



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Caldwell County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Caldwell 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, 2011, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Nichols, Stopp, & VanHoy, LLC, Certified Public Accountants, is attached.

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

Thomas A. Schweich
State Auditor

September 2012
Report No. 2012-105

**The County of Caldwell
Kingston, Missouri
Financial Statements, Independent Auditor's Reports and Supplementary Information
December 31, 2011 & 2010**



**The County of Caldwell
Kingston, Missouri
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Independent Auditor's Report

To the County Commission and
Officeholders of Caldwell County, Missouri



We have audited the accompanying financial statements of Caldwell County, Missouri as of and for the years ended December 31, 2011 and 2010, which collectively comprise the County's basic 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 opinions on these financial statements based on our audits.

We conducted our audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described more fully in Note 1, Caldwell County, Missouri has prepared these financial statements using accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to 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 Caldwell County, Missouri, as of December 31, 2011 and 2010, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Caldwell County, Missouri, as of December 31, 2011 and 2010, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1. As described in Note 5, the County has changed its basis of accounting for the years ended December 31, 2011 and 2010.

In accordance with Government Auditing Standards, we also have issued our report dated July 2, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

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Our audits were performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Nichols, Stopp, & VanHoy, L.L.C.

Creve Coeur, Missouri
July 2, 2012

The County of Caldwell
Kingston, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
Year ended December 30, 2011

<u>Fund</u>	Cash and Equivalents January 1, 2011	Receipts 2011	Disbursements 2011	Cash and Equivalents December 31, 2011
General Revenue	\$ 467,785	\$ 1,082,819	\$ 938,818	\$ 611,786
Road and Bridge	302,007	765,254	679,095	388,166
Law Enforcement Sales Tax	84,939	2,673,558	2,563,077	195,420
Little Otter Creek Tax	471,305	290,143	222,063	539,385
Road and Bridge Sales Tax	95,914	202,787	169,216	129,485
Assessment	52,932	170,691	175,888	47,735
Tax Maintenance	59,595	15,141	17,952	56,784
Election Services	7,136	821	138	7,819
Election	9,739	41,455	29,556	21,638
Planning and Zoning	-	-	-	-
Prosecuting Attorney Training	3,043	640	1,549	2,134
Peace Officers Training	8,573	3,873	3,185	9,261
Domestic Violence	1,424	646	1,450	620
Prosecutor Collection	2,582	53	171	2,464
Sheriff Civil Fees	42,842	19,655	17,170	45,327
Record Storage	5,446	5,657	5,331	5,772
Prosecuting Attorney Bad Check	12,808	11,363	14,554	9,617
HAVA Fund	3,704	42	-	3,746
Sheriff's Revolving	8,166	6,221	-	14,387
Local Emergency Planning Commission	2,714	-	2,714	-
Total	<u>\$ 1,642,654</u>	<u>\$ 5,290,819</u>	<u>\$ 4,841,927</u>	<u>\$ 2,091,546</u>

See Notes to Financial Statements

The County of Caldwell
Kingston, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
Year Ended December 31, 2010

<u>Fund</u>	Cash and Equivalents January 1, 2010 (Restated)	Receipts 2010	Disbursements 2010	Cash and Equivalents December 31, 2010
General Revenue	\$ 179,341	\$ 1,460,332	\$ 1,171,888	\$ 467,785
Road and Bridge	228,419	1,615,882	1,542,294	302,007
Law Enforcement Sales Tax	(124,520)	2,887,539	2,678,080	84,939
Little Otter Creek Tax	379,831	332,031	240,557	471,305
Road and Bridge Sales Tax	135,148	205,015	244,249	95,914
Assessment	34,254	155,854	137,176	52,932
Tax Maintenance	45,165	18,672	4,242	59,595
Election Services	5,413	2,359	636	7,136
Election	3,018	59,641	52,920	9,739
Planning and Zoning	21,200	-	21,200	-
Prosecuting Attorney Training	3,371	727	1,055	3,043
Peace Officers Training	845	11,310	3,582	8,573
Domestic Violence	682	742	-	1,424
Prosecutor Collection	2,846	-	264	2,582
Sheriff Civil Fees	22,528	21,864	1,550	42,842
Record Storage	7,141	5,663	7,358	5,446
Prosecuting Attorney Bad Check	14,590	16,205	17,987	12,808
HAVA Fund	3,559	145	-	3,704
Sheriff's Revolving	3,530	5,019	383	8,166
Local Emergency Planning Commission	472	2,242	-	2,714
Total	<u>\$ 966,833</u>	<u>\$ 6,801,242</u>	<u>\$ 6,125,421</u>	<u>\$ 1,642,654</u>

See Notes to Financial Statements

The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010

	General Revenue Fund			
	2011		2010	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ 190,000	\$ 199,626	\$ 140,000	\$ 189,753
Sales Taxes	270,000	284,249	600,000	688,683
Intergovernmental	78,250	92,975	79,572	78,357
Charges for Services	228,000	365,876	296,000	227,867
Interest	8,000	13,125	8,000	17,551
Other	210,400	45,545	29,900	145,671
Transfers In	76,779	81,423	111,200	112,450
Total Receipts	\$ 1,061,429	\$ 1,082,819	\$ 1,264,672	\$ 1,460,332
Disbursements				
County Commission	\$ 90,541	\$ 94,986	\$ 87,290	\$ 86,695
County Clerk	105,000	104,987	129,212	104,222
Building and Grounds	77,416	82,219	93,000	57,911
Employee Fringe Benefits	77,000	71,322	57,697	74,493
Collector/Treasurer	76,900	62,884	79,250	69,690
Recorder of Deeds	77,078	73,099	75,136	70,765
Public Administrator	25,175	24,111	24,200	25,722
Planning and Zoning	14,100	15,322	15,604	12,063
Other	178,100	121,200	170,420	141,687
Health and Welfare	2,000	688	10,000	640
Transfers Out	293,000	288,000	438,000	528,000
Emergency Fund	75,000	-	100,000	-
Total Disbursements	\$ 1,091,310	\$ 938,818	\$ 1,279,809	\$ 1,171,888
Receipts Over (Under) Disbursements	\$ (29,881)	\$ 144,001	\$ (15,137)	\$ 288,444
Cash, January 1 (restated)	467,785	467,785	179,341	179,341
Cash, December 31	\$ 437,904	\$ 611,786	\$ 164,204	\$ 467,785

See Notes to the Financial Statements

The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010

	Road and Bridge Fund			
	2011		2010	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	405,000	428,771	400,000	474,505
Charges for Services	-	-	-	-
Interest	12,500	5,709	9,510	14,063
Other	1,001,025	330,774	1,459,653	1,127,314
Transfers In	-	-	-	-
Total Receipts	\$ 1,418,525	\$ 765,254	\$ 1,869,163	\$ 1,615,882
Disbursements				
Salaries	\$ 120,000	\$ 117,088	\$ 114,242	\$ 117,125
Employee Fringe Benefits	45,871	42,466	36,254	40,339
Supplies	53,500	44,714	55,600	36,714
Insurance	8,000	9,030	10,000	7,853
Road & Bridge Materials	151,500	135,327	130,500	130,049
Equipment Repairs	28,500	33,264	25,000	39,380
Equipment Purchases	55,000	56,961	45,000	61,688
R & B Construction	895,125	159,944	1,422,910	993,563
Other Expenditures	14,150	10,301	16,600	25,583
Transfers Out	70,000	70,000	90,000	90,000
Emergency Fund	-	-	-	-
Total Disbursements	\$ 1,441,646	\$ 679,095	\$ 1,946,106	\$ 1,542,294
Receipts Over (Under)				
Disbursements	\$ (23,121)	\$ 86,159	\$ (76,943)	\$ 73,588
Cash, January 1 (restated)	302,007	302,007	228,419	228,419
Cash, December 31	\$ 278,886	\$ 388,166	\$ 151,476	\$ 302,007

See Notes to the Financial Statements

The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010

	Law Enforcement Sales Tax Fund			
	2011		2010	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	205,000	193,336	210,000	200,405
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	1,000	1,053	-	2,634
Other	2,138,311	2,196,739	2,050,432	2,167,070
Transfers In	282,430	282,430	420,000	517,430
Total Receipts	<u>\$ 2,626,741</u>	<u>\$ 2,673,558</u>	<u>\$ 2,680,432</u>	<u>\$ 2,887,539</u>
<u>Disbursements</u>				
Circuit Clerk	\$ 23,817	\$ 17,045	\$ 27,100	\$ 17,572
Sheriff	611,900	581,170	660,117	586,735
Jail	1,522,055	1,443,954	1,671,940	1,555,870
Prosecuting Attorney	85,200	84,888	86,654	85,559
Juvenile Officer	13,601	8,321	7,945	7,317
Coroner	24,300	20,096	23,900	22,181
Other	141,832	135,053	39,197	112,096
Employee Fringe Benefits	278,000	272,550	247,922	290,750
Transfers Out	-	-	-	-
Emergency Fund	-	-	-	-
Total Disbursements	<u>\$ 2,700,705</u>	<u>\$ 2,563,077</u>	<u>\$ 2,764,775</u>	<u>\$ 2,678,080</u>
Receipts Over (Under)				
Disbursements	\$ (73,964)	\$ 110,481	\$ (84,343)	\$ 209,459
Cash, January 1 (restated)	<u>84,939</u>	<u>84,939</u>	<u>(124,520)</u>	<u>(124,520)</u>
Cash, December 31	<u>\$ 10,975</u>	<u>\$ 195,420</u>	<u>\$ (208,862)</u>	<u>\$ 84,939</u>

See Notes to the Financial Statements

The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010

	Little Otter Creek Tax Fund				Road & Bridge Sales Tax Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	200,000	193,273	215,000	200,335	230,000	193,352	240,000	200,479
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	17,000	6,175	10,000	17,605	1,500	1,504	5,000	4,536
Other	700,000	90,695	1,100,000	114,091	-	7,931	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 917,000</u>	<u>\$ 290,143</u>	<u>\$ 1,325,000</u>	<u>\$ 332,031</u>	<u>\$ 231,500</u>	<u>\$ 202,787</u>	<u>\$ 245,000</u>	<u>\$ 205,015</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	10,150	69	10,150	34	-	-	-	-
Services and Other	212,000	221,994	240,000	215,636	230,000	169,216	245,000	244,249
Capital Outlay	150,000	-	1,375,000	24,887	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 372,150</u>	<u>\$ 222,063</u>	<u>\$ 1,625,150</u>	<u>\$ 240,557</u>	<u>\$ 230,000</u>	<u>\$ 169,216</u>	<u>\$ 245,000</u>	<u>\$ 244,249</u>
Receipts Over (Under)								
Disbursements	\$ 544,850	\$ 68,080	\$ (300,150)	\$ 91,474	\$ 1,500	\$ 33,571	\$ -	\$ (39,234)
Cash, January 1 (restated)	<u>471,305</u>	<u>471,305</u>	<u>379,831</u>	<u>379,831</u>	<u>95,914</u>	<u>95,914</u>	<u>135,148</u>	<u>135,148</u>
Cash, December 31	<u>\$ 1,016,155</u>	<u>\$ 539,385</u>	<u>\$ 79,681</u>	<u>\$ 471,305</u>	<u>\$ 97,414</u>	<u>\$ 129,485</u>	<u>\$ 135,148</u>	<u>\$ 95,914</u>

See Notes to the Financial Statements

The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010

	Assessment Fund				Tax Maintenance Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	142,657	145,075	123,392	134,113	-	-	-	-
Charges for Services	-	-	-	2,608	-	-	-	-
Interest	2,500	949	-	-	2,000	735	-	2,320
Other	500	11,667	400	1,133	15,000	14,406	-	16,352
Transfers In	13,000	13,000	18,000	18,000	-	-	-	-
Total Receipts	<u>\$ 158,657</u>	<u>\$ 170,691</u>	<u>\$ 141,792</u>	<u>\$ 155,854</u>	<u>\$ 17,000</u>	<u>\$ 15,141</u>	<u>\$ -</u>	<u>\$ 18,672</u>
 <u>Disbursements</u>								
Salaries	\$ 93,080	\$ 87,200	\$ 94,612	\$ 90,976	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	25,000	21,742	22,000	20,191	-	-	-	-
Materials and Supplies	9,300	10,118	13,500	8,168	5,000	6,185	-	-
Services and Other	59,483	15,910	24,950	17,841	500	344	5,500	4,242
Capital Outlay	-	40,918	-	-	-	-	-	-
Transfers Out	-	-	-	-	6,779	11,423	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 186,863</u>	<u>\$ 175,888</u>	<u>\$ 155,062</u>	<u>\$ 137,176</u>	<u>\$ 12,279</u>	<u>\$ 17,952</u>	<u>\$ 5,500</u>	<u>\$ 4,242</u>
Receipts Over (Under)								
Disbursements	\$ (28,206)	\$ (5,197)	\$ (13,270)	\$ 18,678	\$ 4,721	\$ (2,811)	\$ (5,500)	\$ 14,430
Cash, January 1 (restated)	<u>52,932</u>	<u>52,932</u>	<u>34,254</u>	<u>34,254</u>	<u>59,595</u>	<u>59,595</u>	<u>45,165</u>	<u>45,165</u>
Cash, December 31	<u>\$ 24,726</u>	<u>\$ 47,735</u>	<u>\$ 20,984</u>	<u>\$ 52,932</u>	<u>\$ 64,316</u>	<u>\$ 56,784</u>	<u>\$ 39,665</u>	<u>\$ 59,595</u>

See Notes to the Financial Statements

The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010

	Election Services Fund				Election Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	700	821	900	2,359	20,000	41,455	58,500	59,641
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 700	\$ 821	\$ 900	\$ 2,359	\$ 20,000	\$ 41,455	\$ 58,500	\$ 59,641
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	700	-	-	-	10,800	12,311	36,500	29,344
Services and Other	2,500	138	800	636	19,200	17,245	23,500	23,576
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	\$ 3,200	\$ 138	\$ 800	\$ 636	\$ 30,000	\$ 29,556	\$ 60,000	\$ 52,920
Receipts Over (Under)								
Disbursements	\$ (2,500)	\$ 683	\$ 100	\$ 1,723	\$ (10,000)	\$ 11,899	\$ (1,500)	\$ 6,721
Cash, January 1	7,136	7,136	5,413	5,413	9,739	9,739	3,018	3,018
Cash, December 31	<u>\$ 4,636</u>	<u>\$ 7,819</u>	<u>\$ 5,513</u>	<u>\$ 7,136</u>	<u>\$ (261)</u>	<u>\$ 21,638</u>	<u>\$ 1,518</u>	<u>\$ 9,739</u>

See Notes to the Financial Statements

The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010

	Planning and Zoning Fund				Prosecuting Attorney Training Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	700	640	700	727
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 640</u>	<u>\$ 700</u>	<u>\$ 727</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	-	-	-	-	3,000	1,549	3,000	1,055
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	21,200	21,200	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,200</u>	<u>\$ 21,200</u>	<u>\$ 3,000</u>	<u>\$ 1,549</u>	<u>\$ 3,000</u>	<u>\$ 1,055</u>
Receipts Over (Under)								
Disbursements	\$ -	\$ -	\$ (21,200)	\$ (21,200)	\$ (2,300)	\$ (909)	\$ (2,300)	\$ (328)
Cash, January 1	<u>-</u>	<u>-</u>	<u>21,200</u>	<u>21,200</u>	<u>3,043</u>	<u>3,043</u>	<u>3,371</u>	<u>3,371</u>
Cash, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 743</u></u>	<u><u>\$ 2,134</u></u>	<u><u>\$ 1,071</u></u>	<u><u>\$ 3,043</u></u>

See Notes to the Financial Statements

The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010

	Peace Officers Training Fund				Domestic Violence Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	10,000	3,873	6,900	11,310	700	646	600	742
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 10,000</u>	<u>\$ 3,873</u>	<u>\$ 6,900</u>	<u>\$ 11,310</u>	<u>\$ 700</u>	<u>\$ 646</u>	<u>\$ 600</u>	<u>\$ 742</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	8,400	3,185	6,900	3,582	1,450	1,450	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 8,400</u>	<u>\$ 3,185</u>	<u>\$ 6,900</u>	<u>\$ 3,582</u>	<u>\$ 1,450</u>	<u>\$ 1,450</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts Over (Under)								
Disbursements	\$ 1,600	\$ 688	\$ -	\$ 7,728	\$ (750)	\$ (804)	\$ 600	\$ 742
Cash, January 1	<u>8,573</u>	<u>8,573</u>	<u>845</u>	<u>845</u>	<u>1,424</u>	<u>1,424</u>	<u>682</u>	<u>682</u>
Cash, December 31	<u>\$ 10,173</u>	<u>\$ 9,261</u>	<u>\$ 845</u>	<u>\$ 8,573</u>	<u>\$ 674</u>	<u>\$ 620</u>	<u>\$ 1,282</u>	<u>\$ 1,424</u>

See Notes to the Financial Statements

The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010

	Prosecutor Collection Fund				Sheriff Civil Fees Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	500	53	-	-	21,000	19,655	22,500	21,864
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 500	\$ 53	\$ -	\$ -	\$ 21,000	\$ 19,655	\$ 22,500	\$ 21,864
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	2,000	171	2,800	264	4,500	955	2,300	1,550
Capital Outlay	-	-	-	-	-	16,215	-	-
Transfers Out	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	\$ 2,000	\$ 171	\$ 2,800	\$ 264	\$ 4,500	\$ 17,170	\$ 2,300	\$ 1,550
Receipts Over (Under)								
Disbursements	\$ (1,500)	\$ (118)	\$ (2,800)	\$ (264)	\$ 16,500	\$ 2,485	\$ 20,200	\$ 20,314
Cash, January 1	2,582	2,582	2,846	2,846	42,842	42,842	22,528	22,528
Cash, December 31	<u>\$ 1,082</u>	<u>\$ 2,464</u>	<u>\$ 46</u>	<u>\$ 2,582</u>	<u>\$ 59,342</u>	<u>\$ 45,327</u>	<u>\$ 42,728</u>	<u>\$ 42,842</u>

See Notes to the Financial Statements

**The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010**

	Record Storage Fund			
	2011		2010	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	250	92	390	242
Other	6,100	5,565	6,600	5,421
Transfers In	-	-	-	-
Total Receipts	<u>\$ 6,350</u>	<u>\$ 5,657</u>	<u>\$ 6,990</u>	<u>\$ 5,663</u>
<u>Disbursements</u>				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	5,000	1,471	7,000	6,108
Capital Outlay	-	3,860	-	-
Transfers Out	-	-	1,250	1,250
Emergency Fund	-	-	-	-
Total Disbursements	<u>\$ 5,000</u>	<u>\$ 5,331</u>	<u>\$ 8,250</u>	<u>\$ 7,358</u>
Receipts Over (Under)				
Disbursements	\$ 1,350	\$ 326	\$ (1,260)	\$ (1,695)
Cash, January 1 (restated)	<u>5,446</u>	<u>5,446</u>	<u>7,141</u>	<u>7,141</u>
Cash, December 31	<u>\$ 6,796</u>	<u>\$ 5,772</u>	<u>\$ 5,881</u>	<u>\$ 5,446</u>

See Notes to the Financial Statements

The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010

	Prosecuting Attorney Bad Check Fund				HAVA Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	300	162	400	434	150	42	100	145
Other	14,700	11,201	39,000	15,771	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 15,000</u>	<u>\$ 11,363</u>	<u>\$ 39,400</u>	<u>\$ 16,205</u>	<u>\$ 150</u>	<u>\$ 42</u>	<u>\$ 100</u>	<u>\$ 145</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	10,000	7,124	34,000	10,557	3,500	-	3,500	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	7,430	7,430	14,360	7,430	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 17,430</u>	<u>\$ 14,554</u>	<u>\$ 48,360</u>	<u>\$ 17,987</u>	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 3,500</u>	<u>\$ -</u>
Receipts Over (Under)								
Disbursements	\$ (2,430)	\$ (3,191)	\$ (8,960)	\$ (1,782)	\$ (3,350)	\$ 42	\$ (3,400)	\$ 145
Cash, January 1 (restated)	<u>12,808</u>	<u>12,808</u>	<u>14,590</u>	<u>14,590</u>	<u>3,704</u>	<u>3,704</u>	<u>3,559</u>	<u>3,559</u>
Cash, December 31	<u>\$ 10,378</u>	<u>\$ 9,617</u>	<u>\$ 5,630</u>	<u>\$ 12,808</u>	<u>\$ 354</u>	<u>\$ 3,746</u>	<u>\$ 159</u>	<u>\$ 3,704</u>

See Notes to the Financial Statements

The County of Caldwell
Kingston, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
Years ended December 31, 2011 & 2010

	Sheriff's Revolving Fund				Local Emergency Planning Commission Fund			
	2011		2010		2011		2010	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	5,019	-	-	-	-
Other	-	6,221	-	-	-	-	-	2,242
Transfers In	3,000	-	-	-	-	-	10,000	-
Total Receipts	<u>\$ 3,000</u>	<u>\$ 6,221</u>	<u>\$ -</u>	<u>\$ 5,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 2,242</u>
<u>Disbursements</u>								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	3,000	-	390	383	2,714	2,714	1,905	-
Capital Outlay	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 390</u>	<u>\$ 383</u>	<u>\$ 2,714</u>	<u>\$ 2,714</u>	<u>\$ 1,905</u>	<u>\$ -</u>
Receipts Over (Under)								
Disbursements	\$ -	\$ 6,221	\$ (390)	\$ 4,636	\$ (2,714)	\$ (2,714)	\$ 8,095	\$ 2,242
Cash, January 1	<u>8,166</u>	<u>8,166</u>	<u>3,530</u>	<u>3,530</u>	<u>2,714</u>	<u>2,714</u>	<u>472</u>	<u>472</u>
Cash, December 31	<u><u>\$ 8,166</u></u>	<u><u>\$ 14,387</u></u>	<u><u>\$ 3,140</u></u>	<u><u>\$ 8,166</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,567</u></u>	<u><u>\$ 2,714</u></u>

See Notes to the Financial Statements

The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010

Note 1 - Summary of Significant Accounting Policies

Organized in 1836, the county of Caldwell was named after Captain Matthew Caldwell, a respected commander in the Revolutionary War. Caldwell County's government is a county-organized, third-class county and is part of the Forty-Third Judicial Circuit. The county seat is Kingston. Caldwell County's government is composed of a three-member county commission and the following separately elected Constitutional Officers: County Clerk, County Collector/Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

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

Reporting Entity

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

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

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

Certain elected County officials, such as the County Collector/Treasurer and Sheriff, collect and hold monies in a trustee capacity as an agent of individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and were not audited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Caldwell County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects 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.

The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As a result of the use of this regulatory basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If Caldwell County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Caldwell County adopts a budget for each governmental fund.

On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures. During our audit we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. In 2010, no funds had expenses exceeding their budget. In 2011, the Tax Maintenance Fund, the Sheriff Civil Fees Fund and the Record Storage Fund all had expenses exceeding their budget.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County Commission.

Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget 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.

**The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010**

Note 1 - Summary of Significant Accounting Policies (continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and tax bills are mailed to taxpayers in November, at which time they are payable. All unpaid property taxes become delinquent as of January 1, of the following year.

The assessed valuation of the tangible taxable property, included within Caldwell County's boundaries for the calendar year 2011 and 2010, for the purposes of taxation was:

	<u>2011</u>	<u>2010</u>
Real Estate	63,942,243	77,852,880
Personal Property	22,755,030	22,857,000
Railroad and Utilities	39,032,730	30,201,142
	<u>125,730,003</u>	<u>130,911,022</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2011 and 2010 for the purpose of County taxation was as follows:

	<u>2011</u>	<u>2010</u>
General Revenue Fund	\$ 0.2323	\$ 0.2300

The County also receives sales tax collected by the State and remitted based on the County's sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

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

Interfund Transactions

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.

The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010

Note 1 - Summary of Significant Accounting Policies (continued)

Interfund Transactions (continued)

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.

Note 2 - Deposits and Investments

Caldwell County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2011 and 2010, the carrying amount of Caldwell County's deposits was \$2,091,546 and \$1,642,654, respectively, and the bank balance was \$2,246,052 and \$2,085,020, respectively. At December 31, 2011 & 2010, 100% of Caldwell County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2011, as follows:

Deposits	\$ 1,676,546
Investments	415,000
Restricted Cash	<u>-</u>
Total Deposits & Investments as of December 31, 2011	<u><u>\$ 2,091,546</u></u>

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2010, as follows:

Deposits	\$ 1,227,654
Investments	415,000
Restricted Cash	<u>-</u>
Total Deposits & Investments as of December 31, 2010	<u><u>\$ 1,642,654</u></u>

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Caldwell County's investment policy does not include custodial credit risk requirements. Caldwell County's deposits were not exposed to custodial credit risk for the years ended December 31, 2011, and 2010.

**The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010**

Note 2 - Deposits and Investments (continued)

Custodial Credit Risk - Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party that sold the security to Caldwell County or its agent but not in the government's name. Caldwell County does not have a policy for custodial credit risk relating to investments.

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

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Caldwell County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by Caldwell County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U. S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). Caldwell County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. Caldwell County's deposits were not exposed to concentration of investment credit risk for the years ended in December 31, 2011 and 2010.

Note 3 - Long Term Debt

Certificates of Participation

On March 1, 2007, the County issued a Certificate of Participation (COP) in the amount of \$2,500,000. The maturity of the COP is January 1, 2032 and the interest rate ranges from 4.625% to 4.875%. The Security Bank of Kansas is the holder of this COP.

<u>Debt</u>	<u>Balance at 1/1/2011</u>	<u>Amount Borrowed</u>	<u>Amount Repaid</u>	<u>Balance at 12/31/2011</u>	<u>Interest Paid During Year</u>
2007 COP's	2,380,000	-	(65,000)	2,315,000	114,333
Total	<u>2,380,000</u>	<u>-</u>	<u>(65,000)</u>	<u>2,315,000</u>	<u>114,333</u>

<u>Debt</u>	<u>Balance at 1/1/2010</u>	<u>Amount Borrowed</u>	<u>Amount Repaid</u>	<u>Balance at 12/31/2010</u>	<u>Interest Paid During Year</u>
2007 COP's	2,440,000	-	(60,000)	2,380,000	117,145
Total	<u>2,440,000</u>	<u>-</u>	<u>(60,000)</u>	<u>2,380,000</u>	<u>117,145</u>

**The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010**

Note 3 - Long Term Debt (continued)

2011 Amortizations
Series 2007 Certificates of Participation Schedule

Year	Principal	Interest	Total
2012	\$ 70,000	\$ 112,945	\$ 182,945
2013	75,000	109,939	184,939
2014	75,000	106,933	181,933
2015	80,000	103,695	183,695
2016-2032	1,950,000	1,082,368	3,032,368
Total	<u>\$ 2,250,000</u>	<u>\$ 1,515,880</u>	<u>\$ 3,765,880</u>

2010 Amortizations
Series 2007 Certificates of Participation Schedule

Year	Principal	Interest	Total
2011	\$ 65,000	\$ 115,720	\$ 180,720
2012	70,000	112,945	182,945
2013	75,000	109,939	184,939
2014	75,000	106,933	181,933
2015-2032	2,030,000	1,186,064	3,216,064
Total	<u>\$ 2,315,000</u>	<u>\$ 1,631,600</u>	<u>\$ 3,946,600</u>

Capital Leases

On September 10, 2003, the County entered into a capital lease for the jail in the amount of \$2,300,000 with payments due monthly with an interest rate of 5.75%. This lease is set to mature on July 8, 2019.

On March 30, 2005, the County entered into a capital lease for the jail in the amount of \$397,368 with payments due monthly with an interest rate of 6.25%. This lease is set to mature on July 8, 2019.

On July 31, 2008, the County entered into a capital lease for the jail in the amount of \$200,000 with payments due monthly with an interest rate of 5.75% This lease is set to mature on July 8, 2019.

On April 18, 2011, the County entered into a capital lease that combined the balances of the previous three leases for the amount of \$1,932,927 with payments due monthly with an interest rate of 4.95%. This new lease is set to mature April 18, 2026.

A schedule of future minimum lease payments inclusive of principal and interest as of December 31, 2011 and 2010 is as follows:

2011		2010	
Year ended December 31,	Payment	Year ended December 31,	Payment
2012	184,412	2011	296,501
2013	184,412	2012	296,501
2014	184,412	2013	296,501
2015	184,412	2014	296,501
2016-2026	1,905,591	2015-2019	1,334,255
	<u>\$ 2,643,239</u>		<u>\$ 2,520,259</u>

**The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010**

Note 3 - Long Term Debt (continued)

Capital Leases (continued)

Lease payments made by the County for the years ending December 31, 2011 and 2010, were \$216,383 and \$296,502, respectively.

Note Payable

On December 21, 2011, the County entered into a note for a new County vehicle for \$28,803 with payments due monthly with an interest rate of 4.00%.

A schedule of future minimum payments at of December 31, 2011 is as follows:

Year	Principal	Interest	Total
2012	8,461	902	9,363
2013	9,597	617	10,214
2014	9,993	221	10,214
Total	<u>\$ 28,051</u>	<u>\$ 1,739</u>	<u>\$ 29,790</u>

The County paid the first payment before the December 31, 2011 year end in advance of the January 2012 due date in the amount of \$851.

Note 4 - Interfund Transfers

Transfers between funds for the years ended December 31, 2011 and 2010 are as follows:

	2011		2010	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue	\$ 81,423	\$ 288,000	\$ 112,450	\$ 528,000
Road & Bridge	-	70,000	-	90,000
Law Enforcement Sales Tax	282,430	-	517,430	-
Assessment	13,000	-	18,000	-
Tax Maintenance	-	11,423	-	-
Planning & Zoning	-	-	-	21,200
Record Storage	-	-	-	1,250
Prosecuting Attorney Bad Check	-	7,430	-	7,430
Total	<u>\$ 376,853</u>	<u>\$ 376,853</u>	<u>\$ 647,880</u>	<u>\$ 647,880</u>

Note 5 - Change in Accounting Basis

Caldwell County, Missouri, has changed its basis of accounting from presenting its financial statements in accordance with GASB 34 on the cash basis of accounting to the regulatory basis of accounting as prescribed or permitted by Missouri State Law. The accounting change had no effect on the beginning cash balances of the various county funds.

**The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010**

Note 6 - Local Government Employees Retirement System (LAGERS)

Plan Description

Caldwell 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 401a and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO, 65102 or by calling 1-800-447-4334.

Funding Status

Full-time employees of Caldwell County contribute 4% of their gross pay to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rates for 2011 are 4.2% (general) and 3.6% (police) and for 2010, they are 4.3% (general) and 4.6% (police) of the annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

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

For 2011, the political subdivision's annual pension cost of \$66,767 for the County was equal to the actual contributions and the remaining net pension obligation. The 2011 annual required contribution (ARC) was determined as part of the February 28, 2009 and/or February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. For 2010, the political subdivision's annual pension cost of \$70,290 for the County was equal to the required and actual contributions. The 2010 required contribution was determined as part of the February 29, 2008 and/or February 28, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 3.5% per year in 2011 and 4.0% per year in 2010, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women for 2011 and pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women for 2010 and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for me and 0 years for women for 2011 and post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 years for women for 2010. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis for 2011 and 2010. The amortization period of February 29, 2008 was 16 years for the General division and 16 years for the Police division. The amortization period of February 28, 2009, was 15 years for the General division and 15 years for the Police division. The amortization period of February 28, 2010 was 16 years for the General division and 15 years for the Police division.

**The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010**

Note 6 - Local Government Employees Retirement System (LAGERS) (continued)

Three Year Trend Information - 2011

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	71,344	100.0%	-
6/30/2010	70,290	100.0%	-
6/30/2011	66,767	100.0%	-

Required Supplementary Information - Schedule of Funding Progress 2011

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b - a) / c] UAL as a Percentage of Covered Payroll
2/28/2009	473,534	745,254	271,720	64%	1,703,178	16%
2/28/2010	622,205	841,389	219,184	74%	1,737,544	13%
2/28/2011	714,317	894,630	180,313	80%	1,495,458	12%

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

Three Year Trend Information - 2010

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	71,576	100.0%	-
6/30/2009	71,344	100.0%	-
6/30/2010	70,290	100.0%	-

Required Supplementary Information - Schedule of Funding Progress 2010

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b - a) / c] UAL as a Percentage of Covered Payroll
2/29/2008	448,420	633,670	185,250	71%	1,612,908	11%
2/28/2009	473,534	745,254	271,720	64%	1,703,178	16%
2/28/2010	622,205	841,389	219,184	74%	1,737,544	13%

**The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010**

Note 6 - Local Government Employees Retirement System (LAGERS) (continued)

Note: The above assets and actuarial liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

Note 7 - County Employees Retirement Fund (CERF)

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

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 (1000) one thousand 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 Section 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 eleven persons.

Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two 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 amount, targeted replacement ratio formula, and the prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active eligible 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. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions. The County Employee's Retirement Fund issues audited financial statements.

Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-877-632-2373.

Funding Policy

In accordance with State Statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 have an option to contribute 0% of their annual salary, while employees hired after February 2002 are required to contribute 4% of their annual salary in order to participate in CERF. During 2011 and 2010, the County collected and remitted to CERF, employee contributions of approximately \$46,948 and \$46,666, respectively, for the years then ended.

**The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010**

Note 8 - Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Caldwell County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. Caldwell County has contributed \$2,244 and \$2,244, respectively, for the years ended December 31, 2011 and 2010.

Note 9 - Post Employment Benefits

Caldwell County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the Primary Government.

Note 10 - Claims, Commitments, and Contingencies

Litigation

Caldwell County is involved in pending litigation as of December 31, 2011. The extent of the liability, if any, cannot be determined at this time.

Compensated Absences

The County provides employees with up to four weeks of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation and overtime, if applicable. Unused sick time is not reimbursed. These have not been subjected to auditing procedures.

Note 11 - Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make specific assessments. Members are jointly and severally liable for all claims against the risk pool.

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

The County of Caldwell
Kingston, Missouri
Notes to the Financial Statements
Years ended December 31, 2011 & 2010

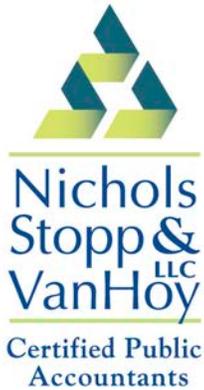
Note 12 - Prior Period Adjustment

Beginning cash balances of various funds has been restated due to income received in 2010 being posted to a prior year. The net effect of this adjustment will decrease the beginning cash and equivalents of the County. This adjustment will have no material effect on operations of the County.

Total cash and equivalents, as Previously stated December 31, 2009	\$ 1,193,314
Prior Period Adjustment	<u>(226,481)</u>
Total cash and equivalents, as Restated December 31, 2009	<u>\$ 966,833</u>

Note 13 - Subsequent Events

The County has evaluated events subsequent to December 31, 2011 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through July 2, 2012, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.



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 Caldwell County, Missouri

We have audited the accompanying financial statements of Caldwell County, Missouri as of and for the years ended December 31, 2011 and 2010, which collectively comprise the County's basic financial statements as identified in the table of contents, and have issued our report thereon dated July 2, 2012. 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

10425 Old Olive
Street Road,
Suite 101

Creve Coeur,
Missouri 63141

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FAX:
314-569-0020

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Management of Caldwell County, Missouri, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Caldwell County, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Caldwell County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Caldwell County, Missouri's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting: 11/10-1 through 11/10-3. 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.

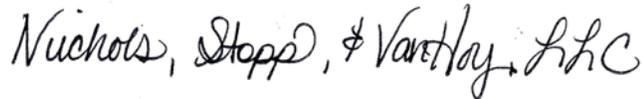
Compliance and Other Matters

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

agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs 11/10-4.

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

This report is intended solely for the information and use of management, County Commission, County Officeholders, others within the entity, 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.

A handwritten signature in black ink that reads "Nichols, Stopp, & VanHay, L.L.C." The signature is written in a cursive, flowing style.

Creve Coeur, Missouri
July 2, 2012



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

To the County Commission and
Officeholders of Caldwell County, Missouri

Compliance

We have audited Caldwell 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 Caldwell County, Missouri's major federal program for the years ended December 31, 2011 and 2010. Caldwell County, Missouri'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 Caldwell County, Missouri's management. Our responsibility is to express an opinion on Caldwell County, Missouri'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 Caldwell County, Missouri'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 Caldwell County, Missouri's compliance with those requirements.

In our opinion, Caldwell 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, 2011 and 2010.

Internal Control Over Compliance

Management of Caldwell 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 Caldwell County, Missouri's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Caldwell County, Missouri's internal control over compliance.

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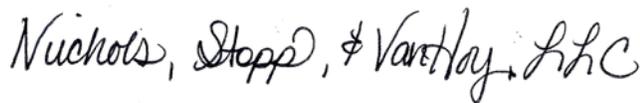
www.nsvcpa.com

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 11/10-5. 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.

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

This report is intended solely for the information and use of management, County Commission, County Officeholders, others within the entity, 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.



Creve Coeur, Missouri
July 2, 2012

**The County of Caldwell
Kingston, Missouri
Schedule of Expenditures of Federal Awards
Years ended December 31, 2011 & 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31,	
			2011	2010
U.S. Department of Justice				
Passed through state:				
Department of Public Safety - Crime Victim Assistance	16.575	2009-VOCA-103-0S	\$ 34,874	\$ 31,367
U.S. Department of Transportation				
Passed through state:				
Highway and Transportation Commission - Highway Planning and Construction	20.205	BRO-BO013(30)	217	378,671
Highway Planning and Construction	20.205	BRO-BO013(31)	820	232,216
Highway Planning and Construction	20.205	BRO-BO013(32)	-	10,785
Highway Planning and Construction	20.205	BRO-BO013(33)	1,180	266,814
Highway Planning and Construction	20.205	BRO-BO013(34)	44,601	-
Highway Planning and Construction	20.205	BRO-BO013(35)	42,838	-
Total U.S. Department of Transportation			89,656	888,486
U.S. Department of Health and Human Services				
Passed through state:				
Department of Social Services - Child Support Enforcement	93.563	N/A	81,728	82,948
U.S. Department of Homeland Security				
Passed through state:				
Department of Public Safety - Disaster Grants - Public Assistance Grants	97.036	DR-1934	7,324	65,696
Disaster Grants - Public Assistance Grants	97.036	DR-1961	1,691	-
Total U.S. Department of Homeland Security			9,015	65,696
Total Expenditures of Federal Awards			<u>\$ 215,273</u>	<u>\$ 1,068,497</u>

**The County of Caldwell]
Kingston, Missouri
Notes to Schedule of Expenditures of Federal Awards
Years ended December 31, 2011 & 2010**

Note 1 - Summary of Significant Accounting Policies

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 number is not available.

This schedule includes all federal awards administered by Caldwell County, Missouri.

Basis of Presentation

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

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

Basis of Accounting

The Accompanying schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2 - Subrecipients

The County did not pass through any federal funds for the years ended December 31, 2011 and 2010.

**The County of Caldwell
Kingston, Missouri
Schedule of Findings and Questioned Cost
Years ended December 31, 2011 & 2010**

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unqualified Regulatory Basis

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

 X Yes _____ None Reported

Any noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

 X Yes _____ None Reported

Type of auditor's 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 Circular A-133?

 X Yes _____ No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:

 \$300,000

Auditee qualified as low-risk auditee?

_____ Yes X No

**The County of Caldwell
Kingston, Missouri
Schedule of Findings and Questioned Cost
Years ended December 31, 2011 & 2010**

Section 2 - Financial Statement Findings

11/10-1 Condition: During the current year, it was necessary for the auditors of the County to assist with the preparation of the external financial statements and the notes to financial statements.

Effect: Without the assistance of the auditors preparing the external financial statements, management may be unable to review and take responsibility of the financial statements and notes.

Cause: Due to increasing financial reporting requirements management of the County is unable to prepare the external financial statements and notes without the assistance of the auditors.

Recommendation: We recommend the County either provide training to current management, hire additional staff who possess the accounting skills needed to prepare and review the external financial statements, or contract with an outside accountant to prepare and review the external financial statements.

Management's Response: Our understanding of this finding is that our personnel does not acquire adequate skills to be able to properly prepare or take responsibility for the external financial statements or footnotes to the external financial statements. We do not totally agree with this finding. Caldwell County is a 3rd class county and we are not required by statute to have a county auditor. In addition, we do not have the funds readily available to hire an outside firm or outside personnel for this purpose.

11/10-2 Condition: Documentation of the County's internal controls has not been prepared.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Management has not prepared documentation of internal control.

Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: We plan to develop the required documentation based on the methods of internal control we already have in place.

11/10-3 Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Effect: Lack of an appropriate audit risk assessment process may result in certain risks not being identified by County's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

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

Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

**The County of Caldwell
Kingston, Missouri
Schedule of Findings and Questioned Cost
Years ended December 31, 2011 & 2010**

Section 2 - Financial Statement Findings (Continued)

11/10-3 Management's Response: We plan to develop the required documentation based on the methods of risk control we practice on a daily basis.

11/10-4 Condition: During our audit, we noted several funds with actual expenditures that exceeded the budgeted expenditures.

Effect: Missouri Statutes requires Counties to prepare an annual budget and expenditures are not to exceed the budget. Due to exceeding budget in certain funds the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The 2011 Budget has 3 funds that actual expenditures were more than the budgeted expenditure amounts. When preparing the budget, per RSMO 50.622, the county did not amend the budget because the funds did not actually receipt more than had been estimated when preparing the budget. Two of the funds went over budget because they are special funds that were actually transferring excessive funds to the county general revenue fund. In the future, we will see to it that funds stay within budgeted amounts so that amending the budget does not become necessary.

Section 3 - Federal Award Findings and Questioned Cost

11/10-5 Condition: The Schedule of Expenditures of Federal Awards (SEFA) contained errors.

Criteria: OMB Circular A-133 requires auditees to prepare an accurate SEFA containing awards expended, CFDA title and number, award number, name of the Federal agency, and name of the pass-through entity.

Cause: Management was unaware of the reporting requirements related to the Schedule of Expenditures of Federal Awards.

Effect: Federal expenditures reported on the SEFA were incorrect.

Recommendation: We recommend that management develop internal controls over reporting and consult with outside accountants when needed to ensure an accurate SEFA is prepared.

Management's Response: We were unaware that the Child Support System was funded on a Federal Grant. We were under the impression that it was funded by the State. Now, we realize that it is 66% federally funded and 34% state funded. We will, in the future, include the federally funded portion in the Schedule of Expenditures of Federal Awards (SEFA).

**The County of Caldwell
Kingston, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Caldwell County, Missouri, on the applicable findings in the prior audit report issued for the years ended December 31, 2009.

Prior Year Financial Statement Findings

2009-1 **County Financial Records**

The accounting records prepared by the County Clerk and County Treasurer for the two years ended December 31, 2009 do not reconcile to the accounting records. Cash balances did not reconcile as a result of differences between receipts and disbursements recorded by each official. The County Clerks office is preparing a reconciliation to reconcile with the County Treasurer, however, it does not appear that there was an accurate listing of outstanding checks and deposits in transit prepared with the bank reconciliation at the end of each month by either the County Treasurer or the County Clerk. As a result, errors on reports prepared by the County Treasurer and errors on actual amounts reported on the budgets prepared by the County Clerk went undetected, Both officials records were inaccurate at times and varied from actual revenues, expenditures and cash balances per audit. Due to the materiality of the differences, no audit adjustments were made to correct these errors. The differences between the cash balances per audit and the cash balances per the books are listed below.

	<u>2009</u>	<u>2008</u>
Cash Balance Per Audit All Funds	\$ 1,186,714	\$ 1,362,507
Cash Balance Per Books All Funds	<u>1,093,129</u>	<u>1,475,294</u>
Difference	<u>\$ 93,585</u>	<u>\$ (112,787)</u>

The County Treasurer made numerous transfers between county funds during the years ending December 31, 2009. All transfers made to and from the Law Enforcement Fund did have documented approval in the minutes from the County Commission, however, there were transfers made to other funds that did not have written authorization from the Commissioners. Written approval should be obtained from the County Commission before transfers are made between county funds and adequate supporting documentation for the transfer should be maintained for all transfers made.

Recommendations:

- A. The accounting records of the County Clerk and County Treasurer should be reconciled on a monthly basis and all outstanding checks and deposits in transit need to be checked for accuracy. Any differences between the reconciliation and the counties general ledger need to be fully investigated.
- B. The County Treasurer reconciles all financial reports to the bank balances and document detailed monthly bank reconciliations including listings of outstanding checks and adjusting items. In addition, the County Commission should review and approve all reconciliations and financial reports.
- C. The County Commission approve all interfund transfers that are made.

**The County of Caldwell
Kingston, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

2009-1 *Auditee Response*
(cont.)

The County Commission, the County Treasurer and the County Clerk provided the following responses:

- A. The Treasurer and the Clerk will start reconciling accounts and determining that all outstanding checks and deposits in transit are accurate.
- B. The Treasurer will start reconciling bank records and determining that the reconciliation agrees with the financial reports and the County Clerk's records and any differences will be investigated.
- C. All transfers will be approved by the County Commissioners.

Status

This issue has been corrected by the County.

2009-2 **County Budgetary Practices**

In addition to being required by state law, complete and accurate budgets are essential for the County Commission and County Clerk to evaluate county operations and to project the anticipated needs of the county for the upcoming year. Complete and accurate budgets are also necessary to properly inform the county's citizens about the county's finances.

The County Commission approved disbursements in excess of budgeted amounts for various funds during the years ending December 31, 2009. Further, there was no evidence that the County Commission nor the County Clerk monitored disbursements adequately to ensure actual disbursements did not exceed budgeted amounts. Actual expenditures exceeded budgeted amounts in the following funds:

Amount Over Budget

	<u>2009</u>	<u>2008</u>
County Revenue Fund	\$ -	\$ 154,137
Road and Bridge Fund	-	121,482
Road and Bridge Sales Tax Fund	-	38,929
Tax Maintenance	-	3,189
Election Fund	-	19,889
Peace Officers Training Fund	4,915	1,933
Domestic Violence Fund	-	628
Sheriff Civil Fees Fund	2,234	12,949
Record Storage Fund	724	2,234
Prosecuting Attorney Bad Check Fund	26,328	28,124
LEPC Fund	2,141	-

If there are any valid reasons which necessitate excess disbursement, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

The County of Caldwell
Kingston, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

2009-2 **Recommendations:**
(cont.)

- A. Ensure that the expenditures are kept within the amounts budgeted. If additional funds are received or expended which could not be estimated when the budget was adopted, the County Commission should amend the budget by following the procedures established by state law.

Auditee Response

The County Commission provided the following responses:

- A. The County Commission will begin monitoring the budget on a monthly basis and amendments will be made on an as needed basis.

Status

Various funds had expenditures in excess of the budget, therefore, this finding is repeated in the current audit period as 11/10-4.

2009-3 **Expenditure Procedures**

It was noted during the test of expenditures that the mileage reimbursements from county employees did not include documentation showing proof of mileage along with a breakdown of each trip made by the employee. Receipts for meals were also not attached to the request for reimbursement for some of the reimbursements tested.

It is also recommended that all invoices be stamped as paid along with the date the invoice was paid, along with the initials of an individual approving the expenditure. This allows the county to keep from paying the invoices twice.

Recommendations:

- A. The County Clerk and County Commission adopt policies for travel reimbursements that include adequate documentation for mileage and requiring receipts in order to obtain meal reimbursements.
- B. The County Clerk will stamp all invoices as paid including the date of initials of an official approving the invoice.

**The County of Caldwell
Kingston, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

2009-3 ***Auditee Response:***
(cont.)

The County Commission and County Clerk provided the following responses:

- A. The County Commission and County Clerk will implement new procedures for the handling of travel and meal reimbursements.
- B. The County Clerk will begin procedures to mark invoices as paid and receive the initials of an approving official.

Status

This issue has been corrected by the County.

Prior Year Federal Award Findings and Questioned Cost

2009-4 **Federal Financial Reporting**

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the county to prepare 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 a part of the annual budget.

Expenditures related to some of the grants were reported incorrectly or not included on the schedule. The audited SEFA was adjusted to correct these errors. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. The County Commission should take steps to ensure all departments and/or officials properly track federal awards to ensure all federal awards are properly accounted for on the SEFA.

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

Recommendations:

- A. The County Commission and County Clerk work to ensure the SEFA is complete and accurate.

Auditee Response:

The County Commission and County Clerk provided this response:

- A. The County Commission and County Clerk will work hard to ensure that the SEFA is accurate and complete.

Status

The SEFA still contained errors in the current audit period, therefore, this finding is repeated as 11/10-5.