



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

To the County Commission  
and  
Officeholders of Washington County, Missouri

The Office of the State Auditor, in cooperation with Washington County, 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. 2008-89

**THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
AND SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2007 & 2006**

THE COUNTY OF WASHINGTON, MISSOURI  
(the Primary Government)

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(the Primary Government)

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INDEPENDENT AUDITOR'S REPORT

To the County Commission  
The County of Washington, 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 Washington, (the Primary Government), State of Missouri, as of and for the years ended December 31, 2007 and 2006, which collectively comprise the basic financial statements of the Primary Government as listed in the table of contents. These financial statements are the responsibility of the Primary Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to the 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 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 County of Washington, Missouri does not maintain accounting records sufficient to assure that debt related transactions are recorded. Accordingly, it was not practicable for us to extend our procedures sufficiently to determine that all of the debt records and changes in its worth are recorded in the financial statements referred to above.

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 Washington County, the Washington County 911 Board and the Washington County SB40 Board have issued separate reporting entity financial statements. For information on these component units, please contact the Washington County Health Department, Washington County 911 Board and the Washington County SB40 Board.

As described in Note I, the basic financial statements of the Primary Government were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The County of Washington has adopted various Governmental Accounting Standards Board Statements as of and for the years ended December 31, 2007 and 2006.

In our opinion, except for the effects of not providing adequate accounting records for debt recording, as described in the third paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of 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 I.

The Primary Government has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America, as applicable to the 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 14, 2008 on our consideration of the Primary Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Schedules of Revenues, Expenditures and Changes in Fund Balance – Cash Basis – Budget and Actual and related notes on pages 26 through 31 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America, as applicable to the cash basis of accounting. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Primary Government's basic financial statements. The combining and individual non-major funds financial statements on pages 33 through 40 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 14, 2008

## **BASIC FINANCIAL STATEMENTS**

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

	DECEMBER 31, 2007 TOTAL GOVERNMENTAL ACTIVITIES	DECEMBER 31, 2006 TOTAL GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,275,601.98	\$ 2,672,715.69
Investments	-	-
TOTAL ASSETS	<u>3,275,601.98</u>	<u>2,672,715.69</u>
<u>NET ASSETS</u>		
Unrestricted	81,731.13	5,631.53
Restricted	<u>3,193,870.85</u>	<u>2,667,084.16</u>
TOTAL NET ASSETS	<u>3,275,601.98</u>	<u>2,672,715.69</u>
TOTAL FUND BALANCE	<u>\$ 3,275,601.98</u>	<u>\$ 2,672,715.69</u>

See accompanying notes to the financial statements.

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

FUNCTIONS/PROGRAMS GOVERNMENTAL ACTIVITIES:	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
General County Government	\$ 1,114,515.59	\$ 590,757.35	\$ -	\$ -	\$ (523,758.24)
Road & Bridge	2,500,296.81	-	-	-	(2,500,296.81)
Financial Administration	217,703.00	-	-	-	(217,703.00)
Other Offices & Grants	326,611.09	-	-	-	(326,611.09)
Health and Welfare	-	-	-	-	-
Public Safety	1,667,773.65	992.00	83,950.38	-	(1,582,831.27)
Property Valuation and Recording	120,451.00	-	-	-	(120,451.00)
Administration of Justice and					
Law Enforcement	855,000.22	-	-	-	(855,000.22)
Senior Citizens	79,094.75	-	-	-	(79,094.75)
Special Services	-	-	-	-	-
Surveyor	-	-	-	-	-
Maintenance of Roads	-	-	-	-	-
Park Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay:					
Construction of Roads and Bridges	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 6,881,446.11</b>	<b>\$ 591,749.35</b>	<b>\$ 83,950.38</b>	<b>\$ -</b>	<b>\$ (6,205,746.38)</b>

GENERAL REVENUES

Taxes:	
Property taxes, levied	\$ 1,191,060.32
Sales tax	3,221,493.75
Other taxes	-
Investment Income:	167,099.11
Sale of Bonds	-
Intergovernmental Revenue	1,503,240.14
Miscellaneous	725,739.35
<b>TOTAL GENERAL REVENUES</b>	<b>\$ 6,808,632.67</b>
CHANGE IN NET ASSETS	602,886.29
NET ASSETS, BEGINNING OF YEAR	2,672,715.69
NET ASSETS, END OF YEAR	<u>\$ 3,275,601.98</u>

See accompanying notes to the financial statements.

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

FUNCTIONS/PROGRAMS GOVERNMENTAL ACTIVITIES:	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
General County Government	\$ 1,793,836.28	\$ 569,813.81	\$ 63,233.04	\$ -	\$ (1,160,789.43)
Road & Bridge	2,154,477.91	-	-	-	(2,154,477.91)
Financial Administration	210,079.24	-	-	-	(210,079.24)
Other Offices & Grants	434,744.09	-	-	-	(434,744.09)
Health and Welfare	-	-	-	-	-
Public Safety	1,608,255.48	5,346.94	175,083.56	-	(1,427,824.98)
Property Valuation and Recording	114,874.19	-	-	-	(114,874.19)
Administration of Justice and					
Law Enforcement	769,481.87	-	-	-	(769,481.87)
Senior Citizens	85,054.50	-	-	-	(85,054.50)
Special Services	-	-	-	-	-
Surveyor	-	-	-	-	-
Maintenance of Roads	-	-	-	-	-
Park Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay:					
Construction of Roads and Bridges	-	-	-	-	-
Property, Equipment and Buildings	-	-	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 7,170,803.56</b>	<b>\$ 575,160.75</b>	<b>\$ 238,316.60</b>	<b>\$ -</b>	<b>\$ (6,357,326.21)</b>

General Revenues:

Taxes	
Property Taxes, Levied	\$ 1,270,024.69
Sales tax	3,090,766.61
Other taxes	-
Investment income	125,653.47
Intergovernmental Revenues	1,590,978.30
Miscellaneous	827,578.46
<b>TOTAL GENERAL REVENUES</b>	<b>\$ 6,905,001.53</b>
CHANGE IN NET ASSETS	547,675.32
NET ASSETS, BEGINNING OF YEAR	2,125,040.37
NET ASSETS, END OF YEAR	<b>\$ 2,672,715.69</b>

See accompanying notes to the financial statements.

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

	DECEMBER 31, 2007						DECEMBER 31, 2006					
	GENERAL	SPECIAL ROAD AND BRIDGE	SHERIFF'S LAW ENFORCEMENT FUND	ECONOMIC DEVELOPMENT FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	GENERAL	SPECIAL ROAD AND BRIDGE	SHERIFF'S LAW ENFORCEMENT FUND	ECONOMIC DEVELOPMENT FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>												
Cash and Cash Equivalents	\$ 81,731.13	\$ 71,095.13	\$ 802.18	\$ 2,245,104.88	\$ 876,868.66	\$ 3,275,601.98	\$ 5,631.53	\$ 368,175.95	\$ 15,297.00	\$ 1,585,532.31	\$ 698,078.90	\$ 2,672,715.69
Investments	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 81,731.13</u></b>	<b><u>\$ 71,095.13</u></b>	<b><u>\$ 802.18</u></b>	<b><u>\$ 2,245,104.88</u></b>	<b><u>\$ 876,868.66</u></b>	<b><u>\$ 3,275,601.98</u></b>	<b><u>\$ 5,631.53</u></b>	<b><u>\$ 368,175.95</u></b>	<b><u>\$ 15,297.00</u></b>	<b><u>\$ 1,585,532.31</u></b>	<b><u>\$ 698,078.90</u></b>	<b><u>\$ 2,672,715.69</u></b>
<b>FUND BALANCES</b>												
Unreserved:												
General Fund	\$ 81,731.13	-	-	-	-	81,731.13	\$ 5,631.53	-	-	-	-	\$ 5,631.53
Special Revenue Funds	-	71,095.13	802.18	2,245,104.88	876,868.66	3,193,870.85	-	368,175.95	15,297.00	1,585,532.31	698,078.90	2,667,084.16
<b>TOTAL FUND BALANCES</b>	<b><u>81,731.13</u></b>	<b><u>71,095.13</u></b>	<b><u>802.18</u></b>	<b><u>2,245,104.88</u></b>	<b><u>876,868.66</u></b>	<b><u>3,275,601.98</u></b>	<b><u>5,631.53</u></b>	<b><u>368,175.95</u></b>	<b><u>15,297.00</u></b>	<b><u>1,585,532.31</u></b>	<b><u>698,078.90</u></b>	<b><u>2,672,715.69</u></b>
<b>TOTAL FUND BALANCES</b>	<b><u>\$ 81,731.13</u></b>	<b><u>\$ 71,095.13</u></b>	<b><u>\$ 802.18</u></b>	<b><u>\$ 2,245,104.88</u></b>	<b><u>\$ 876,868.66</u></b>	<b><u>\$ 3,275,601.98</u></b>	<b><u>\$ 5,631.53</u></b>	<b><u>\$ 368,175.95</u></b>	<b><u>\$ 15,297.00</u></b>	<b><u>\$ 1,585,532.31</u></b>	<b><u>\$ 698,078.90</u></b>	<b><u>\$ 2,672,715.69</u></b>

See accompanying notes to the financial statements.

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

	DECEMBER 31, 2007						DECEMBER 31, 2006					
	General	Special Road and Bridge	Sheriff's Law Enforcement Fund	Economic Development Fund	Non-Major Governmental Funds	Total Governmental Funds	General	Special Road and Bridge	Sheriff's Law Enforcement Fund	Economic Development Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>												
Property tax	322,898.25	580,067.00	-	-	288,095.07	1,191,060.32	470,457.26	512,298.25	-	-	287,269.18	1,270,024.69
Sales tax	946,775.43	758,249.00	758,254	758,215.69	-	3,221,493.75	893,618.14	732,383.26	732,381.74	732,383.47	-	3,090,766.61
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	399,496.00	805,445.00	155,217	-	143,082.51	1,503,240.14	213,866.28	955,368.03	-	-	421,743.99	1,590,978.30
Charges for Services	413,442.80	-	992	-	177,314.55	591,749.35	390,739.78	-	5,346.94	-	179,074.03	575,160.75
Grants	68,582.68	-	15,368	-	-	83,950.38	63,233.04	-	23,792.35	-	-	87,025.39
Reimbursements	66,574.43	-	8,253	-	144,380.45	219,207.99	55,016.76	-	3,812.53	-	124,438.39	183,267.68
Fees, licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-
Interest	7,424.55	16,312.00	28	90,953.56	52,380.90	167,099.11	8,618.57	10,689.20	23.44	66,105.32	40,216.94	125,653.47
Contributions	-	-	-	-	-	-	-	-	150,850.21	-	441.00	151,291.21
Sale of Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Other	158,916.61	128,393.51	19,516	-	199,705.23	506,531.36	179,113.20	230,180.22	-	-	235,017.36	644,310.78
<b>Total Revenues</b>	<b>2,384,110.75</b>	<b>2,288,466.51</b>	<b>957,627.18</b>	<b>849,169.25</b>	<b>1,004,958.71</b>	<b>7,484,332.40</b>	<b>2,274,663.03</b>	<b>2,440,918.96</b>	<b>916,207.21</b>	<b>798,488.79</b>	<b>1,288,200.89</b>	<b>7,718,478.88</b>
<b>EXPENDITURES:</b>												
Current:												
General county government	455,268.58	-	-	50,000.00	609,247.01	1,114,515.59	538,173.10	-	-	450,000.00	805,663.18	1,793,836.28
Road & Bridge	-	2,500,296.81	-	-	-	2,500,296.81	-	2,085,683.61	-	-	68,794.30	2,154,477.91
Financial Administration	217,703.00	-	-	-	-	217,703.00	210,079.24	-	-	-	-	210,079.24
Other offices & grants	326,611.09	-	-	-	-	326,611.09	434,744.09	-	-	-	-	434,744.09
Public Safety	-	-	1,659,422.00	-	8,351.65	1,667,773.65	-	-	1,599,284.93	-	8,970.55	1,608,255.48
Planning & Zoning	-	-	-	-	-	-	-	-	-	-	-	-
Property Valuation and Recording:	120,451.00	-	-	-	-	120,451.00	114,874.19	-	-	-	-	114,874.19
Administration of Justice and Law	855,000.22	-	-	-	-	855,000.22	769,481.87	-	-	-	-	769,481.87
Senior Citizens	-	-	-	-	79,094.75	79,094.75	-	-	-	-	85,054.50	85,054.50
Capital Outlay:												
Property, equipment and buildings	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service:												
Principal payments	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Other charges	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,975,033.89</b>	<b>2,500,296.81</b>	<b>1,659,422.00</b>	<b>50,000.00</b>	<b>696,693.41</b>	<b>6,881,446.11</b>	<b>2,067,352.49</b>	<b>2,085,683.61</b>	<b>1,599,284.93</b>	<b>450,000.00</b>	<b>968,482.53</b>	<b>7,170,803.56</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>409,076.86</b>	<b>(211,830.30)</b>	<b>(701,794.82)</b>	<b>799,169.25</b>	<b>308,265.30</b>	<b>602,886.29</b>	<b>207,310.54</b>	<b>355,235.35</b>	<b>(683,077.72)</b>	<b>348,488.79</b>	<b>319,718.36</b>	<b>547,675.32</b>
<b>OTHER FINANCING SOURCES (USES):</b>												
Transfers in	447,522.74	-	687,300.00	-	176,824.85	1,311,647.59	386,967.09	-	697,374.72	-	24,269.54	1,108,611.35
Transfers out	(780,500.00)	(85,250.52)	-	(139,596.68)	(306,300.39)	(1,311,647.59)	(676,084.72)	(80,088.56)	-	(130,777)	(221,660.94)	(1,108,611.35)
<b>Total Other Financing Sources (uses)</b>	<b>(332,977.26)</b>	<b>(85,250.52)</b>	<b>687,300.00</b>	<b>(139,596.68)</b>	<b>(129,475.54)</b>	<b>-</b>	<b>(289,117.63)</b>	<b>(80,088.56)</b>	<b>697,374.72</b>	<b>(130,777.13)</b>	<b>(197,391.40)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>76,099.60</b>	<b>(297,080.82)</b>	<b>(14,494.82)</b>	<b>659,572.57</b>	<b>178,789.76</b>	<b>602,886.29</b>	<b>(81,807.09)</b>	<b>275,146.79</b>	<b>14,297.00</b>	<b>217,711.66</b>	<b>122,326.96</b>	<b>547,675.32</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>5,631.53</b>	<b>368,175.95</b>	<b>15,297.00</b>	<b>1,585,532.31</b>	<b>698,078.90</b>	<b>2,672,715.69</b>	<b>87,438.62</b>	<b>93,029.16</b>	<b>1,000.00</b>	<b>1,367,820.65</b>	<b>575,751.94</b>	<b>2,125,040.37</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>81,731.13</b>	<b>71,095.13</b>	<b>802.18</b>	<b>2,245,104.88</b>	<b>876,868.66</b>	<b>3,275,601.98</b>	<b>5,631.53</b>	<b>368,175.95</b>	<b>15,297.00</b>	<b>1,585,532.31</b>	<b>698,078.90</b>	<b>2,672,715.69</b>

See accompanying notes to the financial statements

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

---

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

TOTAL FUND BALANCE – GOVERNMENTAL FUNDS	\$ 3,275,601.98
There are no items of reconciliation.	<u>-</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>\$ 3,275,601.98</u>

See accompanying notes to the financial statements.

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
RECONCILIATION OF THE COUNTY FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET ASSETS  
CASH BASIS - FOR THE YEAR ENDED DECEMBER 31, 2006

---

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

TOTAL FUND BALANCE – GOVERNMENTAL FUNDS	\$	2,672,715.69
---	----	--------------

There are no items of reconciliation.

-

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TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	\$	<u>2,672,715.69</u>
--	----	---------------------

See accompanying notes to the financial statements.

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

---

TOTAL NET CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS	\$ 602,886.29
There are no items of reconciliation.	<u>-</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 602,886.29</u>

See accompanying notes to the financial statements.

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
RECONCILIATION OF THE COUNTY FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE  
GOVERNMENT -WIDE STATEMENT OF ACTIVITIES  
CASH BASIS - FOR THE YEAR ENDED DECEMBER 31, 2006

---

TOTAL NET CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS	\$ 547,675.32
There are no items of reconciliation.	<u>-</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 547,675.32</u>

See accompanying notes to the financial statements.

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

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	December 31, 2007 Agency Funds	December 31, 2006 Agency Funds
ASSETS		
Cash and Cash equivalents	<u>743,739.81</u>	<u>509,608.08</u>
TOTAL ASSETS	<u><u>743,739.81</u></u>	<u><u>509,608.08</u></u>
FUND BALANCE		
Unreserved Fund Balances	<u>743,739.81</u>	<u>509,608.08</u>
TOTAL FUND BALANCES	<u><u>743,739.81</u></u>	<u><u>509,608.08</u></u>

See accompanying notes to financial statements

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Washington, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1813 by an Act of the Missouri Territory. In addition to the three board members, there are five elected Constitutional Officers: County Clerk, Treasurer/Ex Officio Collector, Circuit Clerk, Sheriff, and Prosecuting Attorney.

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

A. Reporting Entity

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

In accordance with accounting principles generally accepted in the United States of America, the Health Department of Washington County, Missouri, the Washington County 911 Board and the Washington County SB40 Board have issued separate reporting entity financial statements. For information on these component units, please contact the Washington County Health Department, Washington County 911 Board and the Washington County SB40 Board.

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

*Government-wide Financial Statements:*

The Statement of Net Assets and the Statement of Activities present financial information about the primary government of Washington 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 non-exchange 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 Washington 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, Special Road and Bridge, Sheriff's Law Enforcement Fund and the Economic Development Fund are major governmental funds. All other governmental funds are reported in one column labeled "Non-major Governmental Funds". If applicable, the total fund balances for all governmental funds is reconciled to total net assets. The net change in fund balance for all governmental funds, if applicable, is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

*Fund Financial Statements (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 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.

Special 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.

Sheriff's Law Enforcement Fund – A Special Revenue Fund used for training.

Economic Development Fund – A Special Revenue Fund used to promote industries.

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 WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

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

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

If the 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 WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Property Taxes

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

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

	2007	2006
Real Estate	\$ 114,014,463	\$ 94,358,646
Personal Property	42,564,740	42,774,589
Railroad and Utilities	51,902,196	51,594,455
	\$ 208,481,399	\$ 188,727,690

E. Cash Deposits and Investments

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

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

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

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Transactions

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

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

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

G. Reserved Fund Balance

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

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the 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.

II. DEPOSITS AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Deposit 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.

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

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II. DEPOSITS AND INVESTMENTS (continued)

A. 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 \$3,143,636.48 and \$2,572,994.16, the bank balance was \$8,257,452.90 and \$7,547,834.31 respectively. As of December 31, 2007 and 2006, 100% of the County's investments were guaranteed by the U. S. Government.

B. 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

Deposits	\$ 3,143,636.48
Investments	-
	-
TOTAL DEPOSITS & INVESTMENTS AS OF DECEMBER 31, 2007	\$ 3,143,636.48

The carrying values of deposits and investments at December 31, 2006, are as follows:

Included in the following fund financial statement captions:

Balance Sheet – Government Funds

Deposits	\$ 2,572,994.16
Investments	-
	-
TOTAL DEPOSITS & INVESTMENTS AS OF DECEMBER 31, 2006	\$ 2,572,994.16

C. 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 for the year end December 31, 2007 & 2006.

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

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II. DEPOSITS AND INVESTMENTS (concluded)

D. 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.

E. Investment Interest Rate Risk

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

F. 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. The County's deposits were not exposed to concentration of investment credit risk for the year end December 31, 2007 & 2006.

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

III. INTERFUND TRANSFERS

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

	2007		2006	
	TRANSFERS IN	TRANSFERS OUT	TRANSFERS IN	TRANSFERS OUT
<u>MAJOR FUNDS:</u>				
General Fund	\$ 447,522.74	\$ 780,500.00	\$ 386,967.09	\$ 676,084.72
Special Road and Bridge	0.00	85,250.52	0.00	80,088.56
Sheriff's Law Enforcement	687,300.00	0.00	697,374.72	0.00
Economic Development	0.00	139,596.68	0.00	130,777.13
Non-major Funds	176,824.85	306,300.39	24,269.54	221,660.94
TOTAL	\$ 1,311,647.59	\$ 1,311,647.59	\$ 1,108,611.35	\$ 1,108,611.35

IV. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

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

A. Plan Description

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

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

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

B. Pension Benefits

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

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed for vested employees.

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 \$106,852.54 and \$99,046.10, respectively, for the years then ended.

V. 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 \$7,752 and \$7,752, respectively, for the years ended December 31, 2007 and 2006.

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

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VI. 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.

VII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is currently under litigation that has been turned over to its liability insurance carrier.

B. Compensated Absences

The County provides employees with annual leave time based upon the number of years of continuing service. Upon termination from county employment, an employee is paid for overtime if applicable.

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.

VIII. LONG-TERM DEBT

The County does not maintain sufficient records of recording debt on the financial statements.

IX. 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 WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 & 2006

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IX. RISK MANAGEMENT (concluded)

The County is 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.

X. ACCOUNTING CHANGE

For the year ended December 31, 2006, the County has implemented GASB Statement No. 34, "Basic Financial Statements – For State and Local Governments." GASB No. 34 (as amended by GASB No. 37) represents a very significant change in the financial reporting model used by state and local governments. The County's implementation was done on the cash basis of accounting. Therefore, significant assets (i.e. capital assets) and significant liabilities (i.e. general obligation bonds) are not presented in the financial statements of the County.

In addition, for the year ended December 31, 2006, the County has implemented GASB Statement no. 37, "Basic Financial Statements for State and Local Governments: Omnibus" and GASB Statement No. 38, "Certain Financial Statement Note Disclosures."

At December 31, 2006, there was no effect on fund balance as a result of implementing these GASB Statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
<b>REVENUES:</b>								
Property taxes	478,000.00	478,000.00	322,898.25	(155,101.75)	470,016.30	470,016.30	470,457.26	440.96
Sales tax	903,000.00	903,000.00	946,775.43	43,775.43	732,476.05	732,476.05	893,618.14	161,142.09
Other taxes	-	-	-	-	-	-	-	-
Intergovernmental revenues	134,394.48	134,394.48	399,496.00	265,101.52	445,069.10	445,069.10	213,866.28	(231,202.82)
Charges for services	401,385.00	401,385.00	413,442.80	12,057.80	398,785.24	398,785.24	390,739.78	(8,045.46)
Grants	75,069.00	75,069.00	68,582.68	(6,486.32)	263,608.00	263,608.00	63,233.04	(200,374.96)
Reimbursements	64,617.43	64,617.43	66,574.43	1,957.00	101,110.56	101,110.56	55,016.76	(46,093.80)
Fees, licenses and permits	-	-	-	-	-	-	-	-
Interests	8,800.00	8,800.00	7,424.55	(1,375.45)	5,000.00	5,000.00	8,618.57	3,618.57
Other	209,077.32	209,077.32	158,916.61	(50,160.71)	161,105.00	161,105.00	179,113.20	18,008.20
Total Revenues	2,274,343.23	2,274,343.23	2,384,110.75	109,767.52	2,577,170.25	2,577,170.25	2,274,663.03	(302,507.22)
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General county government	473,070.50	473,070.50	455,268.58	(17,801.92)	530,526.23	530,526.23	538,173.10	7,646.87
Financial Administration:	232,812.22	232,812.22	217,703.00	(15,109.22)	217,076.68	217,076.68	210,079.24	(6,997.44)
Other offices & grants	331,974.02	331,974.02	326,611.09	(5,362.93)	379,850.09	379,850.09	434,744.09	54,894.00
Health and Welfare	-	-	-	-	-	-	-	-
Property Valuation and Recording:	130,076.00	130,076.00	120,451.00	(9,625.00)	115,571.00	115,571.00	114,874.19	(696.81)
Administration of Justice and Law	906,246.56	906,246.56	855,000.22	(51,246.34)	800,262.86	800,262.86	769,481.87	(30,780.99)
<b>Capital Outlay:</b>								
Construction of roads and bridges	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	-
<b>Debt Service:</b>								
Principal payments	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Other charges	-	-	-	-	-	-	-	-
Total Expenditures	2,074,179.30	2,074,179.30	1,975,033.89	(99,145.41)	2,043,286.86	2,043,286.86	2,067,352.49	24,065.63
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	200,163.93	200,163.93	409,076.86	208,912.93	533,883.39	533,883.39	207,310.54	(326,572.85)
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in	519,214.57	519,214.57	447,522.74	(71,691.83)	192,348.49	192,348.49	386,967.09	194,618.60
Transfers out	-	-	(780,500.00)	(780,500.00)	(679,910.80)	(679,910.80)	(676,084.72)	3,826.08
<b>Debt Service</b>								
Principal payment	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	519,214.57	519,214.57	(332,977.26)	(852,191.83)	(487,562.31)	(487,562.31)	(289,117.63)	198,444.68
<b>NET CHANGE IN FUND BALANCE</b>	719,378.50	719,378.50	76,099.60	(643,278.90)	46,321.08	46,321.08	(81,807.09)	(128,128.17)
<b>FUND BALANCE - BEGIN OF YEAR</b>	5,631.53	5,631.53	5,631.53	-	87,438.62	87,438.62	87,438.62	-
<b>FUND BALANCE - END OF YEAR</b>	725,010.03	725,010.03	81,731.13	(643,278.90)	133,759.70	133,759.70	5,631.53	(128,128.17)

See accompanying independent auditors' report

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
DEPARTMENTAL SCHEDULE OF EXPENDITURES  
NON-GAAP BUDGET BASIS AND ACTUAL-GENERAL FUND  
UNAUDITED  
FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
EXPENDITURES:								
Current:								
General County Government:								
County Commission	\$ 126,005.27	126,005.27	132,596.00	\$ 6,590.73	\$ 123,679.91	123,679.91	123,898.53	\$ 218.62
County Clerk	166,010.26	161,110.26	157,309.26	(3,801.00)	161,933.06	158,233.06	147,632.75	(10,600.31)
Elections	48,149.76	62,252.36	55,467.32	(6,785.04)	127,759.63	127,759.63	134,194.54	6,434.91
Buildings and grounds	132,905.21	132,905.21	109,896.00	(23,009.21)	117,153.63	145,551.63	132,447.28	(13,104.35)
Employee fringe benefits	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-
	<u>473,070.50</u>	<u>482,273.10</u>	<u>455,268.58</u>	<u>(27,004.52)</u>	<u>530,526.23</u>	<u>555,224.23</u>	<u>538,173.10</u>	<u>(17,051.13)</u>
Financial Administration:								
Collector	161,943.00	160,543.00	147,822.00	12,721.00	147,778.54	150,678.54	142,457.06	8,221.48
Treasurer	70,869.22	70,669.22	69,881.00	(788.22)	69,298.14	68,998.14	67,622.18	(1,375.96)
	<u>232,812.22</u>	<u>231,212.22</u>	<u>217,703.00</u>	<u>11,932.78</u>	<u>217,076.68</u>	<u>219,676.68</u>	<u>210,079.24</u>	<u>6,845.52</u>
Other Offices & Grants								
Other Offices & Grants	<u>331,974.02</u>	<u>314,648.92</u>	<u>326,611.09</u>	<u>(11,962.17)</u>	<u>379,850.09</u>	<u>494,605.01</u>	<u>434,744.09</u>	<u>59,860.92</u>
	<u>331,974.02</u>	<u>314,648.92</u>	<u>326,611.09</u>	<u>(11,962.17)</u>	<u>379,850.09</u>	<u>494,605.01</u>	<u>434,744.09</u>	<u>59,860.92</u>
Health & Welfare								
Public Health and Welfare	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditors' report

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
DEPARTMENTAL SCHEDULE OF EXPENDITURES  
NON-GAAP BUDGET BASIS AND ACTUAL-GENERAL FUND (CONTINUED)  
UNAUDITED  
FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
Property Valuation and Recording:								
Recorder of Deeds	130,076.00	125,432.00	120,451.00	(4,981.00)	115,571.00	116,165.00	114,874.19	(1,290.81)
Administration of Justice and Law Enforcement:								
Associate Circuit	-	-	-	-	-	-	-	-
Circuit Clerk	81,747.01	56,105.21	52,196.00	(3,909.21)	59,150.72	57,149.72	51,416.15	(5,733.57)
Surveyor	12,659.40	12,659.40	11,799.50	(859.90)	12,455.88	12,555.88	12,472.84	(83.04)
Associate Circuit - (Probate)	50,157.52	50,157.52	42,807.00	(7,350.52)	51,234.44	47,734.44	45,236.54	(2,497.90)
Court Administrator	15,475.00	15,475.00	9,572.00	(5,903.00)	14,225.00	14,225.00	13,521.15	(703.85)
Dispatch	-	-	-	-	-	-	-	-
Circuit Judges & Court Reporters	8,000.00	8,000.00	9,928.00	1,928.00	9,000.00	9,000.00	7,457.03	(1,542.97)
Jail	-	-	-	-	-	-	-	-
Landfill	34,789.14	34,789.14	34,760.00	(29.14)	33,491.76	33,491.76	33,449.56	(42.20)
Justice Center	-	-	-	-	-	-	-	-
Juvenile Office	82,951.40	82,951.40	82,951.00	(0.40)	82,951.00	82,951.00	82,951.40	0.40
Lincoln County Rescue Squad	-	-	-	-	-	-	-	-
Coroner's Office	60,243.96	49,639.38	67,797.00	18,157.62	37,277.56	37,277.56	41,786.83	4,509.27
Sheriffs Office	1,500.00	1,500.00	1,493.47	(6.53)	1,500.00	1,500.00	1,244.00	(256.00)
Drug Task Force	-	-	-	-	-	-	-	-
Emergency Fund	5,660.00	5,660.00	1,721.25	(3,938.75)	2,000.00	2,000.00	6,037.15	4,037.15
Prosecuting Attorney	482,659.23	430,120.98	464,660.00	34,539.02	426,414.00	417,825.28	406,902.28	(10,923.00)
Prosecuting Attorney Retirement	-	-	-	-	-	-	-	-
Public Administrator	70,403.90	70,403.90	75,315.00	4,911.10	70,562.50	70,262.50	67,006.94	(3,255.56)
	<u>906,246.56</u>	<u>817,461.93</u>	<u>855,000.22</u>	<u>37,538.29</u>	<u>800,262.86</u>	<u>785,973.14</u>	<u>769,481.87</u>	<u>(16,491.27)</u>
Debt Service:								
Principal payments	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Other charges	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay:								
Property, Equipment & Buildings	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 2,074,179.30</u>	<u>1,971,028.17</u>	<u>1,975,033.89</u>	<u>5,523.38</u>	<u>\$ 2,043,286.86</u>	<u>2,171,644.06</u>	<u>2,067,352.49</u>	<u>31,873.23</u>

See accompanying independent auditors' report

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

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
REVENUES:								
Property tax	551,898.00	551,898.00	580,067.00	28,169.00	551,089.89	551,089.89	512,298.25	(38,791.64)
Sales tax	740,000.00	740,000.00	758,249.00	18,249.00	720,000.00	720,000.00	732,383.26	12,383.26
Other taxes	-	-	-	-	-	-	-	-
Intergovernmental revenue	670,600.00	670,600.00	805,445.00	134,845.00	1,208,484.06	1,208,484.06	955,368.03	(253,116.03)
Charges for services	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-
Fees, licenses and permits	-	-	-	-	-	-	-	-
Interest	8,000.00	8,000.00	16,312.00	8,312.00	9,558.98	9,558.98	10,689.20	1,130.22
Other	130,700.00	130,700.00	128,393.51	(2,306.49)	100.00	100.00	230,180.22	230,080.22
Total Revenues	<u>2,101,198.00</u>	<u>2,101,198.00</u>	<u>2,288,466.51</u>	<u>187,268.51</u>	<u>2,489,232.93</u>	<u>2,489,232.93</u>	<u>2,440,918.96</u>	<u>(48,313.97)</u>
EXPENDITURES:								
Current:								
Maintenance of Roads:								
Highway and Roads	2,383,754.47	2,383,754.47	2,500,296.81	116,542.34	2,036,657.32	2,154,924.67	2,085,683.61	(69,241.06)
Capital Outlay:								
Construction of roads and bridges	-	-	-	-	-	-	-	-
Property, equipment & buildings	-	-	-	-	-	-	-	-
Total Expenditures	<u>2,383,754.47</u>	<u>2,383,754.47</u>	<u>2,500,296.81</u>	<u>116,542.34</u>	<u>2,036,657.32</u>	<u>2,154,924.67</u>	<u>2,085,683.61</u>	<u>(69,241.06)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(282,556.47)	(282,556.47)	(211,830.30)	70,726.17	452,575.61	334,308.26	355,235.35	20,927.09
OTHER FINANCING SOURCES(USES):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(85,017.00)	(85,017.00)	(85,250.52)	(233.52)	(62,348.49)	(62,348.49)	(80,088.56)	(17,740.07)
Total Other Financing Sources (Uses)	<u>(85,017.00)</u>	<u>(85,017.00)</u>	<u>(85,250.52)</u>	<u>(233.52)</u>	<u>(62,348.49)</u>	<u>(62,348.49)</u>	<u>(80,088.56)</u>	<u>(17,740.07)</u>
NET CHANGE IN FUND BALANCE	(367,573.47)	(367,573.47)	(297,080.82)	70,492.65	390,227.12	271,959.77	275,146.79	3,187.02
FUND BALANCE - BEGINNING OF YEAR	<u>368,175.95</u>	<u>368,175.95</u>	<u>368,175.95</u>	<u>-</u>	<u>93,029.16</u>	<u>93,029.16</u>	<u>93,029.16</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>602.48</u></u>	<u><u>602.48</u></u>	<u><u>71,095.13</u></u>	<u><u>70,492.65</u></u>	<u><u>483,256.28</u></u>	<u><u>364,988.93</u></u>	<u><u>368,175.95</u></u>	<u><u>3,187.02</u></u>

See accompanying independent auditors' report

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-GAAP BUDGET BASIS AND ACTUAL CASH BASIS SPECIAL REVENUE  
SHERIFF'S LAW ENFORCEMENT FUND  
UNAUDITED  
FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
REVENUES:								
Property tax	-	-	-	-	-	-	-	-
Sales tax	740,000.00	740,000.00	758,253.63	18,253.63	725,000.00	725,000.00	732,381.74	7,381.74
Other taxes	-	-	-	-	-	-	-	-
Intergovernmental revenue	48,205.00	48,205.00	155,216.63	107,011.63	313,000.00	313,000.00	-	(313,000.00)
Charges for Services	7,200.00	7,200.00	992.00	(6,208.00)	6,000.00	6,000.00	5,346.94	(653.06)
Grants	-	-	15,367.70	15,367.70	39,576.38	39,576.38	23,792.35	(15,784.03)
Reimbursement	17,600.00	17,600.00	8,253.11	(9,346.89)	25,600.00	25,600.00	3,812.53	(21,787.47)
Fees, licenses and permits	-	-	-	-	-	-	-	-
Interest	4,553.76	4,553.76	28.10	(4,525.66)	150.00	150.00	23.44	(126.56)
Other	183,200.00	183,200.00	19,516.01	(163,683.99)	11,000.00	11,000.00	150,850.21	139,850.21
Total Revenues	1,000,758.76	1,000,758.76	957,627.18	(43,131.58)	1,120,326.38	1,120,326.38	916,207.21	(204,119.17)
EXPENDITURES:								
Current:								
Public Safety	1,657,476.63	1,648,523.11	1,659,422.00	10,898.89	1,520,552.75	1,599,550.81	1,599,284.93	(265.88)
Highway and Roads	-	-	-	-	-	-	-	-
Capital Outlay:								
Construction of roads and bridges	-	-	-	-	-	-	-	-
Property, equipment & buildings	-	-	-	-	-	-	-	-
Total Expenditures	1,657,476.63	1,648,523.11	1,659,422.00	10,898.89	1,520,552.75	1,599,550.81	1,599,284.93	(265.88)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(656,717.87)	(647,764.35)	(701,794.82)	(54,030.47)	(400,226.37)	(479,224.43)	(683,077.72)	(203,853.29)
OTHER FINANCING SOURCES(USES):								
Transfers in	637,021.11	637,021.11	687,300.00	50,278.89	658,084.72	658,084.72	697,374.72	39,290.00
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	637,021.11	637,021.11	687,300.00	50,278.89	658,084.72	658,084.72	697,374.72	39,290.00
NET CHANGE IN FUND BALANCE	(19,696.76)	(10,743.24)	(14,494.82)	(3,751.58)	257,858.35	178,860.29	14,297.00	(164,563.29)
FUND BALANCE - BEGINNING OF YEAR	15,297.00	15,297.00	15,297.00	-	1,000.00	1,000.00	1,000.00	-
FUND BALANCE - END OF YEAR	(4,399.76)	4,553.76	802.18	(3,751.58)	258,858.35	179,860.29	15,297.00	(164,563.29)

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-GAAP BUDGET BASIS AND ACTUAL CASH BASIS SPECIAL REVENUE  
ECONOMIC DEVELOPMENT FUND  
UNAUDITED  
FOR THE YEARS ENDED

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Over (Under) Final Budget	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final			Original	Final		
REVENUES:								
Property tax	-	-	-	-	-	-	-	-
Sales tax	740,000.00	740,000.00	758,215.69	18,215.69	728,400.00	728,400.00	732,383.47	3,983.47
Other taxes	-	-	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-
Fees, licenses and permits	-	-	-	-	-	-	-	-
Interest	59,000.00	59,000.00	90,953.56	31,953.56	21,600.00	21,600.00	66,105.32	44,505.32
Other	-	-	-	-	-	-	-	-
Total Revenues	799,000.00	799,000.00	849,169.25	50,169.25	750,000.00	750,000.00	798,488.79	48,488.79
EXPENDITURES:								
Current:								
General County Government	2,380,000.00	2,380,000.00	50,000.00	(2,330,000.00)	1,860,000.00	1,860,000.00	450,000.00	(1,410,000.00)
911 Emergency Telephone Expense	-	-	-	-	-	-	-	-
Capital Outlay:								
Property, Equipment & Buildings	-	-	-	-	-	-	-	-
Total Expenditures	2,380,000.00	2,380,000.00	50,000.00	(2,330,000.00)	1,860,000.00	1,860,000.00	450,000.00	(1,410,000.00)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,581,000.00)	(1,581,000.00)	799,169.25	2,380,169.25	(1,110,000.00)	(1,110,000.00)	348,488.79	1,458,488.79
OTHER FINANCING SOURCES(USES):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(139,596.68)	(139,596.68)	-	-	(130,777.13)	(130,777.13)
Total Other Financing Sources (Uses)	-	-	(139,596.68)	(139,596.68)	-	-	(130,777.13)	(130,777.13)
NET CHANGE IN FUND BALANCE	(1,581,000.00)	(1,581,000.00)	659,572.57	2,240,572.57	(1,110,000.00)	(1,110,000.00)	217,711.66	1,327,711.66
FUND BALANCE - BEGINNING OF YEAR	1,585,532.31	1,585,532.31	1,585,532.31	-	1,367,820.65	1,367,820.65	1,367,820.65	-
FUND BALANCE - END OF YEAR	4,532.31	4,532.31	2,245,104.88	2,240,572.57	257,820.65	257,820.65	1,585,532.31	1,327,711.66

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

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I. 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.

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

**SUPPLEMENTARY INFORMATION**

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

	Assessment Fund	Law Enforcement Training Fund	Airport Fund	Revolving Loan Fund	Prosecuting Attorney Delinquent Tax	Prosecuting Attorney Training Fund	Prosecuting Attorney Bad Check Fund	Sheriff Civil Fees	Recorder User Funds	Defense of Appeals Fund	DARE	Election Services	Senior Citizens Service Funds Board	Recorder Tech	Shelter Fund
ASSETS															
Cash and Cash Equivalents	391.13	4,689.66	356.58	126,350.34	6,602.58	7,641.37	80,887.83	375.10	103,521.76	7,058.42	8.58	97.97	131,965.50	33,111.57	881.01
<b>TOTAL ASSETS</b>	<u>391.13</u>	<u>4,689.66</u>	<u>356.58</u>	<u>126,350.34</u>	<u>6,602.58</u>	<u>7,641.37</u>	<u>80,887.83</u>	<u>375.10</u>	<u>103,521.76</u>	<u>7,058.42</u>	<u>8.58</u>	<u>97.97</u>	<u>131,965.50</u>	<u>33,111.57</u>	<u>881.01</u>
LIABILITIES AND FUND BALANCES															
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	391.13	4,689.66	356.58	126,350.34	6,602.58	7,641.37	80,887.83	375.10	103,521.76	7,058.42	8.58	97.97	131,965.50	33,111.57	881.01
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>391.13</u>	<u>4,689.66</u>	<u>356.58</u>	<u>126,350.34</u>	<u>6,602.58</u>	<u>7,641.37</u>	<u>80,887.83</u>	<u>375.10</u>	<u>103,521.76</u>	<u>7,058.42</u>	<u>8.58</u>	<u>97.97</u>	<u>131,965.50</u>	<u>33,111.57</u>	<u>881.01</u>

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

	<u>Building Fund</u>	<u>HAVA Fund</u>	<u>County Sheriff Revolving Fund</u>	<u>Assessor Tech Fund</u>	<u>Surtax Fund</u>	<u>Water District Holiday Shores Fund</u>	<u>Belgrade Water District #2</u>	<u>Collector Tax Maint Fund</u>	<u>Circuit Clerk Interest</u>	<u>Time Payment Plan</u>	<u>Associate Circuit Division Interest</u>	<u>Total</u>
ASSETS												
Cash and Cash Equivalents	256,804.72	-	9,266.90	25,304.90	4,668.46	-	-	67,162.77	2,531.25	6,300.02	890.24	876,868.66
TOTAL ASSETS	<u>256,804.72</u>	<u>-</u>	<u>9,266.90</u>	<u>25,304.90</u>	<u>4,668.46</u>	<u>-</u>	<u>-</u>	<u>67,162.77</u>	<u>2,531.25</u>	<u>6,300.02</u>	<u>890.24</u>	<u>876,868.66</u>
LIABILITIES AND FUND BALANCES												
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>256,804.72</u>	<u>-</u>	<u>9,266.90</u>	<u>25,304.90</u>	<u>4,668.46</u>	<u>-</u>	<u>-</u>	<u>67,162.77</u>	<u>2,531.25</u>	<u>6,300.02</u>	<u>890.24</u>	<u>876,868.66</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>256,804.72</u>	<u>-</u>	<u>9,266.90</u>	<u>25,304.90</u>	<u>4,668.46</u>	<u>-</u>	<u>-</u>	<u>67,162.77</u>	<u>2,531.25</u>	<u>6,300.02</u>	<u>890.24</u>	<u>876,868.66</u>

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

	Assessment Fund	Law Enforcement Training Fund	Airport Fund	Revolving Loan Fund	Prosecuting Attorney Delinquent Tax	Prosecuting Attorney Training Fund	Prosecuting Attorney Bad Check Fund	Sheriff Civil Fees	Recorder User Funds	Defense of Appeals Fund	DARE	Election Services	Recorder Tech	Senior Citizens Service Funds Board
<b>REVENUES:</b>														
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	95,485.48
Sales tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	110,287.74	1,439.86	-	-	2,179.01	-	-	-	-	-	-	1,343.75	-	6,571.92
Charges for Services	7,337.95	2,659.00	-	-	-	653.31	22,099.39	48,094.81	12,560.00	-	-	-	9,533.75	-
Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursements	144,380.45	-	-	-	-	-	-	-	-	-	-	-	-	-
Fees, licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	1,166.41	175.82	23.05	4,510.28	326.41	423.72	5,322.25	454.39	5,652.80	396.68	35.63	53.24	2,803.69	9,281.32
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	92.75	-	11,145.63	46,437.66	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>263,265.30</b>	<b>4,274.68</b>	<b>11,168.68</b>	<b>50,947.94</b>	<b>2,505.42</b>	<b>1,077.03</b>	<b>27,421.64</b>	<b>48,549.20</b>	<b>18,212.80</b>	<b>396.68</b>	<b>35.63</b>	<b>1,396.99</b>	<b>12,337.44</b>	<b>111,338.72</b>
<b>EXPENDITURES</b>														
General government	308,065.66	-	11,500.00	-	-	-	3,896.50	-	5,794.99	-	-	1,699.86	5,530.91	-
Public Safety	-	4,658.90	-	-	1,946.78	379.60	-	-	-	1,366.37	-	-	-	-
Highways and roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, interest and fiscal fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Citizens	-	-	-	-	-	-	-	-	-	-	-	-	-	79,094.75
Capital Outlay:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction of roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future capital improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>308,065.66</b>	<b>4,658.90</b>	<b>11,500.00</b>	<b>-</b>	<b>1,946.78</b>	<b>379.60</b>	<b>3,896.50</b>	<b>-</b>	<b>5,794.99</b>	<b>-</b>	<b>1,366.37</b>	<b>1,699.86</b>	<b>5,530.91</b>	<b>79,094.75</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(44,800.36)</b>	<b>(384.22)</b>	<b>(331.32)</b>	<b>50,947.94</b>	<b>558.64</b>	<b>697.43</b>	<b>23,525.14</b>	<b>48,549.20</b>	<b>12,417.81</b>	<b>396.68</b>	<b>(1,330.74)</b>	<b>(302.87)</b>	<b>6,806.53</b>	<b>32,243.97</b>
<b>OTHER FINANCING SOURCES (USES):</b>														
Transfers in	44,395.25	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(29,883.64)	(52,300.00)	-	-	-	(1,429.60)	(1,000.00)	-
<b>Total Other Financing Sources (Uses)</b>	<b>44,395.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,883.64)</b>	<b>(52,300.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,429.60)</b>	<b>(1,000.00)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(405.11)</b>	<b>(384.22)</b>	<b>(331.32)</b>	<b>50,947.94</b>	<b>558.64</b>	<b>697.43</b>	<b>(6,358.50)</b>	<b>(3,750.80)</b>	<b>12,417.81</b>	<b>396.68</b>	<b>(1,330.74)</b>	<b>(1,732.47)</b>	<b>5,806.53</b>	<b>32,243.97</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>796.24</b>	<b>5,073.88</b>	<b>687.90</b>	<b>75,402.40</b>	<b>6,043.94</b>	<b>6,943.94</b>	<b>87,246.33</b>	<b>4,125.90</b>	<b>91,103.95</b>	<b>6,661.74</b>	<b>1,339.32</b>	<b>1,830.44</b>	<b>27,305.04</b>	<b>99,721.53</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>391.13</b>	<b>4,689.66</b>	<b>356.58</b>	<b>126,350.34</b>	<b>6,602.58</b>	<b>7,641.37</b>	<b>80,887.83</b>	<b>375.10</b>	<b>103,521.76</b>	<b>7,058.42</b>	<b>8.58</b>	<b>97.97</b>	<b>33,111.57</b>	<b>131,965.50</b>

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

	Shelter Fund	Building Fund	HAVA Fund	County Sheriff Revolving Fund	Assessor Tech Fund	Surtax Fund	Water District Holiday Shores Fund	Belgrade Water District #2	Collector Tax Maint Fund	Circuit Clerk Interest	Time Payment Plan	Associate Circuit Division Interest	Total
<b>REVENUES:</b>													
Property taxes	-	-	-	-	-	192,609.59	-	-	-	-	-	-	288,095.07
Sales tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	-	-	339.53	-	-	-	1,000.00	14,163.50	-	-	5,757.20	-	143,082.51
Charges for Services	1,930.00	-	-	8,084.00	27,887.67	-	-	-	36,474.67	-	-	-	177,314.55
Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	144,380.45
Fees, licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	24.51	9,497.51	36.36	438.86	2,090.78	6,074.82	-	-	2,967.84	286.34	-	338.19	52,380.90
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	140,440.67	-	-	-	-	-	-	-	1,588.52	-	-	199,705.23
<b>Total Revenues</b>	<b>1,954.51</b>	<b>149,938.18</b>	<b>375.89</b>	<b>8,522.86</b>	<b>29,978.45</b>	<b>198,684.41</b>	<b>1,000.00</b>	<b>14,163.50</b>	<b>39,442.51</b>	<b>1,874.86</b>	<b>5,757.20</b>	<b>338.19</b>	<b>1,004,958.71</b>
<b>EXPENDITURES</b>													
General government	2,113.12	-	2,803.93	5,027.86	6,369.04	213,986.05	1,000.00	14,163.50	16,565.21	1,415.04	9,315.34	-	609,247.01
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	8,351.65
Highways and roads	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, interest and fiscal fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Citizens	-	-	-	-	-	-	-	-	-	-	-	-	79,094.75
Capital Outlay:	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction of roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-	-
Future capital improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal payment	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>2,113.12</b>	<b>-</b>	<b>2,803.93</b>	<b>5,027.86</b>	<b>6,369.04</b>	<b>213,986.05</b>	<b>1,000.00</b>	<b>14,163.50</b>	<b>16,565.21</b>	<b>1,415.04</b>	<b>9,315.34</b>	<b>-</b>	<b>696,693.41</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(158.61)</b>	<b>149,938.18</b>	<b>(2,428.04)</b>	<b>3,495.00</b>	<b>23,609.41</b>	<b>(15,301.64)</b>	<b>-</b>	<b>-</b>	<b>22,877.30</b>	<b>459.82</b>	<b>(3,558.14)</b>	<b>338.19</b>	<b>308,265.30</b>
<b>OTHER FINANCING SOURCES (USES):</b>													
Transfers in	-	131,000.00	1,429.60	-	-	-	-	-	-	-	-	-	176,824.85
Transfers out	-	(170,000.00)	-	-	(28,895.25)	-	-	-	(22,791.90)	-	-	-	(306,300.39)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(39,000.00)</b>	<b>1,429.60</b>	<b>-</b>	<b>(28,895.25)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,791.90)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(129,475.54)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(158.61)</b>	<b>110,938.18</b>	<b>(998.44)</b>	<b>3,495.00</b>	<b>(5,285.84)</b>	<b>(15,301.64)</b>	<b>-</b>	<b>-</b>	<b>85.40</b>	<b>459.82</b>	<b>(3,558.14)</b>	<b>338.19</b>	<b>178,789.76</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>1,039.62</b>	<b>145,866.54</b>	<b>998.44</b>	<b>5,771.90</b>	<b>30,590.74</b>	<b>19,970.10</b>	<b>-</b>	<b>-</b>	<b>67,077.37</b>	<b>2,071.43</b>	<b>9,858.16</b>	<b>552.05</b>	<b>698,078.90</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>881.01</b>	<b>256,804.72</b>	<b>-</b>	<b>9,266.90</b>	<b>25,304.90</b>	<b>4,668.46</b>	<b>-</b>	<b>-</b>	<b>67,162.77</b>	<b>2,531.25</b>	<b>6,300.02</b>	<b>890.24</b>	<b>876,868.66</b>

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
COMBINING BALANCE SHEET - CASH BASIS  
NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Assessment Fund	Law Enforcement Training Fund	Airport Fund	Revolving Loan Fund	Prosecuting Attorney Delinquent Tax	Prosecuting Attorney Training Fund	Prosecuting Attorney Bad Check Fund	Sheriff Civil Fees	Recorder User Funds	Defense of Appeals Fund	DARE	Election Services	Senior Citizens Service Funds Board	Recorder Tech	Shelter Fund
ASSETS															
Cash and Cash Equivalents	796.24	5,073.88	687.90	75,402.40	6,043.94	6,943.94	87,246.33	4,125.90	91,103.95	6,661.74	1,339.32	1,830.44	99,721.53	27,305.04	1,039.62
<b>TOTAL ASSETS</b>	<u>796.24</u>	<u>5,073.88</u>	<u>687.90</u>	<u>75,402.40</u>	<u>6,043.94</u>	<u>6,943.94</u>	<u>87,246.33</u>	<u>4,125.90</u>	<u>91,103.95</u>	<u>6,661.74</u>	<u>1,339.32</u>	<u>1,830.44</u>	<u>99,721.53</u>	<u>27,305.04</u>	<u>1,039.62</u>
LIABILITIES AND FUND BALANCES															
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	796.24	5,073.88	687.90	75,402.40	6,043.94	6,943.94	87,246.33	4,125.90	91,103.95	6,661.74	1,339.32	1,830.44	99,721.53	27,305.04	1,039.62
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>796.24</u>	<u>5,073.88</u>	<u>687.90</u>	<u>75,402.40</u>	<u>6,043.94</u>	<u>6,943.94</u>	<u>87,246.33</u>	<u>4,125.90</u>	<u>91,103.95</u>	<u>6,661.74</u>	<u>1,339.32</u>	<u>1,830.44</u>	<u>99,721.53</u>	<u>27,305.04</u>	<u>1,039.62</u>

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
COMBINING BALANCE SHEET - CASH BASIS  
NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Building Fund	HAVA Fund	County Sheriff Revolving Fund	Assessor Tech Fund	Surtax Fund	Water District Holiday Shores Fund	Belgrade Water District #2	Collector Tax Maint Fund	Circuit Clerk Interest	Time Payment Plan	Associate Circuit Division Interest	Total
ASSETS												
Cash and Cash Equivalents	145,866.54	998.44	5,771.90	30,590.74	19,970.10	-	-	67,077.37	2,071.43	9,858.16	552.05	698,078.90
<b>TOTAL ASSETS</b>	<u>145,866.54</u>	<u>998.44</u>	<u>5,771.90</u>	<u>30,590.74</u>	<u>19,970.10</u>	<u>-</u>	<u>-</u>	<u>67,077.37</u>	<u>2,071.43</u>	<u>9,858.16</u>	<u>552.05</u>	<u>698,078.90</u>
LIABILITIES AND FUND BALANCES												
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>145,866.54</u>	<u>998.44</u>	<u>5,771.90</u>	<u>30,590.74</u>	<u>19,970.10</u>	<u>-</u>	<u>-</u>	<u>67,077.37</u>	<u>2,071.43</u>	<u>9,858.16</u>	<u>552.05</u>	<u>698,078.90</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>145,866.54</u>	<u>998.44</u>	<u>5,771.90</u>	<u>30,590.74</u>	<u>19,970.10</u>	<u>-</u>	<u>-</u>	<u>67,077.37</u>	<u>2,071.43</u>	<u>9,858.16</u>	<u>552.05</u>	<u>698,078.90</u>

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

	Assessment Fund	Law Enforcement Training Fund	Airport Fund	Revolving Loan Fund	Prosecuting Attorney Delinquent Tax	Prosecuting Attorney Training Fund	Prosecuting Attorney Bad Check Fund	Sheriff Civil Fees	Recorder User Funds	Defense of Appeals Fund	DARE	Election Services	Senior Citizens Service Funds Board
<b>REVENUES:</b>													
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	91,657.79
Sales tax													
Other taxes													
Intergovernmental Revenue	105,336.27	1,564.40	-	-	613.16							353.00	5,020.08
Charges for Services	5,606.54	2,922.00	-	-		734.60	37,618.86	42,943.72	12,020.00				
Grants													
Reimbursements	124,438.39	-	-	-									
Fees, licenses and permits	-												
Interest	755.52	162.00	31.09	3,835.11	360.93	354.40	4,590.24	390.83	4,551.78	350.32	70.50	87.95	6,146.87
Contributions											441.00		
Other	2,052.72		10,332.77	37,544.62									
<b>Total Revenues</b>	<b>238,189.44</b>	<b>4,648.40</b>	<b>10,363.86</b>	<b>41,379.73</b>	<b>974.09</b>	<b>1,089.00</b>	<b>42,209.10</b>	<b>43,334.55</b>	<b>16,571.78</b>	<b>350.32</b>	<b>511.50</b>	<b>440.95</b>	<b>102,824.74</b>
<b>EXPENDITURES</b>													
General government	262,162.74		10,500.00	-			4,290.00	-	2,670.99		-	-	
Public Safety		6,430.93	-		1,756.49	207.03					576.10		
Highways and roads													
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, interest and fiscal fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Citizens													85,054.50
Capital Outlay:													
Construction of roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-	-
Future capital improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service													
Principal payment	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>262,162.74</b>	<b>6,430.93</b>	<b>10,500.00</b>	<b>-</b>	<b>1,756.49</b>	<b>207.03</b>	<b>4,290.00</b>	<b>-</b>	<b>2,670.99</b>	<b>-</b>	<b>576.10</b>	<b>-</b>	<b>85,054.50</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(23,973.30)</b>	<b>(1,782.53)</b>	<b>(136.14)</b>	<b>41,379.73</b>	<b>(782.40)</b>	<b>881.97</b>	<b>37,919.10</b>	<b>43,334.55</b>	<b>13,900.79</b>	<b>350.32</b>	<b>(64.60)</b>	<b>440.95</b>	<b>17,770.24</b>
<b>OTHER FINANCING SOURCES (USES):</b>													
Transfers in	24,269.54	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(23,414.46)	(39,290.00)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>24,269.54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,414.46)</b>	<b>(39,290.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>296.24</b>	<b>(1,782.53)</b>	<b>(136.14)</b>	<b>41,379.73</b>	<b>(782.40)</b>	<b>881.97</b>	<b>14,504.64</b>	<b>4,044.55</b>	<b>13,900.79</b>	<b>350.32</b>	<b>(64.60)</b>	<b>440.95</b>	<b>17,770.24</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>500.00</b>	<b>6,856.41</b>	<b>824.04</b>	<b>34,022.67</b>	<b>6,826.34</b>	<b>6,061.97</b>	<b>72,741.69</b>	<b>81.35</b>	<b>77,203.16</b>	<b>6,311.42</b>	<b>1,403.92</b>	<b>1,389.49</b>	<b>81,951.29</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>796.24</b>	<b>5,073.88</b>	<b>687.90</b>	<b>75,402.40</b>	<b>6,043.94</b>	<b>6,943.94</b>	<b>87,246.33</b>	<b>4,125.90</b>	<b>91,103.95</b>	<b>6,661.74</b>	<b>1,339.32</b>	<b>1,830.44</b>	<b>99,721.53</b>

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

	Recorder Tech	Shelter Fund	Building Fund	HAVA Fund	County Sheriff Revolving Fund	Assessor Tech Fund	Surtax Fund	Water District Holiday Shores Fund	Belgrade Water District #2	Collector Tax Maint Fund	Circuit Clerk Interest	Time Payment Plan	Associate Circuit Division Interest	Total
<b>REVENUES:</b>														
Property taxes	-	-	-	-	-	-	195,611.39	-	-	-	-	-	-	287,269.18
Sales tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	-	-	-	175,500.00	-	-	-	14,753.50	113,998.75	-	-	4,604.83	-	421,743.99
Charges for Services	9,483.75	1,630.00	-	-	5,320.00	26,050.43	-	-	-	34,744.13	-	-	-	179,074.03
Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	124,438.39
Fees, licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	1,201.72	25.85	8,460.17	442.75	199.95	1,918.14	3,182.74	-	-	2,818.55	4.48	-	275.05	40,216.94
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	441.00
Other	-	-	182,946.22	-	-	-	-	-	-	302.75	1,838.28	-	-	235,017.36
<b>Total Revenues</b>	<b>10,685.47</b>	<b>1,655.85</b>	<b>191,406.39</b>	<b>175,942.75</b>	<b>5,519.95</b>	<b>27,968.57</b>	<b>198,794.13</b>	<b>14,753.50</b>	<b>113,998.75</b>	<b>37,865.43</b>	<b>1,842.76</b>	<b>4,604.83</b>	<b>275.05</b>	<b>1,288,200.89</b>
<b>EXPENDITURES</b>														
General government	1,698.50	1,916.90	-	189,156.74	1,759.84	8,273.73	186,924.61	14,753.50	113,998.75	6,263.75	811.73	481.40	-	805,663.18
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	8,970.55
Highways and roads	-	-	68,794.30	-	-	-	-	-	-	-	-	-	-	68,794.30
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal, interest and fiscal fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Citizens	-	-	-	-	-	-	-	-	-	-	-	-	-	85,054.50
Capital Outlay:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction of roads and bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Future capital improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,698.50</b>	<b>1,916.90</b>	<b>68,794.30</b>	<b>189,156.74</b>	<b>1,759.84</b>	<b>8,273.73</b>	<b>186,924.61</b>	<b>14,753.50</b>	<b>113,998.75</b>	<b>6,263.75</b>	<b>811.73</b>	<b>481.40</b>	<b>-</b>	<b>968,482.53</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>8,986.97</b>	<b>(261.05)</b>	<b>122,612.09</b>	<b>(13,213.99)</b>	<b>3,760.11</b>	<b>19,694.84</b>	<b>11,869.52</b>	<b>-</b>	<b>-</b>	<b>31,601.68</b>	<b>1,031.03</b>	<b>4,123.43</b>	<b>275.05</b>	<b>319,718.36</b>
<b>OTHER FINANCING SOURCES (USES):</b>														
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	24,269.54
Transfers out	-	-	(130,000.00)	-	-	(6,269.54)	-	-	-	(22,686.94)	-	-	-	(221,660.94)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(130,000.00)</b>	<b>-</b>	<b>-</b>	<b>(6,269.54)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,686.94)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(197,391.40)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>8,986.97</b>	<b>(261.05)</b>	<b>(7,387.91)</b>	<b>(13,213.99)</b>	<b>3,760.11</b>	<b>13,425.30</b>	<b>11,869.52</b>	<b>-</b>	<b>-</b>	<b>8,914.74</b>	<b>1,031.03</b>	<b>4,123.43</b>	<b>275.05</b>	<b>122,326.96</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>18,318.07</b>	<b>1,300.67</b>	<b>153,254.45</b>	<b>14,212.43</b>	<b>2,011.79</b>	<b>17,165.44</b>	<b>8,100.58</b>	<b>-</b>	<b>-</b>	<b>58,162.63</b>	<b>1,040.40</b>	<b>5,734.73</b>	<b>277.00</b>	<b>575,751.94</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>27,305.04</b>	<b>1,039.62</b>	<b>145,866.54</b>	<b>998.44</b>	<b>5,771.90</b>	<b>30,590.74</b>	<b>19,970.10</b>	<b>-</b>	<b>-</b>	<b>67,077.37</b>	<b>2,071.43</b>	<b>9,858.16</b>	<b>552.05</b>	<b>698,078.90</b>

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
COMBINING STATEMENTS OF FIDUCIARY NET ASSETS - CASH BASIS - AGENCY FUNDS  
DECEMBER 31, 2007

	<u>Circuit Clerk</u>	<u>Recorder</u>	<u>Associate Circuit Clerk</u>	<u>Clerk's Account</u>	<u>Collector's Account</u>	<u>Sheriff's Account</u>	<u>Treasurer's Account</u>	<u>Total</u>
<b>ASSETS</b>								
Cash and Cash Equivalents	<u>170,458.33</u>	<u>-</u>	<u>23,523.15</u>	<u>-</u>	<u>100,915.10</u>	<u>39,278.37</u>	<u>409,564.86</u>	<u>743,739.81</u>
<b>TOTAL ASSETS</b>	<b><u>170,458.33</u></b>	<b><u>-</u></b>	<b><u>23,523.15</u></b>	<b><u>-</u></b>	<b><u>100,915.10</u></b>	<b><u>39,278.37</u></b>	<b><u>409,564.86</u></b>	<b><u>743,739.81</u></b>
<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>
<b>UNRESERVED FUND BALANCES</b>	<u>170,458.33</u>	<u>-</u>	<u>23,523.15</u>	<u>-</u>	<u>100,915.10</u>	<u>39,278.37</u>	<u>409,564.86</u>	<u>743,739.81</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>170,458.33</u></b>	<b><u>-</u></b>	<b><u>23,523.15</u></b>	<b><u>-</u></b>	<b><u>100,915.10</u></b>	<b><u>39,278.37</u></b>	<b><u>409,564.86</u></b>	<b><u>743,739.81</u></b>

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS - AGENCY FUNDS  
DECEMBER 31, 2006

	<u>Circuit Clerk</u>	<u>Recorder</u>	<u>Associate Circuit Clerk</u>	<u>Clerk's Account</u>	<u>Collector's Account</u>	<u>Sheriff's Account</u>	<u>Treasurer's Accounts</u>	<u>Total</u>
ASSETS								
Cash and Cash Equivalents	70,158.36	-	34,227.08	-	73,454.33	4,422.21	327,346.10	509,608.08
TOTAL ASSETS	<u>70,158.36</u>	<u>-</u>	<u>34,227.08</u>	<u>-</u>	<u>73,454.33</u>	<u>4,422.21</u>	<u>327,346.10</u>	<u>509,608.08</u>
LIABILITIES AND FUND BALANCES								
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	70,158.36	-	34,227.08	-	73,454.33	4,422.21	327,346.10	509,608.08
TOTAL LIABILITIES AND FUND BALANCES	<u>70,158.36</u>	<u>-</u>	<u>34,227.08</u>	<u>-</u>	<u>73,454.33</u>	<u>4,422.21</u>	<u>327,346.10</u>	<u>509,608.08</u>

**STATE COMPLIANCE SECTION**

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

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I. SCHEDULE OF STATE FINDINGS

There were no state findings.

**FEDERAL COMPLIANCE SECTION**



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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 Washington, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The County of Washington, (the Primary Government), State of Missouri, as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the basic financial statements of the County's primary government, and have issued our cash basis report thereon dated August 14, 2008.

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

We 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 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 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 14, 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 14, 2008

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

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I. 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 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 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 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.

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.

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

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I. FINANCIAL STATEMENT FINDINGS (continued)

B. FS 06/07-02 (continued)

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 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.

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.

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

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I. FINANCIAL STATEMENT FINDINGS (continued)

C. FS 06/07-03 (continued)

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 willing to review this recommendation with the state auditor and the contract auditor to determine various risk assessments.

D. FS 06/07-04

1. Criteria: The County did not maintain sufficient documentation for debt payments.
2. Condition: During our audit, we noted there is not sufficient documentation for debt payments.
3. Effect: Lack of documentation may result in inaccurate balances being budgeted for future expenditures.
4. Cause: The County did not receive proper amortization schedules to accurately report and budget debt expenditures.
5. Recommendation: We recommend that the County obtain sufficient documentation for all debt leases, notes, etc. to properly record and account for expenditures.
6. Management's Response: The County is willing to obtain and maintain sufficient documentation for all debt payments in order to properly record and account for all future debt payments.

E. FS 06/07-05

1. Criteria: The County Sheriff's Department did not provide copies of bank statements and reconciliations for two accounts.
2. Condition: During our audit, we noted there is not sufficient documentation for two bank balances.
3. Effect: Lack of documentation may result in inaccurate cash balances.

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 2007 AND 2006

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I. FINANCIAL STATEMENT FINDINGS (concluded)

E. FS 06/07-05

4. Cause: The County misplaced bank statements and bank reconciliations.
5. Recommendation: Prepare monthly bank reconciliations and maintain documentation for five years.
6. Management's Response: The County will consider the Auditor's recommendation.

II. FOLLOW-UP PRIOR YEAR FINDINGS

A. FS 05/04-01

Several weaknesses were noted with the county financial records including the County Clerk not maintaining an account book for all county funds and inadequate procedures to ensure the County's budget is accurate. Also, actual disbursements exceeded budgeted amounts for several funds. Procedures were implemented during the 2006 and 2007 years to resolve these comments.

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

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(The Primary Government)  
SINGLE AUDIT REPORT

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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 Washington, Missouri

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County of Washington, 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 cash basis report thereon dated August 14, 2008. Our report was modified because the County 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 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 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 Primary Government in a separate report dated August 14, 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated August 14, 2008.

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 14, 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 Washington, Potosi Missouri

Compliance

We have audited the compliance of Washington County, (the Primary Government), State of Missouri, with the types of compliance requirements described in the U.S. Office of Management and Budget (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 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 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 year ended December 31, 2007 and 2006. However, the results of our auditing procedures disclosed significant deficiencies, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items SA-06-07-01, SA-06-07-02 and SA-06-07-03.

## 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.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items SA-06-07-01, SA-06-07-02 and SA-06-07-03.

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.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

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

## 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 14, 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 14, 2008

THE COUNTY OF WASHINGTON  
POTOSI, MISSOURI  
(the Primary Government)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2007 AND 2006

FEDERAL CFDA NUMBER	FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER	DECEMBER	
			2007 FEDERAL SHARE OF EXPENDITURES	2006 FEDERAL SHARE OF EXPENDITURES
<u>U. S. DEPARTMENT OF AGRICULTURE</u>				
Passed through state:				
Department of Social Services -				
Office of Administration -				
10.665	Schools and Roads - Grants to States			175,084.08
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants		1,000.00	
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct programs:				
State Department of Public Safety -				
16.738	Special Investigator for Crime Against Children	2006-JAG-017	18,834.36	
16.738	Special Investigator for Crime Against Children	2006-JAG-020		18,594.47
16.579	Special Investigator for Crime Against Children	2004 NCD28-055	19,361.61	
16.579	Special Investigator for Crime Against Children	2004 NCD28-035		19,480.51
N/A	Victims Service Program	2007-SSVF-0091	15,917.83	14,683.21
N/A	Victims Service Program	2006-SSVF-0086		14,129.68
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/ Suppression Program		990.00	778.63
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants			1,727.63
	Cooperative Law Enforcement Agreement	02-LE-11090505-013		1,098.00
<u>GENERAL SERVICES ADMINISTRATION</u>				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property		1,126.50	
Passed through the Office of Secretary of State -				
39.011	Election Reform Payments			12,222.18
<u>ELECTION ASSISTANCE COMMISSION</u>				
Passed through the Office of Secretary of State -				
90.401	Help America Vote Act Requirements Payments		1,374.33	176,934.56
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
93.617	HHS Polling Place Accessibility		10,550.40	
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through State Department of Public Safety:				
97.036	Public Assistance Grants		117,693.08	279,916.24
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 186,848.11</b>	<b>\$ 714,649.19</b>

THE COUNTY OF WASHINGTON  
POTOSI, 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 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 WASHINGTON  
POTOSI, 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: Qualified 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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	2006	<input checked="" type="checkbox"/> Yes	<input 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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	2006	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No



THE COUNTY OF WASHINGTON  
POTOSI, 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 will consider the auditors' recommendation.

THE COUNTY OF WASHINGTON  
POTOSI, 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 will consider the auditors' recommendation.

THE COUNTY OF WASHINGTON  
POTOSI, 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 will consider the auditors' recommendation.

THE COUNTY OF WASHINGTON  
POTOSI, 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 County did not maintain sufficient documentation for debt payments.

2. CONDITION

During our audit, we noted there is not sufficient documentation for debt payments.

3. EFFECT

Lack of documentation may result in inaccurate balances being budgeted for future expenditures.

4. CAUSE

The County did not receive proper amortization schedules to accurately report and budget debt expenditures.

5. RECOMMENDATION

We recommend that the County obtain sufficient documentation for all debt leases, notes, etc. to properly record and account for expenditures.

6. MANAGEMENT'S RESPONSE

The County is willing to obtain and maintain sufficient documentation for all debt payments in order to properly record and account for all future debt payments.

THE COUNTY OF WASHINGTON  
POTOSI, 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

The County Sheriff's Department did not provide copies of bank statements and reconciliations for two accounts.

2. CONDITION

During our audit, we noted there is not sufficient documentation for two bank balances.

3. EFFECT

Lack of documentation may result in inaccurate cash balances.

4. CAUSE

The County misplaced bank statements and bank reconciliations.

5. RECOMMENDATION

Prepare monthly bank reconciliations and maintain documentation for five years.

6. MANAGEMENT'S RESPONSE

The County will consider the Auditor's recommendation.

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

FS 05/04-01

Several weaknesses were noted with the county financial records including the County Clerk not maintaining an account book for all county funds and inadequate procedures to ensure the county's budget is accurate. Also actual disbursements exceeded budgeted amounts for several funds. Procedures were implemented to resolve these comments in the 2007 and 2006 year.

THE COUNTY OF WASHINGTON  
POTOSI, 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, 2007 & 2006

The following findings, recommendations, and questioned costs are the results of the single audit of Washington County, Missouri for the fiscal year ended December 31, 2007 and 2006. 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 programs such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

2. MATERIAL WEAKNESS

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

B. CATEGORY OF NONCOMPLIANCE FINDINGS

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

1. MATERIAL NONCOMPLIANCE

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

THE COUNTY OF WASHINGTON  
POTOSI, 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, 2007 & 2006 (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

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 06-07-1	97.036 U.S. Department of Homeland Security  90.401 Election Assistance Commission  Other Information: Significant Deficiency	Weakness in Control Over Expenditures In Compliance With Single Audit Requirements.  The County did not properly maintain separate expense accounts to account for federal expenditures. To prepare the Schedule of Expenditures of Federal Awards (SEFA) report the County used revenues instead of expenditures. Because the program is reimbursement in nature, revenues equal expenditures.  <u><b>Recommendation:</b></u> The County should track all federal expenditures in the general ledger system by adding a grant code at the end of the account code.  <u><b>Agency Response:</b></u> The County agrees with this finding

THE COUNTY OF WASHINGTON  
POTOSI, 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, 2007 & 2006 (continued)

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 06-07-2	97.036 U.S. Department of Homeland Security	Required contracting procedures not followed.
	90.401 Election Assistance Commission	The County does not have procedures in place to ensure that it does not contract with prohibited parties in administering federal funds. As a result, there is an increased risk of federal funds being spent in violation of grant requirements.
	Procurement and Suspension and Debarment: Significant Deficiency	The Commissioners did not check the Excluded Parties List System maintained by the General Services Administration to verify that parties it contracted with were not on the prohibited list. However, we did not note any instances where the Board actually contracted with prohibited parties.
		The OMB Circular A-133 Compliance Supplement and 41 CFR 105-71.135 prohibit entities from contracting with parties that are on the prohibited list.
		<b><u>Recommendation:</u></b> The Board should implement procedures to ensure that parties they contract with are not on the prohibited list.
		<b><u>Agency Response:</u></b> The County agrees with this finding

THE COUNTY OF WASHINGTON  
POTOSI, 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, 2007 & 2006 (continued)

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 06-07-3	97.036 U.S. Department of Homeland Security  90.401 Election Assistance Commission  Other Information: Significant Deficiency	<p>Schedule of Expenditures of Federal Awards contained errors.</p> <p>Controls were not in place to ensure that the Schedule of Expenditures of Federal Awards (SEFA) was prepared in accordance with federal requirements. The OMB Circular A-133 requires that the SEFA provide total federal awards expended for each individual federal program. It states that the determination of when an award is expended should be based on when the activity related to the award occurs, such as when the expenditure takes place.</p> <p>The Schedule of Expenditures of Federal Awards (SEFA) was prepared with various errors. These errors are described below:</p> <ol style="list-style-type: none"> <li>1. The SEFA schedule contained several incorrect CFDA number for federal programs.</li> <li>2. Expenditures listed on the SEFA schedule submitted to the State Auditors Office were incorrect. Revenue was used to prepare the SEFA instead of expenditures. Actual expenditures were not agreed to the general ledger.</li> </ol> <p>A revised SEFA was submitted to the State Auditors Office, containing corrections for all errors described.</p>

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

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

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

FINDING NUMBER	TYPE OF FINDING / QUESTIONED COSTS	FINDINGS AND RECOMMENDATIONS
SA 06-07-3	97.036 U.S. Department of Homeland Security	<p><b><u>Recommendation:</u></b> The County should implement procedures to ensure that the SEFA is prepared in accordance with federal requirements. The County should continue in its efforts to establish an accounting system that will capture grant transactions in a manner sufficient to readily report the necessary information required on the SEFA. The cost center listing that identifies federal expenditures should be defined and cross matched in a table that is updated monthly by a designee of the County Clerk's Office.</p> <p><b><u>Agency Response:</u></b> The County agrees with this finding.</p>
	90.401 Election Assistance Commission	
	Other Information: Significant Deficiency	

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

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

CERTIFIED PUBLIC ACCOUNTANTS

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August 14, 2008

To the County Commissioners  
Washington County of Missouri

In planning and performing our audit of the basic financial statements of the Washington County of 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

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.

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.

**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.

**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.

**06/07-04**

**Criteria:** The County did not maintain sufficient documentation for debt payments.

**Condition:** During our audit, we noted there is not sufficient documentation for debt payments.

**Effect:** Lack of documentation may result in inaccurate balances being budgeted for future expenditures.

**Cause:** The Count did not receive proper amortization schedules to accurately report and budget debt expenditures.

**Recommendation:** We recommend that the County obtain sufficient documentation for all debt leases, notes, etc. to properly record and account for expenditures.

**Management Response:** The County is willing to obtain and maintain sufficient documentation for all debt payment in order to properly record and account for all future debt payments.

**06/07-05**

**Criteria:** The County sheriff's department did not provide copies of bank statements and reconciliations for two accounts.

**Condition:** During our audit, we noted there is not sufficient documentation for two book balances.

**Effect:** Lack of documentation may result in inaccurate cash balances.

**Cause:** The County misplaced bank statements and bank reconciliations.

**Recommendation:** Prepare monthly bank reconciliations and maintain documentation for five years.

**Management Response:** The Sheriff's department will consider the auditor's recommendation.

## 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 the Washington County of 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 the Washington County of 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 the Washington County of Missouri are described in Note I to the financial statements. New accounting policies were adopted (GASB 34 and 37) during the year ended December 31, 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 14, 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.

### 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.