



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Henry County, Missouri

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

A handwritten signature in black ink that reads "Thomas A. Schweich". The signature is written in a cursive style with a large, prominent "S" at the end.

Thomas A. Schweich
State Auditor

October 2011
Report No. 2011-88

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

**THE COUNTY OF HENRY
CLINTON, MISSOURI
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FINANCIAL SECTION



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the County Commission
The County of Henry, Missouri

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its

compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Daniel Jones & Associates

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

September 15, 2011

FINANCIAL STATEMENTS

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

FUND	CASH AND INVESTMENTS JANUARY 1, 2010	RECEIPTS 2010	DISBURSEMENTS 2010	CASH AND INVESTMENTS DECEMBER 31, 2010
General Revenue	\$ 535,802.25	\$ 2,456,378.64	\$ 2,455,073.69	\$ 537,107.20
Special Road & Bridge	736,137.72	957,813.08	1,217,223.22	476,727.58
Assessment	11,552.33	354,722.25	348,079.53	18,195.05
Central Emergency Communications Fund	38,719.43	421,607.30	408,230.42	52,096.31
Law Enforcement Training Fund	284.72	5,787.35	5,718.14	353.93
Prosecuting Attorney's Training Fund	445.41	1,001.76	1,239.85	207.32
Prosecuting Attorney's Bad Check Fund	5,343.10	19,494.67	20,473.16	4,364.61
Prosecuting Attorney's Delinquent Tax Fund	1,394.88	767.03	2,049.20	112.71
Tri-County Child Support Fund	8,461.47	106,583.66	105,063.61	9,981.52
Enhanced 911 Fund	484,820.01	308,670.51	293,404.04	500,086.48
Victims of Domestic Violence Fund	38.00	20,295.76	10,169.07	10,164.69
Local Use Tax Fund	162,192.13	123,842.63	28,589.89	257,444.87
Local Emergency Planning Commission Fund	3,147.69	-	2,997.71	149.98
Drug Abuse Resistance Fund	13.05	4,112.24	3,966.70	158.59
Corp of Engineers Fund	1.50	72,104.90	67,094.51	5,011.89
Recorder's Records Storage Preservation Fund	5.56	12,337.91	6,280.00	6,063.47
Federal Grant Fund	53.94	49,263.58	48,377.75	939.77
Sheriff's Special Project Fund	2,732.49	49,604.44	52,032.02	304.91
Election Service Fund	15,138.41	6,668.50	17,234.82	4,572.09
Log Jam/CDBG Fund	34,346.91	1,900.00	1,900.00	34,346.91
Tax Maintenance Fund	68,464.29	52,855.71	24,527.48	96,792.52
County Grant Fund	5,457.17	13,056.00	750.64	17,762.53
Inmate Security Fund	668.37	10,061.50	10,491.02	238.85
Victims Advocate Fund	2,543.50	28,853.51	31,368.48	28.53
Senior Citizens Service Fund	57,168.71	138,271.37	101,227.38	94,212.70
Law Enforcement Fund	256,881.65	5,859,715.85	5,902,911.35	213,686.15
TOTAL	\$ 2,431,814.69	\$ 11,075,770.15	\$ 11,166,473.68	\$ 2,341,111.16

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

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

FUND	CASH AND INVESTMENTS JANUARY 1, 2009	RECEIPTS 2009	DISBURSEMENTS 2009	CASH AND INVESTMENTS DECEMBER 31, 2009
General Revenue	\$ 363,290.50	\$ 2,550,136.01	\$ 2,377,624.26	\$ 535,802.25
Special Road & Bridge	917,438.56	1,062,800.30	1,244,101.14	736,137.72
Assessment	40,428.25	317,523.39	346,399.31	11,552.33
Central Emergency Communications Fund	30,213.12	434,088.09	425,581.78	38,719.43
Law Enforcement Training Fund	130.91	12,217.12	12,063.31	284.72
Prosecuting Attorney's Training Fund	33.82	1,576.06	1,164.47	445.41
Prosecuting Attorney's Bad Check Fund	8,851.53	23,729.68	27,238.11	5,343.10
Prosecuting Attorney's Delinquent Tax Fund	42.86	3,690.31	2,338.29	1,394.88
Tri-County Child Support Fund	-	110,825.59	102,364.12	8,461.47
Enhanced 911 Fund	494,578.04	302,152.73	311,910.76	484,820.01
Victims of Domestic Violence Fund	23.80	20,157.97	20,143.77	38.00
Local Use Tax Fund	85,479.97	136,394.66	59,682.50	162,192.13
Local Emergency Planning Commission Fund	7,350.59	1,519.25	5,722.15	3,147.69
Drug Abuse Resistance Fund	9.94	2,505.00	2,501.89	13.05
Corp of Engineers Fund	4,543.20	110,492.32	115,034.02	1.50
Recorder's Records Storage Preservation Fund	7.95	13,753.59	13,755.98	5.56
Federal Grant Fund	1,835.68	73,949.07	75,730.81	53.94
Sheriff's Special Project Fund	74.82	72,206.31	69,548.64	2,732.49
Election Service Fund	14,488.85	5,501.99	4,852.43	15,138.41
Log Jam/CDBG Fund	34,346.91	259,622.00	259,622.00	34,346.91
Tax Maintenance Fund	46,890.16	51,523.72	29,949.59	68,464.29
County Grant Fund	18,213.17	-	12,756.00	5,457.17
Inmate Security Fund	3,269.32	11,159.00	13,759.95	668.37
Victims Advocate Fund	4,619.98	28,629.72	30,706.20	2,543.50
Senior Citizens Service Fund	56,966.91	138,031.85	137,830.05	57,168.71
Law Enforcement Fund	27,547.66	5,291,493.01	5,062,159.02	256,881.65
TOTAL	\$ 2,160,676.50	\$ 11,035,678.74	\$ 10,764,540.55	\$ 2,431,814.69

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

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

	GENERAL REVENUE FUND			
	2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 170,800.00	\$ 187,360.89	\$ 124,000.00	\$ 129,635.12
Sales Taxes	1,100,000.00	1,118,546.47	1,050,000.00	1,085,175.52
Intergovernmental	502,973.00	417,501.07	455,007.00	439,035.33
Charges for Services	547,500.00	584,579.92	653,100.00	712,525.27
Interest	6,500.00	8,279.57	6,500.00	7,108.21
Other	74,475.00	85,610.72	58,600.00	70,656.56
Transfers In	50,000.00	54,500.00	166,000.00	106,000.00
TOTAL RECEIPTS	2,452,248.00	2,456,378.64	2,513,207.00	2,550,136.01
DISBURSEMENTS				
County Commission	127,732.00	124,455.43	124,852.00	121,443.16
County Clerk	108,458.00	100,760.13	105,798.00	105,177.56
Elections	185,211.00	142,775.66	109,394.00	74,442.43
Buildings and Grounds	145,150.00	137,782.24	142,980.00	117,390.95
Employee Fringe Benefits	252,000.00	216,845.99	236,000.00	207,170.10
County Treasurer	86,338.00	86,338.00	90,430.00	90,429.49
Collector	36,500.00	17,891.14	39,588.00	29,672.16
Recorder of Deeds	101,058.00	100,853.82	115,256.00	116,908.33
Circuit Clerk	33,000.00	31,817.46	40,763.21	41,560.33
Court Administration	134,038.70	93,150.80	129,129.00	61,143.47
Public Administrator	2,000.00	1,990.86	1,600.00	1,860.79
Sheriff	403,927.00	427,287.73	368,868.00	381,968.89
Jail	-	2,063.25	164,406.00	164,650.00
Prosecuting Attorney	246,464.00	242,417.53	242,051.00	230,781.73
Juvenile Officer	349,580.50	270,771.60	359,655.00	262,330.48
Coroner	36,082.00	37,280.40	33,220.00	30,928.70
Other	325,064.00	266,404.65	298,105.00	222,407.69
Health and Welfare	5,600.00	3,500.00	5,600.00	3,500.00
Transfers Out	187,604.00	150,687.00	120,158.00	113,858.00
Emergency Fund	90,000.00	-	78,000.00	-
TOTAL DISBURSEMENTS	2,855,807.20	2,455,073.69	2,805,853.21	2,377,624.26
RECEIPTS OVER (UNDER) DISBURSEMENTS	(403,559.20)	1,304.95	(292,646.21)	172,511.75
CASH AND INVESTMENT BALANCES, JANUARY 1	535,802.25	535,802.25	363,290.50	363,290.50
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 132,243.05	\$ 537,107.20	\$ 70,644.29	\$ 535,802.25

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

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

	SPECIAL ROAD & BRIDGE FUND			
	2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 103,000.00	\$ 103,177.98	\$ 100,000.00	\$ 103,822.87
Sales Taxes	-	-	-	-
Intergovernmental	771,100.00	778,067.51	865,390.00	854,764.76
Charges for Services	10,000.00	10,516.50	4,500.00	21,787.50
Interest	20,000.00	14,714.57	40,000.00	21,587.59
Other	51,500.00	51,336.52	51,500.00	60,837.58
Transfers In	-	-	-	-
TOTAL RECEIPTS	955,600.00	957,813.08	1,061,390.00	1,062,800.30
DISBURSEMENTS				
Salaries	202,560.00	169,692.15	187,743.00	167,677.06
Employee Fringe Benefits	63,820.00	47,366.18	59,424.00	49,829.84
Supplies	76,000.00	64,558.33	74,000.00	58,260.84
Insurance	13,000.00	12,099.00	13,000.00	9,181.00
Road & Bridge Materials	150,000.00	201,133.76	150,000.00	124,812.98
Equipment Repairs	30,000.00	26,185.07	15,000.00	27,730.08
Equipment Purchases	150,000.00	350.00	150,000.00	148,203.85
R&B Construction	744,245.00	631,502.64	714,245.00	601,285.11
Other Expenditures	39,000.00	14,336.09	39,000.00	7,120.38
Debt Service	-	-	-	-
Transfers Out	50,000.00	50,000.00	50,000.00	50,000.00
TOTAL DISBURSEMENTS	1,518,625.00	1,217,223.22	1,452,412.00	1,244,101.14
RECEIPTS OVER (UNDER) DISBURSEMENTS	(563,025.00)	(259,410.14)	(391,022.00)	(181,300.84)
CASH AND INVESTMENT BALANCES, JANUARY 1	736,137.72	736,137.72	917,438.56	917,438.56
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 173,112.72	\$ 476,727.58	\$ 526,416.56	\$ 736,137.72

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

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

	ASSESSMENT FUND				CENTRAL EMERGENCY COMMUNICATIONS FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 308,220.00	\$ 328,115.85	\$ 314,824.00	\$ 314,116.41	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	143,960.00	143,960.00	143,960.00	143,960.00
Interest	600.00	360.30	605.00	512.34	60.00	97.30	150.00	78.09
Other	4,650.00	2,727.10	4,650.00	2,894.64	-	50.00	-	50.00
Transfers In	23,519.00	23,519.00	-	-	340,000.00	277,500.00	330,000.00	290,000.00
TOTAL RECEIPTS	336,989.00	354,722.25	320,079.00	317,523.39	484,020.00	421,607.30	474,110.00	434,088.09
DISBURSEMENTS								
Assesor	348,353.00	348,079.53	358,775.00	346,399.31	-	-	-	-
Salaries	-	-	-	-	419,132.00	359,818.28	411,277.00	369,780.26
Office Expenditures	-	-	-	-	33,000.00	33,854.03	33,350.00	30,560.08
Equipment	-	-	-	-	19,500.00	7,683.00	17,450.00	18,165.50
Mileage & Training	-	-	-	-	9,500.00	6,875.11	10,500.00	7,075.94
TOTAL DISBURSEMENTS	348,353.00	348,079.53	358,775.00	346,399.31	481,132.00	408,230.42	472,577.00	425,581.78
RECEIPTS OVER (UNDER) DISBURSEMENTS	(11,364.00)	6,642.72	(38,696.00)	(28,875.92)	2,888.00	13,376.88	1,533.00	8,506.31
CASH AND INVESTMENT BALANCES, JANUARY 1	11,552.33	11,552.33	40,428.25	40,428.25	38,719.43	38,719.43	30,213.12	30,213.12
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 188.33</u>	<u>\$ 18,195.05</u>	<u>\$ 1,732.25</u>	<u>\$ 11,552.33</u>	<u>\$ 41,607.43</u>	<u>\$ 52,096.31</u>	<u>\$ 31,746.12</u>	<u>\$ 38,719.43</u>

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

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

	LAW ENFORCEMENT TRAINING FUND				PROSECUTING ATTORNEY'S TRAINING FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	\$ 9,000.00	\$ 4,562.35	\$ 10,000.00	\$ 10,042.12	\$ 1,400.00	\$ 1,001.76	\$ 1,400.00	\$ 1,576.06
Interest	-	-	-	-	-	-	-	-
Other	-	1,225.00	-	2,175.00	-	-	-	-
TOTAL RECEIPTS	9,000.00	5,787.35	10,000.00	12,217.12	1,400.00	1,001.76	1,400.00	1,576.06
DISBURSEMENTS								
LET Training Expenses	9,000.00	5,718.14	10,000.00	12,063.31	-	-	-	-
P.A. Training Expenses	-	-	-	-	1,845.41	1,239.85	1,433.82	1,164.47
TOTAL DISBURSEMENTS	9,000.00	5,718.14	10,000.00	12,063.31	1,845.41	1,239.85	1,433.82	1,164.47
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	69.21	-	153.81	(445.41)	(238.09)	(33.82)	411.59
CASH AND INVESTMENT BALANCES, JANUARY 1	284.72	284.72	130.91	130.91	445.41	445.41	33.82	33.82
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 284.72</u>	<u>\$ 353.93</u>	<u>\$ 130.91</u>	<u>\$ 284.72</u>	<u>\$ -</u>	<u>\$ 207.32</u>	<u>\$ -</u>	<u>\$ 445.41</u>

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

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

	PROSECUTING ATTORNEY'S BAD CHECK FUND				PROSECUTING ATTORNEY'S DELINQUENT TAX FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	\$ 15,000.00	\$ 19,494.67	\$ 30,000.00	\$ 23,729.68	\$ 1,500.00	\$ 767.03	\$ 2,000.00	\$ 3,690.31
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	15,000.00	19,494.67	30,000.00	23,729.68	1,500.00	767.03	2,000.00	3,690.31
DISBURSEMENTS								
Bad Check Fund Expenses	20,343.10	20,473.16	38,098.38	27,238.11	-	-	-	-
PADTF Expenses	-	-	-	-	2,894.88	2,049.20	2,042.86	2,338.29
TOTAL DISBURSEMENTS	20,343.10	20,473.16	38,098.38	27,238.11	2,894.88	2,049.20	2,042.86	2,338.29
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,343.10)	(978.49)	(8,098.38)	(3,508.43)	(1,394.88)	(1,282.17)	(42.86)	1,352.02
CASH AND INVESTMENT BALANCES, JANUARY 1	5,343.10	5,343.10	8,851.53	8,851.53	1,394.88	1,394.88	42.86	42.86
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ -	\$ 4,364.61	\$ 753.15	\$ 5,343.10	\$ -	\$ 112.71	\$ -	\$ 1,394.88

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

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

	TRI-COUNTY CHILD SUPPORT FUND				ENHANCED 911 FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 97,321.00	\$ 101,523.66	\$ 105,522.00	\$ 110,825.59	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	275,000.00	303,205.31	255,000.00	295,187.39
Interest	-	-	-	-	7,000.00	5,465.20	12,000.00	6,965.34
Other	-	-	-	-	-	-	-	-
Transfers In	5,927.00	5,060.00	-	-	-	-	-	-
TOTAL RECEIPTS	103,248.00	106,583.66	105,522.00	110,825.59	282,000.00	308,670.51	267,000.00	302,152.73
DISBURSEMENTS								
Salaries & Benefits	93,981.00	93,526.77	86,700.00	91,136.63	-	-	-	-
Office Expenditures	12,890.00	11,536.84	16,700.00	11,227.49	-	-	-	-
Other Expenditures	4,838.00	-	-	-	-	-	-	-
Meeting Expenses	-	-	2,122.00	-	-	-	-	-
Emergency 911 Expenses	-	-	-	-	152,000.00	105,904.04	127,000.00	111,910.76
Transfer Out	-	-	-	-	250,000.00	187,500.00	240,000.00	200,000.00
TOTAL DISBURSEMENTS	111,709.00	105,063.61	105,522.00	102,364.12	402,000.00	293,404.04	367,000.00	311,910.76
RECEIPTS OVER (UNDER) DISBURSEMENTS	(8,461.00)	1,520.05	-	8,461.47	(120,000.00)	15,266.47	(100,000.00)	(9,758.03)
CASH AND INVESTMENT BALANCES, JANUARY 1	8,461.47	8,461.47	-	-	484,820.01	484,820.01	494,578.04	494,578.04
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 0.47</u>	<u>\$ 9,981.52</u>	<u>\$ -</u>	<u>\$ 8,461.47</u>	<u>\$ 364,820.01</u>	<u>\$ 500,086.48</u>	<u>\$ 394,578.04</u>	<u>\$ 484,820.01</u>

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

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

	VICTIMS OF DOMESTIC VIOLENCE				LOCAL USE TAX FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$125,000.00	\$ 123,304.83	\$100,000.00	\$ 135,832.43
Intergovernmental Charges for Services	19,950.00	20,295.76	19,550.00	20,157.97	-	-	-	-
Interest	-	-	-	-	450.00	537.80	400.00	562.23
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	19,950.00	20,295.76	19,550.00	20,157.97	125,450.00	123,842.63	100,400.00	136,394.66
DISBURSEMENTS								
VDV Disbursements	19,988.00	10,169.07	19,573.80	20,143.77	-	-	-	-
Local Use Tax Expense	-	-	-	-	136,000.00	28,589.89	76,000.00	9,682.50
Transfer Out	-	-	-	-	150,000.00	-	100,000.00	50,000.00
TOTAL DISBURSEMENTS	19,988.00	10,169.07	19,573.80	20,143.77	286,000.00	28,589.89	176,000.00	59,682.50
RECEIPTS OVER (UNDER) DISBURSEMENTS	(38.00)	10,126.69	(23.80)	14.20	(160,550.00)	95,252.74	(75,600.00)	76,712.16
CASH AND INVESTMENT BALANCES, JANUARY 1	38.00	38.00	23.80	23.80	162,192.13	162,192.13	85,479.97	85,479.97
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ -	\$ 10,164.69	\$ -	\$ 38.00	\$ 1,642.13	\$ 257,444.87	\$ 9,879.97	\$ 162,192.13

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

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

	LOCAL EMERGENCY PLANNING COMMISSION FUND				DRUG ABUSE RESISTANCE FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 6,000.00	\$ -	\$ 9,000.00	\$ 1,519.25	\$ -	\$ 401.00	\$ -	\$ 150.00
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	1,200.00	3,711.24	1,800.00	2,355.00
TOTAL RECEIPTS	6,000.00	-	9,000.00	1,519.25	1,200.00	4,112.24	1,800.00	2,505.00
DISBURSEMENTS								
Salaries	3,232.00	2,997.71	2,615.00	3,586.15	-	-	-	-
Office Expenditures	84.00	-	1,400.00	84.00	1,200.00	3,966.70	1,800.00	2,501.89
Equipment	-	-	-	-	-	-	-	-
Other	4,831.00	-	10,500.00	2,052.00	-	-	-	-
TOTAL DISBURSEMENTS	8,147.00	2,997.71	14,515.00	5,722.15	1,200.00	3,966.70	1,800.00	2,501.89
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,147.00)	(2,997.71)	(5,515.00)	(4,202.90)	-	145.54	-	3.11
CASH AND INVESTMENT BALANCES, JANUARY 1	3,147.69	3,147.69	7,350.59	7,350.59	13.05	13.05	9.94	9.94
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 1,000.69	\$ 149.98	\$ 1,835.59	\$ 3,147.69	\$ 13.05	\$ 158.59	\$ 9.94	\$ 13.05

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

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

	CORP OF ENGINEERS FUND				RECORDER'S RECORDS STORAGE PRESERVATION FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	35,576.00	61,554.90	58,452.00	61,017.32	-	-	-	-
Charges for Services	-	-	-	-	13,750.00	12,324.00	15,000.00	13,737.00
Interest	-	-	-	-	-	13.91	-	16.59
Other	-	3,150.00	13,000.00	43,775.00	-	-	30.00	-
Transfers In	-	7,400.00	-	5,700.00	-	-	-	-
TOTAL RECEIPTS	35,576.00	72,104.90	71,452.00	110,492.32	13,750.00	12,337.91	15,030.00	13,753.59
DISBURSEMENTS								
Salaries	35,576.00	31,828.48	48,418.00	61,340.58	-	-	-	-
Office Expenses	-	9,713.31	8,000.00	15,000.00	-	-	-	-
Equipment	-	5,985.02	10,800.00	27,869.68	-	-	-	-
Uniforms	-	19,567.70	2,000.00	4,823.76	-	-	-	-
RRSP Expenditures	-	-	-	-	13,700.00	6,280.00	15,000.00	13,755.98
Transfers Out	-	-	6,000.00	6,000.00	-	-	-	-
TOTAL DISBURSEMENTS	35,576.00	67,094.51	75,218.00	115,034.02	13,700.00	6,280.00	15,000.00	13,755.98
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	5,010.39	(3,766.00)	(4,541.70)	50.00	6,057.91	30.00	(2.39)
CASH AND INVESTMENT BALANCES, JANUARY 1	1.50	1.50	4,543.20	4,543.20	5.56	5.56	7.95	7.95
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 1.50</u>	<u>\$ 5,011.89</u>	<u>\$ 777.20</u>	<u>\$ 1.50</u>	<u>\$ 55.56</u>	<u>\$ 6,063.47</u>	<u>\$ 37.95</u>	<u>\$ 5.56</u>

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

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

	FEDERAL GRANT FUND				SHERIFF'S SPECIAL PROJECT FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 8,500.00	\$ 12,724.10	\$ 33,748.00	\$ 40,199.07	\$ 17,677.00	\$ 31,446.44	\$ 37,372.18	\$ 54,048.31
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	36,539.48	10,724.00	33,750.00	-	-	-	-
Transfers In	-	-	-	-	18,158.00	18,158.00	18,158.00	18,158.00
TOTAL RECEIPTS	8,500.00	49,263.58	44,472.00	73,949.07	35,835.00	49,604.44	55,530.18	72,206.31
DISBURSEMENTS								
Expenses	8,500.00	-	6,564.00	1,800.00	-	-	-	-
Federal Grant Fund Expenses	-	48,377.75	39,715.00	73,930.81	-	-	-	-
Salaries	-	-	-	-	33,694.00	36,222.87	5,383.00	48,285.87
Sheriffs Special Project Expenses	-	-	-	-	4,350.00	15,809.15	49,778.00	21,262.77
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	8,500.00	48,377.75	46,279.00	75,730.81	38,044.00	52,032.02	55,161.00	69,548.64
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	885.83	(1,807.00)	(1,781.74)	(2,209.00)	(2,427.58)	369.18	2,657.67
CASH AND INVESTMENT BALANCES, JANUARY 1	53.94	53.94	1,835.68	1,835.68	2,732.49	2,732.49	74.82	74.82
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 53.94</u>	<u>\$ 939.77</u>	<u>\$ 28.68</u>	<u>\$ 53.94</u>	<u>\$ 523.49</u>	<u>\$ 304.91</u>	<u>\$ 444.00</u>	<u>\$ 2,732.49</u>

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

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

	ELECTION SERVICE FUND				LOG JAM/CDBG FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 107,000.00	\$ 1,900.00	\$ 270,000.00	\$ 259,622.00
Charges for Services	9,100.00	6,668.50	5,890.00	5,501.99	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	9,100.00	6,668.50	5,890.00	5,501.99	107,000.00	1,900.00	270,000.00	259,622.00
DISBURSEMENTS								
Expenses	22,300.00	12,734.82	18,100.00	4,852.43	141,346.91	1,900.00	304,346.91	259,622.00
Transfers Out	-	4,500.00	-	-	-	-	-	-
TOTAL DISBURSEMENTS	22,300.00	17,234.82	18,100.00	4,852.43	141,346.91	1,900.00	304,346.91	259,622.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,200.00)	(10,566.32)	(12,210.00)	649.56	(34,346.91)	-	(34,346.91)	-
CASH AND INVESTMENT BALANCES, JANUARY 1	15,138.41	15,138.41	14,488.85	14,488.85	34,346.91	34,346.91	34,346.91	34,346.91
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 1,938.41</u>	<u>\$ 4,572.09</u>	<u>\$ 2,278.85</u>	<u>\$ 15,138.41</u>	<u>\$ -</u>	<u>\$ 34,346.91</u>	<u>\$ -</u>	<u>\$ 34,346.91</u>

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

	TAX MAINTENANCE FUND				COUNTY GRANT FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 88,300.00	\$ 13,056.00	\$ 80,000.00	\$ -
Charges for Services	49,000.00	52,691.58	47,838.00	51,338.42	-	-	-	-
Interest	175.00	162.71	-	185.30	-	-	-	-
Other	-	1.42	150.00	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	49,175.00	52,855.71	47,988.00	51,523.72	88,300.00	13,056.00	80,000.00	-
DISBURSEMENTS								
Expenses	56,290.00	24,527.48	48,888.00	29,949.59	88,300.00	750.64	80,000.00	12,756.00
TOTAL DISBURSEMENTS	56,290.00	24,527.48	48,888.00	29,949.59	88,300.00	750.64	80,000.00	12,756.00
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,115.00)	28,328.23	(900.00)	21,574.13	-	12,305.36	-	(12,756.00)
CASH AND INVESTMENT BALANCES, JANUARY 1	68,464.29	68,464.29	46,890.16	46,890.16	5,457.17	5,457.17	18,213.17	18,213.17
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 61,349.29	\$ 96,792.52	\$ 45,990.16	\$ 68,464.29	\$ 5,457.17	\$ 17,762.53	\$ 18,213.17	\$ 5,457.17

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

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

	INMATE SECURITY FUND				VICTIMS ADVOCATE FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 28,833.84	\$ 22,303.51	\$ 28,833.84	\$ 28,629.72
Charges for Services	6,000.00	5,477.50	4,500.00	5,481.00	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	4,584.00	-	5,678.00	-	-	-	-
Transfers In	-	-	-	-	-	6,550.00	-	-
TOTAL RECEIPTS	6,000.00	10,061.50	4,500.00	11,159.00	28,833.84	28,853.51	28,833.84	28,629.72
DISBURSEMENTS								
Expenses	6,045.00	10,491.02	7,600.00	13,759.95	31,313.00	31,368.48	30,706.20	30,706.20
Transfers Out	-	-	-	-	-	-	2,747.62	-
TOTAL DISBURSEMENTS	6,045.00	10,491.02	7,600.00	13,759.95	31,313.00	31,368.48	33,453.82	30,706.20
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45.00)	(429.52)	(3,100.00)	(2,600.95)	(2,479.16)	(2,514.97)	(4,619.98)	(2,076.48)
CASH AND INVESTMENT BALANCES, JANUARY 1	668.37	668.37	3,269.32	3,269.32	2,543.50	2,543.50	4,619.98	4,619.98
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 623.37	\$ 238.85	\$ 169.32	\$ 668.37	\$ 64.34	\$ 28.53	\$ -	\$ 2,543.50

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

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

	SENIOR CITIZENS SERVICE FUND				LAW ENFORCEMENT FUND			
	2010		2009		2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Property Taxes	\$ 136,000.00	\$ 136,435.63	\$ 136,000.00	\$ 137,590.10	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	1,200,000.00	1,211,849.40	1,100,000.00	1,172,918.93
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest	400.00	564.25	400.00	441.75	800.00	967.84	-	875.08
Other	-	1,271.49	-	-	5,535,589.00	4,646,898.61	9,500,000.00	4,117,699.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	136,400.00	138,271.37	136,400.00	138,031.85	6,736,389.00	5,859,715.85	10,600,000.00	5,291,493.01
DISBURSEMENTS								
Equipment & Office Supplies	1,059.00	258.26	1,156.00	224.07	178,000.00	168,907.75	-	3,239.61
Mileage & Training	2,600.00	2,790.14	2,500.00	2,028.62	-	-	-	-
Other	185,000.00	98,178.98	188,613.00	135,577.36	-	-	-	-
Salaries	-	-	-	-	555,803.00	486,014.59	158,308.00	193,441.22
Equipment	-	-	-	-	788,000.00	785,103.23	650,000.00	740,108.01
Building	-	-	-	-	5,405,589.00	4,462,885.78	9,527,000.00	4,125,370.18
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	188,659.00	101,227.38	192,269.00	137,830.05	6,927,392.00	5,902,911.35	10,335,308.00	5,062,159.02
RECEIPTS OVER (UNDER) DISBURSEMENTS	(52,259.00)	37,043.99	(55,869.00)	201.80	(191,003.00)	(43,195.50)	264,692.00	229,333.99
CASH AND INVESTMENT BALANCES, JANUARY 1	57,168.71	57,168.71	56,966.91	56,966.91	256,881.65	256,881.65	27,547.66	27,547.66
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 4,909.71	\$ 94,212.70	\$ 1,097.91	\$ 57,168.71	\$ 65,878.65	\$ 213,686.15	\$ 292,239.66	\$ 256,881.65

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

THE COUNTY OF HENRY
CLINTON, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2010

2010						
	<u>Law Enforcement Contract Fund</u>	<u>Sheriff Revolving Fund</u>	<u>County Employee's Retirement</u>	<u>Surplus Sales</u>	<u>Electronic Federal Tax Payment</u>	<u>CAP Schools</u>
ASSETS						
Cash and Cash Equivalents	\$ 5,392.86	\$ 2,231.32	\$ 8,885.90	\$ 18,380.23	\$ 46,688.74	\$ 9,299.22
Total Assets	5,392.86	2,231.32	8,885.90	18,380.23	46,688.74	9,299.22
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	5,392.86	2,231.32	8,885.90	18,380.23	46,688.74	9,299.22
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,392.86</u>	<u>\$ 2,231.32</u>	<u>\$ 8,885.90</u>	<u>\$ 18,380.23</u>	<u>\$ 46,688.74</u>	<u>\$ 9,299.22</u>
	<u>Lieu/Tax</u>	<u>Collector</u>	<u>Recorder</u>	<u>Sheriff</u>	<u>Sheriff Civil Fund</u>	<u>Total Fiduciary Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 4,780.36	\$ 9,613,610.07	\$ 16,040.70	\$ 2,076.70	\$ 153.03	\$ 9,727,539.13
Total Assets	4,780.36	9,613,610.07	16,040.70	2,076.70	153.03	9,727,539.13
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	4,780.36	9,613,610.07	16,040.70	2,076.70	153.03	9,727,539.13
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,780.36</u>	<u>\$ 9,613,610.07</u>	<u>\$ 16,040.70</u>	<u>\$ 2,076.70</u>	<u>\$ 153.03</u>	<u>\$ 9,727,539.13</u>

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THE COUNTY OF HENRY
CLINTON, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2009

2009						
	<u>Law Enforcement Contract Fund</u>	<u>Sheriff Revolving Fund</u>	<u>County Employee's Retirement</u>	<u>Surplus Sales</u>	<u>Electronic Federal Tax Payment</u>	<u>CAP Schools</u>
ASSETS						
Cash and Cash Equivalents	\$ 1,752.76	\$ 393.69	\$ 8,209.37	\$ 31,831.76	\$ 42,336.94	\$ 14,766.37
Total Assets	1,752.76	393.69	8,209.37	31,831.76	42,336.94	14,766.37
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	1,752.76	393.69	8,209.37	31,831.76	42,336.94	14,766.37
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,752.76</u>	<u>\$ 393.69</u>	<u>\$ 8,209.37</u>	<u>\$ 31,831.76</u>	<u>\$ 42,336.94</u>	<u>\$ 14,766.37</u>
	<u>Lieu/Tax</u>	<u>Collector</u>	<u>Recorder</u>	<u>Sheriff</u>	<u>Sheriff Civil Fund</u>	<u>Total Fiduciary Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 44,843.80	\$ 8,920,031.98	\$ 15,019.10	\$ (793.21)	\$ 60.59	\$ 9,078,453.15
Total Assets	44,843.80	8,920,031.98	15,019.10	(793.21)	60.59	9,078,453.15
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	44,843.80	8,920,031.98	15,019.10	(793.21)	60.59	9,078,453.15
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 44,843.80</u>	<u>\$ 8,920,031.98</u>	<u>\$ 15,019.10</u>	<u>\$ (793.21)</u>	<u>\$ 60.59</u>	<u>\$ 9,078,453.15</u>

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

THE COUNTY OF HENRY
CLINTON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Henry, Missouri (“the County”), which is governed by a three-member board of commissioners, was established in 1833 by an Act of the Missouri Territory. In addition to the three Commissioners, there are ten elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, and ex officio Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

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

A. Reporting Entity

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

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

The financial statements referred to above include only the primary government of Henry County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County’s legal entity. The financial statements do not include financial data for the County’s legally separate component unit, which accounting principles generally accepted in the United States of America, as applicable to the regulatory basis of accounting require to be reported with the financial data of the County. In accordance with accounting principles generally accepted in the United States of America, as applicable to the regulatory basis of accounting, the Henry County Health Center has issued separate reporting entity financial statements. For information on this component unit, please contact the Henry County Health Center at (660) 885-8193 (or write to 306 South 2nd Street Clinton, MO 64735).

B. Basis of Presentation

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

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

THE COUNTY OF HENRY
CLINTON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental Fund Types

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

Fiduciary Fund Types

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

C. Basis of Accounting

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

The financial statements are prepared on the regulatory basis of accounting. This basis of accounting recognizes amounts when received or disbursed in cash and differs from accounting principles generally accepted in the United States of America.

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

THE COUNTY OF HENRY
CLINTON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting

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

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

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

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

THE COUNTY OF HENRY
CLINTON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes

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

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

	2010	2009
Real Estate	\$ 197,325,760	\$ 194,946,820
Personal Property	70,325,131	68,777,902
Railroad and Utilities	17,026,270	14,509,473
	\$ 284,677,161	\$ 278,234,195

During 2010 and 2009, the County Commission approved a \$.1036 and \$.1220, respectively, tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2010 and 2009, for purposes of County taxation, as follows:

	2010	2009
General Revenue Fund	\$.0536	\$.0720
Senior Citizens Service Fund	.0500	.0500
	\$.1036	\$.1220

F. Cash Deposits and Investments

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

THE COUNTY OF HENRY
CLINTON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. Interfund Transactions

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

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

II. DEPOSITS AND INVESTMENTS

The County 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 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, 2010 and 2009, the carrying amount of the County's deposits was \$2,341,111.16 and \$2,431,814.69, the bank balance was \$11,546,916.47 and \$10,579,414.88 respectively. As of December 31, 2010 and 2009, 100% of the County's investments were guaranteed by the U. S. Government.

SUMMARY OF CARRYING VALUES

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

Included in the following fund financial statement captions:

Statements of Receipts, Disbursements and Changes in Cash and Investments:

Deposits	\$ 1,691,111.16
Investments	650,000.00
Total Deposits & Investments as of December 2010	<u>\$ 2,341,111.16</u>

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

Included in the following fund financial statement captions:

Statements of Receipts, Disbursements and Changes in Cash and Investment Balances

Deposits	\$ 1,381,814.69
Investments	1,050,000.00
Total Deposits & Investments as of December 31, 2009	<u>\$ 2,431,814.69</u>

THE COUNTY OF HENRY
CLINTON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

II. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the year end December 31, 2010 and 2009.

Custodial Credit Risk – Investments

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

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

Investment Interest Rate Risk

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

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has a policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's deposits were not exposed to concentration of investment credit risk for the year end December 31, 2010 and 2009.

THE COUNTY OF HENRY
 CLINTON, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

III. LONG-TERM DEBT

The County issued Certificates of Participation to finance the construction of a detention center. The Certificates of Participation are solely payable from rents paid by the County to the trustee under the lease purchase agreement. The County's obligations under the lease purchase agreements do not extend beyond the amount budgeted for any respective fiscal year. The County has the option to purchase the trustee's interest in the leased property on any date at an amount necessary to provide for the rent payments on each rent payment date through the end of the leases. The Certificates of Participation are secured by an interest in the leased property. Certificates of participation payable at December 31, 2010 and 2009, are as follows:

As of December 31, 2010:

\$10,845,000 - 2009 Series Certificates of Participation, due in varying installments through 2029, interest rates ranging from 2.5% - 5.375%	\$10,450,000
Certificates of Participation Issued	-
Certificates of Participation Retired	<u>(325,000)</u>
Certificates of Participation Payable as of December 31, 2010	<u>\$10,125,000</u>

As of December 31, 2009:

Certificates of Participation Payable as of January 1, 2009	-
Certificates of Participation Issued \$10,845,000 - 2010 Series Certificates of Participation, due in varying instatements through 2029, interest rates ranging from 2.5% - 5.375%	\$10,450,000
Certificates of Participation Retired	<u>-</u>
Certificates of Participation as of December 31, 2009	<u>\$10,450,000</u>

THE COUNTY OF HENRY
CLINTON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

III. LONG-TERM DEBT (Continued)

The annual requirements to amortize all bonds outstanding as of December 31, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$ 325,000.00	\$ 442,750.00	\$ 767,750.00
2012	350,000.00	434,625.00	784,625.00
2013	375,000.00	425,525.00	800,525.00
2014	375,000.00	415,025.00	790,025.00
2015	400,000.00	403,400.00	803,400.00
2016-2020	2,275,000.00	1,786,987.50	4,061,987.50
2021-2026	3,650,000.00	1,408,575.00	5,058,575.00
2027-2029	2,375,000.00	256,287.50	2,631,287.50
Totals	<u>\$ 10,125,000.00</u>	<u>\$ 5,573,175.00</u>	<u>\$ 15,698,175.00</u>

The annual requirements to amortize all bonds outstanding as of December 31, 2009, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 325,000.00	\$ 450,875.00	\$ 775,875.00
2011	325,000.00	442,750.00	767,750.00
2012	350,000.00	434,625.00	784,625.00
2013	375,000.00	425,525.00	800,525.00
2014	375,000.00	415,025.00	790,025.00
2015-2019	2,175,000.00	1,868,425.00	4,043,425.00
2020-2025	3,450,000.00	1,570,225.00	5,020,225.00
2026-2029	3,075,000.00	416,600.00	3,491,600.00
Totals	<u>\$ 10,450,000.00</u>	<u>\$ 6,024,050.00</u>	<u>\$ 16,474,050.00</u>

CAPITAL LEASE:

Henry County entered into a lease-purchase agreement with Ford Motor Credit Company for six 2008 Chevrolet Impala police sedans in November 2007. Initial term is 36 months. Henry County also entered into a lease-purchase agreement with Security Leasing Services for records management software in January 2008. Initial term is 36 months. The Ford Motor Credit and Security Leasing Services lease-purchase agreements were paid off as of December 31, 2010.

THE COUNTY OF HENRY
CLINTON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

III. LONG-TERM DEBT (Concluded)

The following is a schedule of future minimum lease payments at December 31, 2009:

	FORD	SECURITY LEASING	TOTAL
2010	20,330.72	10,940.28	31,271.00
2011	-	-	-
	\$ 20,330.72	\$ 10,940.28	\$ 31,271.00

IV. INTERFUND TRANSFERS

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

	2010		2009	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Fund	\$ 54,500.00	\$ 150,687.00	\$ 106,000.00	\$ 113,858.00
Special Road and Bridge Fund	-	50,000.00	-	50,000.00
Central Emergency Communications Fund	277,500.00	-	290,000.00	-
Corp of Engineers Fund	7,400.00	-	5,700.00	6,000.00
Assessment Fund	23,519.00	-	-	-
Enhanced 911 Fund	-	187,500.00	-	200,000.00
Victim's Advocate Fund	6,550.00	-	-	-
Tri-County Child Support Fund	5,060.00	-	-	-
Election Service Fund	-	4,500.00	-	-
Local Use Tax Fund	-	-	-	50,000.00
Sheriff Special Project Fund	18,158.00	-	18,158.00	-
TOTAL	\$ 392,687.00	\$ 392,687.00	\$ 419,858.00	\$ 419,858.00

THE COUNTY OF HENRY
CLINTON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

IV. INTERFUND TRANSFERS (Concluded)

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

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

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

A. Plan Description

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

B. Pension Benefits

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

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

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

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

THE COUNTY OF HENRY
CLINTON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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

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 2010 and 2009, the County collected and remitted to CERF, employee contributions of approximately \$119,276.86 and \$107,007.73, respectively, for the years then ended.

VI. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$2,244 and \$2,244, respectively, for the years ended December 31, 2010 and 2009.

VII. POST EMPLOYMENT BENEFITS

The County does provide post-employment benefits including, as mandated, the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County. Retirees may remain on the health insurance plan until they are Medicare eligible. If an employee has over 25 years of service with the County, the County will continue to pay the same portion of health insurance that they paid before the person retired, until the person becomes Medicare eligible.

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Compensated Absences

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

THE COUNTY OF HENRY
CLINTON, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES (Concluded)

C. Federal and State Assisted Programs

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

IX. OTHER RETIREMENT PLAN

Henry County does not participate in the Missouri Local Government Employees' Retirement System. Contributions to a voluntary plan are paid by a voluntary deduction from employees' salary. These contributions qualify under the Internal Revenue Code and are tax exempt. These contributions are then remitted to Pepco who administers the 457 Plan. Employee contributions were \$1,440.00 and \$1,440.00 for the years 2010 and 2009, respectively.

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.

XI. ACCOUNTING CHANGE

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

XII. SUBSEQUENT EVENTS

There were no subsequent events to report as of December 31, 2010.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

THE COUNTY OF HENRY
CLINTON, MISSOURI
SCHEDULE OF STATE FINDINGS
YEARS ENDED DECEMBER 31, 2010 AND 2009

SCHEDULE OF STATE FINDINGS

- A. For the year ended December 31, 2010, funds that had actual expenditures exceed those budgeted include: pa bad check, drug abuse resistance, corp of engineers, federal grant, sheriff special project, inmate security and victims advocate.
- B. For the year ended December 31, 2009, funds that had actual expenditures exceed those budgeted include: left, prosecuting attorney's delinquent tax, victims of domestic violence, drug abuse resistance, corp of engineers, federal grant, sheriff special project and inmate security.

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the County Commission
The County of Henry, Missouri

We have audited the financial statements of the County of Henry ("County"), Missouri, as of and for the years ended December 31, 2010 and December 31, 2009, and have issued our report thereon dated September 15, 2011. The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated September 15, 2011.

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

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

Daniel Jones & Associates

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

September 15, 2011



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To The County Commission
The County of Henry
Clinton, Missouri

Compliance

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

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2010 and December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items SA 10/09-01 and SA 10/09-02.

Internal Control Over Compliance

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

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

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

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

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

Daniel Jones & Associates

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

September 15, 2011

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

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>PASS-THROUGH ENTITY NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2010</u>	<u>FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2009</u>
DEPARTMENT OF INTERIOR				
DIRECT PROGRAM:				
PILT - PAYMENT IN LIEU OF TAXES	N/A	15.226	145,047.00	141,812.00
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
PASSED THROUGH STATE:				
COMMUNITY DEVELOPMENT BLOCK GRANT / STATE PROGRAM	DEPARTMENT OF ECONOMIC DEVELOPMENT 2007-PF-01	14.228	1,900.00	259,622.00
EMERGENCY SHELTER GRANTS PROGRAM	DEPARTMENT OF SOCIAL SERVICES ERO-1640919 ERO-1641004	14.231	- 13,674.97	9,689.80 9,205.17
DEPARTMENT OF JUSTICE				
PASSED THROUGH STATE:				
CRIME VICTIM ASSISTANCE	DEPARTMENT OF PUBLIC SAFETY 2007-VOCA-002 2007-VOCA-0027	16.575	- 41,140.31	35,349.90 -
VIOLENCE AGAINST WOMEN FORMULA GRANT	2008-VAWA-001	16.588	-	13,829.00
EDWARD BYRNE MEMORIAL STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE DISCRETIONARY GRANTS PROGRAM	CAPE GIRARDEAU COUNTY DPS2008-MOSM	16.580	-	33,748.00
DOMESTIC CANNABIS ERADICATION / SUPPRESSION PROGRAM	MISSOURI SHERIFFS' ASSOCIATION W912DQ-09-P-10	16.XXX	- 61,554.90	- 60,712.00
DEPARTMENT OF TRANSPORTATION				
PASSED THROUGH STATE:				
HIGHWAY PLANNING AND CONSTRUCTION	HIGHWAY AND TRANSPORTATION COMMISSION BRO - B042(23) BRO-B041(24)	20.205	- 35,300.00	39,270.38 -
DIVISION OF HIGHWAY SAFETY	09-PT-02-59 LKK058-NHTSA	20.600	- -	5,139.62 1,000.00
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
CHILD SUPPORT ENFORCEMENT	DEPARTMENT OF SOCIAL SERVICES TRI COUNTY	93.563	104,361.28	102,364.12
DEPARTMENT OF HOMELAND SECURITY				
PASSED THROUGH STATE:				
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	DEPARTMENT OF PUBLIC SAFETY SLAPL81-920 SEMA	97.042	- 12,537.86	- 8,000.00
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 415,516.32</u>	<u>\$ 719,741.99</u>

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

NOTE 1 – BASIS OF PRESENTATION

A. Purpose of Schedule and Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

NOTE 2 – SUBRECIPIENTS

The County provided no federal awards to subrecipients during the years ended December 31, 2010 and 2009.

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

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

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

	2010	___ Yes	___ <u>X</u> No
	2009	___ Yes	___ <u>X</u> No
 - b. Significant deficiencies identified?

	2010	___ <u>X</u> Yes	___ None Reported
	2009	___ <u>X</u> Yes	___ None Reported
3. Noncompliance material to financial statements noted?

	2010	___ Yes	___ <u>X</u> No
	2009	___ Yes	___ <u>X</u> No

B. Federal Awards

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

	2010	___ Yes	___ <u>X</u> No
	2009	___ Yes	___ <u>X</u> No
 - b. Significant deficiencies identified?

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

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

	2010	___ <u>X</u> Yes	___ No
	2009	___ <u>X</u> Yes	___ No

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

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 10/09-01 Recommendation: Due to the changing standards, the County may wish to consider alternatives available that would eliminate this situation.

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual Financial Statement.

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

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

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

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

Cause: The County did not prepare the required documentation.

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

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual Financial Statement. The County will consider the auditor's recommendation.

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

II. FINANCIAL STATEMENT FINDINGS (continued)

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

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

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

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

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

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

Views of responsible officials and planned corrective actions: The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

FS 10/09-04 Criteria: There are normally twelve paid holidays per year. An employee who is regularly scheduled to work on a paid holiday is paid at his/her regular rate for the time actually worked and is entitled to not more than twelve hours of pay at time and half.

Condition: During our audit, we noted that the deputy sheriffs were being paid more than the salaries approved by the County Commissioners.

Context: During discussions with the Sheriff's office, we noted that deputy sheriffs were being paid more than the salaries approved by the County Commissioners.

Effect: The sheriff's office paid deputies an additional amount each pay period for holidays whether the deputies worked or not.

Cause: Management has not followed the procedures put in place by the County Commission.

Recommendation: We recommend that the County resolve this issue with the Sheriff's Office.

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

II. FINANCIAL STATEMENT FINDINGS (concluded)

Views of responsible officials and planned corrective actions: The County has begun to process paid holidays for the Sheriff's Department at a regular time rate.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

A. Category of Internal Control Weakness

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

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

B. Category of Noncompliance Findings

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

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

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

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

C. Federal Award Findings and Questioned Costs

SA 10/09-01	Federal Grantor:	U.S. Department of Interior	Department of Social Services
Other Information	Pass-Through Grantor:	N/A	Tri-County
Significant Deficiency	Federal CFDA Number:	15.226	93.563
	Program Title:	PILT - Payment in Lieu of Taxes	Child Support Enforcement

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Expenditures of Federal Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, The Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed of the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

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

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correct.

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

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (concluded)

C. Federal Award Findings and Questioned Costs (concluded)

SA 10/09-02	Federal Grantor:	Department of Social Services
Other Information	Pass-Through Grantor:	Tri-County
Significant Deficiency	Federal CFDA Number:	93.563
	Program Title:	Child Support Enforcement

Information on the federal program: The County was not compliant with the requirements of the Child Support Enforcement program.

Criteria: The salaries reported in the Child Support Enforcement program exceeded the approved salaries set by the Commission. This was below \$10,000 and was not considered to be a material weakness, but is a significant deficiency.

Condition: Through correspondence with the County we became aware that the spending and reporting guidelines of the Child Support Enforcement program were not being met.

Questioned Costs: Not applicable

Context: We discovered the above issues during the audit of this program.

Effect: The County is non-compliant with the guidelines of this program. This may cause the County to be ineligible to participate in this program for future years.

Cause: The County had approved set salaries for the Child Support Enforcement program but they were not followed.

Recommendation: The County should contact the administrator of the program to ensure compliance with the budget.

Views of responsible officials and planned corrective actions: The County will ensure that the requirements of this program are met for future years.

THE COUNTY OF HENRY
CLINTON, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

I. PRIOR YEAR 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.
- Auditor's Evaluation: The County has not implemented appropriate corrective action in the current year being audited. See financial statement finding FS 10/09-01.
- 07/08-02 Criteria: 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, 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 HENRY
CLINTON, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (Continued)

07/08-02 Recommendation: We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

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

Auditor's Evaluation: The County has not implemented appropriate corrective action in the current year being audited. See financial statement finding FS 10/09-02.

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

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

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

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

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

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

Auditor's Evaluation: The County has not implemented appropriate corrective action in the current year being audited. See financial statement finding FS 10/09-3.

THE COUNTY OF HENRY
CLINTON, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS (Concluded)

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

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

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

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

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

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

Auditor's Evaluation: The County has implemented appropriate corrective action in the current year being audited.

THE COUNTY OF HENRY
 CLINTON, MISSOURI
 SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009

II. PRIOR YEAR FEDERAL AWARD FINDINGS

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 07/08-1	Other Information: Significant Deficiency	<p><u>Findings:</u> Weakness in Control Over Expenditures In Compliance with Single Audit Requirements.</p> <p>The County did not properly maintain separate expense accounts to account for federal expenditures. To prepare the Schedule of Expenditures of Federal Awards (SEFA) report, the County used revenues instead of expenditures. Because the program is reimbursement in nature, revenues equal expenditures.</p> <p><u>Recommendation:</u> The County should track all federal expenditures in the general ledger system by adding a grant code at the end of the account code.</p> <p><u>Agency Response:</u> The County agrees with this finding.</p> <p><u>Auditor's Evaluation:</u> This finding has been resolved by the County.</p>

THE COUNTY OF HENRY
 CLINTON, MISSOURI
 SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009

II. PRIOR YEAR FEDERAL AWARD FINDINGS (Continued)

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 07/08-2	Other Information: Significant Deficiency Procurement and Suspension and Debarment	<p><u>Findings:</u> Required contracting procedures were not followed.</p> <p>The County does not have procedures in place to ensure that it does not contract with prohibited parties in administering federal funds. As a result, there is an increased risk of federal funds being spent in violation of grant requirements.</p> <p>The Commissioners did not check the Excluded Parties List System maintained by the General Services Administration to verify that parties it contracted with were not on the prohibited list.</p> <p>However, we did not note any instances where the County actually contracted with prohibited parties.</p> <p>The OMB Circular A-133 Compliance Supplement and 41 CFR 105-71.135 prohibit entities from contracting with parties that are on the prohibited list.</p> <p><u>Recommendation:</u> The County should implement procedures to ensure that parties they contract with are not on the prohibited list.</p> <p><u>Agency Response:</u> The County agrees with this finding.</p> <p><u>Auditor's Evaluation:</u> This finding has been resolved by the County.</p>

THE COUNTY OF HENRY
CLINTON, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

II. PRIOR YEAR FEDERAL AWARD FINDINGS (Continued)

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 07/08-3	Other Information: Significant Deficiency	<p>Findings: The Schedule of Expenditures of Federal Awards contained errors. Controls were not in place to ensure that the Schedule of Expenditures of Federal Awards (SEFA) was prepared in accordance with federal requirements. The OMB Circular A-133 requires that the SEFA provide total federal awards expended for each individual federal program. It states that the determination of when an award is expended should be based on when the activity related to the award occurs, such as when the expenditure takes place.</p> <p>The Schedule of Expenditures of Federal Awards (SEFA) was prepared with various errors. These errors are described below:</p> <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. <p>A revised SEFA was submitted to the State Auditor's Office, containing corrections for all errors described.</p>

THE COUNTY OF HENRY
 CLINTON, MISSOURI
 SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009

II. PRIOR YEAR FEDERAL AWARD FINDINGS (Concluded)

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

Agency Response: The County agrees with this finding.

Auditor's Evaluation: The County has not implemented appropriate corrective action in the current year being audited. See SA 10/09-01.



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Commissioners
County of Henry

In planning and performing our audit of the financial statements of the County of Henry (County) as of and for the years ended December 31, 2010 and 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

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

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

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

County of Henry'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 the County Commission, County Officeholders, Missouri State Auditor 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
September 15, 2011

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

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

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

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

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

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

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

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual Financial Statement.

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

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

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

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

Cause: The County did not prepare the required documentation.

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

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

Views of responsible officials and planned corrective actions: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual Financial Statement. The County will consider the auditor's recommendation.

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

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

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

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

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

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

Views of responsible officials and planned corrective actions: The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

FS 10/09-04 Criteria: There are normally twelve paid holidays per year. An employee who is regularly scheduled to work on a paid holiday is paid at his/her regular rate for the time actually worked and is entitled to not more than twelve hours of pay at time and half.

Condition: During our audit, we noted that the deputy sheriffs were being paid more than the salaries approved by the County Commissioners.

Context: During discussions with the Sheriff's office, we noted that deputy sheriffs were being paid more than the salaries approved by the County Commissioners.

Effect: The sheriff's office paid deputies an additional amount each pay period for holidays whether the deputies worked or not.

Cause: Management has not followed the procedures put in place by the County Commission.

Recommendation: We recommend that the County resolve this issue with the Sheriff's Office.

Views of responsible officials and planned corrective actions: The County has begun to process paid holidays for the Sheriff's Department at a regular time rate.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

Federal Award Findings and Questioned Costs

SA 10/09-01	Federal Grantor:	U.S. Department of Interior	Department of Social Services
Other Information	Pass-Through Grantor:	N/A	Tri-County
Significant Deficiency	Federal CFDA Number:	15.226	93.563
	Program Title:	PILT - Payment in Lieu of Taxes	Child Support Enforcement

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Expenditures of Federal Awards.

Condition: Through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, The Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

Questioned Costs: Not applicable

Context: During the audit of federal programs we discovered a number of errors related to the Schedule of Expenditures of Federal Awards (SEFA).

Effect: No control monitoring or control over federal expenditures reporting, as required by *Governmental Accounting and Financial Reporting Standards*.

Cause: Adequate emphasis was not placed of the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

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

Views of responsible officials and planned corrective actions: The County will ensure that the Schedule of Expenditures of Federal Awards (SEFA) is correct.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

SA 10/09-02	Federal Grantor:	Department of Social Services
Other Information	Pass-Through Grantor:	Tri-County
Significant Deficiency	Federal CFDA Number:	93.563
	Program Title:	Child Support Enforcement

Information on the federal program: The County was not compliant with the requirements of the Child Support Enforcement program.

Criteria: The salaries reported in the Child Support Enforcement program exceeded the approved salaries set by the Commission. This was below \$10,000 and was not considered to be a material weakness, but is a significant deficiency.

Condition: Through correspondence with the County we became aware that the spending and reporting guidelines of the Child Support Enforcement program were not being met.

Questioned Costs: Not applicable

Context: We discovered the above issues during the audit of this program.

Effect: The County is non-compliant with the guidelines of this program. This may cause the County to be ineligible to participate in this program for future years.

Cause: The County had approved set salaries for the Child Support Enforcement program but they were not followed.

Recommendation: The County should contact the administrator of the program to ensure compliance with the budget.

Views of responsible officials and planned corrective actions: The County will ensure that the requirements of this program are met for future years.

II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

Governments frequently establish governmental audit requirements for entities to undergo an audit of their compliance with applicable compliance requirements. To address such governmental audit requirements, the Auditing Standards Board has issued Statement on Auditing Standards (SAS) No. 117, *Compliance Audits*, which supersedes SAS No. 74, *Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance*. SAS No. 117 was primarily developed in response to the results of a federal study on the quality of audits performed under Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* (also referred to as single audits), which showed that improvements were needed in many areas.

SAS No. 117 establishes standards and provides guidance on performing and reporting (in accordance with GAAS, *Government Auditing Standards*, and a governmental audit requirement that requires an auditor to express an opinion on compliance) on an audit of an entity’s compliance with applicable compliance requirements of a governmental audit requirement. Examples of such engagements include single audits and audits performed under the U.S. Department of Housing and Urban Development (HUD) *Consolidated Audit Guide for Audits of HUD Programs*.

II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS (concluded)

SAS No. 117 updates SAS No. 74 to reflect changes in the compliance audit environment and incorporates the risk assessment standards. It requires the auditor to adapt and apply the AU sections of AICPA *Professional Standards* to a compliance audit and provides guidance on how to do so. It identifies the AU sections that are not applicable to a compliance audit, defines terms related to compliance audits and used in the SAS, and identifies the elements to be included in an auditor's report on a compliance audit. The SAS is effective for compliance audits for fiscal periods ending on or after June 15, 2010 with earlier application permitted.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 25, 2011, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the regulatory 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 County of Henry'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.

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.

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 25, 2011.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Henry are described in Note I to the financial statements. As described in Note X for the years ended December 31, 2010, and December 31, 2009, the County has elected to change its accounting method from a modified cash basis to the regulatory basis of accounting. This basis recognizes assets, liabilities, fund balance, receipts, and disbursements when they result from cash transactions with a provision for investments and settlements pending (if applicable). The regulatory basis differs from the accounting principles generally accepted in the United States of America and is described in Note I of the Notes to the financial statements. The new method of accounting presentation was implemented to conform with Missouri law. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

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 September 15, 2011.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

During our testing we noted late fees on credit card statements. This was not considered to be a significant deficiency or a material weakness, but we consider it to be necessary to communicate to management.