



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Dallas County, Missouri

The Office of the State Auditor, in cooperation with Dallas County, 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 Davis, Lynn & Moots, P.C., 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. 2011-80

DALLAS COUNTY, MISSOURI
FINANCIAL STATEMENTS
Years Ended December 31, 2010 and 2009

DALLAS COUNTY, MISSOURI

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INDEPENDENT AUDITORS' REPORT

Dallas County Commission
Dallas County
Buffalo, Missouri

We have audited the accompanying financial statements of Dallas County, Missouri, as of and for the years ended December 31, 2010 and 2009, which collectively comprise the County's financial statements as identified in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

Dallas County Commission
Dallas County
Buffalo, Missouri

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of the governmental and agency funds of Dallas County, Missouri, as of and for the years ended December 31, 2010 and 2009, and the receipts, disbursements and budgetary results of the governmental funds for the years ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 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, 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.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
April 29, 2011

DALLAS COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES – ALL
GOVERNMENTAL FUNDS – REGULATORY BASIS
Year Ended December 31, 2010

FUND	Cash		Cash	
	Balances			Balances
	January 1	Receipts	Disbursements	December 31
General Revenue	\$ 164,618	\$ 1,247,789	\$ 1,326,848	\$ 85,559
Special Road and Bridge	236,035	1,232,715	1,261,041	207,709
Assessment	13,240	262,398	246,936	28,702
Law Enforcement Training	1,792	6,370	6,833	1,329
Prosecuting Attorney Training	3,186	1,095	3,904	377
Law Enforcement Sales Tax	6,964	881,615	873,895	14,684
Record Storage	28,360	10,153	6,622	31,891
Bad Check	9,971	15,845	25,003	813
Road and Bridge Capital Improvement	238,700	615,974	448,226	406,448
Law Enforcement Civil Fees	4,885	29,068	27,005	6,948
Local Emergency Planning	12,191	673	3,230	9,634
Jury	564	7,100	7,331	333
Election Services	4,565	2,242	985	5,822
Tax Maintenance	80,879	21,353	31,415	70,817
Passport	5,341	1,475	1,910	4,906
Sheriff's Revolving	2,154	3,116	4,005	1,265
Domestic Violence	15	500	515	-
Emergency 911	314,115	583,714	568,740	329,089
TOTAL	<u>\$ 1,127,575</u>	<u>\$ 4,923,195</u>	<u>\$ 4,844,444</u>	<u>\$ 1,206,326</u>

See accompanying notes.

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

FUND	Cash			Cash
	Balances	Receipts	Disbursements	Balances
	January 1			December 31
General Revenue	\$ 195,220	\$ 1,427,174	\$ 1,457,776	\$ 164,618
Special Road and Bridge	185,657	1,165,813	1,115,435	236,035
Assessment	2,070	249,519	238,349	13,240
Law Enforcement Training	768	6,503	5,479	1,792
Prosecuting Attorney Training	2,848	1,072	734	3,186
Law Enforcement Sales Tax	9,704	855,436	858,176	6,964
Record Storage	24,086	11,122	6,848	28,360
Bad Check	16,557	10,970	17,556	9,971
Road and Bridge Capital Improvement	36,781	634,079	432,160	238,700
Law Enforcement Civil Fees	5,588	41,948	42,651	4,885
Local Emergency Planning	12,339	3,500	3,648	12,191
Jury	1,094	14,028	14,558	564
Election Services	2,187	3,174	796	4,565
Tax Maintenance	63,130	20,133	2,384	80,879
Passport	4,574	1,510	743	5,341
Sheriff's Revolving	843	3,542	2,231	2,154
Domestic Violence	2	522	509	15
Emergency 911	376,942	517,831	580,658	314,115
TOTAL	<u>\$ 940,390</u>	<u>\$ 4,967,876</u>	<u>\$ 4,780,691</u>	<u>\$ 1,127,575</u>

See accompanying notes.

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

	Year Ended December 31,					
	2010			2009		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	\$ 233,500	\$ 367,242	\$ 133,742	\$ 187,000	\$ 326,695	\$ 139,695
Sales taxes	550,000	566,126	16,126	585,000	566,360	(18,640)
Intergovernmental	62,500	93,404	30,904	222,463	126,713	(95,750)
Charges for services	184,125	152,903	(31,222)	374,500	219,514	(154,986)
Interest	5,000	4,713	(287)	9,000	5,293	(3,707)
Other	231,550	63,401	(168,149)	42,450	38,099	(4,351)
Transfers in	-	-	-	30,000	144,500	114,500
TOTAL RECEIPTS	1,266,675	1,247,789	(18,886)	1,450,413	1,427,174	(23,239)
DISBURSEMENTS						
County Commission	89,665	88,560	1,105	87,065	89,554	(2,489)
County Clerk	73,947	73,835	112	76,245	72,829	3,416
Elections	78,873	29,383	49,490	34,503	30,195	4,308
Buildings and grounds	52,663	61,501	(8,838)	58,850	86,119	(27,269)
County Treasurer	46,911	45,863	1,048	48,700	46,788	1,912
County Collector	111,891	109,526	2,365	116,538	108,381	8,157
Ex Officio Recorder of Deeds	45,468	44,825	643	47,320	44,474	2,846
Circuit Clerk	21,395	-	21,395	17,200	8,649	8,551
Associate Circuit Court	-	11,356	(11,356)	34,650	6,813	27,837
Court administration	9,371	7,265	2,106	10,400	5,000	5,400
Public Administrator	28,400	28,882	(482)	28,470	28,568	(98)
Prosecuting Attorney	206,505	205,758	747	207,078	195,420	11,658
Juvenile Officer	6,669	29,539	(22,870)	69,204	93,367	(24,163)
County Coroner	19,766	19,716	50	20,875	19,766	1,109
Employee benefits	122,820	124,031	(1,211)	122,670	126,849	(4,179)
Insurance	31,000	31,933	(933)	32,345	32,721	(376)
University Extension	36,700	36,700	-	36,700	36,700	-
Road Construction	-	8,577	(8,577)	-	-	-
Other	206,381	135,997	70,384	156,350	73,283	83,067
Transfers out	233,575	233,601	(26)	293,685	352,300	(58,615)
TOTAL DISBURSEMENTS	1,422,000	1,326,848	95,152	1,498,848	1,457,776	41,072
RECEIPTS (UNDER)	(155,325)	(79,059)	76,266	(48,435)	(30,602)	17,833
DISBURSEMENTS	164,618	164,618	-	195,220	195,220	-
CASH BALANCE, January 1	\$ 9,293	\$ 85,559	\$ 76,266	\$ 146,785	\$ 164,618	\$ 17,833
CASH BALANCE, December 31						

See accompanying notes.

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

	Year Ended December 31,					
	2010			2009		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
SPECIAL ROAD AND BRIDGE FUND						
RECEIPTS						
Property taxes	\$ 412,500	\$ 399,748	\$ (12,752)	\$ 382,000	\$ 385,552	\$ 3,552
Other taxes	605,000	645,095	40,095	-	622,091	622,091
Intergovernmental	171,500	172,528	1,028	945,400	137,371	(808,029)
Interest	9,700	12,812	3,112	10,000	10,076	76
Other	7,000	2,532	(4,468)	64,100	10,723	(53,377)
TOTAL RECEIPTS	1,205,700	1,232,715	27,015	1,401,500	1,165,813	(235,687)
DISBURSEMENTS						
Salaries	553,484	528,373	25,111	553,484	560,178	(6,694)
Employee benefits	183,150	195,522	(12,372)	183,150	184,001	(851)
Supplies	20,800	10,128	10,672	20,800	18,241	2,559
Insurance	22,000	22,446	(446)	18,475	21,196	(2,721)
Road and bridge materials	284,500	191,840	92,660	284,500	43,180	241,320
Equipment repairs	125,000	103,996	21,004	100,000	121,354	(21,354)
Rentals	-	-	-	60,000	-	60,000
Fuel	175,000	153,483	21,517	175,000	118,201	56,799
Bridge construction	-	11,302	(11,302)	-	22,936	(22,936)
Other	12,500	7,780	4,720	16,500	11,148	5,352
Transfers out	36,171	36,171	-	15,000	15,000	-
TOTAL DISBURSEMENTS	1,412,605	1,261,041	151,564	1,426,909	1,115,435	311,474
RECEIPTS OVER (UNDER) DISBURSEMENTS	(206,905)	(28,326)	178,579	(25,409)	50,378	75,787
CASH BALANCE, January 1	236,035	236,035	-	185,657	185,657	-
CASH BALANCE, December 31	\$ 29,130	\$ 207,709	\$ 178,579	\$ 160,248	\$ 236,035	\$ 75,787
ASSESSMENT FUND						
RECEIPTS						
Charges for services	\$ 92,750	\$ 96,890	\$ 4,140	\$ -	\$ 79,187	\$ 79,187
Intergovernmental	46,600	50,208	3,608	148,312	69,972	(78,340)
Interest	500	523	23	350	367	17
Other	9,950	6,505	(3,445)	4,500	1,993	(2,507)
Transfers in	108,273	108,272	(1)	96,385	98,000	1,615
TOTAL RECEIPTS	258,073	262,398	4,325	249,547	249,519	(28)
DISBURSEMENTS						
Assessor	237,278	246,936	(9,658)	251,072	238,349	12,723
TOTAL DISBURSEMENTS	237,278	246,936	(9,658)	251,072	238,349	12,723
RECEIPTS OVER (UNDER) DISBURSEMENTS	20,795	15,462	(5,333)	(1,525)	11,170	12,695
CASH BALANCE, January 1	13,240	13,240	-	2,070	2,070	-
CASH BALANCE, December 31	\$ 34,035	\$ 28,702	\$ (5,333)	\$ 545	\$ 13,240	\$ 12,695

See accompanying notes.

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

	Year Ended December 31,					
	2010			2009		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
LAW ENFORCEMENT						
<u>TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	\$ 2,218	\$ 2,007	\$ (211)	\$ 2,639	\$ 2,217	\$ (422)
Charges for services	4,000	4,363	363	5,200	4,272	(928)
Other	-	-	-	-	14	14
TOTAL RECEIPTS	6,218	6,370	152	7,839	6,503	(1,336)
DISBURSEMENTS						
Sheriff	7,569	6,833	736	8,607	5,479	3,128
TOTAL DISBURSEMENTS	7,569	6,833	736	8,607	5,479	3,128
RECEIPTS OVER (UNDER)						
DISBURSEMENTS	(1,351)	(463)	888	(768)	1,024	1,792
CASH BALANCE, January 1	1,792	1,792	-	768	768	-
CASH BALANCE, December 31	\$ 441	\$ 1,329	\$ 888	\$ -	\$ 1,792	\$ 1,792
PROSECUTING ATTORNEY						
<u>TRAINING FUND</u>						
RECEIPTS						
Charges for services	\$ 1,000	\$ 1,095	\$ 95	\$ 1,350	\$ 1,072	\$ (278)
TOTAL RECEIPTS	1,000	1,095	95	1,350	1,072	(278)
DISBURSEMENTS						
Prosecuting Attorney	4,000	804	3,196	2,800	734	2,066
Transfers out	-	3,100	(3,100)	-	-	-
TOTAL DISBURSEMENTS	4,000	3,904	96	2,800	734	2,066
RECEIPTS OVER (UNDER)						
DISBURSEMENTS	(3,000)	(2,809)	191	(1,450)	338	1,788
CASH BALANCE, January 1	3,186	3,186	-	2,848	2,848	-
CASH BALANCE, December 31	\$ 186	\$ 377	\$ 191	\$ 1,398	\$ 3,186	\$ 1,788

See accompanying notes.

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

	Year Ended December 31,					
	2010			2009		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
LAW ENFORCEMENT						
<u>SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	\$ 550,000	\$ 566,129	\$ 16,129	\$ 585,000	\$ 566,366	\$ (18,634)
Intergovernmental	5,660	3,844	(1,816)	130,057	27,734	(102,323)
Charges for services	100,000	126,044	26,044	32,800	100,019	67,219
Interest	695	679	(16)	2,500	742	(1,758)
Other	200	14,919	14,719	27,145	19,775	(7,370)
Transfers in	194,973	170,000	(24,973)	127,300	140,800	13,500
TOTAL RECEIPTS	851,528	881,615	30,087	904,802	855,436	(49,366)
DISBURSEMENTS						
Salaries	550,332	522,410	27,922	527,691	531,782	(4,091)
Office supplies	15,270	21,518	(6,248)	14,960	12,387	2,573
Equipment	3,724	283	3,441	24,000	24,555	(555)
Training	150	272	(122)	-	136	(136)
Officer costs	150,047	172,610	(22,563)	168,713	159,275	9,438
Jail costs	19,900	29,056	(9,156)	23,000	19,502	3,498
Prisoner costs	31,700	28,592	3,108	30,655	28,393	2,262
Repairs and maintenance	22,000	20,457	1,543	24,500	24,791	(291)
Fuel	38,000	40,935	(2,935)	55,000	29,763	25,237
Insurance	26,780	33,615	(6,835)	26,168	26,780	(612)
Other	450	4,147	(3,697)	15,094	812	14,282
TOTAL DISBURSEMENTS	858,353	873,895	(15,542)	909,781	858,176	51,605
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,825)	7,720	14,545	(4,979)	(2,740)	2,239
CASH BALANCE, January 1	6,964	6,964	-	9,704	9,704	-
CASH BALANCE, December 31	\$ 139	\$ 14,684	\$ 14,545	\$ 4,725	\$ 6,964	\$ 2,239
<u>RECORD STORAGE FUND</u>						
RECEIPTS						
Charges for services	\$ 7,075	\$ 9,468	\$ 2,393	\$ 7,070	\$ 10,538	\$ 3,468
Interest	500	685	185	500	584	84
TOTAL RECEIPTS	7,575	10,153	2,578	7,570	11,122	3,552
DISBURSEMENTS						
Recorder	15,120	6,622	8,498	19,620	6,848	12,772
TOTAL DISBURSEMENTS	15,120	6,622	8,498	19,620	6,848	12,772
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,545)	3,531	11,076	(12,050)	4,274	16,324
CASH BALANCE, January 1	28,360	28,360	-	24,086	24,086	-
CASH BALANCE, December 31	\$ 20,815	\$ 31,891	\$ 11,076	\$ 12,036	\$ 28,360	\$ 16,324

See accompanying notes.

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

	Year Ended December 31,					
	2010			2009		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	\$ 15,000	\$ 15,770	\$ 770	\$ 10,000	\$ 10,816	\$ 816
Interest	145	75	(70)	225	154	(71)
TOTAL RECEIPTS	15,145	15,845	700	10,225	10,970	745
DISBURSEMENTS						
Prosecuting attorney	-	9,003	(9,003)	17,000	2,556	14,444
Transfers out	20,000	16,000	4,000	-	15,000	(15,000)
TOTAL DISBURSEMENTS	20,000	25,003	(5,003)	17,000	17,556	(556)
RECEIPTS (UNDER)						
DISBURSEMENTS	(4,855)	(9,158)	(4,303)	(6,775)	(6,586)	189
CASH BALANCE, January 1	9,971	9,971	-	16,557	16,557	-
CASH BALANCE, December 31	\$ 5,116	\$ 813	\$ (4,303)	\$ 9,782	\$ 9,971	\$ 189
<u>ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND</u>						
RECEIPTS						
Sales taxes	\$ 550,000	\$ 566,126	\$ 16,126	\$ 585,000	\$ 566,360	\$ (18,640)
Intergovernmental	218,000	-	(218,000)	206,700	10,300	(196,400)
Interest	3,500	8,848	5,348	4,500	3,798	(702)
Other	-	41,000	41,000	340,000	53,621	(286,379)
TOTAL RECEIPTS	771,500	615,974	(155,526)	1,136,200	634,079	(502,121)
DISBURSEMENTS						
Road and bridge materials	620,000	173,395	446,605	610,000	282,770	327,230
Equipment	72,000	109,984	(37,984)	151,500	114,446	37,054
Bridge construction	230,000	143,336	86,664	304,000	19,944	284,056
Other	-	5,011	(5,011)	-	-	-
Transfers out	16,500	16,500	-	15,000	15,000	-
TOTAL DISBURSEMENTS	938,500	448,226	490,274	1,080,500	432,160	648,340
RECEIPTS OVER (UNDER)						
DISBURSEMENTS	(167,000)	167,748	334,748	55,700	201,919	146,219
CASH BALANCE, January 1	238,700	238,700	-	36,781	36,781	-
CASH BALANCE, December 31	\$ 71,700	\$ 406,448	\$ 334,748	\$ 92,481	\$ 238,700	\$ 146,219

See accompanying notes.

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

	Year Ended December 31,					
	2010			2009		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
LAW ENFORCEMENT						
<u>CIVIL FEES FUND</u>						
RECEIPTS						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 7,746	\$ 7,746
Charges for services	30,000	29,068	(932)	34,931	33,859	(1,072)
Other	-	-	-	-	343	343
TOTAL RECEIPTS	30,000	29,068	(932)	34,931	41,948	7,017
DISBURSEMENTS						
Sheriff	31,569	27,005	4,564	40,519	42,651	(2,132)
TOTAL DISBURSEMENTS	31,569	27,005	4,564	40,519	42,651	(2,132)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,569)	2,063	3,632	(5,588)	(703)	4,885
CASH BALANCE, January 1	4,885	4,885	-	5,588	5,588	-
CASH BALANCE, December 31	\$ 3,316	\$ 6,948	\$ 3,632	\$ -	\$ 4,885	\$ 4,885
<u>LOCAL EMERGENCY PLANNING</u>						
RECEIPTS						
Intergovernmental	\$ 3,500	\$ -	\$ (3,500)	\$ 3,500	\$ 3,120	\$ (380)
Other	-	673	673	-	380	380
TOTAL RECEIPTS	3,500	673	(2,827)	3,500	3,500	-
DISBURSEMENTS						
Local emergency planning	8,250	3,230	5,020	7,850	3,648	4,202
TOTAL DISBURSEMENTS	8,250	3,230	5,020	7,850	3,648	4,202
RECEIPTS (UNDER) DISBURSEMENTS	(4,750)	(2,557)	2,193	(4,350)	(148)	4,202
CASH BALANCE, January 1	12,191	12,191	-	12,339	12,339	-
CASH BALANCE, December 31	\$ 7,441	\$ 9,634	\$ 2,193	\$ 7,989	\$ 12,191	\$ 4,202

See accompanying notes.

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

	Year Ended December 31,					
	2010			2009		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>JURY FUND</u>						
RECEIPTS						
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 28	28
Transfers in	5,000	7,100	2,100	14,000	14,000	-
TOTAL RECEIPTS	5,000	7,100	2,100	14,000	14,028	28
DISBURSEMENTS						
Jury costs	5,000	7,331	(2,331)	15,000	14,558	442
TOTAL DISBURSEMENTS	5,000	7,331	(2,331)	15,000	14,558	442
RECEIPTS (UNDER)						
DISBURSEMENTS	-	(231)	(231)	(1,000)	(530)	470
CASH BALANCE, January 1	564	564	-	1,094	1,094	-
CASH BALANCE, December 31	\$ 564	\$ 333	\$ (231)	\$ 94	\$ 564	\$ 470
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	\$ -	\$ 1,538	\$ 1,538	\$ 1,500	\$ 513	\$ (987)
Charges for services	3,000	577	(2,423)	400	2,572	2,172
Interest	100	127	27	85	89	4
TOTAL RECEIPTS	3,100	2,242	(858)	1,985	3,174	1,189
DISBURSEMENTS						
Elections	2,700	985	1,715	1,000	796	204
TOTAL DISBURSEMENTS	2,700	985	1,715	1,000	796	204
RECEIPTS OVER						
DISBURSEMENTS	400	1,257	857	985	2,378	1,393
CASH BALANCE, January 1	4,565	4,565	-	2,187	2,187	-
CASH BALANCE, December 31	\$ 4,965	\$ 5,822	\$ 857	\$ 3,172	\$ 4,565	\$ 1,393

See accompanying notes.

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

	Year Ended December 31,					
	2010			2009		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services	\$ 19,000	\$ 19,163	\$ 163	\$ 20,000	\$ 18,346	\$ (1,654)
Interest	1,900	2,190	290	1,300	1,787	487
TOTAL RECEIPTS	20,900	21,353	453	21,300	20,133	(1,167)
DISBURSEMENTS						
Collector	40,000	11,415	28,585	30,000	2,384	27,616
Transfers out	-	20,000	(20,000)	-	-	-
TOTAL DISBURSEMENTS	40,000	31,415	8,585	30,000	2,384	27,616
RECEIPTS OVER (UNDER)						
DISBURSEMENTS	(19,100)	(10,062)	9,038	(8,700)	17,749	26,449
CASH BALANCE, January 1	80,879	80,879	-	63,130	63,130	-
CASH BALANCE, December 31	\$ 61,779	\$ 70,817	\$ 9,038	\$ 54,430	\$ 80,879	\$ 26,449
<u>PASSPORT FUND</u>						
RECEIPTS						
Charges for services	\$ 1,900	\$ 1,475	\$ (425)	\$ 900	\$ 1,510	\$ 610
TOTAL RECEIPTS	1,900	1,475	(425)	900	1,510	610
DISBURSEMENTS						
Recorder	2,675	1,910	765	2,300	743	1,557
TOTAL DISBURSEMENTS	2,675	1,910	765	2,300	743	1,557
RECEIPTS OVER (UNDER)						
DISBURSEMENTS	(775)	(435)	340	(1,400)	767	2,167
CASH BALANCE, January 1	5,341	5,341	-	4,574	4,574	-
CASH BALANCE, December 31	\$ 4,566	\$ 4,906	\$ 340	\$ 3,174	\$ 5,341	\$ 2,167

See accompanying notes.

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

	Year Ended December 31,					
	2010			2009		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>SHERIFF'S REVOLVING FUND</u>						
RECEIPTS						
Charges for services	\$ 1,500	\$ 3,116	\$ 1,616	\$ 1,500	\$ 3,542	\$ 2,042
TOTAL RECEIPTS	1,500	3,116	1,616	1,500	3,542	2,042
DISBURSEMENTS						
Sheriff	2,500	4,005	(1,505)	2,343	2,231	112
TOTAL DISBURSEMENTS	2,500	4,005	(1,505)	2,343	2,231	112
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000)	(889)	111	(843)	1,311	2,154
CASH BALANCE, January 1	2,154	2,154	-	843	843	-
CASH BALANCE, December 31	\$ 1,154	\$ 1,265	\$ 111	\$ -	\$ 2,154	\$ 2,154
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	\$ 500	\$ 500	\$ -	\$ 600	\$ 522	\$ (78)
TOTAL RECEIPTS	500	500	-	600	522	(78)
DISBURSEMENTS						
Domestic violence shelter	515	515	-	600	509	91
TOTAL DISBURSEMENTS	515	515	-	600	509	91
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15)	(15)	-	-	13	13
CASH BALANCE, January 1	15	15	-	-	2	2
CASH BALANCE, December 31	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ 15

See accompanying notes.

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

	Year Ended December 31,					
	2010			2009		
	Budget	Actual	Variance With Final Budget	Budget	Actual	Variance With Final Budget
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
Sales taxes	\$ 502,000	\$ 500,407	\$ (1,593)	\$ 520,492	\$ 502,454	\$ (18,038)
Interest	7,000	7,354	354	11,700	10,963	(737)
Other	-	75,953	75,953	-	4,414	4,414
TOTAL RECEIPTS	509,000	583,714	74,714	532,192	517,831	(14,361)
DISBURSEMENTS						
Salaries	362,500	348,499	14,001	352,674	353,355	(681)
Employee benefits	89,700	72,854	16,846	90,830	84,240	6,590
Equipment	6,000	895	5,105	33,162	8,856	24,306
Office costs	47,500	46,128	1,372	53,750	46,832	6,918
Repairs and maintenance	41,640	68,349	(26,709)	40,020	26,682	13,338
Contracted services	-	3,451	(3,451)	-	6,365	(6,365)
Training	8,300	2,860	5,440	12,100	5,918	6,182
Security	-	-	-	500	240	260
Vehicles	-	1,036	(1,036)	-	17,827	(17,827)
Utilities	10,000	8,944	1,056	10,000	8,940	1,060
Insurance	10,500	9,535	965	10,500	10,483	17
Software	-	-	-	-	3,793	(3,793)
Other	9,625	6,189	3,436	12,160	7,127	5,033
TOTAL DISBURSEMENTS	585,765	568,740	17,025	615,696	580,658	35,038
RECEIPTS OVER (UNDER) DISBURSEMENTS	(76,765)	14,974	91,739	(83,504)	(62,827)	20,677
CASH BALANCE, January 1	314,115	314,115	-	376,942	376,942	-
CASH BALANCE, December 31	\$ 237,350	\$ 329,089	\$ 91,739	\$ 293,438	\$ 314,115	\$ 20,677

See accompanying notes.

DALLAS COUNTY, MISSOURI
 STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS – AGENCY FUNDS – REGULATORY BASIS
 December 31, 2010

	Law Enforcement Supplemental Salaries Fund	Recorder of Deeds Fund	Collector of Revenue Fund	Collector's Surtax Fund	Sheriff Fund	Passport Execution Fund
ASSETS						
Cash	\$ 750	\$ 57	\$ 4,502,706	\$ 7,977	\$ 2,128	\$ 7
TOTAL ASSETS	<u>\$ 750</u>	<u>\$ 57</u>	<u>\$ 4,502,706</u>	<u>\$ 7,977</u>	<u>\$ 2,128</u>	<u>\$ 7</u>
LIABILITIES						
Due to others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	57	1,094,499	-	-	-
Due to other governments	750	-	3,408,207	7,977	2,128	7
TOTAL LIABILITIES	<u>\$ 750</u>	<u>\$ 57</u>	<u>\$ 4,502,706</u>	<u>\$ 7,977</u>	<u>\$ 2,128</u>	<u>\$ 7</u>

See accompanying notes.

DALLAS COUNTY, MISSOURI
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS – AGENCY FUNDS – REGULATORY BASIS
(CONTINUED)
December 31, 2010

	County Employee Retirement Fund	Overplus Land Sales Fund	Sheriff's Commissary Fund	Prosecuting Attorney Tax Collection Fund	Fines and Forfeitures	Total
ASSETS						
Cash	\$ 5,533	\$ 3,737	\$ 310	\$ 225	\$ 70,383	\$ 4,593,813
TOTAL ASSETS	<u>\$ 5,533</u>	<u>\$ 3,737</u>	<u>\$ 310</u>	<u>\$ 225</u>	<u>\$ 70,383</u>	<u>\$ 4,593,813</u>
LIABILITIES						
Due to others	\$ 5,533	\$ 3,737	\$ 310	\$ 225	\$ -	\$ 9,805
Due to other funds	-	-	-	-	-	1,094,556
Due to other governments	-	-	-	-	70,383	3,489,452
TOTAL LIABILITIES	<u>\$ 5,533</u>	<u>\$ 3,737</u>	<u>\$ 310</u>	<u>\$ 225</u>	<u>\$ 70,383</u>	<u>\$ 4,593,813</u>

See accompanying notes.

DALLAS COUNTY, MISSOURI

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

December 31, 2009

	Law Enforcement Supplemental Salaries Fund	Collector of Revenue Fund	Collector's Surtax Fund	Sheriff Fund	Passport Execution Fund
ASSETS					
Cash	\$ 996	\$ 4,623,119	\$ 8,781	\$ 6,106	\$ 2,248
TOTAL ASSETS	<u>\$ 996</u>	<u>\$ 4,623,119</u>	<u>\$ 8,781</u>	<u>\$ 6,106</u>	<u>\$ 2,248</u>
LIABILITIES					
Due to others	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	1,098,506	-	-	2,000
Due to other governments	996	3,524,613	8,781	6,106	248
TOTAL LIABILITIES	<u>\$ 996</u>	<u>\$ 4,623,119</u>	<u>\$ 8,781</u>	<u>\$ 6,106</u>	<u>\$ 2,248</u>

See accompanying notes.

DALLAS COUNTY, MISSOURI
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS – AGENCY FUNDS – REGULATORY BASIS
(CONTINUED)
December 31, 2009

	County Employee Retirement Fund	Overplus Land Sales Fund	Sheriff's Commissary Fund	Prosecuting Attorney Tax Collection Fund	Fines and Forfeitures	Total
ASSETS						
Cash	\$ 5,670	\$ 1,816	\$ 49	\$ 3,024	\$ 105,116	\$ 4,756,925
TOTAL ASSETS	<u>\$ 5,670</u>	<u>\$ 1,816</u>	<u>\$ 49</u>	<u>\$ 3,024</u>	<u>\$ 105,116</u>	<u>\$ 4,756,925</u>
LIABILITIES						
Due to others	\$ 5,670	\$ 1,816	\$ 49	\$ 3,024	\$ -	\$ 10,559
Due to other funds	-	-	-	-	-	1,100,506
Due to other governments	-	-	-	-	105,116	3,645,860
TOTAL LIABILITIES	<u>\$ 5,670</u>	<u>\$ 1,816</u>	<u>\$ 49</u>	<u>\$ 3,024</u>	<u>\$ 105,116</u>	<u>\$ 4,756,925</u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Basis of Presentation

The financial statements are presented using accounting practices prescribed or permitted by Missouri law, which include a Statements of Receipts, Disbursements and Changes in Cash Balances – All Governmental Funds, a Comparative Statement of Receipts and Disbursements – Budget and Actual – All Governmental Funds, and a Statement of Assets and Liabilities Arising from Cash Transactions – Agency Funds.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts. The following funds are used by the County:

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

Budgets and Budgetary Accounting

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Budgets are prepared and adopted on the cash basis of accounting.
9. Section 50.740 RSMo, prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for several funds of the County.

Cash

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

NOTE B – CASH

The County maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed as "Cash". In addition, cash is separately held by several of the County's funds. State statutes require that County deposits be fully collateralized in the name of the County. As of December 31, 2010 and 2009, all bank balances were entirely insured or collateralized with securities.

NOTE C – CLAIMS, JUDGMENTS AND CONTINGENCIES

Federal and State Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2010 and 2009, significant amounts of grant disbursements have not been audited by grantor governments, but the County believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the County.

NOTE C – CLAIMS, JUDGMENTS AND CONTINGENCIES (continued)

Legal Matters

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

NOTE D – PENSION PLAN – CERF

STATE OF MISSOURI COUNTY EMPLOYEES' RETIREMENT FUND

Plan Description

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

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

Funding Policy

Dallas County's full-time employees hired before February 25, 2002, are required by state statute to contribute 0% of annual payroll to the pension plan. Dallas County's full-time employees hired after February 25, 2002, are required by state statute to contribute 4% of annual covered payroll to the pension plan. The County is required by state statute to remit the fees collected under RSMo. Sections 52.290, 150.150, 137.280, 137.345 and Chapters 59 and 54, RSMo, plus interest. The required contributions have been made.

DALLAS COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2010

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

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

The 2010 and 2009 assessed valuation of the tangible taxable property (excluding railroad and utilities) and the tax levies per \$100 assessed valuation of that property were as follows:

ASSESSED VALUATION	<u>2010</u>	<u>2009</u>
Real estate	\$ 115,098,182	\$ 113,614,330
Personal property	<u>32,548,348</u>	<u>34,669,243</u>
	<u>\$ 147,646,530</u>	<u>\$ 148,283,573</u>
TAX LEVY		
General Revenue Fund	\$.1692	\$.1660
Special Road and Bridge Fund	<u>.2643</u>	<u>.2611</u>
	<u>\$.4335</u>	<u>\$.4271</u>

The legal debt margin at December 31, 2010 and December 31, 2009, is computed as follows:

	<u>2010</u>	<u>2009</u>
Constitutional debt limit	\$ 14,764,653	\$ 14,828,357
General obligation bonds payable	<u>-</u>	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 14,764,653</u>	<u>\$ 14,828,357</u>

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

DALLAS COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2010

NOTE F – RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE G – INTERFUND TRANSFERS

Interfund transfers for the years ended December 31, 2010 and 2009, consisted of the following:

	Transfers In (Out)	
	2010	2009
General Fund	\$ (233,601)	\$ (207,800)
Special Road and Bridge Fund	(36,171)	(15,000)
Assessment Fund	108,272	98,000
Prosecuting Attorney Training Fund	(3,100)	-
Law Enforcement Sales Tax Fund	170,000	140,800
Bad Check Fund	(16,000)	(15,000)
Road and Bridge Capital Improvement Fund	(16,500)	(15,000)
Jury Fund	7,100	14,000
Tax Maintenance Fund	(20,000)	-
Special Election Fund	40,000	-
	<u>\$ -</u>	<u>\$ -</u>

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

DALLAS COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE H – LONG-TERM LIABILITIES

Compensated Absences

Compensated absences payable consists of unused vacation time and accumulated comp time for employees and totaled \$38,590 as of December 31, 2009, and \$33,722 as of December 31, 2010 for the County, and \$7,474 as of December 31, 2009, and \$9,477 as of December 31, 2010 for the E 911 Board.

NOTE I – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2010 and 2009, the County purchased concrete from Morgans Concrete Co, Inc. Morgans Concrete Co, Inc. is owned by a brother of the County's presiding commissioner during that time period. In 2010 and 2009, the County paid Morgans Concrete Co, Inc. invoices totaling \$11,200 and \$31,778, respectively.

NOTE J – COMMITMENT

At December 31, 2010, the E 911 Board was committed to CenturyLink, Inc. for the payment of invoices billed to E 911 totaling \$29,092.

NOTE K – RESTATEMENT OF BEGINNING CASH BALANCES

Beginning cash balances have been restated to remove court accounts and the Law Enforcement Supplemental Salaries Fund, which are no longer considered special revenue funds. Cash balances have also been restated to remove Emergency 911 board, which is considered a separate political subdivision. The restatement is as follows:

Ending Cash Balance, as previously stated, December 31, 2008	\$ 970,817
Circuit Clerk Interest	(8,624)
Law Library	(13,792)
Associate Circuit Court Interest	(7,301)
Law Enforcement Supplemental Salaries Fund	(710)
Cash Balance, as restated, January 1, 2009	<u>\$ 940,390</u>

**SUPPLEMENTARY SCHEDULE
AND AUDITOR'S REPORT**



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

County Commission
Dallas County
Buffalo, Missouri

We have audited the financial statements of Dallas County, Missouri as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 29, 2011. Our opinion was modified because the County 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Dallas County, Missouri, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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.

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

County Commission
Dallas County
Buffalo, Missouri

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. They are identified as items 10-1 and 10-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Dallas County, Missouri, 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 also noted certain other matters that we reported to management of Dallas County, Missouri, in a separate letter dated April 29, 2011.

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

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

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
April 29, 2011

Financial Statement Findings

10-1 Segregation of Duties

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

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

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

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

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

10-2 Reconciliation of Interfund Transfers

Condition: Some transfers between funds were recorded as revenues in the funds receiving the transfer and as expenses in the funds making the transfer. Transfers between funds 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.

Criteria: Transfers between funds should be recorded in separate transfer accounts instead of being recorded in revenue and expense accounts.

Effect: Expenses and revenues are overstated as a result of transfers being recorded in revenue and expense accounts.

Recommendation: Transfer accounts should be established and used when funds are transferred among funds. In addition, at year-end, the County Clerk should perform a reconciliation to ensure that the total of transfers in and transfers out equals zero.

Response: The County will implement procedures to properly record interfund transfers.



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Dallas County Commission
Dallas County
Buffalo, Missouri

In planning and performing our audit of the basic financial statements of Dallas County, Missouri for the years ended December 31, 2010 and 2009, we considered the County's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses.

In addition to the material weaknesses discussed in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and suggestions regarding these matters.

1. Budgetary Compliance

The County was not in compliance with the budgetary statute, Chapter 50 RSMo, in 2009, as actual expenditures exceeded budgeted expenditures in the Bad Check Fund and the Law Enforcement Civil Fees Fund. The County was also not in compliance in 2010, as actual expenditures exceeded budgeted expenditures in the Assessment Fund, Law Enforcement Sales Tax Fund, Bad Check Fund, Jury Fund, and Sheriff's Revolving Fund. The budgetary statute prohibits actual expenditures exceeding budgeted expenditures for any fund maintained by the County.

We Recommend:

The County review expenditures during the year and amend the budget as necessary to avoid expending more than the budgeted amount to ensure compliance with the budgetary statute (Chapter 50, RSMo).

2. Bank Depository Agreements

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

We Recommend:

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

3. Approved Vendor List

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

We Recommend:

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

4. Disbursement Procedures

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

We Recommend:

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

5. General Revenue Fund Cash Balance

During our audit we noted that the General Revenue Fund cash balance has been declining for the past several years. As of December 31, 2010, the General Revenue Fund cash balance was \$85,559. Cash balances in the General Revenue Fund for the years ending 2007, 2008, and 2009, were \$307,697, \$195,220, and \$164,618, respectively. From the end of 2007 to the end of 2010, the cash balance has declined \$222,138. At December 31, 2010, the General Revenue Fund cash balance as a percentage of 2010 disbursements is equal to 6.5%.

We Recommend:

The County closely monitor the General Revenue Fund cash balance, and take necessary steps to ensure the General Revenue Fund has adequate cash reserves as determined by the County.

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

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

Davis, Lynn; Moots, PC

DAVIS, LYNN & MOOTS, P.C.
April 29, 2011



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County Commission
Dallas County
Buffalo, Missouri

We have audited the basic financial statements of Dallas County, Missouri for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 29, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 24, 2011, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated February 24, 2011.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Primary Government of Dallas County, Missouri are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009 or 2010.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material misstatements detected as a result of audit procedures were corrected by management for the following:

- Interfund transfer activity

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 April 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 County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Dallas County Commission
Dallas County
Buffalo, Missouri
Page Three

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

Sincerely,

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

DAVIS, LYNN & MOOTS, P.C.
April 29, 2011