



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Henry County, Missouri

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

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

Susan Montee, JD, CPA
State Auditor

September 2009
Report No. 2009-106

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

**THE COUNTY OF HENRY
CLINTON, MISSOURI
(the Primary Government)
TABLE OF CONTENTS**

| | PAGE |
|---|-------|
| <u>FINANCIAL SECTION</u> | |
| Independent Auditor's Report (the Primary Government)..... | 1-2 |
| <u>FINANCIAL STATEMENTS</u> | |
| <i>Government-Wide Financial Statements:</i> | |
| Statement of Net Assets – Modified Cash Basis..... | 3 |
| Statement of Activities – Modified Cash Basis..... | 4-5 |
| <i>Fund Financial Statements:</i> | |
| Balance Sheet – Modified Cash Basis – Governmental Funds..... | 6 |
| Statement of Revenues, Expenditures and Changes In Fund Balances – Modified Cash Basis – Governmental Funds..... | 7 |
| Reconciliation of the Governmental Funds Balance Sheet With the Statement of Net Assets – Modified Cash Basis..... | 8-9 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances With The Government-Wide Statement of Activities – Modified Cash Basis..... | 10-11 |
| Statement of Fiduciary Net Assets – Modified Cash Basis Agency Funds..... | 12 |
| Notes to the Financial Statements..... | 13-23 |
| <u>REQUIRED SUPPLEMENTARY INFORMATION</u> | |
| Schedule of Revenues, Expenditures and Changes In Fund Balances - Non-GAAP Budget Basis and Actual – Modified Cash Basis – General Fund – Unaudited..... | 24 |
| Departmental Schedule of Expenditures – Non-GAAP Budget Basis and Actual – Modified Cash Basis – General Fund – Unaudited..... | 25-26 |
| Schedule of Revenues, Expenditures and Changes In Fund Balances – Non-GAAP Budget Basis and Actual – Modified Cash Basis – Special Revenue Major Fund – Road and Bridge Fund – Unaudited..... | 27 |

**THE COUNTY OF HENRY
CLINTON, MISSOURI
(the Primary Government)
TABLE OF CONTENTS**

| | PAGE |
|---|-------|
| <u>REQUIRED SUPPLEMENTARY INFORMATION (concluded)</u> | |
| Schedule of Revenues, Expenditures and Changes In Fund Balances – Non-GAAP Budget Basis and Actual – Modified Cash Basis – Special Revenue Major Fund – Enhanced 911 Fund – Unaudited..... | 28 |
| Notes to Required Supplementary Information..... | 29 |
| <u>SUPPLEMENTARY INFORMATION</u> | |
| <i>Combining Fund Financial Statements and Schedule Non-Major Governmental Funds:</i> | |
| Combining Balance Sheet – Modified Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2008..... | 30-31 |
| Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Modified Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2008..... | 32-33 |
| Combining Balance Sheet – Modified Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2007..... | 34-35 |
| Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Modified Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2007..... | 36-37 |
| <i>Fiduciary Funds:</i> | |
| Combining Statement of Fiduciary Net Assets – Modified Cash Basis – Agency Funds – 2008..... | 38 |
| Combining Statement of Fiduciary Net Assets – Modified Cash Basis – Agency Funds – 2007..... | 39 |
| <u>STATE COMPLIANCE SECTION</u> | |
| Schedule of State Findings..... | 40 |
| <u>FEDERAL COMPLIANCE SECTION</u> | |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 41-42 |
| Schedule of Findings and Responses..... | 43-45 |

FINANCIAL SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT
(The Primary Government)

To the County Commission
The County of Henry, Missouri

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

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

The financial statements referred to above include only the Primary Government which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the Primary Government's legally separate component unit, the Henry County Health Center, which accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting, requires to be reported with the financial data of the Primary Government. As a result, the Primary Government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Primary Government as of December 31, 2008 and 2007, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated July 27, 2009 on our consideration of the Primary Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Schedules of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis – Budget and Actual and related notes on pages 24 through 29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Primary Government's basic financial statements. The combining and individual non-major funds financial statements on pages 30 through 37 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The state and federal compliance sections on pages 40 through 45 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Daniel Jones & Associates

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

July 27, 2009

FINANCIAL STATEMENTS

THE COUNTY OF HENRY
CLINTON, MISSOURI
(the Primary Government)
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2008 AND 2007

| | December 31, 2008 Total Governmental Activities | December 31, 2007 Total Governmental Activities |
|---------------------------------|---|---|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 1,010,676.50 | \$ 1,143,491.34 |
| Investments | <u>1,150,000.00</u> | <u>1,150,000.00</u> |
| TOTAL ASSETS | <u><u>2,160,676.50</u></u> | <u><u>2,293,491.34</u></u> |
| NET ASSETS | | |
| Unrestricted | 363,290.50 | 277,419.32 |
| Restricted for Specific Purpose | <u>1,797,386.00</u> | <u>2,016,072.02</u> |
| TOTAL NET ASSETS | <u><u>2,160,676.50</u></u> | <u><u>2,293,491.34</u></u> |
| TOTAL FUND BALANCE | <u><u>\$ 2,160,676.50</u></u> | <u><u>\$ 2,293,491.34</u></u> |

See accompanying notes to the financial statements.

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

| FUNCTIONS / PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS |
|---|------------------------|-------------------------|--|--|--|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | TOTAL GOVERNMENTAL ACTIVITIES |
| GOVERNMENTAL ACTIVITIES | | | | | |
| General County Government | \$ 2,478,835.49 | \$ 1,201,266.79 | \$ 277,462.63 | \$ 330,597.73 | \$ (669,508.34) |
| Road and Bridge | 454,262.57 | 744,640.89 | - | - | 290,378.32 |
| Financial Administration | 118,427.12 | - | - | - | (118,427.12) |
| Other Offices and Grants | - | - | 310,771.82 | - | 310,771.82 |
| Administration of Justice and Law Enforcement | 1,345,685.69 | - | - | - | (1,345,685.69) |
| Consulting | 104,544.74 | - | - | - | (104,544.74) |
| Fees, Licenses and Permits | 3,500.00 | - | - | - | (3,500.00) |
| Surveyor | - | - | - | - | - |
| Maintenance of Roads | - | - | - | - | - |
| Park Maintenance | - | - | - | - | - |
| Other | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - |
| Capital Outlay: | | | | | |
| Construction of Hospital | 928,268.42 | - | - | - | (928,268.42) |
| Property, Equipment and Buildings | 475,075.50 | - | - | - | (475,075.50) |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 5,908,599.53 | \$ 1,945,907.68 | \$ 588,234.45 | \$ 330,597.73 | (3,043,859.67) |
| GENERAL REVENUES | | | | | |
| Taxes: | | | | | |
| Property Taxes, Levied | | | | | 381,904.83 |
| Sales Tax | | | | | 1,304,278.15 |
| Investment Income | | | | | 63,634.12 |
| Miscellaneous | | | | | 1,161,227.73 |
| TOTAL GENERAL REVENUES | | | | | 2,911,044.83 |
| CHANGE IN NET ASSETS | | | | | (132,814.84) |
| NET ASSETS, BEGINNING OF YEAR | | | | | 2,293,491.34 |
| NET ASSETS, END OF YEAR | | | | | \$ 2,160,676.50 |

See accompanying notes to the financial statements.

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

| FUNCTIONS / PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS |
|---|------------------------|-------------------------|--|--|--|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | TOTAL GOVERNMENTAL ACTIVITIES |
| GOVERNMENTAL ACTIVITIES | | | | | |
| General County Government | \$ 2,217,289.57 | \$ 1,089,998.60 | \$ 227,022.13 | \$ 253,227.69 | \$ (647,041.15) |
| Road and Bridge | 406,073.43 | 825,903.17 | - | - | 419,829.74 |
| Financial Administration | 120,807.29 | - | - | - | (120,807.29) |
| Other Offices and Grants | - | - | 349,659.34 | - | 349,659.34 |
| Administration of Justice and Law Enforcement | 1,283,550.96 | - | - | - | (1,283,550.96) |
| Consulting | 102,481.45 | - | - | - | (102,481.45) |
| Fees, Licenses and Permits | 3,500.00 | - | - | - | (3,500.00) |
| Surveyor | - | - | - | - | - |
| Maintenance of Roads | - | - | - | - | - |
| Park Maintenance | - | - | - | - | - |
| Other | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - |
| Capital Outlay: | | | | | |
| Construction of Hospital | 773,136.63 | - | - | - | (773,136.63) |
| Property, Equipment and Buildings | 36,695.45 | - | - | - | (36,695.45) |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>\$ 4,943,534.78</u> | <u>\$ 1,915,901.77</u> | <u>\$ 576,681.47</u> | <u>\$ 253,227.69</u> | (2,197,723.85) |
| GENERAL REVENUES | | | | | |
| Taxes: | | | | | |
| Property Taxes, Levied | | | | | |
| | | | | | 315,071.43 |
| Sales Tax | | | | | |
| | | | | | 1,307,506.23 |
| Investment Income | | | | | |
| | | | | | 76,515.73 |
| Miscellaneous | | | | | |
| | | | | | 598,511.13 |
| TOTAL GENERAL REVENUES | | | | | <u>2,297,604.52</u> |
| CHANGE IN NET ASSETS | | | | | 99,880.67 |
| NET ASSETS, BEGINNING OF YEAR | | | | | <u>2,193,610.67</u> |
| NET ASSETS, END OF YEAR | | | | | <u>\$ 2,293,491.34</u> |

See accompanying notes to the financial statements.

THE COUNTY OF HENRY
CLINTON, MISSOURI
(the Primary Government)
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2008 AND 2007

| | DECEMBER 31, 2008 | | | | | DECEMBER 31, 2007 | | | | |
|---------------------------|----------------------|-------------------------|----------------------|------------------------------|--------------------------|----------------------|-------------------------|----------------------|------------------------------|--------------------------|
| | General | Special Road and Bridge | Enhanced 911 Fund | Non-Major Governmental Funds | Total Governmental Funds | General | Special Road and Bridge | Enhanced 911 Fund | Non-Major Governmental Funds | Total Governmental Funds |
| ASSETS | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 313,290.50 | \$ 117,438.56 | \$ 194,578.04 | \$ 385,369.40 | \$ 1,010,676.50 | \$ 227,419.32 | \$ 298,833.83 | \$ 285,719.98 | \$ 331,518.21 | \$ 1,143,491.34 |
| Investments | 50,000.00 | 800,000.00 | 300,000.00 | - | 1,150,000.00 | 50,000.00 | 800,000.00 | 300,000.00 | - | 1,150,000.00 |
| | | | | | - | | | | | - |
| TOTAL ASSETS | <u>363,290.50</u> | <u>917,438.56</u> | <u>494,578.04</u> | <u>385,369.40</u> | <u>2,160,676.50</u> | <u>277,419.32</u> | <u>1,098,833.83</u> | <u>585,719.98</u> | <u>331,518.21</u> | <u>2,293,491.34</u> |
| FUND BALANCES | | | | | | | | | | |
| Unreserved: | | | | | | | | | | |
| General Fund | 363,290.50 | - | - | - | 363,290.50 | 277,419.32 | - | - | - | 277,419.32 |
| Special Revenue Funds | - | 917,438.56 | 494,578.04 | 385,369.40 | 1,797,386.00 | - | 1,098,833.83 | 585,719.98 | 331,518.21 | 2,016,072.02 |
| TOTAL FUND BALANCES | <u>363,290.50</u> | <u>917,438.56</u> | <u>494,578.04</u> | <u>385,369.40</u> | <u>2,160,676.50</u> | <u>277,419.32</u> | <u>1,098,833.83</u> | <u>585,719.98</u> | <u>331,518.21</u> | <u>2,293,491.34</u> |
| TOTAL FUND BALANCES | <u>\$ 363,290.50</u> | <u>\$ 917,438.56</u> | <u>\$ 494,578.04</u> | <u>\$ 385,369.40</u> | <u>\$ 2,160,676.50</u> | <u>\$ 277,419.32</u> | <u>\$ 1,098,833.83</u> | <u>\$ 585,719.98</u> | <u>\$ 331,518.21</u> | <u>\$ 2,293,491.34</u> |

See accompanying notes to the financial statements.

THE COUNTY OF HENRY
CLINTON, MISSOURI
(the Primary Government)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

| | DECEMBER 31, 2008 | | | | | DECEMBER 31, 2007 | | | | |
|--|-------------------|----------------------------|-------------------|------------------------------------|--------------------------------|-------------------|----------------------------|-------------------|------------------------------------|--------------------------------|
| | General | Special Road and Bridge | Enhanced 911 Fund | Non-Major Governmental Funds | Total Governmental Funds | General | Special Road and Bridge | Enhanced 911 Fund | Non-Major Governmental Funds | Total Governmental Funds |
| REVENUES | | | | | | | | | | |
| Property Tax | \$ 144,933.27 | \$ 102,186.53 | \$ - | \$ 134,785.03 | \$ 381,904.83 | \$ 86,694.29 | \$ 99,883.58 | \$ - | \$ 128,493.56 | \$ 315,071.43 |
| Sales Tax | 1,161,496.21 | - | - | 142,781.94 | 1,304,278.15 | 1,218,021.15 | - | - | 89,485.08 | 1,307,506.23 |
| Inter-Governmental Revenue | - | - | - | - | - | - | - | - | - | - |
| Charges for Services | 678,494.90 | 4,406.95 | 256,096.90 | 262,268.04 | 1,201,266.79 | 555,347.49 | 6,954.31 | 268,518.62 | 259,178.18 | 1,089,998.60 |
| Loans | - | - | - | - | - | - | - | - | - | - |
| Grants, Distributions and Reimbursements | 277,462.63 | 330,597.73 | - | 310,771.82 | 918,832.18 | 227,022.13 | 253,227.69 | - | 349,659.34 | 829,909.16 |
| Fees, Licenses and Permits | - | 744,640.89 | - | - | 744,640.89 | - | 825,903.17 | - | - | 825,903.17 |
| Interest | 7,085.48 | 38,671.70 | 15,846.07 | 2,030.87 | 63,634.12 | 8,576.80 | 49,439.16 | 16,705.87 | 1,793.90 | 76,515.73 |
| Contributions | - | - | - | - | - | - | - | - | - | - |
| Other | 299,482.81 | 78,942.32 | 2,945.00 | 779,857.60 | 1,161,227.73 | 172,068.01 | 40,695.35 | 996.00 | 384,751.77 | 598,511.13 |
| TOTAL REVENUES | 2,568,955.30 | 1,299,446.12 | 274,887.97 | 1,632,495.30 | 5,775,784.69 | 2,267,729.87 | 1,276,103.26 | 286,220.49 | 1,213,361.83 | 5,043,415.45 |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General County Government | 929,497.19 | - | 226,529.91 | 1,322,808.39 | 2,478,835.49 | 794,697.75 | - | 89,047.62 | 1,333,544.20 | 2,217,289.57 |
| Road and Bridge | - | 454,262.57 | - | - | 454,262.57 | - | 406,073.43 | - | - | 406,073.43 |
| Financial Administration | 118,427.12 | - | - | - | 118,427.12 | 120,807.29 | - | - | - | 120,807.29 |
| Other Offices and Grants | - | - | - | - | - | - | - | - | - | - |
| Property Valuation and Recording | 104,544.74 | - | - | - | 104,544.74 | 102,481.45 | - | - | - | 102,481.45 |
| Supplies | - | - | - | - | - | - | - | - | - | - |
| Permits and Fees | 3,500.00 | - | - | - | 3,500.00 | 3,500.00 | - | - | - | 3,500.00 |
| Administration of Justice and Law | 1,345,685.69 | - | - | - | 1,345,685.69 | 1,283,550.96 | - | - | - | 1,283,550.96 |
| Continued Progress | - | - | - | - | - | - | - | - | - | - |
| Capital Outlay: | | | | | | | | | | |
| Construction | - | 928,268.42 | - | - | 928,268.42 | - | 773,136.63 | - | - | 773,136.63 |
| Property, Equipment and Buildings | - | 38,310.40 | - | 436,765.10 | 475,075.50 | - | 36,695.45 | - | - | 36,695.45 |
| TOTAL EXPENDITURES | 2,501,654.74 | 1,420,841.39 | 226,529.91 | 1,759,573.49 | 5,908,599.53 | 2,305,037.45 | 1,215,905.51 | 89,047.62 | 1,333,544.20 | 4,943,534.78 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 67,300.56 | (121,395.27) | 48,358.06 | (127,078.19) | (132,814.84) | (37,307.58) | 60,197.75 | 197,172.87 | (120,182.37) | 99,880.67 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers In | 126,745.62 | - | - | 254,342.02 | 381,087.64 | 150,000.00 | - | - | 263,134.65 | 413,134.65 |
| Transfers Out | (108,175.00) | (60,000.00) | (139,500.00) | (73,412.64) | (381,087.64) | (109,425.00) | (60,000.00) | (142,000.00) | (101,709.65) | (413,134.65) |
| Debt Service: | | | | | | | | | | |
| Principal Payment | - | - | - | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 18,570.62 | (60,000.00) | (139,500.00) | 180,929.38 | - | 40,575.00 | (60,000.00) | (142,000.00) | 161,425.00 | - |
| NET CHANGE IN FUND BALANCE | 85,871.18 | (181,395.27) | (91,141.94) | 53,851.19 | (132,814.84) | 3,267.42 | 197.75 | 55,172.87 | 41,242.63 | 99,880.67 |
| FUND BALANCE - BEGINNING OF YEAR | 277,419.32 | 1,098,833.83 | 585,719.98 | 331,518.21 | 2,293,491.34 | 274,151.90 | 1,098,636.08 | 530,547.11 | 290,275.58 | 2,193,610.67 |
| FUND BALANCE - END OF YEAR | \$ 363,290.50 | \$ 917,438.56 | \$ 494,578.04 | \$ 385,369.40 | \$ 2,160,676.50 | \$ 277,419.32 | \$ 1,098,833.83 | \$ 585,719.98 | \$ 331,518.21 | \$ 2,293,491.34 |

See accompanying notes to the financial statements.

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

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

| | |
|---|-----------------|
| Total Fund Balance – Governmental Funds | \$ 2,160,676.50 |
|---|-----------------|

| | |
|---------------------------------------|----------|
| There are no items of reconciliation. | <u>-</u> |
|---------------------------------------|----------|

| | |
|--|-------------------------------|
| Total Net Assets – Governmental Activities | <u><u>\$ 2,160,676.50</u></u> |
|--|-------------------------------|

See accompanying notes to the financial statements.

THE COUNTY OF HENRY
CLINTON, MISSOURI
(the Primary Government)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

| | |
|---|-----------------|
| Total Fund Balance – Governmental Funds | \$ 2,293,491.34 |
|---|-----------------|

There are no items of reconciliation.

-

| | |
|--|------------------------|
| Total Net Assets – Governmental Activities | <u>\$ 2,293,491.34</u> |
|--|------------------------|

See accompanying notes to the financial statements.

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

| | |
|--|------------------------|
| Total Net Change in Fund Balances – Governmental Funds | \$ (132,814.84) |
| There are no items of reconciliation. | <u>-</u> |
| Change in Net Assets of Governmental Activities | <u>\$ (132,814.84)</u> |

See accompanying notes to the financial statements.

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

| | |
|--|---------------------|
| Total Net Change in Fund Balances – Governmental Funds | \$ 99,880.67 |
| There are no items of reconciliation. | <u>-</u> |
| Change in Net Assets of Governmental Activities | <u>\$ 99,880.67</u> |

See accompanying notes to the financial statements.

THE COUNTY OF HENRY
CLINTON, MISSOURI
(the Primary Government)
STATEMENT OF FIDUCIARY NET ASSETS
MODIFIED CASH BASIS - AGENCY FUNDS
DECEMBER 31, 2008 AND 2007

| | <u>DECEMBER 31, 2008</u> <u>AGENCY FUNDS</u> | <u>DECEMBER 31, 2007</u> <u>AGENCY FUNDS</u> |
|---------------------------|---|---|
| ASSETS | | |
| Cash and Cash Equivalents | <u>\$ 12,107,402.78</u> | <u>\$ 11,432,529.93</u> |
| TOTAL ASSETS | <u><u>12,107,402.78</u></u> | <u><u>11,432,529.93</u></u> |
| LIABILITIES | | |
| Due to Other Funds | <u>12,107,402.78</u> | <u>11,432,529.93</u> |
| TOTAL LIABILITIES | <u><u>\$ 12,107,402.78</u></u> | <u><u>\$ 11,432,529.93</u></u> |

See accompanying notes to the financial statements.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Henry, Missouri (“the Primary Government”), which is governed by a three-member board of commissioners, was established in 1834 by an Act of the Missouri Territory. In addition to the three board members, there are eight 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 modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Reporting Entity

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

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

The financial statements referred to above include only the primary government of Henry County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Primary Government’s legal entity. The financial statements do not include financial data for the Primary Government’s legally separate component unit, the Henry County Health Center, which accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting, require to be reported with the financial data of the Primary Government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Primary Government as of December 31, 2008 and 2007, the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

Government-wide Financial Statements:

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

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

Fund Financial Statements:

Following the government-wide financial statements are separate financial statements for governmental funds and fiduciary funds. Presently, the Primary Government has no proprietary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Primary Government has determined that the General Fund, the Special Road and Bridge Fund and the Enhanced 911 Fund are major governmental funds. All other governmental funds are reported in one column labeled "Non-Major Governmental Funds". If applicable, the total fund balances for all governmental funds is reconciled to total net assets. The net change in fund balance for all governmental funds, if applicable, is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

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

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the Primary Government:

Governmental Fund Types

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

The following are the Primary Government's major funds:

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

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

Enhanced 911 Fund – The Enhanced 911 Fund is a special revenue fund used to account for receipts of the 911 Fund and related expenditures for the 911 department.

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

Fiduciary Fund Types

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

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

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

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

D. Property Taxes

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

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

| | 2008 | 2007 |
|------------------------|-----------------------|-----------------------|
| Real Estate | \$ 191,520,250 | \$ 187,408,960 |
| Personal Property | 76,056,919 | 74,106,358 |
| Railroad and Utilities | 15,206,499 | 16,610,817 |
| | <u>\$ 282,783,668</u> | <u>\$ 278,126,135</u> |

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Property Taxes (concluded)

During 2008 and 2007, the County Commission approved a \$0.04 and \$0.04, respectively, tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2008 and 2007, for purposes of County taxation, as follows:

| | <u>2008</u> | <u>2007</u> |
|----------------------|-------------|-------------|
| General Revenue Fund | \$ 0.0402 | \$ 0.0372 |

E. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer Funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less.

State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investment shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the Primary Government's name at third-party banking institutions. Details of these cash balances are presented in Note II.

F. Interfund Transactions

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. Reserved Fund Balance

Reserved fund balance represents the portion of fund balance that is not available for appropriation or is legally restricted for a specific purpose. Fund balance reserves have been established for special revenue funds.

H. Net Assets

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

I. Use of Estimates in Financial Statements

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

II. DEPOSITS AND INVESTMENTS

The Primary Government maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the Balance Sheet Governmental Funds arising from cash transactions as "Cash and Equivalents" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2008 and 2007, the carrying amount of the Primary Government's deposits was \$14,268,079.28 and \$13,726,021.27, the bank balance was \$9,825,931.36 and \$9,336,598.84, respectively. As of December 31, 2008 and 2007, 100% of the Primary Government'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, 2008, as follows:

Included in the following fund financial statement captions:

Balance Sheet – Government Funds

| | |
|-------------|-----------------|
| Deposits | \$ 1,010,676.50 |
| Investments | 1,150,000.00 |

Balance Sheet – Agency Funds

| | |
|------|----------------------|
| Cash | <u>12,107,402.78</u> |
|------|----------------------|

| | |
|--|-------------------------|
| Total Deposits & Investments as of December 31, 2008 | \$ <u>14,268,079.28</u> |
|--|-------------------------|

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

II. DEPOSITS AND INVESTMENTS (concluded)

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

Included in the following fund financial statement captions:

| | |
|--|-------------------------|
| <u>Balance Sheet – Government Funds</u> | |
| Deposits | \$ 1,143,491.34 |
| Investments | 1,150,000.00 |
| <u>Balance Sheet – Agency Funds</u> | |
| Cash | <u>11,432,529.93</u> |
| Total Deposits & Investments as of December 31, 2007 | \$ <u>13,726,021.27</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 Primary Government's investment policy does not include custodial credit risk requirements. The Primary Government's deposits were not exposed to custodial credit risk for the year end December 31, 2008 & 2007.

Custodial Credit Risk – Investments

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

Investment Interest Rate Risk

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

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the Primary Government for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The Primary Government has 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 Primary Government's investments were not exposed to concentration of investment credit risk for the year end December 31, 2008 & 2007.

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

III. LEASES

Henry County entered into a lease-purchase agreement with Ford Motor Credit Company for six 2008 Chevrolet Impala police sedans in November 2007. Initial term is 36 months. Henry County also entered into a lease-purchase agreement with Security Leasing Services for records management software in January 2008. Initial term is 36 months. The following is a schedule of future minimum lease payments at December 31, 2008:

| | FORD | SECURITY LEASING | TOTAL |
|------|---------------------|---------------------|---------------------|
| 2009 | \$ 50,826.80 | \$ 10,940.28 | \$ 61,767.08 |
| 2010 | 20,330.72 | 10,940.28 | 31,271.00 |
| | <u>\$ 71,157.52</u> | <u>\$ 21,880.56</u> | <u>\$ 93,038.08</u> |

The following is a schedule of future minimum lease payments at December 31, 2007:

| | FORD | SECURITY LEASING | TOTAL |
|------|----------------------|---------------------|----------------------|
| 2008 | 40,641.44 | 10,940.28 | 51,601.72 |
| 2009 | 50,826.80 | 10,940.28 | 61,767.08 |
| 2010 | 20,330.72 | 10,940.28 | 31,271.00 |
| | <u>\$ 111,818.96</u> | <u>\$ 32,820.84</u> | <u>\$ 144,639.80</u> |

IV. INTERFUND TRANSFERS

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

| | 2008 | | 2007 | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Transfers In | Transfers Out | Transfers In | Transfers Out |
| MAJOR FUNDS | | | | |
| General Fund | \$ 126,745.62 | \$ 108,175.00 | \$ 150,000.00 | \$ 109,425.00 |
| Special Road and Bridge Fund | - | 60,000.00 | - | 60,000.00 |
| Enhanced 911 Fund | - | 139,500.00 | - | 142,000.00 |
| NON-MAJOR FUNDS | <u>254,342.02</u> | <u>73,412.64</u> | <u>263,134.65</u> | <u>101,709.65</u> |
| TOTAL | <u>\$ 381,087.64</u> | <u>\$ 381,087.64</u> | <u>\$ 413,134.65</u> | <u>\$ 413,134.65</u> |

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

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

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

A. Plan Description

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

B. Pension Benefits

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

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

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

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

C. Funding Policy

In accordance with State Statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 have an option to contribute 2% of their annual salary, while employees hired after February 2002 are required to contribute 4% of their annual salary in order to participate in the CERF. During 2008 and 2007, the Primary Government collected and remitted to CERF, employee contributions of approximately \$93,748.15 and \$88,576.63, respectively, for the years then ended.

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

VI. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the Primary Government contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The Primary Government has contributed \$2,244 and \$2,244, respectively, for the years ended December 31, 2008 and 2007.

VII. OTHER RETIREMENT PLAN

Henry 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 Pepco who administers the 457 Plan. Employee contributions were \$1,440.00 and \$1,440.00 for the years 2008 and 2007, respectively.

VIII. POST EMPLOYMENT BENEFITS

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

IX. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Compensated Absences

The County provides employees with up to two 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 one sick day per month. The County allows employees to carry forward six days a year to a maximum of thirty days. Upon termination from County employment, an employee is reimbursed for half of unused sick leave, except if the employee has not worked in the County for ten years. These have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

The Primary Government has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as 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 HENRY
CLINTON, MISSOURI
(the Primary Government)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 & 2007

X. RISK MANAGEMENT

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

The County is also a member of the Missouri Rural Services Workers Compensation Insurance Trust. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$1,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

REQUIRED SUPPLEMENTARY INFORMATION

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

| | DECEMBER 31, 2008 | | | | DECEMBER 31, 2007 | | | |
|--|-------------------|-----------------|---------------|---------------------------------|-------------------|--------------|---------------|---------------------------------|
| | BUDGETED AMOUNTS | | ACTUAL | OVER (UNDER) FINAL BUDGET | BUDGETED AMOUNTS | | ACTUAL | OVER (UNDER) FINAL BUDGET |
| | ORIGINAL | FINAL | | | ORIGINAL | FINAL | | |
| REVENUES | | | | | | | | |
| Property Tax | \$ 100,000.00 | \$ 100,000.00 | \$ 144,933.27 | \$ 44,933.27 | \$ 70,000.00 | \$ 70,000.00 | \$ 86,694.29 | \$ 16,694.29 |
| Sales Tax | 1,200,000.00 | 1,200,000.00 | 1,161,496.21 | (38,503.79) | 1,170,000.00 | 1,170,000.00 | 1,218,021.15 | 48,021.15 |
| Inter-Governmental Revenue | - | - | - | - | - | - | - | - |
| Charges for Services | 8,000.00 | 8,000.00 | 678,494.90 | 670,494.90 | 532,954.00 | 532,954.00 | 555,347.49 | 22,393.49 |
| Grants, Distributions and Reimbursements | 323,012.00 | 323,012.00 | 277,462.63 | (45,549.37) | 275,779.00 | 275,779.00 | 227,022.13 | (48,756.87) |
| Fees, Licenses and Permits | - | - | - | - | - | - | - | - |
| Interests | 8,000.00 | 8,000.00 | 7,085.48 | (914.52) | 6,000.00 | 6,000.00 | 8,576.80 | 2,576.80 |
| Other | 193,000.00 | 193,000.00 | 299,482.81 | 106,482.81 | 153,200.00 | 153,200.00 | 172,068.01 | 18,868.01 |
| TOTAL REVENUES | 1,832,012.00 | 1,832,012.00 | 2,568,955.30 | 736,943.30 | 2,207,933.00 | 2,207,933.00 | 2,267,729.87 | 59,796.87 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General County Government | 1,008,338.00 | 1,008,338.00 | 929,497.19 | (78,840.81) | 915,886.00 | 915,886.00 | 794,697.75 | (121,188.25) |
| Financial Administration | 135,167.00 | 135,167.00 | 118,427.12 | (16,739.88) | 123,349.00 | 123,349.00 | 120,807.29 | (2,541.71) |
| Other Offices and Grants | - | - | - | - | - | - | - | - |
| Health and Welfare | 5,600.00 | 5,600.00 | 3,500.00 | (2,100.00) | 5,600.00 | 5,600.00 | 3,500.00 | (2,100.00) |
| Property Valuation and Recording | 103,166.00 | 103,166.00 | 104,544.74 | 1,378.74 | 100,356.00 | 100,356.00 | 102,481.45 | 2,125.45 |
| Administration of Justice and Law | 1,405,394.00 | 1,405,394.00 | 1,345,685.69 | (59,708.31) | 1,295,768.00 | 1,295,768.00 | 1,283,550.96 | (12,217.04) |
| Capital Outlay: | | | | | | | | |
| Construction of Roads and Bridges | - | - | - | - | - | - | - | - |
| Property, Equipment and Buildings | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 2,657,665.00 | 2,657,665.00 | 2,501,654.74 | (156,010.26) | 2,440,959.00 | 2,440,959.00 | 2,305,037.45 | (135,921.55) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (825,653.00) | (825,653.00) | 67,300.56 | 892,953.56 | (233,026.00) | (233,026.00) | (37,307.58) | 195,718.42 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | 2,599,495.00 | 2,599,495.00 | 126,745.62 | (2,472,749.38) | 164,400.00 | 164,400.00 | 150,000.00 | (14,400.00) |
| Transfers Out | (114,325.00) | (114,325.00) | (108,175.00) | 6,150.00 | (114,769.00) | (114,769.00) | (109,425.00) | 5,344.00 |
| Emergency Fund | (78,000.00) | (78,000.00) | - | 78,000.00 | (71,170.00) | (71,170.00) | - | 71,170.00 |
| Debt Service: | | | | | | | | |
| Principal Payment | - | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 2,407,170.00 | 2,407,170.00 | 18,570.62 | (2,388,599.38) | (21,539.00) | (21,539.00) | 40,575.00 | 62,114.00 |
| NET CHANGE IN FUND BALANCE | 1,581,517.00 | 1,581,517.00 | 85,871.18 | (1,495,645.82) | (254,565.00) | (254,565.00) | 3,267.42 | 257,832.42 |
| FUND BALANCE - BEGINNING OF YEAR | 277,419.32 | 277,419.32 | 277,419.32 | - | 274,151.90 | 274,151.90 | 274,151.90 | - |
| FUND BALANCE - END OF YEAR | \$ 1,858,936.32 | \$ 1,858,936.32 | \$ 363,290.50 | \$ (1,495,645.82) | \$ 19,586.90 | \$ 19,586.90 | \$ 277,419.32 | \$ 257,832.42 |

See accompanying Independent Auditor's Report.

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

| | DECEMBER 31, 2008 | | | | DECEMBER 31, 2007 | | | |
|----------------------------|---------------------|---------------------|-------------------|---------------------------------|-------------------|-------------------|-------------------|---------------------------------|
| | BUDGETED AMOUNTS | | ACTUAL | OVER (UNDER) FINAL BUDGET | BUDGETED AMOUNTS | | ACTUAL | OVER (UNDER) FINAL BUDGET |
| | ORIGINAL | FINAL | | | ORIGINAL | FINAL | | |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General County Government: | | | | | | | | |
| County Commission | \$ 121,592.00 | 121,592.00 | 119,623.42 | \$ (1,968.58) | \$ 117,111.00 | 117,111.00 | 114,556.13 | \$ (2,554.87) |
| County Clerk | 101,198.00 | 101,198.00 | 97,429.47 | (3,768.53) | 98,538.00 | 98,538.00 | 94,539.77 | (3,998.23) |
| Elections | 199,833.00 | 199,833.00 | 182,917.09 | (16,915.91) | 123,023.00 | 123,023.00 | 67,502.86 | (55,520.14) |
| Buildings and Grounds | 133,830.00 | 133,830.00 | 123,242.21 | (10,587.79) | 146,750.00 | 146,750.00 | 145,876.57 | (873.43) |
| Employee Fringe Benefits | 214,640.00 | 214,640.00 | 202,591.12 | (12,048.88) | 206,714.00 | 206,714.00 | 187,312.02 | (19,401.98) |
| Other Expenses | 237,245.00 | 237,245.00 | 203,693.88 | (33,551.12) | 223,750.00 | 223,750.00 | 184,910.40 | (38,839.60) |
| | <u>1,008,338.00</u> | <u>1,008,338.00</u> | <u>929,497.19</u> | <u>(78,840.81)</u> | <u>915,886.00</u> | <u>915,886.00</u> | <u>794,697.75</u> | <u>(121,188.25)</u> |
| Financial Administration: | | | | | | | | |
| Collector | 37,424.00 | 37,424.00 | 28,206.05 | (9,217.95) | 25,196.00 | 25,196.00 | 31,145.69 | 5,949.69 |
| Treasurer | 97,743.00 | 97,743.00 | 90,221.07 | (7,521.93) | 98,153.00 | 98,153.00 | 89,661.60 | (8,491.40) |
| | <u>135,167.00</u> | <u>135,167.00</u> | <u>118,427.12</u> | <u>(16,739.88)</u> | <u>123,349.00</u> | <u>123,349.00</u> | <u>120,807.29</u> | <u>(2,541.71)</u> |
| Other Offices & Grants: | | | | | | | | |
| Other Offices & Grants | - | - | - | - | - | - | - | - |
| Health and Welfare: | | | | | | | | |
| Non-Institutional Care | 5,600.00 | 5,600.00 | 3,500.00 | (2,100.00) | 5,600.00 | 5,600.00 | 3,500.00 | (2,100.00) |
| | <u>5,600.00</u> | <u>5,600.00</u> | <u>3,500.00</u> | <u>(2,100.00)</u> | <u>5,600.00</u> | <u>5,600.00</u> | <u>3,500.00</u> | <u>(2,100.00)</u> |

See accompanying Independent Auditor's Report.

THE COUNTY OF HENRY
CLINTON, MISSOURI
(the Primary Government)
DEPARTMENTAL SCHEDULE OF EXPENDITURES - NON-GAAP BUDGET BASIS AND ACTUAL
MODIFIED CASH BASIS - GENERAL FUND - UNAUDITED (CONCLUDED)
FOR THE YEARS ENDED

| | DECEMBER 31, 2008 | | | | DECEMBER 31, 2007 | | | |
|--|-------------------|-----------------|-----------------|---------------------------------|-------------------|-----------------|-----------------|---------------------------------|
| | BUDGETED AMOUNTS | | ACTUAL | OVER (UNDER) FINAL BUDGET | BUDGETED AMOUNTS | | ACTUAL | OVER (UNDER) FINAL BUDGET |
| | ORIGINAL | FINAL | | | ORIGINAL | FINAL | | |
| EXPENDITURES (concluded) | | | | | | | | |
| Property Valuation and Recording: | | | | | | | | |
| Recorder of Deeds | 103,166.00 | 103,166.00 | 104,544.74 | 1,378.74 | 100,356.00 | 100,356.00 | 102,481.45 | 2,125.45 |
| Administration of Justice and Law Enforcement: | | | | | | | | |
| Associate Circuit | - | - | - | - | - | - | - | - |
| Circuit Clerk | 31,500.00 | 31,500.00 | 41,871.34 | 10,371.34 | 35,304.00 | 35,304.00 | 39,180.21 | 3,876.21 |
| Children's Detention Home | - | - | - | - | - | - | - | - |
| Associate Circuit - (Probate) | - | - | - | - | - | - | - | - |
| Court Administrator | 138,582.00 | 138,582.00 | 58,360.29 | (80,221.71) | 77,684.00 | 77,684.00 | 55,224.78 | (22,459.22) |
| Dispatch | - | - | - | - | - | - | - | - |
| Circuit Judges and Court Reporters | - | - | - | - | - | - | - | - |
| Jail | 261,533.00 | 261,533.00 | 292,308.13 | 30,775.13 | 235,979.00 | 235,979.00 | 297,546.74 | 61,567.74 |
| Jury Script | - | - | - | - | - | - | - | - |
| Justice Center | - | - | - | - | - | - | - | - |
| Juvenile Office | 347,264.00 | 347,264.00 | 290,543.74 | (56,720.26) | 360,074.00 | 360,074.00 | 271,094.05 | (88,979.95) |
| Medical Examiner | 33,410.00 | 33,410.00 | 25,792.84 | (7,617.16) | 31,580.00 | 31,580.00 | 33,071.80 | 1,491.80 |
| Sheriff's Office | 353,462.00 | 353,462.00 | 405,336.47 | 51,874.47 | 336,356.00 | 336,356.00 | 368,417.91 | 32,061.91 |
| Drug Task Force | - | - | - | - | - | - | - | - |
| Patrol Cars | - | - | - | - | - | - | - | - |
| Prosecuting Attorney | 238,243.00 | 238,243.00 | 229,831.52 | (8,411.48) | 217,191.00 | 217,191.00 | 217,417.67 | 226.67 |
| Prosecuting Attorney Retirement | - | - | - | - | - | - | - | - |
| Public Administrator | 1,400.00 | 1,400.00 | 1,641.36 | 241.36 | 1,600.00 | 1,600.00 | 1,597.80 | (2.20) |
| | 1,405,394.00 | 1,405,394.00 | 1,345,685.69 | (59,708.31) | 1,295,768.00 | 1,295,768.00 | 1,283,550.96 | (12,217.04) |
| Debt Service: | | | | | | | | |
| Principal Payments | - | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - | - | - |
| Other Charges | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| Capital Outlay: | | | | | | | | |
| Property, Equipment & Buildings | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | \$ 2,657,665.00 | \$ 2,657,665.00 | \$ 2,501,654.74 | \$ (156,010.26) | \$ 2,440,959.00 | \$ 2,440,959.00 | \$ 2,305,037.45 | \$ (135,921.55) |

See accompanying Independent Auditor's Report

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

| | DECEMBER 31, 2008 | | | | DECEMBER 31, 2007 | | | |
|--|-------------------|---------------|---------------|---------------------------------|-------------------|---------------|-----------------|---------------------------------|
| | BUDGETED AMOUNTS | | ACTUAL | OVER (UNDER) FINAL BUDGET | BUDGETED AMOUNTS | | ACTUAL | OVER (UNDER) FINAL BUDGET |
| | ORIGINAL | FINAL | | | ORIGINAL | FINAL | | |
| REVENUES | | | | | | | | |
| Property Tax | \$ 100,000.00 | \$ 100,000.00 | \$ 102,186.53 | \$ 2,186.53 | \$ 102,000.00 | \$ 102,000.00 | \$ 99,883.58 | \$ (2,116.42) |
| Sales Tax | - | - | - | - | - | - | - | - |
| Inter-Governmental Revenue | - | - | - | - | - | - | - | - |
| Charges for Services | 4,500.00 | 4,500.00 | 4,406.95 | (93.05) | 6,000.00 | 6,000.00 | 6,954.31 | - |
| Grants, Distributions and Reimbursements | 320,000.00 | 320,000.00 | 330,597.73 | 10,597.73 | 495,000.00 | 495,000.00 | 253,227.69 | (241,772.31) |
| Fees, Licenses and Permits | 838,000.00 | 838,000.00 | 744,640.89 | (93,359.11) | 805,000.00 | 805,000.00 | 825,903.17 | 20,903.17 |
| Interests | 45,000.00 | 45,000.00 | 38,671.70 | (6,328.30) | 25,000.00 | 25,000.00 | 49,439.16 | 24,439.16 |
| Other | 41,500.00 | 41,500.00 | 78,942.32 | 37,442.32 | 46,500.00 | 46,500.00 | 40,695.35 | (5,804.65) |
| TOTAL REVENUES | 1,349,000.00 | 1,349,000.00 | 1,299,446.12 | (49,553.88) | 1,479,500.00 | 1,479,500.00 | 1,276,103.26 | (204,351.05) |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Salaries | 170,000.00 | 170,000.00 | 156,364.88 | (13,635.12) | 161,000.00 | 161,000.00 | 154,894.08 | (6,105.92) |
| Employee Fringe Benefits | 51,705.00 | 51,705.00 | 45,068.01 | (6,636.99) | 53,816.00 | 53,816.00 | 42,520.25 | (11,295.75) |
| Supplies | 197,300.00 | 197,300.00 | 228,353.83 | 31,053.83 | 185,000.00 | 185,000.00 | 174,835.44 | (10,164.56) |
| Property and Equipment Insurance | 13,000.00 | 13,000.00 | 8,647.00 | (4,353.00) | 13,000.00 | 13,000.00 | 7,713.00 | (5,287.00) |
| Equipment Repairs | 15,000.00 | 15,000.00 | 6,735.33 | (8,264.67) | 15,000.00 | 15,000.00 | 14,569.65 | (430.35) |
| Rentals | - | - | - | - | - | - | - | - |
| Maintenance of Roads: | | | | | | | | |
| Highway and Roads | - | - | - | - | - | - | - | - |
| Other | 44,000.00 | 44,000.00 | 9,093.52 | (34,906.48) | 44,000.00 | 44,000.00 | 11,541.01 | (32,458.99) |
| Capital Outlay: | | | | | | | | |
| Construction of Roads and Bridges | 1,027,665.00 | 1,027,665.00 | 928,268.42 | (99,396.58) | 1,172,565.00 | 1,172,565.00 | 773,136.63 | (399,428.37) |
| Property, Equipment and Buildings | 100,000.00 | 100,000.00 | 38,310.40 | (61,689.60) | 75,000.00 | 75,000.00 | 36,695.45 | (38,304.55) |
| TOTAL EXPENDITURES | 1,618,670.00 | 1,618,670.00 | 1,420,841.39 | (197,828.61) | 1,719,381.00 | 1,719,381.00 | 1,215,905.51 | (503,475.49) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (269,670.00) | (269,670.00) | (121,395.27) | 148,274.73 | (239,881.00) | (239,881.00) | 60,197.75 | 300,078.75 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | - | - | - | - | - | - | - | - |
| Transfers Out | (60,000.00) | (60,000.00) | (60,000.00) | - | (60,000.00) | (60,000.00) | (60,000.00) | - |
| Debt Service | - | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (60,000.00) | (60,000.00) | (60,000.00) | - | (60,000.00) | (60,000.00) | (60,000.00) | - |
| NET CHANGE IN FUND BALANCE | (329,670.00) | (329,670.00) | (181,395.27) | 148,274.73 | (299,881.00) | (299,881.00) | 197.75 | 300,078.75 |
| FUND BALANCE - BEGINNING OF YEAR | 1,098,833.83 | 1,098,833.83 | 1,098,833.83 | - | 1,098,636.08 | 1,098,636.08 | 1,098,636.08 | - |
| FUND BALANCE - END OF YEAR | \$ 769,163.83 | \$ 769,163.83 | \$ 917,438.56 | \$ 148,274.73 | \$ 798,755.08 | \$ 798,755.08 | \$ 1,098,833.83 | \$ 300,078.75 |

See accompanying Independent Auditor's Report.

THE COUNTY OF HENRY
CLINTON, MISSOURI
(the Primary Government)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-GAAP BUDGET BASIS AND ACTUAL - MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND
ENHANCED 911 FUND - UNAUDITED
FOR THE YEARS ENDED

| | DECEMBER 31, 2008 | | | | DECEMBER 31, 2007 | | | |
|--|-------------------|---------------|---------------|---------------------------------|-------------------|---------------|---------------|---------------------------------|
| | BUDGETED AMOUNTS | | ACTUAL | OVER (UNDER) FINAL BUDGET | BUDGETED AMOUNTS | | ACTUAL | OVER (UNDER) FINAL BUDGET |
| | ORIGINAL | FINAL | | | ORIGINAL | FINAL | | |
| REVENUES | | | | | | | | |
| Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sales Tax | - | - | - | - | - | - | - | - |
| Inter-Governmental Revenue | - | - | - | - | - | - | - | - |
| Charges for Services | 265,000.00 | 265,000.00 | 256,096.90 | (8,903.10) | 275,000.00 | 275,000.00 | 268,518.62 | (6,481.38) |
| Grants, Distributions and Reimbursements | - | - | - | - | - | - | - | - |
| Fees, Licenses and Permits | - | - | - | - | - | - | - | - |
| Interest | 12,000.00 | 12,000.00 | 15,846.07 | 3,846.07 | 10,000.00 | 10,000.00 | 16,705.87 | 6,705.87 |
| Other | 996.00 | 996.00 | 2,945.00 | 1,949.00 | - | - | 996.00 | 996.00 |
| TOTAL REVENUES | 277,996.00 | 277,996.00 | 274,887.97 | (3,108.03) | 285,000.00 | 285,000.00 | 286,220.49 | 1,220.49 |
| EXPENDITURES | | | | | | | | |
| Enhanced 911 Fund | 399,000.00 | 399,000.00 | 226,529.91 | 172,470.09 | 394,000.00 | 394,000.00 | 89,047.62 | (304,952.38) |
| TOTAL EXPENDITURES | 399,000.00 | 399,000.00 | 226,529.91 | 172,470.09 | 394,000.00 | 394,000.00 | 89,047.62 | (304,952.38) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (121,004.00) | (121,004.00) | 48,358.06 | 169,362.06 | (109,000.00) | (109,000.00) | 197,172.87 | 306,172.87 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | - | - | - | - | - | - | - | - |
| Transfers Out | - | - | (139,500.00) | (139,500.00) | - | - | (142,000.00) | (142,000.00) |
| Debt Service: | | | | | | | | |
| Principle | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | (139,500.00) | (139,500.00) | - | - | (142,000.00) | (142,000.00) |
| NET CHANGE IN FUND BALANCE | (121,004.00) | (121,004.00) | (91,141.94) | 29,862.06 | (109,000.00) | (109,000.00) | 55,172.87 | 164,172.87 |
| FUND BALANCE - BEGINNING OF YEAR | 585,719.98 | 585,719.98 | 585,719.98 | - | 530,547.11 | 530,547.11 | 530,547.11 | - |
| FUND BALANCE - END OF YEAR | \$ 464,715.98 | \$ 464,715.98 | \$ 494,578.04 | \$ 29,862.06 | \$ 421,547.11 | \$ 421,547.11 | \$ 585,719.98 | \$ 164,172.87 |

See accompanying Independent Auditor's Report.

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

SUPPLEMENTARY INFORMATION

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

| | Assessment Fund | Central Emergency Communicati ons Fund | Law Enforcement Training Fund | Prosecuting Attorney Training Fund | Prosecuting Attorneys Bad Check Fund | Prosecuting Attorney Delinquent Tax Fund | Domestic Violence Fund | Use Tax Fund | Local Emergency Planning Commission Fund | Drug Abuse Resistance Fund | Corps of Engineers | Federal Grant Fund |
|--|---------------------|---|-------------------------------------|--|--|---|------------------------------|---------------------|--|-------------------------------------|-----------------------|-----------------------|
| ASSETS | | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 40,428.25 | \$ 30,213.12 | \$ 130.91 | \$ 33.82 | \$ 8,851.53 | \$ 42.86 | \$ 23.80 | \$ 85,479.97 | \$ 7,350.59 | \$ 9.94 | \$ 4,543.20 | \$ 1,835.68 |
| TOTAL ASSETS | <u>40,428.25</u> | <u>30,213.12</u> | <u>130.91</u> | <u>33.82</u> | <u>8,851.53</u> | <u>42.86</u> | <u>23.80</u> | <u>85,479.97</u> | <u>7,350.59</u> | <u>9.94</u> | <u>4,543.20</u> | <u>1,835.68</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
| TOTAL LIABILITIES | - | - | - | - | - | - | - | - | - | - | - | - |
| UNRESERVED FUND BALANCES | <u>40,428.25</u> | <u>30,213.12</u> | <u>130.91</u> | <u>33.82</u> | <u>8,851.53</u> | <u>42.86</u> | <u>23.80</u> | <u>85,479.97</u> | <u>7,350.59</u> | <u>9.94</u> | <u>4,543.20</u> | <u>1,835.68</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 40,428.25</u> | <u>\$ 30,213.12</u> | <u>\$ 130.91</u> | <u>\$ 33.82</u> | <u>\$ 8,851.53</u> | <u>\$ 42.86</u> | <u>\$ 23.80</u> | <u>\$ 85,479.97</u> | <u>\$ 7,350.59</u> | <u>\$ 9.94</u> | <u>\$ 4,543.20</u> | <u>\$ 1,835.68</u> |

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

| | Log Jam/CDBG Fund | Tax Maintenance Fund | County Grant Fund | Inmate Security Fund | Victims Advocate Fund | Senior Citizen's Fund | Sheriff's Special Project Fund | Recorder's Records Storage Preservation Fund | Tri-County Child Support Fund | Election Service Fund | County Law Enforcement | Total |
|--|-------------------------|----------------------------|----------------------|-------------------------|--------------------------|--------------------------|--------------------------------------|--|-------------------------------------|--------------------------|---------------------------|----------------------|
| ASSETS | | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 34,346.91 | \$ 46,890.16 | \$ 18,213.17 | \$ 3,269.32 | \$ 4,619.98 | \$ 56,966.91 | \$ 74.82 | \$ 7.95 | \$ - | \$ 14,488.85 | \$ 27,547.66 | \$ 385,369.40 |
| TOTAL ASSETS | <u>34,346.91</u> | <u>46,890.16</u> | <u>18,213.17</u> | <u>3,269.32</u> | <u>4,619.98</u> | <u>56,966.91</u> | <u>74.82</u> | <u>7.95</u> | <u>-</u> | <u>14,488.85</u> | <u>27,547.66</u> | <u>385,369.40</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
| TOTAL LIABILITIES | - | - | - | - | - | - | - | - | - | - | - | - |
| UNRESERVED FUND BALANCES | 34,346.91 | 46,890.16 | 18,213.17 | 3,269.32 | 4,619.98 | 56,966.91 | 74.82 | 7.95 | - | 14,488.85 | 27,547.66 | 385,369.40 |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 34,346.91</u> | <u>\$ 46,890.16</u> | <u>\$ 18,213.17</u> | <u>\$ 3,269.32</u> | <u>\$ 4,619.98</u> | <u>\$ 56,966.91</u> | <u>\$ 74.82</u> | <u>\$ 7.95</u> | <u>\$ -</u> | <u>\$ 14,488.85</u> | <u>\$ 27,547.66</u> | <u>\$ 385,369.40</u> |

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

| | Assessment Fund | Central Emergency Communications Fund | Law Enforcement Training Fund | Prosecuting Attorney Training Fund | Prosecuting Attorneys Bad Check Fund | Prosecuting Attorney Delinquent Tax Fund | Domestic Violence Fund | Use Tax Fund | Local Emergency Planning Commission Fund | Drug Abuse Resistance Fund | Corps of Engineers | Federal Grant Fund |
|--|--------------------|--|-------------------------------------|--|--|---|---------------------------|--------------|--|----------------------------------|-----------------------|-----------------------|
| REVENUES | | | | | | | | | | | | |
| Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sales Tax | - | - | - | - | - | - | - | 56,618.71 | - | - | - | - |
| Inter-Governmental Revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Charges for Services | - | 145,460.00 | 10,573.60 | 1,391.28 | 35,688.32 | 2,375.15 | - | - | - | - | - | - |
| Grants, Distributions and Reimbursements | 97,510.14 | - | - | - | - | - | 15,699.05 | - | 5,165.37 | - | - | 39,874.53 |
| Fees, Licenses and Permits | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest | 634.64 | 170.14 | - | - | - | - | - | 585.75 | - | - | - | - |
| Other | 223,382.19 | 9,896.00 | 1,225.00 | 72.91 | - | 56.51 | 1,069.00 | - | - | 1,822.00 | 97,176.04 | 9,179.52 |
| TOTAL REVENUES | 321,526.97 | 155,526.14 | 11,798.60 | 1,464.19 | 35,688.32 | 2,431.66 | 16,768.05 | 57,204.46 | 5,165.37 | 1,822.00 | 97,176.04 | 49,054.05 |
| EXPENDITURES | | | | | | | | | | | | |
| General Government | 305,734.14 | 397,586.13 | 12,331.98 | 1,628.57 | 38,652.63 | 3,139.71 | 18,431.27 | - | 5,593.89 | 1,813.95 | 92,485.47 | 48,358.50 |
| Administration of Justice and Law | - | - | - | - | - | - | - | - | - | - | - | - |
| Permits, Licenses and Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| Highways and Roads | - | - | - | - | - | - | - | - | - | - | - | - |
| Health and Welfare | - | - | - | - | - | - | - | - | - | - | - | - |
| Principal, Interest and Fiscal Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Outlay: | | | | | | | | | | | | |
| Construction of Roads and Bridges | - | - | - | - | - | - | - | - | - | - | - | - |
| Future Capital Improvements | - | - | - | - | - | - | - | - | - | - | - | - |
| Property, Equipment and Buildings | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | | | | | | |
| Principal Payment | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Charges | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 305,734.14 | 397,586.13 | 12,331.98 | 1,628.57 | 38,652.63 | 3,139.71 | 18,431.27 | - | 5,593.89 | 1,813.95 | 92,485.47 | 48,358.50 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 15,792.83 | (242,059.99) | (533.38) | (164.38) | (2,964.31) | (708.05) | (1,663.22) | 57,204.46 | (428.52) | 8.05 | 4,690.57 | 695.55 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Transfers In | - | 229,500.00 | - | - | 5,000.00 | - | 1,667.02 | - | - | - | 5,850.00 | - |
| Transfers Out | - | - | - | - | - | - | - | (50,000.00) | - | - | (6,000.00) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | 229,500.00 | - | - | 5,000.00 | - | 1,667.02 | (50,000.00) | - | - | (150.00) | - |
| NET CHANGE IN FUND BALANCES | 15,792.83 | (12,559.99) | (533.38) | (164.38) | 2,035.69 | (708.05) | 3.80 | 7,204.46 | (428.52) | 8.05 | 4,540.57 | 695.55 |
| FUND BALANCES - BEGINNING OF YEAR | 24,635.42 | 42,773.11 | 664.29 | 198.20 | 6,815.84 | 750.91 | 20.00 | 78,275.51 | 7,779.11 | 1.89 | 2.63 | 1,140.13 |
| FUND BALANCES - END OF YEAR | \$ 40,428.25 | \$ 30,213.12 | \$ 130.91 | \$ 33.82 | \$ 8,851.53 | \$ 42.86 | \$ 23.80 | \$ 85,479.97 | \$ 7,350.59 | \$ 9.94 | \$ 4,543.20 | \$ 1,835.68 |

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

| | Log Jam/CDBG Fund | Tax Maintenance Fund | County Grant Fund | Inmate Security Fund | Victims Advocate Fund | Senior Citizen's Fund | Sheriff's Special Project Fund | Recorder's Records Storage Preservation Fund | Tri-County Child Support Fund | Election Service Fund | County Law Enforcement | Total |
|--|-------------------------|----------------------------|----------------------|----------------------------|-----------------------------|--------------------------|--------------------------------------|--|-------------------------------------|--------------------------|---------------------------|----------------------|
| REVENUES | | | | | | | | | | | | |
| Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 134,785.03 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 134,785.03 |
| Sales Tax | - | - | - | - | - | - | - | - | - | - | 86,163.23 | 142,781.94 |
| Inter-Governmental Revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Charges for Services | - | 47,837.69 | - | 4,095.00 | - | - | - | 14,847.00 | - | - | - | 262,268.04 |
| Grants, Distributions and Reimbursements | 7,403.00 | - | 2,215.00 | - | 27,340.03 | - | 23,813.68 | - | 91,751.02 | - | - | 310,771.82 |
| Fees, Licenses and Permits | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | 558.22 | - | 32.59 | - | - | 49.53 | 2,030.87 |
| Other | - | 245.46 | - | 1,559.00 | - | - | 36,503.48 | - | 5,984.51 | 13,585.98 | 378,100.00 | 779,857.60 |
| TOTAL REVENUES | 7,403.00 | 48,083.15 | 2,215.00 | 5,654.00 | 27,340.03 | 135,343.25 | 60,317.16 | 14,879.59 | 97,735.53 | 13,585.98 | 464,312.76 | 1,632,495.30 |
| EXPENDITURES | | | | | | | | | | | | |
| General Government | 7,403.00 | 52,485.37 | 2,215.00 | 2,531.69 | 29,039.18 | 119,548.14 | 73,444.68 | 4,157.60 | 97,244.14 | 8,983.35 | - | 1,322,808.39 |
| Administration of Justice and Law | - | - | - | - | - | - | - | - | - | - | - | - |
| Permits, Licenses and Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| Highways and Roads | - | - | - | - | - | - | - | - | - | - | - | - |
| Health and Welfare | - | - | - | - | - | - | - | - | - | - | - | - |
| Principal, Interest and Fiscal Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Outlay: | | | | | | | | | | | - | |
| Construction of Roads and Bridges | - | - | - | - | - | - | - | - | - | - | - | - |
| Future Capital Improvements | - | - | - | - | - | - | - | - | - | - | - | - |
| Property, Equipment and Buildings | - | - | - | - | - | - | - | - | - | - | 436,765.10 | 436,765.10 |
| Debt Service: | | | | | | | | | | | | |
| Principal Payment | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Charges | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 7,403.00 | 52,485.37 | 2,215.00 | 2,531.69 | 29,039.18 | 119,548.14 | 73,444.68 | 4,157.60 | 97,244.14 | 8,983.35 | 436,765.10 | 1,759,573.49 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | - | (4,402.22) | - | 3,122.31 | (1,699.15) | 15,795.11 | (13,127.52) | 10,721.99 | 491.39 | 4,602.63 | 27,547.66 | (127,078.19) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Transfers In | - | - | - | - | - | - | 12,325.00 | - | - | - | - | 254,342.02 |
| Transfers Out | - | - | - | - | (1,667.02) | - | - | (10,745.62) | (5,000.00) | - | - | (73,412.64) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - | (1,667.02) | - | 12,325.00 | (10,745.62) | (5,000.00) | - | - | 180,929.38 |
| NET CHANGE IN FUND BALANCES | - | (4,402.22) | - | 3,122.31 | (3,366.17) | 15,795.11 | (802.52) | (23.63) | (4,508.61) | 4,602.63 | 27,547.66 | 53,851.19 |
| FUND BALANCES - BEGINNING OF YEAR | 34,346.91 | 51,292.38 | 18,213.17 | 147.01 | 7,986.15 | 41,171.80 | 877.34 | 31.58 | 4,508.61 | 9,886.22 | - | 331,518.21 |
| FUND BALANCES - END OF YEAR | \$ 34,346.91 | \$ 46,890.16 | \$ 18,213.17 | \$ 3,269.32 | \$ 4,619.98 | \$ 56,966.91 | \$ 74.82 | \$ 7.95 | \$ - | \$ 14,488.85 | \$ 27,547.66 | \$ 385,369.40 |

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

| | Assessment Fund | Central Emergency Communications Fund | Law Enforcement Training Fund | Prosecuting Attorney Training Fund | Prosecuting Attorneys Bad Check Fund | Prosecuting Attorney Delinquent Tax Fund | Domestic Violence Fund | Use Tax Fund | Local Emergency Planning Commission Fund | Drug Abuse Resistance Fund | Corps of Engineers | Federal Grant Fund |
|--|---------------------|--|-------------------------------------|--|--|---|---------------------------|---------------------|--|-------------------------------------|-----------------------|-----------------------|
| ASSETS | | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 24,635.42 | \$ 42,773.11 | \$ 664.29 | \$ 198.20 | \$ 6,815.84 | \$ 750.91 | \$ 20.00 | \$ 78,275.51 | \$ 7,779.11 | \$ 1.89 | \$ 2.63 | \$ 1,140.13 |
| TOTAL ASSETS | <u>24,635.42</u> | <u>42,773.11</u> | <u>664.29</u> | <u>198.20</u> | <u>6,815.84</u> | <u>750.91</u> | <u>20.00</u> | <u>78,275.51</u> | <u>7,779.11</u> | <u>1.89</u> | <u>2.63</u> | <u>1,140.13</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
| TOTAL LIABILITIES | - | - | - | - | - | - | - | - | - | - | - | - |
| UNRESERVED FUND BALANCES | <u>24,635.42</u> | <u>42,773.11</u> | <u>664.29</u> | <u>198.20</u> | <u>6,815.84</u> | <u>750.91</u> | <u>20.00</u> | <u>78,275.51</u> | <u>7,779.11</u> | <u>1.89</u> | <u>2.63</u> | <u>1,140.13</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 24,635.42</u> | <u>\$ 42,773.11</u> | <u>\$ 664.29</u> | <u>\$ 198.20</u> | <u>\$ 6,815.84</u> | <u>\$ 750.91</u> | <u>\$ 20.00</u> | <u>\$ 78,275.51</u> | <u>\$ 7,779.11</u> | <u>\$ 1.89</u> | <u>\$ 2.63</u> | <u>\$ 1,140.13</u> |

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

| | Log Jam/CDBG Fund | Tax Maintenance Fund | County Grant Fund | Inmate Security Fund | Victims Advocate Fund | Senior Citizen's Fund | Recorder's Records Storage Preservation Fund | Sheriff's Special Project Fund | Tri-County Child Support Fund | Election Service Fund | Total |
|--|-------------------------|----------------------------|----------------------|-------------------------|-----------------------------|-----------------------------|--|--------------------------------------|--|--------------------------|----------------------|
| ASSETS | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 34,346.91 | \$ 51,292.38 | \$ 18,213.17 | \$ 147.01 | \$ 7,986.15 | \$ 41,171.80 | \$ 31.58 | \$ 877.34 | \$ 4,508.61 | \$ 9,886.22 | \$ 331,518.21 |
| TOTAL ASSETS | <u>34,346.91</u> | <u>51,292.38</u> | <u>18,213.17</u> | <u>147.01</u> | <u>7,986.15</u> | <u>41,171.80</u> | <u>31.58</u> | <u>877.34</u> | <u>4,508.61</u> | <u>9,886.22</u> | <u>331,518.21</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| TOTAL LIABILITIES | - | - | - | - | - | - | - | - | - | - | - |
| UNRESERVED FUND BALANCES | <u>34,346.91</u> | <u>51,292.38</u> | <u>18,213.17</u> | <u>147.01</u> | <u>7,986.15</u> | <u>41,171.80</u> | <u>31.58</u> | <u>877.34</u> | <u>4,508.61</u> | <u>9,886.22</u> | <u>331,518.21</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 34,346.91</u> | <u>\$ 51,292.38</u> | <u>\$ 18,213.17</u> | <u>\$ 147.01</u> | <u>\$ 7,986.15</u> | <u>\$ 41,171.80</u> | <u>\$ 31.58</u> | <u>\$ 877.34</u> | <u>\$ 4,508.61</u> | <u>\$ 9,886.22</u> | <u>\$ 331,518.21</u> |

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

| | Assessment Fund | Central Emergency Communications Fund | Law Enforcement Training Fund | Prosecuting Attorney Training Fund | Prosecuting Attorneys Bad Check Fund | Prosecuting Attorney Delinquent Tax Fund | Domestic Violence Fund | Use Tax Fund | Local Emergency Planning Commission Fund | Drug Abuse Resistance Fund | Corps of Engineers | Federal Grant Fund |
|--|--------------------|--|-------------------------------------|--|--|---|---------------------------|--------------|--|----------------------------------|-----------------------|-----------------------|
| REVENUES | | | | | | | | | | | | |
| Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sales Tax | - | - | - | - | - | - | - | 89,485.08 | - | - | - | - |
| Inter-Governmental Revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Charges for Services | - | 142,460.00 | 9,639.00 | 1,372.05 | 38,810.63 | 1,959.11 | - | - | - | - | - | - |
| Grants, Distributions and Reimbursements | 92,826.29 | - | - | - | - | - | 16,298.50 | - | 5,224.71 | 1,000.00 | - | 90,112.16 |
| Fees, Licenses and Permits | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest | 1,095.73 | 284.23 | - | - | - | - | - | 413.94 | - | - | - | - |
| Other | 198,626.82 | 1,555.75 | 1,650.00 | - | - | 125.25 | 1,066.00 | - | - | 3,384.00 | 88,908.98 | 4,825.00 |
| TOTAL REVENUES | 292,548.84 | 144,299.98 | 11,289.00 | 1,372.05 | 38,810.63 | 2,084.36 | 17,364.50 | 89,899.02 | 5,224.71 | 4,384.00 | 88,908.98 | 94,937.16 |
| EXPENDITURES | | | | | | | | | | | | |
| General Government | 279,833.63 | 378,811.57 | 10,890.06 | 1,448.99 | 54,532.88 | 1,725.74 | 23,910.15 | - | 5,615.93 | 4,396.68 | 88,675.60 | 97,441.92 |
| Administration of Justice and Law | - | - | - | - | - | - | - | - | - | - | - | - |
| Highways and Roads | - | - | - | - | - | - | - | - | - | - | - | - |
| Health and Welfare | - | - | - | - | - | - | - | - | - | - | - | - |
| Principal, Interest and Fiscal Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Outlay: | | | | | | | | | | | | |
| Construction of Roads and Bridges | - | - | - | - | - | - | - | - | - | - | - | - |
| Future Capital Improvements | - | - | - | - | - | - | - | - | - | - | - | - |
| Property, Equipment and Buildings | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | | | | | | |
| Principal Payment | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Charges | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 279,833.63 | 378,811.57 | 10,890.06 | 1,448.99 | 54,532.88 | 1,725.74 | 23,910.15 | - | 5,615.93 | 4,396.68 | 88,675.60 | 97,441.92 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 12,715.21 | (234,511.59) | 398.94 | (76.94) | (15,722.25) | 358.62 | (6,545.65) | 89,899.02 | (391.22) | (12.68) | 233.38 | (2,504.76) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Transfers In | - | 232,000.00 | - | - | 5,170.00 | - | 6,539.65 | - | - | - | 5,700.00 | - |
| Transfers Out | - | - | - | - | - | - | - | (80,000.00) | - | - | (6,000.00) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | 232,000.00 | - | - | 5,170.00 | - | 6,539.65 | (80,000.00) | - | - | (300.00) | - |
| NET CHANGE IN FUND BALANCES | 12,715.21 | (2,511.59) | 398.94 | (76.94) | (10,552.25) | 358.62 | (6.00) | 9,899.02 | (391.22) | (12.68) | (66.62) | (2,504.76) |
| FUND BALANCES - BEGINNING OF YEAR | 11,920.21 | 45,284.70 | 265.35 | 275.14 | 17,368.09 | 392.29 | 26.00 | 68,376.49 | 8,170.33 | 14.57 | 69.25 | 3,644.89 |
| FUND BALANCES - END OF YEAR | \$ 24,635.42 | \$ 42,773.11 | \$ 664.29 | \$ 198.20 | \$ 6,815.84 | \$ 750.91 | \$ 20.00 | \$ 78,275.51 | \$ 7,779.11 | \$ 1.89 | \$ 2.63 | \$ 1,140.13 |

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

| | Log Jam/CDBG Fund | Tax Maintenance Fund | County Grant Fund | Inmate Security Fund | Victims Advocate Fund | Senior Citizen's Fund | Recorder's Records Storage Preservation Fund | Sheriff's Special Project Fund | Tri-County Child Support Fund | Election Service Fund | Total |
|--|-------------------------|----------------------------|----------------------|-------------------------|--------------------------|--------------------------|--|--------------------------------------|-------------------------------------|--------------------------|----------------------|
| REVENUES | | | | | | | | | | | |
| Property Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 128,493.56 | \$ - | \$ - | \$ - | \$ - | \$ 128,493.56 |
| Sales Tax | - | - | - | - | - | - | - | - | - | - | 89,485.08 |
| Inter-Governmental Revenue | - | - | - | - | - | - | - | - | - | - | - |
| Charges for Services | - | 44,895.95 | - | 2,990.00 | - | - | 17,051.44 | - | - | - | 259,178.18 |
| Grants, Distributions and Reimbursements | 31,075.00 | - | - | - | 22,775.87 | - | - | 12,199.14 | 78,147.67 | - | 349,659.34 |
| Fees, Licenses and Permits | - | - | - | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - | - | - | - | 1,793.90 |
| Other | - | 90.41 | 12,800.00 | 4,545.00 | 6,506.00 | 1,300.01 | 50.86 | 36,423.80 | 16,997.59 | 5,896.30 | 384,751.77 |
| TOTAL REVENUES | 31,075.00 | 44,986.36 | 12,800.00 | 7,535.00 | 29,281.87 | 129,793.57 | 17,102.30 | 48,622.94 | 95,145.26 | 5,896.30 | 1,213,361.83 |
| EXPENDITURES | | | | | | | | | | | |
| General Government | 33,075.00 | 28,193.37 | 15,200.00 | 7,387.99 | 19,255.85 | 107,163.97 | 16,540.62 | 63,046.80 | 93,961.29 | 2,436.16 | 1,333,544.20 |
| Administration of Justice and Law | - | - | - | - | - | - | - | - | - | - | - |
| Highways and Roads | - | - | - | - | - | - | - | - | - | - | - |
| Health and Welfare | - | - | - | - | - | - | - | - | - | - | - |
| Principal, Interest and Fiscal Fees | - | - | - | - | - | - | - | - | - | - | - |
| Capital Outlay: | | | | | | | | | | | |
| Construction of Roads and Bridges | - | - | - | - | - | - | - | - | - | - | - |
| Future Capital Improvements | - | - | - | - | - | - | - | - | - | - | - |
| Property, Equipment and Buildings | - | - | - | - | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | | | | | |
| Principal Payment | - | - | - | - | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - | - | - | - | - | - | - |
| Other Charges | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | 33,075.00 | 28,193.37 | 15,200.00 | 7,387.99 | 19,255.85 | 107,163.97 | 16,540.62 | 63,046.80 | 93,961.29 | 2,436.16 | 1,333,544.20 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (2,000.00) | 16,792.99 | (2,400.00) | 147.01 | 10,026.02 | 22,629.60 | 561.68 | (14,423.86) | 1,183.97 | 3,460.14 | (120,182.37) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Transfers In | - | - | - | - | - | - | - | 13,725.00 | - | - | 263,134.65 |
| Transfers Out | - | - | - | - | (7,039.65) | - | (4,000.00) | - | (4,670.00) | - | (101,709.65) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - | (7,039.65) | - | (4,000.00) | 13,725.00 | (4,670.00) | - | 161,425.00 |
| NET CHANGE IN FUND BALANCES | (2,000.00) | 16,792.99 | (2,400.00) | 147.01 | 2,986.37 | 22,629.60 | (3,438.32) | (698.86) | (3,486.03) | 3,460.14 | 41,242.63 |
| FUND BALANCES - BEGINNING OF YEAR | 36,346.91 | 34,499.39 | 20,613.17 | - | 4,999.78 | 18,542.20 | 3,469.90 | 1,576.20 | 7,994.64 | 6,426.08 | 290,275.58 |
| FUND BALANCES - END OF YEAR | \$ 34,346.91 | \$ 51,292.38 | \$ 18,213.17 | \$ 147.01 | \$ 7,986.15 | \$ 41,171.80 | \$ 31.58 | \$ 877.34 | \$ 4,508.61 | \$ 9,886.22 | \$ 331,518.21 |

THE COUNTY OF HENRY
CLINTON, MISSOURI
(the Primary Government)
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
MODIFIED CASH BASIS - AGENCY FUNDS
DECEMBER 31, 2008

| | Sheriff's Civil Fund | Law Enforcement Contract Fund | County Sheriff Revolving Fund | County Employee's Retirement Fund (CERF) | Surplus Sales | Electronic Federal Tax Payment | CAP. Schools | Lieu/Tax | Collector | Circuit Court | Recorder | Sheriff | Total |
|--|-------------------------|-------------------------------------|-------------------------------------|---|---------------------|--------------------------------------|--------------------|---------------------|------------------------|----------------------|---------------------|--------------------|-------------------------|
| ASSETS | | | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 15.90 | \$ 6,598.89 | \$ 83.04 | \$ 7,394.85 | \$ 18,144.57 | \$ 46,174.23 | \$ 2,000.00 | \$ 16,812.13 | \$11,806,706.50 | \$ 188,441.18 | \$ 15,825.00 | \$ (793.51) | \$ 12,107,402.78 |
| TOTAL ASSETS | <u>15.90</u> | <u>6,598.89</u> | <u>83.04</u> | <u>7,394.85</u> | <u>18,144.57</u> | <u>46,174.23</u> | <u>2,000.00</u> | <u>16,812.13</u> | <u>11,806,706.50</u> | <u>188,441.18</u> | <u>15,825.00</u> | <u>(793.51)</u> | <u>12,107,402.78</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | | |
| TOTAL LIABILITIES | - | - | - | - | - | - | - | - | - | - | - | - | - |
| UNRESERVED FUND BALANCES | 15.90 | 6,598.89 | 83.04 | 7,394.85 | 18,144.57 | 46,174.23 | 2,000.00 | 16,812.13 | 11,806,706.50 | 188,441.18 | 15,825.00 | (793.51) | 12,107,402.78 |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 15.90</u> | <u>\$ 6,598.89</u> | <u>\$ 83.04</u> | <u>\$ 7,394.85</u> | <u>\$ 18,144.57</u> | <u>\$ 46,174.23</u> | <u>\$ 2,000.00</u> | <u>\$ 16,812.13</u> | <u>\$11,806,706.50</u> | <u>\$ 188,441.18</u> | <u>\$ 15,825.00</u> | <u>\$ (793.51)</u> | <u>\$ 12,107,402.78</u> |

THE COUNTY OF HENRY
CLINTON, MISSOURI
(the Primary Government)
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
MODIFIED CASH BASIS - AGENCY FUNDS
DECEMBER 31, 2007

| | Sheriff's Civil Fund | Law Enforcement Contract Fund | County Sheriff Revolving Fund | County Employee's Retirement Fund (CERF) | Surplus Sales | Electronic Federal Tax Payment | CAP. Schools | Lieu/Tax | Collector | Circuit Court | Recorder | Sheriff | Total |
|--|-------------------------|-------------------------------------|----------------------------------|---|---------------------|--------------------------------------|--------------------|---------------------|-------------------------|---------------------|---------------------|----------------------|-------------------------|
| ASSETS | | | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 1.05 | \$ 285.75 | \$ 964.44 | \$ 6,920.12 | \$ 22,847.02 | \$ 43,260.86 | \$ 9,948.00 | \$ 20,326.12 | \$ 11,268,590.49 | \$ 46,530.72 | \$ 14,264.50 | \$ (1,409.14) | \$ 11,432,529.93 |
| TOTAL ASSETS | <u>1.05</u> | <u>285.75</u> | <u>964.44</u> | <u>6,920.12</u> | <u>22,847.02</u> | <u>43,260.86</u> | <u>9,948.00</u> | <u>20,326.12</u> | <u>11,268,590.49</u> | <u>46,530.72</u> | <u>14,264.50</u> | <u>(1,409.14)</u> | <u>11,432,529.93</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | | |
| TOTAL LIABILITIES | - | - | - | - | - | - | - | - | - | - | - | - | - |
| UNRESERVED FUND BALANCES | <u>1.05</u> | <u>285.75</u> | <u>964.44</u> | <u>6,920.12</u> | <u>22,847.02</u> | <u>43,260.86</u> | <u>9,948.00</u> | <u>20,326.12</u> | <u>11,268,590.49</u> | <u>46,530.72</u> | <u>14,264.50</u> | <u>(1,409.14)</u> | <u>11,432,529.93</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 1.05</u> | <u>\$ 285.75</u> | <u>\$ 964.44</u> | <u>\$ 6,920.12</u> | <u>\$ 22,847.02</u> | <u>\$ 43,260.86</u> | <u>\$ 9,948.00</u> | <u>\$ 20,326.12</u> | <u>\$ 11,268,590.49</u> | <u>\$ 46,530.72</u> | <u>\$ 14,264.50</u> | <u>\$ (1,409.14)</u> | <u>\$ 11,432,529.93</u> |

STATE COMPLIANCE SECTION

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

SCHEDULE OF STATE FINDINGS

There are no state findings to report for the years ended December 31, 2007 and 2008.

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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 Henry, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Henry, (the Primary Government), State of Missouri, as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the basic financial statements of the Primary Government, and have issued our modified cash basis report thereon dated July 27, 2009. Our report was modified because the Primary Government prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We did not express an opinion on supplementary information required by the Governmental Accounting Standards Board. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Internal Control Over Financial Reporting (concluded)

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Henry County in a separate letter dated July 27, 2009.

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

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 intended 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 27, 2009

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

I. FINANCIAL STATEMENT FINDINGS

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

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

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

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

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

Management's Response: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the county's annual budget document and annual financial statement. The county was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

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

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

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

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

I. FINANCIAL STATEMENT FINDINGS (continued)

07/08-02 Cause: Due to the short time frame for the implementation of the new SAS
(concluded) requirements, the County did not prepare the required documentation.

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

Management's Response: The County is willing to review this recommendation with the state auditor and the contract auditor to further understand the COSO internal controls. The county was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

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

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

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

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

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

Management Response: The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

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

I. FINANCIAL STATEMENT FINDINGS (concluded)

07/08-04 Criteria: The Sheriff operates a commissary and inmate account for inmates.

Condition: During our audit, we noted the Sheriff used monies deposited into the inmate and commissary account to pay operating expenses of his office and bank reconciliations are not being prepared on a timely basis. Supporting documentation was not retained for numerous purchases.

Effect: Lack of appropriate supporting documentation, untimely bank reconciliations and transactions that do not appear to be prudent or necessary use of public or inmate funds are indicative of a significant deficiency in internal control over financial reporting.

Cause: The Sheriff has not retained supporting documentation for various expenditures, prepared untimely bank reconciliations and has made purchases that do not appear to be prudent or necessary use of public or inmate funds.

Recommendation: Checks submitted for signature should, in every case, be accompanied by the supporting invoices which should be initialed to reflect final approval for payment. Bank reconciliations should be prepared on a timely basis. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. The inmate and commissary account should only be used for related expenditures, not office operating expenditures.

Management's Response: The Sheriff has begun to implement procedures going forward to obtain proper documentation for check disbursements, to prepare timely bank reconciliations and to disburse payments out of the proper accounts.

II. FOLLOW-UP PRIOR YEAR FINDINGS

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

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

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

| | PAGE |
|---|------|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 1-2 |
| Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133..... | 3-4 |
| Schedule of Expenditures of Federal Awards..... | 5-6 |
| Notes to Schedule of Expenditures of Federal Awards..... | 7 |
| Schedule of Findings and Questioned Costs..... | 8-16 |



**Daniel Jones
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CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
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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 Henry, Missouri

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Henry, Missouri, as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the Primary Government's basic financial statements, and have issued our modified cash basis report thereon dated July 27, 2009. Our report was modified because the Primary Government prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We did not express an opinion on supplementary information required by the Governmental Accounting Standards Board. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Primary Government in a separate letter dated July 27, 2009.

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

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

Daniel Jones & Associates

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

July 27, 2009



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To The County Commission
The County of Henry
Clinton, Missouri

Compliance

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

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

In our opinion, the Primary Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008 and December 31, 2007. However, the results of our auditing procedures disclosed 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 SA-07-08-01, SA-07-08-02 and SA-07-08-03.

Internal Control Over Compliance

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

Internal Control Over Compliance (concluded)

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

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items SA-07-08-01, SA-07-08-02 and SA-07-08-03 to be significant deficiencies.

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

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

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

Daniel Jones & Associates

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

July 27, 2009

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

| <u>FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE</u> | <u>FEDERAL CFDA NUMBER</u> | <u>PASS-THROUGH ENTITY NUMBER</u> | <u>FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2008</u> | <u>FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2007</u> |
|--|------------------------------------|---|--|--|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Passed Through State: | | | | |
| Department of Health and Senior Services: | | | | |
| Special Supplemental Nutrition Program for Women, Infants and Children | 10.557 | | \$ | 75,502.77 |
| Office of Administration: | | | | |
| Schools and Roads - Grants to States | 10.665 | | | |
| Summer Food Program | | ERSO46-7141i | | 210.00 |
| School | | DH070001011 | | 12,578.00 |
| Special Health Care Needs | | ERSO4448003 | | 51,244.03 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Passed Through State: | | | | |
| Department of Economic Development: | | | | |
| Community Development Block Grants / State Program | 14.228 | 2007-PF-01 | 7,403.00 | 31,075.00 |
| Department of Social Services: | | | | |
| Emergency Shelter Grants Program | 14.231 | ERO-1640744 | | 13,229.02 |
| | | ERO-1640809 | 8,429.07 | 9,575.13 |
| | | ERO-1640919 | 8,936.20 | |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| Direct Programs: | | | | |
| Passed Through: | | | | |
| State Department of Public Safety: | | | | |
| Juvenile Accountability Incentive Block Grants | 16.523 | | | |
| Juvenile Justice and Delinquency Prevention - Allocation to States | 16.540 | 227-EUDL-12 | 1,694.00 | |
| Crime Victim Assistance | 16.575 | 2005-VOCA-0019 | 27,340.03 | 26,295.50 |
| Edward Byrne Memorial Formula Grant Program | 16.579 | 2004NCD2-047 | | 46,201.86 |
| Violence Against Women Formula Grants | 16.588 | 2006STOPVAWA-0008 | | 17,607.48 |
| | | 07-VAWA-0013 | 15,928.00 | |
| Local Law Enforcement Block Grants Program | 16.592 | 07-LBGJ-020 | 7,757.00 | |
| Cape Girardeau County: | | | | |
| Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program | 16.580 | 2006-DD-BX-0204 DPS08MOST001 | 25,965.00 | 38,968.87 |
| Missouri Sheriffs' Association: | | | | |
| Domestic Cannabis Eradication/Suppression Program | 16 | | | 428.00 |
| Corps of Engineers | | WP12DQ-08-P-0116 | 58,455.00 | |
| Corps of Engineers | | WP12DQ-07-D-0020 | | 53,502.88 |

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

| FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS-THROUGH ENTITY NUMBER | FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2008 | FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2007 |
|---|------------------------------------|---|--|--|
| U.S. DEPARTMENT OF TRANSPORTATION | | | | |
| Passed Through State: | | | | |
| Highway and Transportation Commission: | | | | |
| Highway Planning and Construction | 20.205 | BRO-B042(22) BRO-B042(23) | 382,850.92 | 238,771.10 12,133.46 |
| Highway Safety Regular - Destination Safe | | | | 7,509.12 |
| Division of Highway Safety | 20.600 | 09-PT-02-59 | 1,886.00 | |
| SAFE | | BPC04922 | 4,675.00 | |
| ELECTION ASSISTANCE COMMISSION | | | | |
| Passed Through the Office of Secretary of State: | | | | |
| HelpAmerica Vote Act Requirements Payments | 90.401 | Title II - Sec. 251 | 5,489.54 | |
| U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES | | | | |
| Passed Through State: | | | | |
| Department of Health and Senior Services: | | | | |
| Centers for Disease Control and Prevention: | 93.283 | | | |
| Investigations and Technical Assistance: | | | | |
| Bio Terrorism | | DHO80006041 | | 27,269.97 |
| Pan Flu | | DHO700011101 | | 22,015.62 |
| West Nile Virus Mosquito Surveillance | | DHO80001001 | | 3,459.66 |
| Department of Social Services: | | | | |
| Child Support Enforcement | 93.563 | TRI-COUNTY | 91,751.02 | 98,631.29 |
| Maternal and Child Health Services | 93.994 | AOCO83800263 | | 20,888.59 |
| Block Grant to the States: | | | | |
| Child Care Sanitation Inspection | | AOCO6380234 | | 1,245.00 |
| Core Function | | AOCO838277 | | 57,974.42 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| Passed Through State Department of Public Safety: | | | | |
| Emergency Management Performance Grants | 97.042 | SLAPL81-920 | | 5,224.71 |
| State & Local All Hazards Emergency Operations Planning | 97.051 | EMPG | | 4,624.56 |
| <i>Total Expenditures of Federal Awards</i> | | | \$ 648,559.78 | \$ 876,166.04 |

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

NOTE 1 – BASIS OF PRESENTATION

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

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

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unqualified Modified Cash Basis
2. Internal control over financial reporting:
 - a. Any material weakness(es) identified? 2008 ☐ Yes ☒ No
2007 ☐ Yes ☒ No
 - b. Any significant deficiencies identified that are not considered to be material weaknesses? 2008 ☒ Yes ☐ None Reported
2007 ☒ Yes ☐ None Reported
3. Any noncompliance material to financial statements noted? 2008 ☐ Yes ☒ No
2007 ☐ Yes ☒ No

B. Federal Awards

1. Internal control over major programs:
 - Any material weakness(es) identified? 2008 ☐ Yes ☒ No
2007 ☐ Yes ☒ No
 2. Any significant deficiencies identified that are not considered to be material weaknesses? 2008 ☒ Yes ☐ No
2007 ☒ Yes ☐ No
3. Type of auditor's report issued on compliance for major programs: 2008 - Unqualified
2007 - Unqualified
4. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*? 2008 ☒ Yes ☐ No
2007 ☒ Yes ☐ No

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

I. SUMMARY OF AUDITOR'S RESULTS (concluded)

B. Federal Awards (concluded)

5. Identification of major programs:

| <u>Year</u> | <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-------------|-----------------------|---|
| 2008 / 2007 | 20.205 | Highway Planning & Construction |
| 2008 / 2007 | 93.563 | Child Support Enforcement |

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

7. Auditee qualified as low-risk auditee? 2007 Yes X No

2006 Yes X No

II. 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, 2006, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

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

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

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

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

Management's Response: The County will consider the auditor's recommendation.

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

II. FINANCIAL STATEMENT FINDINGS (continued)

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

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

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

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

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

Management's Response: The County will consider the auditor's recommendation.

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

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

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

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

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

II. FINANCIAL STATEMENT FINDINGS (concluded)

FS 07/08-03 (concluded) Recommendation: We recommend that the County address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Management's Response: The County will consider the auditor's recommendation.

07/08-04 Criteria: The Sheriff operates a commissary and inmate account for inmates.

Condition: During our audit, we noted the Sheriff used monies deposited into the inmate and commissary account to pay operating expenses of his office and bank reconciliations are not being prepared on a timely basis. Supporting documentation was not retained for numerous purchases.

Effect: Lack of appropriate supporting documentation, untimely bank reconciliations and transactions that do not appear to be prudent or necessary use of public or inmate funds are indicative of a significant deficiency in internal control over financial reporting.

Cause: The Sheriff has not retained supporting documentation for various expenditures, prepared untimely bank reconciliations and has made purchases that do not appear to be prudent or necessary use of public or inmate funds.

Recommendation: Checks submitted for signature should, in every case, be accompanied by the supporting invoices which should be initialed to reflect final approval for payment. Bank reconciliations should be prepared on a timely basis. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. The inmate and commissary account should only be used for related expenditures, not office operating expenditures.

Management's Response: The Sheriff has begun to implement procedures going forward to obtain proper documentation for check disbursements, to prepare timely bank reconciliations and to disburse payments out of the proper accounts.

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

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

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

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

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

A. Category of Internal Control Weakness

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

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

B. Category of Noncompliance Findings

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

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

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

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

C. Federal Award Findings and Questioned Costs (continued)

| FINDING NUMBER | TYPE OF FINDING / QUESTIONED COSTS | FINDINGS AND RECOMMENDATIONS |
|-------------------|---|--|
| SA 07/08-1 | Other Information: Significant Deficiency | <p><u>Findings:</u> Weakness in Control Over Expenditures In Compliance with Single Audit Requirements.</p> <p>The County did not properly maintain separate expense accounts to account for federal expenditures. To prepare the Schedule of Expenditures of Federal Awards (SEFA) report, the County used revenues instead of expenditures. Because the program is reimbursement in nature, revenues equal expenditures.</p> <p><u>Recommendation:</u> The County should track all federal expenditures in the general ledger system by adding a grant code at the end of the account code.</p> <p><u>Agency Response:</u> The County agrees with this finding.</p> |
| SA 07/08-2 | Other Information: Significant Deficiency Procurement and Suspension and Debarment | <p><u>Findings:</u> Required contracting procedures were not followed.</p> <p>The County does not have procedures in place to ensure that it does not contract with prohibited parties in administering federal funds. As a result, there is an increased risk of federal funds being spent in violation of grant requirements.</p> <p>The Commissioners 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.</p> |

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

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

C. Federal Award Findings and Questioned Costs (continued)

| FINDING NUMBER | TYPE OF FINDING / QUESTIONED COSTS | FINDINGS AND RECOMMENDATIONS |
|---------------------------|---|---|
| SA 07/08-2 (concluded) | Other Information: Significant Deficiency Procurement and Suspension and Debarment | <p><u>Findings (concluded):</u> However, we did not note any instances where the County actually contracted with prohibited parties.</p> <p>The OMB Circular A-133 Compliance Supplement and 41 CFR 105-71.135 prohibit entities from contracting with parties that are on the prohibited list.</p> <p><u>Recommendation:</u> The County should implement procedures to ensure that parties they contract with are not on the prohibited list.</p> <p><u>Agency Response:</u> The County agrees with this finding.</p> |
| SA 07/08-3 | Other Information: Significant Deficiency | <p><u>Findings:</u> The Schedule of Expenditures of Federal Awards contained errors. Controls were not in place to ensure that the Schedule of Expenditures of Federal Awards (SEFA) was prepared in accordance with federal requirements. The OMB Circular A-133 requires that the SEFA provide total federal awards expended for each individual federal program. It states that the determination of when an award is expended should be based on when the activity related to the award occurs, such as when the expenditure takes place.</p> <p>The Schedule of Expenditures of Federal Awards (SEFA) was prepared with various errors. These errors are described below:</p> |

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

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

C. Federal Award Findings and Questioned Costs (concluded)

| FINDING NUMBER | TYPE OF FINDING / QUESTIONED COSTS | FINDINGS AND RECOMMENDATIONS |
|---------------------------|---|--|
| SA 07/08-3 (concluded) | Other Information: Significant Deficiency | <p><u>Findings (concluded):</u></p> <ol style="list-style-type: none"> 1. The SEFA schedule contained several incorrect CFDA numbers for federal programs. 2. Expenditures listed on the SEFA schedule submitted to the State Auditor's Office were incorrect. Revenue was used to prepare the SEFA instead of expenditures. Actual expenditures were not agreed to the general ledger. |

A revised SEFA was submitted to the State Auditor's Office, containing corrections for all errors described.

Recommendation: The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.

Agency Response: The County agrees with this finding.

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

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

Follow-up Prior Year Federal Award Findings and Questioned Costs

| FINDING NUMBER | TYPE OF FINDING / QUESTIONED COSTS | FINDINGS AND RECOMMENDATIONS |
|-------------------|---|--|
| SA 05/06-1 | Other Information: Significant Deficiency | Unresolved – The County does not have adequate procedures in place to track Federal Awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The County agrees with this finding. |
| SA 05/06-2 | Other Information: Significant Deficiency | Resolved – The Commissioners will document current sole source providers. |
| SA 05/06-3 | Other Information: Significant Deficiency | Resolved – Adequate payroll documentation by the Sheriff's department. |



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

To the County Commissioners
Henry County, Missouri

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, as applicable to the modified cash basis of accounting, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Henry 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 27, 2009

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

07/08-01 **Criteria:** Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2006, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

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

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

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

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

Management's Response: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the county's annual budget document and annual financial statement. The county was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

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

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

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

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

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

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT(Continued)

07/08-02 Management's Response (Concluded): The County is willing to review this recommendation with the state auditor and the contract auditor to further understand the COSO internal controls. The county was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

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

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

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

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

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

Management Response: The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

07/08-04 Criteria: The Sheriff operates a commissary and inmate account for inmates.

Condition: During our audit, we noted the Sheriff used monies deposited into the inmate and commissary account to pay operating expenses of his office and bank reconciliations are not being prepared on a timely basis. Supporting documentation was not retained for numerous purchases.

Effect: Lack of appropriate supporting documentation, untimely bank reconciliations and transactions that do not appear to be prudent or necessary use of public or inmate funds are indicative of a significant deficiency in internal control over financial reporting.

Cause: The Sheriff has not retained supporting documentation for various expenditures, prepared untimely bank reconciliations and has made purchases that do not appear to be prudent or necessary use of public or inmate funds.

Recommendation: Checks submitted for signature should in every case be accompanied by the supporting invoices which should be initialed to reflect final approval for payment. Bank reconciliations should be prepared on a timely basis. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. The inmate and commissary account should only be used for related expenditures, not office operating expenditures.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (Concluded)

07/08-04 Management's Response: The Sheriff has begun to implement procedures going forward to obtain proper documentation for check disbursements, to prepare timely bank reconciliations and to disburse payments out of the proper accounts.

II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

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

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

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

As stated in our engagement letter dated April 22, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 23, 2009.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Continued)

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 Henry County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ended December 31, 2008 and 2007. We noted no transactions entered into by the governmental unit during the years for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 27, 2009.

Management Consultations with Other Independent Accountants

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

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)

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.

We recommend that the Sheriff Department's fee account be properly reconciled to the bank statement. During the audit, we noted the list of outstanding checks and deposits, however, the complete book balance reconciliation to the bank statement was incomplete. We also noted outstanding checks dated back to 1997 in one account and back to 2001 in another account. These outstanding checks should have a stop payment put on them and be re-issued.