

NEWTON COUNTY, MISSOURI
BASIC FINANCIAL STATEMENTS
PRIMARY GOVERNMENT ONLY
Year Ended December 31, 2008

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INDEPENDENT AUDITORS' REPORT

Newton County Commission
Newton County
Neosho, Missouri

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

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

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

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, receipts and disbursements of the reporting entity is not reasonably determinable.

Newton County Commission
Newton County
Neosho, Missouri

In our opinion, because of the omission of the discretely presented component unit, 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 aggregate discretely presented component unit of Newton County, Missouri, as of December 31, 2008, or the changes in financial position thereof for the year then ended.

Further, in our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Primary Government of Newton County, Missouri, as of December 31, 2008, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2009, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Newton County, Missouri's basic financial statements. The data contained under Other Financial Information, although not considered necessary for a fair presentation of the basic financial statements, is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, this data is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole in conformity with the basis of accounting described in Note A.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
June 5, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NEWTON COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

Our discussion and analysis of the Newton County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2008, within the limitations of the County's modified cash basis of accounting. Please read it in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The overall net assets of the County increased by \$443,798.
- The fund balance for the General Fund increased by \$177,445.
- The fund balance for the Road and Bridge Fund decreased by \$75,682.
- On a government-wide basis, the cost of the County's governmental activities was \$11,616,870 compared to \$11,304,417 in 2007.

Growth in sales taxes and fees collected by the functions of the County contributed to the growth in overall assets and General Fund in 2008. The Road and Bridge Fund continues to be impacted by decreasing revenue and increasing cost of materials. General costs such as insurance, utilities, and supply costs continue to increase, thus increasing operating costs for the County.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34 as applicable to the County's modified cash basis of accounting. These financial statements only include the funds of the primary government of Newton County. The financial statements do not include component units of the primary government which should be included as required by accounting principles generally accepted in the United States of America.

Report Components

Government-Wide Financial Statements: The Statement of Net Assets and the Statement of Activities (on pages 13-14) provides information about the activities of the County as a whole and present a longer-term view of the County's finances.

Fund Financial Statements: Fund financial statements (starting on page 15) focus on the individual parts of the County government. Fund financial statements also report the County operations in more detail than government-wide statements by providing information about the County's major funds. These statements tell how these services were financed in the short term as well as what remains for future spending.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Required Supplementary Information: This Management's Discussion and Analysis and the budgetary comparison schedules represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other Financial Information: This part of the annual report includes optional financial information, which includes the combining statements for the County's nonmajor funds and reports required by the Federal Government. This other financial information is provided to address certain needs of various users of the County's annual report.

Basis of Accounting

The County has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing receipts, disbursements, and their related assets and liabilities. Under the County's modified cash basis of accounting, receipts and disbursements and the related assets are recorded when they result from cash transactions.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable billed or services provided not yet collected) and liabilities and their related expenses (such as accounts payable and disbursements for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-wide Statement of Net Assets and the Statement of Activities

Our financial analysis of the County as a whole begins on page 9. The government-wide financial statements are presented on pages 13-14. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all of the County's assets resulting from the use of the modified cash basis of accounting.

The statements report the County's net assets and changes in them. Over time, increases and decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other non-financial factors, however, such as changes in the County tax base, and the condition of the County's facilities, to assess the overall health of the County.

NEWTON COUNTY, MISSOURI
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2008

The Statement of Activities is presented by its governmental functions which include general government, judicial, public safety, fair, health and welfare, and highway and roads. The Statement of Activities shows the net cost of these functions before considering the general receipts of the County.

Fund Financial Statements

Our analysis of the County's funds begins on page 11. The fund financial statements begin on page 15 and provide detailed information about the County's funds. These funds are required to be established by state law and by bond covenants. These fund financial statements help the reader to determine whether there are more or fewer financial resources that can be spent in the near future for County programs.

- Governmental Funds – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.
- Proprietary Funds – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. The Internal Service Funds are used to account for charges made to other units of government for dental insurance premiums and certain other employee benefits.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Assets – Modified Cash Basis

	December 31, 2008	December 31, 2007
ASSETS		
Cash and investments - unrestricted	\$ 4,569,204	\$ 4,133,280
Cash and investments - restricted	19,824	11,950
TOTAL ASSETS	<u>\$ 4,589,028</u>	<u>\$ 4,145,230</u>
NET ASSETS		
Restricted for grant programs	\$ 19,824	\$ 11,950
Unrestricted	4,569,204	4,133,280
TOTAL NET ASSETS	<u>\$ 4,589,028</u>	<u>\$ 4,145,230</u>

NEWTON COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008

Changes in Net Assets – Modified Cash Basis

	Year Ended December 31, 2008	Year Ended December 31, 2007
	<u>2008</u>	<u>2007</u>
RECEIPTS		
<u>Program Receipts</u>		
Charges for services	\$ 2,514,067	\$ 2,451,359
Operating grants and contributions	403,408	340,933
Capital grants and contributions	146,069	108,052
<u>General Receipts</u>		
Ad valorem taxes	1,045,826	998,030
Sales taxes	5,667,913	5,511,726
Motor vehicle sales and gas taxes	1,109,844	1,226,290
Telephone tax	541,695	523,673
Other taxes	101,045	97,076
Interest	217,018	356,256
Other receipts	281,193	181,737
Sale of property	32,590	55,295
	<u>12,060,668</u>	<u>11,850,427</u>
TOTAL RECEIPTS	12,060,668	11,850,427
DISBURSEMENTS		
General government	2,845,231	2,878,932
Judicial	1,402,159	1,387,821
Public safety	4,561,527	4,376,549
Health and welfare	572,602	538,983
Fair	70,300	70,679
Highway and roads	2,165,051	2,051,453
	<u>11,616,870</u>	<u>11,304,417</u>
TOTAL DISBURSEMENTS	11,616,870	11,304,417
INCREASE IN NET ASSETS	<u>\$ 443,798</u>	<u>\$ 546,010</u>

Overall receipts of the County increased by \$210,241 over the prior year. Taxes as a whole increased 2%. Taxes comprise 70% of total receipts, charges for services comprise 21% of receipts, and the balance is comprised of grants, interest and other receipts.

Disbursements for highway and roads increased 6%. Judicial comprises 12% of the disbursements, general government comprises 24%, highway and roads, 39% with public safety, health and welfare, and the fair making up the balance of disbursements.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- The General Fund balance increased by \$177,445 for the year ended December 31, 2008.
- The Road and Bridge Fund balance decreased by \$75,682 for the year ended December 31, 2008.
- The Assessment Fund increased \$206,046, which raised the fund balance to \$1,113,251 as of December 31, 2008.

The General Fund continues to have increases due to the growth in sales tax revenue and growth in fees collected by officeholders of the County. Officeholders and department managers continue to be prudent in the spending of their budgets. Some of this growth is due to budget efficiency on their part. This increase is consistent with growth in recent past years.

The Road and Bridge Fund continues to receive less CART funds each year while the costs of road oil and asphalt materials have had significant increases. On May 10, 2008, a tornado hit Newton County. The catastrophic storm cut a path from the west side of the County all the way across to the east side of the County. Clean-up from these storms impacted our Road and Bridge Department. Many labor hours and pieces of equipment were utilized for clean-up instead of road maintenance. No Federal assistance has been made available to public agencies to assist with the cost of this clean-up.

The Assessment Fund is a function of reimbursement on parcel assessment and annual transfer from the General Fund of \$81,800. These revenues continue to cover all expenses needed for County property assessment.

FINANCIAL ANALYSIS BUDGET VERSUS ACTUAL RESULTS – GENERAL FUND

	Budget		Actual
	Original	Final	
RECEIPTS			
Taxes	\$ 5,783,000	\$ 5,783,000	\$ 5,724,146
Commissions	556,500	556,500	578,811
Intergovernmental revenues	327,298	327,298	370,977
Fees and charges	860,500	860,500	844,072
Other	250,300	250,300	314,307
TOTAL RECEIPTS	\$ 7,777,598	\$ 7,777,598	\$ 7,832,313

FINANCIAL ANALYSIS BUDGET VERSUS ACTUAL RESULTS – GENERAL FUND (continued)

	Budget		Actual
	Original	Final	
DISBURSEMENTS			
General government	\$ 3,758,279	\$ 3,758,279	\$ 2,257,631
Judicial	1,424,062	1,424,062	1,346,744
Public safety	3,607,477	3,607,477	3,567,855
Health and welfare	20,500	20,500	16,298
TOTAL DISBURSEMENTS	<u>\$ 8,810,318</u>	<u>\$ 8,810,318</u>	<u>\$ 7,188,528</u>

Budget efficiency is obvious in the differences between original budgets and what the County actually expended in 2008. Each officeholder works to be prudent with the funds available to them each year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As economic indicators continue to decline, it becomes difficult to make a forecast for future revenues, while disbursements will increase with certainty. Grants continue to be an important source of revenue for the County. For 2009, we have been awarded grants for law enforcement for both officer overtime and equipment additions, emergency management, litter control, and child support enforcement. Most importantly, the County is pursuing a grant to help the victims of the May 10th tornado with clean-up costs. The receipt of this grant was announced after the close of this audit. This grant will assist victims of the storm that have been unable to receive benefits from insurance or FEMA programs. The County will continue to pursue every funding option that becomes available.

The County will begin cost analysis for moving the Central Dispatch Center to the Armory building. The Armory will provide a more secure and controlled location for dispatchers. The County will assess the total cost of renovations for the building and equipment purchases to determine the feasibility of the move. Possible funding sources will be from grants for equipment as well as general revenue capital improvement funds, and possible sale of County assets.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

You may contact the Presiding Commissioner at (417) 451-8223, the County Clerk at (417) 451-8221, or the County Auditor at (417) 451-8379 or by mail: 101 South Wood Street, Neosho, Missouri 64850 for more information.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 STATEMENT OF NET ASSETS – MODIFIED CASH BASIS
 December 31, 2008

	<u>Primary Government Total Governmental Activities</u>
ASSETS	
Cash and investments - unrestricted	\$ 4,569,204
Cash and investments - restricted	<u>19,824</u>
TOTAL ASSETS	<u><u>\$ 4,589,028</u></u>
NET ASSETS	
Restricted for grant programs	\$ 19,824
Unrestricted	<u>4,569,204</u>
TOTAL NET ASSETS	<u><u>\$ 4,589,028</u></u>

See accompanying notes.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended December 31, 2008

Functions/Programs	Disbursements	Program Receipts			Net
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	(Disbursements), Receipts and Changes in Net Assets
					Total Governmental Activities
Governmental Activities					
General government	\$ (2,845,231)	\$ 1,566,935	\$ 67,563	\$ 73,011	\$ (1,137,722)
Judicial	(1,402,159)	263,752	114,727	-	(1,023,680)
Public safety	(4,561,527)	674,510	47,970	46,847	(3,792,200)
Health and welfare	(572,602)	8,870	-	-	(563,732)
Fair	(70,300)	-	-	-	(70,300)
Highway and roads	(2,165,051)	-	173,148	26,211	(1,965,692)
TOTAL GOVERNMENTAL ACTIVITIES	\$ (11,616,870)	\$ 2,514,067	\$ 403,408	\$ 146,069	(8,553,326)
		General Receipts:			
					1,045,826
					5,667,913
					1,109,844
					541,695
					101,045
					217,018
					281,193
					32,590
				Total General Receipts	8,997,124
				Increase in Net Assets	443,798
				Net Assets, Beginning of year	4,145,230
				Net Assets, End of year	\$ 4,589,028

See accompanying notes.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
December 31, 2008

	General Fund	Road and Bridge Fund	E-911 Fund	Assessment Fund	Recorder's Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 2,280,102	\$ 183,382	\$ 122,694	\$ 1,113,251	\$ 291,676	\$ 582,358	\$ 4,573,463
TOTAL ASSETS	\$ 2,280,102	\$ 183,382	\$ 122,694	\$ 1,113,251	\$ 291,676	\$ 582,358	\$ 4,573,463
FUND BALANCES							
Fund Balances							
Unreserved, reported in:							
General Fund	\$ 2,280,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,280,102
Special Revenue Fund	-	183,382	122,694	1,113,251	291,676	582,358	2,293,361
TOTAL FUND BALANCES	\$ 2,280,102	\$ 183,382	\$ 122,694	\$ 1,113,251	\$ 291,676	\$ 582,358	\$ 4,573,463
Fund Balance Governmental Funds							\$ 4,573,463
Some of the amounts reported for Governmental activities in the Statement of Net Assets are different because Internal Service Fund assets are included with Governmental activities.							15,565
Net Assets of Governmental Activities							<u>\$ 4,589,028</u>

See accompanying notes.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
Year Ended December 31, 2008

	General Fund	Road and Bridge Fund	E-911 Fund	Assessment Fund	Recorder's Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
RECEIPTS							
Taxes	\$ 5,724,146	\$ 1,586,881	\$ 541,695	\$ -	\$ -	\$ 613,604	\$ 8,466,326
Collector's commission	578,811	-	-	-	-	-	578,811
Intergovernmental revenues	370,977	160,385	-	-	-	26,637	557,999
Fees and charges	844,072	-	232,242	560,000	52,224	263,696	1,952,234
Other	314,307	42,103	4,142	91,509	10,485	42,751	505,297
TOTAL RECEIPTS	7,832,313	1,789,369	778,079	651,509	62,709	946,688	12,060,667
DISBURSEMENTS							
Current							
General government	2,257,631	-	-	531,875	25,256	30,469	2,845,231
Judicial	1,346,744	-	-	-	-	55,415	1,402,159
Public safety	3,567,855	-	872,637	-	-	119,310	4,559,802
Health and welfare	16,298	-	-	-	-	556,304	572,602
Fair	-	-	-	-	-	70,300	70,300
Highway and roads	-	2,165,051	-	-	-	-	2,165,051
TOTAL DISBURSEMENTS	7,188,528	2,165,051	872,637	531,875	25,256	831,798	11,615,145
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	643,785	(375,682)	(94,558)	119,634	37,453	114,890	445,522
OTHER FINANCING SOURCES (USES)							
Operating transfers in (out)	(466,340)	300,000	104,928	86,412	-	(25,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(466,340)	300,000	104,928	86,412	-	(25,000)	-
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	177,445	(75,682)	10,370	206,046	37,453	89,890	445,522
FUND BALANCE, January 1	2,102,657	259,064	112,324	907,205	254,223	492,468	4,127,941
FUND BALANCE, December 31	\$ 2,280,102	\$ 183,382	\$ 122,694	\$ 1,113,251	\$ 291,676	\$ 582,358	\$ 4,573,463

Excess of Receipts and Other Sources Over Disbursements and Other (Uses) \$ 445,522

Some of the amounts reported for Governmental activities in the Statement of Activities are different because the Internal Service Fund receipts and disbursements are included with Governmental activities. (1,724)

Increase in Net Assets \$ 443,798

See accompanying notes.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 STATEMENT OF NET ASSETS – INTERNAL SERVICE FUNDS – MODIFIED CASH BASIS
 December 31, 2008

	County Employee Retirement Fund	Deferred Compensation Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ -	\$ 15,565
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 15,565</u>
Net Assets		
Unrestricted	\$ -	\$ 15,565
TOTAL NET ASSETS	<u>\$ -</u>	<u>\$ 15,565</u>

See accompanying notes.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET ASSETS – INTERNAL
SERVICE FUNDS – MODIFIED CASH BASIS
Year Ended December 31, 2008

	County Employee Retirement Fund	Deferred Compensation Fund
	<u> </u>	<u> </u>
OPERATING RECEIPTS		
Charges for services	\$ 427,146	\$ 200,606
TOTAL OPERATING RECEIPTS	<u>427,146</u>	<u>200,606</u>
OPERATING DISBURSEMENTS		
Insurance claims and disbursements	428,198	-
Salary withholding disbursements	-	202,330
TOTAL OPERATING DISBURSEMENTS	<u>428,198</u>	<u>202,330</u>
OPERATING (LOSS)	(1,052)	(1,724)
NONOPERATING RECEIPTS		
Interest receipts	<u>1,052</u>	<u>-</u>
TOTAL NONOPERATING RECEIPTS	<u>1,052</u>	<u>-</u>
NET (LOSS)	-	(1,724)
NET ASSETS, January 1	<u>-</u>	<u>17,289</u>
NET ASSETS, December 31	<u>\$ -</u>	<u>\$ 15,565</u>

See accompanying notes.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS – MODIFIED CASH BASIS
 Year Ended December 31, 2008

	County Employee Retirement Fund	Deferred Compensation Fund
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 427,146	\$ 200,606
Cash paid to suppliers	(428,198)	(202,330)
	<u> </u>	<u> </u>
NET CASH (USED) BY OPERATING ACTIVITIES	(1,052)	(1,724)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	1,052	-
	<u> </u>	<u> </u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,052	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(1,724)
CASH AND CASH EQUIVALENTS, Beginning of year	-	17,289
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ -</u>	<u>\$ 15,565</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:		
Operating (loss)	\$ (1,052)	\$ (1,724)
	<u> </u>	<u> </u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (1,052)</u>	<u>\$ (1,724)</u>

See accompanying notes.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS – MODIFIED CASH BASIS
 December 31, 2008

	Jail Commissary Fund	Circuit Clerk Fund	Circuit Court Division II Fund	Collector of Revenue Fund	Land Tax Overplus Fund	Election Authority Fund
ASSETS						
Cash and investments	\$ 11,939	\$ 439,676	\$ 8,117	\$ 23,988,102	\$ 27,858	\$ 990
TOTAL ASSETS	\$ 11,939	\$ 439,676	\$ 8,117	\$ 23,988,102	\$ 27,858	\$ 990
LIABILITIES						
Due to others	\$ 11,939	\$ 439,676	\$ -	\$ 363,799	\$ -	\$ 990
Due to other governments	-	-	8,117	23,624,303	27,858	-
TOTAL LIABILITIES	\$ 11,939	\$ 439,676	\$ 8,117	\$ 23,988,102	\$ 27,858	\$ 990

See accompanying notes.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS – MODIFIED CASH BASIS (CONTINUED)
 December 31, 2008

	Unclaimed Fee Fund	Prosecuting Attorney Fund	Fines and Forfeitures Fund	Recorder's Office	Sheriff Fund	Total
ASSETS						
Cash and investments	\$ 7,757	\$ 425	\$ 361,082	\$ -	\$ 6,984	\$ 24,852,930
TOTAL ASSETS	<u>\$ 7,757</u>	<u>\$ 425</u>	<u>\$ 361,082</u>	<u>\$ -</u>	<u>\$ 6,984</u>	<u>\$ 24,852,930</u>
LIABILITIES						
Due to others	\$ 7,757	\$ 425	\$ -	\$ -	\$ 6,984	\$ 831,570
Due to other governments	-	-	361,082	-	-	24,021,360
TOTAL LIABILITIES	<u>\$ 7,757</u>	<u>\$ 425</u>	<u>\$ 361,082</u>	<u>\$ -</u>	<u>\$ 6,984</u>	<u>\$ 24,852,930</u>

See accompanying notes.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Newton County, Missouri (the County) is a county of the 2nd class and operates under a three-member County Commission.

The accounting methods and procedures adopted by the primary government of Newton County, Missouri, conform to the modified cash basis of accounting as applied to governmental entities. The following is a summary of the more significant policies.

Financial Reporting Entity

The County is a primary government that is governed by an elected three-member commission and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities, also referred to as component units, are not presented herein as required by accounting principles generally accepted in the United States of America.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements display information about the primary government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Assets, the governmental activities are consolidated and presented on the modified cash basis of accounting.

The government-wide Statement of Activities presents a comparison between direct disbursements and program receipts for each function of the County's governmental activities. Direct disbursements are those that are specifically associated with a program or a function. Program receipts include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital disbursements of a particular program. Receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

FUND FINANCIAL STATEMENTS

Separate fund financial statements report information on the County's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds in their respective categories.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County reports the following major governmental funds:

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

Road and Bridge Fund: The Road and Bridge Fund of the County is used to account for resources restricted for highway and road disbursements.

E-911 Fund: The E-911 Fund is used to account for resources restricted for emergency 911 operations.

Assessment Fund: The Assessment Fund is used to account for the resources designated for assessment operations.

Recorder's Fund: The Recorder's Fund is used to account for resources designated for operations of the recorder's office.

The County also reports the following fund types:

The Internal Service Funds account for employee retirement and deferred compensation benefits of the County on a cost reimbursement basis.

Agency funds account for miscellaneous assets held by the County for other funds, governmental units, and individuals. The agency funds are custodial in nature and do not involve measurement of results of operations.

Basis of Accounting

The government-wide Statement of Net Assets and Statement of Activities and the fund financial statements for the County are presented using a modified cash basis of accounting. This basis recognizes assets, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions. The cash basis has been modified to include investments of the County. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Also, as a result of the modified cash basis, capital assets and long-term debt of the County are not presented in the financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for the governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Cash and Investments

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

Fund Equity

The unreserved and undesignated fund balances for Governmental Fund Types represent the amount available for budgeting future operations.

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislations.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted".

It is the County's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is made for purposes for which both restricted and unrestricted net assets are available.

Compensated Absences

The County has a county-wide policy on vacation and sick leave for all employees. Leave is taken at the discretion of each officeholder. The accumulated liability for compensated absences is not expected to be liquidated with expendable available financial resources.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the County considers all accounts subject to withdrawal by check or on demand to be cash and cash equivalents. All other deposits are considered to be investments.

NOTE B – CASH

State statutes require that the County’s deposits be collateralized in the name of the County by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2008, all cash balances on deposit are entirely insured or collateralized with securities.

NOTE C – INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund type’s portion of this pool is displayed as “Cash and investments”. In addition, investments are separately held by several of the County’s funds. County investments consist of certificates of deposit and are stated at historical cost.

Investments of the County as of December 31, 2008, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit	4/13/2009	\$ 20,000
Certificates of Deposit	5/25/2009	589,770
Certificates of Deposit	7/24/2009	977,320
Certificates of Deposit	4/19/2009	762,998
Certificates of Deposit	10/15/2010	969,813
		<u>\$ 3,319,901</u>

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE C – INVESTMENTS (continued)

Certificates of Deposit

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the County's deposits be collateralized in the name of the County by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2008, all certificates of deposit were entirely insured or collateralized with securities.

NOTE D – CLAIMS, JUDGMENTS AND CONTINGENCIES

Federal and State Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2008, significant amounts of grant disbursements have not been audited by grantor governments, but the County believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the County.

Legal Matters

There are a number of claims and/or lawsuits to which the County is a party as a result of certain injuries and various other matters and complaints arising in the ordinary course of County activities. The County's management and legal counsel anticipate that the potential claims, if any, against the County resulting from such litigation would not have a material effect on the financial position of the County.

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE E – PENSION PLAN – CERF

STATE OF MISSOURI COUNTY EMPLOYEES' RETIREMENT FUND

Plan Description

Newton County participates in the County Employees' Retirement Fund (CERF), a cost-sharing multiple-employer pension plan. CERF is a defined benefit pension plan which provides retirement and death benefits to plan members and beneficiaries. CERF was created and is governed by state statute, RSMo 50.1000 to 50.1200. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401a and it is tax exempt.

Funding Policy

Newton County's full-time employees hired before February 25, 2002, are required by state statute to contribute 2% of annual payroll to the pension plan. Newton County's full-time employees hired after February 25, 2002, are required by state statute to contribute 6% of annual covered payroll to the pension plan. The County is required by state statute to remit the fees collected under RSMo Sections 52.290, 150.150, 137.280, 137.345 and Chapters 59 and 54, RSMo, plus interest. The required contributions have been made.

NOTE F – ASSESSED VALUATION, TAX LEVY AND LEGAL DEBT MARGIN

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1, and are payable by December 31.

The 2008 assessed valuation of the tangible taxable property and the tax levies per \$100 assessed valuation of that property were as follows:

ASSESSED VALUATION

Real estate	\$ 462,255,107
Personal property	171,923,761
Railroad and utilities	51,261,190
	<hr/>
	\$ 685,440,058
	<hr/>

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2008

NOTE F – ASSESSED VALUATION, TAX LEVY AND LEGAL DEBT MARGIN (continued)

TAX LEVY	
Fair	\$.0100
Mental Health	<u>.0803</u>
	<u>\$.0903</u>

The legal debt margin at December 31, 2008, is computed as follows:

Constitutional debt limit	\$ 68,544,006
General obligation bonds payable	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 68,544,006</u>

- (1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the County, by a vote of its qualified electors voting therein, may incur an indebtedness for any purpose authorized by law of the County or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the County.

NOTE G – CHANGES IN GENERAL LONG-TERM DEBT

The following are the changes in General Long-Term Debt for the year ended December 31, 2008:

	Balance December 31, 2007	Additions	Retirements	Balance December 31, 2008
Compensated Absences Payable	<u>\$ 60,577</u>	<u>\$ -</u>	<u>\$ 11,897</u>	<u>\$ 48,680</u>

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2008

NOTE H – 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. The County has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE I – INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2008, consisted of the following:

	Transfers In (Out)
General Fund	\$ (466,340)
Road and Bridge Fund	300,000
Prosecuting Attorney Administrative Fee Fund	(15,000)
Tax Maintenance Fund	(10,000)
E-911 Fund	104,928
Assessment Fund	86,412
	<u>\$ -</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – MODIFIED CASH BASIS
 Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Taxes				
County sales taxes	\$ 5,730,000	\$ 5,730,000	\$ 5,667,913	\$ (62,087)
State assessed railroad and utilities	18,000	18,000	19,329	1,329
Surtax	15,000	15,000	12,336	(2,664)
Payment in lieu of taxes	17,500	17,500	16,847	(653)
Other	2,500	2,500	7,721	5,221
	<u>5,783,000</u>	<u>5,783,000</u>	<u>5,724,146</u>	<u>(58,854)</u>
Collector's Commission				
Collection commissions	556,500	556,500	578,811	22,311
Intergovernmental Receipts				
Federal	220,738	220,738	249,381	28,643
Other	106,560	106,560	121,596	15,036
	<u>327,298</u>	<u>327,298</u>	<u>370,977</u>	<u>43,679</u>
Fees and Charges				
Auctioneer licenses	28,000	28,000	26,232	(1,768)
Public administration	40,000	40,000	45,739	5,739
County clerk	7,000	7,000	7,110	110
Recorder of deeds	268,000	268,000	226,890	(41,110)
Court	125,000	125,000	133,324	8,324
Extraditions	30,000	30,000	51,655	21,655
Sheriff fees	325,000	325,000	314,810	(10,190)
Phone	35,000	35,000	37,098	2,098
Other	2,500	2,500	1,214	(1,286)
	<u>860,500</u>	<u>860,500</u>	<u>844,072</u>	<u>(16,428)</u>
Other				
Interest receipts	132,500	132,500	121,148	(11,352)
Miscellaneous	82,800	82,800	173,319	90,519
Sale of property	35,000	35,000	19,840	(15,160)
	<u>250,300</u>	<u>250,300</u>	<u>314,307</u>	<u>64,007</u>
TOTAL RECEIPTS	<u>7,777,598</u>	<u>7,777,598</u>	<u>7,832,313</u>	<u>54,715</u>

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – MODIFIED CASH BASIS
 (CONTINUED)
 Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
DISBURSEMENTS				
Current				
General Government				
Collector of revenue	222,330	222,330	204,339	17,991
Treasurer	68,975	68,975	59,534	9,441
Recorder of deeds	202,818	202,818	185,467	17,351
County commission	181,230	181,230	171,073	10,157
General services	1,830,633	1,830,633	750,609	1,080,024
Data processing	90,717	90,717	76,455	14,262
Purchasing	32,383	32,383	6,458	25,925
Election and voter registration	153,080	153,080	109,622	43,458
County clerk	214,363	214,363	195,080	19,283
Auditor	151,742	151,742	137,265	14,477
Building and grounds	610,008	610,008	361,729	248,279
	<u>3,758,279</u>	<u>3,758,279</u>	<u>2,257,631</u>	<u>1,500,648</u>
Judicial				
Circuit clerk	68,412	68,412	46,486	21,926
Circuit court	178,574	178,574	175,638	2,936
Coroner	92,475	92,475	79,517	12,958
Court reporter	2,150	2,150	1,459	691
Public administrator	127,493	127,493	120,154	7,339
Juvenile	192,105	192,105	215,287	(23,182)
Prosecuting attorney	762,853	762,853	708,203	54,650
	<u>1,424,062</u>	<u>1,424,062</u>	<u>1,346,744</u>	<u>77,318</u>
Public Safety				
Sheriff	2,398,322	2,398,322	2,359,701	38,621
Jail	1,083,338	1,083,338	1,087,456	(4,118)
Emergency management	125,817	125,817	120,698	5,119
	<u>3,607,477</u>	<u>3,607,477</u>	<u>3,567,855</u>	<u>39,622</u>
Health and Welfare				
Health and welfare	20,500	20,500	16,298	4,202
TOTAL DISBURSEMENTS	<u>8,810,318</u>	<u>8,810,318</u>	<u>7,188,528</u>	<u>1,621,790</u>

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – MODIFIED CASH BASIS
 (CONTINUED)
 Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(1,032,720)	(1,032,720)	643,785	1,676,505
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	(556,800)	(556,800)	(491,340)	65,460
Operating transfers in	25,000	25,000	25,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(531,800)	(531,800)	(466,340)	65,460
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(1,564,520)	(1,564,520)	177,445	1,741,965
FUND BALANCE, January 1	2,102,657	2,102,657	2,102,657	-
FUND BALANCE, December 31	\$ 538,137	\$ 538,137	\$ 2,280,102	\$ 1,741,965

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE FUND – MODIFIED CASH BASIS
 Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Taxes	\$ 1,724,500	\$ 1,724,500	\$ 1,586,881	\$ (137,619)
Intergovernmental receipts	-	-	160,385	160,385
Other receipts	340,500	340,500	42,103	(298,397)
TOTAL RECEIPTS	2,065,000	2,065,000	1,789,369	(275,631)
DISBURSEMENTS				
Highway and Roads				
Wages and benefits	672,226	672,226	629,756	42,470
Supplies	184,200	184,200	211,653	(27,453)
Repairs and maintenance	75,000	75,000	74,772	228
Engineering	25,000	25,000	2,011	22,989
Capital outlay	629,200	629,200	614,087	15,113
Contracted labor	15,000	15,000	7,950	7,050
Rental equipment	5,000	5,000	11,071	(6,071)
Special road districts	604,200	604,200	604,200	-
Other	310,000	310,000	9,551	300,449
TOTAL DISBURSEMENTS	2,519,826	2,519,826	2,165,051	354,775
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(454,826)	(454,826)	(375,682)	79,144
OTHER FINANCING SOURCES				
Operating transfers in	300,000	300,000	300,000	-
TOTAL OTHER FINANCING SOURCES	300,000	300,000	300,000	-
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(154,826)	(154,826)	(75,682)	79,144
FUND BALANCE, January 1	259,064	259,064	259,064	-
FUND BALANCE, December 31	\$ 104,238	\$ 104,238	\$ 183,382	\$ 79,144

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – E-911 FUND – MODIFIED CASH BASIS
 Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Taxes	\$ 500,000	\$ 500,000	\$ 541,695	\$ 41,695
Charges for services	228,534	228,534	232,242	3,708
Other receipts	2,600	2,600	4,142	1,542
TOTAL RECEIPTS	731,134	731,134	778,079	46,945
DISBURSEMENTS				
Public safety	948,642	948,642	872,637	76,005
TOTAL DISBURSEMENTS	948,642	948,642	872,637	76,005
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS				
	(217,508)	(217,508)	(94,558)	122,950
OTHER FINANCING SOURCES				
Operating transfers in	175,000	175,000	104,928	(70,072)
TOTAL OTHER FINANCING SOURCES	175,000	175,000	104,928	(70,072)
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS				
	(42,508)	(42,508)	10,370	52,878
FUND BALANCE, January 1	112,324	112,324	112,324	-
FUND BALANCE, December 31	\$ 69,816	\$ 69,816	\$ 122,694	\$ 52,878

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – ASSESSMENT FUND – MODIFIED CASH BASIS
 Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Charges for services	\$ 535,842	\$ 535,842	\$ 560,000	\$ 24,158
Other receipts	97,000	97,000	91,509	(5,491)
TOTAL RECEIPTS	632,842	632,842	651,509	18,667
DISBURSEMENTS				
General government	934,645	934,645	531,875	402,770
TOTAL DISBURSEMENTS	934,645	934,645	531,875	402,770
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(301,803)	(301,803)	119,634	421,437
OTHER FINANCING SOURCES				
Operating transfers in	81,800	81,800	86,412	4,612
TOTAL OTHER FINANCING SOURCES	81,800	81,800	86,412	4,612
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(220,003)	(220,003)	206,046	426,049
FUND BALANCE, January 1	907,205	907,205	907,205	-
FUND BALANCE, December 31	\$ 687,202	\$ 687,202	\$ 1,113,251	\$ 426,049

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – RECORDER’S USER FUND – MODIFIED CASH BASIS
 Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Charges for services	\$ 57,000	\$ 57,000	\$ 52,224	\$ (4,776)
Other receipts	12,000	12,000	10,485	(1,515)
TOTAL RECEIPTS	69,000	69,000	62,709	(6,291)
DISBURSEMENTS				
General government	215,000	215,000	25,256	189,744
TOTAL DISBURSEMENTS	215,000	215,000	25,256	189,744
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS				
	(146,000)	(146,000)	37,453	183,453
FUND BALANCE, January 1	254,223	254,223	254,223	-
FUND BALANCE, December 31	\$ 108,223	\$ 108,223	\$ 291,676	\$ 183,453

NEWTON COUNTY, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
December 31, 2008

Budgets and Budgetary Accounting

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

- 1) In accordance with Chapter 67, RSMo, the County adopts a budget for each fund.
- 2) Prior to July the County auditor, who serves as the Budget Officer, submits to the Commission a proposed budget for the fiscal year beginning on the following January 1. The budget includes estimated receipts and proposed disbursements for all County funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Commission, the budget document is available for public inspection.
- 4) Prior to January 1, the budget is legally enacted by a vote of the Commission.
- 5) Subsequent to its formal approval of the budget, the 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 included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Commission. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for County funds are prepared and adopted on the modified cash basis (budget basis), recognizing receipts when collected and disbursements when paid.

OTHER FINANCIAL INFORMATION

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 COMBINING STATEMENT OF ASSETS AND FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS – MODIFIED CASH BASIS
 December 31, 2008

	Newton County Fair Fund	Mental Health Fund	Prosecuting Attorney Administrative Fund	Tax Maintenance Fund	Prosecuting Attorney Training Fund	Sheriff Civil Charges Fund	Juvenile Benefit Fund	Domestic Violence Fund	Election Improvement Fund	Sheriff's Revolving Fund	Sheriff's Seized Evidence Fund
ASSETS											
Cash and investments	\$ 17,950	\$ 65,592	\$ 64,891	\$ 142,957	\$ 16,475	\$ 19,131	\$ 175	\$ 5,115	\$ 160	\$ 3,924	\$ 18,126
TOTAL ASSETS	<u>\$ 17,950</u>	<u>\$ 65,592</u>	<u>\$ 64,891</u>	<u>\$ 142,957</u>	<u>\$ 16,475</u>	<u>\$ 19,131</u>	<u>\$ 175</u>	<u>\$ 5,115</u>	<u>\$ 160</u>	<u>\$ 3,924</u>	<u>\$ 18,126</u>
FUND BALANCES											
Fund Balance											
Unreserved	\$ 17,950	\$ 65,592	\$ 64,891	\$ 142,957	\$ 16,475	\$ 19,131	\$ 175	\$ 5,115	\$ 160	\$ 3,924	\$ 18,126
TOTAL FUND BALANCES	<u>\$ 17,950</u>	<u>\$ 65,592</u>	<u>\$ 64,891</u>	<u>\$ 142,957</u>	<u>\$ 16,475</u>	<u>\$ 19,131</u>	<u>\$ 175</u>	<u>\$ 5,115</u>	<u>\$ 160</u>	<u>\$ 3,924</u>	<u>\$ 18,126</u>

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 COMBINING STATEMENT OF ASSETS AND FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS – MODIFIED CASH BASIS
 (CONTINUED)
 December 31, 2008

	Law Library Fund	Emergency Grant Fund	Bridge Demolition Fund	Law Enforcement Training Fund	Election Fund	Prosecuting Attorney Delinquent Tax Fund	Sheriff's Criminal Activity Forfeiture Fund	Local Emergency Planning Commission Fund	DARE Program Fund	Emergency Management Equipment Fund	Total
ASSETS											
Cash and investments	\$ 63,016	\$ -	\$ 75,536	\$ 5,401	\$ 24,870	\$ 19,229	\$ 19,664	\$ 18,635	\$ 741	\$ 770	\$ 582,358
TOTAL ASSETS	<u>\$ 63,016</u>	<u>\$ -</u>	<u>\$ 75,536</u>	<u>\$ 5,401</u>	<u>\$ 24,870</u>	<u>\$ 19,229</u>	<u>\$ 19,664</u>	<u>\$ 18,635</u>	<u>\$ 741</u>	<u>\$ 770</u>	<u>\$ 582,358</u>
FUND BALANCES											
Fund Balance											
Unreserved	\$ 63,016	\$ -	\$ 75,536	\$ 5,401	\$ 24,870	\$ 19,229	\$ 19,664	\$ 18,635	\$ 741	\$ 770	\$ 582,358
TOTAL FUND BALANCES	<u>\$ 63,016</u>	<u>\$ -</u>	<u>\$ 75,536</u>	<u>\$ 5,401</u>	<u>\$ 24,870</u>	<u>\$ 19,229</u>	<u>\$ 19,664</u>	<u>\$ 18,635</u>	<u>\$ 741</u>	<u>\$ 770</u>	<u>\$ 582,358</u>

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – NONMAJOR SPECIAL REVENUE
 FUNDS – MODIFIED CASH BASIS
 Year Ended December 31, 2008

	Newton County Fair Fund	Mental Health Fund	Prosecuting Attorney Administrative Fund	Tax Maintenance Fund	Prosecuting Attorney Training Fund	Sheriff Civil Charges Fund	Juvenile Benefit Fund	Domestic Violence Fund	Election Improvement Fund	Sheriff's Revolving Fund	Sheriff's Seized Evidence Fund
RECEIPTS											
Taxes	\$ 67,481	\$ 546,123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receipts	-	-	-	-	-	-	-	-	1,383	-	-
Fees and charges	-	-	57,234	67,393	3,460	45,514	-	8,870	-	10,316	-
Other receipts	2,214	11,371	2,172	5,989	-	-	-	72	972	79	-
TOTAL RECEIPTS	69,695	557,494	59,406	73,382	3,460	45,514	-	8,942	2,355	10,395	-
DISBURSEMENTS											
Current											
General government	-	-	-	24,400	-	-	-	-	2,399	-	-
Judicial	-	-	30,578	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	45,989	-	-	-	19,147	1,595
Health and welfare	-	548,000	-	-	-	-	-	8,304	-	-	-
Fair	70,300	-	-	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	70,300	548,000	30,578	24,400	-	45,989	-	8,304	2,399	19,147	1,595
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS											
	(605)	9,494	28,828	48,982	3,460	(475)	-	638	(44)	(8,752)	(1,595)
OTHER FINANCING (USES)											
Operating transfers (out)	-	-	(15,000)	(10,000)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING (USES)	-	-	(15,000)	(10,000)	-	-	-	-	-	-	-
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)											
	(605)	9,494	13,828	38,982	3,460	(475)	-	638	(44)	(8,752)	(1,595)
FUND BALANCE, January 1	18,555	56,098	51,063	103,975	13,015	19,606	175	4,477	204	12,676	19,721
FUND BALANCE, December 31	\$ 17,950	\$ 65,592	\$ 64,891	\$ 142,957	\$ 16,475	\$ 19,131	\$ 175	\$ 5,115	\$ 160	\$ 3,924	\$ 18,126

PRIMARY GOVERNMENT OF NEWTON COUNTY, MISSOURI
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – NONMAJOR SPECIAL REVENUE
 FUNDS – MODIFIED CASH BASIS (CONTINUED)
 Year Ended December 31, 2008

	Law Library Fund	Emergency Grant Fund	Bridge Demolition Fund	Law Enforcement Training Fund	Election Fund	Prosecuting Attorney Delinquent Tax Fund	Sheriff's Criminal Activity Forfeiture Fund	Local Emergency Planning Commission Fund	DARE Program Fund	Recycling Fund	Total
RECEIPTS											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 613,604
Intergovernmental receipts	-	14,096	-	-	-	-	-	11,158	-	-	26,637
Fees and charges	28,066	-	-	20,373	8,745	-	13,725	-	-	-	263,696
Other receipts	787	-	2,743	-	5,169	8,385	819	679	210	1,090	42,751
TOTAL RECEIPTS	28,853	14,096	2,743	20,373	13,914	8,385	14,544	11,837	210	1,090	946,688
DISBURSEMENTS											
Current											
General government	-	-	-	-	3,670	-	-	-	-	-	30,469
Judicial	24,837	-	-	-	-	-	-	-	-	-	55,415
Public safety	-	14,096	-	24,421	-	-	6,626	6,965	-	471	119,310
Health and welfare	-	-	-	-	-	-	-	-	-	-	556,304
Fair	-	-	-	-	-	-	-	-	-	-	70,300
TOTAL DISBURSEMENTS	24,837	14,096	-	24,421	3,670	-	6,626	6,965	-	471	831,798
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	4,016	-	2,743	(4,048)	10,244	8,385	7,918	4,872	210	619	114,890
OTHER FINANCING (USES)											
Operating transfers (out)	-	-	-	-	-	-	-	-	-	-	(25,000)
TOTAL OTHER FINANCING (USES)	-	-	-	-	-	-	-	-	-	-	(25,000)
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	4,016	-	2,743	(4,048)	10,244	8,385	7,918	4,872	210	619	89,890
FUND BALANCE, January 1	59,000	-	72,793	9,449	14,626	10,844	11,746	13,763	531	151	492,468
FUND BALANCE, December 31	\$ 63,016	\$ -	\$ 75,536	\$ 5,401	\$ 24,870	\$ 19,229	\$ 19,664	\$ 18,635	\$ 741	\$ 770	\$ 582,358



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**INDEPENDENT AUDITORS' 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**

Newton County Commission
Newton County
Neosho, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Primary Government of Newton County, Missouri as of and for the year ended December 31, 2008, which collectively comprise the Primary Government of Newton County, Missouri's basic financial statements and have issued our report thereon dated June 5, 2009. In our report, our opinion was modified because the County prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and further, our opinion was modified because the financial statements do not include financial data for the County's legally separate component unit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Primary Government of Newton County, Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the effectiveness of Newton County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Newton County's internal control over financial reporting.

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

Newton County Commission
Newton County
Neosho, Missouri

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies 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.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Primary Government of Newton County, Missouri in a separate letter dated June 5, 2009.

This report is intended solely for the information and use of the County Commission and management and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
June 5, 2009