



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Howard County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Howard County, and issues a separate report on that audit. In addition, 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 Casey-Beard-Boehmer PC, Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Thomas A. Schweich".

Thomas A. Schweich
State Auditor

September 2011
Report No. 2011-79

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INDEPENDENT AUDITORS' REPORT

CASEY-BEARD-BOEHMER PC



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September 1, 2011

INDEPENDENT AUDITORS' REPORT

To the County Commission and
Officeholders of Howard County, Missouri

We have audited the accompanying financial statements of Howard County, Missouri, as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of Howard County, Missouri's management. Our responsibility is to express opinions 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 opinions.

As described more fully in Note 1, Howard County, Missouri, prepares its financial statements using accounting practices prescribed or permitted by Missouri Law, which differ from accounting principles generally accepted in the United States of America. The effect 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 Howard County, 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 receipts, disbursements, and changes in cash of the funds of Howard County, Missouri, as of December 31, 2010 and 2009, and comparisons of such information with the corresponding budgeted information for the years then ended on the basis of accounting described in Note 1.

MEMBER

•
American
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Certified
Public
Accountants

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Missouri
Society of
Certified
Public
Accountants

**HOWARD COUNTY, MISSOURI
INDEPENDENT AUDITORS' REPORT (CONTINUED)**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2011 on our consideration of Howard County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the county's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Howard County, Missouri. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

This report is intended solely for the information and use of management, County Commission and other boards, others within the entity, the Missouri State Auditor's Office, 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. However, this report is a matter of public record and its distribution is not limited.

Casey-Beard-Boehmer PC

Casey-Beard-Boehmer PC
Certified Public Accountants

FINANCIAL SECTION

HOWARD COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Fund	Cash			Cash			Cash
	January 1, 2009	Receipts	Disbursements	December 31, 2009	Receipts	Disbursements	December 31, 2010
General Revenue	\$ 3,777	1,072,116	1,050,360	25,533	1,028,255	1,053,706	82
Special Road and Bridge	208,044	1,350,989	1,325,962	233,071	981,885	1,036,127	178,829
Assessment	-	148,684	136,181	12,503	153,816	140,489	25,830
Law Enforcement Training	251	1,255	1,023	483	1,319	1,540	262
Prosecuting Attorney Training	397	226	578	45	196	-	241
Recorder User Fees	4,296	3,662	4,038	3,920	3,509	3,264	4,165
Keller Building	1	145,750	145,747	4	177,257	167,789	9,472
Victims of Domestic Violence	9,873	893	-	10,766	872	-	11,638
Civil Defense	454	15,228	15,682	-	24,049	23,120	929
Road and Bridge Disaster	-	101,197	101,197	-	-	-	-
Recorder Technology	8,959	2,317	-	11,276	2,352	-	13,628
Sheriff Civil Fees	6,626	9,540	8,675	7,491	9,657	10,883	6,265
Prosecuting Attorney Bad Check	2,076	17,525	19,521	80	13,709	11,528	2,261
Howard County Economic Development	295,048	37,012	13,132	318,928	42,431	10,287	351,072
Election Services	4,421	4,620	2,383	6,658	2,945	5,670	3,933
Deputy Sheriff's Supplemental Salary	390	4,350	4,740	-	4,730	3,980	750
Sheriff Benevolent	3,839	857	1,630	3,066	996	2,052	2,010
Prosecutor's Supplemental	8,662	22,173	21,718	9,117	19,066	26,307	1,876
Tax Maintenance	37,590	14,572	8,860	43,302	16,673	7,948	52,027
Sheriff Revolving	3,367	5,033	750	7,650	6,668	10,400	3,918
Jail Sales Tax	245,447	227,275	238,480	234,242	231,871	240,529	225,584
Law Enforcement Sales Tax	23	477,850	472,341	5,532	446,069	451,516	85
Homeless Prevention	-	-	-	-	28,446	28,446	-
MFH Infrastructure Grant	18	-	18	-	-	-	-
Howard County Insurance	1,972	-	1,972	-	-	-	-
911 Board	178,959	282,486	300,358	161,087	187,439	206,064	142,462
Sheltered Services Board	149,664	123,173	84,566	188,271	117,542	100,105	205,708
Totals	\$ 1,174,154	4,068,783	3,959,912	1,283,025	3,501,752	3,541,750	1,243,027

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	General Revenue Fund					
	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Property taxes	\$ 295,600	308,690	13,090	\$ 295,600	295,592	(8)
Sales taxes	277,000	278,639	1,639	293,000	277,206	(15,794)
Intergovernmental revenues	13,667	15,358	1,691	20,102	16,182	(3,920)
Charges for services	361,920	351,994	(9,926)	345,858	356,814	10,956
Interest	1,000	3,033	2,033	2,000	838	(1,162)
Other	58,284	53,598	(4,686)	55,079	45,617	(9,462)
Transfers in	169,419	16,943	(152,476)	204,304	79,867	(124,437)
Total Receipts	\$ 1,176,890	1,028,255	(148,635)	\$ 1,215,943	1,072,116	(143,827)
DISBURSEMENTS						
General County Government-						
County Commission	\$ 80,805	80,692	(113)	\$ 80,680	79,504	(1,176)
County Clerk	66,086	61,939	(4,147)	64,856	60,530	(4,326)
Elections	66,317	52,026	(14,291)	40,177	34,619	(5,558)
Buildings and grounds	67,426	61,948	(5,478)	67,426	61,963	(5,463)
Employee fringe benefits	92,050	90,901	(1,149)	92,750	80,951	(11,799)
County Treasurer	37,600	37,208	(392)	37,600	37,384	(216)
County Collector	68,414	66,572	(1,842)	67,664	65,850	(1,814)
Recorder of Deeds	25,712	16,731	(8,981)	25,712	18,300	(7,412)
Circuit Clerk	35,263	16,687	(18,576)	19,200	3,706	(15,494)
Associate Circuit Court	2,200	1,429	(771)	19,283	14,741	(4,542)
Court Administration	25,500	9,350	(16,150)	26,589	9,108	(17,481)
Public Administrator	59,233	56,547	(2,686)	59,235	57,678	(1,557)
Other	108,094	97,124	(10,970)	128,684	114,569	(14,115)
Public Safety-						
Prosecuting Attorney	75,118	73,853	(1,265)	77,274	74,475	(2,799)
Juvenile Officer	63,400	58,205	(5,195)	70,000	62,147	(7,853)
County Coroner	14,500	13,020	(1,480)	13,500	12,859	(641)
Health and Welfare	189,225	170,729	(18,496)	188,202	182,301	(5,901)
Transfers out	92,746	88,745	(4,001)	106,604	79,675	(26,929)
Emergency Fund	34,121	-	(34,121)	34,284	-	(34,284)
Total Disbursements	\$ 1,203,810	1,053,706	(150,104)	\$ 1,219,720	1,050,360	(169,360)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (26,920)	(25,451)	1,469	\$ (3,777)	21,756	25,533
CASH, JANUARY 1	25,533	25,533	-	3,777	3,777	-
CASH, DECEMBER 31	\$ (1,387)	82	1,469	\$ -	25,533	25,533

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Special Road and Bridge Fund						
	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Property taxes	\$ 235,000	235,518	518	\$ 213,000	234,368	21,368
Sales taxes	225,000	228,439	3,439	246,000	224,814	(21,186)
Intergovernmental revenues	894,066	453,911	(440,155)	835,800	756,551	(79,249)
Charges for services	72,600	33,290	(39,310)	46,200	42,115	(4,085)
Interest	6,000	5,783	(217)	6,000	4,062	(1,938)
Other	3,250	24,944	21,694	300	3,343	3,043
Transfers in	-	-	-	85,736	85,736	-
Total Receipts	\$ 1,435,916	981,885	(454,031)	\$ 1,433,036	1,350,989	(82,047)
DISBURSEMENTS						
Highways and roads	\$ 1,574,476	1,036,127	(538,349)	\$ 1,491,349	1,262,441	(228,908)
Transfers out	74,000	-	(74,000)	88,525	63,521	(25,004)
Total Disbursements	\$ 1,648,476	1,036,127	(612,349)	\$ 1,579,874	1,325,962	(253,912)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (212,560)	(54,242)	158,318	\$ (146,838)	25,027	171,865
CASH, JANUARY 1	233,071	233,071	-	205,984	208,044	2,060
CASH, DECEMBER 31	\$ 20,511	178,829	158,318	\$ 59,146	233,071	173,925

Assessment Fund						
	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental revenues	\$ 149,396	143,943	(5,453)	\$ 139,434	146,224	6,790
Charges for services	7,500	8,730	1,230	540	2,073	1,533
Interest	-	1,039	1,039	-	376	376
Other	350	104	(246)	1,000	11	(989)
Transfers in	4,000	-	(4,000)	11,065	-	(11,065)
Total Receipts	\$ 161,246	153,816	(7,430)	\$ 152,039	148,684	(3,355)
DISBURSEMENTS						
Assessor	\$ 153,291	140,489	(12,802)	\$ 152,039	136,181	(15,858)
Total Disbursements	\$ 153,291	140,489	(12,802)	\$ 152,039	136,181	(15,858)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 7,955	13,327	5,372	\$ -	12,503	12,503
CASH, JANUARY 1	12,503	12,503	-	-	-	-
CASH, DECEMBER 31	\$ 20,458	25,830	5,372	\$ -	12,503	12,503

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Law Enforcement Training Fund

	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental revenues	\$ 1,345	1,309	(36)	\$ 1,525	1,250	(275)
Interest	10	10	-	30	5	(25)
Total Receipts	\$ 1,355	1,319	(36)	\$ 1,555	1,255	(300)
DISBURSEMENTS						
Sheriff	\$ 1,828	1,540	(288)	\$ 1,805	1,023	(782)
Total Disbursements	\$ 1,828	1,540	(288)	\$ 1,805	1,023	(782)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (473)	(221)	252	\$ (250)	232	482
CASH, JANUARY 1	483	483	-	251	251	-
CASH, DECEMBER 31	\$ 10	262	252	\$ 1	483	482

Prosecuting Attorney Training Fund

	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental revenues	\$ 250	192	(58)	\$ 250	189	(61)
Interest	-	4	4	-	1	1
Transfers in	-	-	-	-	36	36
Total Receipts	\$ 250	196	(54)	\$ 250	226	(24)
DISBURSEMENTS						
Prosecuting Attorney	\$ -	-	-	\$ 600	578	(22)
Total Disbursements	\$ -	-	-	\$ 600	578	(22)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 250	196	(54)	\$ (350)	(352)	(2)
CASH, JANUARY 1	45	45	-	397	397	-
CASH, DECEMBER 31	\$ 295	241	(54)	\$ 47	45	(2)

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Recorder User Fees Fund						
	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental revenues	\$ 5,000	3,432	(1,568)	\$ 4,600	3,622	(978)
Interest	-	77	77	-	40	40
Total Receipts	\$ 5,000	3,509	(1,491)	\$ 4,600	3,662	(938)
DISBURSEMENTS						
Recorder of Deeds	\$ 8,806	3,264	(5,542)	\$ 8,805	4,038	(4,767)
Total Disbursements	\$ 8,806	3,264	(5,542)	\$ 8,805	4,038	(4,767)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,806)	245	4,051	\$ (4,205)	(376)	3,829
CASH, JANUARY 1	3,920	3,920	-	4,296	4,296	-
CASH, DECEMBER 31	\$ 114	4,165	4,051	\$ 91	3,920	3,829

Keller Building Fund						
	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental revenues	\$ 49,809	49,809	-	\$ -	-	-
Rental income	129,730	127,002	(2,728)	134,561	133,196	(1,365)
Interest	100	292	192	100	88	(12)
Other	-	154	154	205	211	6
Transfers in	-	-	-	12,255	12,255	-
Total Receipts	\$ 179,639	177,257	(2,382)	\$ 147,121	145,750	(1,371)
DISBURSEMENTS						
Salaries and benefits	\$ 32,117	31,804	(313)	\$ 31,469	31,336	(133)
Building operations	138,010	135,985	(2,025)	104,039	103,411	(628)
Transfers out	-	-	-	11,000	11,000	-
Total Disbursements	\$ 170,127	167,789	(2,338)	\$ 146,508	145,747	(761)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 9,512	9,468	(44)	\$ 613	3	(610)
CASH, JANUARY 1	4	4	-	1	1	-
CASH, DECEMBER 31	\$ 9,516	9,472	(44)	\$ 614	4	(610)

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Victims of Domestic Violence Fund

	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental revenues	\$ 700	616	(84)	\$ 1,300	744	(556)
Interest	-	256	256	-	149	149
Total Receipts	\$ 700	872	172	\$ 1,300	893	(407)
DISBURSEMENTS						
Other	\$ 1,000	-	(1,000)	\$ 9,908	-	(9,908)
Total Disbursements	\$ 1,000	-	(1,000)	\$ 9,908	-	(9,908)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (300)	872	1,172	\$ (8,608)	893	9,501
CASH, JANUARY 1	10,766	10,766	-	9,873	9,873	-
CASH, DECEMBER 31	\$ 10,466	11,638	1,172	\$ 1,265	10,766	9,501

Civil Defense Fund

	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental revenues	\$ 13,588	12,159	(1,429)	\$ 10,357	8,615	(1,742)
Interest	-	8	8	-	4	4
Other	-	-	-	-	189	189
Transfers in	11,882	11,882	-	6,056	6,420	364
Total Receipts	\$ 25,470	24,049	(1,421)	\$ 16,413	15,228	(1,185)
DISBURSEMENTS						
Salaries and benefits	\$ 13,221	13,178	(43)	\$ 13,221	13,137	(84)
Emergency management	11,304	9,942	(1,362)	3,646	2,545	(1,101)
Total Disbursements	\$ 24,525	23,120	(1,405)	\$ 16,867	15,682	(1,185)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 945	929	(16)	\$ (454)	(454)	-
CASH, JANUARY 1	-	-	-	454	454	-
CASH, DECEMBER 31	\$ 945	929	(16)	\$ -	-	-

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Road and Bridge Disaster Fund

	2009		
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Intergovernmental revenues	\$ 85,750	85,736	(14)
Transfers in	15,465	15,461	(4)
Total Receipts	\$ 101,215	101,197	(18)
DISBURSEMENTS			
Highways and roads	\$ 15,465	15,461	(4)
Transfers out	85,750	85,736	(14)
Total Disbursements	\$ 101,215	101,197	(18)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	-	-
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	-	-

Recorder Technology Fund

	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental revenues	\$ 2,400	2,065	(335)	\$ 2,400	2,168	(232)
Interest	-	287	287	-	149	149
Total Receipts	\$ 2,400	2,352	(48)	\$ 2,400	2,317	(83)
DISBURSEMENTS						
Recorder of Deeds	\$ 5,278	-	(5,278)	\$ 5,277	-	(5,277)
Total Disbursements	\$ 5,278	-	(5,278)	\$ 5,277	-	(5,277)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,878)	2,352	5,230	\$ (2,877)	2,317	5,194
CASH, JANUARY 1	11,276	11,276	-	8,959	8,959	-
CASH, DECEMBER 31	\$ 8,398	13,628	5,230	\$ 6,082	11,276	5,194

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Sheriff Civil Fees Fund

	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 10,000	9,501	(499)	\$ 13,000	9,432	(3,568)
Interest	25	156	131	300	108	(192)
Total Receipts	\$ 10,025	9,657	(368)	\$ 13,300	9,540	(3,760)
DISBURSEMENTS						
Sheriff	\$ 17,475	10,883	(6,592)	\$ 19,900	8,675	(11,225)
Total Disbursements	\$ 17,475	10,883	(6,592)	\$ 19,900	8,675	(11,225)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (7,450)	(1,226)	6,224	\$ (6,600)	865	7,465
CASH, JANUARY 1	7,491	7,491	-	6,626	6,626	-
CASH, DECEMBER 31	\$ 41	6,265	6,224	\$ 26	7,491	7,465

Prosecuting Attorney Bad Check Fund

	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 13,851	11,181	(2,670)	\$ 14,030	13,877	(153)
Interest	-	28	28	13	28	15
Transfers in	1,500	2,500	1,000	3,620	3,620	-
Total Receipts	\$ 15,351	13,709	(1,642)	\$ 17,663	17,525	(138)
DISBURSEMENTS						
Prosecuting Attorney	\$ 15,431	11,528	(3,903)	\$ 19,738	19,521	(217)
Total Disbursements	\$ 15,431	11,528	(3,903)	\$ 19,738	19,521	(217)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (80)	2,181	2,261	\$ (2,075)	(1,996)	79
CASH, JANUARY 1	80	80	-	2,076	2,076	-
CASH, DECEMBER 31	\$ -	2,261	2,261	\$ 1	80	79

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Howard County Economic Development Fund

	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Interest	\$ 6,300	7,712	1,412	\$ 7,700	4,472	(3,228)
Other	33,950	34,719	769	39,558	32,540	(7,018)
Total Receipts	\$ 40,250	42,431	2,181	\$ 47,258	37,012	(10,246)
DISBURSEMENTS						
Economic development expenses	\$ 281,202	9,287	(271,915)	\$ 302,961	6,132	(296,829)
Transfers out	77,976	1,000	(76,976)	-	7,000	7,000
Total Disbursements	\$ 359,178	10,287	(348,891)	\$ 302,961	13,132	(289,829)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (318,928)	32,144	351,072	\$ (255,703)	23,880	279,583
CASH, JANUARY 1	318,928	318,928	-	295,048	295,048	-
CASH, DECEMBER 31	\$ -	351,072	351,072	\$ 39,345	318,928	279,583

Election Services Fund

	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental revenues	\$ 12,765	2,035	(10,730)	\$ 1,492	3,644	2,152
Charges for services	1,000	837	(163)	1,000	893	(107)
Interest	50	71	21	100	83	(17)
Other	-	2	2	-	-	-
Total Receipts	\$ 13,815	2,945	(10,870)	\$ 2,592	4,620	2,028
DISBURSEMENTS						
Elections	\$ 13,575	1,177	(12,398)	\$ 4,254	137	(4,117)
Transfers out	5,993	4,493	(1,500)	2,246	2,246	-
Total Disbursements	\$ 19,568	5,670	(13,898)	\$ 6,500	2,383	(4,117)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (5,753)	(2,725)	3,028	\$ (3,908)	2,237	6,145
CASH, JANUARY 1	6,658	6,658	-	4,421	4,421	-
CASH, DECEMBER 31	\$ 905	3,933	3,028	\$ 513	6,658	6,145

Deputy Sheriff's Supplemental Salary Fund

	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for services	\$ 6,000	4,730	(1,270)	\$ 12,000	4,350	(7,650)
Total Receipts	\$ 6,000	4,730	(1,270)	\$ 12,000	4,350	(7,650)
DISBURSEMENTS						
Sheriff	\$ 6,000	3,980	(2,020)	\$ 12,390	4,740	(7,650)
Total Disbursements	\$ 6,000	3,980	(2,020)	\$ 12,390	4,740	(7,650)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	750	750	\$ (390)	(390)	-
CASH, JANUARY 1	-	-	-	390	390	-
CASH, DECEMBER 31	\$ -	750	750	\$ -	-	-

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Sheriff Benevolent Fund						
	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Interest	\$ -	56	56	\$ 90	49	(41)
Other	1,000	940	(60)	800	808	8
Total Receipts	\$ 1,000	996	(4)	\$ 890	857	(33)
DISBURSEMENTS						
Sheriff	\$ 4,066	2,052	(2,014)	\$ 4,727	1,630	(3,097)
Total Disbursements	\$ 4,066	2,052	(2,014)	\$ 4,727	1,630	(3,097)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (3,066)	(1,056)	2,010	\$ (3,837)	(773)	3,064
CASH, JANUARY 1	3,066	3,066	-	3,839	3,839	-
CASH, DECEMBER 31	\$ -	2,010	2,010	\$ 2	3,066	3,064

Prosecutor's Supplemental Fund						
	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Intergovernmental revenues	\$ 18,750	18,750	-	\$ 21,875	21,875	-
Interest	-	231	231	431	228	(203)
Other	-	85	85	100	70	(30)
Total Receipts	\$ 18,750	19,066	316	\$ 22,406	22,173	(233)
DISBURSEMENTS						
Prosecuting Attorney	\$ 11,580	9,026	(2,554)	\$ 6,220	3,281	(2,939)
Transfers out	16,281	17,281	1,000	18,437	18,437	-
Total Disbursements	\$ 27,861	26,307	(1,554)	\$ 24,657	21,718	(2,939)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (9,111)	(7,241)	1,870	\$ (2,251)	455	2,706
CASH, JANUARY 1	9,117	9,117	-	8,662	8,662	-
CASH, DECEMBER 31	\$ 6	1,876	1,870	\$ 6,411	9,117	2,706

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Tax Maintenance Fund						
	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Property taxes	\$ 14,000	15,533	1,533	\$ 15,170	13,984	(1,186)
Interest	600	1,140	540	850	588	(262)
Total Receipts	<u>\$ 14,600</u>	<u>16,673</u>	<u>2,073</u>	<u>\$ 16,020</u>	<u>14,572</u>	<u>(1,448)</u>
DISBURSEMENTS						
County Collector	\$ 57,900	7,948	(49,952)	\$ 19,250	6,614	(12,636)
Transfers out	-	-	-	2,246	2,246	-
Total Disbursements	<u>\$ 57,900</u>	<u>7,948</u>	<u>(49,952)</u>	<u>\$ 21,496</u>	<u>8,860</u>	<u>(12,636)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (43,300)	8,725	52,025	\$ (5,476)	5,712	11,188
CASH, JANUARY 1	43,302	43,302	-	37,590	37,590	-
CASH, DECEMBER 31	<u>\$ 2</u>	<u>52,027</u>	<u>52,025</u>	<u>\$ 32,114</u>	<u>43,302</u>	<u>11,188</u>

Sheriff Revolving Fund						
	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Charges for interest	\$ 5,100	6,472	1,372	\$ 3,200	4,938	1,738
Interest	-	196	196	150	95	(55)
Total Receipts	<u>\$ 5,100</u>	<u>6,668</u>	<u>1,568</u>	<u>\$ 3,350</u>	<u>5,033</u>	<u>1,683</u>
DISBURSEMENTS						
Sheriff	\$ 3,590	2,000	(1,590)	\$ 6,700	-	(6,700)
Transfers out	9,000	8,400	(600)	-	750	750
Total Disbursements	<u>\$ 12,590</u>	<u>10,400</u>	<u>(2,190)</u>	<u>\$ 6,700</u>	<u>750</u>	<u>(5,950)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (7,490)	(3,732)	3,758	\$ (3,350)	4,283	7,633
CASH, JANUARY 1	7,650	7,650	-	3,367	3,367	-
CASH, DECEMBER 31	<u>\$ 160</u>	<u>3,918</u>	<u>3,758</u>	<u>\$ 17</u>	<u>7,650</u>	<u>7,633</u>

Jail Sales Tax Fund						
	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Sales taxes	\$ 225,000	228,422	3,422	\$ 247,000	224,774	(22,226)
Interest	2,500	3,449	949	4,000	2,501	(1,499)
Total Receipts	<u>\$ 227,500</u>	<u>231,871</u>	<u>4,371</u>	<u>\$ 251,000</u>	<u>227,275</u>	<u>(23,725)</u>
DISBURSEMENTS						
Debt service	\$ 229,333	229,079	(254)	\$ 238,908	227,105	(11,803)
Transfers out	11,450	11,450	-	-	11,375	11,375
Total Disbursements	<u>\$ 240,783</u>	<u>240,529</u>	<u>(254)</u>	<u>\$ 238,908</u>	<u>238,480</u>	<u>(428)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (13,283)	(8,658)	4,625	\$ 12,092	(11,205)	(23,297)
CASH, JANUARY 1	234,242	234,242	-	245,447	245,447	-
CASH, DECEMBER 31	<u>\$ 220,959</u>	<u>225,584</u>	<u>4,625</u>	<u>\$ 257,539</u>	<u>234,242</u>	<u>(23,297)</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Law Enforcement Sales Tax Fund

	2010			2009		
	Final Budget	Actual	Actual Over (Under) Budget	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS						
Sales taxes	\$ 277,500	278,588	1,088	\$ 278,000	277,208	(792)
Intergovernmental revenues	-	391	391	9,226	9,226	-
Charges for services	46,800	32,423	(14,377)	51,869	69,746	17,877
Interest	-	164	164	-	127	127
Other	38,750	34,459	(4,291)	44,600	45,012	412
Transfers in	100,644	100,044	(600)	92,395	76,531	(15,864)
Total Receipts	\$ 463,694	446,069	(17,625)	\$ 476,090	477,850	1,760
DISBURSEMENTS						
Sheriff	\$ 291,811	284,969	(6,842)	\$ 247,589	286,866	39,277
Jail	174,330	166,024	(8,306)	187,536	185,475	(2,061)
Vehicle	-	-	-	40,988	-	(40,988)
Other	-	523	523	-	-	-
Total Disbursements	\$ 466,141	451,516	(14,625)	\$ 476,113	472,341	(3,772)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (2,447)	(5,447)	(3,000)	\$ (23)	5,509	5,532
CASH, JANUARY 1	5,532	5,532	-	23	23	-
CASH, DECEMBER 31	\$ 3,085	85	(3,000)	\$ -	5,532	5,532

Homeless Prevention Fund

	2010		
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Intergovernmental revenues	\$ 28,446	28,446	-
Total Receipts	\$ 28,446	28,446	-
DISBURSEMENTS			
Homeless grant expenses	\$ 28,446	28,446	-
Total Disbursements	\$ 28,446	28,446	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	-	-
CASH, JANUARY 1	-	-	-
CASH, DECEMBER 31	\$ -	-	-

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

MFH Infrastructure Grant Fund

	2009		
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Total Receipts	\$ -	-	-
DISBURSEMENTS			
Health and welfare	\$ -	18	18
Total Disbursements	\$ -	18	18
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	(18)	(18)
CASH, JANUARY 1	-	18	18
CASH, DECEMBER 31	\$ -	-	-

Howard County Insurance Fund

	2009		
	Final Budget	Actual	Actual Over (Under) Budget
RECEIPTS			
Total Receipts	\$ -	-	-
DISBURSEMENTS			
Employee fringe benefits	\$ -	1,972	1,972
Total Disbursements	\$ -	1,972	1,972
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ -	(1,972)	(1,972)
CASH, JANUARY 1	-	1,972	1,972
CASH, DECEMBER 31	\$ -	-	-

HOWARD COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH -
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

911 Board Fund

	January 1 through August 31, 2010			2009		
	Final Budget	Actual	Actual	Final Budget	Actual	Actual
			Over (Under) Budget			Over (Under) Budget
RECEIPTS						
Sales taxes	\$ 285,000	184,749	(100,251)	\$ 290,000	277,204	(12,796)
Interest	4,500	1,490	(3,010)	5,000	3,882	(1,118)
Other	87,965	1,200	1,200	47,255	1,400	(45,855)
Total Receipts	\$ 377,465	187,439	(190,026)	\$ 342,255	282,486	(59,769)
DISBURSEMENTS						
Salaries and benefits	\$ 276,500	168,397	(108,103)	\$ 275,115	249,902	(25,213)
Office expenses	9,675	4,750	(4,925)	9,810	9,118	(692)
Equipment	40,000	1,611	(38,389)	10,000	-	(10,000)
Phone system	29,000	20,057	(8,943)	28,840	28,301	(539)
Mileage and training	2,500	364	(2,136)	2,000	1,961	(39)
Repairs	6,500	2,356	(4,144)	6,000	1,295	(4,705)
Insurance	7,800	7,026	(774)	7,210	6,813	(397)
Fees	6,490	1,503	(4,987)	3,380	2,968	(412)
Total Disbursements	\$ 378,465	206,064	(172,401)	\$ 342,355	300,358	(41,997)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (1,000)	(18,625)	(17,625)	\$ (100)	(17,872)	(17,772)
CASH, JANUARY 1	161,087	161,087	-	178,959	178,959	-
CASH, AUGUST 31, 2010 AND DECEMBER 31	\$ 160,087	142,462	(17,625)	\$ 178,859	161,087	(17,772)

Sheltered Services Board Fund

	2010			2009		
	Final Budget	Actual	Actual	Final Budget	Actual	Actual
			Over (Under) Budget			Over (Under) Budget
RECEIPTS						
Property taxes	\$ 109,741	109,915	174	\$ 105,402	109,741	4,339
Interest	-	3,818	3,818	-	5,578	5,578
Other	13,000	3,809	(9,191)	-	7,854	7,854
Total Receipts	\$ 122,741	117,542	(5,199)	\$ 105,402	123,173	17,771
DISBURSEMENTS						
Administration	\$ 10,058	1,608	(8,450)	\$ 9,662	1,306	(8,356)
Services	156,712	95,044	(61,668)	119,250	79,138	(40,112)
Insurance	926	926	-	1,200	926	(274)
Mileage and training	3,363	2,527	(836)	2,690	3,196	506
Other	92	-	(92)	170	-	(170)
Total Disbursements	\$ 171,151	100,105	(71,046)	\$ 132,972	84,566	(48,406)
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (48,410)	17,437	65,847	\$ (27,570)	38,607	66,177
CASH, JANUARY 1	188,271	188,271	-	178,960	149,664	(29,296)
CASH, DECEMBER 31	\$ 139,861	205,708	65,847	\$ 151,390	188,271	36,881

NOTES TO FINANCIAL STATEMENTS

HOWARD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

1. A. REPORTING ENTITY

The county's operations include tax assessments and collections, state/county courts administration, county recorder, public safety, economic development, road and bridge maintenance, public welfare, and social and human services. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, other boards, or elected county officials.

The financial statements referred to above include the primary government of Howard County, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the county's legal entity. This would include the local health department and Sheltered Services Board through December 31, 2010, and the 911 Board through August 31, 2010. Effective August 28, 2010, Missouri state law provided that the 911 Board would be considered a separate governing body.

1. B. BASIS OF PRESENTATION

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

Fiduciary (Agency) Funds - Certain county officials, particularly the County Collector, Treasurer, Recorder, Sheriff, and Public Administrator collect and hold monies in a trustee capacity as an agent for individuals, taxing units, or other governments. These assets, which are held for the benefit of external parties, are held in fiduciary (agency) funds which are custodial in nature, and are not reported on the accompanying financial statements.

1. C. BASIS OF ACCOUNTING

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

1. D. BUDGETS AND BUDGETARY ACCOUNTING

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

1. In accordance with Chapter 50 RSMo, the county's policy is to adopt a budget for each governmental fund.

**HOWARD COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. D. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

2. Prior to January, each elected officer or department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. The General Revenue Fund had a deficit budgeted cash balance in 2010 in the amount of \$1,387, while no other funds had a deficit budgeted cash balance for 2010 and 2009.
5. A public hearing is conducted to obtain public comment on the budget documents. Prior to approval by the County Commission and other boards, the budget documents are available for public inspection, which usually takes place the third and fourth weeks of January.
6. Prior to February 1, the budget is legally enacted by a vote of the County Commission, the Sheltered Services Board or the 911 Board.
7. Subsequent to its formal approval of the budget, the County Commission, Sheltered Services board and 911 board have the authority to make necessary adjustments to the budget by formal vote. Budgeted amounts are as originally adopted, or as amended by the County Commission, Sheltered Services Board and 911 board during the year. The County Commission amended budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue	2010 and 2009
Special Road and Bridge	2010 and 2009
Assessment	2010
Prosecuting Attorney Bad Check	2010 and 2009
Civil Defense	2010
Election Services	2010 and 2009
Keller Building	2010 and 2009
Law Enforcement Training	2010
Prosecutor's Supplemental	2010 and 2009
Law Enforcement Sales Tax	2010 and 2009
Road and Bridge Disaster	2009
Tax Maintenance	2009

8. Budgets are prepared and adopted on the cash basis of accounting by the County Commission, Sheltered Services Board and 911 Board.

**HOWARD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. D. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

9. Adoption of a formal budget is required by state statute. However, the county did not include formal budgets for the MFH Infrastructure Grant Fund or the Howard County Insurance Fund for the year ended December 31, 2009 for which expenditures were made to close out these funds.

1. E. USE OF ESTIMATES

The preparation of financial statements in conformity with the cash basis of accounting used by the County requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

1. F. PROPERTY TAXES

Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as on January 1. Taxes are levied in September and payable by December 31. Taxes paid after December 31 are delinquent and subject to penalties. The county bills and collects its own property taxes and also taxes for most other local governments in the county.

The assessed valuation of the tangible property for the calendar year 2010 and 2009 for purposes of local taxation was:

	2010	2009
Real Estate	\$ 71,001,510	\$ 69,996,610
Personal Property	22,848,507	22,745,433
Railroad and Utilities	13,811,385	13,217,989
Total Assessed Valuation	\$ 107,661,402	\$ 105,960,032

The county-wide levy per \$100 of the assessed valuation of tangible property for the calendar year 2010 and 2009 for purposes of local taxation was:

	2010	2009
General Revenue Fund	\$.2732	\$.2773
Special Road and Bridge Fund *	\$.2710	\$.2890
Sheltered Services Board Fund	\$.1000	\$.1000

* The county retains all tax proceeds from areas not within special road districts. The county has two road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

**HOWARD COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. G. CASH DEPOSITS AND INVESTMENTS

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

1. H. INTERFUND ACTIVITY

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing. Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

Transfers between funds of the primary government for the years ended December 31, 2010 and 2009 were as follows:

	Year Ended December 31, 2010	
	<u>Transfers In</u>	<u>Transfers Out</u>
FUNDS:		
General Fund	\$ 16,943	\$ 88,745
Civil Defense Fund	11,882	-
Prosecuting Attorney Bad Check Fund	2,500	-
Howard County Economic Development Fund	-	1,000
Election Services Fund	-	4,493
Prosecutor's Supplemental Fund	-	17,281
Sheriff Revolving Fund	-	8,400
Jail Sales Tax Fund	-	11,450
Law Enforcement Sales Tax Fund	100,044	-
Totals	\$ <u>131,369</u>	\$ <u>131,369</u>

**HOWARD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

1. H. INTERFUND ACTIVITY (CONTINUED)

	Year Ended December 31, 2009	
	Transfers In	Transfers out
FUNDS:		
General Fund	\$ 79,867	\$ 79,675
Special Road and Bridge Fund	85,736	63,521
Prosecuting Attorney Training Fund	36	-
Keller Building Fund	12,255	11,000
Civil Defense Fund	6,420	-
Road and Bridge Disaster Fund	15,461	85,736
Prosecuting Attorney Bad Check Fund	3,620	-
Howard County Economic Development Fund	-	7,000
Election Services Fund	-	2,246
Prosecutor's Supplemental Fund	-	18,437
Tax Maintenance Fund	-	2,246
Sheriff Revolving Fund	-	750
Jail Sales Tax Fund	-	11,375
Law Enforcement Sales Tax Fund	76,531	-
Totals	\$ <u>279,926</u>	\$ <u>281,986</u>

A transfer for \$2,060 ordered by the County Commission in December 2008 between the Special Road and Bridge Fund to the Road and Bridge Disaster Fund was not recorded as the transfer out by the Treasurer until January 2009 making total transfers not to be in balance for 2009 and 2008.

1. I. PUBLISHED FINANCIAL STATEMENTS

Under Section 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. For the year ended December 31, 2009, the published financial statements did not include the 911 Board Fund or the Sheltered Services Board Fund.

NOTE 2. CASH AND INVESTMENTS

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with existing authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchases of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

The county has determined through experience that checking accounts, savings accounts, negotiable order withdrawal (NOW) accounts, money market accounts, and certificates of deposits are appropriate types of accounts or instruments for its needs. The county maintains a cash and

**HOWARD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is included on the financial statements as "Cash" under each fund's caption.

Disclosures are provided below regarding the risk of potential loss of cash deposits. For the purpose of the disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

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 amounts of the county's deposits were \$894,857 and \$933,667, respectively, and the bank balances for all accounts at the depository bank were \$1,070,511 and \$1,034,450 respectively. All bank balances at the depository bank at December 31, 2010 and December 31, 2009 were covered by \$250,000 of federal depository insurance and \$820,511 and \$784,450, respectively, were covered by collateral held at the Federal Reserve Bank and the county's safekeeping bank agent in the county's name or by its agent in the county's name.

The County's Sheltered Services Board's deposits at December 31, 2010 and 2009, and the 911 Board's deposits at August 31, 2010 and December 31, 2009, were not exposed to custodial credit risk because they were entirely covered by federal depository insurance or by collateral securities held by the boards' custodial bank in the county's or boards' name.

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS

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

A. Missouri Local Government Employees Retirement System (LAGERS)

1) Plan Description

Howard County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

2) Pension Benefits

Upon termination of employment, any member who is vested is entitled to either an unreduced benefit annuity, payable at age sixty (police and fire fighters, age fifty-five), or a reduced benefit annuity, payable at age fifty-five (police and fire fighters, age fifty). Any member with less than five years of credited service will be refunded accumulated plan contributions.

**HOWARD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)

3) Funding Policy

Howard County's full-time employees do not contribute to the pension plan since the plan is non-contributory with the employees' part paid by the county. The county is required to contribute at an actuarially determined rate; the current rate at December 31, 2010 is 1.3% (general) and 1.7% (police) of annual covered payroll. The County Commission determines the contribution requirements of plan members. The contribution provisions of the county are established by state statute.

4) Annual Pension Cost

For 2010 and 2009, total payments to LAGERS were \$4,404 and \$15,069, respectively.

B. County Employees' Retirement Fund (CERF)

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

1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

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

2) Pension Benefits

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

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

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

**HOWARD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 3. COUNTY EMPLOYEES' RETIREMENT PLANS (CONTINUED)

3) Funding Policy

Participation in the plan is required for part-time employees that work over 1,000 hours in a calendar year. Enrollment in the plan occurs at the next open enrollment date, in either January or June. For part-time eligible employees hired before February 25, 2002, a pre-tax contribution of 2% is required. For employees hired on or after February 25, 2002, a pre-tax contribution of 4% is required for full-time employees and for part-time employees a contribution of 6% is required. During 2010 and 2009, the county collected and remitted CERF employee contributions of approximately \$87,365 and \$84,397, respectively, for the years then ended.

NOTE 4. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

Vacation time is accrued for every full-time employee in the county and accrues at different rates up to a maximum of twenty-one days per year. An employee may carry five annual vacation leave days over to the following year. All vacation earned in one year must be taken off the following year. Compensation for unused vacation is at the discretion of the County Commission. The county provides full-time county employees with up to one day of sick leave time per month and may accumulate to an unlimited amount of days. Sick leave is not paid upon termination of employment with the county. Vacation and personal leave amounts are reported as disbursements when they are paid.

The county does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under the COBRA the county provides health care benefits to eligible former employees and their dependents. The premiums are paid by the former employees. The county incurs no cost for these benefits.

NOTE 5. CLAIMS, COMMITMENTS, AND CONTINGENCIES

Federal and State Assisted Programs

The county has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

NOTE 6. RISK MANAGEMENT

The county carries commercial insurance for various risks of loss to which it is exposed, including risks related to torts; theft of, damage to, or destruction of assets; natural disasters; errors and omissions; injuries to employees; and employees' health and life. County management believes such coverage is sufficient to preclude any significant uninsured losses to the county. Settled claims have not exceeded this insurance coverage in any of the past three years.

The county is a member of the Missouri Association of Counties Self-Insurance Workers' Compensation and Insurance Fund. The county purchases workers' compensation insurance through this fund, a non-profit corporation established to provide insurance coverage to Missouri Counties. The fund is self-insured up to \$2,000,000 per occurrence and reinsured up to the statutory limit through excess insurance.

**HOWARD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 7. LEASE PURCHASE AGREEMENTS

- A. The County Commission entered into an agreement on March 28, 2003 for the lease-purchase of the Howard County Law Enforcement Center. Certificates of participation totaling \$1,725,000 were issued by a local bank on behalf of the county and the proceeds of those certificates were used to construct the center, which was completed in June 2004. The lease is scheduled to be paid off in the year 2012. The remaining principal and interest due on the lease at December 31, 2010 and 2009, totaled \$430,000 and \$635,000, respectively.

The annual debt service requirements for the Howard County Law Enforcement Center, including principal and interest at December 31, 2010 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 210,000	\$ 13,325
2012	220,000	4,510
Totals	<u>\$ 430,000</u>	<u>\$ 17,835</u>

- B. The County Commission entered into an agreement on June 7, 2007 for the lease-purchase of two motor graders. The total lease for the two graders is for 60 months with the first four payments of \$18,037 annually and a final payment of \$208,000 due in 2011.
- C. The County Commission entered into an agreement on September 13, 2007 for the lease-purchase of a motor grader. The total lease for the grader is for 60 months with the first payment of \$50,000 in 2007, four payments of \$10,206 annually and a final payment of \$104,000 due in 2011.
- D. The County Commission entered into an agreement on June 15, 2010 for the lease-purchase of an excavator. The total lease for the grader is for 60 months with five annual payments of \$23,173.

NOTE 8. EQUIPMENT RENTAL

The Prosecuting Attorney entered into an agreement on December 29, 2010 for a 48 month lease of a copy machine with a monthly payment of \$112.

NOTE 9. LONG-TERM DEBT

The County had the following debt outstanding at December 31, 2010 and 2009:

- A. The county entered into two energy efficiency loan agreements with the Missouri Department of Natural Resources (DNR) to finance major repairs at the courthouse and the Keller Building. In July 2008, DNR issued a 16-year loan in the amount of \$49,336 with a 4.1% interest rate. The county has long-term debt outstanding for this note at December 31, 2010 and 2009, of \$43,205 and \$46,209, respectively.

The annual debt service requirements for the DNR Energy Efficient Loan, including principal and interest at December 31, 2010 are as follows:

**HOWARD COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 9. LONG-TERM DEBT (CONTINUED)

<u>Year Ended December 31,</u>		<u>Principal</u>		<u>Interest</u>
2011	\$	3,129	\$	1,740
2012		3,259		1,610
2013		3,394		1,475
2014		3,535		1,334
2015		3,681		1,188
2016-2022		<u>26,207</u>		<u>3,710</u>
Totals	\$	<u>43,205</u>	\$	<u>11,057</u>

B. In August 2010, the DNR authorized a 6 1/2-year loan up to \$60,000, with a 0 percent interest rate, for Keller building repairs. The county has long-term debt outstanding for this note at December 31, 2010 of \$43,841. As of December 31, 2010, no payments are due on this loan.

NOTE 10. SUBSEQUENT EVENTS

The 1/2-cent jail capital improvement sales tax expires on December 31, 2011. In April 2011, the voters of Howard County approved an additional 1/8-cent sales tax for 911 services.

SUPPLEMENTARY INFORMATION

HOWARD COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2010	2009
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health and Senior Services-				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS04509144	\$ -	\$ 17,365
		ERS04510144	22,980	6,109
		ERS04511144	1,994	-
10.559	Summer Food Service Program for Children	N/A	80	80
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Social Services-				
14.257	ARRA - Homelessness Prevention and Rapid Re-Housing Program	ER-16410021A	28,446	-
U. S. DEPARTMENT OF JUSTICE				
Passed through:				
Missouri Sheriffs' Association -				
16.803	ARRA - Edward Byrne Memorial Justice Assistance Grant Program		-	9,226
16.810	ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program		4,039	-
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO - (22)	-	152,515
		BRO - (23)	-	2,124
		BRO - (25)	-	223,634
		BRO - (26), (27), and (28)	9,275	-
ELECTION ASSISTANCE COMMISSION				
Passed through state:				
Office of Secretary of State-				
90.401	Help America Vote Act Requirements Payments	N/A	6,661	1,115
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health and Senior Services-				
93.069	Bioterrorism/Emergency Preparedness (HHS)	DH080006036	-	11,694
		DH100004042	14,002	-
93.069	Public Health Emergency Preparedness (Center for Disease and Control)	AOC10380206	24,581	13,086
93.575	Child Care and Development Block Grant	N/A	410	1,040
93.712	ARRA - Immunization	DH100013003	1,425	-
93.994	Maternal and Child Health Services	DH090005002	17,579	17,876
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through state:				
Department of Public Safety-				
97.036	Disaster Grants - Public Assistance Grants (Presidentially declared disasters)		22,472	65,061
Total Expenditures of Federal Awards			\$ 153,944	\$ 520,925

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

HOWARD COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. PURPOSE OF SCHEDULE AND REPORTING ENTITY

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

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

B. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with OMB Circular A-133, which defines federal financial assistance as 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 service rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts the 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. Because Howard County expended no noncash awards for the years ended December 31, 2010 and 2009, the schedule includes expenditures of cash awards only.

C. BASIS OF ACCOUNTING

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

D. MATCHING REQUIREMENTS

Certain Federal programs require that the county contribute non-federal funds (matching funds) to support the federally-funded programs. The county has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the schedule.

NOTE 2. SUBRECIPIENTS

The county provided no federal awards to subrecipients during the years ended December 31, 2010 and 2009.

COMPLIANCE SECTION

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September 1, 2011

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

To the County Commission
and Officeholders
of Howard County, Missouri

We have audited the financial statements of Howard County, Missouri, as of and for the years ended December 31, 2010 and 2009, which collectively comprise Howard County's basic financial statements and have issued our report thereon dated September 1, 2011. 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 Howard 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 Howard County's control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Howard 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 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 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 (10-01 and 10-02).

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**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* (CONTINUED)**

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 Howard County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 10-01 and 10-02.

Howard 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 Howard County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, County Commission and other boards, others within the entity, the Missouri State Auditor's Office, 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. However, this report is a matter of public record and its distribution is not limited.

Casey-Beard-Boehmer PC

Casey-Beard-Boehmer PC
Certified Public Accountants

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September 1, 2011

INDEPENDENT AUDITORS' 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

To the County Commission
and Officeholders
of Howard County, Missouri

Compliance

We have audited Howard County, Missouri's 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 the county's major federal program for the years ended December 31, 2010 and 2009. The county's major federal program is 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 its major federal program 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, Howard County, Missouri, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the years ended December 31, 2010 and 2009.

Internal Control Over Compliance

Management of Howard County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Howard County, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program to

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**INDEPENDNT AUDITORS' 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 (CONTINUED)**

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 Howard County, Missouri's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies 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 described in the accompanying schedule of findings and questioned costs that we consider to be a deficiency in internal control over compliance (10-03).

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. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

This report is intended solely for the information and use of management, County Commission and other boards, others within the entity, the Missouri State Auditor's Office, 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. However, this report is a matter of public record and its distribution is not limited.

Casey-Beard-Boehmer

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**HOWARD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGERMENTS' PLAN FOR CORRECTIVE ACTION)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditors’ report issued on compliance for major programs: Unqualified

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

Identification of major programs:

CFDA Number	Program Title
20.205	Highway Planning and Construction

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

Auditee qualified as a low-risk auditee? yes X no

**HOWARD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGERMENTS' PLAN FOR CORRECTIVE ACTION)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

SECTION II – FINANCIAL STATEMENT FINDINGS

This section includes the audit findings that *Government Auditing Standards* require to be reported for an audit of financial statements.

10-01 Budgetary Controls not in Compliance with State Law

Condition: We noted the following issues with the county's budgeting process during our audit:

- A. The County Commission approved budget amendments for several county funds in December 2010. The amended document presented by the county for audit purposes for the General Revenue Fund for 2010 noted that the revised budgeted revenues and expenditures left a negative budgeted cash balance of \$1,387 as shown in the financial statements presented for the county. There was no amended cash reconciliation page included with the revised budget to show what the budgeted cash balance would be. We also noted upon discussion with the State Auditor's Office that the December 2010 budget amendments had not been filed with the office as required by state law.

Upon discussion with the County Clerk, the official indicated that there would have been an error in the amended revenue amount since sales taxes had increased more than expected and should have been increased so there would not have been a negative budgeted cash balance. The County Commission should provide an amended reconciliation on each budget amendment to ensure that the budgeted cash balance does not show as a negative amount on the budget document.

- B. The county reported inaccurate loan balances in the 2010 and 2011 budgets as follows:

<u>Loan</u>	<u>Budget</u>		<u>Amount Reported</u>		<u>Actual Amount</u>
Law Enforcement Center	2010	\$	610,000	\$	635,000
DNR Natural Resources Loan	2011		42,210		43,205

In addition, lease-purchase agreements entered into by the county were not included on the budget document and the Sheltered Services Board tax levy for each year was not properly shown since the tax levy is a county-wide levy.

Criteria: Section 50.622 RSMo, requires that the same procedures should be followed for amending the budget as were required for the adoption of the annual budget. Section 50.540 RSMo states the estimated ending fund balance cannot be a deficit balance. The Missouri State Auditor's Office budgetary guidelines require long-term debt including lease-purchase agreements and certificates of participation along with all county-wide levies to be reported in the budget.

Cause: County officials did not consider the importance of preparing proper amended budgets and reporting accurate long-term debt and other information on the budget documents.

Effect: The County Commission and the County Clerk did not follow state law and budgetary guidelines on the preparation of budget documents.

Recommendation:

- A. The County Commission and County Clerk ensure the amended budgets do not indicate a negative budgeted cash balance and are filed properly with the state.

**HOWARD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
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FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

- B. The County Commission and County Clerk ensure all loan balances, lease-purchase agreements, and all county-wide levies are presented accurately on the budget document.

Response:

- A. *The County Commission and the County Clerk agree with the recommendation and will ensure the amended budgets do not indicate a negative budgeted cash balance and are properly filed with the state.*
- B. *The County Commission and County Clerk agree with the recommendation and will ensure all loan balances, lease-purchase agreements, and all county-wide levies are presented accurately on the budget document.*

10-02 Untimely Deposit by County Treasurer

Condition: The County Treasurer delayed depositing a court ordered transfer on December 5, 2008 until January 1, 2009 causing the transfers between funds to be out of balance by \$2,060 in 2009 as shown on the county's financial statements.

Criteria: Strong internal controls over financial statements require that deposits be made timely to ensure the county's funds are accurate and in balance.

Cause: The County Treasurer's office did not deposit a court order transfer timely.

Effect: The transfers between funds are not in balance on the financial statements filed.

Recommendation:

The County Treasurer should make all deposits timely to safeguard county assets and assure the financial information is in balance on the formal budget.

The County Treasurer provided the following response:

Response: In error, I failed to transfer \$2,060 in the month of December 2008 as directed by the County Commission. I did so in January 2009 when the error of transfer was discovered. I will make sure all deposits and transfers are done in a timely manner to safeguard county assets and assure the financial information is in balance on the formal budget.

**HOWARD COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
(INCLUDING MANAGERMENTS' PLAN FOR CORRECTIVE ACTION)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

SECTION III – FEDERAL AWARD FINDING

10-03 Schedule of Expenditures of Federal Awards

Federal Grantor: U.S. Department of Agriculture, U.S. Department of Housing and Urban Development, U.S. Department of Justice, and U.S. Department of Health and Human Services

Pass-Through Grantor: Various

Federal CFDA Number: Various

Program Title: Various

Pass-Through Entity
Identifying Number: N/A

Award Year: 2010 and 2009

Questioned Costs: N/A

Condition: The county does not have adequate procedures in place to report accurate grant information on the Schedule of Expenditures of Federal Awards (SEFA), and as a result, the county's SEFA contained some errors and omissions of information required by the federal government.

Criteria: Section .310(b) of Circular A-133, Audit 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. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

Effect: Several grants did not have a corresponding CFDA number and pass-through entity identifying numbers on the SEFA, and several program titles reported were not correctly stated. ARRA grants especially were not specifically identified as now required by the federal government.

Recommendation: Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The county should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards with the appropriate CFDA numbers and grant titles are properly reported on the SEFA.

Response: The County Commission and the County Clerk agree with the recommendation and will ensure all departments and/or officials properly track federal awards to ensure all federal awards with the appropriate CFDA numbers and grant titles are properly reported on the SEFA.

**FOLLOW- UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

**HOWARD COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
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Because Howard County, Missouri, did not obtain an audit of its financial statements for the two years ended December 31, 2008, this section does not report the status of any prior audit findings.