



**SUSAN MONTEE, JD, CPA**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Phelps County, Missouri

The Office of the State Auditor, in cooperation with Phelps County, has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2008, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, P.C., Certified Public Accountants, is attached.

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

Susan Montee, JD, CPA  
State Auditor

September 2009  
Report No. 2009-88

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORTS  
AND SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2008 & 2007

**THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
TABLE OF CONTENTS**

---

<b><u>FINANCIAL SECTION</u></b>	PAGE
Independent Auditor’s Report (the Primary Government).....	1-2
 <b><u>FINANCIAL STATEMENTS</u></b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets – Modified Cash Basis.....	3
Statement of Activities – Modified Cash Basis.....	4-5
 <i>Fund Financial Statements:</i>	
Balance Sheet – Modified Cash Basis – Governmental Funds.....	6
Statement of Revenues, Expenditures and Changes In Fund Balances – Modified Cash Basis – Governmental Funds.....	7
Reconciliation of the County Funds Balance Sheet With the Statement of Net Assets – Modified Cash Basis.....	8-9
Reconciliation of the County Funds Statement of Revenues, Expenditures, and Changes in Fund Balances With Government-Wide Statement of Activities – Modified Cash Basis.....	10-11
Statement of Fiduciary Net Assets – Modified Cash Basis Agency Funds.....	12
Notes to the Financial Statements.....	13-30
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures and Changes In Fund Balances – Non-GAAP Budget Basis and Actual - Modified Cash Basis - General Fund – Unaudited.....	31
Departmental Schedule of Expenditures Non-GAAP Budget Basis and Actual - Modified Cash Basis - General Fund – Unaudited.....	32-33

**THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
TABLE OF CONTENTS**

	PAGE
<b><u>REQUIRED SUPPLEMENTARY INFORMATION (concluded)</u></b>	
Schedule of Revenues, Expenditures and Changes In Fund Balances – Non-GAAP Budget Basis and Actual - Modified Cash Basis - Special Revenue – Road and Bridge Fund - Unaudited .....	34
Schedule of Revenues, Expenditures and Changes In Fund Balances - Modified Cash Basis - Special Revenue – Law Enforcement Sales Tax Fund – Unaudited .....	35
Schedule of Revenues, Expenditures and Changes In Fund Balances - Modified Cash Basis - Special Revenue – E911 Fund – Unaudited .....	36
Schedule of Revenues, Expenditures and Changes In Fund Balances - Modified Cash Basis - Special Revenue – Public Facilities Authority Fund – Unaudited .....	37
Schedule of Revenues, Expenditures and Changes In Fund Balances - Modified Cash Basis - Special Revenue – Sheriffs Drug Enforcement Fund – Unaudited .....	38
Notes to Required Supplementary Information .....	39

**SUPPLEMENTARY INFORMATION**

*Combining Fund Financial Statements and Schedule Non-Major Governmental Funds:*

Combining Balance Sheet – Modified Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2008 .....	40-41
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Modified Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2008 .....	42-43
Combining Balance Sheet – Modified Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2007 .....	44-45
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Modified Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2007 .....	46-47

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
TABLE OF CONTENTS

---

	PAGE
<b><u>SUPPLEMENTARY INFORMATION (concluded)</u></b>	
<i>Fiduciary Funds:</i>	
Combining Statement of Fiduciary Net Assets – Modified Cash Basis – Agency Funds – 2008.....	48-49
Combining Statement of Fiduciary Net Assets – Modified Cash Basis – Agency Funds – 2007.....	50-51
 <b><u>STATE COMPLIANCE SECTION</u></b>	
Schedule of State Findings.....	52
 <b><u>FEDERAL COMPLIANCE SECTION</u></b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements of the County of Phelps, Missouri (the Primary Government) Performed in Accordance With <i>Government Auditing Standards</i> .....	53-54
Schedule of Findings.....	55-57

## **FINANCIAL SECTION**



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITOR'S REPORT  
(The Primary Government)

To the County Commission  
The County of Phelps, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Phelps (the Primary Government), Missouri, as of and for the years ended December 31, 2008 and 2007, which collectively comprise the basic financial statements of the Primary Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Primary Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the Primary Government which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the Primary Government's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the primary government. As a result, the Primary Government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Primary Government, as of December 31, 2008 and 2007, the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Phelps County Medical Center has issued separate reporting entity financial statements. For information on this component unit, please contact the Phelps County Medical Center.

As described in Note I, the basic financial statements of the Primary Government were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information for the Primary Government, as of December 31, 2008 and 2007 for the years then ended in conformity with the basis of accounting described in Note I.

Primary Government has not presented the management’s discussion and analysis that accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting, has determined is necessary to supplement, although not required to be part of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 13, 2009 on our consideration for the Primary Government’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Schedules of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis – Non GAAP Budget Basis and Actual and related notes on pages 31 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Primary Government’s basic financial statements. The combining and individual non-major funds financial statements on pages 40 through 51 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The state and federal compliance sections on pages 52 through 57 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Daniel Jones & Associates*

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

July 13, 2009

## **FINANCIAL STATEMENTS**

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
 FOR THE YEARS ENDED

	December 31, 2008 Total Governmental Activities	December 31, 2007 Total Governmental Activities
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,519,450.70	\$ 3,944,655.00
Investments	1,175,000.00	1,225,000.00
<b>TOTAL ASSETS</b>	<b>4,694,450.70</b>	<b>5,169,655.00</b>
 <b>NET ASSETS</b>		
Unrestricted	716,490.67	750,289.44
Restricted for Specific Purpose	3,977,960.03	4,419,365.56
<b>TOTAL NET ASSETS</b>	<b>4,694,450.70</b>	<b>5,169,655.00</b>
<b>TOTAL FUND BALANCE</b>	<b>\$ 4,694,450.70</b>	<b>\$ 5,169,655.00</b>

See accompanying notes to the financial statements.

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

FUNCTIONS / PROGRAMS GOVERNMENTAL ACTIVITIES	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
General County Government	\$ 8,719,903.34	\$ 609,688.99	\$ 1,025,716.38	\$ 2,970,171.38	\$ (4,114,326.59)
Road and Bridge	2,850,618.94	-	-	-	(2,850,618.94)
Financial Administration	232,169.17	-	-	-	(232,169.17)
Other Offices and Grants	72,904.84	-	-	-	(72,904.84)
Administration of Justice and Law Enforcement	1,601,939.89	-	-	2,165,955.34	564,015.45
Consulting	120,120.54	-	-	-	(120,120.54)
Fees, Licenses and Permits	132,404.48	-	-	-	(132,404.48)
Equipment Repairs and Facilities Maintenance	3,400.00	-	-	-	(3,400.00)
Maintenance of Roads	-	-	515,027.10	-	515,027.10
Park Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay:					
Construction of Hospital	123,081.67	-	-	-	(123,081.67)
Property, Equipment and Buildings	1,429,734.59	-	-	-	(1,429,734.59)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 15,286,277.46</b>	<b>\$ 609,688.99</b>	<b>\$ 1,540,743.48</b>	<b>\$ 5,136,126.72</b>	<b>(7,999,718.27)</b>

GENERAL REVENUES

Taxes:	
Property Taxes, Levied	2,918,627.24
Sales Tax	4,237,369.83
Investment Income	368,516.90
Miscellaneous	-
<b>TOTAL GENERAL REVENUES</b>	<b>7,524,513.97</b>
<b>CHANGE IN NET ASSETS</b>	<b>(475,204.30)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>5,169,655.00</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 4,694,450.70</b>

See accompanying notes to the financial statements.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

FUNCTIONS / PROGRAMS GOVERNMENTAL ACTIVITIES	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
General County Government	\$ 8,105,367.52	\$ 586,123.81	\$ 1,831,684.25	\$ 1,888,326.80	\$ (3,799,232.66)
Road and Bridge	2,745,402.43	-	-	-	(2,745,402.43)
Financial Administration	230,875.10	-	-	-	(230,875.10)
Other Offices and Grants	94,793.45	-	-	-	(94,793.45)
Administration of Justice and Law Enforcement	1,562,319.11	-	-	2,437,312.47	874,993.36
Property Valuation and Recording	117,372.43	-	-	-	(117,372.43)
Fees, Licenses and Permits	131,503.51	-	-	-	(131,503.51)
Equipment Repairs and Facilities Maintenance	32,861.88	-	-	-	(32,861.88)
Maintenance of Roads	-	-	226,186.93	-	226,186.93
Park Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Debt Service:					
Principal	469,805.17	-	-	-	(469,805.17)
Interest and Fiscal Charges	13,851.50	-	-	-	(13,851.50)
Capital Outlay:					
Construction of Hospital	-	-	-	-	-
Property, Equipment and Buildings	829,723.53	-	-	-	(829,723.53)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 14,333,875.63</b>	<b>\$ 586,123.81</b>	<b>\$ 2,057,871.18</b>	<b>\$ 4,325,639.27</b>	<b>(7,364,241.37)</b>

GENERAL REVENUES

Taxes:	
Property Taxes, Levied	2,544,493.51
Sales Tax	4,323,399.11
Investment Income	373,648.97
Sale of Property and Equipment	57,987.00
Miscellaneous	103.00
<b>TOTAL GENERAL REVENUES</b>	<b>7,299,631.59</b>
<b>CHANGE IN NET ASSETS</b>	<b>(64,609.78)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>5,234,264.78</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,169,655.00</b>

See accompanying notes to the financial statements.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS

	DECEMBER 31, 2008							DECEMBER 31, 2007								
	General	Special Road and Bridge	E911 Fund	Law Enforcement Sales Tax Fund	Public Facilities Authority Fund	Sheriffs Drug Enforcement Fund	Non-Major Governmental Funds	Total Governmental Funds	General	Special Road and Bridge	E911 Fund	Law Enforcement Sales Tax Fund	Public Facilities Authority Fund	Sheriffs Drug Enforcement Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>																
Cash and Cash Equivalents	\$ 491,490.67	\$ 48,554.74	\$ 229,980.76	\$ 49,593.06	\$ 351,012.23	\$ 206,697.23	\$ 2,142,122.01	\$ 3,519,450.70	\$ 525,289.44	\$ 48,017.02	\$ 267,740.75	\$ 40,540.57	\$ 303,398.61	\$ 814,954.85	\$ 1,944,713.76	\$ 3,944,655.00
Investments	225,000.00	-	250,000.00	-	700,000.00	-	-	1,175,000.00	225,000.00	-	300,000.00	-	700,000.00	-	-	1,225,000.00
<b>TOTAL ASSETS</b>	<u>716,490.67</u>	<u>48,554.74</u>	<u>479,980.76</u>	<u>49,593.06</u>	<u>1,051,012.23</u>	<u>206,697.23</u>	<u>2,142,122.01</u>	<u>4,694,450.70</u>	<u>750,289.44</u>	<u>48,017.02</u>	<u>567,740.75</u>	<u>40,540.57</u>	<u>1,003,398.61</u>	<u>814,954.85</u>	<u>1,944,713.76</u>	<u>5,169,655.00</u>
<b>FUND BALANCES</b>																
Unreserved:																
General Fund	716,490.67	-	-	-	-	-	-	716,490.67	750,289.44	-	-	-	1,003,398.61	814,954.85	-	750,289.44
Special Revenue Funds	-	48,554.74	479,980.76	49,593.06	1,051,012.23	206,697.23	2,142,122.01	3,977,960.03	-	48,017.02	567,740.75	40,540.57	1,003,398.61	814,954.85	1,944,713.76	4,419,365.56
<b>TOTAL FUND BALANCES</b>	<u>716,490.67</u>	<u>48,554.74</u>	<u>479,980.76</u>	<u>49,593.06</u>	<u>1,051,012.23</u>	<u>206,697.23</u>	<u>2,142,122.01</u>	<u>4,694,450.70</u>	<u>750,289.44</u>	<u>48,017.02</u>	<u>567,740.75</u>	<u>40,540.57</u>	<u>1,003,398.61</u>	<u>814,954.85</u>	<u>1,944,713.76</u>	<u>5,169,655.00</u>
<b>TOTAL FUND BALANCES</b>	<u>\$ 716,490.67</u>	<u>\$ 48,554.74</u>	<u>\$ 479,980.76</u>	<u>\$ 49,593.06</u>	<u>\$ 1,051,012.23</u>	<u>\$ 206,697.23</u>	<u>\$ 2,142,122.01</u>	<u>\$ 4,694,450.70</u>	<u>\$ 750,289.44</u>	<u>\$ 48,017.02</u>	<u>\$ 567,740.75</u>	<u>\$ 40,540.57</u>	<u>\$ 1,003,398.61</u>	<u>\$ 814,954.85</u>	<u>\$ 1,944,713.76</u>	<u>\$ 5,169,655.00</u>

See accompanying notes to the financial statements.

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS FOR THE YEARS ENDED

	DECEMBER 31, 2008								DECEMBER 31, 2007							
	General	Special Road and Bridge	E911 Fund	Law Enforcement Sales Tax Fund	Public Facilities Authority Fund	Sheriffs Drug Enforcement Fund	Non-Major Governmental Funds	Total Governmental Funds	General	Special Road and Bridge	E911 Fund	Law Enforcement Sales Tax Fund	Public Facilities Authority Fund	Sheriffs Drug Enforcement Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>																
Property Tax	\$ 772,876.05	\$ 1,356,257.25	\$ -	\$ -	\$ -	\$ -	\$ 789,493.94	\$ 2,918,627.24	\$ 631,526.30	\$ 1,287,369.13	\$ -	\$ -	\$ -	\$ -	\$ 625,598.08	\$ 2,544,493.51
Sales Tax	1,592,516.51	812,392.60	-	1,832,460.72	-	-	-	4,237,369.83	1,641,021.12	793,738.62	-	1,888,639.37	-	-	-	4,323,399.11
Inter-Governmental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	431,734.90	-	-	-	177,954.09	609,688.99	-	-	307,822.10	-	-	-	278,301.71	586,123.81
Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	1,133,757.27	515,027.10	-	1,616,165.58	-	549,789.76	1,836,414.11	5,651,153.82	918,991.93	226,186.93	-	1,283,223.91	-	1,154,088.56	1,888,326.80	5,470,818.13
Fees, Licenses and Permits	738,980.14	-	-	-	-	-	286,736.24	1,025,716.38	723,323.99	-	-	-	-	-	189,368.33	912,692.32
Interest	104,310.71	18,446.00	30,821.16	6,329.75	51,013.62	35,655.32	121,940.34	368,516.90	119,270.96	14,248.30	36,390.02	11,813.83	54,151.91	21,029.68	116,744.27	373,648.97
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	103.00	103.00	-
<b>TOTAL REVENUES</b>	<b>4,342,440.68</b>	<b>2,702,122.95</b>	<b>462,556.06</b>	<b>3,454,956.05</b>	<b>51,013.62</b>	<b>585,445.08</b>	<b>3,212,538.72</b>	<b>14,811,073.16</b>	<b>4,034,134.30</b>	<b>2,321,542.98</b>	<b>344,212.12</b>	<b>3,183,677.11</b>	<b>54,151.91</b>	<b>1,175,118.24</b>	<b>3,098,442.19</b>	<b>14,211,278.85</b>
<b>EXPENDITURES</b>																
<b>Current:</b>																
General County Government	1,501,055.53	-	550,316.05	3,949,333.23	-	-	2,719,198.53	8,719,903.34	1,275,540.70	-	533,342.22	3,601,395.04	1,055.89	-	2,694,033.67	8,105,367.52
Road and Bridge	-	2,479,955.38	-	-	-	-	370,663.56	2,850,618.94	-	2,745,402.43	-	-	-	-	-	2,745,402.43
Financial Administration	232,169.17	-	-	-	-	-	-	232,169.17	230,875.10	-	-	-	-	-	-	230,875.10
Other Offices and Grants	72,904.84	-	-	-	-	-	-	72,904.84	94,793.45	-	-	-	-	-	-	94,793.45
Property Valuation and Recording	120,120.54	-	-	-	-	-	-	120,120.54	117,372.43	-	-	-	-	-	-	117,372.43
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Permits and Fees	132,404.48	-	-	-	-	-	-	132,404.48	131,503.51	-	-	-	-	-	-	131,503.51
Administration of Justice and Law	1,601,939.89	-	-	-	-	-	-	1,601,939.89	1,365,612.01	-	-	-	-	-	196,707.10	1,562,319.11
Equipment Repairs and Facilities Maintenance	-	-	-	-	3,400.00	-	-	3,400.00	-	-	-	-	32,861.88	-	-	32,861.88
<b>Capital Outlay:</b>																
Construction	-	123,081.67	-	-	-	-	-	123,081.67	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	-	48,548.18	-	-	-	1,125,918.03	255,268.38	1,429,734.59	-	-	-	-	-	774,615.09	55,108.44	829,723.53
<b>TOTAL EXPENDITURES</b>	<b>3,660,594.45</b>	<b>2,651,585.23</b>	<b>550,316.05</b>	<b>3,949,333.23</b>	<b>3,400.00</b>	<b>1,125,918.03</b>	<b>3,345,130.47</b>	<b>15,286,277.46</b>	<b>3,215,697.20</b>	<b>2,745,402.43</b>	<b>533,342.22</b>	<b>3,601,395.04</b>	<b>33,917.77</b>	<b>774,615.09</b>	<b>2,945,849.21</b>	<b>13,850,218.96</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>681,846.23</b>	<b>50,537.72</b>	<b>(87,759.99)</b>	<b>(494,377.18)</b>	<b>47,613.62</b>	<b>(540,472.95)</b>	<b>(132,591.75)</b>	<b>(475,204.30)</b>	<b>818,437.10</b>	<b>(423,859.45)</b>	<b>(189,130.10)</b>	<b>(417,717.93)</b>	<b>20,234.14</b>	<b>400,503.15</b>	<b>152,592.98</b>	<b>361,059.89</b>
<b>OTHER FINANCING SOURCES (USES)</b>																
Transfers In	10,000.00	-	-	628,429.67	-	-	340,000.00	978,429.67	-	383,695.00	-	560,645.00	-	-	575,797.00	1,520,137.00
Transfers Out	(725,645.00)	(50,000.00)	-	(125,000.00)	-	(67,784.67)	(10,000.00)	(978,429.67)	(725,645.00)	-	(41,641.00)	(369,156.00)	-	-	(383,695.00)	(1,520,137.00)
Sale of Property and Equipment	-	-	-	-	-	-	-	-	-	57,987.00	-	-	-	-	-	57,987.00
Emergency Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Debt Service:</b>																
Principal Payment	-	-	-	-	-	-	-	-	-	(83,333.00)	-	-	-	-	(86,472.17)	(469,805.17)
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,851.50)	(13,851.50)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(715,645.00)</b>	<b>(50,000.00)</b>	<b>-</b>	<b>503,429.67</b>	<b>-</b>	<b>(67,784.67)</b>	<b>330,000.00</b>	<b>-</b>	<b>(725,645.00)</b>	<b>358,349.00</b>	<b>(41,641.00)</b>	<b>191,489.00</b>	<b>-</b>	<b>-</b>	<b>(208,221.67)</b>	<b>(425,669.67)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(33,798.77)</b>	<b>537.72</b>	<b>(87,759.99)</b>	<b>9,052.49</b>	<b>47,613.62</b>	<b>(608,257.62)</b>	<b>197,408.25</b>	<b>(475,204.30)</b>	<b>92,792.10</b>	<b>(65,510.45)</b>	<b>(230,771.10)</b>	<b>(226,228.93)</b>	<b>20,234.14</b>	<b>400,503.15</b>	<b>(55,628.69)</b>	<b>(64,609.78)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>750,289.44</b>	<b>48,017.02</b>	<b>567,740.75</b>	<b>40,540.57</b>	<b>1,003,398.61</b>	<b>814,954.85</b>	<b>1,944,713.76</b>	<b>5,169,655.00</b>	<b>657,497.34</b>	<b>113,527.47</b>	<b>798,511.85</b>	<b>266,769.50</b>	<b>983,164.47</b>	<b>414,451.70</b>	<b>2,000,342.45</b>	<b>5,234,264.78</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 716,490.67</b>	<b>\$ 48,554.74</b>	<b>\$ 479,980.76</b>	<b>\$ 49,593.06</b>	<b>\$ 1,051,012.23</b>	<b>\$ 206,697.23</b>	<b>\$ 2,142,122.01</b>	<b>\$ 4,694,450.70</b>	<b>\$ 750,289.44</b>	<b>\$ 48,017.02</b>	<b>\$ 567,740.75</b>	<b>\$ 40,540.57</b>	<b>\$ 1,003,398.61</b>	<b>\$ 814,954.85</b>	<b>\$ 1,944,713.76</b>	<b>\$ 5,169,655.00</b>

See accompanying notes to the financial statements.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
RECONCILIATION OF THE COUNTY FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET ASSETS – MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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**Amounts reported for governmental activities in the  
statement of activities are different because...**

Total Fund Balance – Governmental Funds \$ 4,694,450.70

There are no items of reconciliation.

-

**Total Net Assets – Governmental Activities**

**\$ 4,694,450.70**

See accompanying notes to the financial statements.



THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
RECONCILIATION OF THE COUNTY FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

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Total Net Change in Fund Balances – Governmental Funds	\$ (475,204.30)
There are no items of reconciliation.	<u>-</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u><u>\$ (475,204.30)</u></u></b>

See accompanying notes to the financial statements.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
RECONCILIATION OF THE COUNTY FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

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Total Net Change in Fund Balances – Governmental Funds	\$ (64,609.78)
There are no items of reconciliation.	<u>-</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u><u>\$ (64,609.78)</u></u></b>

See accompanying notes to the financial statements.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
STATEMENT OF FIDUCIARY NET ASSETS  
MODIFIED CASH BASIS - AGENCY FUNDS

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	<u>DECEMBER 31, 2008</u> <u>AGENCY FUNDS</u>	<u>DECEMBER 31, 2007</u> <u>AGENCY FUNDS</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 15,922,752.05</u>	<u>\$ 16,049,792.17</u>
<b>TOTAL ASSETS</b>	<u><u>15,922,752.05</u></u>	<u><u>16,049,792.17</u></u>
<b>LIABILITIES</b>		
Due to Other Funds	<u>15,922,752.05</u>	<u>16,049,792.17</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 15,922,752.05</u></u>	<u><u>\$ 16,049,792.17</u></u>

See accompanying notes to the financial statements.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Phelps, Missouri (“the Primary Government”), which is governed by a three-member board of commissioners, was established in 1857 by an Act of the Missouri Territory. In addition to the three Commissioners, there are ten elected Constitutional Officers: County Clerk, 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 modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the modified cash basis of accounting, these financial statements present financial accountability of the Primary Government.

The Primary Government’s operations include tax assessments and collections, state/county courts, county recorder, police protection, transportation, economic development, and social and human services.

The financial statements referred to above include only the primary government of Phelps County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Primary Government’s legal entity. The financial statements do not include financial data for the Primary Government’s legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Primary Government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Primary Government as of December 31, 2008 and 2007, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Phelps County Medical Center has issued separate reporting entity financial statements. For information on this component unit, please contact the Phelps County Medical Center at (573) 458-8899 (or write to 1000 West Tenth Street Rolla, MO 65401).

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

*Government-wide Financial Statements:*

The Statement of Net Assets and the Statement of Activities present financial information about the primary government only and not any of its component units. These statements include the financial activities of the primary government and distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charges to external parties for goods or services. The Primary Government does not have any such activities.

The Statement of Net Assets presents the financial condition of the governmental activities of the primary government at year-end. The statement of Activities presents a comparison between direct expenses and program revenues for each function of the Primary Government's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenue not properly included among *program revenues* are presented instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Primary Government.

*Fund Financial Statements:*

Following the government-wide financial statements are separate financial statements for governmental funds and fiduciary funds. Presently, the Primary Government has no proprietary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Primary Government has determined that the General Fund, Road and Bridge Fund, Sheriff's Drug Enforcement Fund, Law Enforcement Sales Tax Fund, Public Facilities Authority Fund, and the E911 Fund are major governmental funds. All other governmental funds are reported in one column labeled "Non-Major Governmental Funds". If applicable, the total fund balances for all governmental funds is reconciled to total net assets. The net change in fund balance for all governmental funds, if applicable, is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

The fund financial statements of the Primary Government are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenues and expenditures.

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. The various funds are summarized by type in the basic financial statements. The following fund types are used by the Primary Government:

*Governmental Fund Types*

Governmental funds are those through which most governmental functions are financed. The Primary Government's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

The following are the Primary Government's governmental major funds:

*General Fund* – The General Fund is the general operating fund of the Primary Government. It is used to account for all financial resources except those required to be accounted for in another fund.

*Road and Bridge Fund* – The Road and Bridge Fund is a Special Revenue Fund used to account for receipts of the Primary Government property tax levy and related expenditures for road maintenance and improvement projects.

*Law Enforcement Sales Tax Fund* – The Law Enforcement Sales Tax Fund is a Special Revenue Fund used to account for receipts of the county sales tax levy and related expenditures for the law enforcement.

*Courthouse Sales Tax Fund* – The Courthouse Sales Tax Fund is a Special Revenue Fund used to account for receipts of the county sales tax levy and related expenditures for the Courthouse.

*E911 Emergency Fund* – The E911 Emergency Fund is a Special Revenue Fund used to account for receipts of the county fees and related capital expenditures for the Emergency 911 Fund.

*Sheriff's Drug Enforcement Fund* – The Sheriff's Drug Enforcement Fund is a Special Revenue Fund used to account for receipts of the Grants and related capital expenditures for the Sheriff's Department.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The other governmental funds of the Primary Government are considered non-major funds. They include special revenue funds, which account for the proceeds of specific revenue sources that generally are legally restricted to expenditures for specific purposes.

*Fiduciary Fund Types*

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

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fund financial statements are prepared using the Modified cash basis of accounting. The basis of accounting recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures when they result from cash transactions except that the purchase of investments are recorded as assets; funds collected through the agency funds, not yet remitted, are recorded as liabilities and as receivables and revenue in the fund statements as applicable; and receipts of proceeds of tax anticipation notes are recorded as liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash 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 the Primary Government 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.

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2008 & 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Property Taxes

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

The assessed valuation of the tangible taxable property, included within the Primary Government's boundaries for the calendar year 2008 and 2007, for purposes of taxation was:

	2008	2007
Real Estate	\$ 397,192,440	\$ 387,880,790
Personal Property	106,494,831	105,057,285
Railroad and Utilities	20,641,686	19,599,952
	\$ 524,328,957	\$ 512,538,027

During 2008 and 2007, the County Commission approved a \$.3078 and \$.2921, respectively, tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2008 and 2007, for purposes of County taxation, as follows:

	2008	2007
General Revenue Fund	\$ .1471	\$ .1375
Special Road and Bridge Fund	.0901	.0844
Developmentally Disabled	.0706	.0702
	\$ .3078	\$ .2921

E. Cash Deposits and Investments

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

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

F. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are classified as "Due from other funds" or "Due to other funds" on the Balance Sheet – Modified Cash Basis – Governmental Fund.

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

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

G. Reserved Fund Balance

Reserved fund balance represents the portion of fund balance that is not available for appropriation or is legally restricted for a specific purpose. Fund balance is unrestricted at December 31, 2008 and 2007.

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Primary Government or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted. The Primary Government applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

I. Use of Estimates in Financial Statements

Preparation of these financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. DEPOSITS AND INVESTMENTS

The Primary Government 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 Balance Sheet Governmental Funds arising from cash transactions as "Cash and Equivalents" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2008 and 2007, the carrying amount of the Primary Government's deposits was \$4,694,450.70 and \$5,169,655.00, the bank balance was \$5,144,910.16 and \$5,548,456.76 respectively. As of December 31, 2008 and 2007, 100% of the Primary Government's investments were guaranteed by the U. S. Government.

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2008 & 2007

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II. DEPOSITS AND INVESTMENTS (continued)

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2008, as follows:

Included in the following fund financial statement captions:

<u>Balance Sheet – Government Funds</u>	
Deposits	\$ 3,519,450.70
Investments	1,175,000.00
Total Governmental Funds	4,694,450.70
<u>Balance Sheet – Agency Funds</u>	
Deposits	15,922,752.05
Investments	-
Total Deposits & Investments as of December 31, 2008	\$ 20,617,202.75

The carrying values of deposits and investments at December 31, 2007, are as follows:

Included in the following fund financial statement captions:

<u>Balance Sheet – Government Funds</u>	
Deposits	\$ 3,944,655.00
Investments	1,225,000.00
Total Governmental Funds	5,169,655.00
<u>Balance Sheet – Agency Funds</u>	
Deposits	16,049,792.17
Investments	-
Total Deposits & Investments as of December 31, 2007	\$ 21,219,447.17

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Primary Government's investment policy does include custodial credit risk requirements. The Primary Government's deposits were not exposed to custodial credit risk for the year end December 31, 2008 & 2007.

Custodial Credit Risk – Investments

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

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2008 & 2007

II. DEPOSITS AND INVESTMENTS (concluded)

Custodial Credit Risk – Investments

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

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Primary Government does have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the Primary Government for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The Primary Government has a policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The Primary Government's deposits were not exposed to concentration of investment credit risk for the year end December 31, 2008 & 2007.

III. LONG-TERM DEBT

Certificates of Participation – The Primary Government had \$2,485,000 Phelps County Missouri Refunding Certificates of Participation Series 2004 Dated 2/1/04. Principal and interest payments were due annually by December 1, with an annual interest rate ranging from 1.40% to 2.40%. Final Payment was made on 12/1/2007.

DEBT	BALANCE AT 12/31/2006	AMOUNT BORROWED	2007 PAYMENTS 2006	BALANCE AT 12/31/2007	INTEREST PAID DURING YEAR
COPS	\$ 635,000.00	\$ -	\$ (635,000.00)	\$ -	\$ 15,240.00
<b>TOTAL</b>	<b>\$ 635,000.00</b>	<b>\$ -</b>	<b>\$ (635,000.00)</b>	<b>\$ -</b>	<b>\$ 15,240.00</b>

2003 Medical Center Bonds – The Component Unit of Phelps County – Phelps County Medical Center has a \$40,000,00 bond that was entered into on 10/27/03. The County is only responsible for the bonds if the Medical Center would happen to default on them. The Balance at 12/31/08 was \$32,520,000.00 and the Balance at 12/31/07 was \$34,100,000.00. Amortizations are not shown since these are the responsibility of the Medical Center.

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2008 & 2007

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III. LONG-TERM DEBT (Continued)

The following is the descriptions and balances for the 2008 Capital Leases:

**2008**

ON 9/30/04 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH GIBBS TECHNOLOGY FOR A COPIER FOR THE COLLECTORS OFFICE, THE PAYMENT IS \$138.00 MONTHLY.	1,600.00
ON 9/22/05 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH XEROX FOR A COPIER FOR THE ASSESSOR, THE PAYMENT IS \$67.75 MONTHLY.	1,490.50
ON 4/13/09 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH CITIZENS BANK OF NEWBURG FOR COMPUTER EQUIPMENT AND RECORDING SYSTEM FOR THE RECORDER, THE INTEREST RATE IS 4.5%, THE PAYMENT IS \$2,051.00 MONTHLY.	54,420.36
ON 5/5/06 THE COUNT COMMISSIONERS ENTERED INTO A 48 MONTH LEASE WITH FORD MOTER CREDIT FOR A 2006 FORD VAN, THE INTEREST RATE IS 5.75% THE PAYMENT IS 497.97 MONTHLY WITH THE LAST PAYMENT BEING \$498.08.	7,652.23
ON 5/10/09 THE COUNTY COMMISSIONERS ENTERED INTO A 3 YEAR LEASE WITH CITIZENS BANK OF NEWBURG FOR 3 DODGE CHARGERS, THE INTEREST RATE IS 4.5%, THE PAYMENT IS 21,665.83 ANNUALLY.	20,732.85
ON 6/7/06 THE COUNTY COMMISSIONERS ENTERED INTO A 48 MONTH LEASE WITH XEROX FOR COPIERS AT THE TEXAS COUNTY JUVINILE CENTER, THE PAYMENT IS \$59.55 MONTHLY.	1,071.90
ON 12/7/09 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH XEROX FOR A COPIER FOR THE ASSESSOR, THE PAYMENT IS \$74.55 MONTHLY.	2,683.80
ON 2/13/07 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH XEROX FOR A COPIER FOR THE PUBLIC ADMINISTRATOR, THE PAYMENT IS \$62.68 MONTHLY.	2,381.84
ON 9/18/07 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH XEROX FOR A COPIER FOR THE CIRCUIT CLERK, THE PAMENT IS \$132.29 MONTHLY.	5,953.05
ON 11/8/07 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH GIBBS TECHNOLOGY LEASING, LLC FOR A COPIER FOR THE SHERIFFS OFFICE, THE PAYMENT IS \$298.00 MONTHLY.	14,006.00

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

III. LONG-TERM DEBT (Continued)

ON 11/8/07 THE COUNTY COMMISSIONER ENTERED INTO A 60 MONTH LEASE WITH GIBBS TECHNOLOGY LEASING, LLC FOR A COPIER FOR THE SHERIFFS OFFICE, THE PAYMENT IS \$295.51 MONTHLY.	13,888.97
ON 8/19/08 THE COUNTY COMMISSIONERS ENTERED INTO A LEASE WITH PITNEY BOWS FOR 20 PAYMENTS OF \$4,377 PAID QUARTERLY.	74,409.00
ON 10/7/08 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH CBS LEASING FOR A DIGITAL SYSTEM FOR THE COLLECTOR, THE PAYMENT IS \$209.00 MONTHLY.	12,122.00
ON 12/3/08 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH IKON FOR A COPIER FOR THE PROSECUTING ATTORNEYS OFFICE, THE PAYMENT IS \$145.00 MONTHLY.	8,700.00
2008 TOTAL	221,112.50

The following is the descriptions and balances for the 2007 Capital Leases:

**2007**

ON 11/18/03 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH XEROX FOR A COPIER FOR THE CIRCUIT COURT, THE PAYMENT IS \$135.91 MONTHLY.	1,495.01
ON 2/20/04 THE COUNTY COMMISSIONERS ENTERED INTO A 36 MONTH LEASE WITH CANON FOR SCANNER/IMAGING EQUIPMENT, THE PAYMENT IS \$877.00 MONTHLY.	0.00
ON 6/22/04 THE COUNTY COMMISSIONERS ENTERED INTO A 48 MONTH LEASE WITH IKON FOR A COPIER FOR THE JUVENILE OFFICE, THE PAYMENT IS \$190.00 MONTHLY.	950.00
ON 9/30/04 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH GIBBS TECHNOLOGY FOR A COPIER FOR THE COLLECTORS OFFICE, THE PAYMENT IS \$138.00 MONTHLY.	3,256.00
ON 9/22/05 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH XEROX FOR A COPIER FOR THE ASSESSOR, THE PAYMENT IS \$67.75 MONTHLY.	2,303.50

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2008 & 2007

III. LONG-TERM DEBT (Continued)

ON 4/13/09 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH CITIZENS BANK OF NEWBURG FOR COMPUTER EQUIPMENT AND RECORDING SYSTEM FOR THE RECORDER, THE INTEREST RATE IS 4.5%, THE PAYMENT IS \$2,051.00 MONTHLY.	76,044.31
ON 5/5/06 THE COUNT COMMISSIONERS ENTERED INTO A 48 MONTH LEASE WITH FORD MOTER CREDIT FOR A 2006 FORD VAN, THE INTEREST RATE IS 5.75% THE PAYMENT IS 497.97 MONTHLY WITH THE LAST PAYMENT BEING \$498.08.	13,019.24
ON 5/10/09 THE COUNTY COMMISSIONERS ENTERED INTO A 3 YEAR LEASE WITH CITIZENS BANK OF NEWBURG FOR 3 DODGE CHARGERS, THE INTEREST RATE IS 4.5%, THE PAYMENT IS 21,665.83 ANNUALLY.	40,568.11
ON 6/7/06 THE COUNTY COMMISSIONERS ENTERED INTO A 48 MONTH LEASE WITH XEROX FOR COPIERS AT THE TEXAS COUNTY JUVINILE CENTER, THE PAYMENT IS \$59.55 MONTHLY.	1,786.50
ON 12/7/09 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH XEROX FOR A COPIER FOR THE ASSESSOR, THE PAYMENT IS \$74.55 MONTHLY.	3,578.40
ON 2/13/07 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH XEROX FOR A COPIER FOR THE PUBLIC ADMINISTRATOR, THE PAYMENT IS \$62.68 MONTHLY.	3,134.00
ON 9/18/07 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH XEROX FOR A COPIER FOR THE CIRCUIT CLERK, THE PAMENT IS \$132.29 MONTHLY.	7,540.53
ON 11/8/07 THE COUNTY COMMISSIONERS ENTERED INTO A 60 MONTH LEASE WITH GIBBS TECHNOLOGY LEASING, LLC FOR A COPIER FOR THE SHERIFFS OFFICE, THE PAYMENT IS \$298.00 MONTHLY.	17,582.00
ON 11/8/07 THE COUNTY COMMISSIONER ENTERED INTO A 60 MONTH LEASE WITH GIBBS TECHNOLOGY LEASING, LLC FOR A COPIER FOR THE SHERIFFS OFFICE, THE PAYMENT IS \$295.51 MONTHLY.	17,435.09
2007 TOTAL	<u><u>188,692.69</u></u>

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

III. LONG-TERM DEBT (continued)

2007 Amortizations of Capital Leases:

	XEROX CIRC CT	IKON JUVINILE	GIBBS COLLECT	XEROX ASSESS	CITIZENS BANK EQ LEASE - RECORDER		FORD CREDIT 2006 FORD VAN	
					principle	interest	principle	interest
2008	1,495.01	950.00	1,656.00	813.00	21,623.95	2,988.05	5,367.01	608.63
2009	-	-	1,600.00	813.00	22,626.60	1,985.40	5,683.88	291.76
2010	-	-	-	677.50	23,666.05	945.95	1,968.35	23.64
2011	-	-	-	-	8,127.71	76.29	-	-
2012	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<u>1,495.01</u>	<u>950.00</u>	<u>3,256.00</u>	<u>2,303.50</u>	<u>76,044.31</u>	<u>5,995.69</u>	<u>13,019.24</u>	<u>924.03</u>

CITIZENS BANK VEHICLE LEASE - SHERIFF		XEROX JUVINILE	XEROX ASSESS	XEROX PUB ADM	XEROX CIRC CT	GIBBS SHERIFF	GIBBS #2 SHERIFF	TOTAL	
principle	interest							PRINCIPAL	INTEREST
19,835.26	1,830.57	714.60	894.60	752.16	1,587.48	3,576.00	3,546.12	62,811.19	5,427.25
20,732.85	932.98	714.60	894.60	752.16	1,587.48	3,576.00	3,546.12	62,527.29	3,210.14
-	-	357.30	894.60	752.16	1,587.48	3,576.00	3,546.12	37,025.56	969.59
-	-	-	894.60	752.16	1,587.48	3,576.00	3,546.12	18,484.07	76.29
-	-	-	-	125.36	1,190.61	3,278.00	3,250.61	7,844.58	-
<u>40,568.11</u>	<u>2,763.55</u>	<u>1,786.50</u>	<u>3,578.40</u>	<u>3,134.00</u>	<u>7,540.53</u>	<u>17,582.00</u>	<u>17,435.09</u>	<u>188,692.69</u>	<u>9,683.27</u>

2008 Amortizations of Capital Leases:

	GIBBS COLLECT	XEROX ASSESS	CITIZENS BANK EQ LEASE - RECORDER		FORD CREDIT 2006 FORD VAN		CITIZENS BANK VEHICLE LEASE - SHERIFF	
			principle	interest	principle	interest	principle	interest
2009	1,600.00	813.00	22,626.60	1,985.40	5,683.88	291.76	20,732.85	932.98
2010	-	677.50	23,666.05	945.95	1,968.35	23.64	-	-
2011	-	0.00	8,127.71	76.29	-	-	-	-
2012	-	0.00	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<u>1,600.00</u>	<u>1,490.50</u>	<u>54,420.36</u>	<u>3,007.64</u>	<u>7,652.23</u>	<u>315.40</u>	<u>20,732.85</u>	<u>932.98</u>

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2008 & 2007

III. LONG-TERM DEBT (concluded)

2008 Amortizations of Capital Leases (Concluded):

XEROX JUVINILE	XEROX ASSESS	XEROX PUB ADM	XEROX CIRC CT	GIBBS SHERIFF	GIBBS #2 SHERIFF	PITNEY BOWES	CBS LEASING	IKON PROS AT	TOTAL PRINCIPAL	TOTAL INTEREST
714.60	894.60	752.16	1,587.48	3,576.00	3,546.12	17,508.00	2,508.00	1,740.00	84,283.29	3,210.14
357.30	894.60	752.16	1,587.48	3,576.00	3,546.12	17,508.00	2,508.00	1,740.00	58,781.56	969.59
-	894.60	752.16	1,587.48	3,576.00	3,546.12	17,508.00	2,508.00	1,740.00	40,240.07	76.29
-	-	125.36	1,190.61	3,278.00	3,250.61	17,508.00	2,508.00	1,740.00	29,600.58	-
-	-	-	-	-	-	4,377.00	2,090.00	1,740.00	8,207.00	-
<u>1,071.90</u>	<u>2,683.80</u>	<u>2,381.84</u>	<u>5,953.05</u>	<u>14,006.00</u>	<u>13,888.97</u>	<u>74,409.00</u>	<u>12,122.00</u>	<u>8,700.00</u>	<u>221,112.50</u>	<u>4,256.02</u>

IV. INTERFUND TRANSFERS

Transfers between funds for the year ended December 31, 2008 and 2007 are as follows:

	2008		2007	
	Transfers In	Transfers Out	Transfers In	Transfers Out
<b>MAJOR FUNDS</b>				
General Fund	\$ 10,000.00	\$ 725,645.00	\$ -	\$ 725,645.00
Special Road and Bridge Fund	-	50,000.00	383,695.00	-
Law Enforcement Sales Tax Fund	628,429.67	125,000.00	560,645.00	369,156.00
E911 Fund	-	-	-	41,641.00
Sheriff's Drug Enforcement Fund	-	67,784.67	-	-
<b>NON-MAJOR FUNDS</b>	<u>340,000.00</u>	<u>10,000.00</u>	<u>575,797.00</u>	<u>383,695.00</u>
<b>TOTAL</b>	<u>\$ 978,429.67</u>	<u>\$ 978,429.67</u>	<u>\$ 1,520,137.00</u>	<u>\$ 1,520,137.00</u>

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

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V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

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

A. Plan Description

The Retirement Fund is a 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 (1,000) 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 Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of nine persons.

B. Pension Benefits

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

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed for all other departments in the county.

Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

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

C. 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 2% of their annual salary, while employees hired after February 2002 are required to contribute 4% of their annual salary in order to participate in the CERF. During 2008 and 2007, the Primary Government collected and remitted to CERF, employee contributions of approximately \$305,973.70 and \$287,689.22, respectively, for the years then ended.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

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VI. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Phelps 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 required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Policy

Phelps County's full time employees contribute 4% of their gross pay to the pension plan. The political subdivision is required by state statute to contribute at an actuarially determined rate; the current rate is 7.4% (general) and 6.1% (police) of annual covered payroll for 2008. The 2007 rate was 6.8 % (general) and 5.1% (police). The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost

For 2008, the political subdivision's annual pension cost of \$481,992 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and /or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. For 2007, the political subdivision's annual pension cost of \$417,639 was equal to the required and actual contributions. The required contribution was determined as part of February 28, 2005 and/or February 29, 2006 annual valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5 percent per year, compounded annually, (b) projected salary increases of 4.0 percent per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0 percent to 6.0 percent per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on RP 2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table projected to 2000 set back 1 year for men and 7 years for women.

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2008 & 2007

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

C. Annual Pension Cost (concluded)

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. The amortization period at February 28, 2007 and 2008, was 15 years.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/2006	\$ 377,433	100%	\$ 0
6/30/2007	417,639	100%	0
6/30/2008	481,992	100%	0

REQUIRED SUPPLEMENTARY INFORMATION  
 Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2006	\$8,363,422	\$ 7,786,276	\$ (577,146)	107%	\$ 4,114,230	0%
2/28/2007	8,957,770	8,194,676	(763,094)	109%	4,119,818	0%
2/28/2008	9,394,848	8,394,296	(1,000,552)	112%	4,509,800	0%

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

VII. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the Primary Government contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The Primary Government is tracking a lawsuit against this unfunded mandate with the state, the lawsuit has not yet been resolved, but the county has tracked amounts due as \$7,752 and \$7,752, respectively, for the years ended December 31, 2008 and 2007.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

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VIII. POST EMPLOYMENT BENEFITS

The Primary Government does provide post-employment benefits including, as mandated, 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. Retirees may remain on the health insurance plan until they are Medicare eligible. If an employee has over 25 years of service with the county the county will continue to pay the same portion of health insurance that they paid before the person retired, until the person becomes Medicare eligible.

IX. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The Primary Government is involved in pending litigation at December 31, 2008.

B. 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 but not sick time. These have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

The Primary Government has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

X. RISK MANAGEMENT

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

The County is a member participant in a public entity risk pool which is a corporate and political body created pursuant to state statute (Chapter 537.70 RSMo. 1986). The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

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X. RISK MANAGEMENT (concluded)

The County is also a member of the Missouri Association of Counties Self-Insured 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL -  
GENERAL FUND - UNAUDITED - FOR THE YEARS ENDED

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
<b>REVENUES</b>								
Property Tax	\$ 634,967.00	\$ 634,967.00	\$ 772,876.05	\$ 137,909.05	\$ 558,885.00	\$ 558,885.00	\$ 631,526.30	\$ 72,641.30
Sales Tax	1,642,000.00	1,642,000.00	1,592,516.51	(49,483.49)	1,701,360.00	1,701,360.00	1,641,021.12	(60,338.88)
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	1,219,621.00	1,219,621.00	1,133,757.27	(85,863.73)	1,153,000.00	1,153,000.00	918,991.93	(234,008.07)
Fees, Licenses and Permits	753,549.00	753,549.00	738,980.14	(14,568.86)	708,650.00	708,650.00	723,323.99	14,673.99
Interests	101,466.00	101,466.00	104,310.71	2,844.71	110,734.00	110,734.00	119,270.96	8,536.96
Other	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>4,351,603.00</b>	<b>4,351,603.00</b>	<b>4,342,440.68</b>	<b>(9,162.32)</b>	<b>4,232,629.00</b>	<b>4,232,629.00</b>	<b>4,034,134.30</b>	<b>(198,494.70)</b>
<b>EXPENDITURES</b>								
<b>Current:</b>								
General County Government	1,656,433.00	1,656,433.00	1,501,055.53	(155,377.47)	1,408,746.00	1,408,746.00	1,275,540.70	(133,205.30)
Financial Administration	237,098.00	237,098.00	232,169.17	(4,928.83)	237,920.00	237,920.00	230,875.10	(7,044.90)
Other Offices and Grants	94,530.00	94,530.00	72,904.84	(21,625.16)	134,988.00	134,988.00	94,793.45	(40,194.55)
Health and Welfare	135,481.00	135,481.00	132,404.48	(3,076.52)	132,047.00	132,047.00	131,503.51	(543.49)
Property Valuation and Recording	126,014.00	126,014.00	120,120.54	(5,893.46)	118,602.00	118,602.00	117,372.43	(1,229.57)
Administration of Justice and Law	1,724,100.00	1,724,100.00	1,601,939.89	(122,160.11)	1,639,125.00	1,639,125.00	1,365,612.01	(273,512.99)
<b>Capital Outlay:</b>								
Construction of Roads and Bridges	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,973,656.00</b>	<b>3,973,656.00</b>	<b>3,660,594.45</b>	<b>(313,061.55)</b>	<b>3,671,428.00</b>	<b>3,671,428.00</b>	<b>3,215,697.20</b>	<b>(455,730.80)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>377,947.00</b>	<b>377,947.00</b>	<b>681,846.23</b>	<b>303,899.23</b>	<b>561,201.00</b>	<b>561,201.00</b>	<b>818,437.10</b>	<b>257,236.10</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	10,000.00	10,000.00	10,000.00	-	-	-	-	-
Transfers Out	(755,645.00)	(755,645.00)	(725,645.00)	30,000.00	(740,645.00)	(740,645.00)	(725,645.00)	15,000.00
Emergency Fund	-	-	-	-	-	-	-	-
<b>Debt Service:</b>								
Principal Payment	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(745,645.00)</b>	<b>(745,645.00)</b>	<b>(715,645.00)</b>	<b>30,000.00</b>	<b>(740,645.00)</b>	<b>(740,645.00)</b>	<b>(725,645.00)</b>	<b>15,000.00</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(367,698.00)</b>	<b>(367,698.00)</b>	<b>(33,798.77)</b>	<b>333,899.23</b>	<b>(179,444.00)</b>	<b>(179,444.00)</b>	<b>92,792.10</b>	<b>272,236.10</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>750,289.44</b>	<b>750,289.44</b>	<b>750,289.44</b>	<b>-</b>	<b>657,497.34</b>	<b>657,497.34</b>	<b>657,497.34</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 382,591.44</b>	<b>\$ 382,591.44</b>	<b>\$ 716,490.67</b>	<b>\$ 333,899.23</b>	<b>\$ 478,053.34</b>	<b>\$ 478,053.34</b>	<b>\$ 750,289.44</b>	<b>\$ 272,236.10</b>

See accompanying Independent Auditor's Report.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
DEPARTMENTAL SCHEDULE OF EXPENDITURES  
MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND - UNAUDITED  
FOR THE YEARS ENDED

EXPENDITURES	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
Current:								
General County Government:								
County Commission	\$ 176,198.00	176,198.00	170,397.65	\$ (5,800.35)	\$ 170,522.00	170,522.00	161,150.87	\$ (9,371.13)
County Clerk	246,567.00	246,567.00	189,807.68	(56,759.32)	242,929.00	242,929.00	189,427.45	(53,501.55)
Elections	236,300.00	236,300.00	212,408.13	(23,891.87)	78,000.00	78,000.00	59,663.90	(18,336.10)
Buildings and Grounds	528,703.00	528,703.00	461,455.60	(67,247.40)	478,730.00	478,730.00	444,351.56	(34,378.44)
Employee Fringe Benefits	464,825.00	464,825.00	463,946.47	(878.53)	434,725.00	434,725.00	417,106.92	(17,618.08)
Surveyor	3,840.00	3,840.00	3,040.00	(800.00)	3,840.00	3,840.00	3,840.00	-
Other Expenses		-	-	-		-	-	-
	<u>1,656,433.00</u>	<u>1,656,433.00</u>	<u>1,501,055.53</u>	<u>(155,377.47)</u>	<u>1,408,746.00</u>	<u>1,408,746.00</u>	<u>1,275,540.70</u>	<u>(133,205.30)</u>
Financial Administration:								
Collector	171,002.00	171,002.00	170,218.36	(783.64)	172,982.00	172,982.00	169,502.74	(3,479.26)
Treasurer	66,096.00	66,096.00	61,950.81	(4,145.19)	64,938.00	64,938.00	61,372.36	(3,565.64)
	<u>237,098.00</u>	<u>237,098.00</u>	<u>232,169.17</u>	<u>(4,928.83)</u>	<u>237,920.00</u>	<u>237,920.00</u>	<u>230,875.10</u>	<u>(7,044.90)</u>
Other Offices & Grants:								
Other Offices & Grants	94,530.00	94,530.00	72,904.84	(21,625.16)	134,988.00	134,988.00	94,793.45	(40,194.55)
	<u>94,530.00</u>	<u>94,530.00</u>	<u>72,904.84</u>	<u>(21,625.16)</u>	<u>134,988.00</u>	<u>134,988.00</u>	<u>94,793.45</u>	<u>(40,194.55)</u>
Health and Welfare:								
Non-Institutional Care	135,481.00	135,481.00	132,404.48	(3,076.52)	132,047.00	132,047.00	131,503.51	(543.49)
	<u>135,481.00</u>	<u>135,481.00</u>	<u>132,404.48</u>	<u>(3,076.52)</u>	<u>132,047.00</u>	<u>132,047.00</u>	<u>131,503.51</u>	<u>(543.49)</u>

See accompanying Independent Auditor's Report.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
DEPARTMENTAL SCHEDULE OF EXPENDITURES  
MODIFIED CASH BASIS - BUDGET AND ACTUAL  
GENERAL FUND (CONTINUED)  
UNAUDITED - FOR THE YEARS ENDED

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
Property Valuation and Recording:								
Recorder of Deeds	126,014.00	126,014.00	120,120.54	(5,893.46)	118,602.00	118,602.00	117,372.43	(1,229.57)
Administration of Justice and Law Enforcement:								
Associate Circuit	24,950.00	24,950.00	18,817.90	(6,132.10)	-	-	-	-
Circuit Clerk	96,793.00	96,793.00	85,484.60	(11,308.40)	88,540.00	88,540.00	70,860.58	(17,679.42)
Family Court	160,000.00	160,000.00	158,940.88	(1,059.12)	43,500.00	43,500.00	23,356.09	(20,143.91)
Associate Circuit - (Probate)	-	-	-	-	23,500.00	23,500.00	17,667.48	(5,832.52)
Court Administrator	33,000.00	33,000.00	32,727.37	(272.63)	24,600.00	24,600.00	16,796.30	(7,803.70)
Dispatch	-	-	-	-	-	-	-	-
Circuit Judges and Court Reporters	173,340.00	173,340.00	148,157.59	(25,182.41)	179,982.00	179,982.00	145,678.37	(34,303.63)
Jail	-	-	-	-	-	-	-	-
Jury Script	-	-	-	-	-	-	-	-
Justice Center	-	-	-	-	-	-	-	-
Juvenile Office	420,009.00	420,009.00	363,941.43	(56,067.57)	480,664.00	480,664.00	355,233.23	(125,430.77)
Medical Examiner	33,826.00	33,826.00	30,391.33	(3,434.67)	37,462.00	37,462.00	36,598.74	(863.26)
Sheriffs Office	144,142.00	144,142.00	124,766.57	(19,375.43)	152,990.00	152,990.00	123,495.54	(29,494.46)
Drug Court	18,189.00	18,189.00	16,506.84	(1,682.16)	-	-	-	-
Prosecuting Attorney	511,331.00	511,331.00	517,249.36	5,918.36	504,283.00	504,283.00	473,960.21	(30,322.79)
Public Defender and Civil Defense	11,925.00	11,925.00	11,925.00	-	12,025.00	12,025.00	11,925.00	(100.00)
Public Administrator	96,595.00	96,595.00	93,031.02	(3,563.98)	91,579.00	91,579.00	90,040.47	(1,538.53)
	1,724,100.00	1,724,100.00	1,601,939.89	(122,160.11)	1,639,125.00	1,639,125.00	1,365,612.01	(273,512.99)
Debt Service:								
Principal Payments	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment & Buildings	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,973,656.00</b>	<b>\$ 3,973,656.00</b>	<b>\$ 3,660,594.45</b>	<b>\$ (313,061.55)</b>	<b>\$ 3,671,428.00</b>	<b>\$ 3,671,428.00</b>	<b>\$ 3,215,697.20</b>	<b>\$ (455,730.80)</b>

See accompanying Independent Auditor's Report

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND  
BUDGET AND ACTUAL - SPECIAL ROAD AND BRIDGE FUND  
UNAUDITED - FOR THE YEARS ENDED

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER	BUDGETED AMOUNTS		ACTUAL	OVER
	ORIGINAL	FINAL		(UNDER)	ORIGINAL	FINAL		(UNDER)
			FINAL BUDGET				FINAL BUDGET	
<b>REVENUES</b>								
Property Tax	\$ 1,268,516.00	\$ 1,268,516.00	\$ 1,356,257.25	\$ 87,741.25	\$ 1,272,279.00	\$ 1,272,279.00	\$ 1,287,369.13	\$ 15,090.13
Sales Tax	810,154.00	810,154.00	812,392.60	2,238.60	772,166.00	772,166.00	793,738.62	21,572.62
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	517,220.00	517,220.00	515,027.10	(2,192.90)	331,791.00	331,791.00	226,186.93	(105,604.07)
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interests	9,000.00	9,000.00	18,446.00	9,446.00	9,000.00	9,000.00	14,248.30	5,248.30
Other	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>2,604,890.00</b>	<b>2,604,890.00</b>	<b>2,702,122.95</b>	<b>97,232.95</b>	<b>2,385,236.00</b>	<b>2,385,236.00</b>	<b>2,321,542.98</b>	<b>(63,693.02)</b>
<b>EXPENDITURES</b>								
<b>Current:</b>								
Salaries	585,239.00	585,239.00	584,473.02	(765.98)	625,964.00	625,964.00	587,269.37	(38,694.63)
Employee Fringe Benefits	227,357.00	227,357.00	226,034.62	(1,322.38)	239,731.00	239,731.00	211,315.19	(28,415.81)
Supplies	34,000.00	34,000.00	32,579.89	(1,420.11)	44,000.00	44,000.00	36,413.13	(7,586.87)
Property and Equipment Insurance	45,000.00	45,000.00	44,088.47	(911.53)	38,500.00	38,500.00	43,028.22	4,528.22
Equipment Repairs and Facilities Maintenance	285,000.00	285,000.00	322,082.99	37,082.99	195,000.00	195,000.00	212,950.02	17,950.02
Rentals	3,000.00	3,000.00	2,241.93	(758.07)	3,000.00	3,000.00	428.71	(2,571.29)
<b>Maintenance of Roads:</b>								
Highway and Roads	1,231,000.00	1,231,000.00	1,268,454.46	37,454.46	1,186,000.00	1,186,000.00	1,142,568.67	(43,431.33)
Other	-	-	-	-	-	-	-	-
<b>Capital Outlay:</b>								
Construction of Roads and Bridges	134,000.00	134,000.00	123,081.67	(10,918.33)	96,500.00	96,500.00	13,402.24	(83,097.76)
Property, Equipment and Buildings	53,547.00	53,547.00	48,548.18	(4,998.82)	1,014,575.00	1,014,575.00	498,026.88	(516,548.12)
<b>TOTAL EXPENDITURES</b>	<b>2,598,143.00</b>	<b>2,598,143.00</b>	<b>2,651,585.23</b>	<b>53,442.23</b>	<b>3,443,270.00</b>	<b>3,443,270.00</b>	<b>2,745,402.43</b>	<b>(697,867.57)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>6,747.00</b>	<b>6,747.00</b>	<b>50,537.72</b>	<b>43,790.72</b>	<b>(1,058,034.00)</b>	<b>(1,058,034.00)</b>	<b>(423,859.45)</b>	<b>634,174.55</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	-	-	384,627.00	384,627.00	383,695.00	(932.00)
Transfers Out	(50,000.00)	(50,000.00)	(50,000.00)	-	-	-	-	-
Sale of Property and Equipment	-	-	-	-	668,500.00	668,500.00	57,987.00	(610,513.00)
Debt Service	-	-	-	-	130,000.00	130,000.00	(83,333.00)	(213,333.00)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(50,000.00)</b>	<b>(50,000.00)</b>	<b>(50,000.00)</b>	<b>-</b>	<b>1,183,127.00</b>	<b>1,183,127.00</b>	<b>358,349.00</b>	<b>(824,778.00)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(43,253.00)</b>	<b>(43,253.00)</b>	<b>537.72</b>	<b>43,790.72</b>	<b>125,093.00</b>	<b>125,093.00</b>	<b>(65,510.45)</b>	<b>(190,603.45)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>48,017.02</b>	<b>48,017.02</b>	<b>48,017.02</b>	<b>-</b>	<b>113,527.47</b>	<b>113,527.47</b>	<b>113,527.47</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 4,764.02</b>	<b>\$ 4,764.02</b>	<b>\$ 48,554.74</b>	<b>\$ 43,790.72</b>	<b>\$ 238,620.47</b>	<b>\$ 238,620.47</b>	<b>\$ 48,017.02</b>	<b>\$ (190,603.45)</b>

See accompanying Independent Auditor's Report.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND  
BUDGET AND ACTUAL - LAW ENFORCEMENT SALES TAX FUND  
UNAUDITED - FOR THE YEARS ENDED

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	1,889,000.00	1,889,000.00	1,832,460.72	(56,539.28)	1,957,369.00	1,957,369.00	1,888,639.37	(68,729.63)
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	1,730,162.00	1,730,162.00	1,616,165.58	(113,996.42)	1,252,600.00	1,252,600.00	1,283,223.91	30,623.91
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interest	6,350.00	6,350.00	6,329.75	(20.25)	8,200.00	8,200.00	11,813.83	3,613.83
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	3,625,512.00	3,625,512.00	3,454,956.05	(170,555.95)	3,218,169.00	3,218,169.00	3,183,677.11	(34,491.89)
EXPENDITURES								
Salaries	2,103,005.00	2,103,005.00	2,059,558.67	(43,446.33)	1,915,475.00	1,915,475.00	1,850,519.54	(64,955.46)
Employee Fringe Benefits	542,516.00	542,516.00	579,814.39	37,298.39	503,183.00	503,183.00	477,114.61	(26,068.39)
Supplies	817,468.00	817,468.00	784,559.10	(32,908.90)	588,668.00	588,668.00	605,837.91	17,169.91
Property and Equipment Insurance	117,000.00	117,000.00	155,943.91	38,943.91	135,000.00	135,000.00	115,359.69	(19,640.31)
Equipment Repairs and Facilities Maintenance	353,700.00	353,700.00	349,827.15	(3,872.85)	435,170.00	435,170.00	489,677.03	54,507.03
Capital Outlay:								
Property, Equipment and Buildings	20,000.00	20,000.00	19,630.01	(369.99)	53,000.00	53,000.00	62,886.26	9,886.26
TOTAL EXPENDITURES	3,953,689.00	3,953,689.00	3,949,333.23	(4,355.77)	3,630,496.00	3,630,496.00	3,601,395.04	(29,100.96)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(328,177.00)	(328,177.00)	(494,377.18)	(166,200.18)	(412,327.00)	(412,327.00)	(417,717.93)	(5,390.93)
OTHER FINANCING SOURCES (USES)								
Transfers In	621,645.00	621,645.00	628,429.67	6,784.67	560,645.00	560,645.00	560,645.00	-
Transfers Out	(125,000.00)	(125,000.00)	(125,000.00)	-	(369,156.00)	(369,156.00)	(369,156.00)	-
Debt Service:								
Principle	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	496,645.00	496,645.00	503,429.67	6,784.67	191,489.00	191,489.00	191,489.00	-
NET CHANGE IN FUND BALANCE	168,468.00	168,468.00	9,052.49	(159,415.51)	(220,838.00)	(220,838.00)	(226,228.93)	(5,390.93)
FUND BALANCE - BEGINNING OF YEAR	40,540.57	40,540.57	40,540.57	-	266,769.50	266,769.50	266,769.50	-
FUND BALANCE - END OF YEAR	\$ 209,008.57	\$ 209,008.57	\$ 49,593.06	\$ (159,415.51)	\$ 45,931.50	\$ 45,931.50	\$ 40,540.57	\$ (5,390.93)

See accompanying Independent Auditor's Report.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND  
BUDGET AND ACTUAL - E911 FUND  
UNAUDITED - FOR THE YEARS ENDED

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
<b>REVENUES</b>								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	427,942.00	427,942.00	431,734.90	3,792.90	348,000.00	348,000.00	307,822.10	(40,177.90)
Grants, Distributions and Reimbursements	-	-	-	-	-	-	-	-
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interest	30,000.00	30,000.00	30,821.16	821.16	35,000.00	35,000.00	36,390.02	1,390.02
Other	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>457,942.00</b>	<b>457,942.00</b>	<b>462,556.06</b>	<b>4,614.06</b>	<b>383,000.00</b>	<b>383,000.00</b>	<b>344,212.12</b>	<b>(38,787.88)</b>
<b>EXPENDITURES</b>								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Property and Equipment Insurance	-	-	-	-	-	-	-	-
Equipment Repairs and Facilities Maintenance	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment and Buildings	645,302.00	645,302.00	550,316.05	(94,985.95)	618,712.00	618,712.00	533,342.22	(85,369.78)
<b>TOTAL EXPENDITURES</b>	<b>645,302.00</b>	<b>645,302.00</b>	<b>550,316.05</b>	<b>(94,985.95)</b>	<b>618,712.00</b>	<b>618,712.00</b>	<b>533,342.22</b>	<b>(85,369.78)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(187,360.00)</b>	<b>(187,360.00)</b>	<b>(87,759.99)</b>	<b>99,600.01</b>	<b>(235,712.00)</b>	<b>(235,712.00)</b>	<b>(189,130.10)</b>	<b>46,581.90</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	(41,641.00)	(41,641.00)	(41,641.00)	-
Debt Service:								
Principle	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41,641.00)</b>	<b>(41,641.00)</b>	<b>(41,641.00)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(187,360.00)</b>	<b>(187,360.00)</b>	<b>(87,759.99)</b>	<b>99,600.01</b>	<b>(277,353.00)</b>	<b>(277,353.00)</b>	<b>(230,771.10)</b>	<b>46,581.90</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>567,740.75</b>	<b>567,740.75</b>	<b>567,740.75</b>	<b>-</b>	<b>798,511.85</b>	<b>798,511.85</b>	<b>798,511.85</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 380,380.75</b>	<b>\$ 380,380.75</b>	<b>\$ 479,980.76</b>	<b>\$ 99,600.01</b>	<b>\$ 521,158.85</b>	<b>\$ 521,158.85</b>	<b>\$ 567,740.75</b>	<b>\$ 46,581.90</b>

See accompanying Independent Auditor's Report.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND  
BUDGET AND ACTUAL - PUBLIC FACILITIES AUTHORITY FUND  
UNAUDITED - FOR THE YEARS ENDED

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	-	-	-	-	-	-	-	-
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interest	60,000.00	60,000.00	51,013.62	(8,986.38)	31,000.00	31,000.00	54,151.91	23,151.91
Other	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>60,000.00</b>	<b>60,000.00</b>	<b>51,013.62</b>	<b>(8,986.38)</b>	<b>31,000.00</b>	<b>31,000.00</b>	<b>54,151.91</b>	<b>23,151.91</b>
EXPENDITURES								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Property and Equipment Insurance	-	-	-	-	-	-	-	-
Equipment Repairs and Facilities Maintenance	62,900.00	62,900.00	3,400.00	(59,500.00)	32,861.00	32,861.00	32,861.88	0.88
Capital Outlay:								
Property, Equipment and Buildings	-	-	-	-	65,000.00	65,000.00	1,055.89	(63,944.11)
<b>TOTAL EXPENDITURES</b>	<b>62,900.00</b>	<b>62,900.00</b>	<b>3,400.00</b>	<b>(59,500.00)</b>	<b>97,861.00</b>	<b>97,861.00</b>	<b>33,917.77</b>	<b>(63,943.23)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,900.00)</b>	<b>(2,900.00)</b>	<b>47,613.62</b>	<b>50,513.62</b>	<b>(66,861.00)</b>	<b>(66,861.00)</b>	<b>20,234.14</b>	<b>87,095.14</b>
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Debt Service:								
Principle	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,900.00)</b>	<b>(2,900.00)</b>	<b>47,613.62</b>	<b>50,513.62</b>	<b>(66,861.00)</b>	<b>(66,861.00)</b>	<b>20,234.14</b>	<b>87,095.14</b>
FUND BALANCE - BEGINNING OF YEAR	1,003,398.61	1,003,398.61	1,003,398.61	-	983,164.47	983,164.47	983,164.47	-
FUND BALANCE - END OF YEAR	<u>\$ 1,000,498.61</u>	<u>\$ 1,000,498.61</u>	<u>\$ 1,051,012.23</u>	<u>\$ 50,513.62</u>	<u>\$ 916,303.47</u>	<u>\$ 916,303.47</u>	<u>\$ 1,003,398.61</u>	<u>\$ 87,095.14</u>

See accompanying Independent Auditor's Report.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND  
BUDGET AND ACTUAL - SHERIFFS DRUG ENFORCEMENT FUND  
UNAUDITED - FOR THE YEARS ENDED

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	552,200.00	552,200.00	549,789.76	(2,410.24)	1,240,000.00	1,240,000.00	1,154,088.56	(85,911.44)
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interest	36,000.00	36,000.00	35,655.32	(344.68)	26,000.00	26,000.00	21,029.68	(4,970.32)
Other	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>588,200.00</b>	<b>588,200.00</b>	<b>585,445.08</b>	<b>(2,754.92)</b>	<b>1,266,000.00</b>	<b>1,266,000.00</b>	<b>1,175,118.24</b>	<b>(90,881.76)</b>
EXPENDITURES								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Property and Equipment Insurance	-	-	-	-	-	-	-	-
Equipment Repairs and Facilities Maintenance	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment and Buildings	1,241,000.00	1,241,000.00	1,125,918.03	(115,081.97)	990,000.00	990,000.00	774,615.09	(215,384.91)
<b>TOTAL EXPENDITURES</b>	<b>1,241,000.00</b>	<b>1,241,000.00</b>	<b>1,125,918.03</b>	<b>(115,081.97)</b>	<b>990,000.00</b>	<b>990,000.00</b>	<b>774,615.09</b>	<b>(215,384.91)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(652,800.00)</b>	<b>(652,800.00)</b>	<b>(540,472.95)</b>	<b>112,327.05</b>	<b>276,000.00</b>	<b>276,000.00</b>	<b>400,503.15</b>	<b>124,503.15</b>
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	(68,000.00)	(68,000.00)	(67,784.67)	215.33	-	-	-	-
Debt Service:								
Principle	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(68,000.00)</b>	<b>(68,000.00)</b>	<b>(67,784.67)</b>	<b>215.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(720,800.00)</b>	<b>(720,800.00)</b>	<b>(608,257.62)</b>	<b>112,542.38</b>	<b>276,000.00</b>	<b>276,000.00</b>	<b>400,503.15</b>	<b>124,503.15</b>
FUND BALANCE - BEGINNING OF YEAR	814,954.85	814,954.85	814,954.85	-	414,451.70	414,451.70	414,451.70	-
FUND BALANCE - END OF YEAR	<u>\$ 94,154.85</u>	<u>\$ 94,154.85</u>	<u>\$ 206,697.23</u>	<u>\$ 112,542.38</u>	<u>\$ 690,451.70</u>	<u>\$ 690,451.70</u>	<u>\$ 814,954.85</u>	<u>\$ 124,503.15</u>

See accompanying Independent Auditor's Report.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2008 & 2007

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BUDGETS AND BUDGETARY ACCOUNTING

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

1. In accordance with Chapter 50 RSMo, the Primary Government adopts a budget for each governmental fund.
2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning the following January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.

During our audit we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. During the year December 31, 2008, there was an instance of non-compliance because the actual expenditures exceeded the budgeted expenditures in the Road and Bridge Fund.

4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

7. Budgets are prepared and adopted on the cash basis of accounting.

**SUPPLEMENTARY INFORMATION**

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
 DECEMBER 31, 2008

	Assessment Fund	Collector Tax Maintenance Fund	Community Care Clinic	Crisis Intervention Fund	Developmentally Disabled Fund	Election Services Fund	Phelps County Health Department	Jay White Estate Fund	25Th Juvenile Fps Fund	Law Enforcement Restitution Fund	Law Enforcement Debt Ser/Bldg Maint Fund	PA Bad Check Fund
ASSETS												
Cash and Cash Equivalents	\$ 87,866.54	\$ 43,486.47	\$ 26,995.76	\$ 1,078.72	\$ 294,153.66	\$ 37,932.20	\$ 380,894.11	\$ 226,940.81	\$ 1,092.02	\$ 99,405.01	\$ 106,381.06	\$ 78,152.49
TOTAL ASSETS	<u>87,866.54</u>	<u>43,486.47</u>	<u>26,995.76</u>	<u>1,078.72</u>	<u>294,153.66</u>	<u>37,932.20</u>	<u>380,894.11</u>	<u>226,940.81</u>	<u>1,092.02</u>	<u>99,405.01</u>	<u>106,381.06</u>	<u>78,152.49</u>
LIABILITIES AND FUND BALANCES												
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	87,866.54	43,486.47	26,995.76	1,078.72	294,153.66	37,932.20	380,894.11	226,940.81	1,092.02	99,405.01	106,381.06	78,152.49
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 87,866.54</u>	<u>\$ 43,486.47</u>	<u>\$ 26,995.76</u>	<u>\$ 1,078.72</u>	<u>\$ 294,153.66</u>	<u>\$ 37,932.20</u>	<u>\$ 380,894.11</u>	<u>\$ 226,940.81</u>	<u>\$ 1,092.02</u>	<u>\$ 99,405.01</u>	<u>\$ 106,381.06</u>	<u>\$ 78,152.49</u>

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
 DECEMBER 31, 2008

	PA Delinquent Tax Fund	PA Drug Enforcement Fund	Road & Bridge Debt Service Fund	Recorder User Fee Fund	Shelter Fund	Sheriff Civil Fee Fund	Sheriff Inmate Security Fund	Sheriff Inmate Security Fund	Sheriffs Revolving Fund	Sheriffs Training Fund	Unemployment Fund	Use Tax Fund	Special Elections	Total
ASSETS														
Cash and Cash Equivalents	\$ 5,974.04	\$ 121,543.43	\$ 662.13	\$ 51,770.84	\$ 18,376.90	\$ 6,709.27	\$ 4,633.29	\$ 3,764.33	\$ 38,150.32	\$ 1,674.94	\$ 190,623.43	\$ 313,860.24	\$ -	\$ 2,142,122.01
TOTAL ASSETS	<u>5,974.04</u>	<u>121,543.43</u>	<u>662.13</u>	<u>51,770.84</u>	<u>18,376.90</u>	<u>6,709.27</u>	<u>4,633.29</u>	<u>3,764.33</u>	<u>38,150.32</u>	<u>1,674.94</u>	<u>190,623.43</u>	<u>313,860.24</u>	<u>-</u>	<u>2,142,122.01</u>
LIABILITIES AND FUND BALANCES														
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	5,974.04	121,543.43	662.13	51,770.84	18,376.90	6,709.27	4,633.29	3,764.33	38,150.32	1,674.94	190,623.43	313,860.24	-	2,142,122.01
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,974.04</u>	<u>\$ 121,543.43</u>	<u>\$ 662.13</u>	<u>\$ 51,770.84</u>	<u>\$ 18,376.90</u>	<u>\$ 6,709.27</u>	<u>\$ 4,633.29</u>	<u>\$ 3,764.33</u>	<u>\$ 38,150.32</u>	<u>\$ 1,674.94</u>	<u>\$ 190,623.43</u>	<u>\$ 313,860.24</u>	<u>\$ -</u>	<u>\$ 2,142,122.01</u>

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS ( SPECIAL REVENUE FUNDS)  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Assessment Fund	Collector Tax Maintenance Fund	Community Care Clinic	Crisis Intervention Fund	Developmentally Disabled Fund	Election Services Fund	Phelps County Health Department	Jay White Estate Fund	25Th Juvenile Fps Fund	Law Enforcement Restitution Fund	Law Enforcement Debt Ser/Bldg Maint Fund	PA Bad Check Fund
<b>REVENUES</b>												
Property Tax	\$ 332,850.99	\$ 57,988.19	\$ -	\$ -	\$ 398,654.76	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Sales Tax	-	-	-	-	-	-	-	-	-	-	-	
Inter-Governmental Revenue	-	-	-	-	-	-	-	-	-	-	-	
Charges for Services	-	-	-	-	-	-	177,954.09	-	-	-	-	
Grants, Distributions and Reimbursements	192,019.55	-	114,927.25	4,300.28	-	17,186.02	1,050,037.10	-	16.50	-	9,982.08	225.00
Fees, Licenses and Permits	-	-	-	-	-	-	-	-	-	82,113.25	-	43,116.98
Interest	10,879.41	2,707.35	5,075.86	-	19,938.79	2,911.38	22,759.53	12,923.46	-	3,602.75	3,805.33	3,572.08
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>535,749.95</b>	<b>60,695.54</b>	<b>120,003.11</b>	<b>4,300.28</b>	<b>418,593.55</b>	<b>20,097.40</b>	<b>1,250,750.72</b>	<b>12,923.46</b>	<b>16.50</b>	<b>85,716.00</b>	<b>13,787.41</b>	<b>46,914.06</b>
<b>EXPENDITURES</b>												
General Government	552,793.31	37,179.12	187,214.88	3,780.28	340,408.34	8,988.89	1,305,875.54	11,215.65	16.50	15,500.01	37,500.00	12,639.90
Administration of Justice and Law	-	-	-	-	-	-	-	-	-	-	-	-
Highways and Roads	-	-	-	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Principal, Interest and Fiscal Fees	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay:												
Construction of Roads and Bridges	-	-	-	-	-	-	-	-	-	-	-	-
Future Capital Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	25,818.52	14,261.55	2,007.55	-	-	22,433.58	60,774.22	-	-	-	-	486.43
Debt Service:												
Principal Payment	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>578,611.83</b>	<b>51,440.67</b>	<b>189,222.43</b>	<b>3,780.28</b>	<b>340,408.34</b>	<b>31,422.47</b>	<b>1,366,649.76</b>	<b>11,215.65</b>	<b>16.50</b>	<b>15,500.01</b>	<b>37,500.00</b>	<b>13,126.33</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(42,861.88)</b>	<b>9,254.87</b>	<b>(69,219.32)</b>	<b>520.00</b>	<b>78,185.21</b>	<b>(11,325.07)</b>	<b>(115,899.04)</b>	<b>1,707.81</b>	<b>-</b>	<b>70,215.99</b>	<b>(23,712.59)</b>	<b>33,787.73</b>
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers In	75,000.00	-	-	-	-	-	90,000.00	-	-	-	125,000.00	-
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>75,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,000.00</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>32,138.12</b>	<b>9,254.87</b>	<b>(69,219.32)</b>	<b>520.00</b>	<b>78,185.21</b>	<b>(11,325.07)</b>	<b>(25,899.04)</b>	<b>1,707.81</b>	<b>-</b>	<b>70,215.99</b>	<b>101,287.41</b>	<b>33,787.73</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>55,728.42</b>	<b>34,231.60</b>	<b>96,215.08</b>	<b>558.72</b>	<b>215,968.45</b>	<b>49,257.27</b>	<b>406,793.15</b>	<b>225,233.00</b>	<b>1,092.02</b>	<b>29,189.02</b>	<b>5,093.65</b>	<b>44,364.76</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 87,866.54</b>	<b>\$ 43,486.47</b>	<b>\$ 26,995.76</b>	<b>\$ 1,078.72</b>	<b>\$ 294,153.66</b>	<b>\$ 37,932.20</b>	<b>\$ 380,894.11</b>	<b>\$ 226,940.81</b>	<b>\$ 1,092.02</b>	<b>\$ 99,405.01</b>	<b>\$ 106,381.06</b>	<b>\$ 78,152.49</b>

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS ( SPECIAL REVENUE FUNDS)  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	PA Delinquent Tax Fund	PA Drug Enforcement Fund	Prosecuting Attorney Training Fund	Road & Bridge Debt Service Fund	Recorder User Fee Fund	Shelter Fund	Sheriff Civil Fee Fund	Sheriff Inmate Security Fund	Sheriffs Revolving Fund	Sheriffs Training Fund	Unemployment Fund	Use Tax Fund	Special Elections	Total
<b>REVENUES</b>														
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 789,493.94
Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-	-	-	-	-	177,954.09
Grants, Distributions and Reimbursements	2,623.87	203,447.32	-	-	-	-	-	-	-	-	69,498.68	-	172,150.46	1,836,414.11
Fees, Licenses and Permits	-	-	2,335.73	-	44,350.75	13,740.00	57,519.99	9,122.50	20,845.00	13,592.04	-	-	-	286,736.24
Interest	297.22	11,033.89	-	1,289.00	687.59	267.65	2,096.00	549.15	1,862.04	-	-	15,681.86	-	121,940.34
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>2,921.09</b>	<b>214,481.21</b>	<b>2,335.73</b>	<b>1,289.00</b>	<b>45,038.34</b>	<b>14,007.65</b>	<b>59,615.99</b>	<b>9,671.65</b>	<b>22,707.04</b>	<b>13,592.04</b>	<b>69,498.68</b>	<b>15,681.86</b>	<b>172,150.46</b>	<b>3,212,538.72</b>
<b>EXPENDITURES</b>														
General Government	-	-	-	-	-	-	-	-	-	-	19,157.83	14,777.82	172,150.46	2,719,198.53
Administration of Justice and Law	1,065.64	305,120.71	2,351.53	-	-	10,462.33	10,122.63	14,458.04	13,805.50	13,277.18	-	-	-	370,663.56
Highways and Roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, Interest and Fiscal Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay:														
Construction of Roads and Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Capital Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	-	11,615.52	-	-	26,749.00	-	91,122.01	-	-	-	-	-	-	255,268.38
Debt Service:														
Principal Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,065.64</b>	<b>316,736.23</b>	<b>2,351.53</b>	<b>-</b>	<b>26,749.00</b>	<b>10,462.33</b>	<b>101,244.64</b>	<b>14,458.04</b>	<b>13,805.50</b>	<b>13,277.18</b>	<b>19,157.83</b>	<b>14,777.82</b>	<b>172,150.46</b>	<b>3,345,130.47</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,855.45</b>	<b>(102,255.02)</b>	<b>(15.80)</b>	<b>1,289.00</b>	<b>18,289.34</b>	<b>3,545.32</b>	<b>(41,628.65)</b>	<b>(4,786.39)</b>	<b>8,901.54</b>	<b>314.86</b>	<b>50,340.85</b>	<b>904.04</b>	<b>-</b>	<b>(132,591.75)</b>
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers In	-	-	-	50,000.00	-	-	-	-	-	-	-	-	-	340,000.00
Transfers Out	-	-	-	-	-	-	-	-	-	-	(10,000.00)	-	-	(10,000.00)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,000.00)</b>	<b>-</b>	<b>-</b>	<b>330,000.00</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,855.45</b>	<b>(102,255.02)</b>	<b>(15.80)</b>	<b>51,289.00</b>	<b>18,289.34</b>	<b>3,545.32</b>	<b>(41,628.65)</b>	<b>(4,786.39)</b>	<b>8,901.54</b>	<b>314.86</b>	<b>40,340.85</b>	<b>904.04</b>	<b>-</b>	<b>197,408.25</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>4,118.59</b>	<b>223,798.45</b>	<b>677.93</b>	<b>481.84</b>	<b>87.56</b>	<b>3,163.95</b>	<b>46,261.94</b>	<b>8,550.72</b>	<b>29,248.78</b>	<b>1,360.08</b>	<b>150,282.58</b>	<b>312,956.20</b>	<b>-</b>	<b>1,944,713.76</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 5,974.04</b>	<b>\$ 121,543.43</b>	<b>\$ 662.13</b>	<b>\$ 51,770.84</b>	<b>\$ 18,376.90</b>	<b>\$ 6,709.27</b>	<b>\$ 4,633.29</b>	<b>\$ 3,764.33</b>	<b>\$ 38,150.32</b>	<b>\$ 1,674.94</b>	<b>\$ 190,623.43</b>	<b>\$ 313,860.24</b>	<b>\$ -</b>	<b>\$ 2,142,122.01</b>

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
COMBINING BALANCE SHEET -MODIFIED CASH BASIS  
NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
DECEMBER 31, 2007

	Assessment Fund	Collector Tax Maintenance Fund	Community Care Clinic	Crisis Intervention Fund	Developmentally Disabled Fund	Election Services Fund	Phelps County Health Department	Jay White Estate Fund	25Th Juvenile Fps Fund	Law Enforcement Restitution Fund	Law Enforcement Debt Ser/Bldg Maint Fund	PA Bad Check Fund	PA Delinquent Tax Fund	PA Drug Enforcement Fund
<b>ASSETS</b>														
Cash and Cash Equivalents	\$ 55,728.42	\$ 34,231.60	\$ 96,215.08	\$ 558.72	\$ 215,968.45	\$ 49,257.27	\$ 406,793.15	\$ 225,233.00	\$ 1,092.02	\$ 29,189.02	\$ 5,093.65	\$ 44,364.76	\$ 4,118.59	\$ 223,798.45
<b>TOTAL ASSETS</b>	<u>55,728.42</u>	<u>34,231.60</u>	<u>96,215.08</u>	<u>558.72</u>	<u>215,968.45</u>	<u>49,257.27</u>	<u>406,793.15</u>	<u>225,233.00</u>	<u>1,092.02</u>	<u>29,189.02</u>	<u>5,093.65</u>	<u>44,364.76</u>	<u>4,118.59</u>	<u>223,798.45</u>
<b>LIABILITIES AND FUND BALANCES</b>														
<b>TOTAL LIABILITIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>UNRESERVED FUND BALANCES</b>	<u>55,728.42</u>	<u>34,231.60</u>	<u>96,215.08</u>	<u>558.72</u>	<u>215,968.45</u>	<u>49,257.27</u>	<u>406,793.15</u>	<u>225,233.00</u>	<u>1,092.02</u>	<u>29,189.02</u>	<u>5,093.65</u>	<u>44,364.76</u>	<u>4,118.59</u>	<u>223,798.45</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 55,728.42</u>	<u>\$ 34,231.60</u>	<u>\$ 96,215.08</u>	<u>\$ 558.72</u>	<u>\$ 215,968.45</u>	<u>\$ 49,257.27</u>	<u>\$ 406,793.15</u>	<u>\$ 225,233.00</u>	<u>\$ 1,092.02</u>	<u>\$ 29,189.02</u>	<u>\$ 5,093.65</u>	<u>\$ 44,364.76</u>	<u>\$ 4,118.59</u>	<u>\$ 223,798.45</u>

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
COMBINING BALANCE SHEET -MODIFIED CASH BASIS  
NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
DECEMBER 31, 2007

	Road & Bridge Debt Service Fund	Recorder User Fee Fund	Shelter Fund	Sheriff Civil Fee Fund	Sheriff Inmate Security Fund	Sheriff Inmate Security Fund	Sheriffs Revolving Fund	Sheriffs Training Fund	Unemployment Fund	Use Tax Fund	Special Elections	Total
ASSETS												
Cash and Cash Equivalents	\$ 677.93	\$ 481.84	\$ 87.56	\$ 3,163.95	\$ 46,261.94	\$ 8,550.72	\$ 29,248.78	\$ 1,360.08	\$ 150,282.58	\$ 312,956.20		\$ 1,944,713.76
TOTAL ASSETS	<u>677.93</u>	<u>481.84</u>	<u>87.56</u>	<u>3,163.95</u>	<u>46,261.94</u>	<u>8,550.72</u>	<u>29,248.78</u>	<u>1,360.08</u>	<u>150,282.58</u>	<u>312,956.20</u>	<u>-</u>	<u>1,944,713.76</u>
LIABILITIES AND FUND BALANCES												
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>677.93</u>	<u>481.84</u>	<u>87.56</u>	<u>3,163.95</u>	<u>46,261.94</u>	<u>8,550.72</u>	<u>29,248.78</u>	<u>1,360.08</u>	<u>150,282.58</u>	<u>312,956.20</u>	<u>-</u>	<u>1,944,713.76</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 677.93</u>	<u>\$ 481.84</u>	<u>\$ 87.56</u>	<u>\$ 3,163.95</u>	<u>\$ 46,261.94</u>	<u>\$ 8,550.72</u>	<u>\$ 29,248.78</u>	<u>\$ 1,360.08</u>	<u>\$ 150,282.58</u>	<u>\$ 312,956.20</u>	<u>\$ -</u>	<u>\$ 1,944,713.76</u>

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Assessment Fund	Collector Tax Maintenance Fund	Community Care Clinic	Crisis Intervention Fund	Developmentally Disabled Fund	Election Services Fund	Phelps County Health Department	Jay White Estate Fund	25Th Juvenile Fps Fund	Law Enforcement Restitution Fund	Law Enforcement Debt Ser/Bldg Maint Fund	PA Bad Check Fund
<b>REVENUES</b>												
Property Tax	\$ 227,873.70	\$ 51,168.97	\$ -	\$ -	\$ 346,555.41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	190,684.38	-	-	28,763.00	-	48,230.15
Grants, Distributions and Reimbursements	162,845.25	-	251,441.83	2,594.62	-	16,323.81	1,160,119.13	-	1,080.00	-	-	-
Fees, Licenses and Permits	-	-	-	-	-	-	-	-	-	-	-	-
Interest	8,240.17	1,910.20	11,329.35	-	14,221.42	2,293.34	14,298.61	11,215.65	-	426.02	9,609.22	4,985.70
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>398,959.12</b>	<b>53,079.17</b>	<b>262,771.18</b>	<b>2,594.62</b>	<b>360,776.83</b>	<b>18,617.15</b>	<b>1,365,102.12</b>	<b>11,215.65</b>	<b>1,080.00</b>	<b>29,189.02</b>	<b>9,609.22</b>	<b>53,215.85</b>
<b>EXPENDITURES</b>												
General Government	548,800.10	38,355.14	348,806.57	3,491.30	332,757.42	4,688.60	1,288,795.59	9,405.55	1,143.04	-	-	-
Administration of Justice and Law	-	-	-	-	-	-	-	-	-	-	-	104,676.35
Highways and Roads	-	-	-	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Principal, Interest and Fiscal Fees	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay:												
Construction of Roads and Bridges	-	-	-	-	-	-	-	-	-	-	-	-
Future Capital Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	8,125.32	1,765.45	4,953.67	-	-	-	18,598.17	-	-	-	-	-
Debt Service:												
Principal Payment	-	-	-	-	-	-	-	-	-	-	386,472.17	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-	1,210.22	-
Other Charges	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>556,925.42</b>	<b>40,120.59</b>	<b>353,760.24</b>	<b>3,491.30</b>	<b>332,757.42</b>	<b>4,688.60</b>	<b>1,307,393.76</b>	<b>9,405.55</b>	<b>1,143.04</b>	<b>-</b>	<b>387,682.39</b>	<b>104,676.35</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(157,966.30)</b>	<b>12,958.58</b>	<b>(90,989.06)</b>	<b>(896.68)</b>	<b>28,019.41</b>	<b>13,928.55</b>	<b>57,708.36</b>	<b>1,810.10</b>	<b>(63.04)</b>	<b>29,189.02</b>	<b>(378,073.17)</b>	<b>(51,460.50)</b>
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers In	116,641.00	-	-	-	-	-	90,000.00	-	-	-	369,156.00	-
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>116,641.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>369,156.00</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(41,325.30)</b>	<b>12,958.58</b>	<b>(90,989.06)</b>	<b>(896.68)</b>	<b>28,019.41</b>	<b>13,928.55</b>	<b>147,708.36</b>	<b>1,810.10</b>	<b>(63.04)</b>	<b>29,189.02</b>	<b>(8,917.17)</b>	<b>(51,460.50)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>97,053.72</b>	<b>21,273.02</b>	<b>187,204.14</b>	<b>1,455.40</b>	<b>187,949.04</b>	<b>35,328.72</b>	<b>259,084.79</b>	<b>223,422.90</b>	<b>1,155.06</b>	<b>-</b>	<b>14,010.82</b>	<b>95,825.26</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 55,728.42</b>	<b>\$ 34,231.60</b>	<b>\$ 96,215.08</b>	<b>\$ 558.72</b>	<b>\$ 215,968.45</b>	<b>\$ 49,257.27</b>	<b>\$ 406,793.15</b>	<b>\$ 225,233.00</b>	<b>\$ 1,092.02</b>	<b>\$ 29,189.02</b>	<b>\$ 5,093.65</b>	<b>\$ 44,364.76</b>

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
FOR THE YEAR ENDED DECEMBER 31, 2007

	PA Delinquent Tax Fund	PA Drug Enforcement Fund	Prosecuting Attorney Training Fund	Road & Bridge Debt Service Fund	Recorder User Fee Fund	Shelter Fund	Sheriff Civil Fee Fund	Sheriff Inmate Security Fund	Sheriffs Revolving Fund	Sheriffs Training Fund	Unemployment Fund	Use Tax Fund	Special Elections	Total
<b>REVENUES</b>														
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 625,598.08
Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	2,189.18	-	-	-	-	-	-	8,435.00	-	-	-	278,301.71
Grants, Distributions and Reimbursements	1,126.17	166,891.91	-	83,333.34	-	-	-	-	-	4,213.26	-	-	38,357.48	1,888,326.80
Fees, Licenses and Permits	-	-	-	-	27,377.75	13,223.50	56,066.17	8,219.00	15,120.00	-	69,361.91	-	-	189,368.33
Interest	245.27	5,712.34	-	12,765.01	596.64	260.67	2,389.57	303.58	1,163.69	-	-	14,777.82	-	116,744.27
Other	-	-	-	-	-	-	-	-	-	103.00	-	-	-	103.00
<b>TOTAL REVENUES</b>	<b>1,371.44</b>	<b>172,604.25</b>	<b>2,189.18</b>	<b>96,098.35</b>	<b>27,974.39</b>	<b>13,484.17</b>	<b>58,455.74</b>	<b>8,522.58</b>	<b>16,283.69</b>	<b>12,751.26</b>	<b>69,361.91</b>	<b>14,777.82</b>	<b>38,357.48</b>	<b>3,098,442.19</b>
<b>EXPENDITURES</b>														
General Government	-	-	-	-	34,992.00	13,579.12	-	-	-	-	20,509.65	-	48,709.59	2,694,033.67
Administration of Justice and Law	477.49	48,692.99	1,689.33	-	-	-	25,326.49	-	2,713.50	13,130.95	-	-	-	196,707.10
Highways and Roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, Interest and Fiscal Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay:														
Construction of Roads and Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future Capital Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-	-	21,665.83	-	-	-	-	-	-	55,108.44
Debt Service:														
Principal Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	386,472.17
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-	-	12,641.28	-	13,851.50
Other Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>477.49</b>	<b>48,692.99</b>	<b>1,689.33</b>	<b>-</b>	<b>34,992.00</b>	<b>13,579.12</b>	<b>46,992.32</b>	<b>-</b>	<b>2,713.50</b>	<b>13,130.95</b>	<b>20,509.65</b>	<b>12,641.28</b>	<b>48,709.59</b>	<b>3,346,172.88</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>893.95</b>	<b>123,911.26</b>	<b>499.85</b>	<b>96,098.35</b>	<b>(7,017.61)</b>	<b>(94.95)</b>	<b>11,463.42</b>	<b>8,522.58</b>	<b>13,570.19</b>	<b>(379.69)</b>	<b>48,852.26</b>	<b>2,136.54</b>	<b>(10,352.11)</b>	<b>(247,730.69)</b>
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	575,797.00
Transfers Out	-	-	-	(383,695.00)	-	-	-	-	-	-	-	-	-	(383,695.00)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(383,695.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>192,102.00</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>893.95</b>	<b>123,911.26</b>	<b>499.85</b>	<b>(287,596.65)</b>	<b>(7,017.61)</b>	<b>(94.95)</b>	<b>11,463.42</b>	<b>8,522.58</b>	<b>13,570.19</b>	<b>(379.69)</b>	<b>48,852.26</b>	<b>2,136.54</b>	<b>(10,352.11)</b>	<b>(55,628.69)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>3,224.64</b>	<b>99,887.19</b>	<b>178.08</b>	<b>288,078.49</b>	<b>7,105.17</b>	<b>3,258.90</b>	<b>34,798.52</b>	<b>28.14</b>	<b>15,678.59</b>	<b>1,739.77</b>	<b>101,430.32</b>	<b>310,819.66</b>	<b>10,352.11</b>	<b>2,000,342.45</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 4,118.59</b>	<b>\$ 223,798.45</b>	<b>\$ 677.93</b>	<b>\$ 481.84</b>	<b>\$ 87.56</b>	<b>\$ 3,163.95</b>	<b>\$46,261.94</b>	<b>#####</b>	<b>\$ 29,248.78</b>	<b>\$ 1,360.08</b>	<b>\$ 150,282.58</b>	<b>\$ 312,956.20</b>	<b>\$ -</b>	<b>\$ 1,944,713.76</b>

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 COMBINING STATEMENTS OF  
 FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
 DECEMBER 31, 2008

	<u>Collector Accounts</u>	<u>Recorder Funds</u>	<u>Clerk Funds</u>	<u>Senior Companion Board</u>	<u>Retired Senior Volunteer Program Funds</u>	<u>Sheriff Funds</u>	<u>Prosecuting Attorney Funds</u>
<b>ASSETS</b>							
Cash and Cash Equivalents	<u>14,935,361.27</u>	<u>\$ 18,175.57</u>	<u>\$ -</u>	<u>\$ 35,328.25</u>	<u>\$ 14,964.45</u>	<u>\$ 29,285.30</u>	<u>\$ 28,813.29</u>
<b>TOTAL ASSETS</b>	<u><u>14,935,361.27</u></u>	<u><u>18,175.57</u></u>	<u><u>-</u></u>	<u><u>35,328.25</u></u>	<u><u>14,964.45</u></u>	<u><u>29,285.30</u></u>	<u><u>28,813.29</u></u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>UNRESERVED FUND BALANCES</b>	<u>14,935,361.27</u>	<u>18,175.57</u>	<u>-</u>	<u>35,328.25</u>	<u>14,964.45</u>	<u>29,285.30</u>	<u>28,813.29</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>14,935,361.27</u></u>	<u><u>\$ 18,175.57</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 35,328.25</u></u>	<u><u>\$ 14,964.45</u></u>	<u><u>\$ 29,285.30</u></u>	<u><u>\$ 28,813.29</u></u>

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 COMBINING STATEMENTS OF  
 FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
 DECEMBER 31, 2008

<u>Circuit Clerk Funds</u>	<u>Criminal Costs</u>	<u>Surplus Tax</u>	<u>School Principal</u>	<u>School District</u>	<u>Ambulance/Fire/ Cities Funds</u>	<u>County Employees Retirement Funds</u>	<u>Intangible Tax Funds</u>	<u>Total</u>
\$ 617,607.47	\$ -	\$ 37,834.14	\$ 205,382.31	\$ -	\$ -	\$ -	\$ -	\$ 15,922,752.05
<u>617,607.47</u>	<u>-</u>	<u>37,834.14</u>	<u>205,382.31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,922,752.05</u>
-	-	-	-	-	-	-	-	-
<u>617,607.47</u>	<u>-</u>	<u>37,834.14</u>	<u>205,382.31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,922,752.05</u>
<u>\$ 617,607.47</u>	<u>\$ -</u>	<u>\$ 37,834.14</u>	<u>\$ 205,382.31</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,922,752.05</u>

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -MODIFIED CASH BASIS  
 DECEMBER 31, 2007

	<u>Collector Accounts</u>	<u>Recorder Funds</u>	<u>Clerk Funds</u>	<u>Senior Companion Board</u>	<u>Retired Senior Volunteer Program Funds</u>	<u>Sheriffs Funds</u>	<u>Prosecuting Attorney Funds</u>
<b>ASSETS</b>							
Cash and Cash Equivalents	15,307,562.64	\$ 78.40	\$ 30.99	\$ 41,523.23	\$ 4,725.03	\$ 29,276.16	\$ 26,469.70
<b>TOTAL ASSETS</b>	<u>15,307,562.64</u>	<u>78.40</u>	<u>30.99</u>	<u>41,523.23</u>	<u>4,725.03</u>	<u>29,276.16</u>	<u>26,469.70</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>UNRESERVED FUND BALANCES</b>	<u>15,307,562.64</u>	<u>78.40</u>	<u>30.99</u>	<u>41,523.23</u>	<u>4,725.03</u>	<u>29,276.16</u>	<u>26,469.70</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>15,307,562.64</u>	<u>\$ 78.40</u>	<u>\$ 30.99</u>	<u>\$ 41,523.23</u>	<u>\$ 4,725.03</u>	<u>\$ 29,276.16</u>	<u>\$ 26,469.70</u>

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -MODIFIED CASH BASIS  
 DECEMBER 31, 2007

Circuit Clerk Funds	Criminal Costs	Surplus Tax	School Principal	School District	Ambulance/Fire /Cities Funds	County Employees Retirement Funds	Intangible Tax Funds	Total
\$ 451,292.25	\$ -	\$ 12,913.69	\$ 175,920.08	\$ -	\$ -	\$ -	\$ -	\$16,049,792.17
<u>451,292.25</u>	<u>-</u>	<u>12,913.69</u>	<u>175,920.08</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,049,792.17</u>
-	-	-	-	-	-	-	-	-
<u>451,292.25</u>	<u>-</u>	<u>12,913.69</u>	<u>175,920.08</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,049,792.17</u>
<u>\$ 451,292.25</u>	<u>\$ -</u>	<u>\$ 12,913.69</u>	<u>\$ 175,920.08</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$16,049,792.17</u>

**STATE COMPLIANCE SECTION**

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SCHEDULE OF STATE FINDINGS  
DECEMBER 31, 2008 & 2007

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SCHEDULE OF STATE FINDINGS

- A. For the year December 31, 2008 the actual expenditures exceeded the budgeted expenditures in the Road and Bridge Fund.

**FEDERAL COMPLIANCE SECTION**



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the County Commission  
The County of Phelps, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The County of Phelps (the Primary Government), Missouri, as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the Primary Government's basic financial statements of the County's primary government, and have issued our modified cash basis report thereon dated July 13, 2009. Our report which was modified because the Primary Government prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Primary Government'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 the Primary Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Primary Government'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 below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies. A control deficiency 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 misstatements on a timely basis.

### Internal Control Over Financial Reporting (concluded)

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, as applicable to the modified cash basis of accounting, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 07/08-01, 07/08-02, 07/08-03, and 09-01 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### Compliance and Other Matters

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

We noted certain matters that we reported to management of the Primary Government in a separate letter Dated July 13, 2009.

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

This report is intended for the information and use of the County Commission, County Officeholders, Missouri State Auditor, the Federal awarding agencies and pass-through entities and is not to be and should not be used by anyone other than those specified parties.

*Daniel Jones & Associates*

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

July 13, 2009

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS FOR THE FISCAL YEARS ENDED  
DECEMBER 31, 2008 AND 2007

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I. FINANCIAL STATEMENT FINDINGS

- 07/08-01      Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2007, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.
- Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.
- Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.
- Cause: Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.
- Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.
- Management's Response: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual Financial Statement. The County will pursue remedy for SAS 112 compliance if it is determined that it is required for a county of this size and whether this is an unfunded mandate. However, the Commission disagrees with the term "significant deficiency" and notes that in the "Report on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards" which is a part of this audit, it was noted "we did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness.." and "the results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards".
- 07/08-02      Criteria: Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2007, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS FOR THE FISCAL YEARS ENDED  
DECEMBER 31, 2008 AND 2007

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I. FINANCIAL STATEMENT FINDINGS (continued)

- 07/08-02      Condition: Documentation of the County’s internal controls has not been prepared.
- Effect: The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.
- Cause: Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.
- Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.
- Management’s Response: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County’s annual budget document and annual Financial Statement. The County will pursue remedy for SAS 112 compliance if it is determined that it is required for a county of this size and whether this is an unfunded mandate. However, the Commission disagrees with the term “significant deficiency” and notes that in the “Report on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards” which is a part of this audit, it was noted “we did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness..” and “the results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards”.
- 07/08-03      Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
- Condition: During our audit, we noted there is no formal fraud risk assessment in place.
- Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by County’s management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS FOR THE FISCAL YEARS ENDED  
DECEMBER 31, 2008 AND 2007

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I. FINANCIAL STATEMENT FINDINGS (concluded)

07/08-03      Cause: Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.

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

Management Response: The Commission will encourage all elected officials to review and document antifraud risk assessments.

09-01      Criteria: During our fieldwork we were informed that the Prosecuting Attorney's office did not prepare bank reconciliations on a regular basis between February 2009 and June 2009.

Condition: The Prosecuting Attorneys office must know the cash balance of the office and reconcile the account at least on a monthly basis.

Effect: The Prosecuting Attorney did not properly reconcile the bank accounts.

Cause: Management did not create reconcile bank accounts and ensure adequate controls over funds.

Recommendation: We recommend that the prosecuting attorney ensures all bank accounts are reconciled on a monthly basis.

Management Response: The Prosecuting Attorney's Office did not prepare monthly reconciliations between February 2009 and June 2009 due to a change in computer operating systems for the Bad check program. All bank accounts were reconciled once the operating system was corrected and reports were able to be generated. Again said bank accounts will be reconciled twice, by two different individuals.

II. FOLLOW-UP PRIOR YEAR FINDINGS

There were no prior year findings related to Government Auditing Standards for an audit of financial statements.

**THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SINGLE AUDIT REPORT  
DECEMBER 31, 2008 & 2007**

**THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SINGLE AUDIT REPORT  
TABLE OF CONTENTS**

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	PAGE
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1-2
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3-4
Schedule of Expenditures of Federal Awards.....	5-6
Notes to Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs.....	8-15



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the County Commission  
The County of Phelps, Missouri

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Phelps, Missouri, as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the Primary Government's basic financial statements, and have issued our modified cash basis report thereon dated July 13, 2009. Our report was modified because the Primary Government prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We did not express an opinion on supplementary information required by the Governmental Accounting Standards Board. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Primary Government'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 the Primary Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Primary Government'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 below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, as applicable to the modified cash basis of accounting, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies *FS 07/08-01*, *FS 07/08-02*, *FS 07/08-03*, *FS 07/08-04* and *FS 09-01*, described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Primary Government in a separate letter dated July 13, 2009.

The Primary Government's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Primary Government's response and, accordingly, we express no opinion on it.

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

*Daniel Jones & Associates*

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

July 13, 2009



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133

To the County Commission  
The County of Phelps, Rolla, Missouri

### Compliance

We have audited the compliance of Phelps County, (the Primary Government) with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2008 and December 31, 2007. The Primary Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Primary Government's management. Our responsibility is to express an opinion on the Primary Government's compliance based on our audit.

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

In our opinion, the Primary Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008 and December 31, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item SA-07-08-01.

### Internal Control Over Compliance

The management of the Primary Government is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

## **Internal Control Over Compliance (concluded)**

In planning and performing our audit, we considered the Primary Government's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Primary Government's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Primary Government's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we considered to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item SA-07-08-01, to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The Primary Government's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Primary Government's response and, accordingly, we express no opinion on it.

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

*Daniel Jones & Associates*

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

July 13, 2009

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 SINGLE AUDIT REPORT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY NUMBER	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2008	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2007
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Passed Through State:				
Department of Health and Senior Services:				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		\$ 174,582.59	\$ 137,871.30
Summer Food Service Program for Children	10.559		560.00	
Office of Administration:				
Schools and Roads - Grants to States	10.665		340,340.00	220,288.00
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Direct Programs:				
Public Safety Partnership and Community Policing Grants	16.710		5,134.00	
Equitable Sharing of Seized and Forfeited Property	16.xxx		1,510,439.00	776,988.00
Passed Through:				
State Department of Public Safety:				
Juvenile Accountability Block Grants	16.523		4,123.00	3,711.00
Missouri Sheriffs' Association:				
Domestic Cannabis Eradication/Suppression Program				
SCAAP Grant	16.606		4,167.00	1,601.00
Bulletproof Vest Grant	16.607		1,133.00	3,360.00
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Passed Through State:				
Highway and Transportation Commission:				
Highway Planning and Construction	20.205	BRO-081(6) BRO-081(9)	110,967.00	1,994.00
Department of Public Safety:				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			3,319.00
<b>GENERAL SERVICES ADMINISTRATION</b>				
Passed Through State Office of Administration:				
Donation of Federal Surplus Personal Property	39.003		605.00	6,509.00
Passed Through the Office of Secretary of State:				
Election Reform Payments	39.011		1,120.00	
Federal Storm Damage	83.544		151,273.00	80,938.00

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SINGLE AUDIT REPORT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (concluded)  
FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY NUMBER	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2008	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2007
<b>ELECTION ASSISTANCE COMMISSION</b>				
Passed Through the Office of Secretary of State:				
Help America Vote Act Requirements Payments	90.401		11,336.00	7,433.00
Capacity Bldg. Award-Med. Reserve Corp (NACCHO)	93.008		5,000.00	
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>				
Passed Through State:				
Department of Health and Senior Services:				
Immunization Grants	93.268		119,136.00	293.00
Centers for Disease Control and Prevention:				
Investigations and Technical Assistance	93.283		120,482.00	31,296.00
Regional Public Health Emer. Plan & Preparedness	93.283			40,464.00
Assist Program for Chronic Disease Secondary Prevention	93.283			13,383.00
National Cancer Prevention & Control Programs	93.283			7,359.00
Department of Social Services:				
Child Support Enforcement	93.563		48,058.00	37,279.00
Community Services Block Grant				
TB Elimination & Laboratory Capacity	93.569			160.00
Department of Health and Senior Services:				
Child Care and Development Block Grant	93.575		7,428.00	3,370.00
Department of Social Services:				
Foster Care - Title IV-E				
Local Sanitarian Inspections Child Care Facilities	93.568			3,877.00
Department of Health and Senior Services:				
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs				
	93.919		8,881.00	3,270.00
Assistance Programs for Chronic Disease	93.945			25,727.00
Maternal and Child Health Services	93.994		88,867.00	
Block Grant to the States				43,904.00
Teen Outreach Program				21,013.00
MO Community Based Home Visiting Program				19,266.00
Corporation for National Service - RSVP	94.002		40,216.00	40,931.00
Corporation for National Service - Senior Companions	94.016		348,777.00	354,978.00
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Passed Through State Department of Public Safety:				
State Domestic Preparedness Equipment Support Program	97.004		11,574.00	17,623.00
Homeland Security Grant Program	97.067			4,595.00
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,114,198.59</b>	<b>\$ 1,912,800.30</b>

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SINGLE AUDIT REPORT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

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NOTE 1 – BASIS OF PRESENTATION

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

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 SINGLE AUDIT REPORT  
 SCHEDULE OF FINDINGS & QUESTIONED COSTS  
 FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

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I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

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

	2008	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	2007	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
  - b. Any significant deficiencies identified that are not considered to be material weaknesses?
 

	2008	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
	2007	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
3. Any noncompliance material to financial statements noted?
 

	2008	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	2007	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

B. Federal Awards

1. Internal control over major programs:
 

Any material weakness(es) identified?	2008	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	2007	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2. Any significant deficiencies identified that are not considered to be material weaknesses?
 

	2008	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	2007	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
3. Type of auditor's report issued on compliance for major programs:
 

	2008	- Unqualified	
	2007	- Unqualified	
4. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*?
 

	2008	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	2007	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No



THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SINGLE AUDIT REPORT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

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II. FINANCIAL STATEMENT FINDINGS (continued)

FS 07/08-01 Management's Response: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual Financial Statement. The County will pursue remedy for SAS 112 compliance if it is determined that it is required for a county of this size and whether this is an unfunded mandate. However, the Commission disagrees with the term "significant deficiency" and notes that in the "Report on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards" which is a part of this audit, it was noted "we did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness.." and "the results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards".  
(concluded)

FS 07/08-02 Criteria: Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2006, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the County's internal controls has not been prepared.

Effect: The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.

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

Management's Response: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual Financial Statement. The County will pursue remedy for SAS 112 compliance if it is determined that it is required for a county of this size and whether this is an unfunded mandate. However, the Commission disagrees with the term "significant deficiency" and notes that in the "Report on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SINGLE AUDIT REPORT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

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II. FINANCIAL STATEMENT FINDINGS (continued)

FS 07/08-02 (concluded) with Government Auditing Standards” which is a part of this audit, it was noted “we did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness..” and “the results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards”.

FS 07/08-03 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

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

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

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

Management Response: The Commission will encourage all elected officials to review and document antifraud risk assessments.

FS 09-01 Criteria: During our fieldwork we were informed that the Prosecuting Attorney’s office did not prepare bank reconciliations on a regular basis between February 2009 and June 2009.

Condition: The Prosecuting Attorneys office must know the cash balance of the office and reconcile the account at least on a monthly basis.

THE COUNTY OF PHELPS  
ROLLA, MISSOURI  
(the Primary Government)  
SINGLE AUDIT REPORT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

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II. FINANCIAL STATEMENT FINDINGS (concluded)

FS 09-01

Effect: The Prosecuting Attorney did not properly reconcile the bank accounts.

Cause: Management did not create reconcile bank accounts and ensure adequate controls over funds.

Recommendation: We recommend that the prosecuting attorney ensures all bank accounts are reconciled on a monthly basis.

Management Response: The Prosecuting Attorney's Office did not prepare monthly reconciliations between February 2009 and June 2009 due to a change in computer operating systems for the Bad check program. All bank accounts were reconciled once the operating system was corrected and reports were able to be generated. Again said bank accounts will be reconciled twice, by two different individuals.

III. FOLLOW-UP PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

There were no prior year findings and questioned costs related to *Government Auditing Standards* for an audit of financial statements.

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008 & 2007

The following findings, recommendations, and questioned costs are the results of the single audit of Phelps County, Missouri for the fiscal year ended December 31, 2008 and 2007. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

A. Category of Internal Control Weakness

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

1. Significant Deficiency: A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to administer a federal programs such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 SINGLE AUDIT REPORT  
 SCHEDULE OF FINDINGS & QUESTIONED COSTS  
 FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

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IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008 & 2007 (continued)

A. Category of Internal Control Weakness (concluded)

2. Material Weakness: A material weakness in internal control over compliance is a significant deficiency or combination of significant deficiencies that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

B. Category of Noncompliance Findings

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

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

C. Federal Award Findings and Questioned Costs

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 07/08-1	Other Information: Significant Deficiency	<b>Findings:</b> The Schedule of Expenditures of Federal Awards contained errors.  Controls were not in place to ensure that the Schedule of Expenditures of Federal Awards (SEFA) was prepared in accordance with federal requirements. The OMB Circular A-133 requires that the SEFA provide total federal awards expended for each individual federal program.

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 SINGLE AUDIT REPORT  
 SCHEDULE OF FINDINGS & QUESTIONED COSTS  
 FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

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IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008 & 2007 (concluded)

C. Federal Award Findings and Questioned Costs

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 07/08-1 (continued)	Other Information:  Significant Deficiency	<p><b><u>Findings (concluded):</u></b> It states that the determination of when an award is expended should be based on when the activity related to the award occurs, such as when the expenditure takes place.</p> <p>The Schedule of Expenditures of Federal Awards (SEFA) was prepared with various errors. These errors are described below:</p> <ol style="list-style-type: none"> <li>1. The SEFA schedule contained several incorrect CFDA numbers for federal programs.</li> <li>2. Expenditures listed on the SEFA schedule submitted to the State Auditor's Office were incorrect. Revenue was used to prepare the SEFA instead of expenditures. Actual expenditures were not agreed to the general ledger.</li> </ol> <p>A revised SEFA was submitted to the State Auditor's Office, containing corrections for all errors described.</p>

THE COUNTY OF PHELPS  
 ROLLA, MISSOURI  
 (the Primary Government)  
 SINGLE AUDIT REPORT  
 SCHEDULE OF FINDINGS & QUESTIONED COSTS  
 FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008 & 2007 (concluded)

C. Federal Award Findings and Questioned Costs

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 07/08-1 (concluded)	Other Information:  Significant Deficiency	<b><u>Recommendation:</u></b> The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.  <b><u>Agency Response:</u></b> The County agrees with this finding.

V. FOLLOW-UP PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS IN ACCORDANCE WITH OMB CIRCULAR A-133

Follow-up Prior Year Federal Award Findings and Questioned Costs

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 05/06-1	Other Information:  Significant Deficiency	Resolved – Sheriff's use of Equitable Sharing of Seized and Forfeited Property Program for law enforcement overtime, vacation and holiday time.
SA 05/06-2	Other Information:  Significant Deficiency	Unresolved – The County does not have adequate procedures in place to track Federal Awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA).



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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To the County Commissioners  
Phelps County, Missouri

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Phelps County as of and for the years ended December 31, 2008 and 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined below.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Phelps County's management has provided written responses to the comments in this report that were identified in our audit. These responses have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Very truly yours,

*Daniel Jones & Associates*

Daniel Jones & Associates  
Certified Public Accountants  
July 13, 2009

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

07/08-01

**Criteria:** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2006, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

**Condition:** During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.

**Effect:** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

**Cause:** Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.

**Recommendation:** Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

**Management's Response:** The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual Financial Statement. The County will pursue remedy for SAS 112 compliance if it is determined that it is required for a county of this size and whether this is an unfunded mandate. However, the Commission disagrees with the term "significant deficiency" and notes that in the "Report on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards" which is a part of this audit, it was noted "we did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness.." and "the results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards".

07/08-02

**Criteria:** Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2006, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

**Condition:** Documentation of the County's internal controls has not been prepared.

**Effect:** The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

**Cause:** Due to the short time frame for the implementation of the new SAS requirements, the County did not prepare the required documentation.

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

## II. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT(Concluded)

- 07/08-02**      **Management’s Response:** The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County’s annual budget document and annual Financial Statement. The County will pursue remedy for SAS 112 compliance if it is determined that it is required for a county of this size and whether this is an unfunded mandate. However, the Commission disagrees with the term “significant deficiency” and notes that in the “Report on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards” which is a part of this audit, it was noted “we did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness..” and “the results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards”.
- 07/08-03**      **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
- Condition:** During our audit, we noted there is no formal fraud risk assessment in place.
- Effect:** Lack of an appropriate risk assessment process may result in certain risks not being identified by County’s management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.
- Cause:** Management has not prepared documentation of risk assessments, including identified risks and mitigating controls.
- Recommendation:** We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.
- Management Response:** The Commission will encourage all elected officials to review and document antifraud risk assessments.
- 09-01**      **Criteria:** During our fieldwork we were informed that the Prosecuting Attorney’s office did not prepare bank reconciliations on a regular basis between February 2009 and June 2009.
- Condition:** The Prosecuting Attorneys office must know the cash balance of the office and reconcile the account at least on a monthly basis.
- Effect:** The Prosecuting Attorney did not properly reconcile the bank accounts.
- Cause:** Management did not reconcile bank accounts and ensure adequate controls over funds.
- Recommendation:** We recommend that the prosecuting attorney ensures all bank accounts are reconciled on a monthly basis.
- Management Response:** The Prosecuting Attorney’s Office did not prepare monthly reconciliations between February 2009 and June 2009 due to a change in computer operating systems for the Bad check program. All bank accounts were reconciled once the operating system was corrected and reports were able to be generated. Again said bank accounts will be reconciled twice, by two different individuals.

## II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

- a. SAS 104 through 111, *Risk Assessment Standards*, are effective for fiscal periods beginning on or after December 15, 2006. These standards increase the auditors' responsibility and requirements, including a more extensive understanding of the organization and documentation of audit procedures.
- b. SAS 112, *Communication of Internal Control Matters*, is effective for fiscal periods ending on or after December 15, 2006. These standards change the definition of internal control deficiencies.
- c. SAS 114, *The Auditor's Communication with Those Charged with Governance*, is effective for fiscal periods beginning on or after December 15, 2006. This standard increases the auditors' responsibility to communicate information about audit planning, the client's accounting practices, and other significant matters.

## III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

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

As stated in our engagement letter dated April 13, 2009, 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 the modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Phelps County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Phelps County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Phelps County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Phelps County's compliance with those requirements.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 11, 2009.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Phelps County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ended December 31, 2008 and 2007. We noted no transactions entered into by the governmental unit during the years for which there is a lack of authoritative guidance or

### III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)

consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

#### Difficulties Encountered in Performing the Audit

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

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 13, 2009.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

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