



SUSAN MONTEE, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Cedar County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Cedar County, and issues a separate report on that audit. In addition, in cooperation with the county, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2007, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, P.C., Certified Public Accountants, is attached.

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

Susan Montee, CPA
State Auditor

January 2009
Report No. 2009-09

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

THE COUNTY OF CEDAR, MISSOURI
(the Primary Government)

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THE COUNTY OF CEDAR, MISSOURI
(the Primary Government)

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Daniel Jones & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

As described in Note 1, 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.

In our opinion, the basic 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 for the Primary Government, as of December 31, 2007 and 2006 for the years then ended in conformity with the basis of accounting described in Note 1.

The Primary Government has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America, as applicable to the 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 November 7, 2008 on our consideration for the Primary Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Schedules of Revenues, Expenditures and Change in Fund Balance – Cash Basis – Budget and Actual and related notes on pages 24 through 29 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the Primary Government's basic financial statements. The combining and individual non-major funds financial statements on pages 30 through 39 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

November 7, 2008

FINANCIAL STATEMENTS

THE COUNTY OF CEDAR, MISSOURI
STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	December 31, 2007 Total Governmental Activities	December 31, 2006 Total Governmental Activities
ASSETS		
Cash and cash equivalents	<u>1,757,177.91</u>	<u>1,595,083.86</u>
TOTAL ASSETS	<u><u>1,757,177.91</u></u>	<u><u>1,595,083.86</u></u>
LIABILITIES		
Bank Overdraft	<u>186.70</u>	<u>2,976.62</u>
TOTAL LIABILITIES	186.70	2,976.62
NET ASSETS		
Unrestricted	1,251,816.73	930,413.14
Restricted for special purpose	<u>505,174.48</u>	<u>661,694.10</u>
Total Net Assets	<u>1,756,991.21</u>	<u>1,592,107.24</u>
TOTAL FUND BALANCE	<u><u>1,757,177.91</u></u>	<u><u>1,595,083.86</u></u>

See accompanying notes to the financial statements

THE COUNTY OF CEDAR, MISSOURI
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

		Program Revenues			Net (Expense)
			Operating	Capital	Revenue and
			Grants and	Grants and	Changes in
			Contributions	Contributions	Net Assets
	Expenses	Charges for			Total
		Services			Governmental
					Activities
FUNCTIONS/PROGRAMS					
GOVERNMENTAL ACTIVITIES:					
General county government	482,231.31	263,326.66	161,306	-	(57,598.80)
CDBG Cleanup Grant	-	-	-	-	-
Checks Written By Treasurer	-	-	-	-	-
Financial administration	-	-	-	-	-
Property valuation and recording	245,012.57		63,163.58	-	(181,848.99)
Administration of justice and law enforcement	1,367,839.88	92,104.10	337,320.25	-	(938,415.53)
Health and welfare	43,766.02	1,527.00	33,213.94	-	(9,025.08)
Special Services	-	-	-	-	-
Surveyor	2,403.74	-	-	-	(2,403.74)
Maintenance of roads	1,055,094.62	-	755,649.09	-	(299,445.53)
Justice Center	-	-	-	-	-
Park Maintenance	-	-	-	-	-
Other	76,462.38	-	-	-	(76,462.38)
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal charges	-	-	-	-	-
Capital Outlay:					
Construction of roads and bridges	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	3,272,810.52	356,957.76	1,350,652.71	-	(1,565,200.05)

General Revenues:

Taxes

Property taxes, levied	421,283.31
Sales tax	938,340.06
Investment income	94,952.41
Miscellaneous	<u>275,508.24</u>
TOTAL GENERAL REVENUES	<u>1,730,084.02</u>
CHANGE IN NET ASSETS	<u>164,883.97</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,592,107.24</u>
NET ASSETS, END OF YEAR	<u>1,756,991.21</u>

See accompanying notes to the financial statements

THE COUNTY OF CEDAR, MISSOURI
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
			Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
FUNCTIONS/PROGRAMS	Expenses	Charges for Services			
GOVERNMENTAL ACTIVITIES:					
General county government	2,076,083.08	287,327.80	554,702.73	-	(1,234,052.55)
CDBG Cleanup Grant	1,306.17	-	-	-	(1,306.17)
Checks Written By Treasurer	12,730.80	-	-	-	(12,730.80)
Financial administration	-	-	-	-	-
Property valuation and recording	167,437.83	-	59,268.98	-	(108,168.85)
Administration of justice and law enforcement	113,536.82	97,274.67	381,785.09	-	365,522.94
Health and welfare	43,856.83	1,576.00	339,456.71	-	297,175.88
Special Services	-	-	-	-	-
Surveyor	3,375.52	-	-	-	(3,375.52)
Maintenance of roads	1,939,207.09	-	1,469,816.49	-	(469,390.60)
Justice Center	-	-	-	-	-
Park Maintenance	-	-	-	-	-
Other	106,863.75	-	-	-	(106,863.75)
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal charges	-	-	-	-	-
Capital Outlay:					
Construction of roads and bridges	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>4,464,397.89</u>	<u>386,178.47</u>	<u>2,805,030.00</u>	<u>-</u>	<u>(1,273,189.42)</u>

General Revenues:

Taxes

Property taxes, levied	354,076.15
Sales tax	1,004,861.36
Investment income	87,845.04
Miscellaneous	<u>208,360.95</u>
TOTAL GENERAL REVENUES	<u>1,655,143.50</u>
CHANGE IN NET ASSETS	<u>381,954.08</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,210,153.16</u>
NET ASSETS, END OF YEAR	<u>1,592,107.24</u>

See accompanying notes to the financial statements

THE COUNTY OF CEDAR, MISSOURI
BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2007 AND 2006

	DECEMBER 31, 2007					DECEMBER 31, 2006				
	General	Road and Bridge	Law Enforcement Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds	General	Road and Bridge	Law Enforcement Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS										
Cash and Cash Equivalents	1,251,816.73	199,998.77	87,243.48	218,118.93	1,757,177.91	930,413.14	274,569.72	200,290.01	189,810.99	1,595,083.86
Investments	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>1,251,816.73</u>	<u>199,998.77</u>	<u>87,243.48</u>	<u>218,118.93</u>	<u>1,757,177.91</u>	<u>930,413.14</u>	<u>274,569.72</u>	<u>200,290.01</u>	<u>189,810.99</u>	<u>1,595,083.86</u>
LIABILITIES AND FUND BALANCE										
LIABILITIES										
Bank Overdraft	-	-	-	186.70	186.70	-	-	-	2,976.62	2,976.62
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>186.70</u>	<u>186.70</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,976.62</u>	<u>2,976.62</u>
FUND BALANCES:										
Unreserved:										
General Fund	1,251,816.73	-	-	-	1,251,816.73	930,413.14	-	-	-	930,413.14
Special revenue funds	-	199,998.77	87,243.48	217,932.23	505,174.48	-	274,569.72	200,290.01	186,834.37	661,694.10
Total Fund Balances	<u>1,251,816.73</u>	<u>199,998.77</u>	<u>87,243.48</u>	<u>217,932.23</u>	<u>1,756,991.21</u>	<u>930,413.14</u>	<u>274,569.72</u>	<u>200,290.01</u>	<u>186,834.37</u>	<u>1,592,107.24</u>
TOTAL										
FUND BALANCES	<u>1,251,816.73</u>	<u>199,998.77</u>	<u>87,243.48</u>	<u>218,118.93</u>	<u>1,757,177.91</u>	<u>930,413.14</u>	<u>274,569.72</u>	<u>200,290.01</u>	<u>189,810.99</u>	<u>1,595,083.86</u>

See accompanying notes to the financial statements

THE COUNTY OF CEDAR, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	DECEMBER 31, 2007					DECEMBER 31, 2006				
	General	Road and Bridge	Law Enforcement Sales Tax	Non-Major Governmental Funds	Total Governmental Funds	General	Road and Bridge	Law Enforcement Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:										
Property taxes	200,494.80	144,733.84	-	76,054.67	421,283.31	203,345.31	139,107.27	-	11,623.57	354,076.15
Sales tax	448,893.15	-	489,446.91	-	938,340.06	480,155.02	-	524,706.34	-	1,004,861.36
Grants, distributions and reimbursements	138,164.90	755,649.09	313,543.83	143,294.89	1,350,652.71	480,080.92	1,469,816.49	346,592.31	508,540.28	2,805,030.00
Fees, licenses, and permits	243,308.41	-	75,447.11	38,202.24	356,957.76	270,011.66	-	66,625.11	49,541.70	386,178.47
Interest	59,044.35	16,882.79	5,990.99	13,034.28	94,952.41	54,782.18	12,379.92	9,224.60	11,458.34	87,845.04
Recorder HB 288 Refund	-	-	-	-	-	-	-	-	-	-
Other	76,751.28	63,257.95	50,975.80	84,523.21	275,508.24	82,550.61	3,348.64	19,818.67	102,643.03	208,360.95
Total Revenues	1,166,656.89	980,523.67	935,404.64	355,109.29	3,437,694.49	1,570,925.70	1,624,652.32	966,967.03	683,806.92	4,846,351.97
EXPENDITURES:										
Current:										
General county government	422,193.39	-	-	60,037.92	482,231.31	448,520.08	-	1,173,070.12	454,492.88	2,076,083.08
CDBG Cleanup Grant	-	-	-	-	-	1,306.17	-	-	-	1,306.17
Checks Written By Treasurer	-	-	-	-	-	12,730.80	-	-	-	12,730.80
Financial administration	-	-	-	-	-	-	-	-	-	-
Property valuation and recording	52,634.05	-	-	192,378.52	245,012.57	48,892.26	-	-	118,545.57	167,437.83
Administration of justice and enforcement	90,346.66	-	1,238,070.51	39,422.71	1,367,839.88	89,607.63	-	-	23,929.19	113,536.82
Health and welfare	11,342.00	-	-	32,424.02	43,766.02	11,343.00	-	-	32,513.83	43,856.83
Surveyor	2,403.74	-	-	-	2,403.74	3,375.52	-	-	-	3,375.52
Special Services	-	-	-	-	-	-	-	-	-	-
Emergency Fund	-	-	-	-	-	-	-	-	-	-
Maintenance of roads	-	1,055,094.62	-	-	1,055,094.62	-	1,939,207.09	-	-	1,939,207.09
Justice Center	-	-	-	-	-	-	-	-	-	-
Park Maintenance	-	-	-	-	-	-	-	-	-	-
Other	76,462.38	-	-	-	76,462.38	106,863.75	-	-	-	106,863.75
Capital outlay:										
Construction of roads and bridges	-	-	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	-	-	-
Total Expenditures	655,382.22	1,055,094.62	1,238,070.51	324,263.17	3,272,810.52	722,639.21	1,939,207.09	1,173,070.12	629,481.47	4,464,397.89
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	511,274.67	(74,570.95)	(302,665.87)	30,846.12	164,883.97	848,286.49	(314,554.77)	(206,103.09)	54,325.45	381,954.08
OTHER FINANCING SOURCES (USES):										
Transfers in	8,027.47	-	200,432.34	6,762.69	215,222.50	629.45	354,690.20	192,980.00	3,410.35	551,710.00
Transfers out	(197,898.55)	-	(10,813.00)	(6,510.95)	(215,222.50)	(550,794.31)	-	-	(915.69)	(551,710.00)
Debt Service:	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (uses)	(189,871.08)	-	189,619.34	251.74	-	(550,164.86)	354,690.20	192,980.00	2,494.66	-
NET CHANGE IN FUND BALANCE	321,403.59	(74,570.95)	(113,046.53)	31,097.86	164,883.97	298,121.63	40,135.43	(13,123.09)	56,820.11	381,954.08
FUND BALANCE - BEGINNING OF YEAR	930,413.14	274,569.72	200,290.01	186,834.37	1,592,107.24	632,291.51	234,434.29	213,413.10	130,014.26	1,210,153.16
FUND BALANCE - END OF YEAR	1,251,816.73	199,998.77	87,243.48	217,932.23	1,756,991.21	930,413.14	274,569.72	200,290.01	186,834.37	1,592,107.24

See accompanying notes to the financial statements

THE COUNTY OF CEDAR
STOCKTON, MISSOURI
(the Primary Government)
RECONCILIATION OF THE COUNTY FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS
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	\$ 1,756,991.21
There are no items of reconciliation	<u>-</u>
Total Net Assets – Governmental Activities	<u><u>\$ 1,756,991.21</u></u>

See accompanying notes to the financial statements

THE COUNTY OF CEDAR
STOCKTON, MISSOURI
(the Primary Government)
RECONCILIATION OF THE COUNTY FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS
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	\$ 1,592,107.24
There are no items of reconciliation	<u>-</u>
Total Net Assets – Governmental Activities	<u>\$ 1,592,107.24</u>

See accompanying notes to the financial statements

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

Total net change in fund balances – governmental funds	\$ 164,883.97
There are no items of reconciliation	<u>-</u>
Change in net assets of governmental activities	<u><u>\$ 164,883.97</u></u>

See accompanying notes to the financial statements

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

Total net change in fund balances – governmental funds	\$ 381,954.08
There are no items of reconciliation	<u>-</u>
Change in net assets of governmental activities	<u><u>\$ 381,954.08</u></u>

See accompanying notes to the financial statements

THE COUNTY OF CEDAR, MISSOURI
STATEMENT OF FIDUCIARY NET ASSETS
CASH BASIS - AGENCY FUNDS
DECEMBER 31, 2007 AND 2006

	December 31, 2007 Agency Funds	December 31, 2006 Agency Funds
ASSETS		
Cash and Cash equivalents	<u>4,340,629.58</u>	<u>159,271.03</u>
TOTAL ASSETS	<u><u>4,340,629.58</u></u>	<u><u>159,271.03</u></u>
LIABILITIES		
Due to other funds	<u>4,340,629.58</u>	<u>159,271.03</u>
TOTAL LIABILITIES	<u><u>4,340,629.58</u></u>	<u><u>159,271.03</u></u>

See accompanying notes to financial statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Cedar, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1845 an Act of the Missouri Territory. In addition to the three board members, there are nine elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, Sheriff, Assessor, Coroner, Surveyor and Prosecuting Attorney.

As discussed further in Note 1, 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 financially accountability of the County.

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

The financial statements referred to above include only the primary government of Cedar County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity. The financial statements do not include financial data for the County's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the County of Cedar, Missouri as of December 31, 2007 and 2006, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Health Department of Cedar County, Missouri has issued separate reporting entity financial statements. For information on this component unit, please contact the Cedar County Health Department at 417-876-5477 or write to 1317 S. State Highway 32 Eldorado Springs, Missouri 64744.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (continued)

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

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

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

Governmental Fund Types

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

The following are the County's governmental major funds:

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

Road and Bridge Fund – A special Revenue Fund used to account for receipts of the county property tax levy and related expenditures for road maintenance and improvement projects.

Law Enforcement Sales Tax Fund- A Special Revenue Fund used to account for receipts of the county property tax levy and related expenditures for the law enforcement complex.

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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 accrual basis of accounting, while the fund financial statements for proprietary fund types, if applicable, would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

D. Property Taxes

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Property Taxes (continued)

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	\$ 105,063,072	\$ 89,320,632
Personal Property	42,790,431	40,445,745
Railroad and Utilities	5,587,700	5,637,693
	<u>\$ 153,441,203</u>	<u>\$ 135,404,070</u>

During 2007 and 2006 the County Commission approved a \$0.16 and \$0.14 respectively tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2007 and 2006, for purposes of County taxation, as follows:

	2007	2006
General Revenue Fund	\$ 0.1594	\$ 0.1399
Road and Bridge	\$ 0.2274	\$ 0.2399
	<u>\$ 0.3868</u>	<u>\$ 0.3798</u>

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 2.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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 are legally restricted for a specific purpose. Fund balance reserves have been established for capital projects.

H. Net Assets

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

I. Use of Estimates in Financial Statements

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

2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the Balance Sheet Governmental Funds arising from cash transactions as "Cash and Equivalents" under each fund's caption.

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

2. CASH AND INVESTMENTS (continued)

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 \$6,097,620.79 and \$1,751,378.27. The bank balance was \$5,945,892.38 and \$4,955,345.69, respectively.

SUMMARY OF CARRYING VALUES

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

Included in the following fund financial statement captions:

Balance Sheet – Government Funds

Cash \$ 1,756,991.21

Balance Sheet – Agency Funds

Cash 4,340,629.58

Total Cash & Investments as of December 31, 2007 \$ 6,097,620.79

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

Included in the following fund financial statement captions:

Balance Sheet – Government Funds

Cash \$ 1,592,107.24

Balance Sheet – Agency Funds

Cash 159,271.03

Total Cash & Investments as of December 31, 2006 \$ 1,751,378.27

Custodial Credit Risk – Deposits

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

Custodial Credit Risk – Investments

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

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

2. CASH AND INVESTMENTS (concluded)

Investment Interest Rate Risk

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

Investment Credit Risk

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

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

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments).

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

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

3. INTERFUND TRANSFERS

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

	2007		2006	
	Transfers In	Transfers Out	Transfers In	Transfers Out
Major Funds				
General Fund	\$ 8,027.47	\$ 197,898.55	\$ 629.45	\$ 550,794.31
Road and Bridge	0.00	0.00	354,690.20	0.00
Law Enforcement				
Sales Tax	200,432.34	10,813.00	192,980.00	0.00
Non-major Funds	6,762.69	6,510.95	3,410.35	915.69
Total	<u>\$ 215,222.50</u>	<u>\$ 215,222.50</u>	<u>\$ 551,710.00</u>	<u>\$ 551,710.00</u>

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

4. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

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

A. Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than (1,000) one thousand hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government.

It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of nine persons.

B. Pension Benefits

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

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

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

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, P.O. Box 2271, Jefferson City, MO 65102-2271, or by calling 1-573-632-9203.

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

4. COUNTY EMPLOYEE'S RETIRMENT FUND (CERF) (concluded)

C. Funding Policy

In accordance with State Statutes, the Plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 have an option to contribute 2% of their 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 \$68,417.97 and \$63,656.88, respectively, for the years then ended.

5. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$7,752 and \$7,752, respectively, for the years ended December 31, 2007 and 2006.

6. POST EMPLOYMENT BENEFITS

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

7. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Compensated Absences

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

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

7. CLAIMS COMMITMENTS AND CONTINGENCIES (concluded)

C. Federal and State Assisted Programs

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

8. RISK MANAGEMENT

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

THE COUNTY OF CEDAR, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CASH BASIS BUDGET AND ACTUAL GENERAL FUND
UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES:								
Property taxes	210,000.00	210,000.00	200,494.80	(9,505.20)	205,207.00	205,207.00	203,345.31	(1,861.69)
Sales tax	494,600.00	494,600.00	448,893.15	(45,706.85)	500,000.00	500,000.00	480,155.02	(19,844.98)
Grants, distributions and reimbursements	243,312.00	243,312.00	138,164.90	(105,147.10)	522,781.00	522,781.00	480,080.92	(42,700.08)
Fees, licenses and permits	280,778.00	280,778.00	243,308.41	(37,469.59)	256,530.00	256,530.00	270,011.66	13,481.66
Interests	37,000.00	37,000.00	59,044.35	22,044.35	47,000.00	47,000.00	54,782.18	7,782.18
Recorder HB 288 Refund	-	-	-	-	-	-	0.00	-
Other	23,450.00	23,450.00	76,751.28	53,301.28	79,746.00	79,746.00	82,550.61	2,804.61
Total Revenues	1,289,140.00	1,289,140.00	1,166,656.89	(122,483.11)	1,611,264.00	1,611,264.00	1,570,925.70	(40,338.30)
EXPENDITURES:								
Current:								
General county government	487,662.00	487,662.00	422,193.39	65,468.61	479,764.00	479,764.00	448,520.08	31,243.92
CDBG Cleanup Grant	-	-	-	-	1,307.00	1,307.00	1,306.17	0.83
Checks Written By Treasurer	-	-	-	-	-	-	12,730.80	(12,730.80)
Public Safety	-	-	-	-	-	-	-	-
Property valuation and recording	53,425.00	53,425.00	52,634.05	790.95	50,135.00	50,135.00	48,892.26	1,242.74
Administration of justice	-	-	-	-	-	-	-	-
and law enforcement	99,796.00	102,296.00	90,346.66	11,949.34	91,263.00	91,263.00	89,607.63	1,655.37
Health and welfare	11,343.00	11,343.00	11,342.00	1.00	11,343.00	11,343.00	11,343.00	-
Surveyor	2,500.00	2,500.00	2,403.74	96.26	10,500.00	10,500.00	3,375.52	7,124.48
Special Services	-	-	-	-	-	-	-	-
Emergency Fund	40,000.00	40,000.00	-	40,000.00	37,237.00	37,237.00	-	37,237.00
Justice Center	-	-	-	-	-	-	-	-
Other	80,805.00	80,805.00	76,462.38	4,342.62	114,863.00	114,863.00	106,863.75	7,999.25
Capital Outlay:								
Property, equipment and buildings	-	-	-	-	-	-	-	-
Total Expenditures	775,531.00	778,031.00	655,382.22	122,648.78	796,412.00	796,412.00	722,639.21	73,772.79
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	513,609.00	511,109.00	511,274.67	165.67	814,852.00	814,852.00	848,286.49	33,434.49
OTHER FINANCING SOURCES (USES):								
Transfers in	44,000.00	44,000.00	8,027.47	(35,972.53)	629.00	629.00	629.45	0.45
Transfers out	(352,555.00)	(194,980.00)	(197,898.55)	(2,918.55)	(196,104.00)	(196,104.00)	(550,794.31)	(354,690.31)
Debt Service:								
Principal	(100,000.00)	(159,575.00)	-	159,575.00	(354,690.00)	(354,690.00)	-	354,690.00
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(408,555.00)	(310,555.00)	(189,871.08)	120,683.92	(550,165.00)	(550,165.00)	(550,164.86)	0.14
NET CHANGE IN FUND BALANCE	105,054.00	200,554.00	321,403.59	120,849.59	264,687.00	264,687.00	298,121.63	33,434.63
FUND BALANCE - BEGINNING OF YEAR	930,413.14	930,413.14	930,413.14	-	632,291.51	632,291.51	632,291.51	-
FUND BALANCE - END OF YEAR	1,035,467.14	1,130,967.14	1,251,816.73	120,849.59	896,978.51	896,978.51	930,413.14	33,434.63

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
DEPARTMENTAL SCHEDULE OF EXPENDITURES
CASH BASIS BUDGET AND ACTUAL GENERAL FUND
UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
DECEMBER 31, 2007

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)
	Original	Final			Original	Final		
EXPENDITURES:								
Current:								
General County Government:								
Animal Control	\$	-		\$ -	\$	-		\$ -
Auditor		-		-		-		-
Board of Equalization		-		-		-		-
Boonslick Reg PI Comm		-		-		-		-
Buildings and Grounds	113,535.00	113,535.00	56,908.05	56,626.95	71,600.00	71,600.00	57,872.71	13,727.29
CDBG Cleanup Grant	-	-	-	-	1,307.00	1,307.00	1,306.17	0.83
Checks Written by Treasurer	-	-	-	-	-	-	12,730.80	(12,730.80)
County Clerk	106,280.00	106,280.00	107,370.17	(1,090.17)	96,000.00	96,000.00	95,943.54	56.46
County Commission	72,104.00	72,104.00	71,730.42	373.58	70,212.00	70,212.00	66,591.17	3,620.83
Dues and Allocations		-		-		-		-
Employee Fringe Benefits	67,650.00	67,650.00	61,674.15	5,975.85	62,738.00	62,738.00	59,353.82	3,384.18
Emergency	40,000.00	40,000.00	-	40,000.00	37,237.00	37,237.00		37,237.00
Emergency Management	2,410.00	2,410.00	2,308.71	101.29	3,210.00	3,210.00	2,115.00	1,095.00
Elections	22,400.00	22,400.00	21,784.74	615.26	72,925.00	72,925.00	69,362.33	3,562.67
Extension Service		-		-		-		-
Facility Services		-		-		-		-
Fleet Services		-		-		-		-
General Services		-		-		-		-
Grant Projects		-		-		-		-
Information Technology		-		-		-		-
Insurance		-		-		-		-
Insurance - Other		-		-		-		-
Insurance - Workmen's Comp.		-		-		-		-
Land Use and Development		-		-		-		-
Legal Fees		-		-		-		-
Mapping for Assessors Office		-		-		-		-
Mo Assoc Co-Dues		-		-		-		-
Organizations		-		-		-		-
Other	80,805.00	80,805.00	76,462.38	4,342.62	114,863.00	114,863.00	106,863.75	7,999.25
Publications		-		-		-		-
Human Resources		-		-		-		-
Sheltered Workshop - Recycling		-		-		-		-
Solid Waste District Fees and Grants		-		-		-		-
Surveyor	2,500.00	2,500.00	2,403.74	96.26	10,500.00	10,500.00	3,375.52	7,124.48
Planning and Zoning		-		-		-		-
Voter Registration and Election		-		-		-		-
Telephone		-		-		-		-
	507,684.00	507,684.00	400,642.36	107,041.64	540,592.00	540,592.00	475,514.81	65,077.19
Financial Administration:								
Collector	65,813.00	65,813.00	63,319.77	2,493.23	69,099.00	69,099.00	63,395.34	5,703.66
Treasurer	37,470.00	37,470.00	37,097.38	372.62	33,980.00	33,980.00	33,886.17	93.83
	103,283.00	103,283.00	100,417.15	2,865.85	103,079.00	103,079.00	97,281.51	5,797.49

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
DEPARTMENTAL SCHEDULE OF EXPENDITURES
CASH BASIS BUDGET AND ACTUAL GENERAL FUND
UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
DECEMBER 31, 2007

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)
	Original	Final			Original	Final		
Property Valuation and Recording:								
Recorder of Deeds	53,425.00	53,425.00	52,634.05	790.95	50,135.00	50,135.00	48,892.26	1,242.74
Administration of Justice and Law Enforcement:								
Associate Circuit Court		-		-	-	-		-
Associate Circuit (Probate) Court		-		-	-	-		-
Children's Detention Home				-				-
Circuit Clerk	53,881.00	53,881.00	41,402.11	12,478.89	45,363.00	45,363.00	43,574.27	1,788.73
Court Administration	9,715.00	9,715.00	10,031.52	(316.52)	9,700.00	9,700.00	10,268.49	(568.49)
Family Court		-		-		-		-
Jail	-	-		-		-		-
Jury Script		-		-		-		-
Justice Center		-		-		-		-
Juvenile Officer		-		-		-		-
Lincoln County Rescue Squad		-		-		-		-
Medical Examiner		-		-		-		-
Sheriffs Office	-	-		-	-	-		-
Special Services		-		-		-		-
Patrol Cars		-		-		-		-
Prosecuting Attorney		-		-		-		-
Prosecuting Attorney Retirement		-		-		-		-
Public Administrator	36,200.00	38,700.00	38,913.03	(213.03)	36,200.00	36,200.00	35,764.87	435.13
	99,796.00	102,296.00	90,346.66	11,949.34	91,263.00	91,263.00	89,607.63	1,655.37
Health and Welfare	11,343.00	11,343.00	11,342.00	1.00	11,343.00	11,343.00	11,343.00	-
Debt Service:								
Principal payments	100,000.00	159,575.00	-	159,575.00	354,690.00	354,690.00	-	354,690.00
Interest and fiscal charges	-	-	-	-	-	-	-	-
	100,000.00	159,575.00	-	159,575.00	354,690.00	354,690.00	-	354,690.00
Capital Outlay:								
Property, Equipment & Buildings	-	-	-	-	-	-	-	-
Total Expenditures	\$ 875,531.00	937,606.00	655,382.22	282,223.78	\$ 1,151,102.00	1,151,102.00	722,639.21	428,462.79

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CASH BASIS SPECIAL REVENUE MAJOR FUND - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES:								
Property tax	146,600.00	146,600.00	144,733.84	(1,866.16)	138,446.00	138,446.00	139,107.27	661.27
Sales tax	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	1,045,135.00	1,045,135.00	755,649.09	(289,485.91)	1,448,062.00	1,448,062.00	1,469,816.49	21,754.49
Fees, licenses and permits	-	-	-	-	-	-	-	-
Interest	6,000.00	6,000.00	16,882.79	10,882.79	10,500.00	10,500.00	12,379.92	1,879.92
Other	216,100.00	216,100.00	63,257.95	(152,842.05)	3,328.00	3,328.00	3,348.64	20.64
Total Revenues	1,413,835.00	1,413,835.00	980,523.67	(433,311.33)	1,600,336.00	1,600,336.00	1,624,652.32	24,316.32
EXPENDITURES:								
Current:								
Maintenance of Roads:								
Salaries	227,000.00	227,000.00	237,514.04	(10,514.04)	222,000.00	222,000.00	214,172.70	7,827.30
Employee Benefits	71,765.00	71,765.00	78,712.28	(6,947.28)	67,400.00	67,400.00	68,235.23	(835.23)
Supplies	100,000.00	100,000.00	62,239.70	37,760.30	90,000.00	90,000.00	62,698.73	27,301.27
Insurance	12,000.00	12,000.00	7,665.00	4,335.00	12,000.00	12,000.00	6,363.00	5,637.00
Materials	205,500.00	205,500.00	238,152.47	(32,652.47)	205,000.00	205,000.00	176,555.94	28,444.06
Equipment Repairs	25,000.00	25,000.00	16,626.61	8,373.39	25,000.00	25,000.00	21,023.27	3,976.73
Rentals	-	-	-	-	-	-	-	-
Equipment Repairs	-	-	-	-	-	-	-	-
Checks Written by Treasurer	-	-	-	-	59.00	59.00	58.54	0.46
Other Expenses	159,575.00	288,921.00	146,014.17	142,906.83	181,161.00	173,475.00	158,031.14	15,443.86
Capital Outlay:								
Construction or roads and bridges	380,000.00	380,000.00	50,714.74	329,285.26	1,200,100.00	1,200,100.00	1,201,307.92	(1,207.92)
Property, Equipment & Buildings	247,800.00	159,975.00	217,455.61	(57,480.61)	79,810.00	79,810.00	30,760.62	49,049.38
Total Expenditures	1,428,640.00	1,470,161.00	1,055,094.62	415,066.38	2,082,530.00	2,074,844.00	1,939,207.09	135,636.91
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,805.00)	(56,326.00)	(74,570.95)	(18,244.95)	(482,194.00)	(474,508.00)	(314,554.77)	159,953.23
OTHER FINANCING SOURCES(USES):								
Transfers in	159,575.00	159,575.00	-	(159,575.00)	354,690.00	354,690.00	354,690.20	0.20
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	159,575.00	159,575.00	-	(159,575.00)	354,690.00	354,690.00	354,690.20	0.20
NET CHANGE IN FUND BALANCE	144,770.00	103,249.00	(74,570.95)	(177,819.95)	(127,504.00)	(119,818.00)	40,135.43	159,953.43
FUND BALANCE - BEGINNING OF YEAR	274,569.72	274,569.72	274,569.72	-	234,434.29	234,434.29	234,434.29	-
FUND BALANCE - END OF YEAR	419,339.72	377,818.72	199,998.77	(177,819.95)	106,930.29	114,616.29	274,569.72	159,953.43

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CASH BASIS SPECIAL REVENUE MAJOR FUND - BUDGET AND ACTUAL
LAW ENFORCEMENT SALES TAX FUND UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

	DECEMBER 31, 2007				DECEMBER 31, 2006			
	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)	Budgeted Amounts		Actual	Variance With Final budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES:								
Property tax	-	-	-	-	-	-	-	-
Sales tax	525,000.00	525,000.00	489,446.91	(35,553.09)	510,000.00	510,000.00	524,706.34	14,706.34
Grants, distributions and reimbursements	364,517.00	364,517.00	313,543.83	(50,973.17)	356,711.00	356,711.00	346,592.31	(10,118.69)
Fees, licenses and permits	70,000.00	70,000.00	75,447.11	5,447.11	65,000.00	65,000.00	66,625.11	1,625.11
Interest	9,000.00	9,000.00	5,990.99	(3,009.01)	10,000.00	10,000.00	9,224.60	(775.40)
Other	13,517.00	13,517.00	50,975.80	37,458.80	19,400.00	19,400.00	19,818.67	418.67
Total Revenues	982,034.00	982,034.00	935,404.64	(46,629.36)	961,111.00	961,111.00	966,967.03	5,856.03
EXPENDITURES:								
Current:								
Public Safety	525,163.00	525,163.00	511,611.84	13,551.16	516,192.00	516,192.00	506,878.62	9,313.38
LEST Expenses	155,000.00	155,000.00	150,280.78	4,719.22	164,546.00	164,546.00	139,563.41	24,982.59
Jail	182,250.00	182,250.00	215,310.23	(33,060.23)	189,591.00	189,591.00	183,111.70	6,479.30
Prosecuting Attorney	167,338.00	178,929.00	164,520.28	14,408.72	158,624.00	158,624.00	144,982.17	13,641.83
Juvenile Officer	69,932.00	69,932.00	59,566.59	10,365.41	58,942.00	58,942.00	62,344.42	(3,402.42)
Coroner	18,601.00	18,601.00	19,669.68	(1,068.68)	21,997.00	21,997.00	21,188.67	808.33
City Sales Tax	-	-	-	-	-	-	-	-
Task Force	37,855.00	37,826.40	42,712.05	(4,885.65)	83,339.00	83,339.00	81,878.93	1,460.07
MOSMART / COMET	49,362.00	49,362.00	43,510.49	5,851.51	-	-	-	-
Lake Patrol	31,800.00	31,800.00	30,888.57	911.43	29,670.00	29,670.00	29,167.84	502.16
Checks Written by Treasurer	-	-	-	-	-	-	-	-
FEMA	-	-	-	-	4,332.00	4,332.00	3,954.36	377.64
Capitla Outlay:								
Property, Equipment & Buildings	-	-	-	-	-	-	-	-
Total Expenditures	1,237,301.00	1,248,863.40	1,238,070.51	10,792.89	1,227,233.00	1,227,233.00	1,173,070.12	54,162.88
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(255,267.00)	(266,829.40)	(302,665.87)	(35,836.47)	(266,122.00)	(266,122.00)	(206,103.09)	60,018.91
OTHER FINANCING SOURCES(USES):								
Transfers in	212,980.00	212,980.00	200,432.34	(12,547.66)	200,695.00	200,695.00	192,980.00	(7,715.00)
Transfers out	-	-	(10,813.00)	(10,813.00)	-	-	-	-
Total Other Financing Sources (Uses)	212,980.00	212,980.00	189,619.34	(23,360.66)	200,695.00	200,695.00	192,980.00	(7,715.00)
NET CHANGE IN FUND BALANCE	(42,287.00)	(53,849.40)	(113,046.53)	(59,197.13)	(65,427.00)	(65,427.00)	(13,123.09)	52,303.91
FUND BALANCE - BEGINNING OF YEAR	200,290.01	200,290.01	200,290.01	-	213,413.10	213,413.10	213,413.10	-
FUND BALANCE - END OF YEAR	158,003.01	146,440.61	87,243.48	(59,197.13)	147,986.10	147,986.10	200,290.01	52,303.91

See accompanying independant auditors' report

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

Budgets and Budgetary Accounting

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

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

SUPPLEMENTARY INFORMATION

THE COUNTY OF CEDAR, MISSOURI
 COMBINING BALANCE SHEET - CASH BASIS -
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
 DECEMBER 31, 2007

	Assessment Fund	Senior Center Fund	Circuit Court Interest Fund	Crime Victims Advocate Fund	DARE	Election Services	Families in Crisis Shelter Fund	Law Enforcement Training Fund	Law Library Fund
ASSETS									
Cash and Cash Equivalents	60,737.59	46.48	13,653.61	-	2,192.95	11,780.35	1,527.00	400.47	15,496.87
TOTAL ASSETS	<u>60,737.59</u>	<u>46.48</u>	<u>13,653.61</u>	<u>-</u>	<u>2,192.95</u>	<u>11,780.35</u>	<u>1,527.00</u>	<u>400.47</u>	<u>15,496.87</u>
LIABILITIES AND FUND BALANCES									
TOTAL LIABILITIES	-	-	-	186.70	-	-	-	-	-
UNRESERVED FUND BALANCES	60,737.59	46.48	13,653.61	(186.70)	2,192.95	11,780.35	1,527.00	400.47	15,496.87
TOTAL LIABILITIES AND FUND BALANCES	<u>60,737.59</u>	<u>46.48</u>	<u>13,653.61</u>	<u>-</u>	<u>2,192.95</u>	<u>11,780.35</u>	<u>1,527.00</u>	<u>400.47</u>	<u>15,496.87</u>

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
 COMBINING BALANCE SHEET - CASH BASIS -
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
 DECEMBER 31, 2007

<u>Lepc - Local Emergency Planning Fund</u>	<u>Prosecuting Attorney Bad Check Fund</u>	<u>Prosecuting Attorney Training Fund</u>	<u>Record Preservation Fund</u>	<u>Collector Tax Maintenance Fund</u>	<u>Recorder of Technology</u>	<u>Senior Service Tax Fund</u>	<u>JAG Grant</u>	<u>Passport Fees</u>	<u>Time Payment Plan</u>	<u>Total</u>
<u>9,653.08</u>	<u>16,276.58</u>	<u>94.07</u>	<u>6,480.47</u>	<u>32,250.21</u>	<u>7,949.91</u>	<u>24,403.67</u>	<u>-</u>	<u>10,988.89</u>	<u>4,186.73</u>	<u>218,118.93</u>
<u>9,653.08</u>	<u>16,276.58</u>	<u>94.07</u>	<u>6,480.47</u>	<u>32,250.21</u>	<u>7,949.91</u>	<u>24,403.67</u>	<u>-</u>	<u>10,988.89</u>	<u>4,186.73</u>	<u>218,118.93</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186.70</u>
<u>9,653.08</u>	<u>16,276.58</u>	<u>94.07</u>	<u>6,480.47</u>	<u>32,250.21</u>	<u>7,949.91</u>	<u>24,403.67</u>	<u>-</u>	<u>10,988.89</u>	<u>4,186.73</u>	<u>217,932.23</u>
<u>9,653.08</u>	<u>16,276.58</u>	<u>94.07</u>	<u>6,480.47</u>	<u>32,250.21</u>	<u>7,949.91</u>	<u>24,403.67</u>	<u>-</u>	<u>10,988.89</u>	<u>4,186.73</u>	<u>218,118.93</u>

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
 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	Senior Center Fund	Circuit Court Interest Fund	Crime Victims	DARE	Election Services	Families in Crisis Shelter Fund	Law Enforcement Training Fund
REVENUES:								
Property taxes	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	63,163.58	-	-	33,213.94	-	4,550.28	-	-
Fees, licenses and permits	-	-	-	-	-	-	1,527.00	2,331.18
Interest	3,924.26	-	4,410.55	-	-	987.99	-	-
Other	76,380.26	-	-	-	1,347.95	-	-	-
Total Revenues	143,468.10	-	4,410.55	33,213.94	1,347.95	5,538.27	1,527.00	2,331.18
EXPENDITURES								
Current:		-						
General county government	-	72.97			-	14,957.70	-	-
Property valuation and recording	129,103.95	-		-	-	-	-	-
Administration of justice and law enforcement	-		1,095.00			-	-	2,413.49
Health and welfare	-	-		32,424.02	-	-	-	-
Maintenance of roads	-	-		-	-	-	-	-
Park maintenance	-	-		-	-	-	-	-
Other	-	-		-	-	-	-	-
Capital Outlay:		-		-	-	-	-	-
Construction of roads and bridges	-	-		-	-	-	-	-
Property, equipment and buildings	-	-		-	-	-	-	-
Total Expenditures	129,103.95	72.97	1,095.00	32,424.02	-	14,957.70	-	2,413.49
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,364.15	(72.97)	3,315.55	789.92	1,347.95	(9,419.43)	1,527.00	(82.31)
OTHER FINANCING SOURCES (USES):								
Transfers in		-		2,000.00	-	736.33	-	-
Transfers out			-	-	-	(275.47)	-	-
Total Other Financing Sources (Uses)	-	-	-	2,000.00	-	460.86	-	-
NET CHANGE IN FUND BALANCES	14,364.15	(72.97)	3,315.55	2,789.92	1,347.95	(8,958.57)	1,527.00	(82.31)
FUND BALANCES - BEGINNING OF YEAR	46,373.44	119.45	10,338.06	(2,976.62)	845.00	20,738.92	-	482.78
FUND BALANCES - END OF YEAR	60,737.59	46.48	13,653.61	(186.70)	2,192.95	11,780.35	1,527.00	400.47

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
 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

Law Library Fund	Lepc - Local Emergency Planning Fund	Prosecuting Attorney Bad Check Fund	Prosecuting Attorney Training Fund	Record Preservation Fund	Collector Tax Maintenance Fund	Recorder of Technology	Senior Services Tax Fund	JAG Grant	Passport Fees	Time Payment Plan	Total
-	-	-	-	-	-	-	76,054.67	-	-	-	76,054.67
-	-	-	-	-	-	-	-	-	-	-	-
-	4,101.29	-	-	-	14,489.38	-	-	23,776.42	-	-	143,294.89
-	-	13,948.18	377.63	6,570.00	-	4,521.25	-	-	7,410.00	1,517.00	38,202.24
71.60	406.67	1,174.30	-	336.76	1,557.19	-	-	-	-	164.96	13,034.28
6,795.00	-	-	-	-	-	-	-	-	-	-	84,523.21
6,866.60	4,507.96	15,122.48	377.63	6,906.76	16,046.57	4,521.25	76,054.67	23,776.42	7,410.00	1,681.96	355,109.29
	1,815.34	-	-	7,960.63	14,977.27	1,329.47	-	17,540.94	1,018.60	365.00	60,037.92
-	-	-	-	-	-	-	63,274.57	-	-	-	192,378.52
5,946.36	-	28,936.46	1,031.40	-	-	-	-	-	-	-	39,422.71
-	-	-	-	-	-	-	-	-	-	-	32,424.02
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
5,946.36	1,815.34	28,936.46	1,031.40	7,960.63	14,977.27	1,329.47	63,274.57	17,540.94	1,018.60	365.00	324,263.17
920.24	2,692.62	(13,813.98)	(653.77)	(1,053.87)	1,069.30	3,191.78	12,780.10	6,235.48	6,391.40	1,316.96	30,846.12
-	10.00	4,016.36	-	-	-	-	-	-	-	-	6,762.69
-	-	-	-	-	-	-	-	(6,235.48)	-	-	(6,510.95)
-	10.00	4,016.36	-	-	-	-	-	(6,235.48)	-	-	251.74
920.24	2,702.62	(9,797.62)	(653.77)	(1,053.87)	1,069.30	3,191.78	12,780.10	-	6,391.40	1,316.96	31,097.86
14,576.63	6,950.46	26,074.20	747.84	7,534.34	31,180.91	4,758.13	11,623.57	-	4,597.49	2,869.77	186,834.37
15,496.87	9,653.08	16,276.58	94.07	6,480.47	32,250.21	7,949.91	24,403.67	-	10,988.89	4,186.73	217,932.23

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
 COMBINING BALANCE SHEET - CASH BASIS -
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
 DECEMBER 31, 2006

	Assessment Fund	Senior Center Fund	Circuit Court Interest Fund	Crime Victims	DARE	Election Services Fund	Families In Crisis Shelter Fund	Law Enforcement Training Fund	Law Library Fund
ASSETS									
Cash and Cash Equivalents	46,373.44	119.45	10,338.06	-	845.00	20,738.92	-	482.78	14,576.63
TOTAL ASSETS	46,373.44	119.45	10,338.06	-	845.00	20,738.92	-	482.78	14,576.63
LIABILITIES AND FUND BALANCES									
TOTAL LIABILITIES	-	-	-	2,976.62	-	-	-	-	-
UNRESERVED FUND BALANCES	46,373.44	119.45	10,338.06	(2,976.62)	845.00	20,738.92	-	482.78	14,576.63
TOTAL LIABILITIES AND FUND BALANCES	46,373.44	119.45	10,338.06	-	845.00	20,738.92	-	482.78	14,576.63

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
 COMBINING BALANCE SHEET - CASH BASIS -
 NON-MAJOR GOVERNMENTAL FUNDS (SPECIAL REVENUE FUNDS)
 DECEMBER 31, 2006

<u>Lepc - Local Emergency Planning Fund</u>	<u>Prosecuting Attorney Bad Check Fund</u>	<u>Prosecuting Attorney Training Fund</u>	<u>Record Preservation Fund</u>	<u>Collector Tax Maintenance Fund</u>	<u>Recorder Technology Fund</u>	<u>Senior Service Tax Fund</u>	<u>JAG Grant</u>	<u>Passport Fees</u>	<u>Time Payment Plan</u>	<u>Total</u>
<u>6,950.46</u>	<u>26,074.20</u>	<u>747.84</u>	<u>7,534.34</u>	<u>31,180.91</u>	<u>4,758.13</u>	<u>11,623.57</u>	<u>-</u>	<u>4,597.49</u>	<u>2,869.77</u>	<u>189,810.99</u>
<u>6,950.46</u>	<u>26,074.20</u>	<u>747.84</u>	<u>7,534.34</u>	<u>31,180.91</u>	<u>4,758.13</u>	<u>11,623.57</u>	<u>-</u>	<u>4,597.49</u>	<u>2,869.77</u>	<u>189,810.99</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,976.62</u>
<u>6,950.46</u>	<u>26,074.20</u>	<u>747.84</u>	<u>7,534.34</u>	<u>31,180.91</u>	<u>4,758.13</u>	<u>11,623.57</u>	<u>-</u>	<u>4,597.49</u>	<u>2,869.77</u>	<u>186,834.37</u>
<u>6,950.46</u>	<u>26,074.20</u>	<u>747.84</u>	<u>7,534.34</u>	<u>31,180.91</u>	<u>4,758.13</u>	<u>11,623.57</u>	<u>-</u>	<u>4,597.49</u>	<u>2,869.77</u>	<u>189,810.99</u>

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
 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	Senior Center Fund	Circuit Court Interest Fund	Crime Victims	Dare Fund	Election Services Fund	Families In Crisis Shelter Fund	Law Enforcement Training Fund
REVENUES:								
Property taxes	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-
Grants, distributions and reimbursements	59,268.98	339,456.71	-	-	-	58,487.41	-	-
Fees, licenses and permits	-	-	-	-	-	-	1,576.00	2,855.21
Interest	2,940.36	-	4,010.93	-	-	1,281.90	-	-
Other	69,050.22	-	-	26,355.83	520.00	-	-	-
Total Revenues	131,259.56	339,456.71	4,010.93	26,355.83	520.00	59,769.31	1,576.00	2,855.21
EXPENDITURES								
Current:								
General county government	-	340,440.51	-	-	-	61,974.20	-	-
Property valuation and recording	118,545.57	-	-	-	-	-	-	-
Administration of justice and law enforcement	-	-	1,211.31	-	-	-	-	2,534.42
Health and welfare	-	-	-	30,937.83	-	-	1,576.00	-
Maintenance of roads	-	-	-	-	-	-	-	-
Park maintenance	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital Outlay:	-	-	-	-	-	-	-	-
Construction of roads and bridges	-	-	-	-	-	-	-	-
Property, equipment and buildings	-	-	-	-	-	-	-	-
Total Expenditures	118,545.57	340,440.51	1,211.31	30,937.83	-	61,974.20	1,576.00	2,534.42
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,713.99	(983.80)	2,799.62	(4,582.00)	520.00	(2,204.89)	-	320.79
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	-	3,124.11	-	-
Transfers out	-	-	-	-	-	(629.45)	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	2,494.66	-	-
NET CHANGE IN FUND BALANCES	12,713.99	(983.80)	2,799.62	(4,582.00)	520.00	289.77	-	320.79
FUND BALANCES - BEGINNING OF YEAR / RESTATED	33,659.45	1,103.25	7,538.44	1,605.38	325.00	20,449.15	-	161.99
FUND BALANCES - END OF YEAR	46,373.44	119.45	10,338.06	(2,976.62)	845.00	20,738.92	-	482.78

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
 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

Law Library Fund	Lepe - Local Emergency Planning Fund	Prosecuting Attorney Bad Check Fund	Prosecuting Attorney Training Fund	Record Preservation Fund	Collector Tax Maintenance Fund	Recorder Technology Fund	Senior Service Tax Fund	JAG Grant	Passport Fees	Time Payment Plan	Total
-	-	-	-	-	-	-	11,623.57	-	-	-	11,623.57
-	-	-	-	-	-	-	-	-	-	-	-
-	3,500.83	-	-	-	12,633.57	-	-	35,192.78	-	-	508,540.28
-	-	27,365.29	429.06	6,738.00	-	4,911.25	-	-	3,900.00	1,766.89	49,541.70
-	354.40	1,195.11	-	336.76	1,338.88	-	-	-	-	-	11,458.34
6,435.18	-	-	-	-	50.45	-	-	-	-	231.35	102,643.03
6,435.18	3,855.23	28,560.40	429.06	7,074.76	14,022.90	4,911.25	11,623.57	35,192.78	3,900.00	1,998.24	683,806.92
-	1,988.34	-	-	5,315.06	3,931.21	3,892.67	-	35,192.78	694.91	1,063.20	454,492.88
-	-	-	-	-	-	-	-	-	-	-	118,545.57
4,052.22	-	15,923.97	207.27	-	-	-	-	-	-	-	23,929.19
-	-	-	-	-	-	-	-	-	-	-	32,513.83
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
4,052.22	1,988.34	15,923.97	207.27	5,315.06	3,931.21	3,892.67	-	35,192.78	694.91	1,063.20	629,481.47
2,382.96	1,866.89	12,636.43	221.79	1,759.70	10,091.69	1,018.58	11,623.57	-	3,205.09	935.04	54,325.45
-	-	-	-	6.00	-	280.24	-	-	-	-	3,410.35
-	-	-	-	(286.24)	-	-	-	-	-	-	(915.69)
-	-	-	-	(280.24)	-	280.24	-	-	-	-	2,494.66
2,382.96	1,866.89	12,636.43	221.79	1,479.46	10,091.69	1,298.82	11,623.57	-	3,205.09	935.04	56,820.11
12,193.67	5,083.57	13,437.77	526.05	6,054.88	21,089.22	3,459.31	-	-	1,392.40	1,934.73	130,014.26
14,576.63	6,950.46	26,074.20	747.84	7,534.34	31,180.91	4,758.13	11,623.57	-	4,597.49	2,869.77	186,834.37

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 CASH BASIS - AGENCY FUNDS
 DECEMBER 31, 2007

	Collectors Account	CDBG / Elevator Fund	Surtax	Drug Court	Trustee Account	Trustee Account 2	Prosecuting Attorney Trust Acct	Sheriff Acct	Amounts Held For Other Governments	Total
ASSETS										
Cash and Cash Equivalents	4,210,871.54	1.00	17,997.50	168.85	108.13	10,096.90	8,586.60	33.25	92,765.81	4,340,629.58
TOTAL ASSETS	<u>4,210,871.54</u>	<u>1.00</u>	<u>17,997.50</u>	<u>168.85</u>	<u>108.13</u>	<u>10,096.90</u>	<u>8,586.60</u>	<u>33.25</u>	<u>92,765.81</u>	<u>4,340,629.58</u>
LIABILITIES AND FUND BALANCES										
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-
UNRESERVED FUND BALANCES	<u>4,210,871.54</u>	<u>1.00</u>	<u>17,997.50</u>	<u>168.85</u>	<u>108.13</u>	<u>10,096.90</u>	<u>8,586.60</u>	<u>33.25</u>	<u>92,765.81</u>	<u>4,340,629.58</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>4,210,871.54</u>	<u>1.00</u>	<u>17,997.50</u>	<u>168.85</u>	<u>108.13</u>	<u>10,096.90</u>	<u>8,586.60</u>	<u>33.25</u>	<u>92,765.81</u>	<u>4,340,629.58</u>

See accompanying independent auditors' report

THE COUNTY OF CEDAR, MISSOURI
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 CASH BASIS - AGENCY FUNDS
 DECEMBER 31, 2006

	Collectors Account	CDBG / Elevator Fund	Surtax	Drug Court	Trustee Account	Trustee Account 2	Prosecuting Attorney Trust Account	Sheriff Account	Amounts Held For Other Governments	Total
ASSETS										
Cash and Cash Equivalents	-	1.00	25,131.72	1,866.14	91.19	9,646.06	8,961.09	4,501.68	109,072.15	159,271.03
TOTAL ASSETS	-	1.00	25,131.72	1,866.14	91.19	9,646.06	8,961.09	4,501.68	109,072.15	159,271.03
LIABILITIES AND FUND BALANCES										
TOTAL LIABILITIES	1.54	-	-	-	-	-	-	-	-	1.54
UNRESERVED FUND BALANCES	(1.54)	1.00	25,131.72	1,866.14	91.19	9,646.06	8,961.09	4,501.68	109,072.15	159,269.49
TOTAL LIABILITIES AND FUND BALANCES	-	1.00	25,131.72	1,866.14	91.19	9,646.06	8,961.09	4,501.68	109,072.15	159,271.03

See accompanying independent auditors' report

STATE COMPLIANCE SECTION

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

I. Chapter 50 RSMo (Budget Statute)

There were no findings for 2007 or 2006.

FEDERAL COMPLIANCE SECTION



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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 Cedar, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The County of Cedar, (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 November 7, 2008.

Our report which was 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 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.

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 consider the deficiencies 06/07-01, 06/07-02, 06/07-03, 06/07-04 and 06/07-05 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

Internal Control Over Financial Reporting (concluded)

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Additionally, we noted certain matters that we reported to management of the County in a separate report dated November 7, 2008.

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, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

November 7, 2008

THE COUNTY OF CEDAR
STOCKTON, MISSOURI
(the Primary Government)
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2007 & 2006

1. FINANCIAL STATEMENT FINDINGS

06/07-01

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

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

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

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

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

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

06/07-02

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

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

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

THE COUNTY OF CEDAR
STOCKTON, MISSOURI
(the Primary Government)
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2007 & 2006

1. FINANCIAL STATEMENT FINDINGS (continued)

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

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

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

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: Bank reconciliations should be prepared monthly on a timely basis by the Collector's office.

Condition: During our audit, we discovered that bank reconciliations were not prepared on a timely basis.

THE COUNTY OF CEDAR
STOCKTON, MISSOURI
(the Primary Government)
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2007 & 2006

1. FINANCIAL STATEMENT FINDINGS (concluded)

Effect: Not preparing timely bank reconciliations does not allow timely adjustments to the County's cash accounts.

Cause: Management has not prepared bank reconciliations on a timely basis.

Recommendation: We recommend that the County Collector prepare monthly bank reconciliations and adjustments to the cash accounts.

Management Response: The County will consider the auditor's recommendation.

2. FOLLOW-UP PRIOR YEAR FINDINGS

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

**THE COUNTY OF CEDAR
STOCKTON, MISSOURI
(THE PRIMARY GOVERNMENT)
SINGLE AUDIT REPORT
DECEMBER 31, 2007 & 2006**

THE COUNTY OF CEDAR
STOCKTON, MISSOURI
(THE PRIMARY GOVERNMENT)
SINGLE AUDIT REPORT
DECEMBER 31, 2007 & 2006

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

To the County Commission
The County of Cedar
Stockton, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Cedar, Missouri, as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Primary Government's basic financial statements, and have issued our modified cash basis report thereon dated November 7, 2008. Our report was modified because the County prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We did not express an opinion on supplementary information required by the Governmental Accounting Standards Board. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies. A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles 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, and FS 06/07-04 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 County of Cedar, Missouri in a separate letter dated November 7, 2008.

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

This report is intended solely for the information and use of the County Commission, County Officeholders, Missouri State Auditor, 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.

November 7, 2008



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 Cedar
Stockton, Missouri

Compliance

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

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

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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Primary Government's internal control over compliance.

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

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

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 are 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 November 7, 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, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

November 7, 2008

THE COUNTY OF CEDAR
(the Primary Government)
STOCKTON, MISSOURI

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

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	12/31/2007	12/31/2006
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state:			
	Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	02-PF-05 03-DR-15 03-DR-07	59,656.00 267,744.00 234,149.00	- 339,456.71 204,763.84
	Department of Social Services -			
14.231	Emergency Shelter Grants Program		-	-
U.S. DEPARTMENT OF JUSTICE				
	Passed through:			
	State Department of Public Safety -			
16.580	Enforcement Assistance Discretionary Grants Program	MO SMART	-	69,558.61
16.588	Crime Victim Assistance		-	13,545.92
16.579	Byrne Formula Grant Program	CASH CROP	941.84	1,442.50
16.XXX	Corridor Enforcement(DWI)	GAC065	900.84	-
16.XXX	Methamphetamine Hot Spots Program	2007-SWMMC	44,234.48	-
16.XXX	Community Oriented Policing Services	2006CKWX0014	-	-
16.XXX	Lake Patrol/US Army Corp of Engineers	W912DQ-07-P-C	48,984.60	-
	Missouri Sheriffs' Association -			
16.580	Domestic Cannabis Eradication/Suppression Program	JAG	20,077.67	25,256.40
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state:			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-020(7) BRO-020(8) BRO-020(9) BRO-020(10)	5,850.00 26,266.10 - -	- 570,763.51 317,350.51 313,118.90
	Department of Public Safety -			
20.703	Crime Victim Advocate Sector Training and Planning Grants	2007-SSVF-0014	33,213.94	-
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
	Passed through state Office of Administration -			
93.563	Child Support Enforcement	IV-D	-	957.55
93.667	Social Services Block Grant	LFL5LAT010 6LCP501SF 07LFL5ECR002 6LM0504BX 5LFL408LEL	- - - - -	1,358.00 1,344.00 585.00 4,915.00 366.00
ELECTION ASSISTANCE COMMISSION				
	Passed through the Office of Secretary of State -			
90.401	Help America Vote Act Requirements Payments	LRPG HAVA	1,184.00 2,992.38	- 60,689.12
U. S. DEPARTMENT OF HOMELAND SECURITY				
	Passed through State Department of Public Safety:			
97.042	Emergency Management Performance Grants	Sheriff-20498	-	1,175.00
97.042	Emergency Management Performance Grants	Sheriff-19367	-	2,779.36
97.067	Homeland Security Grant Program	H.D. Cemetery	-	1,306.17
97.051	State and Local All Hazards Emergency Operations Planning	FEMA-LEPC FEMA-Sheriff	- -	3,500.83 2,488.24
Total Expenditures of Federal Awards			<u>\$ 746,194.85</u>	<u>\$ 1,936,721.17</u>

THE COUNTY OF CEDAR
(the Primary Government)
STOCKTON, MISSOURI

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

Federal CFDA Number	Federal Grantor and Program Title
GRANTS AWARDED FOR WHICH THERE WERE NO REVENUES OR EXPENDITURES DURING THE YEAR	
Total Grants Awarded for which there were no Revenues or Expenditures during the Year	
\$ 0.00	

THE COUNTY OF CEDAR
STOCKTON, MISSOURI
(THE PRIMARY GOVERNMENT)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

NOTE 1 – BASIS OF PRESENTATION

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

THE COUNTY OF CEDAR
STOCKTON, MISSOURI
(THE PRIMARY GOVERNMENT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

I. SUMMARY OF AUDITOR'S RESULTS

A. FINANCIAL STATEMENTS

1. Type of auditor's report issued: Unqualified Modified Cash Basis
2. Internal control over financial reporting:
 - a. Any material weakness(es) identified? 2007 ☐ Yes ☒ No
2006 ☐ Yes ☒ No
 - b. Any significant deficiencies identified that are not considered to be material weaknesses? 2007 ☒ Yes ☐ None Reported
2006 ☒ Yes ☐ None Reported
3. Any noncompliance material to financial statements noted? 2007 ☐ Yes ☒ No
2006 ☐ Yes ☒ No

B. FEDERAL AWARDS

1. Internal control over major programs:
Any material weakness(es) identified? 2007 ☐ Yes ☒ No
2006 ☐ Yes ☒ No
2. Any significant deficiencies identified that are not considered to be material weaknesses? 2007 ☐ Yes ☒ No
2006 ☐ Yes ☒ 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 ☐ Yes ☒ No
2006 ☐ Yes ☒ No

THE COUNTY OF CEDAR
STOCKTON, MISSOURI
(THE PRIMARY GOVERNMENT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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 CEDAR
STOCKTON, MISSOURI
(THE PRIMARY GOVERNMENT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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 CEDAR
STOCKTON, MISSOURI
(THE PRIMARY GOVERNMENT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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 CEDAR
STOCKTON, MISSOURI
(THE PRIMARY GOVERNMENT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

II. FINANCIAL STATEMENT FINDINGS (concluded)

D. FS 06/07-04

1. CRITERIA

Bank reconciliations should be prepared monthly on a timely basis by the Collector's office.

2. CONDITION

During our audit, we discovered that bank reconciliations were not prepared on a timely basis.

3. EFFECT

Not preparing timely bank reconciliations does not allow timely adjustments to the County's cash accounts.

4. CAUSE

Management has not prepared bank reconciliations on a timely basis.

5. RECOMMENDATION

We recommend that the County Collector prepare monthly bank reconciliations and adjustments to the cash accounts.

6. MANAGEMENT'S RESPONSE

The County will consider the auditors' recommendation.

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

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

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

There are no findings and questioned costs related to Federal Awards in accordance with Section .510(1) of OMB Circular A-133.

THE COUNTY OF CEDAR
STOCKTON, MISSOURI
(THE PRIMARY GOVERNMENT)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006

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

November 7, 2008

To the County Commissioners
Cedar County of Missouri

In planning and performing our audit of the basic financial statements of the Cedar 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.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT(Concluded)

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: Bank reconciliations should be prepared monthly on a timely basis by the Collector's office.

Condition: During our audit, we discovered that bank reconciliations were not prepared on a timely basis.

Effect: Not preparing timely bank reconciliations does not allow timely adjustments to the County's cash accounts.

Cause: Management has not prepared bank reconciliations on a timely basis.

Recommendation: We recommend that the County Collector prepare monthly bank reconciliations and adjustments to the cash accounts.

Management Response: The County will consider the auditor's recommendation.

Cause: Management has not maintained records to monitor component units no reported on its financial statements.

Recommendation: We recommend that the County maintain a separate file on each component unit and monitor its progress during the year.

Management Response: The County 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 April 28, 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 Cedar 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 Cedar 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 Cedar County of Missouri are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the years ended December 31, 2007 and 2006. We noted no transactions entered into by the governmental unit during the years for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting Estimates

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

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 7, 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.