



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Wayne County, Missouri

The Office of the State Auditor, in cooperation with Wayne County, has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2009, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by Daniel Jones & Associates, Certified Public Accountants, is attached.

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

Susan Montee, JD, CPA
State Auditor

November 2010
Report No. 2010-145

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2009 & 2008

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GREENVILLE, MISSOURI
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FINANCIAL SECTION



**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 Wayne, Missouri

We have audited the accompanying financial statements of the County of Wayne, Missouri, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the County's financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

During the course of our audit we noted there were inadequate controls over the collection and deposits of fees collected in the Recorder's office. Upon further testing of this office's deposits we noted reimbursements to this office's accounts. We were unable to determine the amount that was under deposited in total for this office. Accordingly, it was not practicable for us to extend our procedures sufficiently to determine that all of the receipt records are recorded in the financial statements referred to above.

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County of Wayne, Missouri, at December 31, 2009 and 2008, or the changes in financial position for the years then ended.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the receipts of the Recorder's office, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and investment balances of the governmental and agency funds of the County of Wayne, Missouri, as of and for the years ended December 31, 2009 and 2008, and the receipts, disbursements and budgetary results of the governmental funds for the years then ended, on the basis of accounting described in Note I.

As described in Note X, the County of Wayne has converted from a modified cash (GASB 34) basis of accounting to the regulatory basis of accounting which differs from accounting principles generally accepted in the United States of America, as of and for the years ended December 31, 2009 and December 31, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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

Daniel Jones & Associates

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

September 20, 2010

FINANCIAL STATEMENTS

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
STATEMENTS OF RECEIPT, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENT BALANCES -
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2009

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2009	RECEIPTS 2009	DISBURSEMENTS 2009	CASH AND INVESTMENT BALANCES DECEMBER 31, 2009
General Revenue	\$ 7,865.86	\$ 1,689,733.68	\$ 1,662,453.53	\$ 35,146.01
Special Road & Bridge	291,913.20	1,532,287.71	1,728,890.05	95,310.86
Assessment	12,841.74	173,692.53	164,765.89	21,768.38
Prosecuting Attorney Training Fund	1,567.97	736.67	787.91	1,516.73
Law Enforcement Training Fund	2,170.13	4,661.51	6,407.30	424.34
Domestic Violence/Special Trust Fund	-	696.00	-	696.00
Delinquent Tax Fund	984.22	672.79	-	1,657.01
Financial Institution Tax Fund	11,125.76	6,464.25	11,450.71	6,139.30
Unclaimed Fees Fund	224.74	593.57	399.88	418.43
Landfill Fund	10,895.34	253.21	-	11,148.55
Law Enforcement Restitution Fund	364.22	45,176.25	45,371.33	169.14
Recorder Users Fund	27,249.45	14,420.89	29,448.47	12,221.87
Sheriff's Civil Fund	2,495.12	15,661.59	17,231.64	925.07
Sheriff's Revolving Fund	2,279.84	6,569.35	4,064.38	4,784.81
Special Check Fund	21,067.63	21,676.03	18,110.42	24,633.24
Special Law Enforcement Fund	23,268.79	75,111.96	78,437.77	19,942.98
Sheriff's Agency Fund	8,661.85	7,328.45	12,225.72	3,764.58
Law Library Fund	1.73	6,887.78	4,605.62	2,283.89
Senate Bill 40	57,611.70	108,230.58	64,794.32	101,047.96
TOTAL	<u>\$ 482,589.29</u>	<u>\$ 3,710,854.80</u>	<u>\$ 3,849,444.94</u>	<u>\$ 343,999.15</u>

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENT BALANCES -
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2008

FUND	CASH AND INVESTMENT BALANCES JANUARY 1, 2008	RECEIPTS 2008	DISBURSEMENTS 2008	CASH AND INVESTMENT BALANCES DECEMBER 31, 2008
General Revenue	\$ 44,338.62	\$ 1,612,766.53	\$ 1,649,239.29	\$ 7,865.86
Special Road & Bridge	107,126.36	2,947,491.41	2,762,704.57	291,913.20
Assessment	15,363.95	172,545.28	175,067.49	12,841.74
Prosecuting Attorney Training Fund	639.20	928.77	-	1,567.97
Law Enforcement Training Fund	251.14	5,434.68	3,515.69	2,170.13
Domestic Violence/Special Trust Fund	672.93	630.53	1,303.46	-
Delinquent Tax Fund	984.22	-	-	984.22
Financial Institution Tax Fund	1,918.42	11,199.41	1,992.07	11,125.76
Unclaimed Fees Fund	3,915.96	784.63	4,475.85	224.74
Landfill Fund	10,473.82	421.52	-	10,895.34
Law Enforcement Restitution Fund	1,099.38	49,861.72	50,596.88	364.22
Recorder Users Fund	25,008.77	14,867.19	12,626.51	27,249.45
Sheriff's Civil Fund	16.84	21,774.54	19,296.26	2,495.12
Sheriff's Revolving Fund	43.35	4,122.24	1,885.75	2,279.84
Special Check Fund	18,321.78	27,674.01	24,928.16	21,067.63
Special Law Enforcement Fund	1,768.84	65,870.18	44,370.23	23,268.79
Sheriff's Agency Fund	32.09	14,067.65	5,437.89	8,661.85
Law Library Fund	18.61	7,490.87	7,507.75	1.73
Senate Bill 40	45,581.54	91,207.78	79,177.62	57,611.70
TOTAL	<u>\$ 277,575.82</u>	<u>\$ 5,049,138.94</u>	<u>\$ 4,844,125.47</u>	<u>\$ 482,589.29</u>

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	GENERAL REVENUE FUND			
	2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 202,709.00	\$ 204,930.58	\$ 197,107.94	\$ 187,908.40
Sales Taxes	438,000.00	444,702.64	445,000.00	443,787.60
Intergovernmental	559,971.08	527,730.99	544,117.59	503,663.50
Charges for Services	206,100.00	195,686.76	206,150.00	196,922.01
Interest	1,300.00	1,068.43	1,200.00	1,388.34
Other	224,899.06	212,708.95	164,957.04	161,535.87
Transfers In	121,000.00	102,905.33	122,204.20	117,560.81
TOTAL RECEIPTS	1,753,979.14	1,689,733.68	1,680,736.77	1,612,766.53
DISBURSEMENTS				
County Commission	80,506.64	80,964.70	76,425.28	75,877.27
County Clerk	64,869.40	61,807.95	63,969.20	62,819.97
Elections	50,980.00	41,211.74	118,642.71	120,955.42
Buildings and Grounds	70,381.12	54,817.04	67,731.12	65,348.94
Employee Fringe Benefits	313,900.00	290,174.16	283,340.00	279,695.27
County Treasurer	41,847.40	40,432.59	39,647.20	38,996.03
Collector	84,705.31	84,562.28	81,402.04	79,837.46
Recorder of Deeds	49,319.62	47,908.20	46,663.50	45,532.15
Circuit Clerk	24,700.00	20,877.19	24,700.00	19,474.03
Associate Circuit Court	1,000.00	988.60	1,000.00	998.78
Court Administration	5,450.00	3,814.59	5,750.00	3,541.85
Public Administrator	26,200.00	26,190.45	25,950.00	25,491.92
Sheriff	287,654.36	276,990.36	280,818.70	278,274.47
Jail	253,673.62	237,615.89	194,643.66	194,922.06
Prosecuting Attorney	90,064.66	93,778.00	87,840.30	90,636.98
Juvenile Officer	42,958.30	42,958.30	40,071.08	40,068.51
Coroner	18,442.52	17,249.41	16,705.68	19,809.96
Health and Welfare	66,153.49	70,980.74	50,000.00	43,386.71
Debt Service	-	-	-	-
Transfers Out	20,099.93	17,099.93	26,000.00	26,000.00
Emergency Fund	-	-	-	-
Other	161,177.42	152,031.41	163,438.80	137,571.51
TOTAL DISBURSEMENTS	1,754,083.79	1,662,453.53	1,694,739.27	1,649,239.29
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	(104.65)	27,280.15	(14,002.50)	(36,472.76)
CASH AND INVESTMENT BALANCES, JANUARY 1	7,865.86	7,865.86	44,338.62	44,338.62
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 7,761.21	\$ 35,146.01	\$ 30,336.12	\$ 7,865.86

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SPECIAL ROAD & BRIDGE FUND			
	2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 142,457.00	\$ 148,940.72	\$ 134,903.00	\$ 124,016.06
Sales Taxes	435,000.00	444,705.03	445,000.00	443,787.12
Intergovernmental	1,522,790.82	767,885.64	1,759,766.24	2,246,612.90
Charges for Services	-	-	-	-
Interest	4,500.00	3,811.54	3,000.00	1,969.35
Other	160,800.00	166,944.78	767,647.70	131,105.98
Transfers In	-	-	-	-
TOTAL RECEIPTS	2,265,547.82	1,532,287.71	3,110,316.94	2,947,491.41
DISBURSEMENTS				
Salaries	426,000.00	456,946.09	422,135.00	419,039.01
Employee Fringe Benefits	149,300.00	128,860.52	128,425.32	128,636.06
Supplies	544,198.97	328,635.34	462,539.25	434,633.57
Insurance	45,000.00	41,071.49	45,000.00	41,273.20
R & B Materials	225,000.00	372,900.12	415,000.00	353,721.46
Equipment Repairs	-	-	-	-
Rentals	30,000.00	-	55,000.00	53,752.78
Equipment Purchases	70,000.00	73,211.55	20,000.00	32,922.00
R & B Construction	887,203.74	209,904.60	1,172,537.29	1,043,230.90
Other	46,386.79	21,386.79	150,936.47	142,138.98
Transfers Out	113,000.00	95,973.55	118,000.00	113,356.61
TOTAL DISBURSEMENTS	2,536,089.50	1,728,890.05	2,989,573.33	2,762,704.57
RECEIPTS OVER (UNDER) DISBURSEMENTS	(270,541.68)	(196,602.34)	120,743.61	184,786.84
CASH AND INVESTMENT BALANCES, JANUARY 1	291,913.20	291,913.20	107,126.36	107,126.36
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 21,371.52	\$ 95,310.86	\$ 227,869.97	\$ 291,913.20

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	ASSESSMENT FUND				PROSECUTING ATTORNEY TRAINING FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	162,099.93	153,639.67	148,710.00	142,703.81	-	-	-	-
Charges for Services	-	-	5,400.00	-	-	-	-	-
Interest	300.00	-	-	-	-	-	-	-
Other	3,400.00	2,952.93	-	3,841.47	950.00	736.67	900.00	928.77
Transfers In	-	17,099.93	18,000.00	26,000.00	-	-	-	-
TOTAL RECEIPTS	165,799.93	173,692.53	172,110.00	172,545.28	950.00	736.67	900.00	928.77
DISBURSEMENTS								
Salaries	111,644.68	104,764.03	112,922.16	102,108.05	-	-	-	-
Office Expenses	13,250.00	9,910.21	15,900.00	13,690.49	-	-	-	-
Equipment	15,900.00	11,542.99	20,670.00	17,063.25	-	-	-	-
Fringe Benefits	25,050.00	26,881.89	26,000.00	26,396.75	-	-	-	-
Other	2,600.00	4,132.27	2,950.00	10,753.64	-	-	-	-
Training	7,450.00	7,534.50	7,550.00	5,055.31	2,000.00	787.91	1,200.00	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	175,894.68	164,765.89	185,992.16	175,067.49	2,000.00	787.91	1,200.00	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,094.75)	8,926.64	(13,882.16)	(2,522.21)	(1,050.00)	(51.24)	(300.00)	928.77
CASH AND INVESTMENT BALANCES, JANUARY 1	12,841.74	12,841.74	15,363.95	15,363.95	1,567.97	1,567.97	639.20	639.20
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 2,746.99</u>	<u>\$ 21,768.38</u>	<u>\$ 1,481.79</u>	<u>\$ 12,841.74</u>	<u>\$ 517.97</u>	<u>\$ 1,516.73</u>	<u>\$ 339.20</u>	<u>\$ 1,567.97</u>

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	LAW ENFORCEMENT TRAINING FUND				DOMESTIC VIOLENCE/SPECIAL TRUST FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 800.00	\$ 696.00	\$ 800.00	\$ 630.53
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	5,500.00	4,661.51	5,500.00	5,434.68	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	5,500.00	4,661.51	5,500.00	5,434.68	800.00	696.00	800.00	630.53
DISBURSEMENTS								
Mileage/Training	5,500.00	6,407.30	5,500.00	3,515.69	-	-	-	-
Other	-	-	-	-	-	-	1,400.00	1,303.46
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	5,500.00	6,407.30	5,500.00	3,515.69	-	-	1,400.00	1,303.46
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(1,745.79)	-	1,918.99	800.00	696.00	(600.00)	(672.93)
CASH AND INVESTMENT BALANCES, JANUARY 1	2,170.13	2,170.13	251.14	251.14	-	-	672.93	672.93
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 2,170.13	\$ 424.34	\$ 251.14	\$ 2,170.13	\$ 800.00	\$ 696.00	\$ 72.93	\$ -

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	DELINQUENT TAX FUND				FINANCIAL INSTITUTION TAX FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Service	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	672.79	700.00	-	13,000.00	6,464.25	11,500.00	11,199.41
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	-	672.79	700.00	-	13,000.00	6,464.25	11,500.00	11,199.41
DISBURSEMENTS								
Office	-	-	-	-	-	-	-	-
Other	-	-	1,684.22	-	12,000.00	11,450.71	1,992.07	1,992.07
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	-	-	1,684.22	-	12,000.00	11,450.71	1,992.07	1,992.07
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	672.79	(984.22)	-	1,000.00	(4,986.46)	9,507.93	9,207.34
CASH AND INVESTMENT BALANCES, JANUARY 1	984.22	984.22	984.22	984.22	11,125.76	11,125.76	1,918.42	1,918.42
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 984.22	\$ 1,657.01	\$ -	\$ 984.22	\$ 12,125.76	\$ 6,139.30	\$ 11,426.35	\$ 11,125.76

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	UNCLAIMED FEES FUND				LANDFILL FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Interest	\$ -	\$ -	\$ -	\$ -	\$ 600.00	\$ 253.21	\$ 500.00	\$ 421.52
Other	1,000.00	593.57	1,000.00	784.63	-	-	-	-
Charges for Service	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	1,000.00	593.57	1,000.00	784.63	600.00	253.21	500.00	421.52
DISBURSEMENTS								
Payroll					-	-	-	-
Office					-	-	-	-
Other	1,224.74	399.88	4,475.85	4,475.85	-	-	-	-
TOTAL DISBURSEMENTS	1,224.74	399.88	4,475.85	4,475.85	-	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(224.74)	193.69	(3,475.85)	(3,691.22)	600.00	253.21	500.00	421.52
CASH AND INVESTMENT BALANCES, JANUARY 1	224.74	224.74	3,915.96	3,915.96	10,895.34	10,895.34	10,473.82	10,473.82
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ (0.00)	\$ 418.43	\$ 440.11	\$ 224.74	\$ 11,495.34	\$ 11,148.55	\$ 10,973.82	\$ 10,895.34

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	LAW ENFORCEMENT RESTITUTION FUND				RECORDERS USERS FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 51,000.00	\$ 45,174.84	\$ 54,344.78	\$ 49,845.21	\$ -	\$ -	\$ -	\$ -
Charges For Services	-	-	-	-	9,200.00	8,748.25	9,800.00	8,962.81
Interest	100.00	1.41	120.00	16.51	400.00	272.64	700.00	626.88
Other	-	-	-	-	5,400.00	5,400.00	5,400.00	5,277.50
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	51,100.00	45,176.25	54,464.78	49,861.72	15,000.00	14,420.89	15,900.00	14,867.19
DISBURSEMENTS								
Supplies and Equipment	-	-	-	-	23,449.45	22,516.69	23,425.52	8,422.31
Other	17,000.00	45,371.33	54,000.00	50,596.88	-	-	-	-
Transfers Out	-	-	-	-	8,000.00	6,931.78	4,204.20	4,204.20
TOTAL DISBURSEMENTS	17,000.00	45,371.33	54,000.00	50,596.88	31,449.45	29,448.47	27,629.72	12,626.51
RECEIPTS OVER (UNDER) DISBURSEMENTS	34,100.00	(195.08)	464.78	(735.16)	(16,449.45)	(15,027.58)	(11,729.72)	2,240.68
CASH AND INVESTMENT BALANCES, JANUARY 1	364.22	364.22	1,099.38	1,099.38	27,249.45	27,249.45	25,008.77	25,008.77
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 34,464.22	\$ 169.14	\$ 1,564.16	\$ 364.22	\$ 10,800.00	\$ 12,221.87	\$ 13,279.05	\$ 27,249.45

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SHERIFF'S CIVIL FUND				SHERIFF'S REVOLVING FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	8.23	-	-	-	-
Charges for Services	28,000.00	-	28,000.00	21,766.31	-	-	-	-
Other	-	15,661.59	-	-	4,200.00	6,569.35	5,200.00	4,122.24
TOTAL RECEIPTS	28,000.00	15,661.59	28,000.00	21,774.54	4,200.00	6,569.35	5,200.00	4,122.24
DISBURSEMENTS								
Office	28,000.00	17,231.64	28,000.00	19,296.26	-	-	-	-
Other	-	-	-	-	5,000.00	4,064.38	-	-
Transfers Out	-	-	-	-	-	-	5,200.00	1,885.75
TOTAL DISBURSEMENTS	28,000.00	17,231.64	28,000.00	19,296.26	5,000.00	4,064.38	5,200.00	1,885.75
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(1,570.05)	-	2,478.28	(800.00)	2,504.97	-	2,236.49
CASH AND INVESTMENT BALANCES, JANUARY 1	2,495.12	2,495.12	16.84	16.84	2,279.84	2,279.84	43.35	43.35
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 2,495.12</u>	<u>\$ 925.07</u>	<u>\$ 16.84</u>	<u>\$ 2,495.12</u>	<u>\$ 1,479.84</u>	<u>\$ 4,784.81</u>	<u>\$ 43.35</u>	<u>\$ 2,279.84</u>

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SPECIAL CHECK FUND				SPECIAL LAW ENFORCEMENT FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 30,000.00	\$ 21,676.03	\$ 27,000.00	\$ 27,461.76	\$ -	\$ -	\$ -	\$ -
Charges For Service	-	-	-	-	-	-	-	-
Interest	-	-	-	212.25	-	-	-	70.18
Other	-	-	-	-	50,000.00	75,111.96	70,000.00	65,800.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	30,000.00	21,676.03	27,674.01	27,674.01	50,000.00	75,111.96	70,000.00	65,870.18
DISBURSEMENTS								
Salaries	32,500.00	13,583.03	34,000.00	11,546.30	50,000.00	42,465.98	40,000.00	35,839.73
Training	2,500.00	-	-	2,325.00	-	-	-	-
Other	15,000.00	4,527.39	9,000.00	11,056.86	23,000.00	35,971.79	13,000.00	8,530.50
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	50,000.00	18,110.42	43,000.00	24,928.16	73,000.00	78,437.77	53,000.00	44,370.23
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,000.00)	3,565.61	(15,325.99)	2,745.85	(23,000.00)	(3,325.81)	17,000.00	21,499.95
CASH AND INVESTMENT BALANCES, JANUARY 1	21,067.63	21,067.63	18,321.78	18,321.78	23,268.79	23,268.79	1,768.84	1,768.84
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 1,067.63	\$ 24,633.24	\$ 2,995.79	\$ 21,067.63	\$ 268.79	\$ 19,942.98	\$ 18,768.84	\$ 23,268.79

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SHERIFF'S AGENCY FUND				LAW LIBRARY FUND			
	2009		2008		2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges For Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	5.87
Other	14,067.65	7,328.45	13,600.00	14,067.65	8,000.00	6,887.78	8,000.00	7,485.00
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	14,067.65	7,328.45	13,600.00	14,067.65	8,000.00	6,887.78	8,000.00	7,490.87
DISBURSEMENTS								
Supplies and Equipment	14,000.00	12,225.72	13,600.00	5,437.89	8,000.00	4,605.62	8,000.00	7,507.75
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	14,000.00	12,225.72	13,600.00	5,437.89	8,000.00	4,605.62	8,000.00	7,507.75
RECEIPTS OVER (UNDER) DISBURSEMENTS	67.65	(4,897.27)	-	8,629.76	-	2,282.16	-	(16.88)
CASH AND INVESTMENT BALANCES, JANUARY 1	8,661.85	8,661.85	32.09	32.09	1.73	1.73	18.61	18.61
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 8,729.50</u>	<u>\$ 3,764.58</u>	<u>\$ 32.09</u>	<u>\$ 8,661.85</u>	<u>\$ 1.73</u>	<u>\$ 2,283.89</u>	<u>\$ 18.61</u>	<u>\$ 1.73</u>

financial statements are an integral part of this statement.

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH AND INVESTMENT BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	SENATE BILL 40			
	2009		2008	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 90,000.00	\$ 107,008.81	\$ 92,000.00	\$ 88,916.15
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges For Service	-	-	-	-
Interest	200.00	1,221.77	1,250.00	1,316.23
Other	-	-	-	975.40
Transfers In	-	-	-	-
TOTAL RECEIPTS	90,200.00	108,230.58	93,250.00	91,207.78
DISBURSEMENTS				
Senate Bill 40	76,850.00	64,794.32	64,580.00	79,177.62
Other	-	-	-	-
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	76,850.00	64,794.32	64,580.00	79,177.62
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,350.00	43,436.26	28,670.00	12,030.16
CASH AND INVESTMENT BALANCES, JANUARY 1	57,611.70	57,611.70	45,581.54	45,581.54
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 70,961.70	\$ 101,047.96	\$ 74,251.54	\$ 57,611.70

financial statements are an integral part of this statement.

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2009

	County Capital	Flood Control	Forrest Reserve	Title III	Deputy Sheriff Salary	SEMA Flood Buyout
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	-	-	-	-	-	-
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	CDBG Flood Buyout	Surplus Tax	Cerf	Circuit Clerk Interest	Commissary	Election Services
ASSETS						
Cash and Cash Equivalents	\$ -	\$ 44,235.29	\$ 4,226.73	\$ -	\$ 7,886.32	\$ 6,294.43
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	-	44,235.29	4,226.73	-	7,886.32	6,294.43
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	44,235.29	4,226.73	-	7,886.32	6,294.43
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 44,235.29	\$ 4,226.73	\$ -	\$ 7,886.32	\$ 6,294.43

	Tax Maintenance	Special Election	Sheriff's Special	Sheriff's Seizure	Collector	Collector Online Payment
ASSETS						
Cash and Cash Equivalents	\$ 1,977.30	\$ -	\$ 6,184.42	\$ 6,646.00	\$ 3,500,379.40	\$ 381.73
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	1,977.30	-	6,184.42	6,646.00	3,500,379.40	381.73
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	1,977.30	-	6,184.42	6,646.00	3,500,379.40	381.73
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,977.30	\$ -	\$ 6,184.42	\$ 6,646.00	\$ 3,500,379.40	\$ 381.73

	Collector	Drug Court	Court Recording System	Total Fiduciary Funds
ASSETS				
Cash and Cash Equivalents	\$ 17,673.05	\$ 10,690.60	\$ 22.50	\$ 3,606,597.77
Investments				
Other Investments	-	-	-	-
Total Investments	-	-	-	-
Total Assets	17,673.05	10,690.60	22.50	3,606,597.77
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	17,673.05	10,690.60	22.50	3,606,597.77
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,673.05	\$ 10,690.60	\$ 22.50	\$ 3,606,597.77

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2008

	County Capital	Flood Control	Forrest Reserve	Title III	Deputy Sheriff Salary	SEMA Flood Buyout
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	-	-	-	-	-	-
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	CDBG Flood Buyout	Surplus Tax	Cerf	Circuit Clerk Interest	Commissary	Election Services
ASSETS						
Cash and Cash Equivalents		\$ 48,120.85	\$ 3,224.63	\$ -	\$ 2,810.26	\$ 3,582.23
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	-	48,120.85	3,224.63	-	2,810.26	3,582.23
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	48,120.85	3,224.63	-	2,810.26	3,582.23
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 48,120.85</u>	<u>\$ 3,224.63</u>	<u>\$ -</u>	<u>\$ 2,810.26</u>	<u>\$ 3,582.23</u>

	Tax Maintenance	Special Election	Sheriff's Special	Sheriff's Seizure	Collector	Collector Online Payment
ASSETS						
Cash and Cash Equivalents	\$ 3,493.87	\$ -	\$ 1,417.43	\$ 6,646.00	\$ 3,970,512.78	\$ -
Investments						
Other Investments	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
Total Assets	3,493.87	-	1,417.43	6,646.00	3,970,512.78	-
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	3,493.87	-	1,417.43	6,646.00	3,970,512.78	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,493.87</u>	<u>\$ -</u>	<u>\$ 1,417.43</u>	<u>\$ 6,646.00</u>	<u>\$ 3,970,512.78</u>	<u>\$ -</u>

	Collector	Drug Court	Court Recording System	Total Fiduciary Funds
ASSETS				
Cash and Cash Equivalents	\$ 31,803.63	\$ 8,164.04	\$ 576.04	\$ 4,080,351.76
Investments				
Other Investments	-	-	-	-
Total Investments	-	-	-	-
Total Assets	31,803.63	8,164.04	576.04	4,080,351.76
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	31,803.63	8,164.04	576.04	4,080,351.76
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 31,803.63</u>	<u>\$ 8,164.04</u>	<u>\$ 576.04</u>	<u>\$ 4,080,351.76</u>

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Wayne, Missouri ("County"), which is governed by a three-member board of commissioners, was established in 1818 by an Act of the Missouri Territory. In addition to the three board members, there are ten elected Constitutional Officers: County Clerk, Collector, Treasurer, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Public Administrator and Prosecuting Attorney.

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

A. Reporting Entity

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

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

The financial statements referred to above include only the primary government of Wayne County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

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

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

Governmental Fund Types

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Fiduciary Fund Types

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

C. Basis of Accounting

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

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

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

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

D. Budget and Budgetary Accounting

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

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.
2. On or before January 15th, each elected officer and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budget and Budgetary Accounting (concluded)

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. During our audit we noted that the County was in compliance with Missouri budgetary state statute Chapter 50 RSMo.
4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

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

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

E. Property Taxes

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes (concluded)

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2009 and 2008, for purposes of taxation was:

	<u>2009</u>	<u>2008</u>
Real Estate	\$ 80,459,210	\$ 78,991,220
Personal Property	28,620,334	30,872,075
Railroad and Utilities	<u>11,651,014</u>	<u>11,381,909</u>
	<u>\$ 120,730,558</u>	<u>\$ 121,245,204</u>

During 2009 and 2008, the County Commission approved a \$0.3550 and \$0.3550 tax levy respectively per \$100 of assessed valuation of tangible taxable property for the calendar year 2009 and 2008, for purpose of County taxation, as follows:

	<u>2009</u>	<u>2008</u>
General Revenue Fund	\$ 0.1450	\$ 0.1450
Special R&B Fund	0.1100	0.1100
Senate Bill 40	<u>0.0800</u>	<u>0.0800</u>
	<u>\$ 0.3550</u>	<u>\$ 0.3550</u>

F. Cash Deposits and Investments

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Interfund Transactions

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

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

H. Reserved Fund Balance

Reserved fund balance represents the portion of fund balance that is not available for appropriation or is legally restricted for a specific purpose. Fund balance is unrestricted at December 31, 2009 and 2008.

II. DEPOSITS AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed as "Cash and Investments" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2009 and 2008, the carrying amount of the County's deposits was \$343,999.15 and \$482,589.29, and the bank balance was \$2,717,758.46 and \$2,652,829.32 respectively. As of December 31, 2009 and 2008, the County's investments were \$124,330.11 and \$274,033.65 respectively.

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2009, as follows:

Included in the following fund financial statement captions:

<u>Statements of Receipts, Disbursements and</u>	
<u>Changes in Cash and Investment Balances:</u>	
Deposits	\$ 219,669.04
Investments	124,330.11
Restricted Cash	-
Total Deposits & Investments as of December 31, 2009	<u>\$ 343,999.15</u>

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

II. DEPOSITS AND INVESTMENTS (continued)

As of December 31, 2009, the County's investments were as follows:

<u>Fund</u>	<u>Investments 2009</u>			<u>Cost</u>
	<u>Type</u>	<u>Maturities</u>		
Recorder	Certificate of Deposit	07/26/2009	\$	11,077.70
Land Fill	Certificate of Deposit	10/01/2010		11,148.55
Surplus Tax	Certificate of Deposit	05/07/2010		23,592.25
Surplus Tax	Certificate of Deposit	02/12/2010		10,000.00
Senate Bill 40	Certificate of Deposit	01/04/2010		22,290.96
Senate Bill 40	Certificate of Deposit	01/30/2010		20,896.74
Senate Bill 40	Certificate of Deposit	01/30/2010		5,224.18
Senate Bill 40	Certificate of Deposit	03/18/2010		20,099.73
Total Investments			\$	<u>124,330.11</u>

The carrying values of deposits and investments at December 31, 2008, are as follows:

Included in the following fund financial statement captions:

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

Deposits	\$	208,555.64
Investments		274,033.65
Restricted Cash		<u>-</u>
Total Deposits & Investments as of December 31, 2008	\$	<u>482,589.29</u>

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

II. DEPOSITS AND INVESTMENTS (continued)

As of December 31, 2008, the County's investments were as follows:

<u>Fund</u>	<u>Investments 2008</u>			<u>Cost</u>
	<u>Type</u>	<u>Maturities</u>		
Recorder	Certificate of Deposit	01/18/09	\$	16,837.01
Road and Bridge	Certificate of Deposit	11/19/09		50,133.56
Road and Bridge	Certificate of Deposit	11/19/09		25,061.64
Road and Bridge	Certificate of Deposit	05/19/09		25,056.51
Road and Bridge	Certificate of Deposit	12/17/09		50,000.00
Land Fill	Certificate of Deposit	10/01/2009		10,895.34
Surplus Tax	Certificate of Deposit	05/04/09		25,158.78
Surplus Tax	Certificate of Deposit	05/05/09		23,349.76
Senate Bill 40	Certificate of Deposit	01/05/2009		21,914.31
Senate Bill 40	Certificate of Deposit	01/30/2009		20,501.40
Senate Bill 40	Certificate of Deposit	01/30/2009		5,125.34
Total Investments				<u>\$ 274,033.65</u>

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy does not include custodial credit risk requirements. The County's deposits were not exposed to custodial credit risk for the years ended December 31, 2009 and 2008.

Custodial Credit Risk – Investments

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

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

Investment Interest Rate Risk

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

II. DEPOSITS AND INVESTMENTS (continued)

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the County for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The County has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2009 and 2008.

III. LONG-TERM DEBT

Capital lease – In 2009, a capital lease was obtained for a 2009 Caterpillar wheel loader. The lease matures June 25, 2014, and the interest rate is 3.45%.

Capital lease – In 2008, a capital lease was obtained for a 2008 John Deere motor grader. The lease matures July 01, 2013, and the interest rate is 4.25%.

Capital lease – In 2009, a capital lease was obtained for a backhoe. The lease matures February 26, 2013, and the interest rate is 5.00%.

DEBT	2009				
	BALANCE AT 12/31/2008	AMOUNT BORROWED	AMOUNT PAID	BALANCE AT 12/31/2009	INTEREST PD DURING YEAR
Capital Lease	\$ 94,324.00	\$ 222,890.00	\$ (15,647.24)	\$ 301,566.76	\$ 9,194.09
TOTAL	<u>\$ 94,324.00</u>	<u>\$ 222,890.00</u>	<u>\$ (15,647.24)</u>	<u>\$ 301,566.76</u>	<u>\$ 9,194.09</u>

DEBT	2008				
	BALANCE AT 12/31/2007	AMOUNT BORROWED	AMOUNT PAID	BALANCE AT 12/31/2008	INTEREST PD DURING YEAR
Capital Lease	\$ -	\$ 94,324.00	\$ -	94,324.00	\$ 2,022.37
TOTAL	<u>\$ -</u>	<u>\$ 94,324.00</u>	<u>\$ -</u>	<u>\$ 94,324.00</u>	<u>\$ 2,022.37</u>

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

III. LONG-TERM DEBT (concluded)

2009 Amortizations

YEAR	Capital Lease Payments		
	PRINCIPLE	INTEREST	TOTAL
2010	61,611.60	17,050.60	78,662.20
2011	70,094.67	8,567.53	78,662.20
2012	73,238.47	5,423.73	78,662.20
2013	76,528.44	2,135.76	78,664.20
2014	20,093.58	704.30	20,797.88
TOTAL	<u>301,566.76</u>	<u>33,881.92</u>	<u>335,448.68</u>

2008 Amortizations

YEAR	Capital Lease Payments		
	PRINCIPLE	INTEREST	TOTAL
2010	15,647.24	5,739.55	21,386.79
2011	18,435.41	2,951.38	21,386.79
2012	19,234.43	2,152.36	21,386.79
2013	20,068.08	1,318.71	21,386.79
2014	20,938.84	448.95	21,387.79
TOTAL	<u>94,324.00</u>	<u>12,610.95</u>	<u>106,934.95</u>

IV. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2009 and 2008 are as follows:

	2009		2008	
	TRANSFERS IN	TRANSFERS OUT	TRANSFERS IN	TRANSFERS OUT
General Revenue	\$ 102,905.33	\$ 17,099.93	\$ 117,560.81	\$ 26,000.00
Special Road & Bridge	-	95,973.55	-	113,356.61
Assessment	17,099.93	-	26,000.00	-
Recorder's User Fee	-	6,931.78	-	4,204.20
TOTAL	<u>\$ 120,005.26</u>	<u>\$ 120,005.26</u>	<u>\$ 143,560.81</u>	<u>\$ 143,560.81</u>

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

IV. INTERFUND TRANSFERS (concluded)

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

V. COUNTY EMPLOYEES' RETIREMENT FUND (CERF)

A. Plan Description

CERF was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000 could opt out of the system. CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

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 WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

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

B. Contributions

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, in addition to the prior contributions requirements, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. During 2009 and 2008, the County collected and remitted to CERF, employee contributions of approximately \$48,901.96 and \$39,911.54, respectively, for the years then ended.

VI. PROSECUTING ATTORNEY RETIREMENT FUND

In accordance with state statute Chapter 56.807 RSMo, the County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys and Circuit Attorney Retirement System Fund. Once remitted, the State of Missouri is responsible for administration of this plan. The County has contributed \$2,244 and \$2,244, respectively, for the years ended December 31, 2009 and 2008.

VII. 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.

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not currently involved in pending litigation.

B. Compensated Absences

The County provides employees with up to three weeks of paid vacation based upon the number of years of continuing service. Sick time is accrued at ½ day for each full month employed, which may accumulate up to 30 days. An employee is not reimbursed for unused sick time upon termination of employment. Employees are entitled up to three days leave for a death in the immediate family. These have not been subjected to auditing procedures.

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

VIII. CLAIMS COMMITMENTS AND CONTINGENCIES

C. Federal and State Assisted Programs

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

IX. 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.

X. ACCOUNTING CHANGE

For the years ended December 31, 2009 and December 31, 2008, the County has elected to change its accounting method from a modified cash basis to the regulatory basis of accounting. This basis recognizes assets, liabilities, fund balance, receipts, and disbursements when they result from cash transactions with a provision for investments and settlements pending (if applicable). The regulatory basis differs from the accounting principles generally accepted in the United States of America and is described in Note I of the notes to the financial statements. The new method of accounting presentation is an acceptable method according to Missouri State Auditor's regulations.

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 & 2008

XI. LIMITATION OF TESTING

During the scope of our testing of the receipts of the Recorder's office it became apparent that the internal controls of this office were not designed in such a manner to deter the misstatement of financial transaction or to detect errors if they occur. There were multiple instances where we noted insufficient supporting documentation for the deposits made through this office.

**SUPPLEMENTARY SCHEDULES
AND
AUDITOR'S REPORT**

STATE COMPLIANCE SECTION

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
SCHEDULE OF STATE FINDINGS
DECEMBER 31, 2009 & 2008

SCHEDULE OF STATE FINDINGS

For the year ended December 31, 2009, no budget was prepared for the delinquent tax fund.

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the County Commission
The County of Wayne, Missouri

We have audited the financial statements of the County of Wayne ("County"), Missouri as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 20, 2010. The financial statements were prepared using accounting practices prescribed or permitted by the Missouri State Auditor's Office, which differ from accounting principles generally accepted in the United States of America. Our report has been modified because the internal controls of the Recorder's office can not be relied upon and receipts of this office may be incorrectly reported in the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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

(08/09-04)

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (08/09-01, 08/09-02, 08/09-03, and SA 08/09-01)

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated September 20, 2010.

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

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

Daniel Jones & Associates

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

September 20, 2010



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To The County Commission
The County of Wayne
Greenville, Missouri

Compliance

We have audited the compliance of the County of Wayne, (the County), 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, 2009 and December 31, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2009 and December 31, 2008.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item SA08/09-01. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Daniel Jones & Associates

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

September 20, 2010

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2009 & 2008

FEDERAL CFDA NUMBER	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER	DECEMBER 31,	
			2009	2008
			FEDERAL SHARE OF EXPENDITURES	FEDERAL SHARE OF EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Rural Development -				
10.766	Community Facilities Loan & Grant		\$ 9,350.00	\$ 0.00
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/ State's Program	2008 EM-02	6,259.75	0.00
Department of Social Services -				
14.231	Emergency Shelter Grants Program		0.00	8,155.00
U.S. DEPARTMENT OF THE INTERIOR				
Direct Program:				
15.226	Payments in Lieu of Taxes (PILT)		176,670.00	182,234.00
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission				
20.205	Highway Planning and Construction	BRO-111(6)	107,642.88	808,306.01
20.205	Highway Planning and Construction	TEA-COE 111(7)	0.00	234,924.89
20.205	Highway Planning and Construction	BRO-111(8)	60,280.88	0.00
ELECTIONS ASSISTANCE COMMISSION				
Passed through the Office of Secretary of State-				
90.401	Help America Vote Act		0.00	4,672.71
90.401	DSL Grant	Title II Sec. 251	501.48	542.44
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through State Department of Public Safety:				
State Domestic Preparedness Equipment Support Program				
97.004			0.00	28,657.14
97.036	Disaster Grants - Public Assistance Grant	FEMA 1748	0.00	12,389.02
97.036	Disaster Grants - Public Assistance Grant	FEMA 1749	0.00	668,358.66
97.036	Disaster Grants - Public Assistance Grant	FEMA 1822	50,735.11	0.00
97.039	Hazard Mitigation Program	SEMA 1676	6,392.25	0.00
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 417,832.35</u>	<u>\$ 1,948,239.87</u>

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
NOTES TO EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2009 & 2008

NOTE 1 – BASIS OF PRESENTATION

A. Purpose of Schedule and Reporting Entity

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

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

B. Basis of Presentation

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

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

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

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

C. Basis of Accounting

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

NOTE 2 – SUBRECIPIENTS

The County provided no federal awards to subrecipients during the years ended December 31, 2009 and 2008.

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

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

2009 <u>X</u> Yes <u> </u> No
2008 <u>X</u> Yes <u> </u> No
 - b. Any significant deficiencies identified that are not considered to be material weaknesses?

2009 <u>X</u> Yes <u> </u> None Reported
2008 <u>X</u> Yes <u> </u> None Reported
3. Any noncompliance material to financial statements noted?

2009 <u> </u> Yes <u>X</u> No
2008 <u> </u> Yes <u>X</u> No

B. Federal Awards

1. Internal control over major programs:

Any material weakness(es) identified?
2009 <u> </u> Yes <u>X</u> No
2008 <u> </u> Yes <u>X</u> No
2. Any significant deficiencies identified that are not considered to be material weaknesses?

2009 <u>X</u> Yes <u> </u> No
2008 <u>X</u> Yes <u> </u> No
3. Type of auditor's report issued on compliance for major programs:

2009 - Unqualified
2008 - Unqualified
4. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*?

2009 <u>X</u> Yes <u> </u> No
2008 <u>X</u> Yes <u> </u> No

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THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

II. FINANCIAL STATEMENT FINDINGS (continued)

08/09-02 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.

Context: During walkthroughs the County informed us that internal control documentation had not been prepared.

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

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

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

Management's Response: The County will consider preparing appropriate documentation.

08/09-03 Criteria: Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

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

Context: During walkthroughs the County informed us that the necessary risk assessment documentation had not been prepared.

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.

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

II. FINANCIAL STATEMENT FINDINGS (concluded)

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's Response: The County will consider preparing appropriate documentation.

08/09-04 Criteria: The County must maintain sufficient internal controls and procedures to detect and deter misstatements and potential fraudulent activity.

Condition: During our audit, we noted there was insufficient internal controls and procedures in the Recorder's office to adequately document the amounts collected for fees and their subsequent deposit with their financial institution.

Context: During our testing of receipt of the Recorder's office and walkthroughs of their depositing procedures, it became apparent that there were no controls or monitoring procedures in this office for the purposes of collecting and tracking funds received and deposited.

Effect: Lack of documentation may result in inaccurate transactions being reported and allows for misstatements and potential fraudulent activity to occur undetected.

Cause: The County did not implement effective internal controls over the Recorder's office in order to track and reconcile deposits of their collections.

Recommendation: We recommend that the Recorder's office design a system of internal control procedures that will work within their staffing limitations to track collections and deposits. Also an effective internal control procedure must detect and deter future misstatements in this office's financial reporting.

Management's Response: The Recorder's office will consider implementing internal control procedures and training of the newly elected Recorder.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The following findings, recommendations, and questioned costs are the results of the single audit of Wayne County, Missouri for fiscal years ended December 31, 2009 and 2008. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

A. Category of Internal Control Weakness

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

1. Significant Deficiency: A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to administer a federal programs such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.
2. Material Weakness: A material weakness in internal control over compliance is a significant deficiency or combination of significant deficiencies that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

B. Category of Noncompliance Findings

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

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

C. Federal Award Findings and Questioned Costs

SA 08/09-01 Information on the federal program: CFDA #15.226, Payment in Lieu of Taxes from the Department of Interior was not included in the County's Schedule of Expenditures of Federal Awards.

Other
Information:
Significant
Deficiency

Criteria: OMB Circular A-133, §____.300 Auditee responsibilities (a): The auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (concluded)

C. Federal Award Findings and Questioned Costs (concluded)

Condition: Although, through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the SEFA did not include the funding expensed from the above federal funding source during 2008 and 2009.

Questioned Costs: Not applicable

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

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

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

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

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

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

I. FOLLOW-UP PRIOR YEAR FINDINGS

06/07-01 Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 112, *Communicating Internal Control Related Matters in an Audit*, which is effective for periods ending on or after December 15, 2006, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency.

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

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

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

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

Management's Response: The County is currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual financial statement. The County was not aware of new SAS requirements and questions if county governments of our size are required to comply with SAS standards. The County is in the process of implementing the SAS 112 requirement.

Auditor's Evaluation: The stated corrective action has not been implemented in the current year being audited. See financial statement finding 08/09-01.

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.

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

I. FOLLOW-UP PRIOR YEAR FINDINGS (Continued)

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

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

Auditor's Evaluation: The stated corrective action has not been implemented in the current year being audited. See financial statement finding 08/09-02.

06/07-03

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

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

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

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

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

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

Auditor's Evaluation: The stated corrective action has not been implemented in the current year being audited. See financial statement finding 08/09-03.

THE COUNTY OF WAYNE
GREENVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009 AND 2008

II. FOLLOW-UP PRIOR YEAR FINDINGS (Concluded)

- 06/07-04 Criteria: The Recorder did not deposit \$986 from 2007 until March 2008.
- Condition: During our audit, we noted that the deposit was not made in 2007.
- Effect: The deposit was outstanding for three months.
- Cause: The deposit was mixed in with other items.
- Recommendation: We recommend that the deposits be kept in a separate area so this does not occur again.
- Management Response: The Recorder will keep deposits in a separate place.
- Auditor's Evaluation: The stated corrective action has not been implemented in the current year being audited. See financial statement finding 08/09-04.
- 06/07-05 Criteria: Interest that should have been included in the December 2006 bank reconciliation was not recorded until January 2007.
- Condition: During our audit, we noted that interest was not included until January 2007.
- Effect: The account balances are not accurate for December 2006.
- Cause: The old Treasurer left office on December 31 and closed the books before the information on interest was available. When the new Treasurer came into office she recorded the interest.
- Recommendation: We recommend that the books should not be closed until all information is available.
- Management Response: The interest was recorded as soon as the information became available. All interest has been recorded correctly going forward from December 2006.
- Auditor's Evaluation: The stated corrective action has been implemented in the current year audited.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – PRIOR YEAR

There were no findings related to federal awards.



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

To the County Commission
County of Wayne

In planning and performing our audit of the financial statements of the County of Wayne (County) as of and for the years ended December 31, 2009 and 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Our report was modified because during the course of our audit we noted there were inadequate controls over the collection and deposits of fees collected in the Recorder's office. Upon further testing of this office's deposits we noted reimbursements to this office's accounts. We were unable to determine the amount that was under deposited in total for this office. Accordingly, it was not practicable for us to extend our procedures sufficiently to determine that all of the receipt records are recorded in the financial statements referred to above. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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

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

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

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

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

This communication is intended solely for the information and use of the County Commission, County Officeholders, Missouri State Auditor and others within the County, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

Daniel Jones & Associates, P.C.
Certified Public Accountants
September 20, 2010

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 08/09-01

Criteria: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 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.

Context: During the audit planning phase of the audit the client informed us that we would be preparing the audited financials.

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

Recommendation: The County should consider alternatives available that would eliminate this situation.

Management's Response: The County will consider taking corrective action in future years.

FS 08/09-02

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

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

Context: During walkthroughs, the County informed us that internal control documentation had not been prepared.

Effect: The 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: 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 will consider preparing appropriate documentation.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

FS 08/09-03

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

Context: During walkthroughs, the County informed us that the necessary risk assessment documentation had not been prepared.

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's Response: The County will consider preparing appropriate documentation.

SA 08/09-01

Information on the federal program: CFDA #15.226, Payment in Lieu of Taxes from the Department of Interior was not included in the County's Schedule of Expenditures of Federal Awards.

Criteria: OMB Circular A-133, §____.300 Auditee responsibilities (a): The auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Condition: Although, through auditing procedures, we were able to correct and support the amounts reported on the Schedule of Expenditures of Federal Awards (SEFA). Prior to these corrections, the SEFA did not include the funding expensed from the above federal funding source during 2008 and 2009.

Questioned Costs: Not applicable

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

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

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (concluded)

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

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

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

II. DEFICIENCIES CONSIDERED TO BE MATERIAL

FS 08/09-04

Criteria: The County must maintain sufficient internal controls and procedures to detect and deter misstatements and potential fraudulent activity.

Condition: During our audit, we noted there was insufficient internal controls and procedures in the Recorder's office to adequately document the amounts collected for fees and their subsequent deposit with their financial institution.

Context: During our testing of receipt of the Recorder's office and walkthroughs of their depositing procedures, it became apparent that there were no controls or monitoring procedures in this office for the purposes of collecting and tracking funds received and deposited.

Effect: Lack of documentation may result in inaccurate transactions being reported and allows for misstatements and potential fraudulent activity to occur undetected.

Cause: The County did not implement effective internal controls over the Recorder's office in order to track and reconcile deposits of their collections.

Recommendation: We recommend that the Recorder's office design a system of internal control procedures that will work within their staffing limitations to track collections and deposits. Also an effective internal control procedure must detect and deter future misstatements in this office's financial reporting.

Management's Response: The Recorder's office will consider implementing internal control procedures and training of the newly elected Recorder.

III. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

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

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

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

IV. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 19, 2010, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the regulatory basis of accounting. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered County of Wayne's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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. Also in accordance with OMB Circular A-133, we examine on a test basis, evidence about the County's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the County's compliance with those requirements.

IV. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (continued)

Planned Scope and Timing of the Audit

We were engaged to audit the financial statements according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 19, 2010.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Wayne are described in Note I to the financial statements. As described in Note X for the years ended December 31, 2009, and December 31, 2008, the County has elected to change its accounting method from a modified cash basis to the regulatory basis of accounting. This basis recognizes assets, liabilities, fund balance, receipts, and disbursements when they result from cash transactions with a provision for investments and settlements pending (if applicable). The regulatory basis differs from the accounting principles generally accepted in the United States of America and is described in Note I of the notes to the financial statements. The new method of accounting presentation was implemented to conform with Missouri State Auditor's regulations. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements other than those relating to the Recorder's Office. In addition, as previously stated, the misstatement was detected as a result of audit procedures and as left uncorrected by management and as considered material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 20, 2010.

IV. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)*Management Consultations with Other Independent Accountants*

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the governmental unit’s auditors. During the course of our audit we became aware of material failures in the internal control procedures of the Recorder’s office with regards to recording and depositing fees. A lack of effective internal control procedures and monitoring creates an environment conducive to misappropriations.