federal awards, we noted that the County did not properly maintain separate expense accounts to account for federal expenditures.

Effect: As a result of not following required compliance controls over expenditures, the schedule of expenditures contained errors.

Cause: The County did not implement prior year corrective action plans.

Recommendation: We recommend that the County implement procedures to track all federal expenditures in the general ledger system by adding a grant code at the end of the account code.

Views of responsible officials and planned corrective actions: The County will work on implementing the required procedures to meet this compliance requirement.

THE COUNTY OF BUTLER
POPLAR BLUFF, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 07/08-01 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, 2006, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

Status: It appears no corrective action plan has been implemented, therefore, this finding has been re-issued in the current year as FS 10/09-01.

FS 07/08-02 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.

Status: It appears no corrective action plan has been implemented, therefore, this finding has been re-issued in the current year as FS 10/09-02.

FS 07/08-03 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.

Status: It appears no corrective action plan has been implemented, therefore, this finding has been re-issued in the current year as FS 10/09-03.

II. PRIOR YEAR FEDERAL AWARD FINDINGS

SA 07/08-01 The schedule of expenditures of federal awards contained errors.

Status: It appears no corrective action plan has been implemented, therefore, this finding has been re-issued in the current year as SA10/09-01.

SA 07/08-02 Weakness in control over expenditures in compliance with Single Audit Requirements.

Status: It appears no corrective action plan has been implemented, therefore, this finding has been re-issued in the current year as SA10/09-03.

SA 07/08-03 Documentation was not provided to support major program expenditures and internal control procedures.

Status: It appears this finding has been resolved in the current year.



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

To the County Commissioners
Butler County, Missouri

In planning and performing our audit of the financial statements of the County of Butler ("County") as of and for the years ended December 31, 2010 and 2009, 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 opinion 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in the County's internal control listed below to be significant deficiencies.

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

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

Butler County'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
Certified Public Accountants
August 29, 2011

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

- 10/09-01 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. 115, *Communicating Internal Control Related Matters Identified 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. SAS No. 115 supersedes SAS No. 112.
- Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.
- Context: During discussions with management, we noted that we will be assisting the County with the preparation of their audited financial statements and footnotes.
- Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 115 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: 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.
- Views of responsible officials and planned corrective actions: 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 will pursue remedy for SAS 115 compliance if it is determined that it is required for a county of this size.
- 10/09-02 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, 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: During discussions with management, we noted that internal control documentation has not been prepared.
- Effect: SAS 115 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: 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.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Continued)

Views of responsible officials and planned corrective actions: 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. Each official has their own internal controls within their office.

10/09-03

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: During discussions with management, we noted there were no formal fraud risk assessments implemented.

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.

Views of responsible officials and planned corrective actions: The Commission will encourage all elected officials to review and document antifraud risk assessments.

10/09-04

Criteria: Account balances should be properly and timely reconciled on a monthly basis in the Prosecuting Attorney's office for 2010 and 2009.

Condition: During our audit, we noted that the reconciliations of the prosecuting attorney's accounts are not being properly reconciled on a monthly basis due to the software being used and its report format setup for 2010 and 2009.

Context: Bank statement reconciliations are not being properly prepared due to the software report format being used.

Effect: Lack of proper reconciliation and monitoring of accounts may lead to errors that may not be found in a timely manner.

Cause: The Prosecuting Attorney's account reconciliation is not being properly prepared.

Recommendation: We recommend that the Prosecuting Attorney's office properly reconcile its accounts on a monthly basis and monitor the reconciliations to be sure they are being properly prepared. These reconciliations will ensure meaningful and accurate financial statements.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Continued)

Views of responsible officials and planned corrective actions: The Prosecuting Attorney's office is currently working with Dennis Jones and Associates Bad Check Prosecution System Software to correct the reconciliation reports.

10/09-05 Criteria: The Sheriff's office December 2010 reconciliation should include all checks written up to and including December 31, 2010.

Condition: During our audit, we noted that the Sheriff's account reconciliation did not include eight checks that were written in December 2010.

Context: The bank reconciliation did not include eight checks written in December 2010.

Effect: Book balances in the Sheriff's office were overstated by \$1,245.50.

Cause: The Sheriff's December 2010 bank reconciliation did not include eight checks that were written in December 2010.

Recommendation: Preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements. We recommend that the reconciliations be reviewed for accuracy and completeness by an individual not involved in the bank reconciliation preparation.

Views of responsible officials and planned corrective actions: Procedures will be reviewed to implement monitoring of bank reconciliations on a monthly basis.

10/09-06 Criteria: The Recorder's office should prepare complete and accurate bank reconciliations.

Condition: During our audit, we noted that the Recorder's bank reconciliations are not being prepared completely and accurately for 2010 and 2009.

Context: The bank reconciliations are not being prepared completely and accurately and have unknown discrepancies.

Effect: Incomplete and inaccurate bank reconciliations can lead to cash balances being over/under stated.

Cause: The Recorder's office December 2010 and 2009 bank reconciliations have unknown discrepancies.

Recommendation: Preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements. We recommend that procedures be implemented to prepare complete and accurate bank reconciliations and that the reconciliations be reviewed for accuracy and completeness by an individual not involved in the bank reconciliation preparation.

Views of responsible officials and planned corrective actions: The Recorder's Office has implemented a new procedure to have one person review the electronic funds transfers on a daily basis now instead of monthly.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Continued)

10/09-07 Criteria: SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*, as amended by SAS No. 78, *Consideration of Internal Control in a Financial Statement Audit: An Amendment to SAS No. 55*.

Condition: Lack of sufficient segregation of duties within the Recorder's, Collector's, and Treasurer's office.

Context: During the audit, we noted that the Recorder, Collector, Treasurer, and Deputy Treasurer are allowed to write, approve, sign and reconcile expenditures to the bank statement.

Effect: The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within each of the corresponding department.

Recommendation: These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Views of responsible officials and planned corrective actions: We will review periodically the size and budget constraints limiting the number of personnel within each of the departments . We will continue to utilize the other internal controls, such as administrative oversight, to minimize the lack of sufficient segregation of duties.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010 & 2009

The following findings, recommendations, and questioned costs are the results of the single audit of Butler County, Missouri for the fiscal year ended December 31, 2010 and 2009. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

A. Category of Internal Control Weakness

If the finding represents a weakness in internal control, one of the following designations will appear:

1. Significant Deficiency: A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.
2. Material Weakness: 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.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Continued)

B. Category of Noncompliance Findings

If the finding represents an instance of noncompliance, one of the following designations will appear:

1. Material Noncompliance: A material noncompliance finding is a finding related to a major federal program which discusses conditions representing noncompliance with federal laws, regulations, contracts, or grants, the effects of which have a material effect in relation to a type of compliance requirement or audit objective identified in OMB Circular A-133 *Compliance Supplement*.
2. Questioned Cost Finding: A questioned cost finding is a finding which discusses known or likely questioned costs that are greater than \$10,000 for a type of compliance requirement, unless the conditions giving rise to the questioned costs are otherwise reported as a material noncompliance finding.

C. Federal Award Findings and Questioned Costs

SA10/09-01	All Programs except CFDA numbers 14.257 and 90.401.
Significant Deficiency	<p><u>Information on the federal programs</u>: The schedule of expenditures of federal awards contained errors.</p> <p><u>Criteria</u>: Section .310(b) of Circular A-133, <i>Audits of States, Local Governments and Non-Profit Organizations</i>, requires the County to prepare a SEFA for the period covered by the County's financial statements.</p> <p><u>Condition</u>: The County did not comply with OMB Circular A-133 section .310(b).</p> <p><u>Questioned Costs</u>: Not applicable.</p> <p><u>Context</u>: During our audit of the schedule of expenditures of federal awards, we noted numerous errors in the amounts reported on the schedule.</p> <p><u>Effect</u>: Without an accurate and complete SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.</p> <p><u>Cause</u>: The County did not implement prior year corrective action plans.</p> <p><u>Recommendation</u>: We recommend that County officials receive training in preparing the schedule of expenditures of federal awards.</p> <p><u>Views of responsible officials and planned corrective actions</u>: The County Clerk will work with all agencies receiving federal money to prepare an accurate schedule of expenditures of federal awards.</p>
SA10/09-02	Highway Planning and Construction – CFDA No. 20.205
Significant Deficiency	<p><u>Information on the federal programs</u>: Required contracting procedures were not followed.</p> <p><u>Criteria</u>: OMB Circular A-133 Compliance Supplement and 41 CFR 105-71.135 prohibit entities from contracting with parties that are on the prohibited list.</p> <p><u>Condition</u>: The County does not have procedures in place to ensure that it complies with OMB Circular A-133 and 41 CFR 105-71.135 by not contracting with prohibited parties in administering federal funds.</p> <p><u>Questioned Costs</u>: Not applicable.</p> <p><u>Context</u>: During our audit of the schedule of expenditures of federal awards, we noted that the County did not check the Excluded Parties List System maintained by the General Services Administration to verify that parties it contracted with were not on the prohibited list.</p>

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Concluded)

Effect: As a result of not following required contracting procedures, there is an increased risk of federal funds being spent in violation of grant requirements.

Cause: The County did not perform required contracting procedures nor implement prior year corrective action plans.

Recommendation: We recommend that the County implement procedures to ensure that parties they contract with are not on the prohibited list.

Views of responsible officials and planned corrective actions: The County will work on implementing the required procedures to meet this compliance requirement.

SA10/09-03

Highway Planning and Construction – CFDA No. 20.205

Payment in Lieu of Taxes (Dept. of Agriculture) – CFDA No. 10.665

Significant
Deficiency

Information on the federal programs: Noncompliance with Single Audit Requirements in control over expenditures.

Criteria: The County is required to properly maintain separate expense accounts to account for federal expenditures.

Condition: The County did not properly maintain separate expense accounts to account for federal expenditures to prepare the schedule of expenditures of federal awards.

Questioned Costs: Not applicable.

Context: During our audit of the schedule of expenditures of federal awards, we noted that the County did not properly maintain separate expense accounts to account for federal expenditures.

Effect: As a result of not following required compliance controls over expenditures, the schedule of expenditures contained errors.

Cause: The County did not implement prior year corrective action plans.

Recommendation: We recommend that the County implement procedures to track all federal expenditures in the general ledger system by adding a grant code at the end of the account code.

Views of responsible officials and planned corrective actions: The County will work on implementing the required procedures to meet this compliance requirement.

II. CHANGES IMPACTING GOVERNMENTAL ENTITIES

- a. SAS 115, *Communicating Internal Control Related Matters Identified in an Audit*, is effective for periods ending on or after December 15, 2009 and supersedes SAS No. 112. This standard defines the terms *deficiency in internal control*, *significant deficiency*, and *material weakness*. It provides guidance on evaluating the severity of deficiencies in internal control identified in an audit of financial statements.
- b. SAS 117, *Compliance Audits*, which supersedes SAS No. 74, is effective for compliance audits for periods ending on or after June 15, 2010. This SAS 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. It reflects changes in the compliance audit environment and incorporates the risk assessment standards.
- c. SAS 118, *Other Information in Documents Containing Audited Financial Statements*, is effective for audits of financial statements for periods beginning on or after December 15, 2010. This section addresses the auditor's responsibility in relation to other information in documents containing audited financial statements and the auditor's report thereon.

II. CHANGES IMPACTING GOVERNMENTAL ENTITIES (Concluded)

- d. SAS 119, *Supplementary Information in Relation to the Financial Statements as a Whole*, is effective for audits of financial statements for periods beginning on or after December 15, 2010. This section addresses the auditor's responsibility when engaged to report on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 28, 2011. Professional standards also require that we communicate to you the following information related to our audit.

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 are described in Note I to the financial statements. The County adopted the regulatory basis of accounting to report its financial statements for the years ended December 31, 2010 and 2009. We noted no transactions entered into by the County during the years 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.

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. 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 August 29, 2011.

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.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)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. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.