



**THOMAS A. SCHWEICH**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Stone County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Stone County, and issues a separate report on that audit. In addition, in cooperation with the county, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2010, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

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

Thomas A. Schweich  
State Auditor

September 2011  
Report No. 2011-57

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

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GALENA, MISSOURI  
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**FINANCIAL SECTION**



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the County Commission  
The County of Stone, Missouri

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

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

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

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

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

As described in Note XI, the County of Stone has converted from a modified cash (GASB 34) basis of accounting to the regulatory basis of accounting which differs from accounting principles generally accepted in the United States of America, as of and for the years ended December 31, 2010 and December 31, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, that were prepared on the basis of accounting described in Note I.

*Daniel Jones & Associates*

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

July 22, 2011

## **FINANCIAL STATEMENTS**

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

FUND	CASH AND INVESTMENTS JANUARY 1, 2009	RECEIPTS 2010	DISBURSEMENTS 2010	CASH AND INVESTMENTS DECEMBER 31, 2010
General Revenue	\$ 482,499.09	\$ 6,407,369.23	\$ 5,850,017.12	\$ 1,039,851.20
Special Road & Bridge	910,047.65	3,625,442.52	3,270,761.95	1,264,728.22
Road & Bridge Capital Improvements	57,869.28	513.48	36,815.00	21,567.76
Assessment	3,422.08	556,771.97	501,045.28	59,148.77
Special Road Project	-	3,546.35	2,220.12	1,326.23
Law Enforcement Restitution	41,413.23	37,765.15	58,676.19	20,502.19
Law Enforcement Block Grant	9,361.80	53,174.00	60,672.85	1,862.95
Capital Improvements	48.80	0.45	-	49.25
Emergency	601,971.35	6,306.29	-	608,277.64
Law Enforcement Training	472.96	2,400.50	50.00	2,823.46
Prosecuting Attorney Training	1,969.85	623.37	1,840.30	752.92
LEPC	12,373.58	2,000.00	1,334.95	13,038.63
Insurance Claim	2,693.48	52,015.29	47,743.76	6,965.01
Children's Trust	1,230.00	900.00	1,230.00	900.00
Abuse Victim	3,020.00	3,908.00	3,020.00	3,908.00
Inmate Security	470.77	2,676.45	3,147.22	-
Special Recorder	193,762.93	104,375.16	59,052.16	239,085.93
Sheriff Revolving	5,290.63	17,867.25	17,043.11	6,114.77
Election Grant	0.91	150.59	-	151.50
Election Services	16,310.18	4,999.92	5,138.12	16,171.98
Senior Citizens	176,724.14	250,285.06	237,162.00	189,847.20
PA Delinquent Tax	11,600.28	1,803.14	1,848.42	11,555.00
D.A.R.E	4,586.11	8,830.81	8,077.64	5,339.28
Law Enforcement- Civil Fees	21,831.78	65,706.07	66,469.18	21,068.67
PA Bad Check	13,942.61	23,707.08	24,062.50	13,587.19
E911	664,960.74	856,331.70	797,784.24	723,508.20
<b>Total</b>	<b>\$ 3,237,874.23</b>	<b>\$ 12,089,469.83</b>	<b>\$ 11,055,212.11</b>	<b>\$ 4,272,131.95</b>

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2009

FUND	CASH AND INVESTMENTS JANUARY 1, 2008	RECEIPTS 2009	DISBURSEMENTS 2009	CASH AND INVESTMENTS DECEMBER 31, 2009
General Revenue	\$ 311,594.78	\$ 6,173,325.01	\$ 6,002,420.70	\$ 482,499.09
Special Road & Bridge	583.38	4,033,797.96	3,124,333.69	910,047.65
Road & Bridge Capital Improvements	202,990.00	234,291.12	379,411.84	57,869.28
Assessment	33,676.29	529,491.64	559,745.85	3,422.08
Special Road Project	7,751.47	7,316.00	15,067.47	-
Law Enforcement Restitution	34,477.24	37,353.21	30,417.22	41,413.23
Law Enforcement Block Grant	1,413.05	118,000.00	110,051.25	9,361.80
Capital Improvements	6,762.58	220,144.20	226,857.98	48.80
Emergency	590,597.97	11,373.38	-	601,971.35
Law Enforcement Training	(2,223.74)	5,801.57	3,104.87	472.96
Prosecuting Attorney Training	2,204.25	685.60	920.00	1,969.85
LEPC	9,225.37	3,636.84	488.63	12,373.58
Insurance Claim	6,682.28	39,474.54	43,463.34	2,693.48
Children's Trust	495.00	735.00	-	1,230.00
Abuse Victim	913.00	2,107.00	-	3,020.00
Inmate Security	5,549.44	3,470.33	8,549.00	470.77
Special Recorder	293,924.61	105,097.97	205,259.65	193,762.93
Sheriff Revolving	5,149.66	18,592.25	18,451.28	5,290.63
Election Grant	(1,072.09)	1,073.00	-	0.91
Election Services	10,803.54	6,407.28	900.64	16,310.18
Senior Citizens	140,081.35	244,538.79	207,896.00	176,724.14
PA Delinquent Tax	7,744.26	5,970.01	2,113.99	11,600.28
D.A.R.E	2,558.40	7,152.57	5,124.86	4,586.11
Law Enforcement- Civil Fees	19,853.44	88,169.47	86,191.13	21,831.78
PA Bad Check	25,172.91	21,440.85	32,671.15	13,942.61
E911	706,871.67	866,519.57	908,430.50	664,960.74
<b>Total</b>	<u>\$ 2,423,780.11</u>	<u>\$ 12,785,965.16</u>	<u>\$ 11,971,871.04</u>	<u>\$ 3,237,874.23</u>

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT  
BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	GENERAL REVENUE FUND			
	2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL
<b>RECEIPTS</b>				
Property taxes	\$ 659,702.00	\$ 696,770.25	\$ 659,702.00	\$ 686,166.02
Sales taxes	3,694,361.00	3,905,008.47	3,918,461.00	3,848,293.60
Intergovernmental	385,789.00	389,443.20	330,519.00	331,246.08
Charges for services	900,155.00	934,648.27	882,200.00	930,568.46
Interest	15,000.00	13,854.76	15,000.00	14,081.09
Other	311,140.00	459,177.47	378,026.00	352,320.60
Transfers in	10,650.00	8,466.81	197,910.00	10,649.16
<b>TOTAL RECEIPTS</b>	<b>5,976,797.00</b>	<b>6,407,369.23</b>	<b>6,381,818.00</b>	<b>6,173,325.01</b>
<b>DISBURSEMENTS</b>				
County Commission	179,303.00	169,711.17	190,369.00	175,388.79
County Clerk	147,350.00	142,994.33	172,610.00	170,156.20
Elections	252,790.00	239,749.27	138,350.00	124,229.21
Buildings and grounds	168,035.00	151,998.05	165,710.00	163,290.45
Employee fringe benefits	786,515.00	786,911.73	786,515.00	785,935.23
County Treasurer	85,328.00	84,917.49	89,264.00	87,461.14
Collector	238,312.00	237,985.53	233,412.00	237,047.13
Recorder of Deeds	163,182.00	160,757.74	163,182.00	165,619.15
Circuit Clerk	55,160.00	48,372.62	58,248.00	52,845.97
Associate Circuit Court	-	-	-	-
Court Administration	94,406.00	82,168.73	93,020.00	83,186.03
Public Administrator	61,025.00	60,903.50	61,140.00	60,616.07
Sheriff	1,368,812.00	1,387,452.02	1,489,250.00	1,475,574.22
Jail	659,530.00	665,166.23	674,770.00	640,344.52
Prosecuting Attorney	436,742.00	431,041.64	438,292.00	414,538.22
Juvenile Officer	109,774.00	100,371.37	109,874.00	98,276.55
Coroner	41,152.00	37,515.09	41,152.00	41,108.80
Building Improvements	-	-	-	-
Emergency Management	-	-	-	-
Other	867,532.00	725,658.66	828,966.00	764,305.56
Health and Welfare	-	-	-	-
Debt Service	82,707.00	84,028.37	281,000.00	53,503.95
Transfers out	274,740.00	252,313.58	574,342.00	408,993.51
Emergency fund	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>6,072,395.00</b>	<b>5,850,017.12</b>	<b>6,589,466.00</b>	<b>6,002,420.70</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(95,598.00)</b>	<b>557,352.11</b>	<b>(207,648.00)</b>	<b>170,904.31</b>
<b>CASH AND INVESTMENT BALANCES, JANUARY 1</b>				
	<u>482,499.09</u>	<u>482,499.09</u>	<u>311,594.78</u>	<u>311,594.78</u>
<b>CASH AND INVESTMENT BALANCES, DECEMBER 31</b>				
	<u>\$ 386,901.09</u>	<u>\$ 1,039,851.20</u>	<u>\$ 103,946.78</u>	<u>\$ 482,499.09</u>

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

THE COUNTY OF STONE  
 GALENA, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT  
 BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	SPECIAL ROAD & BRIDGE FUND			
	2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL
<b>RECEIPTS</b>				
Property taxes	\$ 5,000.00	\$ 5,463.59	\$ 5,000.00	\$ 5,063.06
Sales taxes	1,759,620.00	1,858,763.17	1,848,966.00	1,832,935.58
Intergovernmental	1,200,000.00	1,205,471.69	1,509,850.00	1,533,237.71
Charges for services	-	-	-	-
Interest	13,000.00	14,032.17	15,000.00	12,751.52
Other	11,000.00	2,815.58	16,500.00	47,141.05
Transfers in	540,430.00	538,896.32	786,759.00	602,669.04
<b>TOTAL RECEIPTS</b>	<b>3,529,050.00</b>	<b>3,625,442.52</b>	<b>4,182,075.00</b>	<b>4,033,797.96</b>
<b>DISBURSEMENTS</b>				
Salaries	1,064,960.00	1,061,922.50	1,075,200.00	1,065,762.80
Employee fringe benefits	357,769.00	325,702.67	345,618.00	347,018.25
Materials and Supplies	380,500.00	318,816.38	395,500.00	301,584.47
Insurance	90,000.00	58,530.63	72,095.00	72,082.00
Road & Bridge Materials	1,740,000.00	1,190,577.05	1,681,000.00	1,060,852.59
Equipment Repairs	279,000.00	186,630.57	275,000.00	172,897.10
Rentals	1,000.00	186.50	1,000.00	-
Equipment Purchases	35,000.00	33,244.98	-	-
Road and Bridge Construction	-	-	6,000.00	-
Other	116,050.00	95,150.67	113,050.00	104,136.48
Operating Tranfers	33.00	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>4,064,312.00</b>	<b>3,270,761.95</b>	<b>3,964,463.00</b>	<b>3,124,333.69</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(535,262.00)</b>	<b>354,680.57</b>	<b>217,612.00</b>	<b>909,464.27</b>
<b>CASH AND INVESTMENT BALANCES, JANUARY 1</b>	<b>910,047.65</b>	<b>910,047.65</b>	<b>583.38</b>	<b>583.38</b>
<b>CASH AND INVESTMENT BALANCES, DECEMBER 31</b>	<b>\$ 374,785.65</b>	<b>\$ 1,264,728.22</b>	<b>\$ 218,195.38</b>	<b>\$ 910,047.65</b>

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

THE COUNTY OF STONE  
 GALENA, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT  
 BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	ROAD AND BRIDGE CAPITAL IMPROVEMENTS FUND			
	2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	4,000.00	494.72	5,500.00	3,268.53
Other	-	18.76	255,860.00	231,022.59
Transfers in	-	-	-	-
TOTAL RECEIPTS	<u>4,000.00</u>	<u>513.48</u>	<u>261,360.00</u>	<u>234,291.12</u>
DISBURSEMENTS				
Bridge Projects	<u>57,815.00</u>	<u>36,815.00</u>	<u>400,000.00</u>	<u>379,411.84</u>
TOTAL DISBURSEMENTS	<u>57,815.00</u>	<u>36,815.00</u>	<u>400,000.00</u>	<u>379,411.84</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(53,815.00)	(36,301.52)	(138,640.00)	(145,120.72)
CASH AND INVESTMENT BALANCES, JANUARY 1	<u>57,869.28</u>	<u>57,869.28</u>	<u>202,990.00</u>	<u>202,990.00</u>
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 4,054.28</u>	<u>\$ 21,567.76</u>	<u>\$ 64,350.00</u>	<u>\$ 57,869.28</u>

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

THE COUNTY OF STONE  
 GALENA, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT  
 BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	ASSESSMENT FUND				SPECIAL ROAD PROJECTS			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ 444,087.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	409,273.40	473,000.00	448,857.82	-	-	-	-
Charges for services	-	883.32	-	-	-	-	-	-
Interest	-	-	5,000.00	1,337.30	-	-	-	-
Other	2,000.00	1,947.25	8,000.00	4,296.52	7,000.00	3,546.35	8,000.00	7,316.00
Transfers in	151,000.00	144,668.00	92,899.00	75,000.00	-	-	-	-
TOTAL RECEIPTS	<u>597,087.00</u>	<u>556,771.97</u>	<u>578,899.00</u>	<u>529,491.64</u>	<u>7,000.00</u>	<u>3,546.35</u>	<u>8,000.00</u>	<u>7,316.00</u>
DISBURSEMENTS								
Assessor	593,387.00	501,045.28	592,118.00	559,745.85	-	-	-	-
Roads/Culverts/Sign Expenses	-	-	-	-	7,000.00	2,220.12	10,000.00	15,067.47
TOTAL DISBURSEMENTS	<u>593,387.00</u>	<u>501,045.28</u>	<u>592,118.00</u>	<u>559,745.85</u>	<u>7,000.00</u>	<u>2,220.12</u>	<u>10,000.00</u>	<u>15,067.47</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,700.00	55,726.69	(13,219.00)	(30,254.21)	-	1,326.23	(2,000.00)	(7,751.47)
CASH AND INVESTMENT BALANCES, JANUARY 1	<u>3,422.08</u>	<u>3,422.08</u>	<u>33,676.29</u>	<u>33,676.29</u>	<u>-</u>	<u>-</u>	<u>7,751.47</u>	<u>7,751.47</u>
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u><u>7,122.08</u></u>	<u><u>59,148.77</u></u>	<u><u>20,457.29</u></u>	<u><u>3,422.08</u></u>	<u><u>-</u></u>	<u><u>1,326.23</u></u>	<u><u>5,751.47</u></u>	<u><u>-</u></u>

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT  
BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	LAW ENFORCEMENT RESTITUTION FUND				ELECTION GRANT FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	27,084.00	150.00	2,400.00	1,060.00
Charges for services	37,000.00	36,220.15	37,500.00	37,243.21	-	-	-	-
Interest	-	-	-	110.00	-	0.59	5.00	-
Other	-	1,545.00	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	13.00	13.00
TOTAL RECEIPTS	37,000.00	37,765.15	37,500.00	37,353.21	27,084.00	150.59	2,418.00	1,073.00
DISBURSEMENTS								
Board Approved Expenses	60,000.00	58,676.19	60,000.00	30,417.22	27,084.00	-	1,000.00	-
TOTAL DISBURSEMENTS	60,000.00	58,676.19	60,000.00	30,417.22	27,084.00	-	1,000.00	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(23,000.00)	(20,911.04)	(22,500.00)	6,935.99	-	150.59	1,418.00	1,073.00
CASH AND INVESTMENT BALANCES, JANUARY 1	41,413.23	41,413.23	34,477.24	34,477.24	0.91	0.91	10,803.54	(1,072.09)
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 18,413.23	\$ 20,502.19	\$ 11,977.24	\$ 41,413.23	\$ 0.91	\$ 151.50	\$ 12,221.54	\$ 0.91

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT  
BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	LE BLOCK GRANT				CAPITAL IMPROVEMENTS FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	10,000.00	19,816.00	156,858.00	118,000.00	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	1,000.00	0.45	4,000.00	144.20
Other	-	-	-	-	-	-	-	-
Transfers in	-	33,358.00	-	-	-	-	217,517.00	220,000.00
TOTAL RECEIPTS	<u>10,000.00</u>	<u>53,174.00</u>	<u>156,858.00</u>	<u>118,000.00</u>	<u>1,000.00</u>	<u>0.45</u>	<u>221,517.00</u>	<u>220,144.20</u>
DISBURSEMENTS								
Expenses	10,000.00	60,672.85	128,000.00	110,051.25	-	-	224,280.00	226,857.98
TOTAL DISBURSEMENTS	<u>10,000.00</u>	<u>60,672.85</u>	<u>128,000.00</u>	<u>110,051.25</u>	<u>-</u>	<u>-</u>	<u>224,280.00</u>	<u>226,857.98</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(7,498.85)	28,858.00	7,948.75	1,000.00	0.45	224,280.00	(6,713.78)
CASH AND INVESTMENT BALANCES, JANUARY 1	<u>9,361.80</u>	<u>9,361.80</u>	<u>156,858.00</u>	<u>1,413.05</u>	<u>48.80</u>	<u>48.80</u>	<u>6,762.58</u>	<u>6,762.58</u>
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 9,361.80</u>	<u>\$ 1,862.95</u>	<u>\$ 185,716.00</u>	<u>\$ 9,361.80</u>	<u>\$ 1,048.80</u>	<u>\$ 49.25</u>	<u>\$ 231,042.58</u>	<u>\$ 48.80</u>

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT  
BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
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	EMERGENCY FUND				LAW ENFORCEMENT TRAINING FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	2,500.00	2,400.50	5,000.00	2,748.75
Interest	13,000.00	6,306.29	13,326.00	11,373.38	-	-	-	-
Other	-	-	-	-	1,000.00	-	-	1,303.82
Transfers in	-	-	-	-	-	-	1,749.00	1,749.00
TOTAL RECEIPTS	<u>13,000.00</u>	<u>6,306.29</u>	<u>13,326.00</u>	<u>11,373.38</u>	<u>3,500.00</u>	<u>2,400.50</u>	<u>6,749.00</u>	<u>5,801.57</u>
DISBURSEMENTS								
Miscellaneous Expenses	180,000.00	-	-	-	-	-	-	-
Transfer to General Revenue	-	-	187,260.00	-	-	-	-	-
Tuition, Mileage, and Other	-	-	-	-	2,775.00	50.00	2,775.00	3,104.87
TOTAL DISBURSEMENTS	<u>180,000.00</u>	<u>-</u>	<u>187,260.00</u>	<u>-</u>	<u>2,775.00</u>	<u>50.00</u>	<u>2,775.00</u>	<u>3,104.87</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(167,000.00)	6,306.29	(173,934.00)	11,373.38	725.00	2,350.50	3,974.00	2,696.70
CASH AND INVESTMENT								
BALANCES, JANUARY 1	<u>601,971.35</u>	<u>601,971.35</u>	<u>590,597.97</u>	<u>590,597.97</u>	<u>472.96</u>	<u>472.96</u>	<u>(2,223.74)</u>	<u>(2,223.74)</u>
CASH AND INVESTMENT								
BALANCES, DECEMBER 31	<u>\$ 434,971.35</u>	<u>\$ 608,277.64</u>	<u>\$ 416,663.97</u>	<u>\$ 601,971.35</u>	<u>\$ 1,197.96</u>	<u>\$ 2,823.46</u>	<u>\$ 1,750.26</u>	<u>\$ 472.96</u>

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
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	PROSECUTING ATTORNEY TRAINING FUND				LEPC FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	3,300.00	2,000.00	3,200.00	3,636.84
Charges for services	600.00	623.37	700.00	685.60	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	600.00	623.37	700.00	685.60	3,300.00	2,000.00	3,200.00	3,636.84
DISBURSEMENTS								
CEPF	-	-	-	-	7,200.00	1,334.95	7,475.00	488.63
HMEP	-	-	-	-	1,000.00	-	2,800.00	-
Tuition, Mileage, and Other	2,500.00	1,840.30	2,500.00	920.00	-	-	-	-
TOTAL DISBURSEMENTS	2,500.00	1,840.30	2,500.00	920.00	8,200.00	1,334.95	10,275.00	488.63
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,900.00)	(1,216.93)	(1,800.00)	(234.40)	(4,900.00)	665.05	(7,075.00)	3,148.21
CASH AND INVESTMENT BALANCES, JANUARY 1	1,969.85	1,969.85	2,204.25	2,204.25	12,373.58	12,373.58	9,225.37	9,225.37
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 69.85	\$ 752.92	\$ 404.25	\$ 1,969.85	\$ 7,473.58	\$ 13,038.63	\$ 2,150.37	\$ 12,373.58

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THE COUNTY OF STONE  
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	INSURANCE CLAIMS PROCEEDS FUND				CHILDREN'S TRUST FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	750.00	900.00	700.00	735.00
Interest	-	-	-	-	-	-	-	-
Other	40,000.00	52,015.29	90,000.00	39,474.54	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	<u>40,000.00</u>	<u>52,015.29</u>	<u>90,000.00</u>	<u>39,474.54</u>	<u>750.00</u>	<u>900.00</u>	<u>700.00</u>	<u>735.00</u>
DISBURSEMENTS								
Replacement/Repair Expenses	13,000.00	19,949.19	38,000.00	16,363.35	-	-	-	-
Miscellaneous Expenses	28,000.00	27,794.57	52,000.00	27,099.99	-	-	-	-
Childrens Trust	-	-	-	-	1,265.00	1,230.00	1,195.00	-
TOTAL DISBURSEMENTS	<u>41,000.00</u>	<u>47,743.76</u>	<u>90,000.00</u>	<u>43,463.34</u>	<u>1,265.00</u>	<u>1,230.00</u>	<u>1,195.00</u>	<u>-</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,000.00)	4,271.53	-	(3,988.80)	(515.00)	(330.00)	(495.00)	735.00
CASH AND INVESTMENT BALANCES, JANUARY 1	<u>2,693.48</u>	<u>2,693.48</u>	<u>6,682.28</u>	<u>6,682.28</u>	<u>1,230.00</u>	<u>1,230.00</u>	<u>495.00</u>	<u>495.00</u>
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 1,693.48</u>	<u>\$ 6,965.01</u>	<u>\$ 6,682.28</u>	<u>\$ 2,693.48</u>	<u>\$ 715.00</u>	<u>\$ 900.00</u>	<u>\$ -</u>	<u>\$ 1,230.00</u>

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT  
BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	ABUSE VICTIMS FUND				INMATE SECURITY FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	1,950.00	3,908.00	1,600.00	2,107.00	2,500.00	2,388.00	3,000.00	2,735.33
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	288.45	735.00	735.00
TOTAL RECEIPTS	<u>1,950.00</u>	<u>3,908.00</u>	<u>1,600.00</u>	<u>2,107.00</u>	<u>2,500.00</u>	<u>2,676.45</u>	<u>3,735.00</u>	<u>3,470.33</u>
DISBURSEMENTS								
Abuse Victims	4,000.00	3,020.00	2,513.00	-	-	-	-	-
Biometric System	-	-	-	-	-	-	-	-
Magnetic Body Scan	-	-	-	-	-	-	-	-
Sheriff Equipment	-	-	-	-	2,500.00	3,147.22	8,549.00	8,549.00
TOTAL DISBURSEMENTS	<u>4,000.00</u>	<u>3,020.00</u>	<u>2,513.00</u>	<u>-</u>	<u>2,500.00</u>	<u>3,147.22</u>	<u>8,549.00</u>	<u>8,549.00</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,050.00)	888.00	(913.00)	2,107.00	-	(470.77)	(4,814.00)	(5,078.67)
CASH AND INVESTMENT BALANCES, JANUARY 1	<u>3,020.00</u>	<u>3,020.00</u>	<u>913.00</u>	<u>913.00</u>	<u>470.77</u>	<u>470.77</u>	<u>5,549.44</u>	<u>5,549.44</u>
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 970.00</u>	<u>\$ 3,908.00</u>	<u>\$ -</u>	<u>\$ 3,020.00</u>	<u>\$ 470.77</u>	<u>\$ -</u>	<u>\$ 735.44</u>	<u>\$ 470.77</u>

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THE COUNTY OF STONE  
GALENA, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT  
BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	SPECIAL RECORDER FUND				SHERIFFS REVOLVING FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	123,000.00	101,858.75	110,000.00	99,800.00	16,000.00	17,867.25	8,000.00	18,136.25
Interest	11,000.00	2,391.78	13,000.00	5,297.97	100.00	-	-	456.00
Other	-	124.63	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
<b>TOTAL RECEIPTS</b>	<b>134,000.00</b>	<b>104,375.16</b>	<b>123,000.00</b>	<b>105,097.97</b>	<b>16,100.00</b>	<b>17,867.25</b>	<b>8,000.00</b>	<b>18,592.25</b>
DISBURSEMENTS								
Expenses	287,500.00	59,052.16	287,500.00	205,259.65	20,000.00	17,043.11	10,000.00	15,967.28
Transfers Out	-	-	-	-	-	-	2,484.00	2,484.00
<b>TOTAL DISBURSEMENTS</b>	<b>287,500.00</b>	<b>59,052.16</b>	<b>287,500.00</b>	<b>205,259.65</b>	<b>20,000.00</b>	<b>17,043.11</b>	<b>12,484.00</b>	<b>18,451.28</b>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(153,500.00)	45,323.00	(164,500.00)	(100,161.68)	(3,900.00)	824.14	(4,484.00)	140.97
CASH AND INVESTMENT BALANCES, JANUARY 1	193,762.93	193,762.93	293,924.61	293,924.61	5,290.63	5,290.63	5,149.66	5,149.66
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 40,262.93</u>	<u>\$ 239,085.93</u>	<u>\$ 129,424.61</u>	<u>\$ 193,762.93</u>	<u>\$ 1,390.63</u>	<u>\$ 6,114.77</u>	<u>\$ 665.66</u>	<u>\$ 5,290.63</u>

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THE COUNTY OF STONE  
GALENA, MISSOURI  
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	ELECTION SERVICES FUND				SENIOR SERVICES			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 233,564.00	\$ 246,800.00	\$ 220,939.00	\$ 240,782.00
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	2,000.00	4,999.92	6,408.00	6,407.28	-	-	-	-
Interest	-	-	-	-	3,500.00	3,485.06	3,200.00	3,756.79
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	<u>2,000.00</u>	<u>4,999.92</u>	<u>6,408.00</u>	<u>6,407.28</u>	<u>237,064.00</u>	<u>250,285.06</u>	<u>224,139.00</u>	<u>244,538.79</u>
DISBURSEMENTS								
Miscellaneous Expenses	2,000.00	5,138.12	600.00	887.64	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Salaries	-	-	-	-	42,700.00	42,694.00	44,000.00	37,933.00
Office	-	-	-	-	17,100.00	16,922.00	17,450.00	16,585.00
Buildings & Equipment	-	-	-	-	7,300.00	15,715.00	9,000.00	8,011.00
Mileage & Training	-	-	-	-	7,700.00	7,626.00	7,050.00	5,991.00
Other	-	-	-	-	287,471.00	154,205.00	234,516.00	139,376.00
Transfer to Election Grant	-	-	13.00	13.00	-	-	-	-
TOTAL DISBURSEMENTS	<u>2,000.00</u>	<u>5,138.12</u>	<u>613.00</u>	<u>900.64</u>	<u>362,271.00</u>	<u>237,162.00</u>	<u>312,016.00</u>	<u>207,896.00</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(138.20)	5,795.00	5,506.64	(125,207.00)	13,123.06	(87,877.00)	36,642.79
CASH AND INVESTMENT BALANCES, JANUARY 1	<u>16,310.18</u>	<u>16,310.18</u>	<u>10,803.54</u>	<u>10,803.54</u>	<u>176,724.14</u>	<u>176,724.14</u>	<u>140,081.35</u>	<u>140,081.35</u>
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 16,310.18</u>	<u>\$ 16,171.98</u>	<u>\$ 16,598.54</u>	<u>\$ 16,310.18</u>	<u>\$ 51,517.14</u>	<u>\$ 189,847.20</u>	<u>\$ 52,204.35</u>	<u>\$ 176,724.14</u>

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THE COUNTY OF STONE  
GALENA, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT  
BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	PA DELINQUENT TAX FUND				D.A.R.E FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	1,803.14	7,500.00	5,970.01	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	5,150.00	7,830.81	-	5,152.57
Transfers in	-	-	-	-	-	1,000.00	-	2,000.00
TOTAL RECEIPTS	-	1,803.14	7,500.00	5,970.01	5,150.00	8,830.81	-	7,152.57
DISBURSEMENTS								
Miscellaneous Expenses	-	1,848.42	-	2,113.99	-	8,077.64	-	5,124.86
TOTAL DISBURSEMENTS	-	1,848.42	-	2,113.99	-	8,077.64	-	5,124.86
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(45.28)	7,500.00	3,856.02	5,150.00	753.17	-	2,027.71
CASH AND INVESTMENT BALANCES, JANUARY 1	11,600.28	11,600.28	7,744.26	7,744.26	4,586.11	4,586.11	2,558.40	2,558.40
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 11,600.28	\$ 11,555.00	\$ 15,244.26	\$ 11,600.28	\$ 9,736.11	\$ 5,339.28	\$ 2,558.40	\$ 4,586.11

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
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	LAW ENFORCEMENT- CIVIL FEES FUND				PA BAD CHECK FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	50,000.00	50,574.22	50,000.00	50,000.00	-	23,361.22	22,500.00	21,045.97
Interest	-	-	-	-	-	126.00	400.00	384.38
Other	38,000.00	15,131.85	11,480.00	38,169.47	-	219.86	-	10.50
Transfers in	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	<u>88,000.00</u>	<u>65,706.07</u>	<u>61,480.00</u>	<u>88,169.47</u>	<u>-</u>	<u>23,707.08</u>	<u>22,900.00</u>	<u>21,440.85</u>
DISBURSEMENTS								
Miscellaneous Expenses	-	65,180.73	-	84,191.13	-	24,062.50	-	32,671.15
Transfers Out	-	1,288.45	-	2,000.00	-	-	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>66,469.18</u>	<u>-</u>	<u>86,191.13</u>	<u>-</u>	<u>24,062.50</u>	<u>-</u>	<u>32,671.15</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	88,000.00	(763.11)	61,480.00	1,978.34	-	(355.42)	22,900.00	(11,230.30)
CASH AND INVESTMENT BALANCES, JANUARY 1	<u>21,831.78</u>	<u>21,831.78</u>	<u>19,853.44</u>	<u>19,853.44</u>	<u>13,942.61</u>	<u>13,942.61</u>	<u>25,172.91</u>	<u>25,172.91</u>
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 109,831.78</u>	<u>\$ 21,068.67</u>	<u>\$ 81,333.44</u>	<u>\$ 21,831.78</u>	<u>\$ 13,942.61</u>	<u>\$ 13,587.19</u>	<u>\$ 48,072.91</u>	<u>\$ 13,942.61</u>

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT  
BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	E911 FUND			
	2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	845,000.00	844,820.37	962,939.83	844,659.45
Signs	-	873.53	-	896.60
Map Sales	-	30.00	-	45.00
Interest	-	9,235.64	-	17,604.16
Other	-	1,357.16	-	3,284.36
Map Book Sales	-	15.00	-	30.00
<b>TOTAL RECEIPTS</b>	<b>845,000.00</b>	<b>856,331.70</b>	<b>962,939.83</b>	<b>866,519.57</b>
DISBURSEMENTS				
Payroll Expenses	700,088.32	601,897.76	754,195.55	693,277.14
Bank Service Charges	-	5.00	-	-
Advertising	-	941.50	500.00	709.20
Automobile Expense	4,000.00	3,549.91	6,000.00	2,327.27
Board & Executives	-	390.60	11,985.00	345.60
Building and Land	6,000.00	3,954.43	3,000.00	4,612.02
Diesel	-	1,741.80	-	-
Dispatch	500.00	124.47	500.00	66.55
Dues and Subscriptions	700.00	406.52	700.00	741.25
Education and Training Fees	19,500.00	12,333.18	10,500.00	16,973.03
Equipment	85,500.00	55,173.93	147,015.00	67,974.96
Insurance	34,000.00	20,494.00	32,000.00	22,535.00
Miscellaneous	-	1,740.04	-	158.11
Office Supplies	8,000.00	4,659.83	6,000.00	6,647.22
Postage and Delivery	700.00	478.29	700.00	472.63
Printing and Reproduction	500.00	341.63	500.00	162.63
Professional Fees	10,500.00	6,887.50	10,500.00	8,139.61
Road Signs	3,000.00	3,395.77	3,000.00	3,486.64
Communication	73,000.00	64,470.15	73,000.00	67,337.35
Utilities	15,000.00	14,797.93	15,000.00	12,464.29
Transfers out	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>960,988.32</b>	<b>797,784.24</b>	<b>1,075,095.55</b>	<b>908,430.50</b>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(115,988.32)	58,547.46	(112,155.72)	(41,910.93)
CASH AND INVESTMENT CASH, JANUARY 1	664,960.74	664,960.74	706,871.67	706,871.67
CASH AND INVESTMENT CASH, DECEMBER 31	<u>\$ 548,972.42</u>	<u>\$ 723,508.20</u>	<u>\$ 594,715.95</u>	<u>\$ 664,960.74</u>

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
REGULATORY BASIS - AGENCY FUNDS  
YEARS ENDED DECEMBER 31, 2010

	UNCLAIMED FEES	SOUTHERN STONE CO FIRE	STONE CO HEALTH CENTER	STONE COUNTY LIBRARY	STONE COUNTY BOOKMOBILE	FINES
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 18,059.12	\$ -	\$ 22.96	\$ 852,807.21	\$ 81,576.61	\$ 43,152.39
Investments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>18,059.12</b>	<b>-</b>	<b>22.96</b>	<b>852,807.21</b>	<b>81,576.61</b>	<b>43,152.39</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNRESERVED FUND BALANCES</b>	<b>18,059.12</b>	<b>-</b>	<b>22.96</b>	<b>852,807.21</b>	<b>81,576.61</b>	<b>43,152.39</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 18,059.12</b>	<b>\$ -</b>	<b>\$ 22.96</b>	<b>\$ 852,807.21</b>	<b>\$ 81,576.61</b>	<b>\$ 43,152.39</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 106,395.18	\$ 17,142.14	\$ 413.53	\$ 68.45	\$ -	\$ 117.84
Investments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>106,395.18</b>	<b>17,142.14</b>	<b>413.53</b>	<b>68.45</b>	<b>-</b>	<b>117.84</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNRESERVED FUND BALANCES</b>	<b>106,395.18</b>	<b>17,142.14</b>	<b>413.53</b>	<b>68.45</b>	<b>-</b>	<b>117.84</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 106,395.18</b>	<b>\$ 17,142.14</b>	<b>\$ 413.53</b>	<b>\$ 68.45</b>	<b>\$ -</b>	<b>\$ 117.84</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138.30
Investments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138.30</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNRESERVED FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138.30</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 138.30</b>

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS (CONTINUED)  
REGULATORY BASIS - AGENCY FUNDS  
YEARS ENDED DECEMBER 31, 2010

	<b>FLOOD CONTROL</b>	<b>STONEBRIDGE NID</b>	<b>EDGEWATER NID</b>	<b>BLACK OAK NID</b>	<b>SENIOR CITIZENS TAX</b>	<b>CENTRAL CROSSINGS FIRE DISTRICT</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 90,000.00	\$ 13.42	\$ -
Investments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,000.00</b>	<b>13.42</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNRESERVED FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,000.00</b>	<b>13.42</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 90,000.00</b>	<b>\$ 13.42</b>	<b>\$ -</b>
<b>ASSETS</b>						
	<b>HIGHLANDVILLE FIRE</b>	<b>N STONE/NE BARRY FIRE DISTRICT</b>	<b>CERF</b>	<b>PRISONER TRANSPORT</b>	<b>LIBRARY BUILDING RESERVE</b>	<b>DEPUTY SHERIFF SALARY SUPPLY</b>
Cash and Cash Equivalents	\$ -	\$ 0.47	\$ 20,377.81	\$ -	\$ 46,264.33	\$ -
Investments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>0.47</b>	<b>20,377.81</b>	<b>-</b>	<b>46,264.33</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNRESERVED FUND BALANCES</b>	<b>-</b>	<b>0.47</b>	<b>20,377.81</b>	<b>-</b>	<b>46,264.33</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 0.47</b>	<b>\$ 20,377.81</b>	<b>\$ -</b>	<b>\$ 46,264.33</b>	<b>\$ -</b>

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

THE COUNTY OF STONE  
 GALENA, MISSOURI  
 STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS (CONCLUDED)  
 REGULATORY BASIS - AGENCY FUNDS  
 YEARS ENDED DECEMBER 31, 2010

	<u>CATAMONT CID</u>	<u>COLLECTOR</u>	<u>RECORDER</u>	<u>SHERIFF</u>	<u>PROSECUTING ATTORNEY</u>	<u>COUNTY CLERK</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ 1,033,368.90	\$ 78,061.82	\$ 11,579.97	\$ 296.87	\$ 1.56
Investments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>-</u>	<u>1,033,368.90</u>	<u>78,061.82</u>	<u>11,579.97</u>	<u>296.87</u>	<u>1.56</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	-	-	-	-	959.05	-
<b>UNRESERVED FUND BALANCES</b>	-	1,033,368.90	78,061.82	11,579.97	(662.18)	1.56
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 1,033,368.90</u>	<u>\$ 78,061.82</u>	<u>\$ 11,579.97</u>	<u>\$ 296.87</u>	<u>\$ 1.56</u>
<b>TOTAL FIDUCIARY FUNDS</b>						
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 2,399,858.88					
Investments	-					
<b>TOTAL ASSETS</b>	<u>2,399,858.88</u>					
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	959.05					
<b>UNRESERVED FUND BALANCES</b>	2,398,899.83					
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,399,858.88</u>					

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
REGULATORY BASIS - AGENCY FUNDS  
YEARS ENDED DECEMBER 31, 2009

	UNCLAIMED FEES	SOUTHERN STONE CO FIRE	STONE CO HEALTH CENTER	STONE COUNTY LIBRARY	STONE COUNTY BOOKMOBILE	FINES
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 13,678.34	\$ -	\$ 487.07	\$ 223,075.37	\$ 30,669.73	\$ 44,588.44
Investments	-	-	-	600,000.00	50,000.00	-
<b>TOTAL ASSETS</b>	<b>13,678.34</b>	<b>-</b>	<b>487.07</b>	<b>823,075.37</b>	<b>80,669.73</b>	<b>44,588.44</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNRESERVED FUND BALANCES</b>	<b>13,678.34</b>	<b>-</b>	<b>487.07</b>	<b>823,075.37</b>	<b>80,669.73</b>	<b>44,588.44</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,678.34</b>	<b>\$ -</b>	<b>\$ 487.07</b>	<b>\$ 823,075.37</b>	<b>\$ 80,669.73</b>	<b>\$ 44,588.44</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 30,881.73	\$ 38,098.70	\$ 409.58	\$ -	\$ -	\$ 3,914.75
Investments	60,000.00	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>90,881.73</b>	<b>38,098.70</b>	<b>409.58</b>	<b>-</b>	<b>-</b>	<b>3,914.75</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNRESERVED FUND BALANCES</b>	<b>90,881.73</b>	<b>38,098.70</b>	<b>409.58</b>	<b>-</b>	<b>-</b>	<b>3,914.75</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 90,881.73</b>	<b>\$ 38,098.70</b>	<b>\$ 409.58</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,914.75</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56.66
Investments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56.66</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNRESERVED FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56.66</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56.66</b>

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS (CONTINUED)  
REGULATORY BASIS - AGENCY FUNDS  
YEARS ENDED DECEMBER 31, 2009

	<b>FLOOD CONTROL</b>	<b>STONEBRIDGE NID</b>	<b>EDGEWATER NID</b>	<b>BLACK OAK NID</b>	<b>SENIOR CITIZENS TAX</b>	<b>CENTRAL CROSSINGS FIRE DISTRICT</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 655,139.42	\$ -	\$ -	\$ 9,698.84	\$ 298.95	\$ 0.14
Investments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>655,139.42</b>	<b>-</b>	<b>-</b>	<b>9,698.84</b>	<b>298.95</b>	<b>0.14</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	-	-	-	-	-	-
<b>UNRESERVED FUND BALANCES</b>	655,139.42	-	-	9,698.84	298.95	0.14
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 655,139.42</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,698.84</b>	<b>\$ 298.95</b>	<b>\$ 0.14</b>
		<b>N STONE/NE BARRY FIRE DISTRICT</b>	<b>CERF</b>	<b>PRISONER TRANSPORT</b>	<b>LIBRARY BUILDING RESERVE</b>	<b>DEPUTY SHERIFF SALARY SUPPLY</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ 124.28	\$ 19,038.44	\$ -	\$ 15,745.70	\$ 1,500.00
Investments	-	-	-	-	30,000.00	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>124.28</b>	<b>19,038.44</b>	<b>-</b>	<b>45,745.70</b>	<b>1,500.00</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	-	-	-	-	-	-
<b>UNRESERVED FUND BALANCES</b>	-	124.28	19,038.44	-	45,745.70	1,500.00
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 124.28</b>	<b>\$ 19,038.44</b>	<b>\$ -</b>	<b>\$ 45,745.70</b>	<b>\$ 1,500.00</b>

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

THE COUNTY OF STONE  
 GALENA, MISSOURI  
 STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS (CONCLUDED)  
 REGULATORY BASIS - AGENCY FUNDS  
 YEARS ENDED DECEMBER 31, 2009

	<u>CATAMONT CID</u>	<u>COLLECTOR</u>	<u>RECORDER</u>	<u>COUNTY CLERK</u>	<u>SHERIFF ACCOUNT</u>	<u>PROSECUTING ATTORNEY</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ 12,448,623.72	\$ 67,676.11	\$ 3.86	\$ 13,238.17	\$ 19,172.11
Investments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>-</u>	<u>12,448,623.72</u>	<u>67,676.11</u>	<u>3.86</u>	<u>13,238.17</u>	<u>19,172.11</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	-	-	-	-	-	3,641.15
<b>UNRESERVED FUND BALANCES</b>	-	12,448,623.72	67,676.11	3.86	13,238.17	15,530.96
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 12,448,623.72</u>	<u>\$ 67,676.11</u>	<u>\$ 3.86</u>	<u>\$ 13,238.17</u>	<u>\$ 19,172.11</u>
<b>TOTAL FIDUCIARY FUNDS</b>						
<b>ASSETS</b>						
Cash and Cash Equivalents	\$13,636,120.11					
Investments	740,000.00					
<b>TOTAL ASSETS</b>	<u>14,376,120.11</u>					
<b>LIABILITIES AND FUND BALANCES</b>						
<b>TOTAL LIABILITIES</b>	<u>3,641.15</u>					
<b>UNRESERVED FUND BALANCES</b>	<u>14,372,478.96</u>					
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$14,376,120.11</u>					

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Stone, Missouri (“County”), which is governed by a three-member board of commissioners, was established in 1845 by an Act of the Missouri Territory. In addition to the three Commissioners, there are nine elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk and ex officio Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

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

A. Reporting Entity

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

The County’s operations include tax assessments and collections, state/county courts, county recorder, public safety, transportation, economic development, and social and recreation services.

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

B. Basis of Presentation

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

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

*Governmental Fund Types*

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

*Fiduciary Fund Types*

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

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

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

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

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

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.
2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning the following January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.
4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

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

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

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

THE COUNTY OF STONE  
 GALENA, MISSOURI  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2010 AND 2009

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes

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

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2010 and 2009, for purposes of taxation was:

	2010	2009
Real Estate	\$ 411,721,151	\$ 405,671,220
Personal Property	103,309,272	104,707,014
Railroad and Utilities	11,127,808	11,206,251
	\$ 526,158,231	\$ 521,584,485

During 2010 and 2009, the County Commission approved a \$.1300 and \$.1300, respectively, tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2010 and 2009, for purposes of County taxation, as follows:

	2010	2009
General Revenue Fund	\$ .1300	\$ .1300

F. Cash and Investments

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

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if applicable, are eliminated due to reporting the financial statements on the regulatory basis of accounting.

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

THE COUNTY OF STONE  
 GALENA, MISSOURI  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2010 AND 2009

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II. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Equivalents" under each fund's caption. Deposits with maturities greater than three months are considered investments. In addition, cash and investments are separately held by several of the County's funds. Investments of the County consist of certificates of deposit with local banking institutions.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2010 and 2009, the carrying amount of the County's deposits was \$4,272,131.95 and \$3,237,874.23, and the bank balance was \$18,960,217.44 and \$17,779,433.04, respectively. As of December 31, 2010 and 2009, 100% of the County's investments were guaranteed by the U.S. Government.

SUMMARY OF CARRYING VALUES

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

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -		
Deposits	\$	4,015,330.88
Investments		256,801.07
Total Deposits & Investments as of December 31, 2010	\$	<u>4,272,131.95</u>

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

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances -		
Deposits	\$	2,325,248.77
Investments		912,625.46
Total Deposits & Investments as of December 31, 2009	\$	<u>3,237,874.23</u>

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy provides the statutory safeguards and standards for the County's investments in accordance with Sections 110.010, 110.020 and 110.060. The County and its depository bank comply with the statutes. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2010 & 2009.

THE COUNTY OF STONE  
 GALENA, MISSOURI  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2010 AND 2009

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II. DEPOSITS AND INVESTMENTS (concluded)

Custodial Credit Risk – Investments

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

Investment Interest Rate Risk

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

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County’s investments were not exposed to concentration of investment credit risk for the year end December 31, 2010 & 2009.

III. LONG-TERM DEBT

The County has \$3,655,000 Stone County Certificates of Participation Series 1998 (Stone County, Missouri Law Enforcement Center Improvement Project) dated July 1, 1998. Principal Payments are due on December 1 annually and interest payments are due June 1 and December 1 semi-annually with annual interest rates varying from 4.25% to 5.00%. Refinanced as COPS 2009 during the 2009 year.

Balance – December 31, 2008	\$ 2,155,000
Additions	-
Payments	<u>(2,155,000)</u>
Balance – December 31, 2009	<u>\$ -</u>

The County issued \$3,690,000 as Refunding Certificates of Participation Series 2009 for the purpose of refinancing COPS 1998 in the amount of \$2,155,000 and NID 2000 in the amount of \$1,710,000. Principal payments are due on December 1 annually and interest payments are due June 1 and December 1 semi-annually with annual interest rates varying from 3.00% to 4.10%.

THE COUNTY OF STONE  
GALENA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

III. LONG-TERM DEBT (Continued)

COPS AMORTIZATION FOR 2010

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2011	\$ 280,000	\$ 136,640	\$ 416,640
2012	335,000	128,240	463,240
2013	350,000	118,190	468,190
2014	360,000	104,190	464,190
2015	380,000	89,790	469,790
2016-2020	1,860,000	208,950	2,068,950
	<u>\$ 3,565,000</u>	<u>\$ 786,000</u>	<u>\$ 4,351,000</u>

Balance – December 31, 2009	\$ 3,690,000
Additions	-
Payments	<u>(125,000)</u>
Balance – December 31, 2010	<u>\$ 3,565,000</u>

COPS AMORTIZATION FOR 2009

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2010	\$ 125,000	\$ 156,379	\$ 281,379
2011	280,000	136,640	416,640
2012	335,000	128,240	463,240
2013	350,000	118,190	468,190
2014	360,000	104,190	464,190
2015-2019	2,050,000	290,950	2,340,950
2020	190,000	7,790	197,790
	<u>\$ 3,690,000</u>	<u>\$ 942,379</u>	<u>\$ 4,632,379</u>

Balance – December 31, 2008	\$ -
Additions	3,690,000
Payments	<u>-</u>
Balance – December 31, 2009	<u>\$ 3,690,000</u>

Original issue of \$3,775,000 dated 7/1/1997; principal paid annually on July 1; interest paid semi-annually January 1 and July 1; includes mandatory sinking fund requirements; interest rates are variable from 5.65% to 6.10%; matures 7/1/2015. The Stonebridge NID funded the acquisition, construction and improvement of primary and secondary collector streets and residential streets.

THE COUNTY OF STONE  
 GALENA, MISSOURI  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2010 AND 2009

III. LONG-TERM DEBT (Continued)

AMORTIZATION SCHEDULE FOR 2010

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2011	\$ 215,000	\$ 58,420	\$ 273,420
2012	230,000	45,520	275,520
2013	245,000	31,720	276,720
2014	260,000	16,775	276,775
2015	15,000	915	15,915
	<u>\$ 965,000</u>	<u>\$ 153,350</u>	<u>\$ 1,118,350</u>

Balance – December 31, 2009	\$ 1,270,000
Additions	-
Payments	<u>(305,000)</u>
Balance – December 31, 2010	<u>\$ 965,000</u>

AMORTIZATION SCHEDULE FOR 2009

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2010	\$ 205,000	\$ 76,820	\$ 281,820
2011	215,000	64,520	279,520
2012	230,000	51,620	281,620
2013	245,000	37,820	282,820
2014	260,000	22,875	282,875
2015	115,000	7,015	122,015
	<u>\$ 1,270,000</u>	<u>\$ 260,670</u>	<u>\$ 1,530,670</u>

Balance – December 31, 2008	1,540,000
Additions	-
Payments	<u>(270,000)</u>
Balance – December 31, 2009	<u>\$ 1,270,000</u>

Original issue of \$2,973,000 dated 6/15/2000; principal paid annually on March 1; interest paid semi-annually March 1 and September 1; interest rates are variable from 5.300% to 6.250%; matures March 1, 2020. The Black Oak NID funded the costs of constructing improvements in the Black Oak Mountain Resort water, sewer system and street improvement project – phase 1, including water system, sewer system and street improvements. Refinanced as COPS 2009 during the 2009 year.

THE COUNTY OF STONE  
GALENA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

III. LONG-TERM DEBT (Continued)

Balance – December 31, 2008	\$	1,815,000
Additions		-
Payments		<u>(1,815,000)</u>
Balance – December 31, 2009	\$	<u>-</u>

Original issue of \$2,225,000 dated December 15, 2000; principal paid annually on March 1; interest paid semi-annually March 1 and September 1; interest rates are variable from 5.250% to 6.10%; matures March 1, 2020. The Edgewater NID funded roadway construction, construction of sanitary sewerage collection system, a sewer treatment plant and construction and improvement of a water distribution system, including distribution lines, well improvements and a water tower.

AMORTIZATION SCHEDULE FOR 2010

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2011	\$ 100,000	\$ 90,250	\$ 190,250
2012	105,000	84,356	189,356
2013	115,000	78,031	193,031
2014	120,000	71,065	191,065
2015	125,000	63,593	188,593
2016-2020	980,000	182,390	1,162,390
	<u>\$ 1,545,000</u>	<u>\$ 569,685</u>	<u>\$ 2,114,685</u>

Balance – December 31, 2009		1,640,000
Additions		-
Payments		<u>(95,000)</u>
Balance – December 31, 2010	\$	<u>1,545,000</u>

AMORTIZATION SCHEDULE FOR 2009

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2010	\$ 95,000	\$ 95,690	\$ 190,690
2011	100,000	90,250	190,250
2012	105,000	84,356	189,356
2013	115,000	78,031	193,031
2014	120,000	71,065	191,065
2015-2019	710,000	233,935	943,935
2020	395,000	12,048	407,048
	<u>\$ 1,640,000</u>	<u>\$ 665,375</u>	<u>\$ 2,305,375</u>

THE COUNTY OF STONE  
 GALENA, MISSOURI  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2010 AND 2009

III. LONG-TERM DEBT (Concluded)

Balance – December 31, 2008	\$ 1,730,000
Additions	-
Payments	<u>(90,000)</u>
Balance – December 31, 2009	<u>\$ 1,640,000</u>

IV. LEASES

Capital Leases

The County entered into a capital lease as of December 7, 2010, for a copier in the amount of \$4,992.41, with monthly payments of \$164.25. The capital lease has an interest rate of 11.30% and was entered into for a term of 36 months.

AMORTIZATION SCHEDULE FOR 2010

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2011	\$ 1,480	\$ 491	\$ 1,971
2012	1,657	314	1,971
2013	<u>1,855</u>	<u>116</u>	<u>1,971</u>
	<u>\$ 4,992</u>	<u>\$ 921</u>	<u>\$ 5,913</u>

Balance – December 31, 2009	\$ -
Additions	4,992
Payments	<u>-</u>
Balance – December 31, 2010	<u>\$ 4,992</u>

THE COUNTY OF STONE  
GALENA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

V. INTERFUND TRANSFERS

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

	2010		2009	
	Transfers In	Transfers Out	Transfers In	Transfers Out
MAJOR FUNDS				
General Fund	\$ 8,466.81	\$ 252,313.58	\$ 10,649.16	\$ 408,993.51
Special R&B Fund	538,896.32	-	602,669.04	-
Assessment Fund	144,668.00	-	75,000.00	-
Election Grant Fund	-	-	13.00	-
LE Block Grant Fund	33,358.00	-	-	-
Capital Improv. Fund	-	-	220,000.00	-
LETF	-	-	1,749.00	-
Inmate Security Fund	288.45	-	735.00	-
Sheriff's Revolving Fund	-	-	-	2,484.00
Election Services Fund	-	-	-	13.00
D.A.R.E.	1,000.00	-	2,000.00	-
LE – Civil Fees Fund	-	1,288.45	-	2,000.00
Agency Funds	<u>74,287.58</u>	<u>547,363.13</u>	<u>113,993.51</u>	<u>613,318.20</u>
TOTAL	<u>\$ 800,965.16</u>	<u>\$ 800,965.16</u>	<u>\$ 1,026,808.71</u>	<u>\$ 1,026,808.71</u>

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

VI. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government.

THE COUNTY OF STONE  
GALENA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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VI. COUNTY EMPLOYEES' RETIREMENT FUND (CERF) (concluded)

A. Plan Description (concluded)

CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000 could opt out of the system.

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

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

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, in addition to the prior contributions requirements, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. During 2010 and 2009, the County collected and remitted to CERF, employee contributions of approximately for \$177,941.32 and \$178,570.27, respectively, for the years then ended.

THE COUNTY OF STONE  
GALENA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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VII. OTHER RETIREMENT PLAN

Stone County does not participate in the Missouri Local Government Employees' Retirement System. Contributions to a voluntary plan are paid by a voluntary deduction from employees' salary. These contributions qualify under the Internal Revenue Code and are tax exempt. These contributions are then remitted to Great West who administers the 401a Plan and 457 Plan. Employee contributions were \$108,539.52 and \$110,755.96 for the 2010 and 2009, respectively.

VIII. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. The County had one Cobra participant at December 31, 2010 and 2009.

IX. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$7,752 and \$7,752, respectively, for the years ended December 31, 2010 and 2009.

X. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Compensated Absences

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

C. Federal and State Assisted Programs

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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XI. 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. Insurance is obtained from commercial insurance companies. 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 purchases workers' compensation and employers' liability insurance and is insured up to \$1,000,000 per occurrence. The County's general liability insurance is insured up to \$2,000,000 per occurrence.

XII. ACCOUNTING CHANGE

For the years ended December 31, 2010 and December 31, 2009, the County has elected to change its accounting method from a modified cash basis to the regulatory basis of accounting. This basis recognizes assets, liabilities, fund balance, receipts, and disbursements when they result from cash transactions with a provision for investments and settlements pending (if applicable). The regulatory basis differs from the accounting principles generally accepted in the United States of America and is described in Note I of the notes to the financial statements.

XIII. SUBSEQUENT EVENTS

There are no subsequent events to report up to the date of the audit report.

XIV. FUTURE REPORTING CHANGE

The Stone County Emergency Services Board is a separate political subdivision and functions under Section 190.339.2. Effective August 28, 2010, it is no longer reported under the County. Due to the effective date, the Emergency Services Board is included with the County for the year ended 2010 but will no longer be reported under the County in future audits.

**SUPPLEMENTARY INFORMATION**

**STATE COMPLIANCE SECTION**

THE COUNTY OF STONE  
GALENA, MISSOURI  
SCHEDULE OF STATE FINDINGS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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SCHEDULE OF STATE FINDINGS

- A. For the year ended December 31, 2009, expenditures exceeded those budgeted for the following: special roads project, capital improvements, law enforcement training, sheriff's revolving, election services, PA delinquent tax, D.A.R.E., law enforcement – civil fees and the PA bad check funds.
- B. For the year ended December 31, 2010, expenditures exceeded those budgeted for the following: LE block grant, insurance claims proceeds, inmate security, election services, PA delinquent tax, D.A.R.E., law enforcement – civil fees and PA bad check funds.
- C. For the year ended December 31, 2009, revenue was not budgeted for the following fund: D.A.R.E. fund.
- D. For the year ended December 31, 2010, revenue was not budgeted for the following funds: PA delinquent tax and PA bad check funds.
- E. For the year ended December 31, 2009, expenditures were not budgeted for the following funds: D.A.R.E., PA delinquent tax, law enforcement – civil fees and PA bad check funds.
- F. For the year ended December 31, 2010, expenditures were not budgeted for the following funds: D.A.R.E., PA delinquent tax, law enforcement – civil fees and PA bad check funds.

**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 Stone, Missouri

We have audited the financial statements of the County of Stone ("County"), Missouri, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 22, 2011. The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (FS 10/09-01, FS 10/09-02, FS 10/09-03, FS 10/09-04, FS 10/09-05, FS 10/09-06, FS 10/09-07 and SA 10/09-01) A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated July 22, 2011.

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

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

*Daniel Jones & Associates*

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

July 22, 2011



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Independent Auditor's Report

To The County Commission  
The County of Stone  
Galena, Missouri

**Compliance**

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

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

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

## Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item SA 10/09-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Daniel Jones & Associates*

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

July 22, 2011

THE COUNTY OF STONE  
GALENA, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009

FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY NUMBER	12/31/2010 EXPENDITURES	12/31/2009 EXPENDITURES
U.S. DEPARTMENT OF DEFENSE				
Direct Program:				
PILT - Payment in Lieu of Taxes	12.112		\$ 655,139.42	\$ 731,205.05
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through State:				
Department of Social Services				
ARRA - Homeless Prevention and Rapid Re-Housing	14.257		71,795.60	-
Emergency Shelter Program	14.231	ERO1640960	14,974.00	-
U.S. DEPARTMENT OF INTERIOR				
Direct Program:				
PILT - Payment in Lieu of Taxes	15.226		105,998.00	94,984.00
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant	16.XXX	2009-SB-B9-0310	-	118,806.25
Passed Through State:				
Department of Public Safety				
Women Formula Grants	16.588	2009-VAWA-0046	41,503.00	-
Women Formula Grants		2008-VAWA-0049	-	39,675.77
Women Formula Grants		2008-VAWA-0048	-	41,357.70
Women Formula Grants		2009-VAWA-0047	33,632.99	-
Bullet Proof Vest	16.XXX	2009-BU-BX-080	3,667.50	-
Website	16.XXX	2010-DJ-BX-0063	16,819.00	-
Crime Victim Assistance Operation Safe Deputy	16.575	2008-DJ-BX-0662	2,764.28	-
Missouri Sheriff's Association Speed Enforcement	16.588	09-PT-02-137	-	3,358.07
Missouri Sheriff's Association DWI Checkpoint	16.588	09-154-AL-55	-	6,505.99
Missouri Sheriff's Association COPS	16.588	2008-UM-WX-0002	71,767.92	61,556.76
JAG-SWAT	16.738	2009-DJ-BX-0212	28,858.00	-
DWI	20.601	LKK040	2,571.57	2,569.50
DWI Saturation	20.601	09-154-AL-54	-	5,330.18
Operation Safe Deputy	20.601	2008-DJ-BX-0662	-	9,637.72
Domestic Cannabis Eradication / Suppression Prog.	16.XXX	2009-85	2,000.00	900.00
DWI Sobriety	16.XXX	10-K8-03-89	6,755.96	-
DWI Enforcement	16.XXX	10-154-AL-97	5,608.04	-
Hazardous Moving Violation	16.XXX	10-PT-02-166	3,393.05	-
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through State:				
Highway and Transportation Commission:				
Highway Planning and Construction	20.205	BRO-B104(6)	-	235,971.13
GENERAL SERVICES ADMINISTRATION				
Passed Through State Office of Administration:				
Election Reform Payments	39.011		11,392.00	-
ELECTION ASSISTANCE COMMISSION				
Passed Through the Office of Secretary of State:				
Help America Vote Act Requirements Payments	90.401	SC23156E000437	1,056.09	-
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through State Department of Public Safety:				
Public Assistance Grants (Presidentially Declared)	97.036		-	178,598.83
Management Performance Grants	97.042	2008EMPG	-	7,738.48
			\$ 1,079,696.42	\$ 1,538,195.43
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,079,696.42	\$ 1,538,195.43

THE COUNTY OF STONE  
GALENA, MISSOURI  
NOTES TO EXPENDITURES OF FEDERAL AWARDS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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NOTE 1 – BASIS OF PRESENTATION

A. Purpose of Schedule and Reporting Entity

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

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

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

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

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

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

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

NOTE 2 – SUBRECIPIENTS

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

Subrecipients	Program	CFDA #	2010	2009
Reeds Spring R-4 School District	Dept. of Defense - PILT	12.112	\$ 80,998.06	\$ 90,399.62
Blue Eye R-5 School District	Dept. of Defense - PILT	12.112	\$ 37,612.06	\$ 41,977.75
Shell Knob #78 School District	Dept. of Defense - PILT	12.112	\$ 5,673.31	\$ 6,331.82
Galena R-2 School District	Dept. of Defense - PILT	12.112	\$ 426.48	\$ 475.98
Total			\$ <u>124,709.91</u>	\$ <u>139,185.17</u>

THE COUNTY OF STONE  
 GALENA, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

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I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

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

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

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

	2010	___ Yes	___ No	
	2009	___ Yes	___ No	

B. Federal Awards

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

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

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

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

	2010	___ Yes	___ No	
	2009	___ Yes	___ No	



THE COUNTY OF STONE  
GALENA, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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II. FINANCIAL STATEMENT FINDINGS (continued)

10/09-02      Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 115 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

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

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual Financial Statement. Each official has their own internal controls within their office.

10/09-03      Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

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

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

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.

THE COUNTY OF STONE  
GALENA, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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II. FINANCIAL STATEMENT FINDINGS (continued)

10/09-03      Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

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

10/09-04      Criteria: The Treasurer's reconciliation did not account for held checks by the accounts payable clerk in the County Clerk's office at December 31, 2010 for AFLAC and Allstate checks.

Condition: During our audit, we noted that the accounts payable clerk held checks written in December 2010 and were not mailed until January 2011.

Context: The bank reconciliation did not include held checks at December 2010.

Effect: Lack of proper reconciliation may lead to improper book balances.

Cause: The Treasurer's account reconciliation did not include held checks by the accounts payable clerk in the County Clerk's office at December 31, 2010.

Recommendation: We recommend that the Treasurer's office include any held checks in future reconciliations or the County Clerk not cut checks until payment is ready to be mailed. This process will ensure more accurate book balances.

Views of responsible officials and planned corrective actions: The County Clerk will work on implementing procedures to include notification of held checks for future reconciliations or not cut checks until payment is ready to be mailed. Treasurer states these checks are out of her control once they are delivered to the Clerk's Office. These are employees' payroll withholdings which are directed by the employee to make payable for insurance premiums and not County money. Although these funds are held in the County's account, the Treasurer believes that adding these checks into the book balance would be misleading to the taxpayer because they are a cashable check at the point they are delivered from the Treasurer therefore considered an outstanding check on the books.

10/09-05      Criteria: Account balances should be properly and timely reconciled on a monthly basis in the Prosecuting Attorney's office for 2010 and 2009.

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

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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II. FINANCIAL STATEMENT FINDINGS (continued)

10/09-05      Effect: Lack of proper reconciliation and monitoring of accounts may lead to errors that may not be found in a timely manner.

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

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

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

10/09-06      Criteria: The Sheriff's office December 2010 reconciliation should include all checks written up to and including December 31, 2010.

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

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

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

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

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

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

10/09-07      Criteria: The Recorder's office should prepare complete and accurate bank reconciliations.

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

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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II. FINANCIAL STATEMENT FINDINGS (concluded)

10/09-07      Effect: Incomplete and inaccurate bank reconciliations can lead to cash balances being over/under stated.

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

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

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

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

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

A. Category of Internal Control Weakness

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

1. Significant Deficiency: A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.
2. Material Weakness: A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

THE COUNTY OF STONE  
GALENA, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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

B. Category of Noncompliance Findings

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

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

C. Federal Award Findings and Questioned Costs

SA10/09-01 All Programs except CFDA numbers 14.231, 16.575, 90.401 and 39.011.

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

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

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

Questioned Costs: Not applicable.

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

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

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

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

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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

C. Federal Award Findings and Questioned Costs (continued)

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

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

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

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

Questioned Costs: Not applicable.

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

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

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

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

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

SA10/09-03 Highway Planning and Construction – CFDA No. 20.205  
Payment in Lieu of Taxes (Dept. of Defense) – CFDA No. 12.112

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

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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

SA10/09-03  
Significant  
Deficiency  
(concluded)

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

Questioned Costs: Not applicable.

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

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

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

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

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

THE COUNTY OF STONE  
GALENA, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 07/08-01     Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2007, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

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

FS 07/08-02     Criteria: Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2007, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

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

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

FS 07/08-04     Criteria: Pursuant to subsection 137.115.6, RSMo, a manufactured home is considered real property if it is located on land owned by the manufactured home owner.

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

II. PRIOR YEAR FEDERAL AWARD FINDINGS

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

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

SA 07/08-02     Required contracting procedures were not followed.

Status: It appears no corrective action plan has been implemented, therefore, this finding has been re-issued in the current year as SA10/09-02.

THE COUNTY OF STONE  
GALENA, MISSOURI  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

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II. PRIOR YEAR FEDERAL AWARD FINDINGS (concluded)

SA 07/08-03 Weakness in control over expenditures in compliance with Single Audit Requirements.

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

SA 07/08-04 Documentation was not provided to support major program expenditures and internal control procedures.

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



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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To the County Commissioners  
Stone County, Missouri

In planning and performing our audit of the financial statements of the County of Stone ("County") as of and for the years ended December 31, 2010 and 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our 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 was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

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

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

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

Stone 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, P.C.  
Certified Public Accountants

July 22, 2011

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

10/09-01      Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency. SAS No. 115 supersedes SAS No. 112.

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

Context: During discussions with management, we noted that we will be assisting the County with the preparation of their audited financial statements and footnotes.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 115 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

Cause: Management did not prepare the financial statements or the notes to financial statements.

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

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual Financial Statement. The County will pursue remedy for SAS 115 compliance if it is determined that it is required for a county of this size.

10/09-02      Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

Context: During discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 115 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: The County did not prepare the required documentation.

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT(Continued)

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

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual Financial Statement. Each official has their own internal controls within their office.

10/09-03

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

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

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

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

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

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

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

10/09-04

Criteria: The Treasurer's reconciliation did not account for held checks by the accounts payable clerk in the County Clerk's office at December 31, 2010 for AFLAC and Allstate checks.

Condition: During our audit, we noted that the accounts payable clerk held checks written in December 2010 and were not mailed until January 2011.

Context: The bank reconciliation did not include held checks at December 2010.

Effect: Lack of proper reconciliation may lead to improper book balances.

Cause: The Treasurer's account reconciliation did not include held checks by the accounts payable clerk in the County Clerk's office at December 31, 2010.

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT(Continued)

Recommendation: We recommend that the Treasurer's office include any held checks in future reconciliations or the County Clerk not cut checks until payment is ready to be mailed. This process will ensure more accurate book balances.

Views of responsible officials and planned corrective actions: The County Clerk will work on implementing procedures to include notification of held checks for future reconciliations or not cut checks until payment is ready to be mailed. Treasurer states these checks are out of her control once they are delivered to the Clerk's Office. These are employees' payroll withholdings which are directed by the employee to make payable for insurance premiums and not County money. Although these funds are held in the County's account, the Treasurer believes that adding these checks into the book balance would be misleading to the taxpayer because they are a cashable check at the point they are delivered from the Treasurer therefore considered an outstanding check on the books.

10/09-05

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

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

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

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

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

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

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

10/09-06

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

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

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

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

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

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

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

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

10/09-07

Criteria: The Recorder's office should prepare complete and accurate bank reconciliations.

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

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

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

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

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

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

## II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

- a. SAS 115, *Communicating Internal Control Related Matters Identified in an Audit*, is effective for periods ending on or after December 15, 2009 and supersedes SAS No. 112. This standard defines the terms *deficiency in internal control*, *significant deficiency*, and *material weakness*. It provides guidance on evaluating the severity of deficiencies in internal control identified in an audit of financial statements.
- b. SAS 117, *Compliance Audits*, which supersedes SAS No. 74, is effective for compliance audits for periods ending on or after June 15, 2010. This SAS identifies the AU sections that are not applicable to a compliance audit, defines terms related to compliance audits and used in the SAS, and identifies the elements to be included in an auditor's report on a compliance audit. It reflects changes in the compliance audit environment and incorporates the risk assessment standards.
- c. SAS 118, *Other Information in Documents Containing Audited Financial Statements*, is effective for audits of financial statements for periods beginning on or after December 15, 2010. This section addresses the auditor's responsibility in relation to other information in documents containing audited financial statements and the auditor's report thereon.

## II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS (Concluded)

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

## III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

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

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 23, 2011. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. The County adopted the regulatory basis of accounting to report its financial statements for the years ended December 31, 2010 and 2009. We noted no transactions entered into by the County during the years for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### Difficulties Encountered in Performing the Audit

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

### Corrected and Uncorrected Misstatements

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

### Disagreements with Management

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

### Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 22, 2011.

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

#### 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.

During the course of our audit, we noted that the County was compliant with the Davis Bacon compliance requirement; however, the County is using state wage rates instead of Davis Bacon rates. If state wage rates are ever different, the County runs the risk of being noncompliant with the Davis Bacon rates. We recommend the County use the Department of Labor standard forms and use the Federal Wage Rates for the Davis Bacon compliance requirement.