



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

To the County Commission  
and  
Officeholders of Texas County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Texas County, and issues a separate report on that audit. In addition, in cooperation with the county, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 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. 2009-89

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

**THE COUNTY OF TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
TABLE OF CONTENTS**

---

	PAGE
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report (the Primary Government).....	1-2
<b><u>FINANCIAL STATEMENTS</u></b>	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets – Cash Basis.....	3
Statement of Activities – Cash Basis.....	4-5
<i>Fund Financial Statements:</i>	
Balance Sheet – Cash Basis – Governmental Funds.....	6
Statement of Revenues, Expenditures and Changes In Fund Balances – Cash Basis – Governmental Funds.....	7
Reconciliation of the County Funds Balance Sheet With the Statement of Net Assets – Cash Basis.....	8-9
Reconciliation of the County Funds Statement of Revenues, Expenditures, and Changes in Fund Balances With Government-Wide Statement of Activities – Cash Basis.....	10-11
Statement of Fiduciary Net Assets – Cash Basis Agency Funds.....	12
Notes to the Financial Statements.....	13-26
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures and Changes In Fund Balances – Non-GAAP Budget Basis and Actual - Cash Basis - General Fund – Unaudited.....	27
Departmental Schedule of Expenditures Non-GAAP Budget Basis and Actual - Cash Basis - General Fund – Unaudited.....	28-29
Schedule of Revenues, Expenditures and Changes In Fund Balances – Non-GAAP Budget Basis and Actual - Cash Basis - Special Revenue – Road and Bridge Fund - Unaudited.....	30

**THE COUNTY OF TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
TABLE OF CONTENTS**

---

	PAGE
<b><u>REQUIRED SUPPLEMENTARY INFORMATION (concluded)</u></b>	
Schedule of Revenues, Expenditures and Changes In Fund Balances - Cash Basis - Special Revenue – Special Tax Maintenance Fund – Unaudited .....	31
Schedule of Revenues, Expenditures and Changes In Fund Balances - Cash Basis - Special Revenue – Capital Improvement Project Fund – Unaudited .....	32
Schedule of Revenues, Expenditures and Changes In Fund Balances - Cash Basis - Special Revenue – Capital Improvement Bond Fund – Unaudited .....	33
Schedule of Revenues, Expenditures and Changes In Fund Balances - Cash Basis - Special Revenue – Justice Center Funds – Unaudited .....	34
Notes to Required Supplementary Information .....	35
<b><u>SUPPLEMENTARY INFORMATION</u></b>	
<i>Combining Fund Financial Statements and Schedule Non-Major Governmental Funds:</i>	
Combining Balance Sheet – Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2008 .....	36-37
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2008 .....	38-39
Combining Balance Sheet – Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2007 .....	40-41
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Cash Basis – Non-Major Governmental Funds (Special Revenue Funds) – 2007 .....	42-43
<i>Fiduciary Funds:</i>	
Combining Statement of Fiduciary Net Assets – Cash Basis – Agency Funds – 2008 .....	44-45
Combining Statement of Fiduciary Net Assets – Cash Basis – Agency Funds – 2007 .....	46-47

THE COUNTY OF TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
TABLE OF CONTENTS

---

**STATE COMPLIANCE SECTION**

Schedule of State Findings .....48

**FEDERAL COMPLIANCE SECTION**

Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements of the County of  
Texas, Missouri (the Primary Government) Performed in Accordance With  
*Government Auditing Standards* .....49-50

Schedule of Findings .....51-55

## **FINANCIAL SECTION**



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITOR'S REPORT  
(The Primary Government)

To the County Commission  
The County of Texas, 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 Texas (the Primary Government), Missouri, as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Primary Government's basic financial statements of the Primary Government as listed in the table of contents. These financial statements are the responsibility of the Primary Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

As described in Note I, the basic financial statements of the Primary Government were prepared on the 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 – cash basis of the governmental activities, each major fund, and the aggregate remaining fund information for the Primary Government, as of December 31, 2008 and 2007 for the years then ended in conformity with the basis of accounting described in Note I.

Primary Government has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America, as applicable to the 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 15, 2009 on our consideration for the Primary Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Schedules of Revenues, Expenditures and Changes in Fund Balance – Cash Basis – Non GAAP Budget Basis and Actual and related notes on pages 27 through 35 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 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 36 through 43 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 48 through 52 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 15, 2009



## **FINANCIAL STATEMENTS**

NET ASSETS

3

THE COUNTY OF TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
STATEMENT OF ACTIVITIES - 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	\$ 2,126,190.55	\$ 437,695.34	\$ 452,998.40	\$ 1,371,935.60	\$ 136,438.79
Road and Bridge	23,627.57	89,816.98	-	-	66,189.41
Financial Administration	104,144.93	-	-	-	(104,144.93)
Other Offices and Grants	77,635.89	-	-	-	(77,635.89)
Administration of Justice and Law Enforcement	1,305,223.22	-	-	-	(1,305,223.22)
Consulting	49,472.82	-	-	-	(49,472.82)
Fees, Licenses and Permits	-	-	-	-	-
Surveyor	-	-	-	-	-
Maintenance of Roads	-	-	-	-	-
Park Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Debt Service:					
Principal	375,000.00	-	-	-	(375,000.00)
Interest and Fiscal Charges	626,103.63	-	-	-	(626,103.63)
Capital Outlay:					
Construction	834,018.56	-	-	-	(834,018.56)
Property, Equipment and Buildings	14,992,580.27	-	-	-	(14,992,580.27)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 20,513,997.44</b>	<b>\$ 527,512.32</b>	<b>\$ 452,998.40</b>	<b>\$ 1,371,935.60</b>	<b>(18,161,551.12)</b>

GENERAL REVENUES

Taxes:	
Property Taxes, Levied	5,168.80
Sales Tax	3,612,510.73
Investment Income	466,859.06
Bond Revenue	7,375,385.34
Miscellaneous	3,728.57
<b>TOTAL GENERAL REVENUES</b>	<b>11,463,652.50</b>
<b>CHANGE IN NET ASSETS</b>	<b>(6,697,898.62)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>12,778,157.24</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 6,080,258.62</b>

See accompanying notes to the financial statements.

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

FUNCTIONS / PROGRAMS GOVERNMENTAL ACTIVITIES	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
General County Government	\$ 1,897,757.50	\$ 297,633.09	\$ 766,063.05	\$ 812,608.26	\$ (21,453.10)
Road and Bridge	856,797.02	107,168.29	-	-	(749,628.73)
Financial Administration	107,332.87	-	-	-	(107,332.87)
Other Offices and Grants	89,509.14	-	-	-	(89,509.14)
Administration of Justice and Law Enforcement	963,887.27	-	-	-	(963,887.27)
Consulting	46,847.00	-	-	-	(46,847.00)
Fees, Licenses and Permits	-	-	-	-	-
Surveyor	-	-	-	-	-
Maintenance of Roads	-	-	-	-	-
Park Maintenance	-	-	-	-	-
Other	2,720.20	-	-	-	(2,720.20)
Debt Service:					
Principal	350,000.00	-	-	-	(350,000.00)
Interest and Fiscal Charges	640,712.39	-	-	-	(640,712.39)
Capital Outlay:					
Construction of Hospital	-	-	-	-	-
Property, Equipment and Buildings	8,522,520.85	-	-	-	(8,522,520.85)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 13,478,084.24</b>	<b>\$ 404,801.38</b>	<b>\$ 766,063.05</b>	<b>\$ 812,608.26</b>	<b>(11,494,611.55)</b>

GENERAL REVENUES

Taxes:	
Property Taxes, Levied	4,509.53
Sales Tax	3,708,173.28
Investment Income	812,090.38
Bond Revenue	4,160,884.54
Miscellaneous	1,190.00
<b>TOTAL GENERAL REVENUES</b>	<b>8,686,847.73</b>
<b>CHANGE IN NET ASSETS</b>	<b>(2,807,763.82)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>15,585,921.06</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 12,778,157.24</b>

See accompanying notes to the financial statements.

THE COUNTY OF TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
BALANCE SHEET - CASH BASIS  
GOVERNMENTAL FUNDS

	DECEMBER 31, 2008								DECEMBER 31, 2007							
	General	Special Road and Bridge	Special Tax Maintenance Fund	Capital Improvement Project Fund	Capital Improvement Bond Fund	Justice Center Funds	Non-Major Governmental Funds	Total Governmental Funds	General	Special Road and Bridge	Special Tax Maintenance Fund	Capital Improvement Project Fund	Capital Improvement Bond Fund	Justice Center Funds	Non-Major Governmental Funds	Total Governmental Funds
ASSETS																
Cash and Cash Equivalents	\$ 244,276.15	\$ 78,970.63	\$ 2,019,697.87	\$ 112,338.20	\$ -	\$ 2,855,179.05	\$ 769,796.72	\$ 6,080,258.62	\$ 243,668.08	\$ 86,246.87	\$ 1,514,921.25	\$ 158,346.15	\$ -	\$ 10,009,322.98	\$ 765,651.91	\$ 12,778,157.24
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>244,276.15</u>	<u>78,970.63</u>	<u>2,019,697.87</u>	<u>112,338.20</u>	<u>-</u>	<u>2,855,179.05</u>	<u>769,796.72</u>	<u>6,080,258.62</u>	<u>243,668.08</u>	<u>86,246.87</u>	<u>1,514,921.25</u>	<u>158,346.15</u>	<u>-</u>	<u>10,009,322.98</u>	<u>765,651.91</u>	<u>12,778,157.24</u>
FUND BALANCES																
Unreserved:																
General Fund	244,276.15	-	-	-	-	-	-	244,276.15	243,668.08	-	-	-	-	-	-	243,668.08
Special Revenue Funds	-	78,970.63	2,019,697.87	112,338.20	-	2,855,179.05	769,796.72	5,835,982.47	-	86,246.87	1,514,921.25	158,346.15	-	10,009,322.98	765,651.91	12,534,489.16
TOTAL FUND BALANCES	<u>244,276.15</u>	<u>78,970.63</u>	<u>2,019,697.87</u>	<u>112,338.20</u>	<u>-</u>	<u>2,855,179.05</u>	<u>769,796.72</u>	<u>6,080,258.62</u>	<u>243,668.08</u>	<u>86,246.87</u>	<u>1,514,921.25</u>	<u>158,346.15</u>	<u>-</u>	<u>10,009,322.98</u>	<u>765,651.91</u>	<u>12,778,157.24</u>
TOTAL FUND BALANCES	<u>\$ 244,276.15</u>	<u>\$ 78,970.63</u>	<u>\$ 2,019,697.87</u>	<u>\$ 112,338.20</u>	<u>\$ -</u>	<u>\$ 2,855,179.05</u>	<u>\$ 769,796.72</u>	<u>\$ 6,080,258.62</u>	<u>\$ 243,668.08</u>	<u>\$ 86,246.87</u>	<u>\$ 1,514,921.25</u>	<u>\$ 158,346.15</u>	<u>\$ -</u>	<u>\$ 10,009,322.98</u>	<u>\$ 765,651.91</u>	<u>\$ 12,778,157.24</u>

See accompanying notes to the financial statements.

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

	DECEMBER 31, 2008								DECEMBER 31, 2007							
	General	Special Road and Bridge	Special Tax Maintenance Fund	Capital Improvement Project Fund	Capital Improvement Bond Fund	Justice Center Funds	Non-Major Governmental Funds	Total Governmental Funds	General	Special Road and Bridge	Special Tax Maintenance Fund	Capital Improvement Project Fund	Capital Improvement Bond Fund	Justice Center Funds	Non-Major Governmental Funds	Total Governmental Funds
REVENUES																
Property Tax	\$ 5,168.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,168.80	\$ 4,509.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,509.53
Sales Tax	937,889.38	801,129.33	936,743.30	936,748.72	-	-	-	3,612,510.73	948,449.17	867,020.77	946,355.96	946,347.38	-	-	-	3,708,173.28
Inter-Governmental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	431,901.34	200.00	-	-	-	-	5,594.00	437,695.34	287,256.19	333.00	-	-	-	-	10,043.90	297,633.09
Grants, Distributions and Reimbursements	430,412.75	199.89	-	-	-	-	941,322.96	1,371,935.60	331,145.87	-	-	-	-	-	812,608.26	1,143,754.13
Fees, Licenses and Permits	-	89,816.98	-	-	-	-	452,998.40	542,815.38	-	-	-	-	-	-	434,917.18	542,085.47
Interest	16,279.46	3,938.57	90,533.05	15,774.46	-	299,820.93	40,512.59	466,859.06	20,279.33	3,804.43	43,276.38	16,943.21	15.22	687,979.25	39,792.56	812,090.38
Other	-	-	-	2,572.50	-	-	1,156.07	3,728.57	-	-	-	-	-	-	1,190.00	1,190.00
TOTAL REVENUES	1,821,651.73	895,284.77	1,027,276.35	955,095.68	-	299,820.93	1,441,584.02	6,440,713.48	1,591,640.09	978,326.49	989,632.34	963,290.59	15.22	687,979.25	1,298,551.90	6,509,435.88
EXPENDITURES																
Current:																
General County Government	737,831.87	-	-	-	-	-	1,388,358.68	2,126,190.55	638,813.74	-	-	-	-	-	1,258,943.76	1,897,757.50
Road and Bridge	-	23,627.57	-	-	-	-	-	23,627.57	-	856,797.02	-	-	-	-	-	856,797.02
Financial Administration	104,144.93	-	-	-	-	-	-	104,144.93	107,332.87	-	-	-	-	-	-	107,332.87
Other Offices and Grants	77,635.89	-	-	-	-	-	-	77,635.89	89,509.14	-	-	-	-	-	-	89,509.14
Property Valuation and Recording	49,472.82	-	-	-	-	-	-	49,472.82	46,847.00	-	-	-	-	-	-	46,847.00
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Permits and Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration of Justice and Law	1,305,223.22	-	-	-	-	-	-	1,305,223.22	963,887.27	-	-	-	-	-	-	963,887.27
Continued Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay:																
Construction	-	834,018.56	-	-	-	-	-	834,018.56	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	19,308.95	-	116,441.16	-	7,375,385.34	7,453,964.86	27,479.96	14,992,580.27	18,907.78	-	-	-	4,160,899.76	4,242,712.60	100,000.71	8,522,520.85
TOTAL EXPENDITURES	2,293,617.68	857,646.13	116,441.16	-	7,375,385.34	7,453,964.86	1,415,838.64	19,512,893.81	1,865,297.80	856,797.02	-	-	4,160,899.76	4,242,712.60	1,358,944.47	12,484,651.65
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(471,965.95)	37,638.64	910,835.19	955,095.68	(7,375,385.34)	(7,154,143.93)	25,745.38	(13,072,180.33)	(273,657.71)	121,529.47	989,632.34	963,290.59	(4,160,884.54)	(3,554,733.35)	(60,392.57)	(5,975,215.77)
OTHER FINANCING SOURCES (USES)																
Transfers In	554,029.11	-	-	-	-	1,001,103.63	8,290.34	1,563,423.08	65,942.16	-	-	-	-	990,712.39	21,271.27	1,077,925.82
Transfers Out	(81,455.09)	(44,914.88)	(406,058.57)	(1,001,103.63)	-	-	(29,890.91)	(1,563,423.08)	(21,271.27)	(44,795.17)	-	(990,712.39)	-	-	(21,146.99)	(1,077,925.82)
Bond Revenue	-	-	-	-	7,375,385.34	-	-	7,375,385.34	-	-	-	-	4,160,884.54	-	-	4,160,884.54
Emergency Fund	-	-	-	-	-	-	-	-	(2,720.20)	-	-	-	-	-	-	(2,720.20)
Debt Service:																
Principal Payment	-	-	-	-	-	(375,000.00)	-	(375,000.00)	-	-	-	-	-	(350,000.00)	-	(350,000.00)
Interest and Fiscal Charges	-	-	-	-	-	(626,103.63)	-	(626,103.63)	-	-	-	-	-	(640,712.39)	-	(640,712.39)
TOTAL OTHER FINANCING SOURCES (USES)	472,574.02	(44,914.88)	(406,058.57)	(1,001,103.63)	7,375,385.34	-	(21,600.57)	6,374,281.71	41,950.69	(44,795.17)	-	(990,712.39)	4,160,884.54	-	124.28	3,167,451.95
NET CHANGE IN FUND BALANCE	608.07	(7,276.24)	504,776.62	(46,007.95)	-	(7,154,143.93)	4,144.81	(6,697,898.62)	(231,707.02)	76,734.30	989,632.34	(27,421.80)	-	(3,554,733.35)	(60,268.29)	(2,807,763.82)
FUND BALANCE - BEGINNING OF YEAR	243,668.08	86,246.87	1,514,921.25	158,346.15	-	10,009,322.98	765,651.91	12,778,157.24	475,375.10	9,512.57	525,288.91	185,767.95	-	13,564,056.33	825,920.20	15,585,921.06
FUND BALANCE - END OF YEAR	\$ 244,276.15	\$ 78,970.63	\$ 2,019,697.87	\$ 112,338.20	\$ -	\$ 2,855,179.05	\$ 769,796.72	\$ 6,080,258.62	\$ 243,668.08	\$ 86,246.87	\$ 1,514,921.25	\$ 158,346.15	\$ -	\$ 10,009,322.98	\$ 765,651.91	\$ 12,778,157.24

See accompanying notes to the financial statements.

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

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

Total Fund Balance – Governmental Funds	\$ 6,080,258.62
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There are no items of reconciliation.

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Total Net Assets – Governmental Activities	<u><u>\$ 6,080,258.62</u></u>
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See accompanying notes to the financial statements.

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

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

Total Fund Balance – Governmental Funds	\$ 12,778,157.24
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There are no items of reconciliation.	<u>-</u>
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Total Net Assets – Governmental Activities	<u><u>\$ 12,778,157.24</u></u>
--	--------------------------------

See accompanying notes to the financial statements.



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

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Total Net Change in Fund Balances – Governmental Funds	\$ (6,697,898.62)
There are no items of reconciliation.	<u>-</u>
Change in Net Assets of Governmental Activities	<u>\$ (6,697,898.62)</u>

See accompanying notes to the financial statements.

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

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Total Net Change in Fund Balances – Governmental Funds	\$ (2,807,763.82)
There are no items of reconciliation.	<u>-</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (2,807,763.82)</u></u>

See accompanying notes to the financial statements.

THE COUNTY OF TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
STATEMENT OF FIDUCIARY NET ASSETS CASH BASIS - AGENCY FUNDS

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	<u>DECEMBER 31, 2008</u> <u>AGENCY FUNDS</u>	<u>DECEMBER 31, 2007</u> <u>AGENCY FUNDS</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 1,635,441.16</u>	<u>\$ 4,846,746.06</u>
TOTAL ASSETS	<u><u>1,635,441.16</u></u>	<u><u>4,846,746.06</u></u>
LIABILITIES		
Due to Other Funds	<u>1,635,441.16</u>	<u>4,846,746.06</u>
TOTAL LIABILITIES	<u><u>\$ 1,635,441.16</u></u>	<u><u>\$ 4,846,746.06</u></u>

See accompanying notes to the financial statements.

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Texas, Missouri (“the Primary Government”), which is governed by a three-member board of commissioners, was established in 1845 by an Act of the Missouri Territory. In addition to the three 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 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 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 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 Texas County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Primary Government’s legal entity. The financial statements do not include financial data for the Primary Government’s legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Primary Government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Primary Government as of December 31, 2008 and 2007, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Health Department of Texas County, Missouri and the Texas County Agency for Developmental Disabilities have issued separate reporting entity financial statements. For information on these component units, please contact the Texas County Health Department at (417) 967-4131 (or write to 402 S. First Houston, Houston, MO 65483) and the Texas County Agency for Developmental Disabilities at (417)967-6960 (or write to P.O. Box 107 Houston, MO 65483).

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

Following the government-wide financial statements are separate financial statements for governmental funds and fiduciary funds. Presently, the Primary Government has no proprietary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Primary Government has determined that the General Fund, Road and Bridge Fund and the Law Enforcement Complex 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 TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

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

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

*Governmental Fund Types*

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

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

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

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

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

*Capital Improvement Project Fund* – The Capital Improvement Project Fund is a Special Revenue Fund used to account for the funds received and disbursed to pay for Capital Improvements Projects of the County.

*Capital Improvement Bond Fund* – The Capital Improvement Bond Fund is a Special Revenue Fund used to account for the funds received from bond proceeds and disbursed to pay for the Justice Center project of the County.

*Justice Center Funds* – The Justice Center Funds are Special Revenue Funds used to account for the funds received from interest earned on bond proceeds and bond proceeds and disbursed to pay for the Justice Center project debt payments of the County.

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

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

*Fiduciary Fund Types*

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

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fund financial statements are prepared using the 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 cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

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

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Property Taxes

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

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

	<u>2008</u>	<u>2007</u>
Real Estate	\$ 127,777,589	\$ 110,694,919
Personal Property	51,576,043	49,511,369
Railroad and Utilities	9,193,466	9,335,236
	<u>\$ 188,547,098</u>	<u>\$ 169,541,524</u>

D. Property Taxes (concluded)

During 2008 and 2007, the County Commission did not approve a tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2008 and 2007.

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 – Cash Basis – Governmental Fund.



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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

F. Interfund Transactions

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

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

G. Reserved Fund Balance

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

H. Net Assets

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

I. Use of Estimates in Financial Statements

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

II. DEPOSITS AND INVESTMENTS

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

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2008 and 2007, the carrying amount of the Primary Government's deposits was \$6,080,258.62 and \$12,778,157.24, the bank balance was \$6,758,944.99 and \$13,560,628.59 respectively. As of December 31, 2008 and 2007, 100% of the Primary Government's cash and cash equivalents were guaranteed by the U. S. Government.

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

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II. DEPOSITS AND INVESTMENTS (continued)

SUMMARY OF CARRYING VALUES

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

Included in the following fund financial statement captions:

<u>Balance Sheet – Government Funds</u>	
Deposits	\$ 6,080,258.62
Investments	-
Total Governmental Funds	<u>6,080,258.62</u>
<u>Balance Sheet – Agency Funds</u>	
Deposits	1,728,574.61
Investments	-
Total Deposits as of December 31, 2008	<u>\$ 7,808,833.23</u>

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

Included in the following fund financial statement captions:

<u>Balance Sheet – Government Funds</u>	
Deposits	\$ 12,778,157.24
Investments	-
Total Governmental Funds	<u>12,778,157.24</u>
<u>Balance Sheet – Agency Funds</u>	
Deposits	4,920,570.46
Investments	-
Total Deposits as of December 31, 2007	<u>\$ 17,698,727.70</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.

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

II. DEPOSITS AND INVESTMENTS (concluded)

Custodial Credit Risk – Investments

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

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Primary Government does 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 deposits were not exposed to concentration of investment credit risk for the year end December 31, 2008 & 2007.

III. 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	\$ 554,029.11	\$ 81,455.09	\$ 65,942.16	\$ 21,271.27
Special Road and Bridge Fund	-	44,914.88	-	44,795.17
Special Tax Maintenance Fund	-	406,058.57	-	-
Capital Improvement Project Fund	-	1,001,103.63	-	990,712.39
Justice Center Funds	1,001,103.63	-	990,712.39	-
NON-MAJOR FUNDS	8,290.34	29,890.91	21,271.27	21,146.99
TOTAL	\$ 1,563,423.08	\$ 1,563,423.08	\$ 1,077,925.82	\$ 1,077,925.82

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

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IV. 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 \$34,688.40 and \$29,402.60, respectively, for the years then ended.

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

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V. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Texas County participates in the Missouri Local Government Employees Retirement System (LAGERS) an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMO. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly.

The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Policy

Texas County's full time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rates for 2008 are 10.6% (general) and 10.1% (police), for 2007 they are 11.1% (general) and 9.8% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost

For 2008, the political subdivision's annual pension cost of \$117,793 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and /or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. The actuarial valuation using the entry age actuarial cost method. For 2007, the political subdivision's annual pension cost of \$105,884 was equal to the required and actual contributions. The required contribution was determined as part of February 28, 2005 and/or February 29, 2006 annual valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5 percent per year, compounded annually, (b) projected salary increases of 4.0 percent per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0 percent to 6.0 percent per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on RP 2000 Combined Healthy Table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using the techniques that smooth the effects of short-term volatility in the market value of the investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis for 2007 and a closed basis for 2008. The amortization period at 2/28/07 and at 2/29/08 was 15 years.

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

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

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/2006	\$ 97,667	100%	\$ 0
6/30/2007	105,884	100%	0
6/30/2008	117,793	100%	0

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2006	\$1,537,716	\$ 1,523,842	\$ (13,874)	101%	\$ 886,203	0%
2/28/2007	1,586,240	1,556,547	(29,693)	102%	974,077	0%
2/29/2008	1,820,856	1,732,652	(88,204)	105%	1,104,121	0%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2007 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

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 is tracking a lawsuit against this unfunded mandate with the state, the lawsuit has not yet been resolved, but the county has tracked amounts due as \$7,752 and \$7,752, respectively, for the years ended December 31, 2008 and 2007.

VII. 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.

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

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VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The Primary Government is involved in pending litigation at December 31, 2008, The County is vigorously defending a case in which the Plaintiff seeks \$1,000,000 in damages, the county, without offering a counter proposal rejected the offer. At this time is impossible to put an exact figure on the potential liability according to the Counties legal council.

B. Compensated Absences

The County provides employees with annual leave time based upon the number of years of continuous service. Upon termination from County employment, an employee is paid for overtime, if applicable. This has not been subjected to auditing procedures.

C. Federal and State Assisted Programs

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

IX. LONG-TERM DEBT

Series 2006 COPS – These are Certificates of Participation that are for the Criminal Justice Center. The maturity date of the Certificates are 12/1/25 and the interest rate is variable from 4.15% to 4.50%. First Bank is the paying agent of this bond.

DEBT	BALANCE AT 12/31/2007	2008		BALANCE AT 12/31/2008	INTEREST PD DURING YEAR
		AMOUNT BORROWED	AMOUNT REPAID		
2006 COPS	\$ 14,445,000.00	\$ -	\$ 375,000.00	\$ 14,070,000.00	\$ 626,287.50
TOTAL	<u>\$ 14,445,000.00</u>	<u>\$ -</u>	<u>\$ 375,000.00</u>	<u>\$ 14,070,000.00</u>	<u>\$ 626,287.50</u>

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

IX. LONG-TERM DEBT (CONCLUDED)

2008 Amortizations

YEAR	PRINCIPLE	INTEREST	TOTAL
2009	400,000.00	610,350.00	1,010,350.00
2010	450,000.00	593,350.00	1,043,350.00
2011	475,000.00	574,225.00	1,049,225.00
2012-2016	3,030,000.00	2,537,700.00	5,567,700.00
2014-2021	4,150,000.00	1,797,837.50	5,947,837.50
2022-2025	5,565,000.00	739,125.00	6,304,125.00
TOTAL	<u>14,070,000.00</u>	<u>6,852,587.50</u>	<u>20,922,587.50</u>

DEBT	2007				
	BALANCE AT 12/31/2006	AMOUNT BORROWED	AMOUNT REPAID	BALANCE AT 12/31/2007	INTEREST PD DURING YEAR
2006 COPS	\$ 14,795,000.00	\$ -	\$ 350,000.00	\$ 14,445,000.00	\$ 641,162.50
TOTAL	<u>\$ 14,795,000.00</u>	<u>\$ -</u>	<u>\$ 350,000.00</u>	<u>\$ 14,445,000.00</u>	<u>\$ 641,162.50</u>

2007 Amortizations

YEAR	PRINCIPLE	INTEREST	TOTAL
2008	375,000.00	626,287.50	1,001,287.50
2009	400,000.00	610,350.00	1,010,350.00
2010	450,000.00	593,350.00	1,043,350.00
2011	475,000.00	574,225.00	1,049,225.00
2012-2016	3,030,000.00	2,537,700.00	5,567,700.00
2014-2021	4,150,000.00	1,797,837.50	5,947,837.50
2022-2025	5,565,000.00	739,125.00	6,304,125.00
TOTAL	<u>14,445,000.00</u>	<u>7,478,875.00</u>	<u>21,923,875.00</u>

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 OF TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 & 2007

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X. RISK MANAGEMENT (Concluded)

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

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
Property Tax	\$ 4,500.00	\$ 4,500.00	\$ 5,168.80	\$ 668.80	\$ 3,400.00	\$ 3,400.00	\$ 4,509.53	\$ 1,109.53
Sales Tax	970,000.00	970,000.00	937,889.38	(32,110.62)	1,011,000.00	1,011,000.00	948,449.17	(62,550.83)
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	398,500.00	398,500.00	431,901.34	33,401.34	333,900.00	333,900.00	287,256.19	(46,643.81)
Grants, Distributions and Reimbursements	450,117.00	450,117.00	430,412.75	(19,704.25)	303,537.52	303,537.52	331,145.87	27,608.35
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interests	12,000.00	12,000.00	16,279.46	4,279.46	11,000.00	11,000.00	20,279.33	9,279.33
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	1,835,117.00	1,835,117.00	1,821,651.73	(13,465.27)	1,662,837.52	1,662,837.52	1,591,640.09	(71,197.43)
EXPENDITURES								
Current:								
General County Government	930,573.00	930,573.00	737,831.87	(192,741.13)	723,406.75	723,406.75	638,813.74	(84,593.01)
Financial Administration	134,695.00	134,695.00	104,144.93	(30,550.07)	119,744.00	119,744.00	107,332.87	(12,411.13)
Other Offices and Grants	95,800.00	95,800.00	77,635.89	(18,164.11)	97,000.00	97,000.00	89,509.14	(7,490.86)
Health and Welfare	-	-	-	-	-	-	-	-
Property Valuation and Recording	50,760.00	50,760.00	49,472.82	(1,287.18)	47,080.00	47,080.00	46,847.00	(233.00)
Administration of Justice and Law	1,773,008.32	1,773,008.32	1,305,223.22	(467,785.10)	1,061,398.29	1,061,398.29	963,887.27	(97,511.02)
Capital Outlay:								
Construction of Roads and Bridges	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	21,500.00	21,500.00	19,308.95	(2,191.05)	20,500.00	20,500.00	18,907.78	(1,592.22)
TOTAL EXPENDITURES	3,006,336.32	3,006,336.32	2,293,617.68	(712,718.64)	2,069,129.04	2,069,129.04	1,865,297.80	(203,831.24)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,171,219.32)	(1,171,219.32)	(471,965.95)	699,253.37	(406,291.52)	(406,291.52)	(273,657.71)	132,633.81
OTHER FINANCING SOURCES (USES)								
Transfers In	1,056,632.34	1,056,632.34	554,029.11	(502,603.23)	67,600.00	67,600.00	65,942.16	(1,657.84)
Transfers Out	(38,410.00)	(38,410.00)	(81,455.09)	(43,045.09)	(22,731.00)	(22,731.00)	(21,271.27)	1,459.73
Emergency Fund	(83,600.00)	(83,600.00)	-	83,600.00	(39,200.00)	(39,200.00)	(2,720.20)	36,479.80
Debt Service:								
Principal Payment	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	934,622.34	934,622.34	472,574.02	(462,048.32)	5,669.00	5,669.00	41,950.69	36,281.69
NET CHANGE IN FUND BALANCE	(236,596.98)	(236,596.98)	608.07	237,205.05	(400,622.52)	(400,622.52)	(231,707.02)	168,915.50
FUND BALANCE - BEGINNING OF YEAR	243,668.08	243,668.08	243,668.08	-	475,375.10	475,375.10	475,375.10	-
FUND BALANCE - END OF YEAR	\$ 7,071.10	\$ 7,071.10	\$ 244,276.15	\$ 237,205.05	\$ 74,752.58	\$ 74,752.58	\$ 243,668.08	\$ 168,915.50

See accompanying Independent Auditor's Report.

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

EXPENDITURES	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
Current:								
General County Government:								
County Commission	\$ 89,780.00	89,780.00	85,694.46	\$ (4,085.54)	\$ 88,530.00	88,530.00	87,227.86	\$ (1,302.14)
County Clerk	146,253.00	146,253.00	144,544.21	(1,708.79)	144,676.75	144,676.75	133,472.61	(11,204.14)
Elections	98,900.00	98,900.00	97,996.39	(903.61)	33,300.00	33,300.00	13,846.52	(19,453.48)
Buildings and Grounds	108,640.00	108,640.00	95,219.94	(13,420.06)	101,900.00	101,900.00	101,861.04	(38.96)
Employee Fringe Benefits	487,000.00	487,000.00	314,376.87	(172,623.13)	355,000.00	355,000.00	302,405.71	(52,594.29)
Other Expenses	-	-	-	-	-	-	-	-
	<u>930,573.00</u>	<u>930,573.00</u>	<u>737,831.87</u>	<u>(192,741.13)</u>	<u>723,406.75</u>	<u>723,406.75</u>	<u>638,813.74</u>	<u>(84,593.01)</u>
Financial Administration:								
Collector	-	-	-	-	-	-	-	-
Treasurer	<u>134,695.00</u>	<u>134,695.00</u>	<u>104,144.93</u>	<u>(30,550.07)</u>	<u>119,744.00</u>	<u>119,744.00</u>	<u>107,332.87</u>	<u>(12,411.13)</u>
	134,695.00	134,695.00	104,144.93	(30,550.07)	119,744.00	119,744.00	107,332.87	(12,411.13)
Other Offices & Grants:								
Other Offices & Grants	<u>95,800.00</u>	<u>95,800.00</u>	<u>77,635.89</u>	<u>(18,164.11)</u>	<u>97,000.00</u>	<u>97,000.00</u>	<u>89,509.14</u>	<u>(7,490.86)</u>
	95,800.00	95,800.00	77,635.89	(18,164.11)	97,000.00	97,000.00	89,509.14	(7,490.86)
Health and Welfare:								
Non-Institutional Care	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-	-	-	-	-

See accompanying Independent Auditor's Report.

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

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
Property Valuation and Recording:								
Recorder of Deeds	50,760.00	50,760.00	49,472.82	(1,287.18)	47,080.00	47,080.00	46,847.00	(233.00)
Administration of Justice and Law Enforcement:								
Associate Circuit	8,640.00	8,640.00	8,105.74	(534.26)	7,590.00	7,590.00	7,294.48	(295.52)
Circuit Clerk	7,750.00	7,750.00	7,960.02	210.02	8,600.00	8,600.00	6,470.61	(2,129.39)
Children's Detention Home	-	-	-	-	-	-	-	-
County Surveyor	4,300.00	4,300.00	4,339.77	39.77	4,300.00	4,300.00	3,889.77	(410.23)
Court Administrator	80,190.19	80,190.19	63,234.94	(16,955.25)	79,538.95	79,538.95	45,027.02	(34,511.93)
Dispatch	-	-	-	-	-	-	-	-
Insurance and Bonds	44,500.00	44,500.00	43,433.32	(1,066.68)	39,000.00	39,000.00	38,523.48	(476.52)
Jail	985,322.00	985,322.00	553,469.59	(431,852.41)	230,079.00	230,079.00	230,005.82	(73.18)
Jury Script	-	-	-	-	-	-	-	-
Justice Center	-	-	-	-	-	-	-	-
Juvenile Office	64,906.11	64,906.11	64,484.13	(421.98)	64,866.09	64,866.09	51,555.00	(13,311.09)
Medical Examiner	26,600.00	26,600.00	20,254.50	(6,345.50)	26,200.00	26,200.00	26,175.02	(24.98)
Sheriffs Office	316,426.00	316,426.00	309,454.31	(6,971.69)	335,860.00	335,860.00	327,609.63	(8,250.37)
Drug Court	-	-	-	-	-	-	-	-
Patrol Cars	-	-	-	-	-	-	-	-
Prosecuting Attorney	191,174.02	191,174.02	187,265.16	(3,908.86)	219,173.00	219,173.00	181,231.71	(37,941.29)
Prosecuting Attorney Retirement	-	-	-	-	-	-	-	-
Public Administrator	43,200.00	43,200.00	43,221.74	21.74	46,191.25	46,191.25	46,104.73	(86.52)
	1,773,008.32	1,773,008.32	1,305,223.22	(467,785.10)	1,061,398.29	1,061,398.29	963,887.27	(97,511.02)
Debt Service:								
Principal Payments	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment & Buildings	21,500.00	21,500.00	19,308.95	(2,191.05)	20,500.00	20,500.00	18,907.78	(1,592.22)
	21,500.00	21,500.00	19,308.95	(2,191.05)	20,500.00	20,500.00	18,907.78	(1,592.22)
TOTAL EXPENDITURES	\$ 3,006,336.32	\$ 3,006,336.32	\$ 2,293,617.68	\$ (712,718.64)	\$ 2,069,129.04	\$ 2,069,129.04	\$ 1,865,297.80	\$ (203,831.24)

See accompanying Independent Auditor's Report

THE COUNTY OF TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - CASH BASIS - SPECIAL REVENUE MAJOR FUND  
BUDGET AND ACTUAL - 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	847,300.00	847,300.00	801,129.33	(46,170.67)	835,000.00	835,000.00	867,020.77	32,020.77
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	500.00	500.00	200.00	(300.00)	-	-	333.00	333.00
Grants, Distributions and Reimbursements	-	-	199.89	199.89	-	-	-	-
Fees, Licenses and Permits	133,827.00	133,827.00	89,816.98	(44,010.02)	125,000.00	125,000.00	107,168.29	(17,831.71)
Interests	3,000.00	3,000.00	3,938.57	938.57	2,500.00	2,500.00	3,804.43	1,304.43
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	984,627.00	984,627.00	895,284.77	(89,342.23)	962,500.00	962,500.00	978,326.49	15,826.49
EXPENDITURES								
Current:								
Salaries	12,935.00	12,935.00	14,694.83	1,759.83	12,450.00	12,450.00	12,375.00	(75.00)
Employee Fringe Benefits	2,400.00	2,400.00	1,437.34	(962.66)	2,407.00	2,407.00	2,132.95	(274.05)
Supplies	7,350.00	7,350.00	87.28	(7,262.72)	7,350.00	7,350.00	32.13	(7,317.87)
Property and Equipment Insurance	2,000.00	2,000.00	-	(2,000.00)	1,000.00	1,000.00	1,458.85	458.85
Equipment Repairs	-	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	-	-
Maintenance of Roads:								
Highway and Roads	9,804.43	9,804.43	7,408.12	(2,396.31)	11,558.90	11,558.90	6,571.56	(4,987.34)
Other	-	-	-	-	-	-	-	-
Capital Outlay:								
Construction of Roads and Bridges	897,000.00	897,000.00	834,018.56	(62,981.44)	879,793.00	879,793.00	834,226.53	(45,566.47)
Property, Equipment and Buildings	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	931,489.43	931,489.43	857,646.13	(73,843.30)	914,558.90	914,558.90	856,797.02	(57,761.88)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	53,137.57	53,137.57	37,638.64	(15,498.93)	47,941.10	47,941.10	121,529.47	73,588.37
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	(49,000.00)	(49,000.00)	(44,914.88)	4,085.12	(48,000.00)	(48,000.00)	(44,795.17)	3,204.83
TOTAL OTHER FINANCING SOURCES (USES)	(49,000.00)	(49,000.00)	(44,914.88)	4,085.12	(48,000.00)	(48,000.00)	(44,795.17)	3,204.83
NET CHANGE IN FUND BALANCE	4,137.57	4,137.57	(7,276.24)	(11,413.81)	(58.90)	(58.90)	76,734.30	76,793.20
FUND BALANCE - BEGINNING OF YEAR	86,246.87	86,246.87	86,246.87	-	9,512.57	9,512.57	9,512.57	-
FUND BALANCE - END OF YEAR	\$ 90,384.44	\$ 90,384.44	\$ 78,970.63	\$ (11,413.81)	\$ 9,453.67	\$ 9,453.67	\$ 86,246.87	\$ 76,793.20

See accompanying Independent Auditor's Report.

THE COUNTY OF TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - CASH BASIS - SPECIAL REVENUE MAJOR FUND  
BUDGET AND ACTUAL - SPECIAL TAX MAINTENANCE 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	970,000.00	970,000.00	936,743.30	(33,256.70)	911,000.00	911,000.00	946,355.96	35,355.96
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	-	-	-	-	-	-	-	-
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interest	30,000.00	30,000.00	90,533.05	60,533.05	7,500.00	7,500.00	43,276.38	35,776.38
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	1,000,000.00	1,000,000.00	1,027,276.35	27,276.35	918,500.00	918,500.00	989,632.34	71,132.34
EXPENDITURES								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Property and Equipment Insurance	-	-	-	-	-	-	-	-
Equipment Repairs	-	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment and Buildings	120,000.00	120,000.00	116,441.16	(3,558.84)	1,443,788.91	1,443,788.91	-	(1,443,788.91)
TOTAL EXPENDITURES	120,000.00	120,000.00	116,441.16	(3,558.84)	1,443,788.91	1,443,788.91	-	(1,443,788.91)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	880,000.00	880,000.00	910,835.19	30,835.19	(525,288.91)	(525,288.91)	989,632.34	1,514,921.25
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	(989,632.34)	(989,632.34)	(406,058.57)	583,573.77	-	-	-	-
Debt Service:								
Principle	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(989,632.34)	(989,632.34)	(406,058.57)	583,573.77	-	-	-	-
NET CHANGE IN FUND BALANCE	(109,632.34)	(109,632.34)	504,776.62	614,408.96	(525,288.91)	(525,288.91)	989,632.34	1,514,921.25
FUND BALANCE - BEGINNING OF YEAR	1,514,921.25	1,514,921.25	1,514,921.25	-	525,288.91	525,288.91	525,288.91	-
FUND BALANCE - END OF YEAR	<u>\$ 1,405,288.91</u>	<u>\$ 1,405,288.91</u>	<u>\$ 2,019,697.87</u>	<u>\$ 614,408.96</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,514,921.25</u>	<u>\$ 1,514,921.25</u>

See accompanying Independent Auditor's Report.

THE COUNTY OF TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - CASH BASIS - SPECIAL REVENUE MAJOR FUND  
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT PROJECT 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	970,000.00	970,000.00	936,748.72	(33,251.28)	911,000.00	911,000.00	946,347.38	35,347.38
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	-	-	-	-	-	-	-	-
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interest	15,000.00	15,000.00	15,774.46	774.46	9,000.00	9,000.00	16,943.21	7,943.21
Other	-	-	2,572.50	2,572.50	-	-	-	-
TOTAL REVENUES	985,000.00	985,000.00	955,095.68	(29,904.32)	920,000.00	920,000.00	963,290.59	43,290.59
EXPENDITURES								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Property and Equipment Insurance	-	-	-	-	-	-	-	-
Equipment Repairs	-	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment and Buildings	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	985,000.00	985,000.00	955,095.68	(29,904.32)	920,000.00	920,000.00	963,290.59	43,290.59
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	(1,002,487.50)	(1,002,487.50)	(1,001,103.63)	1,383.87	(991,962.50)	(991,962.50)	(990,712.39)	1,250.11
Debt Service:								
Principle	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,002,487.50)	(1,002,487.50)	(1,001,103.63)	1,383.87	(991,962.50)	(991,962.50)	(990,712.39)	1,250.11
NET CHANGE IN FUND BALANCE	(17,487.50)	(17,487.50)	(46,007.95)	(28,520.45)	(71,962.50)	(71,962.50)	(27,421.80)	44,540.70
FUND BALANCE - BEGINNING OF YEAR	158,346.15	158,346.15	158,346.15	-	185,767.95	185,767.95	185,767.95	-
FUND BALANCE - END OF YEAR	\$ 140,858.65	\$ 140,858.65	\$ 112,338.20	\$ (28,520.45)	\$ 113,805.45	\$ 113,805.45	\$ 158,346.15	\$ 44,540.70

See accompanying Independent Auditor's Report.



THE COUNTY OF TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - CASH BASIS - SPECIAL REVENUE MAJOR FUND  
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT PROJECT FUND  
UNAUDITED - FOR THE YEARS ENDED

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
Sales Tax	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	-	-	-	-	-	-	-	-
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	15.22	15.22
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	-	-	-	-	-	15.22	15.22
EXPENDITURES								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Property and Equipment Insurance	-	-	-	-	-	-	-	-
Equipment Repairs	-	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment and Buildings	8,477,524.44	8,477,524.44	7,375,385.34	(1,102,139.10)	12,428,985.40	12,428,985.40	4,160,899.76	(8,268,085.64)
TOTAL EXPENDITURES	8,477,524.44	8,477,524.44	7,375,385.34	(1,102,139.10)	12,428,985.40	12,428,985.40	4,160,899.76	(8,268,085.64)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,477,524.44)	(8,477,524.44)	(7,375,385.34)	1,102,139.10	(12,428,985.40)	(12,428,985.40)	(4,160,884.54)	8,268,100.86
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Bond Revenue	8,477,524.44	8,477,524.44	7,375,385.34	(1,102,139.10)	12,428,985.40	12,428,985.40	4,160,884.54	(8,268,100.86)
Debt Service:								
Principle	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	8,477,524.44	8,477,524.44	7,375,385.34	(1,102,139.10)	12,428,985.40	12,428,985.40	4,160,884.54	(8,268,100.86)
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Accompanying Independent Auditor's Report.

HOUSTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - CASH BASIS - SPECIAL REVENUE MAJOR FUND  
BUDGET AND ACTUAL - JUSTICE CENTER FUNDS FUND  
UNAUDITED - FOR THE YEARS ENDED

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET	BUDGETED AMOUNTS		ACTUAL	OVER (UNDER) FINAL BUDGET
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Sales Tax	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	-	-	-	-	-	-	-	-
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interest	267,000.00	267,000.00	299,820.93	32,820.93	369,654.04	369,654.04	687,979.25	318,325.21
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	267,000.00	267,000.00	299,820.93	32,820.93	369,654.04	369,654.04	687,979.25	318,325.21
EXPENDITURES								
Salaries	-	-	-	-	-	-	-	-
Employee Fringe Benefits	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Property and Equipment Insurance	-	-	-	-	-	-	-	-
Equipment Repairs	-	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment and Buildings	8,555,524.44	8,555,524.44	7,453,964.86	(1,101,559.58)	12,428,985.40	12,428,985.40	4,242,712.60	(8,186,272.80)
TOTAL EXPENDITURES	8,555,524.44	8,555,524.44	7,453,964.86	(1,101,559.58)	12,428,985.40	12,428,985.40	4,242,712.60	(8,186,272.80)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,288,524.44)	(8,288,524.44)	(7,154,143.93)	1,134,380.51	(12,059,331.36)	(12,059,331.36)	(3,554,733.35)	8,504,598.01
OTHER FINANCING SOURCES (USES)								
Transfers In	1,002,487.50	1,002,487.50	1,001,103.63	(1,383.87)	991,962.50	991,962.50	990,712.39	(1,250.11)
Transfers Out	-	-	-	-	-	-	-	-
Bond Revenue	-	-	-	-	-	-	-	-
Debt Service:								
Principle	(375,000.00)	(375,000.00)	(375,000.00)	-	(320,981.25)	(320,981.25)	(350,000.00)	(29,018.75)
Interest	(627,087.50)	(627,087.50)	(626,103.63)	983.87	(670,981.25)	(670,981.25)	(640,712.39)	30,268.86
TOTAL OTHER FINANCING SOURCES (USES)	400.00	400.00	-	(400.00)	-	-	-	-
NET CHANGE IN FUND BALANCE	(8,288,124.44)	(8,288,124.44)	(7,154,143.93)	1,133,980.51	(12,059,331.36)	(12,059,331.36)	(3,554,733.35)	8,504,598.01
FUND BALANCE - BEGINNING OF YEAR	10,009,322.98	10,009,322.98	10,009,322.98	-	13,564,056.33	13,564,056.33	13,564,056.33	-
FUND BALANCE - END OF YEAR	\$ 1,721,198.54	\$ 1,721,198.54	\$ 2,855,179.05	\$ 1,133,980.51	\$ 1,504,724.97	\$ 1,504,724.97	\$ 10,009,322.98	\$ 8,504,598.01

See accompanying Independent Auditor's Report.

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

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BUDGETS AND BUDGETARY ACCOUNTING

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

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

During our audit we noted that the County was in compliance with Missouri budgetary state statute Chapter 50 RSMo.

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 TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
COMBINING BALANCE SHEET - CASH BASIS  
NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
DECEMBER 31, 2008

	Assessment Fund	Election Services Fund	Law Enforcement Training Fund	Prosecuting Attorney Training Fund	Collectors Tax Maintenance	Emergency Management Fund	Law Enforcement Operations	Jury Script Fund	WRI-TEX Operations Fund	WRI-TEX Depreciation Fund	Special Election Fund	Recorder User Fees	Prosecuting Attorney Bad Check Fund	LEPC Fund
ASSETS														
Cash and Cash Equivalents	\$ 8,578.79	\$ 10,285.46	\$ 1,646.29	\$ 0.67	\$ 23,242.65	\$ 21.28	\$ 52,673.81	\$ -	\$279,924.56	\$ 47,198.62	\$ 693.00	\$ 36,281.91	\$ -	\$ 16,959.35
TOTAL ASSETS	<u>8,578.79</u>	<u>10,285.46</u>	<u>1,646.29</u>	<u>0.67</u>	<u>23,242.65</u>	<u>21.28</u>	<u>52,673.81</u>	<u>-</u>	<u>279,924.56</u>	<u>47,198.62</u>	<u>693.00</u>	<u>36,281.91</u>	<u>-</u>	<u>16,959.35</u>
LIABILITIES AND FUND BALANCES														
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>8,578.79</u>	<u>10,285.46</u>	<u>1,646.29</u>	<u>0.67</u>	<u>23,242.65</u>	<u>21.28</u>	<u>52,673.81</u>	<u>-</u>	<u>279,924.56</u>	<u>47,198.62</u>	<u>693.00</u>	<u>36,281.91</u>	<u>-</u>	<u>16,959.35</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,578.79</u>	<u>\$ 10,285.46</u>	<u>\$ 1,646.29</u>	<u>\$ 0.67</u>	<u>\$ 23,242.65</u>	<u>\$ 21.28</u>	<u>\$ 52,673.81</u>	<u>\$ -</u>	<u>\$279,924.56</u>	<u>\$ 47,198.62</u>	<u>\$ 693.00</u>	<u>\$ 36,281.91</u>	<u>\$ -</u>	<u>\$ 16,959.35</u>

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

	Defense Deductible Reserve Fund	Concealed Firearms Permits Fund	Domestic Violence Victim Fund	Museum Operation Fund	Museum Endowment Fund	Bridge Replacement Fund	Garner Covert Memorial Fund	Law Enforcement Restitution Fund	Prosecuting Attorney Delinquent Tax Fund	State and Federal Grants	Law Enforcement Memorial Fund	Emergency Mangaement Conference Fund	Inmate Security Fund	Hutchason Cemetary Fund	Transfer Funds	Deputy Sheriff Salary Supplementation Fund	Total
ASSETS																	
Cash and Cash Equivalents	\$ 26,294.83	\$ 13,073.60	\$ 9,146.53	\$ 12,874.57	\$ 723.76	\$ 87,814.82	\$ 3,910.23	\$ 15,279.97	\$ 391.64	\$ -	\$ 558.74	\$ 956.43	\$ 7,057.45	\$ -	\$ 113,826.59	\$ 381.17	\$ 769,796.72
TOTAL ASSETS	<u>26,294.83</u>	<u>13,073.60</u>	<u>9,146.53</u>	<u>12,874.57</u>	<u>723.76</u>	<u>87,814.82</u>	<u>3,910.23</u>	<u>15,279.97</u>	<u>391.64</u>	<u>-</u>	<u>558.74</u>	<u>956.43</u>	<u>7,057.45</u>	<u>-</u>	<u>113,826.59</u>	<u>381.17</u>	<u>769,796.72</u>
LIABILITIES AND FUND BALANCES																	
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	26,294.83	13,073.60	9,146.53	12,874.57	723.76	87,814.82	3,910.23	15,279.97	391.64	-	558.74	956.43	7,057.45	-	113,826.59	381.17	769,796.72
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,294.83</u>	<u>\$ 13,073.60</u>	<u>\$ 9,146.53</u>	<u>\$ 12,874.57</u>	<u>\$ 723.76</u>	<u>\$ 87,814.82</u>	<u>\$ 3,910.23</u>	<u>\$ 15,279.97</u>	<u>\$ 391.64</u>	<u>\$ -</u>	<u>\$ 558.74</u>	<u>\$ 956.43</u>	<u>\$ 7,057.45</u>	<u>\$ -</u>	<u>\$ 113,826.59</u>	<u>\$ 381.17</u>	<u>\$ 769,796.72</u>

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

	Assessment Fund	Election Services Fund	Law Enforcement Training Fund	Prosecuting Attorney Training Fund	Collectors Tax Maintenance	Emergency Management Fund	Law Enforcement Operations	Jury Script Fund	WRI-TEX Operations Fund	WRI-TEX Depreciation Fund	Special Election Fund	Recorder User Fees	Prosecuting Attorney Bad Check Fund	LEPC Fund	Defense Deductible Reserve Fund	Concealed Firearms Permits Fund
REVENUES																
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	5,594.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	211,725.69	-	-	2,262.17	-	15,606.65	9,000.00	-	5,345.60	3,250.00	147,719.00	-	3,050.51	5,755.58	2,452.89	-
Fees, Licenses and Permits	-	5,766.74	-	1,340.32	14,947.77	-	17,938.00	-	343,464.53	-	-	15,633.75	20,670.81	-	-	5,590.00
Interest	2,003.10	506.06	156.98	43.37	871.46	49.74	2,083.65	-	14,904.46	3,293.88	-	1,629.19	489.08	779.87	2,322.64	464.17
Other	-	-	50.07	-	-	-	1,106.00	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	213,728.79	6,272.80	5,801.05	3,645.86	15,819.23	15,656.39	30,127.65	-	363,714.59	6,543.88	147,719.00	17,262.94	24,210.40	6,535.45	4,775.53	6,054.17
EXPENDITURES																
General Government	183,392.40	3,670.00	8,916.18	3,797.46	3,951.64	15,651.15	10,624.18	8,290.34	361,596.42	27,163.43	147,026.00	2,986.85	44,913.53	4,644.15	43,499.25	-
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	11,026.60	-	-	-	-	-	801.93	-	9,186.21	-	-	6,465.22	-	-	-	-
Debt Service:																
Principal Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	194,419.00	3,670.00	8,916.18	3,797.46	3,951.64	15,651.15	11,426.11	8,290.34	370,782.63	27,163.43	147,026.00	9,452.07	44,913.53	4,644.15	43,499.25	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,309.79	2,602.80	(3,115.13)	(151.60)	11,867.59	5.24	18,701.54	(8,290.34)	(7,068.04)	(20,619.55)	693.00	7,810.87	(20,703.13)	1,891.30	(38,723.72)	6,054.17
OTHER FINANCING SOURCES (USES)																
Transfers In	-	-	-	-	-	-	-	8,290.34	-	-	-	-	-	-	-	-
Transfers Out	(10,731.00)	-	-	-	-	-	-	-	(19,159.91)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(10,731.00)	-	-	-	-	-	-	8,290.34	(19,159.91)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	8,578.79	2,602.80	(3,115.13)	(151.60)	11,867.59	5.24	18,701.54	-	(26,227.95)	(20,619.55)	693.00	7,810.87	(20,703.13)	1,891.30	(38,723.72)	6,054.17
FUND BALANCES - BEGINNING OF YEAR	0.00	7,682.66	4,761.42	152.27	11,375.06	16.04	33,972.27	-	306,152.51	67,818.17	-	28,471.04	20,703.13	15,068.05	65,018.55	7,019.43
FUND BALANCES - END OF YEAR	<u>\$ 8,578.79</u>	<u>\$ 10,285.46</u>	<u>\$ 1,646.29</u>	<u>\$ 0.67</u>	<u>\$ 23,242.65</u>	<u>\$ 21.28</u>	<u>\$ 52,673.81</u>	<u>\$ -</u>	<u>\$ 279,924.56</u>	<u>\$ 47,198.62</u>	<u>\$ 693.00</u>	<u>\$ 36,281.91</u>	<u>\$ -</u>	<u>\$ 16,959.35</u>	<u>\$ 26,294.83</u>	<u>\$ 13,073.60</u>

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

	Domestic Violence Victim Fund	Museum Operation Fund	Museum Endowment Fund	Bridge Replacement Fund	Garner Covert Memorial Fund	Law Enforcement Restitution Fund	Prosecuting Attorney Delinquent Tax Fund	State and Federal Grants	Law Enforcement Memorial Fund	Emergency Mangaement Conference Fund	Inmate Security Fund	Hutchason Cemetery Fund	Transfer Funds	Deputy Sheriff Salary Supplementation Fund	Total
REVENUES															
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,594.00
Grants, Distributions and Reimbursements	9,851.45	-	-	-	-	-	-	-	75.00	1,200.00	-	-	524,028.42	-	941,322.96
Fees, Licenses and Permits	7,221.50	-	-	-	-	13,874.34	368.64	-	-	-	5,222.00	-	-	960.00	452,998.40
Interest	379.98	646.06	34.55	7,963.46	544.26	762.26	12.66	-	24.92	44.10	296.83	204.69	-	1.17	40,512.59
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,156.07
TOTAL REVENUES	17,452.93	646.06	34.55	7,963.46	544.26	14,636.60	381.30	-	99.92	1,244.10	5,518.83	204.69	524,028.42	961.17	1,441,584.02
EXPENDITURES															
General Government	13,496.45	-	34.37	71.25	-	13,091.14	-	-	-	1,106.57	2,625.00	204.69	487,026.23	580.00	1,388,358.68
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,479.96
Debt Service:															
Principal Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	13,496.45	-	34.37	71.25	-	13,091.14	-	-	-	1,106.57	2,625.00	204.69	487,026.23	580.00	1,415,838.64
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,956.48	646.06	0.18	7,892.21	544.26	1,545.46	381.30	-	99.92	137.53	2,893.83	-	37,002.19	381.17	25,745.38
OTHER FINANCING SOURCES (USES)															
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,290.34
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,890.91)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,600.57)
NET CHANGE IN FUND BALANCES	3,956.48	646.06	0.18	7,892.21	544.26	1,545.46	381.30	-	99.92	137.53	2,893.83	-	37,002.19	381.17	4,144.81
FUND BALANCES - BEGINNING OF YEAR	5,190.05	12,228.51	723.58	79,922.61	3,365.97	13,734.51	10.34	-	458.82	818.90	4,163.62	-	76,824.40	-	765,651.91
FUND BALANCES - END OF YEAR	<u>\$ 9,146.53</u>	<u>\$ 12,874.57</u>	<u>\$ 723.76</u>	<u>\$ 87,814.82</u>	<u>\$ 3,910.23</u>	<u>\$ 15,279.97</u>	<u>\$ 391.64</u>	<u>\$ -</u>	<u>\$ 558.74</u>	<u>\$ 956.43</u>	<u>\$ 7,057.45</u>	<u>\$ -</u>	<u>\$ 113,826.59</u>	<u>\$ 381.17</u>	<u>\$ 769,796.72</u>



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

	Assessment Fund	Election Services Fund	Law Enforcement Training Fund	Prosecuting Attorney Training Fund	Collectors Tax Maintenance	Emergency Management Fund	Law Enforcement Operations	Jury Script Fund	WRI-TEX Operations Fund	WRI-TEX Depreciation Fund	Special Election Fund	Recorder User Fees	Prosecuting Attorney Bad Check Fund	LEPC Fund	Defense Deductible Reserve Fund
ASSETS															
Cash and Cash Equivalents	\$ 0.00	\$ 7,682.66	\$ 4,761.42	\$ 152.27	\$ 11,375.06	\$ 16.04	\$ 33,972.27	\$ -	\$306,152.51	\$ 67,818.17	\$ -	\$ 28,471.04	\$ 20,703.13	\$ 15,068.05	\$ 65,018.55
TOTAL ASSETS	<u>0.00</u>	<u>7,682.66</u>	<u>4,761.42</u>	<u>152.27</u>	<u>11,375.06</u>	<u>16.04</u>	<u>33,972.27</u>	<u>-</u>	<u>306,152.51</u>	<u>67,818.17</u>	<u>-</u>	<u>28,471.04</u>	<u>20,703.13</u>	<u>15,068.05</u>	<u>65,018.55</u>
LIABILITIES AND FUND BALANCES															
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	0.00	7,682.66	4,761.42	152.27	11,375.06	16.04	33,972.27	-	306,152.51	67,818.17	-	28,471.04	20,703.13	15,068.05	65,018.55
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 0.00</u>	<u>\$ 7,682.66</u>	<u>\$ 4,761.42</u>	<u>\$ 152.27</u>	<u>\$ 11,375.06</u>	<u>\$ 16.04</u>	<u>\$ 33,972.27</u>	<u>\$ -</u>	<u>\$306,152.51</u>	<u>\$ 67,818.17</u>	<u>\$ -</u>	<u>\$ 28,471.04</u>	<u>\$ 20,703.13</u>	<u>\$ 15,068.05</u>	<u>\$ 65,018.55</u>

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

	Concealed Firearms Permits Fund	Domestic Violence Victim Fund	Museum Operation Fund	Museum Endowment Fund	Bridge Replacement Fund	Garner Covert Memorial Fund	Law Enforcement Restitution Fund	Prosecuting Attorney Delinquent Tax Fund	State and Federal Grants	Law Enforcement Memorial Fund	Emergency Mangaement Conference Fund	Inmate Security Fund	Hutchason Cemetary Fund	Transfer Funds	Total
ASSETS															
Cash and Cash Equivalents	\$ 7,019.43	\$ 5,190.05	\$ 12,228.51	\$ 723.58	\$ 79,922.61	\$ 3,365.97	\$ 13,734.51	\$ 10.34	\$ -	\$ 458.82	\$ 818.90	\$ 4,163.62	\$ -	\$ 76,824.40	\$ 765,651.91
TOTAL ASSETS	<u>7,019.43</u>	<u>5,190.05</u>	<u>12,228.51</u>	<u>723.58</u>	<u>79,922.61</u>	<u>3,365.97</u>	<u>13,734.51</u>	<u>10.34</u>	<u>-</u>	<u>458.82</u>	<u>818.90</u>	<u>4,163.62</u>	<u>-</u>	<u>76,824.40</u>	<u>765,651.91</u>
LIABILITIES AND FUND BALANCES															
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>7,019.43</u>	<u>5,190.05</u>	<u>12,228.51</u>	<u>723.58</u>	<u>79,922.61</u>	<u>3,365.97</u>	<u>13,734.51</u>	<u>10.34</u>	<u>-</u>	<u>458.82</u>	<u>818.90</u>	<u>4,163.62</u>	<u>-</u>	<u>76,824.40</u>	<u>765,651.91</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,019.43</u>	<u>\$ 5,190.05</u>	<u>\$ 12,228.51</u>	<u>\$ 723.58</u>	<u>\$ 79,922.61</u>	<u>\$ 3,365.97</u>	<u>\$ 13,734.51</u>	<u>\$ 10.34</u>	<u>\$ -</u>	<u>\$ 458.82</u>	<u>\$ 818.90</u>	<u>\$ 4,163.62</u>	<u>\$ -</u>	<u>\$ 76,824.40</u>	<u>\$ 765,651.91</u>

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

	Assessment Fund	Election Services Fund	Law Enforcement Training Fund	Prosecuting Attorney Training Fund	Collectors Tax Maintenance	Emergency Management Fund	Law Enforcement Operations	Jury Script Fund	WRI-TEX Operations Fund	WRI-TEX Depreciation Fund	Special Election Fund	Recorder User Fees	Prosecuting Attorney Bad Check Fund	LEPC Fund	Defense Deductible Reserve Fund
<b>REVENUES</b>															
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	4,097.90	5,946.00	-	-	-	-	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	155,312.81	10,645.85	2,521.52	2,050.85	-	3,010.00	37,705.95	-	28,831.42	8,554.00	59,362.72	-	28,270.86	6,001.91	7,423.15
Fees, Licenses and Permits	-	-	-	1,263.48	12,623.35	-	14,407.50	-	331,599.42	-	-	19,342.75	31,286.66	-	-
Interest	2,087.62	414.78	167.82	28.22	598.31	6.65	1,348.97	-	16,158.37	3,491.73	-	1,267.24	1,136.01	882.03	3,128.86
Other	-	-	-	-	190.00	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>157,400.43</b>	<b>15,158.53</b>	<b>8,635.34</b>	<b>3,342.55</b>	<b>13,411.66</b>	<b>3,016.65</b>	<b>53,462.42</b>	<b>-</b>	<b>376,589.21</b>	<b>12,045.73</b>	<b>59,362.72</b>	<b>20,609.99</b>	<b>60,693.53</b>	<b>6,883.94</b>	<b>10,552.01</b>
<b>EXPENDITURES</b>															
General Government	175,174.91	17,310.83	7,122.77	3,271.14	7,519.13	3,251.30	26,843.03	10,540.27	357,350.98	-	59,362.72	4,619.25	44,505.41	12,010.22	8,996.77
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	701.95	-	-	-	3,642.50	-	16,566.85	-	45,872.44	23,000.00	-	10,216.97	-	-	-
Debt Service:															
Principal Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>175,876.86</b>	<b>17,310.83</b>	<b>7,122.77</b>	<b>3,271.14</b>	<b>11,161.63</b>	<b>3,251.30</b>	<b>43,409.88</b>	<b>10,540.27</b>	<b>403,223.42</b>	<b>23,000.00</b>	<b>59,362.72</b>	<b>14,836.22</b>	<b>44,505.41</b>	<b>12,010.22</b>	<b>8,996.77</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(18,476.43)</b>	<b>(2,152.30)</b>	<b>1,512.57</b>	<b>71.41</b>	<b>2,250.03</b>	<b>(234.65)</b>	<b>10,052.54</b>	<b>(10,540.27)</b>	<b>(26,634.21)</b>	<b>(10,954.27)</b>	<b>-</b>	<b>5,773.77</b>	<b>16,188.12</b>	<b>(5,126.28)</b>	<b>1,555.24</b>
<b>OTHER FINANCING SOURCES (USES)</b>															
Transfers In	10,731.00	-	-	-	-	-	-	10,540.27	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	(21,146.99)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>10,731.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,540.27</b>	<b>(21,146.99)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(7,745.43)</b>	<b>(2,152.30)</b>	<b>1,512.57</b>	<b>71.41</b>	<b>2,250.03</b>	<b>(234.65)</b>	<b>10,052.54</b>	<b>-</b>	<b>(47,781.20)</b>	<b>(10,954.27)</b>	<b>-</b>	<b>5,773.77</b>	<b>16,188.12</b>	<b>(5,126.28)</b>	<b>1,555.24</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>7,745.43</b>	<b>9,834.96</b>	<b>3,248.85</b>	<b>80.86</b>	<b>9,125.03</b>	<b>250.69</b>	<b>23,919.73</b>	<b>-</b>	<b>353,933.71</b>	<b>78,772.44</b>	<b>-</b>	<b>22,697.27</b>	<b>4,515.01</b>	<b>20,194.33</b>	<b>63,463.31</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 0.00</b>	<b>\$ 7,682.66</b>	<b>\$ 4,761.42</b>	<b>\$ 152.27</b>	<b>\$ 11,375.06</b>	<b>\$ 16.04</b>	<b>\$ 33,972.27</b>	<b>\$ -</b>	<b>\$ 306,152.51</b>	<b>\$ 67,818.17</b>	<b>\$ -</b>	<b>\$ 28,471.04</b>	<b>\$ 20,703.13</b>	<b>\$ 15,068.05</b>	<b>\$ 65,018.55</b>

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

	Concealed Firearms Permits Fund	Domestic Violence Victim Fund	Museum Operation Fund	Museum Endowment Fund	Bridge Replacement Fund	Garner Covert Memorial Fund	Law Enforcement Restitution Fund	Prosecuting Attorney Delinquent Tax Fund	State and Federal Grants	Law Enforcement Memorial Fund	Emergency Mangaement Conference Fund	Inmate Security Fund	Hutchason Cemetery Fund	Transfer Funds	Total
REVENUES															
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-Governmental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,043.90
Grants, Distributions and Reimbursements	-	27,133.72	105.52	-	-	-	-	-	-	-	1,650.00	-	1,000.00	433,027.98	812,608.26
Fees, Licenses and Permits	2,695.00	6,289.50	-	-	-	-	11,325.00	-	-	-	-	4,084.52	-	-	434,917.18
Interest	321.26	140.59	574.12	34.37	6,314.51	674.78	605.66	9.09	0.03	20.33	43.68	79.10	258.43	-	39,792.56
Other	-	-	-	-	-	-	-	-	-	-	-	-	1,000.00	-	1,190.00
TOTAL REVENUES	3,016.26	33,563.81	679.64	34.37	6,314.51	674.78	11,930.66	9.09	0.03	20.33	1,693.68	4,163.62	2,258.43	433,027.98	1,298,551.90
EXPENDITURES															
General Government	2,850.00	29,638.72	-	20.52	-	-	13,611.98	2,222.76	10.73	-	1,369.04	-	2,258.43	469,082.85	1,258,943.76
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000.71
Debt Service:															
Principal Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	2,850.00	29,638.72	-	20.52	-	-	13,611.98	2,222.76	10.73	-	1,369.04	-	2,258.43	469,082.85	1,358,944.47
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	166.26	3,925.09	679.64	13.85	6,314.51	674.78	(1,681.32)	(2,213.67)	(10.70)	20.33	324.64	4,163.62	-	(36,054.87)	(60,392.57)
OTHER FINANCING SOURCES (USES)															
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,271.27
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,146.99)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	124.28
NET CHANGE IN FUND BALANCES	166.26	3,925.09	679.64	13.85	6,314.51	674.78	(1,681.32)	(2,213.67)	(10.70)	20.33	324.64	4,163.62	-	(36,054.87)	(60,268.29)
FUND BALANCES - BEGINNING OF YEAR	6,853.17	1,264.96	11,548.87	709.73	73,608.10	2,691.19	15,415.83	2,224.01	10.70	438.49	494.26	-	-	112,879.27	825,920.20
FUND BALANCES - END OF YEAR	\$ 7,019.43	\$ 5,190.05	\$ 12,228.51	\$ 723.58	\$ 79,922.61	\$ 3,365.97	\$ 13,734.51	\$ 10.34	\$ -	\$ 458.82	\$ 818.90	\$ 4,163.62	\$ -	\$ 76,824.40	\$ 765,651.91

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

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	Collector Funds	Clerk Funds	Associate Circuit Clerk Funds	Associate Court Funds	Circuit Clerk	Recorder of Deeds	Sheriff Funds
ASSETS							
Cash and Cash Equivalents	<u>1,385,947.84</u>	<u>\$ 0.52</u>	<u>\$ 33,797.18</u>	<u>\$ 16.43</u>	<u>\$ 15,038.87</u>	<u>\$ (21.60)</u>	<u>\$ 7,286.51</u>
TOTAL ASSETS	<u>1,385,947.84</u>	<u>0.52</u>	<u>33,797.18</u>	<u>16.43</u>	<u>15,038.87</u>	<u>(21.60)</u>	<u>7,286.51</u>
LIABILITIES AND FUND BALANCES							
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNRESERVED FUND BALANCES	<u>1,385,947.84</u>	<u>0.52</u>	<u>33,797.18</u>	<u>16.43</u>	<u>15,038.87</u>	<u>(21.60)</u>	<u>7,286.51</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>1,385,947.84</u>	<u>\$ 0.52</u>	<u>\$ 33,797.18</u>	<u>\$ 16.43</u>	<u>\$ 15,038.87</u>	<u>\$ (21.60)</u>	<u>\$ 7,286.51</u>

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

<u>Sheriff Land</u>	<u>Prosecuting Attorney Funds</u>	<u>Juvenile Funds</u>	<u>Hutcheson Cemetery Funds</u>	<u>Garner Covert Memorial Fund</u>	<u>CERF Fund</u>	<u>Criminal Costs</u>	<u>Financial Institution Fund</u>	<u>Unclaimed Fees</u>	<u>Total</u>
\$ 166,010.33	\$ 8,046.34	\$ -	\$ 7,318.74	\$ 12,000.00	\$ -	\$ -	\$ -	\$ -	\$1,635,441.16
<u>166,010.33</u>	<u>8,046.34</u>	<u>-</u>	<u>7,318.74</u>	<u>12,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,635,441.16</u>
-	-	-	-	-	-	-	-	-	-
<u>166,010.33</u>	<u>8,046.34</u>	<u>-</u>	<u>7,318.74</u>	<u>12,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,635,441.16</u>
<u>\$ 166,010.33</u>	<u>\$ 8,046.34</u>	<u>\$ -</u>	<u>\$ 7,318.74</u>	<u>\$ 12,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,635,441.16</u>

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

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	Collector Funds	Clerk Funds	Associate Circuit Clerk Funds	Associate Court Funds	Circuit Clerk	Recorder of Deeds	Sheriff Funds	Sheriff Land
ASSETS								
Cash and Cash Equivalents	4,697,659.99	\$ (838.23)	\$ 71,132.26	\$ 14.21	\$ 48,906.39	\$ (33.71)	\$ 3,873.75	\$ 10.33
TOTAL ASSETS	<u>4,697,659.99</u>	<u>(838.23)</u>	<u>71,132.26</u>	<u>14.21</u>	<u>48,906.39</u>	<u>(33.71)</u>	<u>3,873.75</u>	<u>10.33</u>
LIABILITIES AND FUND BALANCES								
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>4,697,659.99</u>	<u>(838.23)</u>	<u>71,132.26</u>	<u>14.21</u>	<u>48,906.39</u>	<u>(33.71)</u>	<u>3,873.75</u>	<u>10.33</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>4,697,659.99</u>	<u>\$ (838.23)</u>	<u>\$ 71,132.26</u>	<u>\$ 14.21</u>	<u>\$ 48,906.39</u>	<u>\$ (33.71)</u>	<u>\$ 3,873.75</u>	<u>\$ 10.33</u>

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

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<u>Prosecuting Attorney Funds</u>	<u>Juvenile Funds</u>	<u>Hutcheson Cemetery Funds</u>	<u>Garner Covert Memorial Fund</u>	<u>CERF Fund</u>	<u>Criminal Costs</u>	<u>Financial Institution Fund</u>	<u>Unclaimed Fees</u>	<u>Total</u>
\$ 7,678.65	\$ 23.68	\$ 6,318.74	\$ 12,000.00	\$ -	\$ -	\$ -	\$ -	\$4,846,746.06
<u>7,678.65</u>	<u>23.68</u>	<u>6,318.74</u>	<u>12,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,846,746.06</u>
-	-	-	-	-	-	-	-	-
<u>7,678.65</u>	<u>23.68</u>	<u>6,318.74</u>	<u>12,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,846,746.06</u>
<u>\$ 7,678.65</u>	<u>\$ 23.68</u>	<u>\$ 6,318.74</u>	<u>\$ 12,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,846,746.06</u>



## **STATE COMPLIANCE SECTION**

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

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SCHEDULE OF STATE FINDINGS

There were no state findings for the years ended 12/31/07 and 12/31/08.

## **FEDERAL COMPLIANCE SECTION**



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the County Commission  
The County of Texas, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The County of Texas (the Primary Government), Missouri, as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the Primary Government's basic financial statements of the County's primary government, and have issued our cash basis report thereon dated July 15, 2009. Our report which was modified because the Primary Government prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

### Internal Control Over Financial Reporting (concluded)

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, as applicable to the 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, and 07/08-03 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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

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

### Compliance and Other Matters

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

We noted certain matters that we reported to management of the Primary Government in a separate letter Dated July 15, 2009.

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

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

*Daniel Jones & Associates*

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

July 15, 2009

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

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I. FINANCIAL STATEMENT FINDINGS

- 07/08-01      Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2007, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.
- Condition: During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to financial statements.
- Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 112 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.
- Cause: Due to the short time frame for the implementation of the new SAS requirements, management did not prepare the financial statements or the notes to financial statements.
- Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.
- Management's Response: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the county's annual budget document and annual financial statement. The county 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 TEXAS  
HOUSTON, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS FOR THE FISCAL YEARS ENDED  
DECEMBER 31, 2008 AND 2007

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I. FINANCIAL STATEMENT FINDINGS (continued)

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

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

Management's Response: The County is 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.

II. FOLLOW-UP PRIOR YEAR FINDINGS

05/06-01      Criteria: The Treasurer had not reconciled the bank accounts for the County since some time in early 2005 when she had taken office.

Condition: During our audit we noted that none of the accounts maintained by the Treasurer were reconciled.

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

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II. FOLLOW-UP PRIOR YEAR FINDINGS (continued)

Effect: Not properly reconciling and displaying fund balance.

Cause: Management has not reconciled all bank accounts.

Recommendation: We recommended that bank accounts maintained by the county be reconciled on a monthly basis. Since then, the bank accounts have been reconciled to date.

Management's Response: The County's bank statements for 2005, 2006 and 2007 have been reconciled by the County Treasurer's office and verified by the County Clerk's office. Copies of the reconciled report are reviewed by the County Commission each month.

Status: Implemented

06-02 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.



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

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II. FOLLOW-UP PRIOR YEAR FINDINGS (continued)

Status: Not Implemented.

06-03 Criteria: Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2006, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

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

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

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

Management's Response: The County is 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.

Status: Not Implemented.

06-04 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.

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

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II. FOLLOW-UP PRIOR YEAR FINDINGS (concluded)

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.

Status: Not Implemented.



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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To the County Commissioners  
Texas 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 Texas County as of and for the years ended December 31, 2008 and 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

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

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

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

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

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

Very truly yours,

*Daniel Jones & Associates*

Daniel Jones & Associates  
Certified Public Accountants  
July 15, 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.

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

**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.

## 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 June 4, 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.

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

In planning and performing our audit, we considered Texas 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 Texas 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 Texas County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Texas County's compliance with those requirements.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 4, 2009.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Texas 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.

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

#### 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 15, 2009.

#### Management Consultations with Other Independent Accountants

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

#### Other Audit Findings or Issues

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

**TEXAS COUNTY SENATE BILL 40**  
**(A COMPONENT UNIT OF TEXAS COUNTY, MISSOURI)**  
**ANNUAL FINANCIAL REPORT AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2008 & 2007**



**TEXAS COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF TEXAS COUNTY, MISSOURI)  
ANNUAL FINANCIAL REPORT AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2008 & 2007**

**TABLE OF CONTENTS**

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	PAGE
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report.....	1-2
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> .....	3-4
<b><u>FINANCIAL STATEMENTS</u></b>	
Statement of Assets, Liabilities and Fund Balance – Cash Basis.....	5
Statement of Revenues, Expenses and Changes in Fund Balance – Cash Basis.....	6
Notes to the Financial Statements.....	7-11
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Statement of Revenues, Expenditures and Changes in Fund Balance– Budget Basis to Actual – Non-GAAP – Cash Basis - 2008.....	12
Statement of Revenues, Expenditures and Changes in Fund Balance– Budget Basis to Actual – Non-GAAP – Cash Basis - 2007.....	13
Notes to Required Supplementary Information.....	14
Schedule of Findings and Questioned Costs.....	15-17



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Texas County Senate Bill 40  
of Missouri

We have audited the accompanying basic financial statements of the Texas County Senate Bill 40 of Missouri, a component unit of Texas County, as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the Senate Bill 40's financial statements as listed in the table of contents. These financial statements are the responsibility of the Texas County Senate Bill 40's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note I, the SB 40 prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As described in Note II the SB 40 has adopted the provisions of Governmental Accounting Standards Board Statement No. 40, "*Deposit and Investment Risk Disclosures*," as of and for the year ended December 31, 2006.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the Texas County Senate Bill 40 of Missouri as of December 31, 2008 and December 31, 2007, and the respective changes in financial position-cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note I.

The SB 40 has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America, as applicable to the cash basis of accounting, has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated July 1, 2009, on our consideration of the Texas County Senate Bill 40 of Missouri's internal control over financial reporting and 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 accompanying required supplementary information, the budgetary comparisons on pages 12 and 13 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The budgetary comparison information has been subjected to 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 1, 2009



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees  
Texas County Senate Bill 40 of Missouri

We have audited the basic financial statements of the Texas County Senate Bill 40 of Missouri, as of and for the years ended December 31, 2008 and December 31, 2007, and have issued our report thereon dated July 1, 2009, which was modified because the SB 40 prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Texas County Senate Bill 40 of Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Texas County Senate Bill 40's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Texas County Senate Bill 40'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 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, and 07/08-03, described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Texas County Senate Bill 40 of Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Texas County Senate Bill 40 in a separate letter dated July 1, 2009.

Texas County Senate Bill 40's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Texas County Senate Bill 40's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, Board of Trustees 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 1, 2009

## **FINANCIAL STATEMENTS**

TEXAS COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF TEXAS COUNTY MISSOURI)  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**ASSETS**

	<u>2008</u>	<u>2007</u>
Cash	\$ 61,058.08	\$ 56,945.68
Investments		
Total Assets	<u><u>61,058.08</u></u>	<u><u>56,945.68</u></u>

**LIABILITIES AND FUND BALANCE**

Liabilities	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balance		
Unrestricted	\$ 61,058.08	\$ 56,945.68
Total Fund Balance	<u>61,058.08</u>	<u>56,945.68</u>
Total Liabilities and Fund Balance	<u><u>61,058.08</u></u>	<u><u>56,945.68</u></u>

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

TEXAS COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF TEXAS COUNTY MISSOURI)  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE - CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
REVENUES		
Property Tax Revenues	\$ 167,051.40	\$ 164,227.51
	<u>167,051.40</u>	<u>164,227.51</u>
TOTAL REVENUES	167,051.40	164,227.51
EXPENDITURES		
Opportunity Sheltered Ind.	162,000.00	153,000.00
General Administration	1,200.00	1,200.00
Miscellaneous	52.00	72.00
Insurance	1,340.00	1,340.00
Publications	24.38	24.38
	<u>164,616.38</u>	<u>155,636.38</u>
TOTAL EXPENDITURES	164,616.38	155,636.38
REVENUES COLLECTED OVER (UNDER) EXPENDITURES	2,435.02	8,591.13
OTHER FINANCING SOURCES (USES)		
Interest	1,316.35	859.91
Miscellaneous	361.03	879.52
Rents	0.00	0.00
Donations	-	0.00
	<u>1,677.38</u>	<u>1,739.43</u>
TOTAL OTHER FINANCING SOURCES (USES)	1,677.38	1,739.43
REVENUE COLLECTED AND OTHER SOURCES UNDER EXPENDITURES PAID AND OTHER USES	4,112.40	10,330.56
FUND BALANCE - BEGINNING OF YEAR	<u>56,945.68</u>	<u>46,615.12</u>
FUND BALANCE - END OF YEAR	<u>\$ 61,058.08</u>	<u>\$ 56,945.68</u>

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



TEXAS COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF TEXAS COUNTY, MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Texas County Senate Bill 40 (“SB 40”), which is governed by a nine-member board of directors, was established by an Act of the Senate Bill 40.

As discussed further in Note I, these financial statements are presented on the 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 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 cash basis of accounting, these financial statements present financial accountability of the SB 40.

The SB 40 has developed criteria to determine whether outside agencies with activities which benefit the clients of the SB 40, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the SB 40 exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service and special financing relationships.

The SB 40 has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the SB 40's financial statements. However, Texas County Senate Bill 40 is a component unit of Texas County, Missouri. The SB 40 has not been included in the County's financial statements as a discretely presented component unit.

**B. Basis of Presentation**

The Governmental Funds Statement of Assets, Liabilities and Fund Balance and Statement of Revenues, Expenses and Changes in Fund Balance combines information about the reporting government as a whole and funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain SB 40 functions or activities. Major individual governmental funds are reported as separate columns in the fund financial statements. The major fund consists of the general fund.

*Governmental Fund Type* - The General Fund is the general operating fund of the SB 40 and accounts for all revenues and expenditures of the SB 40. All general tax revenues and other receipts are accounted for in this fund.

TEXAS COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF TEXAS COUNTY, MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 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. The fund financial statements are prepared using the cash basis of accounting. This 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 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 SB 40 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.

**D. Cash Deposits and Investments**

Deposits and investments are stated at cost, which approximates market. Cash balances for all the funds are pooled and invested to the extent possible. 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 SB 40's name at third-party banking institutions. Details of these cash balances are presented in Note II.

TEXAS COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF TEXAS COUNTY, MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

E. Net Assets

Net assets represents 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 SB 40 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

All other net assets are reported as unrestricted. The SB 40 applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

F. 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**

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 SB 40's investment policy does not include custodial credit risk requirements. The SB 40's deposits were not exposed to custodial credit risk at year end.

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Missouri or its agencies and instrumentalities that have a market value of not less than the principle amount of the deposits.

The SB 40's deposits were fully insured or collateralized as required by state statutes at December 31, 2008 and December 31, 2007. At December 31, 2008, the carrying amount of the Board's deposits was \$61,058.08 with respective bank balances totaling \$61,071.21. At December 31, 2007, the carrying amount of the Board's deposits was \$56,945.68 with respective bank balances totaling \$56,945.68. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$100,000 for 2007 and \$250,000 for 2008.

TEXAS COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF TEXAS COUNTY, MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**II. DEPOSITS AND INVESTMENTS (concluded)**

The Deposits held at December 31, 2008 and reported at cost, are as follows:

BALANCE AT DECEMBER 31, 2008		
	Maturity Date	Cost
Deposits:		
Checking and Money Market Accounts	N/A	\$ 61,058.08
TOTAL DEPOSITS		\$ 61,058.08

The Deposits held at December 31, 2007 and reported cost, are as follows:

BALANCE AT DECEMBER 31, 2007		
	Maturity Date	Cost
Deposits:		
Checking and Money Market Accounts	N/A	\$ 56,945.68
TOTAL DEPOSITS		\$ 56,945.68

**III. TAXES**

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The County collects the property tax and remits it to the SB 40 the month following collection.

The assessed valuation of the tangible taxable property for the calendar years 2008 and 2007 for purposes of local taxation was \$188,547,098 and \$169,541,524 respectively. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2008 and 2007 for purposes of local taxation was .10 and .10 respectively.

**IV. RISK MANAGEMENT**

The SB 40 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

TEXAS COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF TEXAS COUNTY, MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**IV. RISK MANAGEMENT (CONCLUDED)**

The SB 40 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the SB 40. Settled claims have not exceeded this commercial coverage in any of the past three years.

**V. LITIGATION**

The SB 40 is not a defendant in any litigation as of December 31, 2008 or December 31, 2007.

## **REQUIRED SUPPLEMENTARY INFORMATION**

TEXAS COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF TEXAS COUNTY MISSOURI)  
STATEMENT OF REVENUES AND EXPENDITURES BUDGET TO ACTUAL NON GAAP - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<b>Original And Final Budgeted Amounts</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
REVENUES			
Property Tax Revenues	\$ 168,300.00	\$ 167,051.40	\$ (1,248.60)
TOTAL REVENUES	<u>168,300.00</u>	<u>167,051.40</u>	<u>(1,248.60)</u>
EXPENDITURES			
Opportunity Sheltered Ind.	166,500.00	162,000.00	(4,500.00)
General Administration	1,200.00	1,200.00	-
Miscellaneous	200.00	52.00	(148.00)
Insurance	1,500.00	1,340.00	(160.00)
Publications	100.00	24.38	(75.62)
TOTAL EXPENDITURES	<u>169,500.00</u>	<u>164,616.38</u>	<u>(4,883.62)</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES	(1,200.00)	2,435.02	3,635.02
OTHER FINANCING SOURCES (USES)			
Interest	1,000.00	1,316.35	316.35
Miscellaneous	200.00	361.03	161.03
Rents	-	-	-
Donations	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,200.00</u>	<u>1,677.38</u>	<u>477.38</u>
REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES PAID AND OTHER USES	-	4,112.40	4,112.40
FUND BALANCE BEGINNING OF YEAR	<u>56,945.68</u>	<u>56,945.68</u>	<u>-</u>
FUND BALANCE END OF YEAR	<u>\$ 56,945.68</u>	<u>\$ 61,058.08</u>	<u>\$ 4,112.40</u>

TEXAS COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF TEXAS COUNTY MISSOURI)  
STATEMENT OF REVENUES AND EXPENDITURES BUDGET TO ACTUAL NON GAAP - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<b>Original And Final Budgeted Amounts</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
REVENUES			
Property Tax Revenues	\$ 155,000.00	164,227.51	\$ 9,227.51
TOTAL REVENUES	<u>155,000.00</u>	<u>164,227.51</u>	<u>9,227.51</u>
EXPENDITURES			
Opportunity Sheltered Ind.	153,000.00	153,000.00	-
General Administration	1,200.00	1,200.00	-
Miscellaneous	200.00	72.00	(128.00)
Insurance	1,500.00	1,340.00	(160.00)
Publications	100.00	24.38	(75.62)
TOTAL EXPENDITURES	<u>156,000.00</u>	<u>155,636.38</u>	<u>(363.62)</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES	(1,000.00)	8,591.13	9,591.13
OTHER FINANCING SOURCES (USES)			
Interest	1,000.00	859.91	(140.09)
Miscellaneous	200.00	879.52	679.52
Rents	-	-	-
Donations	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,200.00</u>	<u>1,739.43</u>	<u>539.43</u>
REVENUES COLLECTED AND OTHER SOURCES OVER EXPENDITURES PAID AND OTHER USES	200.00	10,330.56	10,130.56
FUND BALANCE BEGINNING OF YEAR	<u>46,615.12</u>	<u>46,615.12</u>	<u>-</u>
FUND BALANCE END OF YEAR	<u>\$ 46,815.12</u>	<u>\$ 56,945.68</u>	<u>\$ 10,130.56</u>



TEXAS COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF TEXAS COUNTY, MISSOURI)  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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BUDGETS AND BUDGETARY ACCOUNTING

The SB 40 follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the Board adopts a budget for each fund.
2. Prior to December, the Director, who serves as the budget officer, submits to the Senate Bill 40 Board a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all SB 40 funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. Prior to its approval by the Senate Bill 40 Board, the budget document is available for public inspection.
4. Prior to January 1, the budget is legally enacted by a vote of the Senate Bill 40 Board.
5. Subsequent to its formal approval of the budget, the Senate Bill 40 Board has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgets are prepared and adopted on the cash basis of accounting.

TEXAS COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF TEXAS COUNTY, MISSOURI)  
SCHEDULE OF QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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I. FINANCIAL STATEMENT FINDINGS

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

Condition: During the current year, auditors of the Senate Bill 40 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 Senate Bill 40 may wish to consider alternatives available that would eliminate this situation.

Management's Response: The Senate Bill 40 will, for future audits, prepare annual financial statements comparable to the one included in the auditor's report.

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 Senate Bill 40'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 Senate Bill 40 may not be able to ensure that controls are in place, communicated and operating effectively.

TEXAS COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF TEXAS COUNTY, MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 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 Senate Bill 40 did not prepare the required documentation.

Recommendation: We recommend that the Senate Bill 40 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 Senate Bill 40 is in the process of developing policies for the management of internal control.

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 Senate Bill 40'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 Senate Bill 40 address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Management Response: The Senate Bill 40 is in the process of developing an anti-fraud policy.

TEXAS COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF TEXAS COUNTY, MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

II. 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.



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors  
Texas 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 Texas County Senate Bill 40 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 Senate Bill 40'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 Senate Bill 40's internal control. Accordingly, we do not express an opinion on the effectiveness of the Senate Bill 40's internal control.

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

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

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

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

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

Texas County Senate Bill 40'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, Board of Directors, and others within the County, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Daniel Jones & Associates*

Daniel Jones & Associates  
Certified Public Accountants  
July 1, 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 Senate Bill 40 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 Senate Bill 40 may wish to consider alternatives available that would eliminate this situation.

**Management's Response:** The Senate Bill 40 will, for future audits, prepare annual financial statements comparable to the one included in the auditor's report.

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 Senate Bill 40'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 Senate Bill 40 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 Senate Bill 40 did not prepare the required documentation.

**Recommendation:** We recommend that the Senate Bill 40 develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

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

**Management's Response:** The Senate Bill 40 is in the process of developing policies for the management of internal control.

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 Senate Bill 40'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 Senate Bill 40 address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

**Management Response:** The Senate Bill 40 is in the process of developing an anti-fraud policy.

## 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 June 4, 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 cash basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

In planning and performing our audit, we considered Texas County Senate Bill 40'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 Senate Bill 40'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 Texas County Senate Bill 40'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 Texas County Senate Bill 40's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Texas County Senate Bill 40's compliance with those requirements.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 4, 2009.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Texas County Senate Bill 40 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.



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

#### 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 1, 2009.

#### Management Consultations with Other Independent Accountants

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

#### Other Audit Findings or Issues

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