



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Stone County, Missouri

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

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

Susan Montee, JD, CPA
State Auditor

January 2010
Report No. 2010-01

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

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GALENA, MISSOURI
(the Primary Government)
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FINANCIAL SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT
(The Primary Government)

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

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

The financial statements referred to above include only the Primary Government which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the Primary Government's legally separate component unit, which accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting, require to be reported with the financial data of the Primary Government. As a result, the Primary Government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Primary Government as of December 31, 2008 and 2007, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting. In accordance with accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting, the Health Department of Stone County, the Stone County Senior Citizens Service Board and the Stone County Emergency Services have issued separate reporting entity financial statements. For information on these component units, please contact the Stone County Health Department at 417-357-6134, the Stone County Senior Citizens Service Board at 417-538-2923 and the Stone County Emergency Services at 417-339-3377.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 21, 2009, on our consideration of the Primary Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Schedules of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis – Budget and Actual and related notes on pages 29 through 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Primary Government's basic financial statements. The combining and individual non-major funds financial statements on pages 38 through 45 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The state and federal compliance sections on pages 54 through 59 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

October 21, 2009

FINANCIAL STATEMENTS

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

	DECEMBER 31, 2008 TOTAL GOVERNMENTAL ACTIVITIES	DECEMBER 31, 2007 TOTAL GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and Cash Equivalents	\$ 636,827.69	\$ 639,997.42
Investments	940,000.00	1,910,000.00
	<u>1,576,827.69</u>	<u>2,549,997.42</u>
TOTAL ASSETS	<u>1,576,827.69</u>	<u>2,549,997.42</u>
NET ASSETS		
Unrestricted	<u>1,576,827.69</u>	<u>2,549,997.42</u>
TOTAL NET ASSETS	<u>1,576,827.69</u>	<u>2,549,997.42</u>
TOTAL FUND BALANCE	<u>\$ 1,576,827.69</u>	<u>\$ 2,549,997.42</u>

See accompanying notes to the financial statements.

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

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES					
General County Government	\$ 3,225,437.81	\$ 1,360,882.94	\$ 1,111,737.71	\$ -	\$ (752,817.16)
Financial Administration	332,156.92	-	-	-	(332,156.92)
Property Valuation and Recording	169,173.93	-	-	-	(169,173.93)
Administration of Justice and Law Enforcement	3,260,796.77	-	-	-	(3,260,796.77)
Health & Welfare	-	-	-	-	-
Maintenance of Roads	5,764,112.78	-	-	1,599,261.08	(4,164,851.70)
Emergency Fund	955.00	-	-	-	(955.00)
Other	421,003.73	-	-	-	(421,003.73)
Debt Service:					
Principal	271,340.98	-	-	-	(271,340.98)
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay:					
Construction of Roads and Bridges	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 13,444,977.92</u>	<u>\$ 1,360,882.94</u>	<u>\$ 1,111,737.71</u>	<u>\$ 1,599,261.08</u>	<u>(9,373,096.19)</u>

GENERAL REVENUES

Taxes:	
Property Taxes, Levied	665,649.07
Sales Tax	6,572,239.71
Investment Income	109,685.98
Miscellaneous	<u>1,052,351.70</u>
TOTAL GENERAL REVENUES	<u>8,399,926.46</u>
CHANGE IN NET ASSETS	(973,169.73)
NET ASSETS, BEGINNING OF YEAR	<u>2,549,997.42</u>
NET ASSETS, END OF YEAR	<u>\$ 1,576,827.69</u>

See accompanying notes to the financial statements.

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

					NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
PROGRAM REVENUES					
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
FUNCTIONS / PROGRAMS					
GOVERNMENTAL ACTIVITIES					
General County Government	\$ 2,908,737.17	\$ 1,468,655.14	\$ 950,485.97	\$ -	\$ (489,596.06)
Financial Administration	321,893.85	-	-	-	(321,893.85)
Property Valuation and Recording	169,831.40	-	-	-	(169,831.40)
Administration of Justice and Law Enforcement	2,980,145.63	-	-	-	(2,980,145.63)
Health and Welfare	-	-	-	-	-
Maintenance of Roads	5,012,026.52	-	-	1,224,371.69	(3,787,654.83)
Emergency Fund	-	-	-	-	-
Other	199,778.79	-	-	-	(199,778.79)
Debt Service:					
Principal	271,673.97	-	-	-	(271,673.97)
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay:					
Construction of Roads and Bridges	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 11,864,087.33	\$ 1,468,655.14	\$ 950,485.97	\$ 1,224,371.69	(8,220,574.53)

GENERAL REVENUES

Taxes:	
Property Taxes, Levied	554,134.87
Sales Tax	7,162,018.08
Investment Income	148,963.37
Miscellaneous	849,212.52
TOTAL GENERAL REVENUES	8,714,328.84
CHANGE IN NET ASSETS	493,754.31
NET ASSETS, BEGINNING OF YEAR	2,056,243.11
NET ASSETS, END OF YEAR	\$ 2,549,997.42

See accompanying notes to the financial statements.

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Special Road and Bridge Fund	Road and Bridge Capital Improvement Fund	Capital Improvement Fund	Emergency Fund	Special Recorder Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 91,594.78	\$ 583.38	\$ 22,990.60	\$ 6,762.58	\$ 50,597.97	\$ 293,924.61	\$ 170,373.77	\$ 636,827.69
Investments	220,000.00	-	180,000.00	-	540,000.00	-	-	940,000.00
								-
TOTAL ASSETS	<u>311,594.78</u>	<u>583.38</u>	<u>202,990.60</u>	<u>6,762.58</u>	<u>590,597.97</u>	<u>293,924.61</u>	<u>170,373.77</u>	<u>1,576,827.69</u>
FUND BALANCE								
Unreserved:								
General Fund	311,594.78	-	-	-	-	-	-	311,594.78
Governmental Funds	<u>-</u>	<u>583.38</u>	<u>202,990.60</u>	<u>6,762.58</u>	<u>590,597.97</u>	<u>293,924.61</u>	<u>170,373.77</u>	<u>1,265,232.91</u>
TOTAL FUND BALANCE	<u>311,594.78</u>	<u>583.38</u>	<u>202,990.60</u>	<u>6,762.58</u>	<u>590,597.97</u>	<u>293,924.61</u>	<u>170,373.77</u>	<u>1,576,827.69</u>
TOTAL FUND BALANCE	<u>\$ 311,594.78</u>	<u>\$ 583.38</u>	<u>\$ 202,990.60</u>	<u>\$ 6,762.58</u>	<u>\$ 590,597.97</u>	<u>\$ 293,924.61</u>	<u>\$ 170,373.77</u>	<u>\$1,576,827.69</u>

See accompanying notes to the financial statements.

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Special Road and Bridge Fund	Road and Bridge Capital Improvement Fund	Capital Improvement Fund	Emergency Fund	Special Recorder Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash and Cash Equivalents	\$ 240,592.18	\$ 8,466.62	\$ 90,790.12	\$ 19,891.34	\$ 30,188.39	\$ 76,169.88	\$ 173,898.89	\$ 639,997.42
Investments	720,000.00	150,000.00	150,000.00	100,000.00	540,000.00	250,000.00	-	1,910,000.00
								-
TOTAL ASSETS	<u>960,592.18</u>	<u>158,466.62</u>	<u>240,790.12</u>	<u>119,891.34</u>	<u>570,188.39</u>	<u>326,169.88</u>	<u>173,898.89</u>	<u>2,549,997.42</u>
FUND BALANCE								
Unreserved:								
General Fund	960,592.18	-	-	-	-	-	-	960,592.18
Governmental Funds	<u>-</u>	<u>158,466.62</u>	<u>240,790.12</u>	<u>119,891.34</u>	<u>570,188.39</u>	<u>326,169.88</u>	<u>173,898.89</u>	<u>1,589,405.24</u>
TOTAL FUND BALANCE	<u>960,592.18</u>	<u>158,466.62</u>	<u>240,790.12</u>	<u>119,891.34</u>	<u>570,188.39</u>	<u>326,169.88</u>	<u>173,898.89</u>	<u>2,549,997.42</u>
TOTAL FUND BALANCE	<u>\$ 960,592.18</u>	<u>\$ 158,466.62</u>	<u>\$ 240,790.12</u>	<u>\$ 119,891.34</u>	<u>\$ 570,188.39</u>	<u>\$ 326,169.88</u>	<u>\$ 173,898.89</u>	<u>\$2,549,997.42</u>

See accompanying notes to the financial statements.

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Special Road and Bridge Fund	Road and Bridge Capital Improvement Fund	Capital Improvement Fund	Emergency Fund	Special Recorder Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES								
Property Taxes	\$ 660,392.14	\$ 5,256.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 665,649.07
Sales Tax	4,374,540.86	2,197,698.85	-	-	-	-	-	6,572,239.71
Grants, Distributions and Reimbursements	506,319.60	1,266,648.12	332,612.96	-	-	-	605,418.11	2,710,998.79
Fees, Licenses, and Permits	1,092,146.94	111,884.54	-	-	-	98,301.25	58,550.21	1,360,882.94
Interest	46,383.38	16,343.23	7,338.08	2,602.88	20,409.58	13,038.93	3,569.90	109,685.98
Other	220,544.62	677,659.01	-	-	-	-	154,148.07	1,052,351.70
TOTAL REVENUES	6,900,327.54	4,275,490.68	339,951.04	2,602.88	20,409.58	111,340.18	821,686.29	12,471,808.19
EXPENDITURES								
Current:								
General County Government	2,512,312.98	-	-	-	-	-	713,124.83	3,225,437.81
Financial Administration	332,156.92	-	-	-	-	-	-	332,156.92
Property Valuation and Recording	169,173.93	-	-	-	-	-	-	169,173.93
Administration of Justice and Enforcement	3,079,454.13	-	-	-	-	-	181,342.64	3,260,796.77
Health and Welfare	-	-	-	-	-	-	-	-
Maintenance of Roads	-	5,377,533.92	377,750.56	-	-	-	8,828.30	5,764,112.78
Emergency Fund	955.00	-	-	-	-	-	-	955.00
Other	-	-	-	165,731.64	-	143,585.45	111,686.64	421,003.73
Debt Service:								
Principal Payments	271,340.98	-	-	-	-	-	-	271,340.98
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Capital Outlay:								
Construction of Roads and Bridges	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	6,365,393.94	5,377,533.92	377,750.56	165,731.64	-	143,585.45	1,014,982.41	13,444,977.92
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	534,933.60	(1,102,043.24)	(37,799.52)	(163,128.76)	20,409.58	(32,245.27)	(193,296.12)	(973,169.73)
OTHER FINANCING SOURCES (USES):								
Transfers In	-	944,160.00	-	50,000.00	-	-	194,075.75	1,188,235.75
Transfers Out	(1,183,931.00)	-	-	-	-	-	(4,304.75)	(1,188,235.75)
TOTAL OTHER FINANCING SOURCES (USES)	(1,183,931.00)	944,160.00	-	50,000.00	-	-	189,771.00	-
NET CHANGE IN FUND BALANCE	(648,997.40)	(157,883.24)	(37,799.52)	(113,128.76)	20,409.58	(32,245.27)	(3,525.12)	(973,169.73)
FUND BALANCE - BEGINNING OF YEAR	960,592.18	158,466.62	240,790.12	119,891.34	570,188.39	326,169.88	173,898.89	2,549,997.42
FUND BALANCE - END OF YEAR	\$ 311,594.78	\$ 583.38	\$ 202,990.60	\$ 6,762.58	\$ 590,597.97	\$ 293,924.61	\$ 170,373.77	\$ 1,576,827.69

See accompanying notes to the financial statements.

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Special Road and Bridge Fund	Road and Bridge Capital Improvement Fund	Capital Improvement Fund	Emergency Fund	Special Recorder Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES								
Property Taxes	\$ 549,048.96	\$ 5,085.91	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 554,134.87
Sales Tax	4,749,833.07	2,412,185.01	-	-	-	-	-	7,162,018.08
Grants, Distributions and Reimbursements	473,792.54	1,030,318.63	194,053.06	-	-	-	476,693.43	2,174,857.66
Fees, Licenses, and Permits	1,171,691.26	133,395.96	-	-	-	109,073.25	54,494.67	1,468,655.14
Interest	47,452.10	34,491.20	8,803.12	9,732.52	28,134.72	15,023.23	5,326.48	148,963.37
Other	123,171.72	588,679.56	-	-	-	-	137,361.24	849,212.52
TOTAL REVENUES	7,114,989.65	4,204,156.27	202,856.18	9,732.52	28,134.72	124,096.48	673,875.82	12,357,841.64
EXPENDITURES								
Current:								
General County Government	2,256,643.83	-	-	-	-	-	652,093.34	2,908,737.17
Financial Administration	321,893.85	-	-	-	-	-	-	321,893.85
Property Valuation and Recording	169,831.40	-	-	-	-	-	-	169,831.40
Administration of Justice and Enforcement	2,791,374.45	-	-	-	-	-	188,771.18	2,980,145.63
Health and Welfare	-	-	-	-	-	-	-	-
Maintenance of Roads	-	4,841,278.50	162,370.67	-	-	-	8,377.35	5,012,026.52
Emergency Fund	-	-	-	-	-	-	-	-
Other	-	-	-	107,873.41	-	69,557.36	22,348.02	199,778.79
Debt Service:								
Principal Payments	271,673.97	-	-	-	-	-	-	271,673.97
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Capital Outlay:								
Construction of Roads and Bridges	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	5,811,417.50	4,841,278.50	162,370.67	107,873.41	-	69,557.36	871,589.89	11,864,087.33
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,303,572.15	(637,122.23)	40,485.51	(98,140.89)	28,134.72	54,539.12	(197,714.07)	493,754.31
OTHER FINANCING SOURCES (USES):								
Transfers In	12,863.38	600,000.00	200,000.00	-	-	-	181,753.00	994,616.38
Transfers Out	(981,753.00)	-	-	-	-	-	(12,863.38)	(994,616.38)
TOTAL OTHER FINANCING SOURCES (USES)	(968,889.62)	600,000.00	200,000.00	-	-	-	168,889.62	-
NET CHANGE IN FUND BALANCE	334,682.53	(37,122.23)	240,485.51	(98,140.89)	28,134.72	54,539.12	(28,824.45)	493,754.31
FUND BALANCE - BEGINNING OF YEAR	625,909.65	195,588.85	304.61	218,032.23	542,053.67	271,630.76	202,723.34	2,056,243.11
FUND BALANCE - END OF YEAR	\$ 960,592.18	\$ 158,466.62	\$ 240,790.12	\$ 119,891.34	\$ 570,188.39	\$ 326,169.88	\$ 173,898.89	\$ 2,549,997.42

See accompanying notes to the financial statements.

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

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

Total Fund Balance – Governmental Funds	\$ 1,576,827.69
There are no items of reconciliation.	<u>-</u>
Total Net Assets – Governmental Activities	<u>\$ 1,576,827.69</u>

See accompanying notes to the financial statements.

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

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

Total Fund Balance – Governmental Funds	\$ 2,549,997.42
---	-----------------

There are no items of reconciliation.

Total Net Assets – Governmental Activities	<u>\$ 2,549,997.42</u>
--	------------------------

See accompanying notes to the financial statements.

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

Total Net Change in Fund Balance – Governmental Funds	\$ (973,169.73)
There are no items of reconciliation.	<u>-</u>
Change in Net Assets of Governmental Activities	<u>\$ (973,169.73)</u>

See accompanying notes to the financial statements.

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

Total Net Change in Fund Balance – Governmental Funds	\$ 493,754.31
There are no items of reconciliation.	<u>-</u>
Change in Net Assets of Governmental Activities	<u>\$ 493,754.31</u>

See accompanying notes to the financial statements.

	DECEMBER 31, 2008 AGENCY FUNDS	DECEMBER 31, 2007 AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	\$ 1,282,673.58	\$ 1,609,832.48
Investments	660,000.00	490,000.00
TOTAL ASSETS	1,942,673.58	2,099,832.48
LIABILITIES		
Due to Other Funds	1,942,673.58	2,099,832.48
TOTAL LIABILITIES	\$ 1,942,673.58	\$ 2,099,832.48

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Stone, 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 modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Reporting Entity

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

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

The financial statements referred to above include only the primary government of Stone 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, as applicable to the modified cash basis of accounting, requires to be reported with the financial data of the Primary Government.

B. Basis of Presentation

Government-wide Financial Statements:

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

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

Fund Financial Statements:

Following the government-wide financial statements are separate financial statements for governmental funds and fiduciary funds. Presently, the Primary Government has no proprietary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Primary Government has determined that the General Fund, the Special Road and Bridge Fund, Road and Bridge Capital Improvement Fund, Capital Improvement Fund, Emergency Fund and the Special Recorder 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 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:

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

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

The following are the Primary Government's major funds:

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

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

Road and Bridge Capital Improvement Fund – The Road and Bridge Capital Improvement Fund is a special revenue fund used to account for BRO monies and transfers from general revenue and related expenditures for road and bridge maintenance.

Capital Improvement Fund – The Capital Improvement Fund is a special revenue fund used to account for transfers from general revenue and related expenditures for major and capital purchases.

Emergency Fund – The Emergency Fund is a special revenue fund used to account for county funds set aside for emergency purposes.

Special Recorder Fund – The Special Recorder Fund is a special revenue fund used to account for fees, interest and related office improvement expenditures.

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

Fiduciary Fund Types

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

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

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

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

D. Property Taxes

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

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

	2008	2007
Real Estate	\$ 383,618,220	\$ 360,032,060
Personal Property	104,134,100	90,631,844
Railroad and Utilities	11,705,819	12,398,925
	<u>\$ 499,458,139</u>	<u>\$ 463,062,829</u>

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Property Taxes (concluded)

During 2008 and 2007, the County Commission approved a \$0.1300 and \$0.1300, respectively, tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2008 and 2007, for purposes of County taxation, as follows:

	<u>2008</u>	<u>2007</u>
General Revenue Fund	\$ 0.1300	\$ 0.1300

E. Cash Deposits and Investments

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

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

F. Interfund Transactions

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

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

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

G. Reserved Fund Balance

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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 \$3,519,501.27 and \$4,649,829.90, the bank balance was \$11,614,483.56 and \$14,279,201.55, respectively. As of December 31, 2008 and 2007, 100% of the Primary Government's investments were guaranteed by the U. S. Government.

SUMMARY OF CARRYING VALUES

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

Included in the following fund financial statement captions:

<u>Balance Sheet – Government Funds</u>	
Deposits	\$ 636,827.69
Investments	940,000.00
<u>Balance Sheet – Agency Funds</u>	
Cash	1,282,673.58
Investments	660,000.00
Total Deposits & Investments as of December 31, 2008	\$ <u>3,519,501.27</u>

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

II. DEPOSITS AND INVESTMENTS (concluded)

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

Included in the following fund financial statement captions:

<u>Balance Sheet – Government Funds</u>	
Deposits	\$ 639,997.42
Investments	1,910,000.00
 <u>Balance Sheet – Agency Funds</u>	
Cash	1,609,832.48
Investments	<u>490,000.00</u>
Total Deposits & Investments as of December 31, 2007	<u>\$ 4,649,829.90</u>

Custodial Credit Risk – Deposits

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

Custodial Credit Risk – Investments

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

Investment Interest Rate Risk

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

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the Primary Government for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The Primary Government has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The Primary Government's investments were not exposed to concentration of investment credit risk for the year end December 31, 2008 & 2007.

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

III. DEBT

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

COPS AMORTIZATION FOR 2007

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2008	\$ 165,000.00	\$ 113,355.00	\$ 278,355.00
2009	175,000.00	105,930.00	280,930.00
2010	180,000.00	97,880.00	277,880.00
2011	190,000.00	89,420.00	279,420.00
2012	200,000.00	80,300.00	280,300.00
2013-2017	1,410,000.00	244,000.00	1,654,000.00
	<u>\$ 2,320,000.00</u>	<u>\$ 730,885.00</u>	<u>\$ 3,050,885.00</u>

Balance – December 31, 2006	\$ 2,480,000.00
Additions	-
Payments	<u>(160,000.00)</u>
Balance – December 31, 2007	<u>\$ 2,320,000.00</u>

COPS AMORTIZATION FOR 2008

YEARS ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2009	\$ 175,000.00	\$ 105,930.00	\$ 280,930.00
2010	180,000.00	97,880.00	277,880.00
2011	190,000.00	89,420.00	279,420.00
2012	200,000.00	80,300.00	280,300.00
2013	210,000.00	70,500.00	280,500.00
2014-2017	1,200,000.00	173,500.00	1,373,500.00
	<u>\$ 2,155,000.00</u>	<u>\$ 617,530.00</u>	<u>\$ 2,772,530.00</u>

Balance – December 31, 2007	\$ 2,320,000.00
Additions	-
Payments	<u>(165,000.00)</u>
Balance – December 31, 2008	<u>\$ 2,155,000.00</u>

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

III. DEBT (continued)

Original issue of \$3,775,000 dated 7/1/1997; principal paid annually on July 1; interest paid semi-annually January 1 and July 1; includes mandatory sinking fund requirements; interest rates are variable from 5.65% to 6.10%; matures 7/1/2015.

The Stonebridge NID funded the acquisition, construction and improvement of primary and secondary collector streets and residential streets.

AMORTIZATION SCHEDULE FOR 2007

YEARS ENDING DECEMBER, 31	PRINCIPAL	INTEREST	TOTAL
2008	\$ 260,000	\$ 100,920	\$ 360,920
2009	270,000	90,660	360,660
2010	205,000	76,820	281,820
2011	215,000	64,520	279,520
2012	230,000	51,620	281,620
2013-2017	620,000	67,710	687,710
	<u>\$ 1,800,000</u>	<u>\$ 452,250</u>	<u>\$ 2,252,250</u>

Balance – December 31, 2006	2,570,000
Additions	-
Payments	(770,000)
Balance – December 31, 2007	<u>\$ 1,800,000</u>

AMORTIZATION SCHEDULE FOR 2008

YEARS ENDING DECEMBER, 31	PRINCIPAL	INTEREST	TOTAL
2009	\$ 270,000	\$ 90,660	\$ 360,660
2010	205,000	76,820	281,820
2011	215,000	64,520	279,520
2012	230,000	51,620	281,620
2013	245,000	37,820	282,820
2014-2017	375,000	29,890	404,890
	<u>\$ 1,540,000</u>	<u>\$ 351,330</u>	<u>\$ 1,891,330</u>

Balance – December 31, 2007	1,800,000
Additions	-
Payments	(260,000)
Balance – December 31, 2008	<u>\$ 1,540,000</u>

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

III. DEBT (continued)

Original issue of \$2,973,000 dated 6/15/2000; principal paid annually on March 1; interest paid semi-annually March 1 and September 1; interest rates are variable from 5.300% to 6.250%; matures 3/1/2020.

The Black Oak NID funded the costs of constructing improvements in the Black Oak Mountain Resort water, sewer system and street improvement project – phase 1, including water system, sewer system and street improvements.

AMORTIZATION SCHEDULE FOR 2007

YEARS ENDING DECEMBER, 31	PRINCIPAL	INTEREST	TOTAL
2008	\$ 100,000	\$ 114,720	\$ 214,720
2009	105,000	108,954	213,954
2010	110,000	102,688	212,688
2011	120,000	95,788	215,788
2012	125,000	88,438	213,438
2013-2017	765,000	309,844	1,074,844
2018-2020	590,000	56,875	646,875
	<u>\$ 1,915,000</u>	<u>\$ 877,307</u>	<u>\$ 2,792,307</u>
Balance – December 31, 2006		2,010,000	
Additions		-	
Payments		(95,000)	
Balance – December 31, 2007		<u>\$ 1,915,000</u>	

AMORTIZATION SCHEDULE FOR 2008

YEARS ENDING DECEMBER, 31	PRINCIPAL	INTEREST	TOTAL
2009	\$ 105,000	\$ 108,954	\$ 213,954
2010	110,000	102,688	212,688
2011	120,000	95,788	215,788
2012	125,000	88,438	213,438
2013	135,000	80,469	215,469
2014-2018	815,000	260,469	1,075,469
2019-2020	405,000	25,779	430,779
	<u>\$ 1,815,000</u>	<u>\$ 762,585</u>	<u>\$ 2,577,585</u>
Balance – December 31, 2007		1,915,000	
Additions		-	
Payments		(100,000)	
Balance – December 31, 2008		<u>\$ 1,815,000</u>	

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

III. DEBT (continued)

Original issue of \$2,225,000 dated 12/15/2000; principal paid annually on March 1; interest paid semi-annually March 1 and September 1; interest rates are variable from 5.250% to 6.10%; matures 3/1/2020.

The Edgewater NID funded roadway construction, construction of sanitary sewerage collection system, a sewer treatment plant and construction and improvement of a water distribution system, including distribution lines, well improvements and a water tower.

AMORTIZATION SCHEDULE FOR 2007

YEARS ENDING DECEMBER, 31	PRINCIPAL	INTEREST	TOTAL
2008	\$ 85,000	\$ 105,323	\$ 190,323
2009	90,000	100,663	190,663
2010	95,000	95,690	190,690
2011	100,000	90,250	190,250
2012	105,000	84,356	189,356
2013-2017	635,000	315,626	950,626
2018-2020	705,000	79,453	784,453
	<u>\$ 1,815,000</u>	<u>\$ 871,361</u>	<u>\$ 2,686,361</u>
Balance – December 31, 2006		1,895,000	
Additions		-	
Payments		(80,000)	
Balance – December 31, 2007		<u>\$ 1,815,000</u>	

AMORTIZATION SCHEDULE FOR 2008

YEARS ENDING DECEMBER, 31	PRINCIPAL	INTEREST	TOTAL
2009	\$ 90,000	\$ 100,663	\$ 190,663
2010	95,000	95,690	190,690
2011	100,000	90,250	190,250
2012	105,000	84,356	189,356
2013	115,000	78,031	193,031
2014-2018	670,000	276,025	946,025
2019-2020	555,000	41,023	596,023
	<u>\$ 1,730,000</u>	<u>\$ 766,038</u>	<u>\$ 2,496,038</u>
Balance – December 31, 2007		1,815,000	
Additions		-	
Payments		(85,000)	
Balance – December 31, 2008		<u>\$ 1,730,000</u>	

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

IV. INTERFUND TRANSFERS

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

	2008		2007	
	Transfers In	Transfers Out	Transfers In	Transfers Out
MAJOR FUNDS				
General Fund	\$ -	\$ 1,183,931.00	\$ 12,863.38	\$ 981,753.00
Special Road and Bridge Fund	944,160.00	-	600,000.00	-
Road and Bridge Capital Improvement Fund	-	-	200,000.00	-
Capital Improvement Fund	50,000.00	-	-	-
NON-MAJOR FUNDS	194,075.75	4,304.75	181,753.00	12,863.38
TOTAL	<u>\$ 1,188,235.75</u>	<u>\$ 1,188,235.75</u>	<u>\$ 994,616.38</u>	<u>\$ 994,616.38</u>

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

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

A. Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employees whose position requires the actual performance of duties 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.

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

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

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 \$179,915.79 and \$156,454.72 respectively, for the years then ended.

VI. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the Primary Government contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The Primary Government has contributed \$7,752 and \$7,752, respectively, for the years ended December 31, 2008 and 2007.

VII. OTHER RETIREMENT PLAN

Stone County does not participate in the Missouri Local Government Employees' Retirement System. Contributions to a voluntary plan are paid by a voluntary deduction from employees' salary. These contributions qualify under the Internal Revenue Code and are tax exempt. These contributions are then remitted to Great West who administers the 401a Plan. Employee contributions were \$30,421.10 and \$28,082.12 for the years 2008 and 2007, respectively.

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

VIII. POST EMPLOYMENT BENEFITS

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

IX. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Compensated Absences

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

C. Federal and State Assisted Programs

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

X. RISK MANAGEMENT

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

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

REQUIRED SUPPLEMENTARY INFORMATION

THE COUNTY OF STONE, MISSOURI
GALENA MISSOURI
(the Primary Government)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-GAAP BUDGET BASIS AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND - UNAUDITED
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
Property Taxes	\$ 562,200.00	\$ 562,200.00	\$ 660,392.14	\$ 98,192.14	\$ 667,300.00	\$ 667,300.00	\$ 549,048.96	\$ (118,251.04)
Sales Tax	4,844,828.00	4,844,828.00	4,374,540.86	(470,287.14)	4,526,381.00	4,526,381.00	4,749,833.07	223,452.07
Grants, Distributions and Reimbursements	481,872.00	481,872.00	506,319.60	24,447.60	434,446.00	434,446.00	473,792.54	39,346.54
Fees, Licenses and Permits	1,239,050.00	1,239,050.00	1,092,146.94	(146,903.06)	1,165,200.00	1,165,200.00	1,171,691.26	6,491.26
Interest	41,500.00	41,500.00	46,383.38	4,883.38	50,000.00	50,000.00	47,452.10	(2,547.90)
Other	132,869.00	132,869.00	220,544.62	87,675.62	130,290.00	130,290.00	123,171.72	(7,118.28)
TOTAL REVENUES	7,302,319.00	7,302,319.00	6,900,327.54	(401,991.46)	6,973,617.00	6,973,617.00	7,114,989.65	141,372.65
EXPENDITURES								
Current:								
General County Government	2,698,574.00	2,618,358.00	2,512,312.98	(106,045.02)	2,339,011.00	2,383,378.00	2,256,643.83	(126,734.17)
Financial Administration	329,017.00	329,017.00	332,156.92	3,139.92	323,589.00	323,889.00	321,893.85	(1,995.15)
Property Valuation and Recording	170,005.00	170,005.00	169,173.93	(831.07)	170,219.00	173,169.00	169,831.40	(3,337.60)
Administration of Justice and Law Enforcement	3,121,698.00	3,121,698.00	3,079,454.13	(42,243.87)	2,896,197.00	2,938,640.00	2,791,374.45	(147,265.55)
Health and Welfare	-	-	-	-	-	-	-	-
Emergency Fund	10,000.00	10,000.00	955.00	(9,045.00)	-	15,000.00	-	(15,000.00)
Debt Service:								
Principal Payments	281,000.00	281,000.00	271,340.98	(9,659.02)	282,000.00	282,000.00	271,673.97	(10,326.03)
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment and Buildings	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	6,610,294.00	6,530,078.00	6,365,393.94	(164,684.06)	6,011,016.00	6,116,076.00	5,811,417.50	(304,658.50)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	692,025.00	772,241.00	534,933.60	(237,307.40)	962,601.00	857,541.00	1,303,572.15	446,031.15
OTHER FINANCING SOURCES (USES)								
Transfers In	10,000.00	10,000.00	-	(10,000.00)	14,905.00	14,905.00	12,863.38	(2,041.62)
Transfers Out	(1,459,164.00)	(1,384,204.00)	(1,183,931.00)	(200,273.00)	(1,278,159.00)	(1,278,159.00)	(981,753.00)	296,406.00
Emergency Fund								
TOTAL OTHER FINANCING SOURCES (USES)	(1,449,164.00)	(1,374,204.00)	(1,183,931.00)	(210,273.00)	(1,263,254.00)	(1,263,254.00)	(968,889.62)	294,364.38
NET CHANGE IN FUND BALANCE	(757,139.00)	(601,963.00)	(648,997.40)	(27,034.40)	(300,653.00)	(405,713.00)	334,682.53	740,395.53
FUND BALANCE - BEGINNING OF YEAR	960,592.18	960,592.18	960,592.18	-	625,909.65	625,909.65	625,909.65	-
FUND BALANCE - END OF YEAR	\$ 203,453.18	\$ 358,629.18	\$ 311,594.78	\$ (27,034.40)	\$ 325,256.65	\$ 220,196.65	\$ 960,592.18	\$ 740,395.53

See accompanying notes to the financial statements.

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
DEPARTMENTAL SCHEDULE OF EXPENDITURES - NON-GAAP BUDGET BASIS AND ACTUAL
MODIFIED CASH BASIS - GENERAL FUND - UNAUDITED
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

EXPENDITURES	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
Current:								
General County Government:								
Animal Control	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Auditor	-	-	-	-	-	-	-	-
Buildings and Grounds	171,909.00	171,909.00	158,028.06	(13,880.94)	147,374.00	147,374.00	126,027.77	(21,346.23)
Copy Machine	-	-	-	-	-	-	-	-
County Agencies	-	-	-	-	-	-	-	-
County Clerk	182,382.00	182,382.00	183,716.82	1,334.82	175,226.00	175,226.00	167,906.79	(7,319.21)
County Commission	150,109.00	150,109.00	148,156.70	(1,952.30)	142,613.00	143,363.00	142,660.35	(702.65)
Dues and Allocations	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-
Elections	231,888.00	253,302.00	249,887.72	(3,414.28)	169,354.00	169,354.00	128,141.72	(41,212.28)
Employee Fringe Benefits	770,000.00	770,000.00	772,889.41	2,889.41	750,000.00	760,000.00	741,101.33	(18,898.67)
Emergency Management	24,800.00	28,240.00	20,218.68	(8,021.32)	23,000.00	23,000.00	18,544.67	(4,455.33)
Grant Projects	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Extension-University	-	-	-	-	-	-	-	-
Grant Projects	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Insurance - Other	-	-	-	-	-	-	-	-
Insurance - Workmen's Comp.	-	-	-	-	-	-	-	-
Land Use and Development	-	-	-	-	-	-	-	-
Legal Fees	-	-	-	-	-	-	-	-
Mapping for Assessor's Office	-	-	-	-	-	-	-	-
NID	134,760.00	102,760.00	102,395.42	(364.58)	35,000.00	58,000.00	56,271.01	(1,728.99)
Organizations	-	-	-	-	-	-	-	-
Other	687,430.00	689,360.00	629,393.31	(59,966.69)	668,454.00	674,071.00	647,579.51	(26,491.49)
Publications	-	-	-	-	-	-	-	-
Planning and Zoning	345,296.00	270,296.00	247,626.86	(22,669.14)	227,990.00	232,990.00	228,410.68	(4,579.32)
Solid Waste District Fees and Grants	-	-	-	-	-	-	-	-
Soil and Water Conservation								
District	-	-	-	-	-	-	-	-
Surveyor	-	-	-	-	-	-	-	-
Voter Registration and Election	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-
	2,698,574.00	2,618,358.00	2,512,312.98	(106,045.02)	2,339,011.00	2,383,378.00	2,256,643.83	(126,734.17)
Financial Administration:								
Collector	239,003.00	239,003.00	243,522.80	4,519.80	239,003.00	239,003.00	238,996.31	(6.69)
Treasurer	90,014.00	90,014.00	88,634.12	(1,379.88)	84,586.00	84,886.00	82,897.54	(1,988.46)
	\$ 329,017.00	\$ 329,017.00	\$ 332,156.92	\$ 3,139.92	\$ 323,589.00	\$ 323,889.00	\$ 321,893.85	\$ (1,995.15)

See accompanying notes to the financial statements.

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
DEPARTMENTAL SCHEDULE OF EXPENDITURES - NON-GAAP BUDGET BASIS AND ACTUAL (concluded)
MODIFIED CASH BASIS - GENERAL FUND - UNAUDITEE
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
EXPENDITURES (concluded)								
Property Valuation and Recording:								
Recorder of Deeds	\$ 170,005.00	\$ 170,005.00	\$ 169,173.93	\$ (831.07)	\$ 170,219.00	\$ 173,169.00	\$ 169,831.40	\$ (3,337.60)
Administration of Justice and Law Enforcement:								
Associate Circuit Court	-	-	-	-	-	-	-	-
Associate Circuit (Probate) Court	-	-	-	-	-	-	-	-
Building and Grounds - Law Enforcement	-	-	-	-	-	-	-	-
Children's Detention Home	-	-	-	-	-	-	-	-
Circuit Clerk	74,587.00	74,587.00	63,564.09	(11,022.91)	69,566.00	70,919.00	62,743.60	(8,175.40)
Circuit Judges	-	-	-	-	-	-	-	-
Civil Defense	-	-	-	-	-	-	-	-
Coroner	35,792.00	35,792.00	30,845.79	(4,946.21)	35,792.00	35,792.00	33,133.36	(2,658.64)
Courthouse Security	-	-	-	-	-	-	-	-
County Surveyor	-	-	-	-	-	-	-	-
Court Administration	99,100.00	99,100.00	85,259.12	(13,840.88)	99,170.00	99,170.00	75,749.04	(23,420.96)
Courthouse Security	-	-	-	-	-	-	-	-
Family Court	-	-	-	-	-	-	-	-
Jail	667,870.00	667,870.00	631,106.13	(36,763.87)	676,296.00	676,296.00	634,066.99	(42,229.01)
Jury Script	-	-	-	-	-	-	-	-
Justice Center	-	-	-	-	-	-	-	-
Juvenile Officer	109,548.00	109,548.00	102,406.32	(7,141.68)	108,784.00	108,784.00	102,945.74	(5,838.26)
Rescue Squad	-	-	-	-	-	-	-	-
Medical Examiner	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Sheriff's Office	1,628,448.00	1,628,448.00	1,669,015.89	40,567.89	1,422,333.00	1,458,333.00	1,409,653.10	(48,679.90)
Special Services	-	-	-	-	-	-	-	-
Patrol Cars	-	-	-	-	-	-	-	-
Prosecuting Attorney	450,072.00	450,072.00	442,600.39	(7,471.61)	428,181.00	433,271.00	418,732.09	(14,538.91)
Prosecuting Attorney Retirement	-	-	-	-	-	-	-	-
Public Administrator	56,281.00	56,281.00	54,656.40	(1,624.60)	56,075.00	56,075.00	54,350.53	(1,724.47)
Public Defender	-	-	-	-	-	-	-	-
	3,121,698.00	3,121,698.00	3,079,454.13	(42,243.87)	2,896,197.00	2,938,640.00	2,791,374.45	(147,265.55)
Health and Welfare	-	-	-	-	-	-	-	-
Emergency Funds	10,000.00	10,000.00	955.00	(9,045.00)	-	15,000.00	-	(15,000.00)
Debt Service:								
Principal Payments	281,000.00	281,000.00	271,340.98	(9,659.02)	282,000.00	282,000.00	271,673.97	(10,326.03)
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
	281,000.00	281,000.00	271,340.98	(9,659.02)	282,000.00	282,000.00	271,673.97	(10,326.03)
Capital Outlay:								
Property, Equipment & Buildings	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 6,610,294.00	\$ 6,530,078.00	\$ 6,365,393.94	\$ (164,684.06)	\$ 6,011,016.00	\$ 6,116,076.00	\$ 5,811,417.50	\$ (304,658.50)

See accompanying notes to the financial statements.

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-GAAP BUDGET BASIS AND ACTUAL - MODIFIED CASH BASIS
SPECIAL REVENUE MAJOR FUND - SPECIAL ROAD AND BRIDGE FUND - UNAUDITED
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET OVER (UNDER)	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL	ACTUAL		ORIGINAL	FINAL	ACTUAL	
REVENUES								
Property Tax	\$ 5,000.00	\$ 5,000.00	\$ 5,256.93	\$ 256.93	\$ 5,000.00	\$ 5,000.00	\$ 5,085.91	\$ 85.91
Sales Tax	2,459,208.00	2,459,208.00	2,197,698.85	(261,509.15)	2,264,814.00	2,264,814.00	2,412,185.01	147,371.01
Grants, Distributions and Reimbursements	886,000.00	886,000.00	1,266,648.12	380,648.12	921,140.00	921,140.00	1,030,318.63	109,178.63
Fees, Licenses and Permits	172,000.00	172,000.00	111,884.54	(60,115.46)	153,340.00	153,340.00	133,395.96	(19,944.04)
Interest	29,000.00	29,000.00	16,343.23	(12,656.77)	25,000.00	25,000.00	34,491.20	9,491.20
Other	590,000.00	590,000.00	677,659.01	87,659.01	589,541.00	589,541.00	588,679.56	(861.44)
TOTAL REVENUES	4,141,208.00	4,141,208.00	4,275,490.68	134,282.68	3,958,835.00	3,958,835.00	4,204,156.27	245,321.27
EXPENDITURES								
Current:								
Salaries	1,092,180.00	1,132,180.00	1,117,793.50	(14,386.50)	1,071,107.00	1,077,607.00	1,012,829.95	(64,777.05)
Employee Fringe Benefits	351,000.00	335,100.00	328,728.90	(6,371.10)	350,000.00	350,000.00	331,672.21	(18,327.79)
Supplies	354,600.00	544,230.00	473,257.79	(70,972.21)	354,600.00	395,230.00	337,535.78	(57,694.22)
Insurance	110,000.00	110,000.00	107,172.30	(2,827.70)	84,000.00	84,000.00	100,761.50	16,761.50
Road and Bridge Materials	2,156,000.00	2,451,370.00	2,192,412.61	(258,957.39)	2,001,000.00	1,956,200.00	1,925,754.37	(30,445.63)
Equipment Repairs	170,000.00	212,000.00	189,610.63	(22,389.37)	170,000.00	195,000.00	157,637.16	(37,362.84)
Rental	2,500.00	12,500.00	8,995.55	(3,504.45)	1,000.00	1,000.00	1,049.99	49.99
Equipment Purchases	829,500.00	857,000.00	840,096.97	(16,903.03)	753,999.00	753,999.00	733,620.14	(20,378.86)
Construction, Repair, and Maintenance	46,000.00	46,000.00	5,750.00	(40,250.00)	15,000.00	15,000.00	51,809.50	36,809.50
Other Expenditures	116,094.00	133,094.00	113,715.67	(19,378.33)	154,750.00	204,750.00	188,607.90	(16,142.10)
TOTAL EXPENDITURES	5,227,874.00	5,833,474.00	5,377,533.92	(455,940.08)	4,955,456.00	5,032,786.00	4,841,278.50	(191,507.50)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,086,666.00)	(1,692,266.00)	(1,102,043.24)	590,222.76	(996,621.00)	(1,073,951.00)	(637,122.23)	436,828.77
OTHER FINANCING SOURCES (USES)								
Transfers In	932,160.00	932,160.00	944,160.00	12,000.00	851,406.00	851,406.00	600,000.00	(251,406.00)
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	932,160.00	932,160.00	944,160.00	12,000.00	851,406.00	851,406.00	600,000.00	(251,406.00)
NET CHANGE IN FUND BALANCE	(154,506.00)	(760,106.00)	(157,883.24)	602,222.76	(145,215.00)	(222,545.00)	(37,122.23)	185,422.77
FUND BALANCE - BEGINNING OF YEAR	158,466.62	158,466.62	158,466.62	-	195,588.85	195,588.85	195,588.85	-
FUND BALANCE - END OF YEAR	\$ 3,960.62	\$ (601,639.38)	\$ 583.38	\$ 602,222.76	\$ 50,373.85	\$ (26,956.15)	\$ 158,466.62	\$ 185,422.77

See accompanying notes to the financial statements.

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-GAAP BUDGET BASIS AND ACTUAL - MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND
ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND - UNAUDITED
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	25,566.00	25,566.00	332,612.96	307,046.96	420,162.00	420,162.00	194,053.06	(226,108.94)
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interest	7,000.00	7,000.00	7,338.08	338.08	2,700.00	2,700.00	8,803.12	6,103.12
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	32,566.00	32,566.00	339,951.04	307,385.04	422,862.00	422,862.00	202,856.18	(220,005.82)
EXPENDITURES								
Bridge Repairs	500,000.00	500,000.00	377,750.56	(122,249.44)	620,162.00	620,162.00	162,370.67	(457,791.33)
TOTAL EXPENDITURES	500,000.00	500,000.00	377,750.56	(122,249.44)	620,162.00	620,162.00	162,370.67	(457,791.33)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(467,434.00)	(467,434.00)	(37,799.52)	429,634.48	(197,300.00)	(197,300.00)	40,485.51	237,785.51
OTHER FINANCING SOURCES (USES)								
Transfers In	226,644.00	226,644.00	-	(226,644.00)	200,000.00	200,000.00	200,000.00	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	226,644.00	226,644.00	-	(226,644.00)	200,000.00	200,000.00	200,000.00	-
NET CHANGE IN FUND BALANCE	(240,790.00)	(240,790.00)	(37,799.52)	202,990.48	2,700.00	2,700.00	240,485.51	237,785.51
FUND BALANCE - BEGINNING OF YEAR	240,790.12	240,790.12	240,790.12	-	304.61	304.61	304.61	-
FUND BALANCE - END OF YEAR	\$ 0.12	\$ 0.12	\$ 202,990.60	\$ 202,990.48	\$ 3,004.61	\$ 3,004.61	\$ 240,790.12	\$ 237,785.51

See accompanying notes to the financial statements.

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-GAAP BUDGET BASIS AND ACTUAL - MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND
CAPITAL IMPROVEMENT FUND - UNAUDITED
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	-	-	-	-	-	-	-	-
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interest	9,000.00	9,000.00	2,602.88	(6,397.12)	8,000.00	8,000.00	9,732.52	1,732.52
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	9,000.00	9,000.00	2,602.88	(6,397.12)	8,000.00	8,000.00	9,732.52	1,732.52
EXPENDITURES								
Miscellaneous	252,000.00	252,000.00	165,731.64	(86,268.36)	270,000.00	340,000.00	107,873.41	(232,126.59)
TOTAL EXPENDITURES	252,000.00	252,000.00	165,731.64	(86,268.36)	270,000.00	340,000.00	107,873.41	(232,126.59)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(243,000.00)	(243,000.00)	(163,128.76)	79,871.24	(262,000.00)	(332,000.00)	(98,140.89)	233,859.11
OTHER FINANCING SOURCES (USES)								
Transfers In	123,109.00	123,109.00	50,000.00	(73,109.00)	45,000.00	45,000.00	-	(45,000.00)
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	123,109.00	123,109.00	50,000.00	(73,109.00)	45,000.00	45,000.00	-	(45,000.00)
NET CHANGE IN FUND BALANCE	(119,891.00)	(119,891.00)	(113,128.76)	6,762.24	(217,000.00)	(287,000.00)	(98,140.89)	188,859.11
FUND BALANCE - BEGINNING OF YEAR	119,891.34	119,891.34	119,891.34	-	218,032.23	218,032.23	218,032.23	-
FUND BALANCE - END OF YEAR	\$ 0.34	\$ 0.34	\$ 6,762.58	\$ 6,762.24	\$ 1,032.23	\$ (68,967.77)	\$ 119,891.34	\$ 188,859.11

See accompanying notes to the financial statements.

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-GAAP BUDGET BASIS AND ACTUAL - MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND
EMERGENCY FUND - UNAUDITED
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	-	-	-	-	-	-	-	-
Fees, Licenses and Permits	-	-	-	-	-	-	-	-
Interest	28,000.00	28,000.00	20,409.58	(7,590.42)	24,000.00	24,000.00	28,134.72	4,134.72
Other	-	-	-	-	-	-	-	-
TOTAL REVENUES	28,000.00	28,000.00	20,409.58	(7,590.42)	24,000.00	24,000.00	28,134.72	4,134.72
EXPENDITURES								
Miscellaneous	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	28,000.00	28,000.00	20,409.58	(7,590.42)	24,000.00	24,000.00	28,134.72	4,134.72
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	28,000.00	28,000.00	20,409.58	(7,590.42)	24,000.00	24,000.00	28,134.72	4,134.72
FUND BALANCE - BEGINNING OF YEAR	570,188.39	570,188.39	570,188.39	-	542,053.67	542,053.67	542,053.67	-
FUND BALANCE - END OF YEAR	<u>\$ 598,188.39</u>	<u>\$ 598,188.39</u>	<u>\$ 590,597.97</u>	<u>\$ (7,590.42)</u>	<u>\$ 566,053.67</u>	<u>\$ 566,053.67</u>	<u>\$ 570,188.39</u>	<u>\$ 4,134.72</u>

See accompanying notes to the financial statements.

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-GAAP BUDGET BASIS AND ACTUAL - MODIFIED CASH BASIS - SPECIAL REVENUE MAJOR FUND
SPECIAL RECORDER FUND - UNAUDITED
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	DECEMBER 31, 2008				DECEMBER 31, 2007			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	-	-	-	-	-	-	-	-
Fees, Licenses and Permits	95,000.00	95,000.00	98,301.25	3,301.25	89,000.00	89,000.00	109,073.25	20,073.25
Interest	13,622.00	13,622.00	13,038.93	(583.07)	10,000.00	10,000.00	15,023.23	5,023.23
Other	16,800.00	16,800.00	-	(16,800.00)	-	-	-	-
TOTAL REVENUES	125,422.00	125,422.00	111,340.18	(14,081.82)	99,000.00	99,000.00	124,096.48	25,096.48
EXPENDITURES								
Miscellaneous	147,250.00	187,250.00	143,585.45	(43,664.55)	62,564.00	86,064.00	69,557.36	(16,506.64)
TOTAL EXPENDITURES	147,250.00	187,250.00	143,585.45	(43,664.55)	62,564.00	86,064.00	69,557.36	(16,506.64)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,828.00)	(61,828.00)	(32,245.27)	29,582.73	36,436.00	12,936.00	54,539.12	41,603.12
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(21,828.00)	(61,828.00)	(32,245.27)	29,582.73	36,436.00	12,936.00	54,539.12	41,603.12
FUND BALANCE - BEGINNING OF YEAR	326,169.88	326,169.88	326,169.88	-	271,630.76	271,630.76	271,630.76	-
FUND BALANCE - END OF YEAR	<u>\$ 304,341.88</u>	<u>\$ 264,341.88</u>	<u>\$ 293,924.61</u>	<u>\$ 29,582.73</u>	<u>\$ 308,066.76</u>	<u>\$ 284,566.76</u>	<u>\$ 326,169.88</u>	<u>\$ 41,603.12</u>

See accompanying notes to the financial statements.

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

SUPPLEMENTARY INFORMATION

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

	<u>Assessment Fund</u>	<u>Special Road Projects</u>	<u>County Website</u>	<u>Law Enforcement Restitution</u>	<u>Law Enforcement Grants</u>	<u>Law Enforcement Training</u>	<u>Prosecuting Attorney Training</u>	<u>Law Enforcement Civil Fees</u>	<u>DARE</u>	<u>LEPC</u>
ASSETS										
Cash and Cash Equivalents	<u>\$ 33,676.29</u>	<u>\$ 7,751.47</u>	<u>\$ -</u>	<u>\$ 34,477.24</u>	<u>\$ 1,413.05</u>	<u>\$ (2,223.74)</u>	<u>\$ 2,204.25</u>	<u>\$ 19,853.44</u>	<u>\$ 2,558.40</u>	<u>\$ 9,225.37</u>
TOTAL ASSETS	<u>33,676.29</u>	<u>7,751.47</u>	<u>-</u>	<u>34,477.24</u>	<u>1,413.05</u>	<u>(2,223.74)</u>	<u>2,204.25</u>	<u>19,853.44</u>	<u>2,558.40</u>	<u>9,225.37</u>
LIABILITIES AND FUND BALANCES										
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved Fund Balances	<u>33,676.29</u>	<u>7,751.47</u>	<u>-</u>	<u>34,477.24</u>	<u>1,413.05</u>	<u>(2,223.74)</u>	<u>2,204.25</u>	<u>19,853.44</u>	<u>2,558.40</u>	<u>9,225.37</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 33,676.29</u>	<u>\$ 7,751.47</u>	<u>\$ -</u>	<u>\$ 34,477.24</u>	<u>\$ 1,413.05</u>	<u>\$ (2,223.74)</u>	<u>\$ 2,204.25</u>	<u>\$ 19,853.44</u>	<u>\$ 2,558.40</u>	<u>\$ 9,225.37</u>

See accompanying notes to the financial statements.

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

	Insurance Claims Proceeds	PA Delinquent Tax	PA Bad Check	Childrens Trust/Abuse	Abuse Victims	Inmate Security	Sheriff's Revolving	Election Services	Election Grant	Total
ASSETS										
Cash and Cash Equivalents	\$ 6,682.28	\$ 7,744.26	\$ 25,172.91	\$ 495.00	\$ 913.00	\$ 5,549.44	\$ 5,149.66	\$ 10,803.54	\$ (1,072.09)	\$ 170,373.77
TOTAL ASSETS	<u>6,682.28</u>	<u>7,744.26</u>	<u>25,172.91</u>	<u>495.00</u>	<u>913.00</u>	<u>5,549.44</u>	<u>5,149.66</u>	<u>10,803.54</u>	<u>(1,072.09)</u>	<u>170,373.77</u>
LIABILITIES AND FUND BALANCES										
Total Liabilities	-	-	-	-	-	-	-	-	-	-
Unreserved Fund Balances	6,682.28	7,744.26	25,172.91	495.00	913.00	5,549.44	5,149.66	10,803.54	(1,072.09)	170,373.77
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,682.28</u>	<u>\$ 7,744.26</u>	<u>\$ 25,172.91</u>	<u>\$ 495.00</u>	<u>\$ 913.00</u>	<u>\$ 5,549.44</u>	<u>\$ 5,149.66</u>	<u>\$ 10,803.54</u>	<u>\$ (1,072.09)</u>	<u>\$ 170,373.77</u>

See accompanying notes to the financial statements.

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

	Assessment Fund	Road & Bridge Special	County Website	Law Enforcement Restitution	Law Enforcement Grants	Law Enforcement Training	Prosecuting Attorney Training	Law Enforcement Civil Fees	DARE	LEPC
REVENUES										
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	483,580.62	-	-	-	1,500.00	-	-	-	-	3,155.38
Fees, Licenses and Permits	-	-	-	37,637.49	-	2,883.58	734.97	-	-	-
Interest	3,541.17	-	-	-	22.34	-	-	-	-	-
Other	7,660.09	8,190.60	-	-	-	1,786.52	-	80,135.10	9,818.95	-
TOTAL REVENUES	494,781.88	8,190.60	-	37,637.49	1,522.34	4,670.10	734.97	80,135.10	9,818.95	3,155.38
EXPENDITURES										
Current:										
General County Government	700,610.91	-	-	-	-	-	-	-	-	-
Property Valuation and Recording	-	-	-	-	-	-	-	-	-	-
Administration of Justice and Law Enforcement	-	-	-	32,883.17	4,281.93	7,164.83	-	72,781.70	5,879.23	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Maintenance of Roads	-	8,828.30	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	6,450.01
Capital Outlay:										
Construction of Roads and Bridges	-	-	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	700,610.91	8,828.30	-	32,883.17	4,281.93	7,164.83	-	72,781.70	5,879.23	6,450.01
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(205,829.03)	(637.70)	-	4,754.32	(2,759.59)	(2,494.73)	734.97	7,353.40	3,939.72	(3,294.63)
OTHER FINANCING SOURCES (USES)										
Transfers In	177,251.00	-	-	-	-	-	-	4,304.75	-	12,520.00
Transfers Out	-	-	-	-	-	-	-	-	(4,304.75)	-
Debt Service										
TOTAL OTHER FINANCING SOURCES (USES)	177,251.00	-	-	-	-	-	-	4,304.75	(4,304.75)	12,520.00
NET CHANGE IN FUND BALANCE	(28,578.03)	(637.70)	-	4,754.32	(2,759.59)	(2,494.73)	734.97	11,658.15	(365.03)	9,225.37
FUND BALANCE - BEGINNING OF YEAR	62,254.32	8,389.17	-	29,722.92	4,172.64	270.99	1,469.28	8,195.29	2,923.43	-
FUND BALANCE - END OF YEAR	\$ 33,676.29	\$ 7,751.47	\$ -	\$ 34,477.24	\$ 1,413.05	\$ (2,223.74)	\$ 2,204.25	\$ 19,853.44	\$ 2,558.40	\$ 9,225.37

See accompanying notes to the financial statements.

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

	Insurance Claims Proceeds	PA Delinquent Tax	PA Bad Check	Childrens Trust/Abuse	Abuse Victims	Inmate Security	Sheriff's Revolving	Election Services	Election Grant	Total
REVENUES										
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	108,816.37	-	-	-	-	-	-	7,916.74	449.00	605,418.11
Fees, Licenses and Permits	-	-	-	765.00	1,705.00	2,877.92	11,946.25	-	-	58,550.21
Interest	-	-	-	-	-	-	-	-	6.39	3,569.90
Other	-	14,969.59	30,173.22	-	-	-	54.00	-	1,360.00	154,148.07
TOTAL REVENUES	108,816.37	14,969.59	30,173.22	765.00	1,705.00	2,877.92	12,000.25	7,916.74	1,815.39	821,686.29
EXPENDITURES										
Current:										
General County Government	-	-	-	-	-	-	-	7,599.92	4,914.00	713,124.83
Property Valuation and Recording	-	-	-	-	-	-	-	-	-	-
Administration of Justice and Law Enforcement	-	13,346.80	17,846.90	-	-	9,953.89	17,204.19	-	-	181,342.64
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Maintenance of Roads	-	-	-	-	-	-	-	-	-	8,828.30
Emergency Fund	-	-	-	-	-	-	-	-	-	-
Other	104,174.63	-	-	270.00	792.00	-	-	-	-	111,686.64
Capital Outlay:										
Construction of Roads and Bridges	-	-	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	104,174.63	13,346.80	17,846.90	270.00	792.00	9,953.89	17,204.19	7,599.92	4,914.00	1,014,982.41
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,641.74	1,622.79	12,326.32	495.00	913.00	(7,075.97)	(5,203.94)	316.82	(3,098.61)	(193,296.12)
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	-	-	-	-	194,075.75
Transfers Out	-	-	-	-	-	-	-	-	-	(4,304.75)
Debt Service										
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-	-	189,771.00
NET CHANGE IN FUND BALANCE	4,641.74	1,622.79	12,326.32	495.00	913.00	(7,075.97)	(5,203.94)	316.82	(3,098.61)	(3,525.12)
FUND BALANCE - BEGINNING OF YEAR	2,040.54	6,121.47	12,846.59	-	-	12,625.41	10,353.60	10,486.72	2,026.52	173,898.89
FUND BALANCE - END OF YEAR	\$ 6,682.28	\$ 7,744.26	\$ 25,172.91	\$ 495.00	\$ 913.00	\$ 5,549.44	\$ 5,149.66	\$ 10,803.54	\$ (1,072.09)	\$ 170,373.77

See accompanying notes to the financial statements.

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

	<u>Assessment</u>	<u>Road & Bridge Special</u>	<u>County Website</u>	<u>Law Enforcement Restitution</u>	<u>Law Enforcement Grants</u>	<u>Law Enforcement Training</u>	<u>Prosecuting Attorney Training</u>	<u>Law Enforcement Civil Fees</u>	<u>Insurance Claims Proceeds</u>
ASSETS									
Cash and Cash Equivalents	\$ 62,254.32	\$ 8,389.17	\$ -	\$ 29,722.92	\$ 4,172.64	\$ 270.99	\$ 1,469.28	\$ 8,195.29	\$ 2,040.54
TOTAL ASSETS	<u>62,254.32</u>	<u>8,389.17</u>	<u>-</u>	<u>29,722.92</u>	<u>4,172.64</u>	<u>270.99</u>	<u>1,469.28</u>	<u>8,195.29</u>	<u>2,040.54</u>
LIABILITIES AND FUND BALANCES									
Total Liabilities	-	-	-	-	-	-	-	-	-
Unreserved Fund Balances	62,254.32	8,389.17	-	29,722.92	4,172.64	270.99	1,469.28	8,195.29	2,040.54
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 62,254.32</u>	<u>\$ 8,389.17</u>	<u>\$ -</u>	<u>\$ 29,722.92</u>	<u>\$ 4,172.64</u>	<u>\$ 270.99</u>	<u>\$ 1,469.28</u>	<u>\$ 8,195.29</u>	<u>\$ 2,040.54</u>

See accompanying notes to the financial statements.

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

	Childrens Trust/Abuse Victims	DARE	PA Delinquent Tax	PA Bad Check	Abuse Victims	Inmate Security	Sheriff Revolving	Election Services	Election Grant	Total
ASSETS										
Cash and Cash Equivalents	\$ -	\$ 2,923.43	\$ 6,121.47	\$ 12,846.59	\$ -	\$ 12,625.41	\$ 10,353.60	\$ 10,486.72	\$ 2,026.52	\$ 173,898.89
TOTAL ASSETS	<u>-</u>	<u>2,923.43</u>	<u>6,121.47</u>	<u>12,846.59</u>	<u>-</u>	<u>12,625.41</u>	<u>10,353.60</u>	<u>10,486.72</u>	<u>2,026.52</u>	<u>173,898.89</u>
LIABILITIES AND FUND BALANCES										
Total Liabilities	-	-	-	-	-	-	-	-	-	-
Unreserved Fund Balances	-	2,923.43	6,121.47	12,846.59	-	12,625.41	10,353.60	10,486.72	2,026.52	173,898.89
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 2,923.43</u>	<u>\$ 6,121.47</u>	<u>\$ 12,846.59</u>	<u>\$ -</u>	<u>\$ 12,625.41</u>	<u>\$ 10,353.60</u>	<u>\$ 10,486.72</u>	<u>\$ 2,026.52</u>	<u>\$ 173,898.89</u>

See accompanying notes to the financial statements.

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

	Assessment	Road & Bridge Special	County Website	Law Enforcement Restitution	Law Enforcement Grants	Law Enforcement Training	Prosecuting Attorney Training	Law Enforcement Civil Fees	Insurance Claims Proceeds
REVENUES									
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	438,933.16	-	-	-	10,004.95	-	-	-	20,184.17
Fees, Licenses and Permits	-	-	-	36,034.90	-	3,169.17	807.19	-	-
Interest	4,667.65	-	-	-	182.35	-	-	-	-
Other	13,483.96	16,492.78	-	-	-	1,652.00	-	60,460.81	-
TOTAL REVENUES	457,084.77	16,492.78	-	36,034.90	10,187.30	4,821.17	807.19	60,460.81	20,184.17
EXPENDITURES									
Current:									
General County Government	640,408.52	-	-	-	-	-	-	-	-
Property Valuation and Recording	-	-	-	-	-	-	-	-	-
Administration of Justice and Law Enforcement	-	-	-	31,102.97	19,490.00	6,426.42	934.58	87,801.36	-
Health and Welfare	-	-	-	-	-	-	-	-	-
Maintenance of Roads	-	8,377.35	-	-	-	-	-	-	-
Park Maintenance	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	20,072.02
Capital Outlay:									
Construction of Roads and Bridges	-	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	640,408.52	8,377.35	-	31,102.97	19,490.00	6,426.42	934.58	87,801.36	20,072.02
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(183,323.75)	8,115.43	-	4,931.93	(9,302.70)	(1,605.25)	(127.39)	(27,340.55)	112.15
OTHER FINANCING SOURCES (USES)									
Transfers In	181,753.00	-	-	-	-	-	-	-	-
Transfers Out	-	-	(4,905.00)	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(4,905.00)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(1,570.75)	8,115.43	(4,905.00)	4,931.93	(9,302.70)	(1,605.25)	(127.39)	(27,340.55)	112.15
FUND BALANCE - BEGINNING OF YEAR	63,825.07	273.74	4,905.00	24,790.99	13,475.34	1,876.24	1,596.67	35,535.84	1,928.39
FUND BALANCE - END OF YEAR	\$ 62,254.32	\$ 8,389.17	\$ -	\$ 29,722.92	\$ 4,172.64	\$ 270.99	\$ 1,469.28	\$ 8,195.29	\$ 2,040.54

See accompanying notes to the financial statements.

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

	Childrens Trust/Abuse Victims	DARE	PA Delinquent Tax	PA Bad Check	Abuse Victims	Inmate Security	Sheriff Revolving	Election Services	Election Grant	Total
REVENUES										
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-	-	-	-
Grants, Distributions and Reimbursements	-	-	-	-	-	-	-	5,572.40	1,998.75	476,693.43
Fees, Licenses and Permits	635.00	-	-	-	1,571.00	3,143.41	9,134.00	-	-	54,494.67
Interest	-	-	-	284.44	-	-	-	-	192.04	5,326.48
Other	-	4,700.00	12,523.77	26,155.92	-	-	-	-	1,892.00	137,361.24
TOTAL REVENUES	635.00	4,700.00	12,523.77	26,440.36	1,571.00	3,143.41	9,134.00	5,572.40	4,082.79	673,875.82
EXPENDITURES										
Current:										
General County Government	-	-	-	-	-	-	-	417.35	11,267.47	652,093.34
Property Valuation and Recording	-	-	-	-	-	-	-	-	-	-
Administration of Justice and Law Enforcement	-	7,624.58	12,725.86	17,437.41	-	-	5,228.00	-	-	188,771.18
Health and Welfare	-	-	-	-	-	-	-	-	-	-
Maintenance of Roads	-	-	-	-	-	-	-	-	-	8,377.35
Park Maintenance	-	-	-	-	-	-	-	-	-	-
Other	670.00	-	-	-	1,606.00	-	-	-	-	22,348.02
Capital Outlay:										
Construction of Roads and Bridges	-	-	-	-	-	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	670.00	7,624.58	12,725.86	17,437.41	1,606.00	-	5,228.00	417.35	11,267.47	871,589.89
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(35.00)	(2,924.58)	(202.09)	9,002.95	(35.00)	3,143.41	3,906.00	5,155.05	(7,184.68)	(197,714.07)
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	-	-	-	-	-	-	-	181,753.00
Transfers Out	-	-	(7,958.38)	-	-	-	-	-	-	(12,863.38)
Debt Service	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(7,958.38)	-	-	-	-	-	-	168,889.62
NET CHANGE IN FUND BALANCE	(35.00)	(2,924.58)	(8,160.47)	9,002.95	(35.00)	3,143.41	3,906.00	5,155.05	(7,184.68)	(28,824.45)
FUND BALANCE - BEGINNING OF YEAR	35.00	5,848.01	14,281.94	3,843.64	35.00	9,482.00	6,447.60	5,331.67	9,211.20	202,723.34
FUND BALANCE - END OF YEAR	\$ -	\$ 2,923.43	\$ 6,121.47	\$ 12,846.59	\$ -	\$ 12,625.41	\$ 10,353.60	\$ 10,486.72	\$ 2,026.52	\$ 173,898.89

See accompanying notes to the financial statements.

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

	Unclaimed Fees	Southern Stone County Fire	Stone County Health Center	Stone County Library	Stone County Library Bookmobile	Fines	Overplus Taxes	Schools	Fed. Seized and Forfeited Funds	State Criminal Costs
ASSETS										
Cash and Cash Equivalents	\$ 11,343.27	\$ -	\$ 613.22	\$172,046.90	\$ 24,186.54	\$ 32,222.43	\$ 16,353.28	\$ 40,712.84	\$ 403.00	\$ -
Investments				\$520,000.00	\$ 40,000.00		\$100,000.00			
TOTAL ASSETS	<u>11,343.27</u>	<u>-</u>	<u>613.22</u>	<u>692,046.90</u>	<u>64,186.54</u>	<u>32,222.43</u>	<u>116,353.28</u>	<u>40,712.84</u>	<u>403.00</u>	<u>-</u>
LIABILITIES AND FUND BALANCE										
Total Liabilities	-	-	-	-	-	-	-	-	-	-
Unreserved Fund Balance	11,343.27	-	613.22	692,046.90	64,186.54	32,222.43	116,353.28	40,712.84	403.00	-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 11,343.27</u>	<u>\$ -</u>	<u>\$ 613.22</u>	<u>\$692,046.90</u>	<u>\$ 64,186.54</u>	<u>\$ 32,222.43</u>	<u>\$116,353.28</u>	<u>\$ 40,712.84</u>	<u>\$ 403.00</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

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

	Hurley Fire Protection District	Cities	Community College District	Billings Fire Protection District	Clever Fire Protection District	Nixa Fire Protection District	National Forests	Tax Maintenance Fund
ASSETS								
Cash and Cash Equivalents	\$ -	\$ 3,194.54	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108.78
Investments								
TOTAL ASSETS	<u>-</u>	<u>3,194.54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108.78</u>
LIABILITIES AND FUND BALANCE								
Total Liabilities	-	-	-	-	-	-	-	-
Unreserved Fund Balance	-	3,194.54	-	-	-	-	-	108.78
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 3,194.54</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108.78</u>

See accompanying notes to the financial statements.

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

	Flood Control	Stonebridge NID	Black Oak NID	Senior Citizens Tax	Central Crossings Fire	Highlandville Fire	N Stone/NE Barry Fire District	Catamont CID	CERF	Family Access Fund
ASSETS										
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 376.99	\$ -	\$ -	\$ 112.64	\$ -	\$ 19,841.42	\$ -
Investments										
TOTAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>376.99</u>	<u>-</u>	<u>-</u>	<u>112.64</u>	<u>-</u>	<u>19,841.42</u>	<u>-</u>
LIABILITIES AND FUND BALANCE										
Total Liabilities	-	-	-	-	-	-	-	-	-	-
Unreserved Fund Balance	-	-	-	376.99	-	-	112.64	-	19,841.42	-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376.99</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112.64</u>	<u>\$ -</u>	<u>\$ 19,841.42</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

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

	Prisoner Transport	Library Building Reserve	Deputy Sheriff Salary	Noxious Weed	Collector	Recorder	Circuit Clerk	Sheriff	Prosecuting Attorney	Total
ASSETS										
Cash and Cash Equivalents	\$ -	\$ 30,000.00	\$ 1,360.00	\$ -	\$768,794.94	\$ 24,975.52	\$119,402.28	\$ 5,272.48	\$ 11,352.51	\$ 1,282,673.58
Investments										660,000.00
TOTAL ASSETS	<u>-</u>	<u>30,000.00</u>	<u>1,360.00</u>	<u>-</u>	<u>768,794.94</u>	<u>24,975.52</u>	<u>119,402.28</u>	<u>5,272.48</u>	<u>11,352.51</u>	<u>1,942,673.58</u>
LIABILITIES AND FUND BALANCE										
Total Liabilities	-	-	-	-	-	-	-	-	-	-
Unreserved Fund Balance	-	30,000.00	1,360.00	-	768,794.94	24,975.52	119,402.28	5,272.48	11,352.51	1,942,673.58
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 30,000.00</u>	<u>\$ 1,360.00</u>	<u>\$ -</u>	<u>\$768,794.94</u>	<u>\$ 24,975.52</u>	<u>\$119,402.28</u>	<u>\$ 5,272.48</u>	<u>\$ 11,352.51</u>	<u>\$ 1,942,673.58</u>

See accompanying notes to the financial statements.

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

	Unclaimed Fees	Southern Stone County Fire	Stone County Health Center	Stone County Library	Stone County Library Bookmobile	Fines	Overplus Taxes	Schools	Fed. Seized and Forfeited Funds
ASSETS									
Cash and Cash Equivalents	\$ 6,087.61	\$ -	\$ 626.84	\$ 195,056.42	\$ 22,070.49	\$ 63,534.42	\$ 111,625.78	\$ 35,076.47	\$ 389.12
Investments				\$ 450,000.00	\$ 40,000.00				
TOTAL ASSETS	<u>6,087.61</u>	<u>-</u>	<u>626.84</u>	<u>645,056.42</u>	<u>62,070.49</u>	<u>63,534.42</u>	<u>111,625.78</u>	<u>35,076.47</u>	<u>389.12</u>
LIABILITIES AND FUND BALANCE									
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved Fund Balance	<u>6,087.61</u>	<u>-</u>	<u>626.84</u>	<u>645,056.42</u>	<u>62,070.49</u>	<u>63,534.42</u>	<u>111,625.78</u>	<u>35,076.47</u>	<u>389.12</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,087.61</u>	<u>\$ -</u>	<u>\$ 626.84</u>	<u>\$ 645,056.42</u>	<u>\$ 62,070.49</u>	<u>\$ 63,534.42</u>	<u>\$ 111,625.78</u>	<u>\$ 35,076.47</u>	<u>\$ 389.12</u>

See accompanying notes to the financial statements.

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

	State Criminal Costs	Hurley Fire Protection District	Cities	Community College District	Billings Fire Protection District	Clever Fire Protection District	Nixa Fire Protection District	National Forests	Tax Maintenance Fund
ASSETS									
Cash and Cash Equivalents	\$ (3,449.49)	\$ -	\$ 5,903.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 871.40
Investments									
TOTAL ASSETS	<u>(3,449.49)</u>	<u>-</u>	<u>5,903.20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>871.40</u>
LIABILITIES AND FUND BALANCE									
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved Fund Balance	<u>(3,449.49)</u>	<u>-</u>	<u>5,903.20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>871.40</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ (3,449.49)</u>	<u>\$ -</u>	<u>\$ 5,903.20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871.40</u>

See accompanying notes to the financial statements.

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

	<u>Flood Control</u>	<u>Stonebridge NID</u>	<u>Black Oak NID</u>	<u>Senior Citizens Tax</u>	<u>Central Crossings Fire</u>	<u>Highlandville Fire</u>	<u>N Stone/NE Barry Fire District</u>	<u>Catamont CID</u>	<u>CERF</u>
ASSETS									
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 385.36	\$ -	\$ -	\$ 111.74	\$ -	\$ 12,571.01
Investments									
TOTAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>385.36</u>	<u>-</u>	<u>-</u>	<u>111.74</u>	<u>-</u>	<u>12,571.01</u>
LIABILITIES AND FUND BALANCE									
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>385.36</u>	<u>-</u>	<u>-</u>	<u>111.74</u>	<u>-</u>	<u>12,571.01</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385.36</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111.74</u>	<u>\$ -</u>	<u>\$ 12,571.01</u>

See accompanying notes to the financial statements.

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

	Family Access Fund	Prisoner Transport	Library Building Reserve	Deputy Sheriff Salary	Noxious Weed	Collector	Recorder	Circuit Clerk	Sheriff	Prosecuting Attorney	Total
ASSETS											
Cash and Cash Equivalents	\$ -	\$ -	\$ 30,000.00	\$ -	\$ -	\$ 928,206.26	\$ 31,206.16	\$ 147,008.44	\$ 22,365.69	\$ 185.56	\$ 1,609,832.48
Investments											490,000.00
TOTAL ASSETS	<u>-</u>	<u>-</u>	<u>30,000.00</u>	<u>-</u>	<u>-</u>	<u>928,206.26</u>	<u>31,206.16</u>	<u>147,008.44</u>	<u>22,365.69</u>	<u>185.56</u>	<u>2,099,832.48</u>
LIABILITIES AND FUND BALANCE											
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved Fund Balance	<u>-</u>	<u>-</u>	<u>30,000.00</u>	<u>-</u>	<u>-</u>	<u>928,206.26</u>	<u>31,206.16</u>	<u>147,008.44</u>	<u>22,365.69</u>	<u>185.56</u>	<u>2,099,832.48</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 928,206.26</u>	<u>\$ 31,206.16</u>	<u>\$ 147,008.44</u>	<u>\$ 22,365.69</u>	<u>\$ 185.56</u>	<u>\$ 2,099,832.48</u>

See accompanying notes to the financial statements.

STATE COMPLIANCE SECTION

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

SCHEDULE OF STATE FINDINGS

1. The Special Road and Bridge Fund deficit budgeted for December 31, 2008 and 2007.
2. The Capital Improvement Fund deficit budgeted for December 31, 2007.

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the County Commission
The County of Stone, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Stone, (the Primary Government), State of Missouri, as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the basic financial statements of the Primary Government, and have issued our modified cash basis report thereon dated October 21, 2009. Our report was modified because the Primary Government prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Internal Control Over Financial Reporting (concluded)

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Stone County in a separate letter dated October 21, 2009.

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

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

Daniel Jones & Associates

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

October 21, 2009

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

I. FINANCIAL STATEMENT FINDINGS

07/08-01 Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 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.

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

I. FINANCIAL STATEMENT FINDINGS (continued)

07/08-02 (concluded)

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 was not aware of the new SAS requirement to have a formal internal control document. Each official has their own internal controls within their office. The County is willing to review this new SAS requirement with the state auditor to better understand the responsibility and action it needs to take to comply with this requirement.

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 was not aware of the new SAS requirement to have a formal fraud risk assessment. Each official has their own antifraud policy in effect. The County is willing to review this new SAS requirement with the state auditor to better understand the responsibility and action it needs to take to comply with this requirement.

07/08-04

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

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

I. FINANCIAL STATEMENT FINDINGS (concluded)

07/08-04 (Concluded)

Condition: During our audit, we noted that the former administration of the Assessor's office incorrectly assessed a manufactured home sitting on land owned by the same owner as personal property instead of real property.

Effect: Incorrect tax assessments could misstate revenue.

Cause: Prior Assessor administration incorrectly assessed real estate taxes as personal property.

Recommendation: We recommend that the Assessor's office correct this assessment going forward to be presented as real property and not personal property.

Management's Response: The new administration states that the former administration's error has been corrected.

II. FOLLOW-UP PRIOR YEAR FINDINGS

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

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

THE COUNTY OF STONE
GALENA, MISSOURI
(the Primary Government)
SINGLE AUDIT REPORT
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**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the County Commission
The County of Stone, Missouri

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Stone, Missouri, as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the Primary Government's basic financial statements, and have issued our modified cash basis report thereon dated October 21, 2009. Our report was modified because the Primary Government prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Primary Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Primary Government's internal control over financial reporting.

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Primary Government in a separate letter dated October 21, 2009.

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

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

Daniel Jones & Associates

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

October 21, 2009



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the County Commission
The County of Stone, Galena, Missouri

Compliance

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

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

As described in items S/A 07/08-01, S/A 07/08-02, S/A 07/08-03 and S/A 07/08-04 in the accompanying schedule of findings and questioned costs, the Primary Government did not comply with requirements regarding the preparation of the Schedule of Expenditures of Federal Awards, properly maintaining separate expense accounts to account for federal expenditures, required contracting procedures and lacked internal control requirements that are applicable to its Highway Planning and Construction and FEMA major programs. Compliance with such requirements is necessary, in our opinion, for the Primary Government to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Primary Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2008 and December 31, 2007.

Internal Control Over Compliance

The management of the Primary Government is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Primary Government's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Primary Government's internal control over compliance.

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

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

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item S/A 07/08-04 to be a material weakness.

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stone County, Missouri as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated October 21, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Stone County, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is not fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
October 21, 2009

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

FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY NUMBER	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2008	FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2007
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed Through State:				
Department of Social Services:				
Emergency Shelter Grants Program	14.231	ERO1640960	\$ 23,831.19	\$ 20,090.81
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Public Safety Partnership and Community Policing Grants	16.710	1995CFWX5194		15,520.40
Passed Through:				
State Department of Public Safety:				
Violence Against Women Formula Grants	16.588	2007VAWA0043	28,513.99	
		2006VAWA0037		25,696.21
		2006VAWA0036		16,847.81
Local Law Enforcement Block Grants Program:	16.592			
STEP Enforcement (MODOT)		LKK032	699.73	
DWI Saturation (MODOT)		08-154-AL-66	5,000.00	
Operation Safe Deputy (DOJ JAG)		2008DJBX0662	12,402.00	
Missouri Sheriffs' Association:				
Speed Enforcement	16.588	08PTO2152	2,500.00	
Violence Against Women Formula Grants	16.588	2007VAWA0042	15,967.97	
DWI Checkpoint		08-K8-03-02	4,951.90	
DWI Enforcement		LKK033	484.42	
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through State:				
Highway and Transportation Commission:				
Highway Planning and Construction	20.205	BRO-B104(7)	332,612.96	
		BRO - B104(5)(6)(7)		194,053.06
Department of Public Safety:				
Interagency Hazardous Materials Public Sector Training and Planning Grants HMEP	20.703			1,480.92
LEPC	20.703	2008CEPF	3,117.17	
ELECTION ASSISTANCE COMMISSION				
Passed Through the Office of Secretary of State:				
Help America Vote Act Requirements Payments	90.401	CFDA90.401	449.00	
		SC23156E000437		1,998.75
Poll Worker Training Grant	90.401		1,360.00	
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through State Department of Public Safety:				
Emergency Management Performance Grants	97.042	2008EMPG	7,101.71	
	97.042	2007EME70026		6,650.00
FEMA	97.036	FEMA (1742, 1749, 1773 DR - MO) #209 - 99209 - 00	418,455.69	
	97.036	FEMA (1676 DR - MO) #209-99209-00		90,204.57
Total Federal Expenditures			\$ 857,447.73	\$ 372,542.53

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

NOTE 1 – BASIS OF PRESENTATION

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

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

I. SUMMARY OF AUDITOR'S RESULTS (concluded)

B. Federal Awards (concluded)

5. Identification of major programs:

<u>Year</u>	<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
2007 / 08	20.205	Highway Planning and Construction
2007 / 08	97.036	FEMA

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

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

2008 Yes X No

II. FINANCIAL STATEMENT FINDINGS

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

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

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

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

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

Management's Response: The County 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 the new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

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

II. FINANCIAL STATEMENT FINDINGS (continued)

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

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

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

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

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

Management's Response: The County was not aware of the new SAS requirement to have a formal internal control document. Each official has their own internal controls within their office. The County is willing to review this new SAS requirement with the state auditor to better understand the responsibility and action it needs to take to comply with this requirement.

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

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

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

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

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

II. FINANCIAL STATEMENT FINDINGS (concluded)

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

Management's Response: The County was not aware of the new SAS requirement to have a formal fraud risk assessment. Each official has their own antifraud policy in effect. The County is willing to review this new SAS requirement with the state auditor to better understand the responsibility and action it needs to take to comply with this requirement.

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

Condition: During our audit, we noted that the former administration of the Assessor's office incorrectly assessed a manufactured home sitting on land owned by the same owner as personal property instead of real property.

Effect: Incorrect tax assessments could misstate revenue.

Cause: Prior Assessor administration incorrectly assessed real estate taxes as personal property.

Recommendation: We recommend that the Assessor's office correct this assessment going forward to be presented as real property and not personal property.

Management's Response: The new administration states that the former administration's error has been corrected.

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

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

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

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

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

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

A. Category of Internal Control Weakness

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

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

B. Category of Noncompliance Findings

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

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

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

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

C. Federal Award Findings and Questioned Costs

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 07/08-01	Other Information: Significant Deficiency	<p><u>Findings:</u> The Schedule of Expenditures of Federal Awards contained errors.</p> <p>Controls were not in place to ensure that the Schedule of Expenditures of Federal Awards (SEFA) was prepared in accordance with federal requirements. The OMB Circular A-133 requires that the SEFA provide total federal awards expended for each individual federal program. It states that the determination of when an award is expended should be based on when the activity related to the award occurs, such as when the expenditure takes place.</p> <p>The Schedule of Expenditures of Federal Awards (SEFA) was prepared with various errors. These errors are described below:</p> <ol style="list-style-type: none"> 1. The SEFA schedule contained several incorrect CFDA numbers for federal programs. 2. Expenditures listed on the SEFA schedule submitted to the State Auditor's Office were incorrect. Revenue was used to prepare the SEFA instead of expenditures. Actual expenditures were not agreed to the general ledger.

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

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

C. Federal Award Findings and Questioned Costs (continued)

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 07/08-01 (concluded)	Other Information: Significant Deficiency	<p><u>Recommendation:</u> The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.</p> <p><u>Agency Response:</u> The County agrees with this finding.</p>
SA 07/08-02	Other Information: Significant Deficiency Procurement and Suspension Debarment	<p><u>Findings:</u> Required contracting procedures were not followed.</p> <p>The County does not have procedures in place to ensure that it does not contract with prohibited parties in administering federal funds. As a result, there is an increased risk of federal funds being spent in violation of grant requirements.</p> <p>The Commissioners did not check the Excluded Parties List System maintained by the General Services Administration to verify that parties it contracted with were not on the prohibited list.</p> <p>The OMB Circular A-133 Compliance Supplement and 41 CFR 105-71.135 prohibit entities from contracting with parties that are on the prohibited list.</p>

THE COUNTY OF STONE
GALENA, MISSOURI
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SINGLE AUDIT REPORT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

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

C. Federal Award Findings and Questioned Costs (continued)

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 07/08-02 (concluded)	Other Information: Significant Deficiency Procurement and Suspension Debarment	<u>Recommendation:</u> The County should implement procedures to ensure that parties they contract with are not on the prohibited list. <u>Agency Response:</u> The County agrees with this finding.
SA 07/08-03	Other Information: Significant Deficiency	<u>Findings:</u> Weakness in control over expenditures in compliance with Single Audit Requirements. The County did not properly maintain separate expense accounts to account for federal expenditures. To prepare the Schedule of Expenditures of Federal Awards (SEFA) report, the County used revenues instead of expenditures. Because the program is reimbursement in nature, revenues equal expenditures. <u>Recommendation:</u> The County should track all federal expenditures in the general ledger system by adding a grant code at the end of the account code. <u>Agency Response:</u> The County agrees with this finding.
SA 07/08-04	Other Information: Material Weakness	<u>Findings:</u> Documentation was not provided to support major program expenditures and internal control procedures. The County did not provide appropriate documentation to support major program expenditures and internal control procedures.

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

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

C. Federal Award Findings and Questioned Costs (concluded)

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 07/08-04 (concluded)	Other Information: Material Weakness	<p><u>Recommendation:</u> The County should have support for all federal expenditures and internal control procedures should be put in place for each matrix for each CFDA number.</p> <p><u>Agency Response:</u> The County agrees with this finding.</p>

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

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 05/06-01	Other Information: Significant Deficiency	Resolved – Reports due HAVA Home been filed and will comply with IRS regulations. The Clerk has added assets purchased through HAVA to the inventory lists.
SA 05/06-02	Other Information: Significant Deficiency	Unresolved – The County does not have adequate procedures in place to track Federal Awards for the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The County will discuss this with the State Auditor and will formulate adequate procedures.



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

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

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

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

Very truly yours,

Daniel Jones & Associates

Daniel Jones & Associates, P.C.
Certified Public Accountants

October 21, 2009

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

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

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

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

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

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

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

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

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

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

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

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

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT(Continued)

07/08-02 (Concluded)

Management's Response: The County was not aware of the new SAS requirement to have a formal internal control document. Each official has their own internal controls within their office. The County is willing to review this new SAS requirement with the state auditor to better understand the responsibility and action it needs to take to comply with this requirement.

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 was not aware of the new SAS requirement to have a formal fraud risk assessment. Each official has their own antifraud policy in effect. The County is willing to review this new SAS requirement with the state auditor to better understand the responsibility and action it needs to take to comply with this requirement.

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

Condition: During our audit, we noted that the former administration of the Assessor's office incorrectly assessed a manufactured home sitting on land owned by the same owner as personal property instead of real property.

Effect: Incorrect tax assessments could misstate revenue.

Cause: Prior Assessor administration incorrectly assessed real estate taxes as personal property.

Recommendation: We recommend that the Assessor's office correct this assessment going forward to be presented as real property and not personal property.

Management's Response: The new administration states that the former administration's error has been corrected.

II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

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

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

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

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

In planning and performing our audit, we considered Stone 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 Stone 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 Stone County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Stone 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 April 3, 2009.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Continued)

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 21, 2009.

Management Consultations with Other Independent Accountants

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

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)Other Audit Findings or Issues

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

**STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2008 & 2007**

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
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FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Stone County 911 Emergency Services
of Missouri

We have audited the accompanying financial statements of the Stone County 911 Emergency Services of Missouri, as of and for the years ended December 31, 2008, and December 31, 2007, a component unit of Stone County, Missouri, which collectively comprise Stone County 911 Emergency Services basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Stone County 911 Emergency Service's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note I, the 911 Emergency Services prepares its financial statements on the Modified Cash Basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As described in Note VIII, Stone County 911 Emergency Services 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, 2008, and December 31, 2007.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - Modified Cash Basis of the Stone County 911 Emergency Services of Missouri as of December 31, 2008, and December 31, 2007, and the respective changes in financial position - Modified Cash Basis, thereof for the year then ended in conformity with the basis of accounting described in Note I.

The 911 Emergency Services has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America, as applicable to the Modified Cash Basis of accounting, has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2009 on our consideration of the Stone County 911 Emergency Services of Missouri'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 accompanying required supplementary information, the budgetary comparisons, on pages 12 through 14 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting. We have applied certain limited procedures, which consisted principally 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.

Daniel Jones & Associates

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

December 3, 2009

BASIC FINANCIAL STATEMENTS

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - MODIFIED CASH BASIS
DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash	\$ 505,263.59	\$ 495,892.77
Investments	201,608.08	202,674.91
Other Current Assets	1,701.00	1,799.19
Total Current Assets	<u>708,572.67</u>	<u>700,366.87</u>
Total Assets	\$ <u><u>708,572.67</u></u>	\$ <u><u>700,366.87</u></u>

LIABILITIES AND FUND BALANCE

Current Liabilities:		
Accounts Payable	\$ -	\$ -
Credit Cards	-	216.32
Payroll Liabilities	<u>1,333.84</u>	<u>4,467.02</u>
Total Current Liabilities	<u>1,333.84</u>	<u>4,683.34</u>
Total Liabilities	1,333.84	4,683.34
Fund Balance		
Net Assets:		
Unrestricted Funds	<u>707,238.83</u>	<u>695,683.53</u>
Total Fund Balance	<u>707,238.83</u>	<u>695,683.53</u>
Total Liabilities and Fund Balance	\$ <u><u>708,572.67</u></u>	\$ <u><u>700,366.87</u></u>

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

STONE COUNTY 911 EMERGENCY SERVICES

(A COMPONENT UNIT OF STONE COUNTY)

GALENA, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
REVENUES		
Sales Tax Revenue	\$ 953,689.96	\$ 1,040,907.42
Total Revenues	953,689.96	1,040,907.42
EXPENSES		
Advertising	1,690.93	1,084.90
Automobile Repair	1,079.55	2,785.64
Board Members	-	8,691.64
Building Maintenance	4,318.00	7,786.97
Diesel	4,297.06	2,780.65
Dispatch Interpreter	57.88	108.99
Dues & Subscriptions	987.47	929.77
Education & Training	14,450.17	15,365.13
Equipment Generator	1,608.62	-
Equipment Communication	41,183.58	6,244.46
Equipment Upgrades	1,473.64	299.00
Equipment Software Upgrades	56,888.00	8,521.25
Office Equipment	7,077.41	2,788.77
Equipment Support Maintenance	1,053.13	-
Equipment Maintenance Warranties	2,740.89	1,078.00
Equipment Repairs	3,662.00	6,022.14
Insurance	21,184.42	18,568.46
Insurance Deductible	-	-
Office Supplies	7,488.74	6,930.78
Payroll	700,188.01	699,983.46
Postage	599.93	586.12
Printing	-	-
Professional Fees	11,541.47	8,900.22
Road Signs	2,453.68	1,877.88
Communication	68,170.88	66,225.73
Utilities	12,654.81	10,763.06
Bank Service Charges	73.30	(1.90)
Miscellaneous	-	805.71
Total Expenses	966,923.57	879,126.83
REVENUES COLLECTED OVER (UNDER) EXPENSES	(13,233.61)	161,780.59
OTHER FINANCING SOURCES (USES)		
Interest	23,698.34	23,834.01
Other Income	105.55	142.02
Sales	985.02	410.00
Depreciation Expense	-	-
Loss on Disposal on Assets	-	-
Total Other Financing Sources (Uses)	24,788.91	24,386.03
REVENUE COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENSES PAID AND OTHER USES	11,555.30	186,166.62
FUND BALANCE - BEGINNING OF YEAR	695,683.53	509,516.91
FUND BALANCE - END OF YEAR	\$ 707,238.83	\$ 695,683.53

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

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Stone County 911 Emergency Services ("911 Board"), which is governed by a seven-member board of directors, was established to serve residents of Stone County.

As discussed further in Note I, these financial statements are presented on the Modified Cash Basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the Modified Cash Basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the Modified Cash Basis of accounting, these financial statements present financial accountability of the 911 Board.

The 911 Board has developed criteria to determine whether outside agencies with activities which benefit the clients of the 911 Board, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the 911 Board 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 911 Board 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 911 Board's financial statements. However, Stone County 911 Emergency Services is a component unit of Stone County, Missouri. The 911 Board 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 911 Board 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.

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Type - The General Fund is the general operating fund of the 911 Board and accounts for all revenues and expenditures of the 911 Board. All general tax revenues and other receipts are accounted for in this fund.

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 Modified 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 Modified Cash Basis of accounting, certain assets (such as accounts receivable), 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 911 Board 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 any instruments with an original maturity of ninety days or less.

State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, and bonds of the State of Missouri.

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. Cash Deposits and Investments (concluded)

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 911 Board's name at third-party banking institutions. Details of these cash balances are presented in Note II.

E. 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 911 Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted or restricted for fixed assets. The 911 Board 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 911 Board's investment policy does not include custodial credit risk requirements. The 911 Board'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 911 Board's deposits, including certificates of deposit, were not 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 911 Board's deposits was \$706,871.67 with respective bank balances totaling \$723,082.15. At December 31, 2007, the carrying amount of

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

II. DEPOSITS AND INVESTMENTS (concluded)

the 911 Board's deposits was \$698,567.68 with respective bank balances totaling \$705,308.60. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$250,000 for 2008 and \$100,000 for 2007.

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

	<u>Maturity Date</u>	<u>FMV</u>
Deposits:		
Checking and Money Market	N/A	\$ 505,263.59
Certificate of Deposit	03/08/09	100,785.34
Certificate of Deposit	09/08/09	<u>100,822.74</u>
Total Deposits & Investments		<u>\$ 706,871.67</u>

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

	<u>Maturity Date</u>	<u>FMV</u>
Deposits:		
Checking and Money Market	N/A	\$ 495,892.77
Certificate of Deposit	09/08/08	100,000.00
Certificate of Deposit	11/08/08	<u>102,674.91</u>
Total Deposits & Investments		<u>\$ 698,567.68</u>

III. LEASES

Stone County 911 Emergency Services has operating leases consisting of a cooler which is leased with a \$119.70 quarterly payment maturing October 5, 2010 and a copier which is leased with a \$75.00 per monthly payment maturing March 1, 2013. Annual payments for these two leases consist of the following:

YEAR ENDING DECEMBER 31,	AMOUNT
2009	\$1,378.80
2010	1,199.25
2011	900.00
2012	900.00
2013	225.00

IV. TAXES

A ¼ cent sales tax has been imposed on every dollar of all sales that are within Stone County to go to the Stone County 911 Emergency Services for operating revenues to pay for operating expenses and equipment.

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

V. EMPLOYEES RETIREMENT PLAN

A. Plan Description

Stone County 911 Emergency Services 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 Status

Stone County 911 Emergency Services' full-time employees contribute 4% to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 5.9% (general) 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 \$42,486 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 assumptions as of February 29, 2008 include (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the 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 techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 29, 2008 was 24 years.

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

V. EMPLOYEES RETIREMENT PLAN (concluded)

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$32,523	100%	\$0
6/30/2007	\$42,742	100%	\$0
6/30/2008	\$42,486	100%	\$0

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
2/28/2006	\$ 111,688	\$ 144,695	\$ 33,007	77%	\$ 343,674	10%
2/28/2007	165,411	205,471	40,060	81	436,082	9
2/29/2008	225,093	229,358	4,265	98	419,476	1

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 the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

VI. RISK MANAGEMENT

The 911 Board 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.

The 911 Board maintains MO PERM insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the 911 Board. Settled claims have not exceeded this coverage in any of the past three years.

VII. LITIGATION

The 911 Board is not a defendant in any litigation as of December 31, 2008 or December 31, 2007.

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

VIII. CHANGE IN ACCOUNTING PRINCIPLE

Governmental Accounting Standards Board Statement No. 40, "*Deposit and Investment Risk Disclosures*," addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Deposit and investment resources often represent significant assets of governmental, proprietary and fiduciary funds. These resources are necessary for the delivery of governmental services and programs, or to carry out fiduciary responsibilities. This Statement is designed to inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. The Board believes that there are risks inherent in all deposits and investments, and it believes that the disclosures required by this Statement provide users of governmental financial statements with information to assess common risks inherent in deposit and investment transactions.

REQUIRED SUPPLEMENTARY INFORMATION

STONE COUNTY 911 EMERGENCY SERVICES

(A COMPONENT UNIT OF STONE COUNTY)

GALENA, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET BASIS TO ACTUAL NON GAAP - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES				
Sales Tax Revenue	\$ 1,082,543.72	\$ 1,082,543.72	\$ 953,689.96	\$ (128,853.76)
Total Revenues	<u>1,082,543.72</u>	<u>1,082,543.72</u>	<u>953,689.96</u>	<u>(128,853.76)</u>
EXPENSES				
Advertising	500.00	500.00	1,690.93	1,190.93
Automobile Repair	3,000.00	3,000.00	1,079.55	(1,920.45)
Board Members	-	-	-	-
Building Maintenance	6,000.00	6,000.00	4,318.00	(1,682.00)
Diesel	3,000.00	3,000.00	4,297.06	1,297.06
Dispatch Interpreter	500.00	500.00	57.88	(442.12)
Dues & Subscriptions	700.00	700.00	987.47	287.47
Education & Training	16,000.00	16,000.00	14,450.17	(1,549.83)
Equipment Generator	1,500.00	1,500.00	1,608.62	108.62
Equipment Communication	2,000.00	2,000.00	41,183.58	39,183.58
Equipment Upgrades	2,000.00	2,000.00	1,473.64	(526.36)
Equipment Software Upgrades	2,000.00	2,000.00	56,888.00	54,888.00
Office Equipment	7,500.00	7,500.00	7,077.41	(422.59)
Equipment Support Maintenance	60,000.00	60,000.00	1,053.13	(58,946.87)
Equipment Maintenance Warranties	3,000.00	3,000.00	2,740.89	(259.11)
Equipment Repairs	5,000.00	5,000.00	3,662.00	(1,338.00)
Insurance	30,000.00	30,000.00	21,184.42	(8,815.58)
Insurance Deductible	2,000.00	2,000.00	-	(2,000.00)
Office Supplies	6,000.00	6,000.00	7,488.74	1,488.74
Payroll	715,543.60	715,543.60	700,188.01	(15,355.59)
Postage	700.00	700.00	599.93	(100.07)
Printing	500.00	500.00	-	(500.00)
Professional Fees	8,000.00	8,000.00	11,541.47	3,541.47
Road Signs	3,000.00	3,000.00	2,453.68	(546.32)
Communication	73,000.00	73,000.00	68,170.88	(4,829.12)
Utilities	13,000.00	13,000.00	12,654.81	(345.19)
Bank Service Charges	-	-	73.30	73.30
Total Expenses	<u>964,443.60</u>	<u>964,443.60</u>	<u>966,923.57</u>	<u>2,479.97</u>
REVENUES COLLECTED OVER (UNDER) EXPENSES	118,100.12	118,100.12	(13,233.61)	(131,333.73)
OTHER FINANCING SOURCES (USES)				
Interest	-	-	23,698.34	23,698.34
Other Income	-	-	105.55	105.55
Sales	-	-	985.02	985.02
Depreciation Expense	-	-	-	-
Loss on Disposal on Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>24,788.91</u>	<u>24,788.91</u>
REVENUE COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENSES PAID AND OTHER USES	118,100.12	118,100.12	11,555.30	(106,544.82)
FUND BALANCE - BEGINNING OF YEAR	<u>695,683.53</u>	<u>695,683.53</u>	<u>695,683.53</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 813,783.65</u>	<u>\$ 813,783.65</u>	<u>\$ 707,238.83</u>	<u>\$ (106,544.82)</u>

STONE COUNTY 911 EMERGENCY SERVICES

(A COMPONENT UNIT OF STONE COUNTY)

GALENA, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET BASIS TO ACTUAL NON GAAP - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Over (Under) Budget
REVENUES				
Sales Tax Revenue	\$ 962,939.83	\$ 962,939.83	\$ 1,040,907.42	\$ 77,967.59
Total Revenues	962,939.83	962,939.83	1,040,907.42	77,967.59
EXPENSES				
Advertising	500.00	500.00	1,084.90	584.90
Automobile Repair	3,000.00	3,000.00	2,785.64	(214.36)
Board Members	8,500.00	8,500.00	8,691.64	191.64
Building Maintenance	5,000.00	5,000.00	7,786.97	2,786.97
Diesel	2,000.00	2,000.00	2,780.65	780.65
Dispatch Interpreter	100.00	100.00	108.99	8.99
Dues & Subscriptions	600.00	600.00	929.77	329.77
Education & Training	15,000.00	15,000.00	15,365.13	365.13
Equipment Generator	1,000.00	1,000.00	-	(1,000.00)
Equipment Communication	1,000.00	1,000.00	6,244.46	5,244.46
Equipment Upgrades	2,000.00	2,000.00	299.00	(1,701.00)
Equipment Software Upgrades	900.00	900.00	8,521.25	7,621.25
Office Equipment	500.00	500.00	2,788.77	2,288.77
Equipment Support Maintenance	-	-	-	-
Equipment Maintenance Warranties	5,000.00	5,000.00	1,078.00	(3,922.00)
Equipment Repairs	5,000.00	5,000.00	6,022.14	1,022.14
Insurance	27,600.00	27,600.00	18,568.46	(9,031.54)
Insurance Deductible	2,000.00	2,000.00	-	(2,000.00)
Office Supplies	5,000.00	5,000.00	6,930.78	1,930.78
Payroll	723,916.49	723,916.49	699,983.46	(23,933.03)
Postage	500.00	500.00	586.12	86.12
Printing	200.00	200.00	-	(200.00)
Professional Fees	5,000.00	5,000.00	8,900.22	3,900.22
Road Signs	3,000.00	3,000.00	1,877.88	(1,122.12)
Communication	72,000.00	72,000.00	66,225.73	(5,774.27)
Utilities	12,000.00	12,000.00	10,763.06	(1,236.94)
Miscellaneous	-	-	805.71	805.71
Bank Service Charges	0.00	0.00	(1.90)	(1.90)
Total Expenses	901,316.49	901,316.49	879,126.83	(22,189.66)
REVENUES COLLECTED OVER (UNDER) EXPENSES	61,623.34	61,623.34	161,780.59	100,157.25
OTHER FINANCING SOURCES (USES)				
Interest	-	-	23,834.01	23,834.01
Other Income	-	-	142.02	142.02
Sales	-	-	410.00	410.00
Depreciation Expense	-	-	-	-
Loss on Disposal on Assets	-	-	-	-
Total Other Financing Sources (Uses)	0.00	0.00	24,386.03	24,386.03
REVENUE COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENSES PAID AND OTHER USES	61,623.34	61,623.34	186,166.62	124,543.28
FUND BALANCE - BEGINNING OF YEAR	509,516.91	509,516.91	509,516.91	-
FUND BALANCE - END OF YEAR	\$ 571,140.25	\$ 571,140.25	\$ 695,683.53	\$ 124,543.28

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Budgets and Budgetary Accounting

The 911 Board 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 the fund.
2. Prior to December, the Director, who serves as the budget officer, submits to the 911 Emergency Services Board a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all 911 Board funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. Prior to its approval by the 911 Emergency Services Board, the budget document is available for public inspection.
4. Prior to January 1, the budget is legally enacted by a vote of the 911 Emergency Services Board.
5. Subsequent to its formal approval of the budget, the 911 Emergency Services 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 Modified Cash Basis of accounting.

COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Board of Trustees
Stone County 911 Emergency Services
of Missouri

We have audited the basic financial statements of the Stone County 911 Emergency Services of Missouri (a component unit of Stone County, Missouri), as of and for the years ended December 31, 2008 and December 31, 2007, and have issued our report thereon dated December 3, 2009, which was modified because the 911 Board prepares its financial statements on the Modified Cash Basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Stone County 911 Emergency Services 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 Stone County 911 Emergency Service's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Stone County 911 Emergency Service's internal control over financial reporting.

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data

reliably in accordance with generally accepted accounting principles, as applicable to the modified cash basis of accounting, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (07/08-01, 07/08-02, and 07/08-03).

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be or 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 Stone County 911 Emergency Services 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Stone County 911 Emergency Services in a separate letter dated December 3, 2009.

Stone County 911 Emergency Service's response to the findings identified in our audit are described in the accompanying schedule of findings and responses at 07/08-01, 07/08-02 and 07/08-03. We did not audit the Stone County 911 Emergency Service's responses and, accordingly, we express no opinion on it.

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

December 3, 2009

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

I. FINANCIAL STATEMENT FINDINGS

07/08-01 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 Board'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 Board 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 Board did not prepare the required documentation.

Recommendation: We recommend that the Board 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 Board is willing to review this recommendation with the state auditor and the contract auditor to further understand the COSO internal controls. The board 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: 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.

STONE COUNTY 911 EMERGENCY SERVICES
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

I. FINANCIAL STATEMENT FINDINGS (continued)

Effect: Lack of an appropriate risk assessment process may result in certain risks not being identified by the Board'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 Board address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

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

07/08-03

Criteria: Pledged securities are designed to safeguard balances that exceed FDIC insured limits.

Condition: During our audit, we have noticed that the 911 Board cash balances were under pledged in 2007 and 2008.

Effect: Failure to have properly pledged securities places the 911 Board's assets in jeopardy in the case of a financial institution failure.

Cause: The 911 board was under the impression the money in the financial institution was fully pledged.

Recommendation: We recommend the 911 Board meet with the Financial Institution to make sure all of its assets are fully pledged or setup additional accounts with other Financial Institutions to stay within the FDIC insured limits.

Management Response: The Board has already contacted the financial institution and corrected the error. As of July 31, 2009 the 911 Board's assets are sufficiently pledged.

II. FOLLOW-UP PRIOR YEAR FINDINGS

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



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Stone County Emergency Dispatch, 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 Stone County Emergency Services 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 Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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

Stone County Emergency Dispatch'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
December 3, 2009

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

- 07/08-01 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 Board'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 Board 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 Board did not prepare the required documentation.
- Recommendation: We recommend that the Board 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 Board is willing to review this recommendation with the state auditor and the contract auditor to further understand the COSO internal controls. The board 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: 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 the Board'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 Board address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.
- Management Response: The Board is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.
- 07/08-03 Criteria: Pledged securities for Governmental entities are designed to safeguard balances that exceed FDIC insurance limits.

Condition: During our audit, we have noticed that the 911 Board cash balances were under pledged in 2007 and 2008.

Effect: Failure to have properly pledged securities places the 911 Board's assets in jeopardy in the case of a financial institution failure.

Cause: The 911 board was under the impression the money in the financial institution was fully pledged.

Recommendation: We recommend the 911 Board meet with the Financial Institution to make sure all of its assets are fully pledged or setup additional accounts with other Financial Institutions to stay within the FDIC insured limits.

Management Response: The Board has already contacted the financial institution and corrected the error. As of July 31, 2009 the 911 Board's are sufficiently pledged.

II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

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

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

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

As stated in our engagement letter dated April 3, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Stone County Emergency Dispatch'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 Board'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. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Stone County Emergency Dispatch'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 April 3, 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 Stone County Emergency Dispatch 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.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Continued)

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2009.

Management Consultations with Other Independent Accountants

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

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)**Other Audit Findings or Issues**

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

**STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2008 & 2007**

**STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2008 & 2007**

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**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Stone County Senior Citizens Service Board
of Missouri

We have audited the accompanying financial statements of the Stone County Senior Citizens Service Board of Missouri, a component unit of Stone County, as of and for the years ended December 31, 2008 and December 31, 2007, which collectively comprise the Senior Citizens Service Board's financial statements as listed in the table of contents. These financial statements are the responsibility of the Stone County Senior Citizens Service Board'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 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 opinion.

As described in Note I, the Senior Citizens Service Board prepares its financial statements on the Modified Cash Basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As described in Note VI, the Senior Citizens Service Board has adopted the provisions of Governmental Accounting Standards Board Statement No. 40, "*Deposit and Investment Risk Disclosures*," as of and for the years ended December 31, 2008 and December 31, 2007.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – Modified Cash Basis of the Stone County Senior Citizens Service Board of Missouri as of December 31, 2008 and December 31, 2007, and the respective changes in financial position – Modified Cash Basis, thereof for the years then ended in conformity with the basis of accounting described in Note I.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2009, on our consideration of the Stone County Senior Citizens Service Board of Missouri'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 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

November 20, 2009



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Board of Trustees
Stone County Senior Citizens Service Board of Missouri

We have audited the financial statements of the Stone County Senior Citizens Service Board of Missouri, as of and for the years ended December 31, 2008 and December 31, 2007, and have issued our report thereon dated November 20, 2009, which was modified because the Senior Citizens Service Board prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Stone County Senior Citizens Service Board 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 Stone County Senior Citizens Service Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Stone County Senior Citizens Service Board's internal control over financial reporting.

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

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

internal control. We consider the deficiencies 07/08-01, 07/08-02 and 07/08-03, described in the accompanying schedule of findings and responses, to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stone County Senior Citizens Service Board 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 management of Stone County Senior Citizens Service Board in a separate letter dated November 20, 2009.

Stone County Senior Citizens Service Board's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Stone County Senior Citizens Service Board'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 entity, 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

November 20, 2009

FINANCIAL STATEMENTS

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2008 AND 2007

ASSETS			
		<u>2008</u>	<u>2007</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$	87,877.42	\$ 42,219.84
Investments		<u>52,203.93</u>	<u>50,653.02</u>
Total Current Assets		<u>140,081.35</u>	<u>92,872.86</u>
Total Assets		<u><u>140,081.35</u></u>	<u><u>92,872.86</u></u>
LIABILITIES AND NET ASSETS			
Liabilities			
Total Liabilities		<u><u>-</u></u>	<u><u>-</u></u>
Net Assets:			
Unrestricted Funds		<u>140,081.35</u>	<u>92,872.86</u>
Total Net Assets		<u>140,081.35</u>	<u>92,872.86</u>
Total Liabilities and Net Assets	\$	<u><u>140,081.35</u></u>	<u><u>\$ 92,872.86</u></u>

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

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
REVENUES		
Property Tax Revenue	\$ 231,512.00	\$ 193,942.00
Other Revenue	<u>104.00</u>	<u>910.00</u>
Total Revenues	231,616.00	194,852.00
EXPENSES		
Salaries	39,509.00	42,219.00
Office Expenditures	18,122.00	18,988.00
Buildings & Equipment	7,182.00	24,893.00
Mileage & Training	5,691.00	6,185.00
Other	<u>118,988.42</u>	<u>140,879.16</u>
Total Expense	189,492.42	233,164.16
REVENUES COLLECTED OVER (UNDER) EXPENSES	42,123.58	(38,312.16)
OTHER FINANCING SOURCES (USES)		
Interest	<u>5,084.91</u>	<u>3,776.02</u>
Total Other Financiing Sources (Uses)	<u>5,084.91</u>	<u>3,776.02</u>
REVENUE COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENSES PAID AND OTHER USES	47,208.49	(34,536.14)
NET ASSETS - BEGINNING OF YEAR	<u>92,872.86</u>	<u>127,409.00</u>
NET ASSETS - END OF YEAR	\$ <u><u>140,081.35</u></u>	\$ <u><u>92,872.86</u></u>

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

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Stone County Senior Citizens Service Board, ("Senior Citizens Service Board"), is governed by a seven-member board of directors.

As discussed further in Note I, these financial statements are presented on the Modified Cash Basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the Modified Cash Basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Reporting Entity

As required by generally accepted accounting principles, as applicable to the modified cash basis of accounting, these financial statements present financial accountability of the Senior Citizens Service Board.

The Senior Citizens Service Board has developed criteria to determine whether outside agencies with activities which benefit the clients of the Senior Citizens Service Board, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the Senior Citizens Service Board 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 Senior Citizens Service Board 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 Senior Citizens Service Board's financial statements. However, Stone County Senior Citizens Service Board is a component unit of Stone County, Missouri. The Senior Citizens Service Board 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 Net Assets and Statement of Revenues, Expenses and Changes in Net Assets 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 Senior Citizens Service Board 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.

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Type - The General Fund is the general operating fund of the Senior Citizens Service Board and accounts for all revenues and expenditures of the Senior Citizens Service Board. All general tax revenues and other receipts are accounted for in this fund.

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 Modified 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 Modified Cash Basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, certificates of participation bonds and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the Senior Citizens Service Board 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

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. Cash Deposits and Investments (concluded)

authorized investments held in the Senior Citizens Service Board's name at third-party banking institutions. Details of these cash balances are presented in Note II.

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 Senior Citizens Service Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

All other net assets are reported as unrestricted. The Senior Citizens Service Board 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 Senior Citizens Service Board's investment policy does not include custodial credit risk requirements. The Senior Citizens Service Board'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 Senior Citizens Service Board'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 \$140,081.35 with respective bank balances totaling \$142,427.23. At December 31, 2007, the carrying amount of the Board's deposits was \$92,872.86 with respective bank balances totaling \$92,872.86. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$100,000 for 2007 and \$250,000 for 2008.

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, 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 FMV, are as follows:

	<u>Maturity Date</u>	<u>FMV</u>
Deposits:		
Checking and Money Market	N/A	\$ 87,877.42
Investment	01/29/2010	25,231.55
Investment	02/08/2009	26,972.38
Total Deposits & Investments		\$ <u>140,081.35</u>

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

	<u>Maturity Date</u>	<u>FMV</u>
Deposits:		
Checking and Money Market	N/A	\$ 42,219.84
Investment	01/29/2010	24,655.31
Investment	02/08/2008	25,997.71
Total Deposits & Investments		\$ <u>92,872.86</u>

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 Senior Citizens Service Board 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 \$384,538,560 for real estate and \$108,795,194 for personal property and \$359,981,567 for real estate and \$92,656,247 for personal property 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 .0473 and .0473 respectively.

IV. RISK MANAGEMENT

The Senior Citizens Service Board 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.

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

IV. RISK MANAGEMENT (concluded)

The Senior Citizens Service Board 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 Senior Citizens Service Board. Settled claims have not exceeded this commercial coverage in any of the past three years.

V. LITIGATION

The Senior Citizens Service Board is not a defendant in any litigation as of December 31, 2008 or December 31, 2007.

VI. CHANGE IN ACCOUNTING PRINCIPLE

Governmental Accounting Standards Board Statement No. 40, "*Deposit and Investment Risk Disclosures*," addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Deposit and investment resources often represent significant assets of governmental, proprietary and fiduciary funds. These resources are necessary for the delivery of governmental services and programs, or to carry out fiduciary responsibilities. This Statement is designed to inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. The Board believes that there are risks inherent in all deposits and investments, and it believes that the disclosures required by this Statement provide users of governmental financial statements with information to assess common risks inherent in deposit and investment transactions.

REQUIRED SUPPLEMENTARY INFORMATION

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
BUDGET BASIS TO ACTUAL NON GAAP - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	2008 Actual	Over (Under) Budget
REVENUES				
Property Tax Revenue	\$ 208,399.00	\$ 208,399.00	\$ 231,512.00	\$ 23,113.00
Intergovernmental Revenue	350.00	350.00	-	(350.00)
Other Revenue	900.00	900.00	104.00	(796.00)
Total Revenues	209,649.00	209,649.00	231,616.00	21,967.00
EXPENSES				
Salaries	42,700.00	42,700.00	39,509.00	(3,191.00)
Office Expenditures	17,600.00	17,600.00	18,122.00	522.00
Buildings & Equipment	7,364.00	7,364.00	7,182.00	(182.00)
Mileage & Training	8,600.00	7,090.00	5,691.00	(1,399.00)
Other	188,805.00	203,679.00	118,988.42	(84,690.58)
Total Expense	265,069.00	278,433.00	189,492.42	(88,940.58)
REVENUES COLLECTED OVER (UNDER) EXPENSES	(55,420.00)	(68,784.00)	42,123.58	110,907.58
OTHER FINANCING SOURCES (USES)				
Interest	3,200.00	3,200.00	5,084.91	1,884.91
Total Other Financiing Sources (Uses)	3,200.00	3,200.00	5,084.91	1,884.91
REVENUE COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENSES PAID AND OTHER USES	(52,220.00)	(65,584.00)	47,208.49	112,792.49
NET ASSETS - BEGINNING OF YEAR	92,872.86	92,872.86	92,872.86	-
NET ASSETS - END OF YEAR	\$ 40,652.86	\$ 27,288.86	\$ 140,081.35	\$ 112,792.49

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

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
BUDGET BASIS TO ACTUAL NON GAAP - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budgeted Amounts	Final Budgeted Amounts	2007 Actual	Over (Under) Budget
REVENUES				
Property Tax Revenue	\$ 196,164.00	\$ 196,164.00	\$ 193,942.00	\$ (2,222.00)
Intergovernmental Revenue	250.00	250.00	-	(250.00)
Other Revenue	<u>1,200.00</u>	<u>1,200.00</u>	<u>910.00</u>	<u>(290.00)</u>
Total Revenues	197,614.00	197,614.00	194,852.00	(2,762.00)
EXPENSES				
Salaries	39,770.00	39,770.00	42,219.00	2,449.00
Office Expenditures	15,169.00	15,169.00	18,988.00	3,819.00
Buildings & Equipment	25,100.00	25,100.00	24,893.00	(207.00)
Mileage & Training	7,090.00	7,090.00	6,185.00	(905.00)
Other	202,894.00	202,894.00	140,879.16	(62,014.84)
Total Expense	<u>290,023.00</u>	<u>290,023.00</u>	<u>233,164.16</u>	<u>(56,858.84)</u>
REVENUES COLLECTED OVER (UNDER) EXPENSES	(92,409.00)	(92,409.00)	(38,312.16)	54,096.84
OTHER FINANCING SOURCES (USES)				
Interest	5,000.00	5,000.00	3,776.02	(1,223.98)
Total Other Financing Sources (Uses)	<u>5,000.00</u>	<u>5,000.00</u>	<u>3,776.02</u>	<u>(1,223.98)</u>
REVENUE COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENSES PAID AND OTHER USES	(87,409.00)	(87,409.00)	(34,536.14)	52,872.86
NET ASSETS - BEGINNING OF YEAR	<u>127,409.00</u>	<u>127,409.00</u>	<u>127,409.00</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 40,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ 92,872.86</u>	<u>\$ 52,872.86</u>

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

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

BUDGETS AND BUDGETARY ACCOUNTING

The Senior Citizens Service Board 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 Senior Citizens Service Board a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures for all Senior Citizens Service Board funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. Prior to its approval by the Senior Citizens Service Board, the budget document is available for public inspection.
4. Prior to January 1, the budget is legally enacted by a vote of the Senior Citizens Service Board.
5. Subsequent to its formal approval of the budget, the Senior Citizens Service 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 Modified Cash Basis of accounting.

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

I. FINANCIAL STATEMENT FINDINGS

07/08-01 Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 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 Senior Citizens Service Board 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 Senior Citizens Service Board may wish to consider alternatives available that would eliminate this situation.

Management's Response: The Board was not aware of the new SAS requirement regarding auditors of the Senior Citizens Service Board assisting with the preparations of the financial statements and the notes to financial statements. The Board will review with the County Treasurer the new SAS requirements, to better understand the responsibility and action needed to comply with this requirement.

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 Senior Citizens Service Board'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 Senior Citizens Service Board may not be able to ensure that controls are in place, communicated and operating effectively.

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

I. FINANCIAL STATEMENT FINDINGS (concluded)

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

Recommendation: We recommend that the Senior Citizens Service Board 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 Board was not aware of the new SAS requirement to have a formal internal control document. The Board will review with the County Treasurer the new SAS requirement to better understand the responsibility and action needed to comply with this requirement.

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 Senior Citizens Service Board'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 Senior Citizens Service Board address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Management Response: The Board was not aware of the new SAS requirement to have a formal fraud risk assessment. The Board will review with the County Treasurer this new SAS requirement to better understand the responsibility and action needed to comply with this requirement.

STONE COUNTY SENIOR CITIZENS SERVICE BOARD
(A COMPONENT UNIT OF STONE COUNTY)
GALENA, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

II. FOLLOW-UP PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND RESPONSES

There were no prior year findings and responses 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

To the Board of Directors
Stone County, Missouri

In planning and performing our audit of the financial statements of Stone County Senior Citizens Service Board 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 Senior Citizens Service Board'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 Senior Citizens Service Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Senior Citizens Service Board's internal control.

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

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

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

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

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

Stone County Senior Citizens Service Board'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, P.C.
Certified Public Accountants

November 20, 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 Senior Citizens Service Board 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 Senior Citizens Service Board may wish to consider alternatives available that would eliminate this situation.

Management's Response: The Board was not aware of the new SAS requirement regarding auditors of the Senior Citizens Service Board assisting with the preparations of the financial statements and the notes to financial statements. The Board will review with the County Treasurer the new SAS requirement, to better understand the responsibility and action needed to comply with this requirement.

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 Senior Citizens Service Board'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 Senior Citizens Service Board 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 Senior Citizens Service Board did not prepare the required documentation.

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

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT(Concluded)

07/08-02 **Management's Response:** The Board was not aware of the new SAS requirement to have a formal internal control document. The Board will review with the County Treasurer the new SAS requirement to better understand the responsibility and action needed to comply with this requirement.

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 Senior Citizens Service Board'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 Senior Citizens Service Board address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

Management's Response: The Board was not aware of the new SAS requirement to have a formal fraud risk assessment. The Board will review with the County Treasurer this new SAS requirement to better understand the responsibility and action needed to comply with this requirement.

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 September 09, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Stone County Senior Citizens Service Board'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 Senior Citizens Service Board'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 Stone County Senior Citizens Service Board'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 Stone County Senior Citizens Service Board's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Stone County Senior Citizens Service Board'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 September 09, 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 Stone County Senior Citizens Service Board are described in Note I to the financial statements. Governmental Accounting Standards Board Statement No. 40, "*Deposit and Investment Risk Disclosures*," was 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.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 20, 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.