



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

To the County Commission  
and  
Officeholders of Wayne County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Wayne 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, 2007, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, P.C., Certified Public Accountants, is attached.

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

Susan Montee, CPA  
State Auditor

December 2008  
Report No. 2008-90

**THE COUNTY OF WAYNE, MISSOURI  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
AND SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2007 & 2006**

THE COUNTY OF WAYNE, MISSOURI  
 (the Primary Government)  
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**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITOR'S REPORT  
(the Primary Government)

To the County Commission  
The County of Wayne, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The County of Wayne, (the Primary Government), State of Missouri, as of and for the years ended December 31, 2007 and 2006 which collectively comprise the primary government of Wayne County, Missouri, basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Primary Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements referred to above include only the Primary Government which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the Primary Government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the primary government. As a result, the Primary Government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Primary Government as of December 31, 2007 and 2006, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Health Department of Wayne County and the Wayne County Agency for Developmental Disabilities have issued separate reporting entity financial statements. For information on these component units, please contact the Wayne County Health Department and the Wayne County Agency for Developmental Disabilities, HCR 1 Box 1025, Silva, MO, 63964, 573-224-3645.

As described in Note 1, the basic financial statements of the Primary Government were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information for the Primary Government, as of December 31, 2007 and 2006 for the years then ended in conformity with the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 2008 on our consideration for the Primary Government’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Schedules of Revenues, Expenditures and Change in Fund Balance – Modified Cash Basis – Budget and Actual and related notes on pages 25 through 30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Primary Government’s basic financial statements. The combining and individual non-major funds financial statements on pages 31 through 38 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Daniel Jones & Associates*

DANIEL JONES & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS

August 29, 2008

## FINANCIAL STATEMENTS



THE COUNTY OF WAYNE, MISSOURI  
 (the Primary Government)  
 STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
 FOR THE YEARS ENDED

	December 31, 2007 Total Governmental Activities	December 31, 2006 Total Governmental Activities
ASSETS:		
Cash and cash equivalents	341,479.16	179,619.35
Investments	54,034.45	25,468.31
TOTAL ASSETS	395,513.61	205,087.66
NET ASSETS:		
Unrestricted	44,338.62	22,041.10
Restricted for special purposes	351,174.99	183,046.56
TOTAL NET ASSETS	395,513.61	205,087.66

See accompanying notes to the financial statements

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

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense)
		Charges for Services	Operating Grants and Contributions		Revenue and Changes in Net Assets
					Total Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>					
<b>GOVERNMENTAL ACTIVITIES:</b>					
General county government	990,922.72	503,090.14	1,000,249.28	-	512,416.70
Financial administration	115,439.26	-	-	-	(115,439.26)
Property valuation and recording	209,158.46	-	-	-	(209,158.46)
Administration of justice and law enforcement	848,737.04	-	-	-	(848,737.04)
Health and welfare	17,974.71	-	-	-	(17,974.71)
Special Services	-	-	-	-	-
Surveyor	-	-	-	-	-
Maintenance of roads	1,124,855.50	62,280.10	670,857.85	-	(391,717.55)
Park Maintenance	-	-	-	-	-
Other	7,577.45	-	-	-	(7,577.45)
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal charges	-	-	-	-	-
Capital Outlay:					
Construction of roads and bridges	168,734.15	-	-	-	(168,734.15)
Property, equipment and buildings	59,748.57	-	-	-	(59,748.57)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>3,543,147.86</u>	<u>565,370.24</u>	<u>1,671,107.13</u>	<u>-</u>	<u>(1,306,670.49)</u>

General Revenues:

Taxes	
Property taxes, levied	311,418.88
Sales tax	907,978.73
Investment income	8,105.28
Miscellaneous	269,593.55
<b>TOTAL GENERAL REVENUES</b>	<u>1,497,096.44</u>
<b>CHANGE IN NET ASSETS</b>	<u>190,425.95</u>

NET ASSETS, BEGINNING OF YEAR	205,087.66
NET ASSETS, END OF YEAR	<u>395,513.61</u>

See accompanying notes to the financial statements

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
			Capital Grants and Contributions	Total Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
General county government	1,678,091.81	489,742.20	1,257,573.86	69,224.25
Financial administration	105,528.82	-	-	(105,528.82)
Property valuation and recording	19,383.73	-	-	(19,383.73)
Administration of justice and law enforcement	735,656.72	-	-	(735,656.72)
Health and welfare	-	-	-	-
Special Services	-	-	-	-
Surveyor	-	-	-	-
Maintenance of roads	1,130,433.10	86,822.05	1,234,357.94	190,746.89
Park Maintenance	96,774.31	-	-	(96,774.31)
Other	21,672.27	-	-	(21,672.27)
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal charges	-	-	-	-
Capital Outlay:				
Construction of roads and bridges	757,644.17	-	-	(757,644.17)
Property, equipment and buildings	20,000.00	-	-	(20,000.00)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>4,565,184.93</b>	<b>576,564.25</b>	<b>2,491,931.80</b>	<b>(1,496,688.88)</b>

<b>General Revenues:</b>	
<b>Taxes</b>	
Property taxes, levied	277,907.60
Sales tax	869,902.05
Investment income	5,260.93
Miscellaneous	284,234.64
<b>TOTAL GENERAL REVENUES</b>	<b>1,437,305.22</b>
<b>CHANGE IN NET ASSETS</b>	<b>(59,383.66)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>264,471.32</b>
<b>NET ASSETS, END OF YEAR</b>	<b>205,087.66</b>

See accompanying notes to the financial statements

THE COUNTY OF WAYNE, MISSOURI  
 (the Primary Government)  
 BALANCE SHEET - MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS  
 FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006				
	General	Road and Bridge	Nonmajor Governmental Funds	Total Governmental Funds	General	Road and Bridge	Recorder's Users' Fees	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>									
Cash and Cash Equivalents	44,338.62	79,846.78	217,293.76	341,479.16	22,041.10	57,599.40	7,337.96	92,640.89	179,619.35
Investments	-	27,279.58	26,754.87	54,034.45	-	-	15,491.82	9,976.49	25,468.31
<b>TOTAL ASSETS</b>	<u>44,338.62</u>	<u>107,126.36</u>	<u>244,048.63</u>	<u>395,513.61</u>	<u>22,041.10</u>	<u>57,599.40</u>	<u>22,829.78</u>	<u>102,617.38</u>	<u>205,087.66</u>
<b>FUND BALANCES</b>									
<b>FUND BALANCES:</b>									
Unreserved:									
General Fund	44,338.62	-	-	44,338.62	22,041.10	-	-	-	22,041.10
Special revenue funds	-	107,126.36	244,048.63	351,174.99	-	57,599.40	22,829.78	102,617.38	183,046.56
Total Fund Balances	<u>44,338.62</u>	<u>107,126.36</u>	<u>244,048.63</u>	<u>395,513.61</u>	<u>22,041.10</u>	<u>57,599.40</u>	<u>22,829.78</u>	<u>102,617.38</u>	<u>205,087.66</u>
<b>TOTAL FUND BALANCES</b>	<u>44,338.62</u>	<u>107,126.36</u>	<u>244,048.63</u>	<u>395,513.61</u>	<u>22,041.10</u>	<u>57,599.40</u>	<u>22,829.78</u>	<u>102,617.38</u>	<u>205,087.66</u>

See accompanying notes to the financial statements

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

	DECEMBER 31, 2007				DECEMBER 31, 2006				
	General	Road and Bridge	Non-Major Governmental Funds	Total Governmental Funds	General	Road and Bridge	Recorders Users Fees	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>									
Property taxes	187,114.42	124,304.46	-	311,418.88	167,839.17	110,068.43	-	-	277,907.60
Sales tax	454,110.43	453,868.30	-	907,978.73	434,949.92	434,952.13	-	-	869,902.05
Grants, distributions and reimbursements	454,693.91	670,857.85	545,555.37	1,671,107.13	528,953.20	1,234,357.94	-	728,620.66	2,491,931.80
Fees, licenses, and permits	192,829.59	62,280.10	310,260.55	565,370.24	190,950.89	86,822.05	9,911.50	288,879.81	576,564.25
Interest	1,425.29	4,159.75	2,520.24	8,105.28	858.45	2,592.12	726.81	1,083.55	5,260.93
Other	129,452.41	47,038.21	93,102.93	269,593.55	136,270.33	54,527.56	4,975.00	88,461.75	284,234.64
<b>Total Revenues</b>	<b>1,419,626.05</b>	<b>1,362,508.67</b>	<b>951,439.09</b>	<b>3,733,573.81</b>	<b>1,459,821.96</b>	<b>1,923,320.23</b>	<b>15,613.31</b>	<b>1,107,045.77</b>	<b>4,505,801.27</b>
<b>EXPENDITURES:</b>									
<b>Current:</b>									
General county government	618,492.18	-	372,430.54	990,922.72	861,348.22	-	5,464.23	811,279.36	1,678,091.81
Financial administration	115,439.26	-	-	115,439.26	105,528.82	-	-	-	105,528.82
Property valuation and recording	40,909.59	-	168,248.87	209,158.46	19,383.73	-	-	-	19,383.73
Administration of justice and enforcement	655,939.39	-	192,797.65	848,737.04	601,212.61	-	-	134,444.11	735,656.72
Health and welfare	17,974.71	-	-	17,974.71	-	-	-	-	-
Special Services	-	-	-	-	-	-	-	-	-
Surveyor	-	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-	-
Maintenance of roads	-	1,124,088.76	766.74	1,124,855.50	-	1,129,681.71	-	751.39	1,130,433.10
Justice Center	-	-	-	-	-	-	-	-	-
Park Maintenance	-	-	-	-	-	-	-	96,774.31	96,774.31
Other	-	-	7,577.45	7,577.45	-	-	-	21,672.27	21,672.27
<b>Capital outlay:</b>									
Construction of roads and bridges	-	168,734.15	-	168,734.15	-	757,644.17	-	-	757,644.17
Property, equipment and buildings	-	15,255.00	44,493.57	59,748.57	-	20,000.00	-	-	20,000.00
<b>Total Expenditures</b>	<b>1,448,755.13</b>	<b>1,308,077.91</b>	<b>786,314.82</b>	<b>3,543,147.86</b>	<b>1,587,473.38</b>	<b>1,907,325.88</b>	<b>5,464.23</b>	<b>1,064,921.44</b>	<b>4,565,184.93</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(29,129.08)</b>	<b>54,430.76</b>	<b>165,124.27</b>	<b>190,425.95</b>	<b>(127,651.42)</b>	<b>15,994.35</b>	<b>10,149.08</b>	<b>42,124.33</b>	<b>(59,383.66)</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	79,290.69	66,532.73	27,864.09	173,687.51	121,684.07	31,468.69	-	9,210.03	162,362.79
Transfers out	(27,864.09)	(71,436.53)	(74,386.89)	(173,687.51)	(9,210.03)	(97,727.51)	(22,956.56)	(32,468.69)	(162,362.79)
Debt Service	-	-	-	-	-	-	-	-	-
Principal payment	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (uses)</b>	<b>51,426.60</b>	<b>(4,903.80)</b>	<b>(46,522.80)</b>	<b>-</b>	<b>112,474.04</b>	<b>(66,258.82)</b>	<b>(22,956.56)</b>	<b>(23,258.66)</b>	<b>0.00</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>22,297.52</b>	<b>49,526.96</b>	<b>118,601.47</b>	<b>190,425.95</b>	<b>(15,177.38)</b>	<b>(50,264.47)</b>	<b>(12,807.48)</b>	<b>18,865.67</b>	<b>(59,383.66)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>22,041.10</b>	<b>57,599.40</b>	<b>125,447.16</b>	<b>205,087.66</b>	<b>37,218.48</b>	<b>107,863.87</b>	<b>35,637.26</b>	<b>83,751.71</b>	<b>264,471.32</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>44,338.62</b>	<b>107,126.36</b>	<b>244,048.63</b>	<b>395,513.61</b>	<b>22,041.10</b>	<b>57,599.40</b>	<b>22,829.78</b>	<b>102,617.38</b>	<b>205,087.66</b>

See accompanying notes to the financial statements











THE COUNTY OF WAYNE, MISSOURI  
 (the Primary Government)  
 STATEMENT OF FIDUCIARY NET ASSETS  
 MODIFIED CASH BASIS - AGENCY FUNDS  
 FOR THE YEARS ENDED

	December 31, 2007 Agency Funds	December 31, 2006 Agency Funds
<b>ASSETS</b>		
Cash and Cash equivalents	3,605,466.57	3,729,662.37
Investments	<u>47,123.58</u>	<u>44,879.57</u>
<b>TOTAL ASSETS</b>	<u><u>3,652,590.15</u></u>	<u><u>3,774,541.94</u></u>
<b>LIABILITIES</b>		
Due to other funds	<u>3,652,590.15</u>	<u>3,774,541.94</u>
<b>TOTAL LIABILITIES</b>	<u><u>3,652,590.15</u></u>	<u><u>3,774,541.94</u></u>

See accompanying notes to financial statements

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Wayne, Missouri (“County”), which is governed by a three-member board of commissioners, was established in 1818 an Act of the Missouri Territory. In addition to the three board members, there are six elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, Sheriff, and Prosecuting attorney.

As discussed further in Note 1, these financial statements are presented on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**A. Reporting Entity**

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

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

The financial statements referred to above include only the primary government of Wayne 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 require to be reported with the financial data of the County’s primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the County of Wayne, Missouri as of December 31, 2007 and 2006, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Health Department of Wayne County, Missouri, and the Wayne County Agency for Developmental Disabilities have issued separate reporting entity financial statements. For information on these component units, please contact the Wayne County Health Department at 573-224-3218 or write to P.O. Box 259, Greenville, MO, 63944 or the Wayne County Agency for Developmental Disabilities at 573-224-3645 or write to HCR 1 Box 1025, Silva, MO, 63964.

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation**

*Government-wide Financial Statements:*

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

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

*Fund Financial Statements:*

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

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (continued)**

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

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are summarized by type are in the basic financial statements. The following fund types are used by the County:

Governmental Fund Types

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

The following are the County's governmental major 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** – A special Revenue Fund used to account for receipts of the County property tax levy and related expenditures for road maintenance and improvement projects.

**Recorder's Users Fees Fund (2006 only)** - A special revenue fund used for the use of the Recorder's equipment purchases, office upkeep and salaries for help if required.

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

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Basis of Presentation (concluded)

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

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

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

THE COUNTY OF WAYNE, MISSOURI  
 (the Primary Government)  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2007 & 2006

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Property Taxes

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

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2007 and 2006, for purposes of taxation was:

	2007	2006
Real Estate	\$ 74,715,583	\$ 63,611,469
Personal Property	28,520,750	31,649,115
Railroad and Utilities	11,731,460	11,729,978
	\$ 114,967,793	\$ 106,990,562

During 2007 and 2006 the County Commission approved a \$0.255 and \$0.255 respectively tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2007 and 2006, for purposes of County taxation, as follows:

	2007	2006
General Revenue Fund	\$ 0.1450	\$ 0.1450
Road and Bridge	\$ 0.1100	\$ 0.1100
	\$ 0.2550	\$ 0.2550

E. Cash Deposits and Investments

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

State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investment shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

E. Cash Deposits and Investments (concluded)

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 2.

F. Interfund Transactions

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

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

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

G. Reserved Fund Balance

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

H. Net Assets

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

I. Use of Estimates in Financial Statements

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



THE COUNTY OF WAYNE, MISSOURI  
 (the Primary Government)  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2007 & 2006

**2. 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 on the Balance Sheet Governmental Funds arising from cash transactions as "Cash and Equivalents" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2007 and 2006, the carrying amount of the County's deposits was \$482,533.05 and \$290,150.00 the bank balance was \$620,982.40 and \$522,405.54 respectively.

**SUMMARY OF CARRYING VALUES**

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2007, as follows:

Included in the following fund financial statement captions:

Balance Sheet – Government Funds	
Cash	\$ 341,479.16
Investments	<u>54,034.45</u>
<b>Total Cash &amp; Investments as of December 31, 2007</b>	<b>\$ <u>395,513.61</u></b>

As of December 31, 2007, the County's investments were as follows:

<u>Fund</u>	<u>Investments 2007</u> Type	<u>Maturities</u>	<u>Cost</u>
Road and Bridge	Certificate of Deposit	06/28/2008	\$ 27,279.58
Land Fill	Certificate of Deposit	10/01/2008	10,473.82
Circuit Clerk	Certificate of Deposit	01/18/2008	<u>16,281.05</u>
<b>Total Investments</b>			<b>\$ <u>54,034.45</u></b>

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2006, as follows:

Included in the following fund financial statement captions:

Balance Sheet – Government Funds	
Cash	\$ 179,619.35
Investments	<u>25,468.31</u>
<b>Total Cash &amp; Investments as of December 31, 2006</b>	<b>\$ <u>205,087.66</u></b>

THE COUNTY OF WAYNE, MISSOURI  
 (the Primary Government)  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2007 & 2006

**2. CASH AND INVESTMENTS (CONTINUED)**

As of December 31, 2006, the County's investments were as follows:

<u>Fund</u>	<u>Investments 2006</u> Type	<u>Maturities</u>	<u>Cost</u>
Land Fill	Certificate of Deposit	10/01/2007	\$ 9,976.49
Circuit Clerk	Certificate of Deposit	01/18/2007	15,491.82
<b>Total Investments</b>			<u>\$ 25,468.31</u>

Custodial Credit Risk – Deposits

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

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 not 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

The County has no policy in place to minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investments portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. Maturities of investment held at December 31, 2007 and 2006 are provided in the schedule above.

Investment Credit Risk

The County has no policy in place to minimize credit risk, the risk of loss due to the failure of the security issuer or backer.

As of December 31, 2007 and 2006, all investments of the County were rated AAA.

THE COUNTY OF WAYNE, MISSOURI  
 (the Primary Government)  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2007 & 2006

**2. CASH AND INVESTMENTS (CONCLUDED)**

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 no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities.

At December 31, 2007 and 2006, 100% of the County's investments were guaranteed by the U.S. Government.

**3. INTERFUND TRANSFERS**

Transfers between funds for the year ended December 31, 2007 and 2006 are as follows:

	2007		2006	
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds				
General Fund	\$ 79,290.69	\$ 27,864.09	\$ 121,684.07	\$ 9,210.03
Road and Bridge	\$ 66,532.73	\$ 71,436.53	\$ 31,468.69	\$ 97,727.51
Recorder's Users	0.00	5,000.00	0.00	22,956.56
Non-major Funds	\$ 27,864.09	\$ 69,386.89	\$ 9,210.03	\$ 32,468.69
Total	<u>\$ 173,687.51</u>	<u>\$ 173,687.51</u>	<u>\$ 162,362.79</u>	<u>\$ 162,362.79</u>

**4. 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.

THE COUNTY OF WAYNE, MISSOURI  
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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

**4. COUNTY EMPLOYEE'S RETIRMENT FUND (CERF) (CONCLUDED)**

A. Plan Description (concluded)

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 all departments.

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, Jefferson City, MO 65102-2271, or by calling 1-573-632-9203.

C. Funding Policy

In accordance with State Statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 have an option to contribute 2% of their annually salary, while employees hired after February 2002 are required to contribute 6% of their annual salary in order to participate in the CERF. During 2007 and 2006, the County collected and remitted to CERF, employee contributions of approximately for \$94,296.43 and \$88,057.88, respectively, for the years then ended.

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

**5. 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, 2007 and 2006.

**6. POST EMPLOYMENT BENEFITS**

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

**7. CLAIMS COMMITMENTS AND CONTINGENCIES**

A. Litigation

At this time there are no litigation matters for years ended December 31, 2007 and 2006.

B. Compensated Absences

The County provides employees with up to three weeks of paid vacation based upon the number of years of continuing service. Upon termination from county employment, an employee is not reimbursed for sick leave. Sick time is accrued at ½ a day per month after the first 90 days of employment. These have not been subjected to auditing procedures.

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 not appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

**8. RISK MANAGEMENT**

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

THE COUNTY OF WAYNE, MISSOURI  
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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

**8. RISK MANAGEMENT (CONCLUDED)**

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

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

**9. SUBSEQUENT EVENTS**

The Wayne County Improvement Corp was organized in order to construct a new administration and detention facility in Wayne County. Construction will begin on the new facility in 2008.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES:								
Property taxes	167,955.00	167,955.00	187,114.42	19,159.42	143,507.61	143,507.61	167,839.17	24,331.56
Sales tax	430,000.00	430,000.00	454,110.43	24,110.43	430,000.00	430,000.00	434,949.92	4,949.92
Grants, distributions and reimbursements	349,023.16	349,023.16	454,693.91	105,670.75	447,139.56	447,139.56	528,953.20	81,813.64
Fees, licenses, other taxes and permits	193,338.05	193,338.05	192,829.59	(508.46)	192,850.00	192,850.00	190,950.89	(1,899.11)
Interests	700.00	700.00	1,425.29	725.29	700.00	700.00	858.45	158.45
Other	151,869.05	151,869.05	129,452.41	(22,416.64)	134,175.56	134,175.56	136,270.33	2,094.77
Total Revenues	1,292,885.26	1,292,885.26	1,419,626.05	126,740.79	1,348,372.73	1,348,372.73	1,459,821.96	111,449.23
EXPENDITURES:								
Current:								
General county government	689,798.38	689,798.38	618,492.18	71,306.20	947,972.02	947,972.02	861,348.22	86,623.80
Financial Administration	117,576.19	117,576.19	115,439.26	2,136.93	110,461.12	110,461.12	105,528.82	4,932.30
Property valuation and recording	41,652.03	41,652.03	40,909.59	742.44	20,715.24	20,715.24	19,383.73	1,331.51
Administration of justice and law enforcement	623,313.79	623,313.79	655,939.39	(32,625.60)	621,532.50	621,532.50	601,212.61	20,319.89
Justice Center	50,000.00	50,000.00	17,974.71	32,025.29	-	-	-	-
Capital Outlay:								
Property, equipment and buildings	-	-	-	-	-	-	-	-
Total Expenditures	1,522,340.39	1,522,340.39	1,448,755.13	73,585.26	1,700,680.88	1,700,680.88	1,587,473.38	113,207.50
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(229,455.13)	(229,455.13)	(29,129.08)	200,326.05	(352,308.15)	(352,308.15)	(127,651.42)	224,656.73
OTHER FINANCING SOURCES (USES):								
Transfers in	237,391.33	237,391.33	79,290.69	(158,100.64)	327,048.35	327,048.35	121,684.07	(205,364.28)
Transfers out	(23,264.09)	(23,264.09)	(27,864.09)	(4,600.00)	(9,210.03)	(9,210.03)	(9,210.03)	-
Debt Service	-	-	-	-	-	-	-	-
Principal payment	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	214,127.24	214,127.24	51,426.60	(162,700.64)	317,838.32	317,838.32	112,474.04	(205,364.28)
NET CHANGE IN FUND BALANCE	(15,327.89)	(15,327.89)	22,297.52	37,625.41	(34,469.83)	(34,469.83)	(15,177.38)	19,292.45
RESTATE FUND BALANCE - BEGIN OF YEAR	22,041.10	22,041.10	22,041.10	-	37,218.48	37,218.48	37,218.48	-
FUND BALANCE - END OF YEAR	6,713.21	6,713.21	44,338.62	37,625.41	2,748.65	2,748.65	22,041.10	19,292.45

See accompanying independent auditors' report



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

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)
	Original	Final			Original	Final		
EXPENDITURES:								
Current:								
General County Government:								
County Commission	\$ 71,229.76	71,229.76	70,885.45	\$ 344.31	\$ 68,901.64	68,901.64	68,887.15	\$ 14.49
County Clerk	59,935.76	59,935.76	59,160.94	774.82	71,029.00	71,029.00	69,729.85	1,299.15
Elections	45,925.32	45,925.32	43,079.71	2,845.61	300,737.10	300,737.10	292,057.53	8,679.57
Buildings and grounds	83,257.12	83,257.12	53,131.74	30,125.38	60,457.12	60,457.12	53,321.23	7,135.89
Employee fringe benefits	271,163.18	271,163.18	250,997.56	20,165.62	301,045.38	301,045.38	246,495.07	54,550.31
Emergency Fund	-	-	-	-	-	-	-	-
Assessor	-	-	-	-	-	-	-	-
Highways and Roads	-	-	-	-	-	-	-	-
Other	158,287.24	158,287.24	141,236.78	17,050.46	145,801.78	145,801.78	130,857.39	14,944.39
	<u>689,798.38</u>	<u>689,798.38</u>	<u>618,492.18</u>	<u>71,306.20</u>	<u>947,972.02</u>	<u>947,972.02</u>	<u>861,348.22</u>	<u>86,623.80</u>
Financial Administration:								
Collector	79,666.67	79,666.67	77,568.12	2,098.55	75,141.12	75,141.12	71,211.95	3,929.17
Treasurer	37,909.52	37,909.52	37,871.14	38.38	35,320.00	35,320.00	34,316.87	1,003.13
	<u>117,576.19</u>	<u>117,576.19</u>	<u>115,439.26</u>	<u>2,136.93</u>	<u>110,461.12</u>	<u>110,461.12</u>	<u>105,528.82</u>	<u>4,932.30</u>
Property Valuation and Recording:								
Recorder of Deeds	41,652.03	41,652.03	40,909.59	742.44	20,715.24	20,715.24	19,383.73	1,331.51
Justice Center	50,000.00	50,000.00	17,974.71	32,025.29	-	-	-	-
Capital Outlay:								
Property, Equipment & Buildings	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report

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

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)
	Original	Final			Original	Final		
Administration of Justice and Law Enforcement:								
Associate Circuit Court	1,000.00	1,000.00	998.70	1.30	1,000.00	1,000.00	979.96	20.04
Associate Circuit Court-Probate	-	-	-	-	-	-	-	-
Circuit Clerk	24,700.00	24,700.00	20,615.67	4,084.33	24,701.69	24,701.69	19,371.97	5,329.72
Court Administrator	7,181.00	7,181.00	2,965.66	4,215.34	6,832.00	6,832.00	4,049.62	2,782.38
Coroner	18,413.32	18,413.32	15,867.01	2,546.31	17,340.00	19,872.65	19,824.38	48.27
Jail	145,965.12	145,965.12	190,374.81	(44,409.69)	170,168.11	170,168.11	166,407.17	3,760.94
Jury Script	-	-	-	-	-	-	-	-
Justice Center	-	-	-	-	-	-	-	-
Juvenile Officer	39,486.53	39,486.53	39,486.53	-	39,042.89	39,042.89	39,042.89	-
Medical Examiner	-	-	-	-	-	-	-	-
Sheriffs Office	262,040.70	262,040.70	262,040.62	0.08	237,783.56	237,783.56	229,587.63	8,195.93
Special Services	-	-	-	-	-	-	-	-
Patrol Cars	-	-	-	-	-	-	-	-
Prosecuting Attorney	98,527.12	98,527.12	97,666.48	860.64	98,664.25	98,664.25	96,530.85	2,133.40
Prosecuting Attorney Retirement	-	-	-	-	-	-	-	-
Public Administrator	26,000.00	26,000.00	25,923.91	76.09	26,000.00	26,000.00	25,418.14	581.86
	<u>623,313.79</u>	<u>623,313.79</u>	<u>655,939.39</u>	<u>(32,625.60)</u>	<u>621,532.50</u>	<u>624,065.15</u>	<u>601,212.61</u>	<u>22,852.54</u>
Total Expenditures	\$ <u>1,522,340.39</u>	<u>1,522,340.39</u>	<u>1,448,755.13</u>	<u>73,585.26</u>	\$ <u>1,700,680.88</u>	<u>1,703,213.53</u>	<u>1,587,473.38</u>	<u>115,740.15</u>

See accompanying independent auditors' report

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

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES:								
Property tax	117,096.72	117,096.72	124,304.46	7,207.74	108,601.89	108,601.89	110,068.43	1,466.54
Sales tax	430,000.00	430,000.00	453,868.30	23,868.30	425,000.00	425,000.00	434,952.13	9,952.13
Grants, distributions and reimbursements	1,646,483.22	1,646,483.22	670,857.85	(975,625.37)	2,198,428.83	2,198,428.83	1,234,357.94	(964,070.89)
Fees, licenses and permits	77,753.38	77,753.38	62,280.10	(15,473.28)	88,230.00	88,230.00	86,822.05	(1,407.95)
Interest	1,200.00	1,200.00	4,159.75	2,959.75	800.00	800.00	2,592.12	1,792.12
Other	108,223.73	108,223.73	47,038.21	(61,185.52)	76,640.28	76,640.28	54,527.56	(22,112.72)
Total Revenues	<u>2,380,757.05</u>	<u>2,380,757.05</u>	<u>1,362,508.67</u>	<u>(1,018,248.38)</u>	<u>2,897,701.00</u>	<u>2,897,701.00</u>	<u>1,923,320.23</u>	<u>(974,380.77)</u>
EXPENDITURES:								
Current:								
Maintenance of Roads:								
Salaries	398,462.73	398,462.73	368,239.76	30,222.97	418,000.00	418,000.00	381,946.15	36,053.85
Employee Benefits	152,913.00	152,913.00	144,315.53	8,597.47	150,650.00	150,650.00	139,507.24	11,142.76
Supplies	264,590.63	264,590.63	258,999.52	5,591.11	252,586.42	252,586.42	262,743.27	(10,156.85)
Insurance	43,600.00	43,600.00	40,674.40	2,925.60	47,000.00	47,000.00	27,213.00	19,787.00
Materials	148,266.16	148,266.16	190,923.08	(42,656.92)	140,732.99	140,732.99	154,998.72	(14,265.73)
Equipment Repairs	-	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	-	-
R&B Construction, repair & maint. Projects	1,168,713.92	1,168,713.92	168,734.15	999,979.77	1,659,916.83	1,659,916.83	757,644.17	902,272.66
Other Expenses	144,198.34	144,198.34	120,936.47	23,261.87	161,693.58	161,693.58	163,273.33	(1,579.75)
Capital Outlay:								
Property, Equipment & Buildings	10,000.00	10,000.00	15,255.00	(5,255.00)	20,000.00	20,000.00	20,000.00	-
Total Expenditures	<u>2,330,744.78</u>	<u>2,330,744.78</u>	<u>1,308,077.91</u>	<u>1,022,666.87</u>	<u>2,850,579.82</u>	<u>2,850,579.82</u>	<u>1,907,325.88</u>	<u>943,253.94</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	50,012.27	50,012.27	54,430.76	4,418.49	47,121.18	47,121.18	15,994.35	(31,126.83)
OTHER FINANCING SOURCES(USES):								
Transfers in	-	-	66,532.73	66,532.73	-	-	31,468.69	31,468.69
Transfers out	(107,611.67)	(107,611.67)	(71,436.53)	36,175.14	(144,885.05)	(144,885.05)	(97,727.51)	47,157.54
Debt Service	-	-	-	-	(10,100.00)	(10,100.00)	-	10,100.00
Total Other Financing Sources (Uses)	<u>(107,611.67)</u>	<u>(107,611.67)</u>	<u>(4,903.80)</u>	<u>102,707.87</u>	<u>(154,985.05)</u>	<u>(154,985.05)</u>	<u>(66,258.82)</u>	<u>88,726.23</u>
NET CHANGE IN FUND BALANCE	(57,599.40)	(57,599.40)	49,526.96	107,126.36	(107,863.87)	(107,863.87)	(50,264.47)	57,599.40
FUND BALANCE - BEGINNING OF YEAR	57,599.40	57,599.40	57,599.40	-	107,863.87	107,863.87	107,863.87	-
FUND BALANCE - END OF YEAR	<u>0.00</u>	<u>0.00</u>	<u>107,126.36</u>	<u>107,126.36</u>	<u>(0.00)</u>	<u>(0.00)</u>	<u>57,599.40</u>	<u>57,599.40</u>

See accompanying independent auditors' report

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS-SPECIAL REVENUE MAJOR FUND-BUDGET AND ACTUAL  
RECORDER'S USERS FEES FUND  
UNAUDITED  
FOR THE YEARS ENDED  
DECEMBER 31, 2007

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES:								
Property tax	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	-	-	-	-	-	-	-	-
Fees, licenses and permits	-	-	-	-	10,000.00	10,000.00	9,911.50	(88.50)
Interest	-	-	-	-	500.00	500.00	726.81	226.81
Other	-	-	-	-	5,400.00	5,400.00	4,975.00	(425.00)
Total Revenues	-	-	-	-	15,900.00	15,900.00	15,613.31	(286.69)
EXPENDITURES:								
Current:								
General County Government	-	-	-	-	20,556.28	5,464.23	5,464.23	-
Maintenance of Roads:								
Salaries	-	-	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-	-
Equipment Repairs	-	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	-	-
R&B Construction, repair & maint. Projects	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment & Buildings	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	20,556.28	5,464.23	5,464.23	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	(4,656.28)	10,435.77	10,149.08	(286.69)
OTHER FINANCING SOURCES(USES):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(15,466.25)	(22,956.56)	(22,956.56)	-
Debt Service	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	(15,466.25)	(22,956.56)	(22,956.56)	-
NET CHANGE IN FUND BALANCE	-	-	-	-	(20,122.53)	(12,520.79)	(12,807.48)	(286.69)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-	35,637.26	35,637.26	35,637.26	-
FUND BALANCE - END OF YEAR	-	-	-	-	15,514.73	23,116.47	22,829.78	(286.69)

See accompanying independent auditors' report

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2007 & 2006

**Budgets 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.

6. Budgets are prepared and adopted on the modified cash basis of accounting.
7. The County deficit budgeted in both the General and Road & Bridge Funds for 2006 and for the General Fund for 2007.

## SUPPLEMENTARY INFORMATION

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

	Assessment Fund	Law Enforcement Fund	Pros. Att. Training Fund	Landfill Fund	Forest Reserve Title III	PWSD #2,#3,#4 Fund	Recorder's Users Fund	Special Check Fund	Sheriff's Civil Fund	Special Law Enforcement Fund	Unclaimed Fees Fund	Special Trust Fund	Law Enforcement Restitution Fund	Drug Court Judge Fund
<b>ASSETS</b>														
Cash and Cash Equivalents	15,363.95	251.14	639.20	-	-	-	8,727.72	18,321.78	16.38	1,768.84	3,915.96	672.93	1,099.38	34,748.19
Investments	-	-	-	10,473.82	-	-	16,281.05	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>15,363.95</u>	<u>251.14</u>	<u>639.20</u>	<u>10,473.82</u>	<u>-</u>	<u>-</u>	<u>25,008.77</u>	<u>18,321.78</u>	<u>16.38</u>	<u>1,768.84</u>	<u>3,915.96</u>	<u>672.93</u>	<u>1,099.38</u>	<u>34,748.19</u>
<b>LIABILITIES AND FUND BALANCES</b>														
<b>TOTAL LIABILITIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>UNRESERVED FUND BALANCES</b>	<u>15,363.95</u>	<u>251.14</u>	<u>639.20</u>	<u>10,473.82</u>	<u>-</u>	<u>-</u>	<u>25,008.77</u>	<u>18,321.78</u>	<u>16.38</u>	<u>1,768.84</u>	<u>3,915.96</u>	<u>672.93</u>	<u>1,099.38</u>	<u>34,748.19</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>15,363.95</u>	<u>251.14</u>	<u>639.20</u>	<u>10,473.82</u>	<u>-</u>	<u>-</u>	<u>25,008.77</u>	<u>18,321.78</u>	<u>16.38</u>	<u>1,768.84</u>	<u>3,915.96</u>	<u>672.93</u>	<u>1,099.38</u>	<u>34,748.19</u>

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

	F.I.T. Fund	Flood Control Fund	Law Library Fund	Sheriff's Donation Fund	CERF Fund	Corp Trail Grant Fund	Court Recorder Syst. Fund	Fines Fund	Forest Reserve Fund	Del. Tax Coll. Fund	Revolving Fund	Total
<b>ASSETS</b>												
Cash and Cash Equivalents	1,918.52	-	18.63	32.09	2,964.66	-	1,201.97	124,604.85	-	984.22	43.35	217,293.76
Investments	-	-	-	-	-	-	-	-	-	-	-	26,754.87
<b>TOTAL ASSETS</b>	<u>1,918.52</u>	<u>-</u>	<u>18.63</u>	<u>32.09</u>	<u>2,964.66</u>	<u>-</u>	<u>1,201.97</u>	<u>124,604.85</u>	<u>-</u>	<u>984.22</u>	<u>43.35</u>	<u>244,048.63</u>
<b>LIABILITIES AND FUND BALANCES</b>												
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	1,918.52	-	18.63	32.09	2,964.66	-	1,201.97	124,604.85	-	984.22	43.35	244,048.63
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>1,918.52</u>	<u>-</u>	<u>18.63</u>	<u>32.09</u>	<u>2,964.66</u>	<u>-</u>	<u>1,201.97</u>	<u>124,604.85</u>	<u>-</u>	<u>984.22</u>	<u>43.35</u>	<u>244,048.63</u>



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

	Assessment Fund	Law Enforcement Fund	Pros. Att. Training Fund	Landfill Fund	Forest Reserve Title III	PWSD #2,#3,#4 Fund	Recorder's Users Fund	Special Check Fund	Sheriff's Civil Fund	Special Law Enforcement	Unclaimed Fees Fund	Special Trust Fund	Law Enforcement Restitution Fund
<b>REVENUES:</b>													
Property taxes													
Sales tax													
Grants, distributions and reimbursements	81,754.36	5,039.66	-	-	32,793.38	-	-	-	-	-	-	-	-
Fees, licenses and permits	4,364.81	-	-	-	-	-	9,702.75	25,029.05	27,419.05	36,254.54	1,215.92	-	54,231.76
Interest	-	-	-	497.33	-	-	1,059.31	-	-	-	-	-	-
Other	58,436.64	-	839.58	-	-	-	5,400.00	-	-	-	-	613.72	114.11
<b>Total Revenues</b>	<b>144,555.81</b>	<b>5,039.66</b>	<b>839.58</b>	<b>497.33</b>	<b>32,793.38</b>	<b>-</b>	<b>16,162.06</b>	<b>25,029.05</b>	<b>27,419.05</b>	<b>36,254.54</b>	<b>1,215.92</b>	<b>613.72</b>	<b>54,345.87</b>
<b>EXPENDITURES</b>													
<b>Current:</b>													
General county government	-	-	-	-	32,793.38	-	8,983.07	14,774.14	-	-	-	-	-
Property valuation and recording	168,248.87	-	-	-	-	-	-	-	-	-	-	-	-
Administration of justice and law enforcement	-	6,408.72	447.03	-	-	-	-	-	-	35,965.41	-	-	55,053.44
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance of roads	-	-	-	-	-	-	-	-	-	-	-	-	-
Park maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	6.00	-	-	752.91	-	-
<b>Capital Outlay:</b>													
Construction of roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	-	27,493.87	-	-	-	-
<b>Total Expenditures</b>	<b>168,248.87</b>	<b>6,408.72</b>	<b>447.03</b>	<b>-</b>	<b>32,793.38</b>	<b>-</b>	<b>8,983.07</b>	<b>14,780.14</b>	<b>27,493.87</b>	<b>35,965.41</b>	<b>752.91</b>	<b>-</b>	<b>55,053.44</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(23,693.06)</b>	<b>(1,369.06)</b>	<b>392.55</b>	<b>497.33</b>	<b>-</b>	<b>-</b>	<b>7,178.99</b>	<b>10,248.91</b>	<b>(74.82)</b>	<b>289.13</b>	<b>463.01</b>	<b>613.72</b>	<b>(707.57)</b>
<b>OTHER FINANCING SOURCES (USES):</b>													
Transfers in	27,864.09	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(5,000.00)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>27,864.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,000.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,171.03</b>	<b>(1,369.06)</b>	<b>392.55</b>	<b>497.33</b>	<b>-</b>	<b>-</b>	<b>2,178.99</b>	<b>10,248.91</b>	<b>(74.82)</b>	<b>289.13</b>	<b>463.01</b>	<b>613.72</b>	<b>(707.57)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>11,192.92</b>	<b>1,620.20</b>	<b>246.65</b>	<b>9,976.49</b>	<b>-</b>	<b>-</b>	<b>22,829.78</b>	<b>8,072.87</b>	<b>91.20</b>	<b>1,479.71</b>	<b>3,452.95</b>	<b>59.21</b>	<b>1,806.95</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>15,363.95</b>	<b>251.14</b>	<b>639.20</b>	<b>10,473.82</b>	<b>-</b>	<b>-</b>	<b>25,008.77</b>	<b>18,321.78</b>	<b>16.38</b>	<b>1,768.84</b>	<b>3,915.96</b>	<b>672.93</b>	<b>1,099.38</b>

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

	Drug Court Judge Fund	F.L.T. Fund	Flood Control Fund	Law Library Fund	Sheriff's Donation Fund	CERF Fund	Corp Trail Grant Fund	Court Recorder Syst. Fund	Fines Fund	Forest Reserve Fund	Del. Tax Coll. Fund	Revolving Fund	Total
<b>REVENUES:</b>													
Property taxes													-
Sales tax													-
Grants, distributions and reimbursements	67,771.27	-	-	-	-	92,065.76	-	-	-	266,130.94	-	-	545,555.37
Fees, licenses and permits	8,616.50	-	-	-	13,589.96	-	-	-	124,604.85	-	-	5,231.36	310,260.55
Interest	963.60	-	-	-	-	-	-	-	-	-	-	-	2,520.24
Other	17,115.33	2,182.71	-	7,722.44	-	-	-	87.86	-	-	590.54	-	93,102.93
<b>Total Revenues</b>	<b>94,466.70</b>	<b>2,182.71</b>	<b>-</b>	<b>7,722.44</b>	<b>13,589.96</b>	<b>92,065.76</b>	<b>-</b>	<b>87.86</b>	<b>124,604.85</b>	<b>266,130.94</b>	<b>590.54</b>	<b>5,231.36</b>	<b>951,439.09</b>
<b>EXPENDITURES</b>													
<b>Current:</b>													
General county government	-	-	21,985.31	-	-	94,296.43	-	-	-	199,598.21	-	-	372,430.54
Property valuation and recording	-	-	-	-	-	-	-	-	-	-	-	-	168,248.87
Administration of justice and law enforcement	85,665.12	-	-	9,257.93	-	-	-	-	-	-	-	-	192,797.65
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance of roads	-	-	766.74	-	-	-	-	-	-	-	-	-	766.74
Park maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	6,818.54	-	-	-	-	-	-	-	-	-	-	7,577.45
<b>Capital Outlay:</b>													
Construction of roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	14,572.66	-	-	-	-	-	-	2,427.04	44,493.57
<b>Total Expenditures</b>	<b>85,665.12</b>	<b>6,818.54</b>	<b>22,752.05</b>	<b>9,257.93</b>	<b>14,572.66</b>	<b>94,296.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,598.21</b>	<b>-</b>	<b>2,427.04</b>	<b>786,314.82</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>8,801.58</b>	<b>(4,635.83)</b>	<b>(22,752.05)</b>	<b>(1,535.49)</b>	<b>(982.70)</b>	<b>(2,230.67)</b>	<b>-</b>	<b>87.86</b>	<b>124,604.85</b>	<b>66,532.73</b>	<b>590.54</b>	<b>2,804.32</b>	<b>165,124.27</b>
<b>OTHER FINANCING SOURCES (USES):</b>													
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	27,864.09
Transfers out	-	-	-	-	-	-	-	-	-	(66,532.73)	-	(2,854.16)	(74,386.89)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(66,532.73)</b>	<b>-</b>	<b>(2,854.16)</b>	<b>(46,522.80)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>8,801.58</b>	<b>(4,635.83)</b>	<b>(22,752.05)</b>	<b>(1,535.49)</b>	<b>(982.70)</b>	<b>(2,230.67)</b>	<b>-</b>	<b>87.86</b>	<b>124,604.85</b>	<b>-</b>	<b>590.54</b>	<b>(49.84)</b>	<b>118,601.47</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>25,946.61</b>	<b>6,554.35</b>	<b>22,752.05</b>	<b>1,554.12</b>	<b>1,014.79</b>	<b>5,195.33</b>	<b>-</b>	<b>1,114.11</b>	<b>-</b>	<b>-</b>	<b>393.68</b>	<b>93.19</b>	<b>125,447.16</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>34,748.19</b>	<b>1,918.52</b>	<b>-</b>	<b>18.63</b>	<b>32.09</b>	<b>2,964.66</b>	<b>-</b>	<b>1,201.97</b>	<b>124,604.85</b>	<b>-</b>	<b>984.22</b>	<b>43.35</b>	<b>244,048.63</b>

THE COUNTY OF WAYNE, MISSOURI  
 (the Primary Government)  
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
 DECEMBER 31, 2006

	Assessment Fund	Law Enforcement Fund	Pros. Att. Training Fund	Landfill Fund	National Forest Reserve Title III	PWSD #2,#3,#4 Fund	Special Trust Fund	Special Check Fund	Sheriff's Civil Fund	Flood Control Fund	Special Law Enforcement Fund	Unclaimed Fees Fund	Law Enforcement Restitution Fund	Drug Court Judge Fund
<b>ASSETS</b>														
Cash and Cash Equivalents	11,192.92	1,620.20	246.65	-	-	-	59.21	8,072.87	91.20	22,752.05	1,479.71	3,452.95	1,806.95	25,946.61
Investments	-	-	-	9,976.49	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>11,192.92</u>	<u>1,620.20</u>	<u>246.65</u>	<u>9,976.49</u>	<u>-</u>	<u>-</u>	<u>59.21</u>	<u>8,072.87</u>	<u>91.20</u>	<u>22,752.05</u>	<u>1,479.71</u>	<u>3,452.95</u>	<u>1,806.95</u>	<u>25,946.61</u>
<b>LIABILITIES AND FUND BALANCES</b>														
<b>TOTAL LIABILITIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>UNRESERVED FUND BALANCES</b>	11,192.92	1,620.20	246.65	9,976.49	-	-	59.21	8,072.87	91.20	22,752.05	1,479.71	3,452.95	1,806.95	25,946.61
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>11,192.92</u>	<u>1,620.20</u>	<u>246.65</u>	<u>9,976.49</u>	<u>-</u>	<u>-</u>	<u>59.21</u>	<u>8,072.87</u>	<u>91.20</u>	<u>22,752.05</u>	<u>1,479.71</u>	<u>3,452.95</u>	<u>1,806.95</u>	<u>25,946.61</u>

THE COUNTY OF WAYNE, MISSOURI  
 (the Primary Government)  
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
 DECEMBER 31, 2006

	Law Library Fund	Sheriff's Donation Fund	CERF Fund	Corp Trail Grant Fund	Court Recorder Syst. Fund	Fines Fund	Forest Reserve Fund	Del. Tax Coll. Fund	Revolving Fund	F.I.T. Fund	Total
<b>ASSETS</b>											
Cash and Cash Equivalents	1,554.12	1,014.79	5,195.33	-	1,114.11	-	-	393.68	93.19	6,554.35	92,640.89
Investments	-	-	-	-	-	-	-	-	-	-	9,976.49
<b>TOTAL ASSETS</b>	<u>1,554.12</u>	<u>1,014.79</u>	<u>5,195.33</u>	<u>-</u>	<u>1,114.11</u>	<u>-</u>	<u>-</u>	<u>393.68</u>	<u>93.19</u>	<u>6,554.35</u>	<u>102,617.38</u>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>UNRESERVED FUND BALANCES</b>	<u>1,554.12</u>	<u>1,014.79</u>	<u>5,195.33</u>	<u>-</u>	<u>1,114.11</u>	<u>-</u>	<u>-</u>	<u>393.68</u>	<u>93.19</u>	<u>6,554.35</u>	<u>102,617.38</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>1,554.12</u>	<u>1,014.79</u>	<u>5,195.33</u>	<u>-</u>	<u>1,114.11</u>	<u>-</u>	<u>-</u>	<u>393.68</u>	<u>93.19</u>	<u>6,554.35</u>	<u>102,617.38</u>

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Assessment Fund	Law Enforcement Fund	Pros. Att. Training Fund	Landfill Fund	National Forest Reserve Title III	PWSD #2,#3,#4	Special Trust Fund	Special Check Fund	Sheriff's Civil Fund	Flood Control Fund	Special Law Enforcement Fund	Unclaimed Fees Fund	Law Enforcement Restitution
<b>REVENUES:</b>													
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	78,996.17	-	-	-	32,468.69	226,150.00	-	-	-	47,440.30	-	-	-
Fees, licenses and permits	5,366.53	5,516.61	947.52	-	-	-	-	21,682.39	18,734.92	-	22,338.22	378.44	44,375.95
Interest	-	-	-	366.68	-	-	-	-	-	-	-	-	121.89
Other	51,689.57	-	-	-	-	-	914.46	-	-	-	-	-	-
<b>Total Revenues</b>	<b>136,052.27</b>	<b>5,516.61</b>	<b>947.52</b>	<b>366.68</b>	<b>32,468.69</b>	<b>226,150.00</b>	<b>914.46</b>	<b>21,682.39</b>	<b>18,734.92</b>	<b>47,440.30</b>	<b>22,338.22</b>	<b>378.44</b>	<b>44,497.84</b>
<b>EXPENDITURES</b>													
Current:													
General county government	162,162.68	-	-	-	-	226,400.00	-	-	-	24,294.75	-	586.66	-
Property valuation and recording	-	-	-	-	-	-	-	-	-	-	-	-	-
Administration of justice and law enforcement	-	5,539.82	1,526.97	-	-	-	-	-	21,316.02	-	21,709.44	-	43,994.75
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance of roads	-	-	-	-	-	-	-	-	-	751.39	-	-	-
Park maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	1,675.00	14,804.76	-	-	-	-	-
Capital Outlay:													
Construction of roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>162,162.68</b>	<b>5,539.82</b>	<b>1,526.97</b>	<b>-</b>	<b>-</b>	<b>226,400.00</b>	<b>1,675.00</b>	<b>14,804.76</b>	<b>21,316.02</b>	<b>25,046.14</b>	<b>21,709.44</b>	<b>586.66</b>	<b>43,994.75</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(26,110.41)</b>	<b>(23.21)</b>	<b>(579.45)</b>	<b>366.68</b>	<b>32,468.69</b>	<b>(250.00)</b>	<b>(760.54)</b>	<b>6,877.63</b>	<b>(2,581.10)</b>	<b>22,394.16</b>	<b>628.78</b>	<b>(208.22)</b>	<b>503.09</b>
<b>OTHER FINANCING SOURCES (USES):</b>													
Transfers in	9,210.03	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(32,468.69)	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>9,210.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,468.69)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(16,900.38)</b>	<b>(23.21)</b>	<b>(579.45)</b>	<b>366.68</b>	<b>-</b>	<b>(250.00)</b>	<b>(760.54)</b>	<b>6,877.63</b>	<b>(2,581.10)</b>	<b>22,394.16</b>	<b>628.78</b>	<b>(208.22)</b>	<b>503.09</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>28,093.30</b>	<b>1,643.41</b>	<b>826.10</b>	<b>9,609.81</b>	<b>-</b>	<b>250.00</b>	<b>819.75</b>	<b>1,195.24</b>	<b>2,672.30</b>	<b>357.89</b>	<b>850.93</b>	<b>3,661.17</b>	<b>1,303.86</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>11,192.92</b>	<b>1,620.20</b>	<b>246.65</b>	<b>9,976.49</b>	<b>-</b>	<b>-</b>	<b>59.21</b>	<b>8,072.87</b>	<b>91.20</b>	<b>22,752.05</b>	<b>1,479.71</b>	<b>3,452.95</b>	<b>1,806.95</b>

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Drug Court Judge Fund	Law Library Fund	Sheriff's Donation Fund	CERF Fund	Corp Trail Grant Fund	Court Recorder Sys. Fund	Fines Fund	Forest Reserve Fund	Del. Tax Coll. Fund	Revolving Fund	F.I.T. Fund	Total
REVENUES:												
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	7,628.25	-	-	87,463.01	94,713.11	-	-	153,761.13	-	-	-	728,620.66
Fees, licenses and permits	8,247.00	6,849.97	-	-	-	-	154,442.26	-	-	-	-	288,879.81
Interest	582.15	-	-	-	-	12.83	-	-	-	-	-	1,083.55
Other	24,349.73	-	3,282.89	-	-	-	-	-	120.00	1,444.72	6,660.38	88,461.75
Total Revenues	40,807.13	6,849.97	3,282.89	87,463.01	94,713.11	12.83	154,442.26	153,761.13	120.00	1,444.72	6,660.38	1,107,045.77
EXPENDITURES												
Current:												
General county government	-	-	-	88,057.88	-	-	156,016.26	153,761.13	-	-	-	811,279.36
Property valuation and recording	-	-	-	-	-	-	-	-	-	-	-	-
Administration of justice and law enforcement	30,929.59	9,427.52	-	-	-	-	-	-	-	-	-	134,444.11
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance of roads	-	-	-	-	-	-	-	-	-	-	-	751.39
Park maintenance	-	-	-	-	96,774.31	-	-	-	-	-	-	96,774.31
Other	-	-	2,722.15	-	-	-	-	-	-	2,364.23	106.13	21,672.27
Capital Outlay:												
Construction of roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	30,929.59	9,427.52	2,722.15	88,057.88	96,774.31	-	156,016.26	153,761.13	-	2,364.23	106.13	1,064,921.44
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,877.54	(2,577.55)	560.74	(594.87)	(2,061.20)	12.83	(1,574.00)	-	120.00	(919.51)	6,554.25	42,124.33
OTHER FINANCING SOURCES (USES):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	9,210.03
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(32,468.69)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	(23,258.66)
NET CHANGE IN FUND BALANCES	9,877.54	(2,577.55)	560.74	(594.87)	(2,061.20)	12.83	(1,574.00)	-	120.00	(919.51)	6,554.25	18,865.67
FUND BALANCES - BEGINNING OF YEAR	16,069.07	4,131.67	454.05	5,790.20	2,061.20	1,101.28	1,574.00	-	273.68	1,012.70	0.10	83,751.71
FUND BALANCES - END OF YEAR	25,946.61	1,554.12	1,014.79	5,195.33	-	1,114.11	-	-	393.68	93.19	6,554.35	102,617.38

The County of Wayne, Missouri  
 (the Primary Government)  
 Combining Statement of Fiduciary Net Assets - Modified Cash Basis  
 December 31, 2007

	<u>Circuit Clerk</u>	<u>Recorder</u>	<u>Collector's Account</u>	<u>Sheriff's Account</u>	<u>Circuit Court</u>	<u>Bike/Hike Trail Fund</u>	<u>Surplus Tax</u>	<u>Clerk's Account</u>	<u>Total</u>
<b>ASSETS</b>									
Cash and Cash Equivalents	57,212.58	-	3,491,089.40	14,547.97	660.09	-	39,895.86	2,060.67	3,605,466.57
Investments	-	-	-	-	-	-	47,123.58	-	47,123.58
<b>TOTAL ASSETS</b>	<u>57,212.58</u>	<u>-</u>	<u>3,491,089.40</u>	<u>14,547.97</u>	<u>660.09</u>	<u>-</u>	<u>87,019.44</u>	<u>2,060.67</u>	<u>3,652,590.15</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>UNRESERVED FUND BALANCES</b>	<u>57,212.58</u>	<u>-</u>	<u>3,491,089.40</u>	<u>14,547.97</u>	<u>660.09</u>	<u>-</u>	<u>87,019.44</u>	<u>2,060.67</u>	<u>3,652,590.15</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>57,212.58</u>	<u>-</u>	<u>3,491,089.40</u>	<u>14,547.97</u>	<u>660.09</u>	<u>-</u>	<u>87,019.44</u>	<u>2,060.67</u>	<u>3,652,590.15</u>

The County of Wayne, Missouri  
(the Primary Government)  
Combining Statement of Fiduciary Net Assets - Modified Cash Basis  
December 31, 2006

	<u>Circuit Clerk</u>	<u>Recorder</u>	<u>Collector's Account</u>	<u>Sheriff's Account</u>	<u>Circuit Court</u>	<u>Bike/Hike Trail Fund</u>	<u>Surplus Tax</u>	<u>Clerk's Account</u>	<u>Total</u>
<b>ASSETS</b>									
Cash and Cash Equivalents	33,230.43	363.00	3,605,418.19	21,594.83	1,686.00	-	40,182.77	27,187.15	3,729,662.37
Investments	-	-	-	-	-	-	44,879.57	-	44,879.57
<b>TOTAL ASSETS</b>	<u>33,230.43</u>	<u>363.00</u>	<u>3,605,418.19</u>	<u>21,594.83</u>	<u>1,686.00</u>	<u>-</u>	<u>85,062.34</u>	<u>27,187.15</u>	<u>3,774,541.94</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>UNRESERVED FUND BALANCES</b>	<u>33,230.43</u>	<u>363.00</u>	<u>3,605,418.19</u>	<u>21,594.83</u>	<u>1,686.00</u>	<u>-</u>	<u>85,062.34</u>	<u>27,187.15</u>	<u>3,774,541.94</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>33,230.43</u>	<u>363.00</u>	<u>3,605,418.19</u>	<u>21,594.83</u>	<u>1,686.00</u>	<u>-</u>	<u>85,062.34</u>	<u>27,187.15</u>	<u>3,774,541.94</u>



## STATE COMPLIANCE SECTION

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
SCHEDULE OF STATE FINDINGS  
DECEMBER 31, 2007 & 2006

**SCHEDULE OF STATE FINDINGS:**

I. Chapter 50 RSMo (Budget Statute)

There were no findings for 2006 or 2007.

## FEDERAL COMPLIANCE SECTION



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the County Commission  
The County of Wayne, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The County of Wayne, (the Primary Government), State of Missouri, as of and for the years ended December 31, 2006 and December 31, 2007, which collectively comprise the basic financial statements of the County's primary government, and have issued our modified cash basis report thereon dated August 29, 2008.

Our report which was modified because the Primary Government prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

We did not express an opinion on supplementary information required by the Governmental Accounting Standards Board. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

### Internal Control Over Financial Reporting (concluded)

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 06/07-01, 06/07-02, 06/07-03, 06/07-04 and 06/07-05 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies 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. Additionally, we noted certain matters that we reported to management of the County in a separate report dated August 29, 2008.

### Compliance and Other Matters

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

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

*Daniel Jones & Associates*

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

August 29, 2008

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006

1. FINANCIAL STATEMENT FINDINGS

06/07-01

**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. The County is in the process of implementing the SAS 112 requirement.

06/07-02

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

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

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

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006

1. **FINANCIAL STATEMENT FINDINGS (continued)**

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

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

**Management's Response:** The County is willing to review this recommendation with the state auditor and the contract auditor to further understand the COSO internal controls. The County was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards. The County is in the process of implementing the SAS 112 requirement.

06/07-03

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

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

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

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

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

**Management Response:** The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments. The County is in the process of implementing the SAS 112 requirement.

06/07-04

**Criteria:** The recorder did not deposit \$986 from 2007 until March 2008.

THE COUNTY OF WAYNE, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006

1. FINANCIAL STATEMENT FINDINGS (concluded)

**Condition:** During our audit we noted that the deposit was not made in 2007.

**Effect:** The deposit was outstanding for three months.

**Cause:** The deposit was mixed in with other items.

**Recommendation:** We recommend that the deposits be kept in a separate area so this does not occur again.

**Management Response:** The recorder will keep deposits in a separate place.

06/07-05

**Criteria:** Interest that should have been included in the December 2006 bank reconciliation was not recorded until January 2007.

**Condition:** During our audit we noted that the interest was not included until January 2007.

**Effect:** The account balances are not accurate for December 2006.

**Cause:** The old Treasurer left office on December 31 and closed the books before the information on interest was available. When the new Treasurer came into office she recorded the interest.

**Recommendation:** We recommend that the books should not be closed until all information is available.

**Management Response:** The interest was recorded as soon as the information became available. All interest has been recorded correctly going forward from December 2006.

2. FOLLOW-UP PRIOR YEAR FINDINGS

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



**THE COUNTY OF WAYNE  
GREENVILLE, MISSOURI  
(the Primary Government)  
SINGLE AUDIT REPORT  
DECEMBER 31, 2007 & 2006**

THE COUNTY OF WAYNE  
GREENVILLE, MISSOURI  
(the Primary Government)  
SINGLE AUDIT REPORT  
DECEMBER 31, 2007 & 2006

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

To the County Commission  
The County of Wayne  
Greenville, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Wayne, Greenville, Missouri, as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Primary Government's basic financial statements, and have issued our modified cash basis report thereon dated August 29, 2008. Our report 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. We did not express an opinion on supplementary information required by the Governmental Accounting Standards Board. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We considered the deficiencies FS 06/07-01, FS 06/07-02, FS 06/07-03, FS 06/07-04 and FS 06/07-05, described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 the management of Wayne County, Missouri in a separate letter dated August 29, 2008.

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

This report is intended solely for the information and use of the County Commission, County Officeholders, Missouri State Auditor, other audit 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  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

August 29, 2008



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

To the County Commission  
The County of Wayne  
Greenville, Missouri

Compliance

We have audited the compliance of Wayne County, (the Primary Government), State of Missouri, with the types of compliance requirements described in the (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2007 and December 31, 2006. The Primary Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Primary Government's management. Our responsibility is to express an opinion on the Primary Government's compliance based on our audit.

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

In our opinion, the Primary Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2006.

## Internal Control Over Compliance

The management of the Primary Government is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Primary Government's 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Primary Government's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

## Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Primary Government as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 29, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Primary Government's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Daniel Jones & Associates*

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

August 29, 2008

THE COUNTY OF WAYNE  
(the Primary Government)  
GREENVILLE, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	12/31/2007	12/31/2006
<b>U. S. DEPARTMENT OF AGRICULTURE</b>				
Passed through state:				
10.550	Department of Social Services - Food Donation		-	-
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Passed through state:				
14.228	Department of Economic Development - Community Development Block Grants/State's Program		-	226,400.00
14.231	Department of Social Services - Emergency Shelter Grants Program		8,155.00	8,100.00
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Passed through:				
16.575	State Department of Public Safety - Crime Victim Assistance		-	-
16.579	Byrne Formula Grant Program		-	-
16.592	Local Law Enforcement Block Grants Program Cape Girardeau County -		-	-
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		-	-
16	Missouri Sheriffs' Association - Domestic Cannabis Eradication/Suppression Program		-	-
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>				
Passed through state:				
20.205	Highway and Transportation Commission - Highway Planning and Construction	BRO - 111(5)	166,586.04	597,492.67
20.600	State and Community Highway Safety	BRO- 111(6)	148.50	8,622.66
20.703	Department of Public Safety - Interagency Hazardous Materials Public Sector Training and Planning Grants		-	3,669.00
<b>GENERAL SERVICES ADMINISTRATION</b>				
39.003	Passed through state Office of Administration - Donation of Federal Surplus Personal Property		-	-
39.011	Passed through the Office of Secretary of State - Election Reform Payments		-	1,465.89
<b>ELECTION ASSISTANCE COMMISSION</b>				
90.401	Passed through the Office of Secretary of State - Help America Vote Act Requirements Payments	Title I Sec 101 Title II Sec 251 Title II Sec 251 SC231	8,717.14 2,035.61 -	6,162.98 28.48 190,850.00
<b>U. S. DEPARTMENT OF HOMELAND SECURITY</b>				
Passed through State Department of Public Safety:				
97.036 *	Public Assistance Grants		-	-
97.042 *	Emergency Management Performance Grants		-	-
97.067 *	Homeland Security Grant Program		41,846.00	10,871.00
97.051 *	State and Local All Hazards Emergency Operations Planning		-	3,700.00
Total Expenditures of Federal Awards			<u>\$ 227,488.29</u>	<u>\$ 1,057,362.68</u>



THE COUNTY OF WAYNE  
(the Primary Government)  
GREENVILLE, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Federal  
CFDA  
Number

Federal Grantor and Program Title

---

GRANTS AWARDED FOR WHICH THERE WERE NO REVENUES OR  
EXPENDITURES DURING THE YEAR

Total Grants Awarded for which there were no Revenues  
or Expenditures during the Year

\$ 0.00

THE COUNTY OF WAYNE  
GREENVILLE, MISSOURI  
(the Primary Government)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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NOTE 1 – BASIS OF PRESENTATION

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

THE COUNTY OF WAYNE  
GREENVILLE, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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I. SUMMARY OF AUDITOR'S RESULTS

A. FINANCIAL STATEMENTS

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

	2007	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	2006	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
  - b. Any significant deficiencies identified that are not considered to be material weaknesses?
 

	2007	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
	2006	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
3. Any noncompliance material to financial statements noted?
 

	2007	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	2006	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

B. FEDERAL AWARDS

1. Internal control over major programs:
 

Any material weakness(es) identified?	2007	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	2006	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2. Any significant deficiencies identified that are not considered to be material weaknesses?
 

	2007	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	2006	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
3. Type of auditor's report issued on compliance for major programs:
 

	2007	Unqualified
	2006	Unqualified
4. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?
 

	2007	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	2006	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No



THE COUNTY OF WAYNE  
GREENVILLE, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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II. FINANCIAL STATEMENT FINDINGS

A. FS 06/07-01

1. 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.

2. CONDITION

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

3. EFFECT

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

4. 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.

5. RECOMMENDATION

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

6. MANAGEMENT'S RESPONSE

The County is in the process of implementing this requirement.

THE COUNTY OF WAYNE  
GREENVILLE, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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II. FINANCIAL STATEMENT FINDINGS (continued)

B. FS 06/07-02

1. CRITERIA

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

2. CONDITION

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

3. 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.

4. CAUSE

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

5. 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.

6. MANAGEMENT'S RESPONSE

The County is in the process of implementing this requirement.

THE COUNTY OF WAYNE  
GREENVILLE, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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II. FINANCIAL STATEMENT FINDINGS (continued)

C. FS 06/07-03

1. 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.

2. CONDITION

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

3. 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.

4. CAUSE

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

5. 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.

6. MANAGEMENT'S RESPONSE

The County is in the process of implementing this requirement.

THE COUNTY OF WAYNE  
GREENVILLE, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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II. FINANCIAL STATEMENT FINDINGS (continued)

D. FS 06/07-04

1. CRITERIA

The recorder did not deposit \$986 from 2007 until March 2008.

2. CONDITION

During our audit we noted that the deposit was not made in 2007.

3. EFFECT

The deposit was outstanding for three months.

4. CAUSE

The deposit was mixed in with other items.

5. RECOMMENDATION

We recommend that the deposits be kept in a separate area, so this does not occur again.

6. MANAGEMENT'S RESPONSE

The recorder will keep deposits in a separate place.



THE COUNTY OF WAYNE  
GREENVILLE, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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II. FINANCIAL STATEMENT FINDINGS (concluded)

E. FS 06/07-05

1. CRITERIA

Interest that should have been included in the December 2006 bank reconciliation was not recorded until January 2007.

2. CONDITION

During our audit we noted that the interest was not included until January 2007.

3. EFFECT

The account balances are not accurate for December 2006.

4. CAUSE

The old Treasurer left office on December 31, and closed the books before the information on interest was available. When the new Treasurer came into office, she recorded the interest.

5. RECOMMENDATION

We recommend that the books should not be closed until all information is available.

6. MANAGEMENT'S RESPONSE

The interest was recorded as soon as the information became available. All interest has been recorded correctly going forward from December 2006.

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

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

THE COUNTY OF WAYNE  
GREENVILLE, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 & 2007

The following findings, recommendations, and questioned costs are the results of the single audit of Wayne County, Missouri for the fiscal year ended December 31, 2006 and 2007. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

A. CATEGORY OF INTERNAL CONTROL WEAKNESS

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

1. SIGNIFICANT DEFICIENCY

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

2. MATERIAL WEAKNESS

A material weakness in internal control over compliance is a significant deficiency or combination of significant deficiencies that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

B. CATEGORY OF NONCOMPLIANCE FINDINGS

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

1. MATERIAL NONCOMPLIANCE

A material noncompliance finding is a finding related to a major federal program which discusses conditions representing noncompliance with federal laws, regulations, contracts, or grants, the effects of which have a material effect in relation to a type of compliance requirement or audit objective identified in OMB Circular A-133 *Compliance Supplement*.

THE COUNTY OF WAYNE  
GREENVILLE, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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IV. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006 & 2007 (continued)

B. CATEGORY OF NONCOMPLIANCE FINDINGS (continued)

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.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to Federal Awards in accordance Section .510(a) of OMB Circular A-133.

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

There were no prior year findings and questioned costs related to Federal Awards in accordance with Section 510(a) of OMB Circular A-133.



Daniel Jones  
& Associates  
CERTIFIED PUBLIC ACCOUNTANTS

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

August 29, 2008

To the County Commissioners  
Wayne County, Missouri

In planning and performing our audit of the basic financial statements of Wayne County, Missouri as of and for the years ended December 31, 2007 and 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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 that we consider to be material weaknesses, as defined above.

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

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

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

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

Very truly yours,

*Daniel Jones & Associates*

Daniel Jones & Associates  
Certified Public Accountants

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

**F/S 06/07-01** **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. The County is in the process of implementing the SAS 112 requirement.

**F/S 06/07-02** **Criteria:** Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for period ending on or after December 15, 2006, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

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

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

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

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

**I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)**

**F/S 06/07-02 (continued)**

**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. The County is in the process of implementing the SAS 112 requirement.

**F/S 06/07-03** **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

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

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

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

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

**Management Response:** The County is willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments. The County is in the process of implementing the SAS 112 requirement.

**F/S 06/07-04** **Criteria:** The recorder did not deposit \$986 from 2007 until March 2008.

**Condition:** During our audit we noted that the deposit was not made in 2007.

**Effect:** The deposit was outstanding for three months.

**Cause:** The deposit was mixed in with other items.

**Recommendation:** We recommend that the deposits be kept in a separate area so this does not occur again.

**Management Response:** The recorder will keep deposits in a separate place.

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

**F/S 06/07-05** **Criteria:** Interest that should have been included in the December 2006 bank reconciliation was not recorded until January 2007.

**Condition:** During our audit we noted that the interest was not included until January 2007.

**Effect:** The account balances are not accurate for December 2006.

**Cause:** The old Treasurer left office on December 31 and closed the books before the information on interest was available. When the new Treasurer came into office she recorded the interest.

**Recommendation:** We recommend that the books should not be closed until all information is available.

**Management Response:** The interest was recorded as soon as the information became available. All interest has been recorded correctly going forward from December 2006.

## II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

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

## III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

### Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated May 12, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Wayne County, Missouri. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Wayne County, Missouri's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

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

#### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Wayne County, Missouri are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ended December 31, 2007 and 2006. We noted no transactions entered into by the governmental unit during the years for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

#### Accounting Estimates

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.

#### 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 August 29, 2008.

#### Management Consultations with Other Independent Accountants

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



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

#### Other Audit Findings or Issues

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

**WAYNE COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF WAYNE COUNTY, MISSOURI)  
ANNUAL FINANCIAL REPORT AND  
INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2007 & 2006**

WAYNE COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF WAYNE COUNTY, MISSOURI)  
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**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Wayne County Senate Bill 40  
of Missouri

We have audited the accompanying basic financial statements of the Wayne County Senate Bill 40 of Missouri, a component unit of Wayne County, as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Senate Bill 40's financial statements as listed in the table of contents. These financial statements are the responsibility of the Wayne County Senate Bill 40's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the Wayne County Senate Bill 40 of Missouri as of December 31, 2007 and December 31, 2006, and the respective changes in financial position-cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note I.

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

In accordance with Government Auditing Standards, we have also issued our report dated August 29, 2008, on our consideration of the Wayne County Senate Bill 40 of Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying required supplementary information, the budgetary comparisons on pages 11 and 12 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The budgetary comparison information has been subjected to auditing procedures applied in the audit of the basic financial statements and , in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Daniel Jones & Associates*

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

August 29, 2008



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

Board of Trustees  
Wayne County Senate Bill 40 of Missouri

We have audited the basic financial statements of the Wayne County Senate Bill 40 of Missouri, as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated August 29, 2008, which was modified because the SB 40 prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wayne County Senate Bill 40 of Missouri'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 an opinion on the internal control over financial reporting.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 06/07-01, 06/07-02, and 06/07-03, described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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

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

might be significant deficiencies 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. Additionally, we noted certain matters that we reported to management of Wayne County Senate Bill 40 of Missouri in a separate report dated August 29, 2008.

#### Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, Board of Trustees and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Daniel Jones & Associates*

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

August 29, 2008

## **BASIC FINANCIAL STATEMENTS**



WAYNE COUNT SENATE BILL 40  
(A COMPONENT UNIT OF WAYNE COUNTY MISSOURI)  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**ASSETS**

	2007	2006
Cash	\$ 24,178.61	\$ 1,256.85
Cash equivalent	21,402.93	20,451.25
Total Assets	45,581.54	21,708.10

**LIABILITIES AND NET ASSETS**

Liabilities	\$ -	\$ -
Total Liabilities	-	-
Net Assets		
Unrestricted	\$ 45,581.54	\$ 21,708.10
Total Net Assets	45,581.54	21,708.10
Total Liabilities and Net Assets	45,581.54	21,708.10

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

WAYNE COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF WAYNE COUNTY MISSOURI)  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS - CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
REVENUES		
Property Tax Revenues	\$ 89,167.46	\$ 78,756.74
	89,167.46	78,756.74
TOTAL REVENUES	89,167.46	78,756.74
EXPENSES		
Senior Services Expenses	66,421.44	79,667.98
Other Expenses		
	66,421.44	79,667.98
TOTAL EXPENSES	66,421.44	79,667.98
REVENUES COLLECTED OVER (UNDER) EXPENSES	22,746.02	(911.24)
OTHER FINANCING SOURCES (USES)		
Interest	175.74	98.39
Miscellaneous	0.00	0.00
Rents	0.00	0.00
Donations		
TOTAL OTHER FINANCING SOURCES (USES)	175.74	98.39
REVENUE COLLECTED AND OTHER SOURCES UNDER EXPENSES PAID AND OTHER USES	22,921.76	(812.85)
NET ASSETS - BEGINNING OF YEAR	1,256.85	2,069.70
NET ASSETS - END OF YEAR	\$ 24,178.61	\$ 1,256.85

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

WAYNE COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF WAYNE COUNTY MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

As required by generally accepted accounting principles, as applicable to the cash basis of accounting, these financial statements present financial accountability of the SB 40.

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

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

**B. Basis of Presentation**

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

WAYNE COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF WAYNE COUNTY MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

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

The major fund consists of the general fund.

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

**C. Basis of Accounting**

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

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

If the SB 40 utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting.

**D. Cash Deposits and Investments**

Deposits and investments are stated at cost, which approximates market. Cash balances for all the funds are pooled and invested to the extent possible. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investment shall be purchased at a price in excess of par.

Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the SB 40's name at third-party banking institutions. Details of these cash balances are presented in Note II.

WAYNE COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF WAYNE COUNTY MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

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

E. Net Assets

Net assets represents the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the SB 40 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

F. Use of Estimates in Financial Statements

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

**II. DEPOSITS AND INVESTMENTS**

Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The SB 40's investment policy does not include custodial credit risk requirements. The SB 40's deposits were not exposed to custodial credit risk at year end.

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

The SB 40's deposits, including certificates of deposit, were fully insured or collateralized as required by state statutes at December 31, 2007 and December 31, 2006. At December 31, 2007, the carrying amount of the District's deposits was \$ 45,581.54 with respective bank balances totaling \$ 45,581.54. At December 31, 2006, the carrying amount of the District's deposits was \$21,708.10 with respective bank balances totaling \$21,708.10. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$100,000 for each year.

WAYNE COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF WAYNE COUNTY MISSOURI)  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

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

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

BALANCE AT DECEMBER 31, 2007		
	Maturity Date	Cost
Deposits:		
Checking Account	N/A	45,581.54
 Total Deposits		\$ 45,581.54

The Deposits held at December 31, 2006 and reported cost, are as follows:

BALANCE AT DECEMBER 31, 2006		
	Maturity Date	Cost
Deposits:		
Checking Account	N/A	\$ 21,708.10
 Total Deposits		\$ 21,708.10

**III. TAXES**

Property Taxes

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

The assessed valuation of the tangible taxable property for the calendar years 2007 and 2006 for purposes of local taxation was \$114,967,793 and \$106,990,562 respectively. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2007 and 2006 for purposes of local taxation was .0800 and .0800 respectively.

**IV. RISK MANAGEMENT**

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

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

**V. LITIGATION**

The SB 40 is not a defendant in any litigation as of December 31, 2007 or December 31, 2006.

**REQUIRED SUPPLEMENTARY INFORMATION**

WAYNE COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF WAYNE COUNTY MISSOURI)  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS BUDGET BASIS TO ACTUAL NON GAAP - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Property Tax Revenues	\$ 85,000.00	78,756.74	\$ (6,243.26)
TOTAL REVENUES	<u>85,000.00</u>	<u>78,756.74</u>	<u>(6,243.26)</u>
EXPENSES			
Senior Services Expenses	60,274.02	79,667.98	19,393.96
Other Expenses	0.00	0.00	0.00
TOTAL EXPENSES	<u>60,274.02</u>	<u>79,667.98</u>	<u>19,393.96</u>
REVENUES COLLECTED OVER (UNDER) EXPENSES	24,725.98	(911.24)	(25,637.22)
OTHER FINANCING SOURCES (USES)			
Interest	400.00	98.39	(301.61)
Miscellaneous	0.00	0.00	0.00
Rents	0.00	0.00	0.00
Donations	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>400.00</u>	<u>98.39</u>	<u>(301.61)</u>
REVENUES COLLECTED AND OTHER SOURCES OVER EXPENSES PAID AND OTHER USES	25,125.98	(812.85)	(25,938.83)
NET ASSETS BEGINNING OF YEAR	<u>2,069.70</u>	<u>2,069.70</u>	<u>-</u>
NET ASSETS END OF YEAR	<u>\$ 27,195.68</u>	<u>\$ 1,256.85</u>	<u>\$ (25,938.83)</u>



WAYNE COUNTY SENATE BILL 40  
(A COMPONENT UNIT OF WAYNE COUNTY MISSOURI)  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS BUDGET BASIS TO ACTUAL NON GAAP - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Original And Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES			
Property Tax Revenues	\$ 80,000.00	\$ 89,167.46	\$ 9,167.46
TOTAL REVENUES	<u>80,000.00</u>	<u>89,167.46</u>	<u>9,167.46</u>
EXPENSES			
Senior Services Expenses	74,850.00	66,421.44	(8,428.56)
Other Expenses	0.00	0.00	0.00
TOTAL EXPENSES	<u>74,850.00</u>	<u>66,421.44</u>	<u>(8,428.56)</u>
REVENUES COLLECTED OVER (UNDER) EXPENSES	5,150.00	22,746.02	17,596.02
OTHER FINANCING SOURCES (USES)			
Interest	500.00	175.74	(324.26)
Miscellaneous	0.00	0.00	
Rents	0.00	0.00	0.00
Donations	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>500.00</u>	<u>175.74</u>	<u>(324.26)</u>
REVENUES COLLECTED AND OTHER SOURCES OVER EXPENSES PAID AND OTHER USES	5,650.00	22,921.76	17,271.76
NET ASSETS BEGINNING OF YEAR	<u>1,256.85</u>	<u>1,256.85</u>	-
NET ASSETS END OF YEAR	<u>\$ 6,906.85</u>	<u>\$ 24,178.61</u>	<u>\$ 17,271.76</u>

WAYNE COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF WAYNE COUNTY MISSOURI)  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
YEARS ENDED DECEMBER 31, 2007 AND 2006

Budgets and Budgetary Accounting

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

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

At December 31, 2006, actual expenses exceeded budgeted expenses; however, there was a sufficient beginning fund balance.

WAYNE COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF WAYNE COUNTY MISSOURI)  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**I. Financial Statement Findings**

**06/07-01**

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

**Condition:** During the current year, auditors of the Senate Bill 40 assisted with the preparation of the financial statements and the notes to financial statements.

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

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

**Recommendation:** Due to the changing standards, the Senate Bill 40 may wish to consider alternatives available that would eliminate this situation.

**Management's Response:** The Senate Bill 40 will consider the auditors' recommendation.

**06/07-02**

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

**Condition:** Documentation of the Senate Bill 40's internal controls has not been prepared.

**Effect:** The new SAS 112 considers inadequate documentation of the components of internal control to be at least a significant deficiency. Without documented internal controls, the Senate Bill 40 may not be able to ensure that controls are in place, communicated and operating effectively.

WAYNE COUNTY SENATE BILL 40 OF MISSOURI  
(A COMPONENT UNIT OF WAYNE COUNTY MISSOURI)  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

**I. Financial Statement Findings (Concluded)**

**Cause:** Due to the short time frame for the implementation of the new SAS requirements, the Senate Bill 40 did not prepare the required documentation.

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

**Management's Response:** The Senate Bill 40 will consider the auditors' recommendation.

**06/07-03**

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

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

**Effect:** Lack of an appropriate risk assessment process may result in certain risks not being identified by Senate Bill 40's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

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

**Recommendation:** We recommend that the Senate Bill 40 address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze and manage these risks.

**Management Response:** The Senate Bill 40 will consider the auditors' recommendation.

**II. Follow-Up Prior Year Financial Statement Findings and Questioned Costs**

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



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

August 29, 2008

To the Board of Directors  
Wayne County Senate Bill 40 of Missouri

In planning and performing our audit of the basic financial statements of Wayne County Senate Bill 40, Missouri as of and for the years ended December 31, 2007 and 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Board's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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 that we consider to be material weaknesses, as defined above.

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

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

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

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

Very truly yours,

*Daniel Jones & Associates*

Daniel Jones & Associates  
Certified Public Accountants

## I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

06/07-01

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

**Condition:** During the current year, auditors of the Senate Bill 40 assisted with the preparation of the financial statements and the notes to financial statements.

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

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

**Recommendation:** Due to the changing standards, the Senate Bill 40 may wish to consider alternatives available that would eliminate this situation.

**Management's Response:** The Senate Bill 40 is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the board's annual budget document and annual financial statement. The board was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards.

06/07-02

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

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

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

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

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

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

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

06/07-03

**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 Board's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

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

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

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

## II. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

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

## III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

### Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated May 12, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

As part of our audit, we considered the internal control of Wayne County Senate Bill 40, Missouri. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Wayne County Senate Bill 40, Missouri's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

#### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Wayne County Senate Bill 40, Missouri are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ended December 31, 2007 and 2006. We noted no transactions entered into by the governmental unit during the years for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

#### Accounting Estimates

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.

#### 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 August 29, 2008.



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

#### 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.