



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Laclede County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Laclede County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the year ended December 31, 2013, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by KPM, Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Thomas A. Schweich".

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-069

LACLEDE COUNTY, MISSOURI
BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2013

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	4
BASIC FINANCIAL STATEMENTS	
Statements of Net Position – Cash Basis	7
Statement of Activities – Cash Basis	8
Statement of Assets and Fund Balances – Governmental Funds – Cash Basis	9
Statement of Receipts, Disbursements and Changes in Fund Balance – Governmental Funds – Cash Basis	10
Statements of Net Position – Proprietary Fund – Cash Basis	12
Statements of Receipts, Disbursements and Changes in Net Position – Proprietary Fund – Cash Basis.....	13
Statements of Cash Flows – Proprietary Fund – Cash Basis	14
Statement of Assets and Liabilities – Agency Funds – Cash Basis	15
Notes to Financial Statements.....	17
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund – Cash Basis	30
Budgetary Comparison Schedule – Road and Bridge Fund – Cash Basis.....	32
Budgetary Comparison Schedule – Capital Improvement Fund – Cash Basis.....	33
Budgetary Comparison Schedule – County Development Tax Fund – Cash Basis	34
Note to Budgetary Comparison Schedules	35

TABLE OF CONTENTS

OTHER FINANCIAL INFORMATION

Combining Statement of Assets and Fund Balances – Non-Major Special Revenue Funds – Cash Basis	37
Combining Statement of Receipts, Disbursements, and Changes in Fund Balance – Non-Major Special Revenue Funds – Cash Basis	39
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	41
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	43
Schedule of Expenditures of Federal Awards.....	46
Notes to the Schedule of Expenditures of Federal Awards	48
Summary Schedule of Findings and Questioned Costs	49
Schedule of Prior Audit Findings	51



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

Laclede County Commission
Laclede County
Lebanon, Missouri

Report on Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Laclede County, Missouri as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.

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Laclede County Commission
Laclede County
Lebanon, Missouri

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Laclede County, Missouri, as of December 31, 2013, and the respective changes in the cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in Note A.

Basis of Accounting

As described in Note A, Laclede County, Missouri, prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laclede County, Missouri's basic financial statements. The budgetary comparison information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laclede County, Missouri's basic financial statements. The Combining Non-Major Fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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-Profit Organizations*, and is also not a required part of the basic financial statements.

Laclede County Commission
Laclede County
Lebanon, Missouri

The Combining Non-Major Fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, on our consideration of Laclede County, Missouri'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laclede County, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 24, 2014

LACLEDE COUNTY, MISSOURI
 STATEMENTS OF NET POSITION – CASH BASIS
 December 31, 2013

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Developmentally Disabled Board</u>
ASSETS		
Cash and cash equivalents	\$ 7,504,427	\$ 53,513
TOTAL ASSETS	<u>\$ 7,504,427</u>	<u>\$ 53,513</u>
NET POSITION		
Restricted	\$ 4,442,577	\$ -
Unrestricted	3,061,850	53,513
TOTAL NET POSITION	<u>\$ 7,504,427</u>	<u>\$ 53,513</u>

See accompanying notes.

LACLEDE COUNTY, MISSOURI
STATEMENT OF ASSETS AND FUND BALANCES – GOVERNMENTAL FUNDS – CASH BASIS
December 31, 2013

	Special Revenue Funds					Total Governmental Funds
	General Fund	Road and Bridge Fund	Capital Improvement Fund	County Development Tax Fund	Nonmajor Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 2,185,106	\$ 468,330	\$ 1,705,341	\$ 1,670,692	\$ 1,461,205	\$ 7,490,674
TOTAL ASSETS	<u>\$ 2,185,106</u>	<u>\$ 468,330</u>	<u>\$ 1,705,341</u>	<u>\$ 1,670,692</u>	<u>\$ 1,461,205</u>	<u>\$ 7,490,674</u>
FUND BALANCES						
Restricted for:						
Recorder	\$ -	\$ -	\$ -	\$ -	\$ 83,594	\$ 83,594
Prosecuting attorney	-	-	-	-	267,585	267,585
Sheriff	-	-	-	-	149,323	149,323
Public safety	-	-	-	-	9,990	9,990
Tax maintenance	-	-	-	-	87,722	87,722
Capital outlay	-	-	1,705,341	-	-	1,705,341
Intergovernmental agreements	-	-	-	1,670,692	-	1,670,692
Highways and roads	-	468,330	-	-	-	468,330
Assigned to:						
E-911	-	-	-	-	303,715	303,715
Assessment	-	-	-	-	528,920	528,920
Elections	-	-	-	-	30,356	30,356
Unassigned	2,185,106	-	-	-	-	2,185,106
TOTAL FUND BALANCES	<u>\$ 2,185,106</u>	<u>\$ 468,330</u>	<u>\$ 1,705,341</u>	<u>\$ 1,670,692</u>	<u>\$ 1,461,205</u>	<u>\$ 7,490,674</u>
Fund Balance Governmental Funds						\$ 7,490,674
Some of the amounts reported for Governmental activities in the Statement of Net Position are different because Internal service fund assets are included with Governmental activities.						<u>13,753</u>
Net Position of Governmental Activities						<u>\$ 7,504,427</u>

See accompanying notes.

LACLEDE COUNTY, MISSOURI
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS – CASH BASIS
 Year Ended December 31, 2013

	Special Revenue Funds					Total Governmental Funds
	General Fund	Road and Bridge Fund	Capital Improvement Fund	County Development Tax Fund	Nonmajor Governmental Funds	
RECEIPTS						
Taxes	\$ 2,482,813	\$ 819,942	\$ -	\$ 1,901,721	\$ 384,051	\$ 5,588,527
Collector's commission	311,502	-	-	-	-	311,502
Licenses and permits	34,487	-	-	-	-	34,487
Intergovernmental receipts	70,867	83,862	-	-	175,793	330,522
Fees and charges	1,154,130	-	-	-	463,649	1,617,779
Interest	14,413	2,184	11,178	9,656	9,234	46,665
Other	56,028	48,880	-	-	2,540	107,448
TOTAL RECEIPTS	4,124,240	954,868	11,178	1,911,377	1,035,267	8,036,930
DISBURSEMENTS						
Current						
General government	1,545,796	-	-	-	349,723	1,895,519
Judicial	643,497	-	-	-	6,350	649,847
Public safety	1,679,256	-	-	-	527,313	2,206,569
Intergovernmental agreements	-	-	-	241,470	-	241,470
Highways and roads	-	1,870,039	-	-	-	1,870,039
Capital outlay	-	-	48,641	-	137,749	186,390
Disaster recovery	-	-	418,479	-	-	418,479
Other	75,081	-	-	-	-	75,081
Debt service						
Principal and interest	304,399	-	-	-	-	304,399
TOTAL DISBURSEMENTS	4,248,029	1,870,039	467,120	241,470	1,021,135	7,847,793
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(123,789)	(915,171)	(455,942)	1,669,907	14,132	189,137
OTHER FINANCING SOURCES (USES)						
Operating transfers in (out)	26,752	1,063,833	55,000	(1,505,000)	(89,645)	(449,060)
TOTAL OTHER FINANCING SOURCES (USES)	26,752	1,063,833	55,000	(1,505,000)	(89,645)	(449,060)

See accompanying notes.

LACLEDE COUNTY, MISSOURI

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS – CASH BASIS

(continued)

Year Ended December 31, 2013

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Road and Bridge Fund	Capital Improvement Fund	County Development Tax Fund		
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(97,037)	148,662	(400,942)	164,907	(75,513)	(259,923)
FUND BALANCE, January 1	<u>2,282,143</u>	<u>319,668</u>	<u>2,106,283</u>	<u>1,505,785</u>	<u>1,536,718</u>	<u>7,750,597</u>
FUND BALANCE, December 31	<u>\$ 2,185,106</u>	<u>\$ 468,330</u>	<u>\$ 1,705,341</u>	<u>\$ 1,670,692</u>	<u>\$ 1,461,205</u>	<u>\$ 7,490,674</u>

(Deficit) of Receipts and Other Sources
Over Disbursements and Other (Uses)

\$ (259,923)

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

(2,561)

(Decrease) in Net Position

\$ (262,484)

See accompanying notes.

LACLEDE COUNTY, MISSOURI
 STATEMENTS OF NET POSITION – PROPRIETARY FUND – CASH BASIS
 December 31, 2013

	<u>Internal Service Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 13,753
	<u>13,753</u>
	TOTAL ASSETS
	<u>\$ 13,753</u>
NET POSITION	
Unrestricted	\$ 13,753
	<u>13,753</u>
	TOTAL NET POSITION
	<u>\$ 13,753</u>

See accompanying notes.

LACLEDE COUNTY, MISSOURI
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION –
 PROPRIETARY FUND – CASH BASIS
 Year ended December 31, 2013

	<u>Internal Service Fund</u>
OPERATING RECEIPTS	
Charges for services	\$ 76,862
TOTAL OPERATING RECEIPTS	<u>76,862</u>
OPERATING DISBURSEMENTS	
Insurance claims and disbursements	528,608
TOTAL OPERATING DISBURSEMENTS	<u>528,608</u>
OPERATING (LOSS)	(451,746)
NONOPERATING RECEIPTS	
Interest receipts	125
TOTAL NONOPERATING RECEIPTS	<u>125</u>
OTHER FINANCING SOURCES	
Operating transfers in	449,060
NET (LOSS)	<u>(2,561)</u>
NET POSITION, January 1	<u>16,314</u>
NET POSITION, December 31	<u><u>\$ 13,753</u></u>

See accompanying notes.

LACLEDE COUNTY, MISSOURI
 STATEMENTS OF CASH FLOWS – PROPRIETARY FUND – CASH BASIS
 Year ended December 31, 2013

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 76,862
Cash paid to suppliers	<u>(528,608)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	(451,746)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in	<u>449,060</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	449,060
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>125</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>125</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,561)
 CASH AND CASH EQUIVALENTS, Beginning of year	<u>16,314</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 13,753</u></u>
 RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:	
Operating (loss)	<u>\$ (451,746)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u><u>\$ (451,746)</u></u>

See accompanying notes.

LACLEDE COUNTY, MISSOURI
 STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS – CASH BASIS
 December 31, 2013

	Sheriff's Office Jail Fund	Sheriff's Office Inmate Fund	Collector of Revenue Fund	Collector Tax Installment Fund	Special Election Fund	Land Sales Surplus Fund	Unclaimed Fee Fund
ASSETS							
Cash and cash equivalents	\$ 12,684	\$ 14,386	\$ 14,331,664	\$ 1,881	\$ 912	\$ 89,144	\$ 9,856
TOTAL ASSETS	<u>\$ 12,684</u>	<u>\$ 14,386</u>	<u>\$ 14,331,664</u>	<u>\$ 1,881</u>	<u>\$ 912</u>	<u>\$ 89,144</u>	<u>\$ 9,856</u>
LIABILITIES							
Due to others	\$ -	\$ 14,386	\$ -	\$ 1,881	\$ -	\$ -	\$ 9,856
Due to other funds	12,684	-	1,230,682	-	-	-	-
Due to other governments	-	-	13,100,982	-	912	89,144	-
TOTAL LIABILITIES	<u>\$ 12,684</u>	<u>\$ 14,386</u>	<u>\$ 14,331,664</u>	<u>\$ 1,881</u>	<u>\$ 912</u>	<u>\$ 89,144</u>	<u>\$ 9,856</u>

See accompanying notes.

LACLEDE COUNTY, MISSOURI
 STATEMENT OF ASSETS AND LIABILITIES – AGENCY FUNDS – CASH BASIS (continued)
 December 31, 2013

	Fines and Forfeitures Fund	Recorder's User Fee Fund	Prosecuting Attorney Restitution Fund	Prosecuting Attorney Bad Check Fund	Payroll Fund	Total
ASSETS						
Cash and cash equivalents	\$ 169,771	\$ 14,529	\$ 11,912	\$ 3,685	\$ 5	\$ 14,660,429
TOTAL ASSETS	<u>\$ 169,771</u>	<u>\$ 14,529</u>	<u>\$ 11,912</u>	<u>\$ 3,685</u>	<u>\$ 5</u>	<u>\$ 14,660,429</u>
LIABILITIES						
Due to others	\$ -	\$ -	\$ 10,828	\$ 1,851	\$ -	\$ 38,802
Due to other funds	-	12,264	348	1,415	5	1,257,398
Due to other governments	169,771	2,265	736	419	-	13,364,229
TOTAL LIABILITIES	<u>\$ 169,771</u>	<u>\$ 14,529</u>	<u>\$ 11,912</u>	<u>\$ 3,685</u>	<u>\$ 5</u>	<u>\$ 14,660,429</u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Laclede County, Missouri (the County) is a county of the 3rd class and operates under a three member County Commission.

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

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The County is a primary government, which is governed by a three member county commission. As required by accounting principles generally accepted in the United States of America, the County has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

Component Unit

Developmentally Disabled Board

The Developmentally Disabled Board, which is governed by a board of directors appointed by the County Commission, provides disability services to the residents of Laclede County. The Developmentally Disabled Board is included in the financial statements of the County as a component unit due to its financial relationship with the County.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

The County reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the County. It is used to account for all financial resources not accounted for in other funds.

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

Capital Improvement Fund: The Capital Improvement Fund is used to account for the resources restricted, committed, or assigned for capital improvements.

County Development Tax Fund: The County Development Tax Fund is used to account for sales taxes restricted, committed, or assigned for road improvements within the County.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County also reports the following fund types:

The Internal Service Fund accounts for the health insurance benefits of the County on a cost reimbursement basis.

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

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements for the County and the Developmentally Disabled Board, are presented using the cash basis of accounting. This basis recognizes assets, net position/fund balance, receipts, and disbursements when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

Cash and Cash Equivalents

The County pools cash and cash equivalent resources of various funds in the County Treasurer's office in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Some County offices also hold cash in their own separate bank accounts as required by state statute. The balance in the pooled cash account is available to meet current operating requirements. Cash equivalents of the County consist of money market accounts and are carried at cost, which approximates fair value.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

In the government-wide and proprietary fund financial statements, net position is displayed in two components as follows:

- A. *Restricted* – This consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislations.
- B. *Unrestricted* – This consists of net position that does not meet the definition of restricted.

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

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the County removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance – This classification reflects the amounts constrained by the County’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Compensated Absences

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

NOTE B – CASH AND CASH EQUIVALENTS

The County maintains a cash and cash equivalent pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and cash equivalents". In addition, cash and cash equivalents are separately held by several of the County's funds. State statutes require that County deposits be fully collateralized in the name of the County. As of December 31, 2013, all bank balances on deposit are entirely insured or collateralized with securities.

NOTE C – CLAIMS, JUDGMENTS AND CONTINGENCIES

Federal and State Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2013, significant amounts of grant disbursements have not been audited by grantor governments, but the County believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the County.

NOTE C – CLAIMS, JUDGMENTS AND CONTINGENCIES (continued)

Legal Matters

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

NOTE D – PENSION PLAN – CERF

STATE OF MISSOURI COUNTY EMPLOYEES' RETIREMENT FUND

Plan Description

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

The County Employees' Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101 or by calling 1-877-632-2373.

Funding Policy

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

LACLEDE COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

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

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

The 2013 assessed valuation of the tangible taxable property and the tax levies per \$100 assessed valuation of that property were as follows:

ASSESSED VALUATION	2013
Real estate	\$ 301,183,684
Personal property	103,968,759
	\$ 405,152,443
TAX LEVY	
General Fund	\$.1400
Developmentally Disabled Board	.0669
	\$.2069

The legal debt margin at December 31, 2013, is computed as follows:

	2013
Constitutional debt limit	\$ 40,515,244
General obligation bonds payable	(24,000)
LEGAL DEBT MARGIN	\$ 40,491,244

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

LACLEDE COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE F – LONG-TERM DEBT

In 1997, the County issued \$78,000 in Limited General Obligation Bonds. The bonds bear interest at 6.5% with principal and interest payments due on March 1 of each year. The annual debt service requirements to amortize the principal of the Limited General Obligation Bonds outstanding at December 31, 2013, are listed in the table below.

Year Ended December 31,	Principal	Interest	Total
2014	\$ 5,000	\$ 1,560	\$ 6,560
2015	6,000	1,235	7,235
2016	6,000	845	6,845
2017	7,000	455	7,455
	<u>\$ 24,000</u>	<u>\$ 4,095</u>	<u>\$ 28,095</u>

In 2011, the County entered into a loan agreement with the Missouri Department of Natural Resources through the Energy Efficiency Leveraged Loan Program in the amount of \$133,010 with zero interest. Semi-annual principal payments are due in February and August each year. The debt service requirements to amortize the principal of the loan outstanding at December 31, 2013, are listed in the table below.

Year Ended December 31,	Principal
2014	\$ 36,285
2015	36,285
2016	24,155
	<u>\$ 96,725</u>

In August 2011, the County entered into a promissory note agreement in the amount of \$33,180 for the purpose of constructing certain road improvements within the Neighborhood Improvement District of Harrill Lane. The note shall bear interest at a rate of 6.75%. Principal and interest payments are due annually on March 20. Annual debt service requirements to amortize the principal at December 31, 2013, are as follows:

LACLEDE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE F – LONG-TERM DEBT (continued)

Year Ended December 31,	Principal	Interest	Total
2014	\$ 6,636	\$ 1,344	\$ 7,980
2015	6,636	896	7,532
2016	6,636	448	7,084
	\$ 19,908	\$ 2,688	\$ 22,596

Capital Leases

In 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of a grader at a total cost of \$202,866. The agreement requires annual payments of \$10,113 through 2013 with a balloon payment of \$157,833 due in 2014. The payments include interest at 3.15%.

In 2009, the County entered into a cancelable lease purchase agreement to finance the purchase of a grader at a total cost of \$202,866. The agreement requires annual payments of \$13,859 through 2013 with a balloon payment of \$161,579 due in 2014. The payments include interest at 3.15%.

In 2010, the County entered into a cancelable lease purchase agreement to finance the purchase of two graders at a total cost of \$412,000. The agreement requires annual payments of \$29,190 through 2014 with a balloon payment of \$318,000 due in 2015. The payments include interest at 3.00%.

In 2011, the County entered into a cancelable lease purchase agreement to finance the purchase of a grader at a total cost of \$226,850. The agreement requires annual payments of \$13,970 through 2015 with a balloon payment of \$157,000 due in 2016. The payments include interest at 3.38%.

In 2012, the County entered into a cancelable lease purchase agreement to finance the purchase of a backhoe at a total cost of \$196,227. The agreement requires annual payments of \$28,742, which includes interest at 2.65% with a balloon payment of \$110,000 in 2015.

In 2012, the County entered into a cancelable lease purchase agreement to finance energy upgrades in the amount of \$3,100,000. The agreement requires semi-annual payments of \$133,881 through 2026. The payments include interest at 3.01%.

LACLEDE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE F – LONG-TERM DEBT (continued)

In 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of a motor grader in the amount of \$181,821. The agreement requires annual payments of \$17,745 through 2016 with a balloon payment of \$119,645 due in 2016. The payments include interest at 1.56%.

In 2013, the County entered into a cancelable lease purchase agreement to finance the purchase of a motor grader in the amount of \$155,321. The agreement requires annual payments of \$12,279 through 2016 with a balloon payment of \$114,179 due in 2017. The payments include interest at 1.5%.

Although the agreements provide for cancellation of the leases if the County should fail to appropriate funds at the annual renewal dates, the County does not foresee exercising its options to cancel.

The annual requirements to amortize the principal of the leases are as follows:

Year Ended	2009	2009	2010	2011	2012	2012	2013	2013	Total
	Grader	Grader	Graders	Graders	Backhoe	Energy	Grader	Grader	
December 31,	Lease	Lease	Lease	Lease	Lease	Upgrades	Lease	Lease	
2014	\$ 157,833	\$ 161,579	\$ 29,190	\$ 13,970	\$ 28,742	\$ 267,762	\$ 17,745	\$ 12,279	\$ 689,100
2015	-	-	318,000	13,970	110,000	267,762	17,745	12,279	739,756
2016	-	-	-	157,000	-	267,762	17,745	12,279	454,786
2017	-	-	-	-	-	267,762	119,645	114,179	501,586
2018	-	-	-	-	-	267,762	-	-	267,762
2019	-	-	-	-	-	267,762	-	-	267,762
2020	-	-	-	-	-	267,762	-	-	267,762
2021	-	-	-	-	-	267,762	-	-	267,762
2022	-	-	-	-	-	267,762	-	-	267,762
2023	-	-	-	-	-	267,762	-	-	267,762
2024	-	-	-	-	-	267,762	-	-	267,762
2025	-	-	-	-	-	267,762	-	-	267,762
2026	-	-	-	-	-	267,762	-	-	267,762
TOTAL MINIMUM									
LEASE PAYMENTS	157,833	161,579	347,190	184,940	138,742	3,480,906	172,880	151,016	4,795,086
LESS AMOUNT									
REPRESENTING									
INTEREST	(5,263)	(5,379)	(19,105)	(16,257)	(6,348)	(621,207)	(8,804)	(7,974)	(690,337)
PRINCIPAL BALANCE,									
DECEMBER 31, 2013	<u>\$ 152,570</u>	<u>\$ 156,200</u>	<u>\$ 328,085</u>	<u>\$ 168,683</u>	<u>\$ 132,394</u>	<u>\$ 2,859,699</u>	<u>\$ 164,076</u>	<u>\$ 143,042</u>	<u>\$ 4,104,749</u>

LACLEDE COUNTY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE F – LONG-TERM DEBT (continued)

The following table is the change in long-term debt for the year ended December 31, 2013:

	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013
Capital Lease Obligations				
2009 Grader Lease	\$ 157,645	\$ -	\$ 5,075	\$ 152,570
2009 Grader Lease	164,793	-	8,593	156,200
2010 Graders Lease	346,869	-	18,784	328,085
2011 Grader Lease	176,681	-	7,998	168,683
2012 Backhoe Lease	156,977	-	24,583	132,394
2012 Energy Upgrades Lease	3,036,808	-	177,109	2,859,699
2013 Grader Lease	-	181,821	17,745	164,076
2013 Grader Lease	-	155,321	12,279	143,042
1997 Limited General Obligation Bonds	29,000	-	5,000	24,000
2011 Harrill Lane Promissory Note	26,544	-	6,636	19,908
2012 Energy Loan	133,010	-	36,285	96,725
Compensated Absences	8,455	1,345	-	9,800
	<u>\$ 4,236,782</u>	<u>\$ 338,487</u>	<u>\$ 320,087</u>	<u>\$ 4,255,182</u>

NOTE G – RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

LACLEDE COUNTY, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE H – INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2013, consisted of the following:

	<u>Transfers In (Out)</u>
General Fund	\$ 26,752
Road and Bridge Fund	1,063,833
Capital Improvement Fund	55,000
County Development Tax Fund	(1,505,000)
Assessment Fund	(31,424)
E-911 Fund	(42,021)
Tax Maintenance Fund	(6,200)
Sheriff Revolving Fund	(10,000)
Health Insurance Fund	449,060
	<u>\$ -</u>

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

NOTE I – COMMITMENTS

At December 31, 2013, the County was committed to Great Rivers Associates for design and construction on two bridge projects in the amount of \$68,735.

SUPPLEMENTARY INFORMATION

LACLEDE COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – CASH BASIS
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Taxes				
Property taxes	\$ 425,000	\$ 425,000	\$ 410,008	\$ (14,992)
County sales tax	1,850,000	1,850,000	1,902,217	52,217
Surtax	100,000	100,000	116,546	16,546
Payment in lieu of taxes	35,000	35,000	40,162	5,162
Other	12,900	12,900	13,880	980
	<u>2,422,900</u>	<u>2,422,900</u>	<u>2,482,813</u>	<u>59,913</u>
Collector's Commission				
Collection commissions	318,500	318,500	311,502	(6,998)
Licenses and Permits				
Beverage licenses	23,000	23,000	27,098	4,098
Other	6,150	6,150	7,389	1,239
	<u>29,150</u>	<u>29,150</u>	<u>34,487</u>	<u>5,337</u>
Intergovernmental Receipts				
Federal	86,401	86,401	70,867	(15,534)
Fees and Charges				
Court	438,100	438,100	411,777	(26,323)
Public administrator	52,000	52,000	63,225	11,225
County clerk	1,000	1,000	1,188	188
Recorder of deeds	223,387	223,387	203,284	(20,103)
Sheriff fees	440,148	440,148	434,962	(5,186)
Phone and vending	34,000	34,000	37,140	3,140
Election reimbursement	2,850	2,850	2,184	(666)
Prosecuting attorney	200	200	370	170
	<u>1,191,685</u>	<u>1,191,685</u>	<u>1,154,130</u>	<u>(37,555)</u>
Other				
Interest income	24,125	24,125	14,413	(9,712)
Miscellaneous	12,725	12,725	56,028	43,303
	<u>36,850</u>	<u>36,850</u>	<u>70,441</u>	<u>33,591</u>
TOTAL RECEIPTS	<u>4,085,486</u>	<u>4,085,486</u>	<u>4,124,240</u>	<u>38,754</u>

LACLEDE COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – CASH BASIS (continued)
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
DISBURSEMENTS				
Current				
General Government				
University extension	43,900	43,900	43,900	-
Collector of revenue	104,824	104,824	100,500	4,324
Treasurer	63,050	63,050	60,844	2,206
Recorder of deeds	113,310	113,310	112,901	409
County commission	119,084	119,084	114,764	4,320
Employee fringe benefits	280,000	280,000	207,679	72,321
Purchasing	10,500	10,500	8,478	2,022
Postage	63,638	63,638	62,462	1,176
County clerk	165,458	165,458	143,089	22,369
Insurance	106,000	106,000	119,405	(13,405)
Surveyor	18,000	18,000	18,000	-
Building and grounds	679,700	702,733	553,774	148,959
	<u>1,767,464</u>	<u>1,790,497</u>	<u>1,545,796</u>	<u>244,701</u>
Judicial				
Court	245,705	245,705	155,213	90,492
Circuit clerk	57,570	57,570	31,764	25,806
Coroner	25,135	25,135	24,488	647
Public administrator	105,130	105,130	103,973	1,157
Prosecuting attorney	333,993	333,993	328,059	5,934
	<u>767,533</u>	<u>767,533</u>	<u>643,497</u>	<u>124,036</u>
Public Safety				
Sheriff	841,024	841,024	812,318	28,706
Jail	819,264	819,264	754,101	65,163
Emergency management	114,067	114,067	112,837	1,230
	<u>1,774,355</u>	<u>1,774,355</u>	<u>1,679,256</u>	<u>95,099</u>
Other				
	495,053	495,053	75,081	419,972
Debt service				
Principal and interest	304,285	304,285	304,399	(114)
	<u>5,108,690</u>	<u>5,131,723</u>	<u>4,248,029</u>	<u>883,694</u>
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS				
	(1,023,204)	(1,046,237)	(123,789)	922,448
OTHER FINANCING SOURCES (USES)				
Operating transfers in	607,440	607,440	608,892	1,452
Operating transfers (out)	(710,000)	(710,000)	(582,140)	127,860
	<u>(102,560)</u>	<u>(102,560)</u>	<u>26,752</u>	<u>129,312</u>
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)				
	(1,125,764)	(1,148,797)	(97,037)	1,051,760
FUND BALANCE, January 1				
	2,282,143	2,282,143	2,282,143	-
FUND BALANCE, December 31				
	<u>\$ 1,156,379</u>	<u>\$ 1,133,346</u>	<u>\$ 2,185,106</u>	<u>\$ 1,051,760</u>

LACLEDE COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE FUND – CASH BASIS
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Motor vehicle and fuel sales taxes	\$ 795,313	\$ 795,313	\$ 819,942	\$ 24,629
Intergovernmental receipts	94,165	94,165	83,862	(10,303)
Interest	2,000	2,000	2,184	184
Other receipts	12,500	52,500	48,880	(3,620)
TOTAL RECEIPTS	903,978	943,978	954,868	10,890
DISBURSEMENTS				
Highways and roads	2,077,641	2,117,641	1,870,039	247,602
TOTAL DISBURSEMENTS	2,077,641	2,117,641	1,870,039	247,602
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(1,173,663)	(1,173,663)	(915,171)	258,492
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,150,000	1,150,000	1,150,000	-
Operating transfers (out)	(91,980)	(91,980)	(86,167)	5,813
TOTAL OTHER FINANCING SOURCES (USES)	1,058,020	1,058,020	1,063,833	5,813
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(115,643)	(115,643)	148,662	264,305
FUND BALANCE, January 1	319,668	319,668	319,668	-
FUND BALANCE, December 31	\$ 204,025	\$ 204,025	\$ 468,330	\$ 264,305

LACLEDE COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT FUND – CASH BASIS
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Intergovernmental receipts	\$ -	\$ 744,881	\$ -	\$ (744,881)
Interest	15,000	15,000	11,178	(3,822)
TOTAL RECEIPTS	15,000	759,881	11,178	(748,703)
DISBURSEMENTS				
Capital outlay	100,000	100,000	48,641	51,359
Disaster recovery	-	744,881	418,479	326,402
TOTAL DISBURSEMENTS	100,000	844,881	467,120	377,761
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(85,000)	(85,000)	(455,942)	(370,942)
OTHER FINANCING SOURCES				
Operating transfers in	170,000	170,000	55,000	(115,000)
TOTAL OTHER FINANCING SOURCES	170,000	170,000	55,000	(115,000)
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	85,000	85,000	(400,942)	(485,942)
FUND BALANCE, January 1	2,106,283	2,106,283	2,106,283	-
FUND BALANCE, December 31	<u>\$ 2,191,283</u>	<u>\$ 2,191,283</u>	<u>\$ 1,705,341</u>	<u>\$ (485,942)</u>

LACLEDE COUNTY, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – COUNTY DEVELOPMENT TAX FUND – CASH BASIS
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
RECEIPTS				
Sales taxes	\$ 1,850,000	\$ 1,850,000	\$ 1,901,721	\$ 51,721
Interest	15,000	15,000	9,656	(5,344)
TOTAL RECEIPTS	<u>1,865,000</u>	<u>1,865,000</u>	<u>1,911,377</u>	<u>46,377</u>
DISBURSEMENTS				
Intergovernmental agreements	<u>896,426</u>	<u>896,426</u>	<u>241,470</u>	<u>654,956</u>
TOTAL DISBURSEMENTS	<u>896,426</u>	<u>896,426</u>	<u>241,470</u>	<u>654,956</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	968,574	968,574	1,669,907	701,333
OTHER FINANCING (USES)				
Operating transfers (out)	<u>(1,505,000)</u>	<u>(1,505,000)</u>	<u>(1,505,000)</u>	<u>-</u>
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	(536,426)	(536,426)	164,907	701,333
FUND BALANCE, January 1	<u>1,505,785</u>	<u>1,505,785</u>	<u>1,505,785</u>	<u>-</u>
FUND BALANCE, December 31	<u>\$ 969,359</u>	<u>\$ 969,359</u>	<u>\$ 1,670,692</u>	<u>\$ 701,333</u>

LACLEDE COUNTY, MISSOURI
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year ended December 31, 2013

Budgets and Budgetary Accounting

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

- 1) In accordance with Chapter 50, RSMo, the County adopts a budget for each fund.
- 2) Prior to January 15, the County Clerk, who serves as the Budget Officer, submits to the Commission a proposed budget for the fiscal year beginning on January 1. The budget includes estimated receipts and proposed disbursements for all County funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Commission, the budget document is available for public inspection.
- 4) Prior to February 1, the budget is legally enacted by a vote of the Commission.
- 5) Subsequent to its formal approval of the budget, the Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Commission. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for County funds are prepared and adopted on the cash basis (budget basis), recognizing receipts when collected and disbursements when paid.

OTHER FINANCIAL INFORMATION

LACLEDE COUNTY, MISSOURI
 COMBINING STATEMENT OF ASSETS AND FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS – CASH BASIS
 December 31, 2013

	Special Revenue Funds									
	Assessment Fund	Law Enforcement Training Fund	Prosecuting Attorney Training Fund	Prosecuting Attorney Delinquent Tax Fund	Prosecuting Attorney Administrative Handling Cost Fund	County Law Restitution Fund	Sheriff Discretionary Fund	E-911 Fund	CDBG Fund	Law Enforcement Sales Tax Fund
ASSETS										
Cash and cash equivalents	\$ 528,920	\$ 9,377	\$ 3,849	\$ 19,951	\$ 243,785	\$ 880	\$ 34,727	\$ 303,715	\$ -	\$ 6,743
TOTAL ASSETS	<u>\$ 528,920</u>	<u>\$ 9,377</u>	<u>\$ 3,849</u>	<u>\$ 19,951</u>	<u>\$ 243,785</u>	<u>\$ 880</u>	<u>\$ 34,727</u>	<u>\$ 303,715</u>	<u>\$ -</u>	<u>\$ 6,743</u>
FUND BALANCES										
Restricted for:										
Recorder	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prosecuting attorney	-	-	3,849	19,951	243,785	-	-	-	-	-
Sheriff	-	9,377	-	-	-	-	34,727	-	-	-
Public safety	-	-	-	-	-	880	-	-	-	6,743
Tax maintenance	-	-	-	-	-	-	-	-	-	-
Assigned to:										
E-911	-	-	-	-	-	-	-	303,715	-	-
Assessment	528,920	-	-	-	-	-	-	-	-	-
Elections	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>\$ 528,920</u>	<u>\$ 9,377</u>	<u>\$ 3,849</u>	<u>\$ 19,951</u>	<u>\$ 243,785</u>	<u>\$ 880</u>	<u>\$ 34,727</u>	<u>\$ 303,715</u>	<u>\$ -</u>	<u>\$ 6,743</u>

LACLEDE COUNTY, MISSOURI

COMBINING STATEMENT OF ASSETS AND FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS – CASH BASIS (continued)

December 31, 2013

Special Revenue Funds

	Tax Maintenance Fund	Election Services Fund	Recorder's Recorder's Fund	Recorder Technology Fund	Shelter Abuse Fund	Sheriff Revolving Fund	Deputy Sheriff Salary Fund	Inmate Prisoner Detainee Security Fund	Peace Officer Training Fund	Total
ASSETS										
Cash and cash equivalents	\$ 87,722	\$ 30,356	\$ 37,573	\$ 46,021	\$ 2,367	\$ 89,769	\$ 8,543	\$ 6,406	\$ 501	\$ 1,461,205
TOTAL ASSETS	\$ 87,722	\$ 30,356	\$ 37,573	\$ 46,021	\$ 2,367	\$ 89,769	\$ 8,543	\$ 6,406	\$ 501	\$ 1,461,205
FUND BALANCES										
Restricted for:										
Recorder	\$ -	\$ -	\$ 37,573	\$ 46,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,594
Prosecuting attorney	-	-	-	-	-	-	-	-	-	267,585
Sheriff	-	-	-	-	-	89,769	8,543	6,406	501	149,323
Public safety	-	-	-	-	2,367	-	-	-	-	9,990
Tax maintenance	87,722	-	-	-	-	-	-	-	-	87,722
Assigned to:										
E-911	-	-	-	-	-	-	-	-	-	303,715
Assessment	-	-	-	-	-	-	-	-	-	528,920
Elections	-	30,356	-	-	-	-	-	-	-	30,356
TOTAL FUND BALANCES	\$ 87,722	\$ 30,356	\$ 37,573	\$ 46,021	\$ 2,367	\$ 89,769	\$ 8,543	\$ 6,406	\$ 501	\$ 1,461,205

LACLEDE COUNTY, MISSOURI
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – NON-MAJOR SPECIAL REVENUE
 FUNDS – CASH BASIS
 Year Ended December 31, 2013

	Special Revenue Funds									
	Assessment Fund	Law Enforcement Training Fund	Prosecuting Attorney Training Fund	Prosecuting Attorney Delinquent Tax Fund	Prosecuting Attorney Administrative Handling Cost Fund	County Law Restitution Fund	Sheriff Discretionary Fund	E-911 Fund	CDBG Fund	Law Enforcement Sales Tax Fund
RECEIPTS										
Taxes	\$ 24,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,828	\$ -	\$ -
Intergovernmental receipts	65,307	-	-	-	-	-	-	-	8,054	-
Fees and charges	261,670	8,184	2,065	189	14,466	880	48,528	-	-	-
Interest	3,934	45	16	107	553	-	181	2,010	-	619
Other receipts	1,161	-	-	-	-	-	-	52	-	-
TOTAL RECEIPTS	356,295	8,229	2,081	296	15,019	880	48,709	361,890	8,054	619
DISBURSEMENTS										
Current										
General government	273,303	-	-	-	-	-	-	-	-	-
Judicial	-	-	780	2,714	2,856	-	-	-	-	-
Public safety	-	6,308	-	-	-	-	35,966	371,177	-	-
Capital outlay	-	-	-	-	-	-	-	-	8,054	129,695
TOTAL DISBURSEMENTS	273,303	6,308	780	2,714	2,856	-	35,966	371,177	8,054	129,695
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	82,992	1,921	1,301	(2,418)	12,163	880	12,743	(9,287)	-	(129,076)
OTHER FINANCING (USES)										
Operating transfers (out)	(31,424)	-	-	-	-	-	-	(42,021)	-	-
TOTAL OTHER FINANCING (USES)	(31,424)	-	-	-	-	-	-	(42,021)	-	-
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	51,568	1,921	1,301	(2,418)	12,163	880	12,743	(51,308)	-	(129,076)
FUND BALANCE, January 1	477,352	7,456	2,548	22,369	231,622	-	21,984	355,023	-	135,819
FUND BALANCE, December 31	\$ 528,920	\$ 9,377	\$ 3,849	\$ 19,951	\$ 243,785	\$ 880	\$ 34,727	\$ 303,715	\$ -	\$ 6,743

LACLEDE COUNTY, MISSOURI
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE – NON-MAJOR SPECIAL REVENUE
 FUNDS – CASH BASIS (continued)
 Year Ended December 31, 2013

Special Revenue Funds										
	Tax Maintenance Fund	Election Services Fund	Recorder's Recorder's Fund	Recorder Technology Fund	Shelter Abuse Fund	Sheriff Revolving Fund	Deputy Sheriff Salary Fund	Inmate Prisoner Detainee Security Fund	Peace Officer Training Fund	Total
RECEIPTS										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,051
Intergovernmental receipts	-	10,665	-	-	12,334	-	79,433	-	-	175,793
Fees and charges	37,451	4,766	13,022	7,262	-	49,203	-	12,062	3,901	463,649
Interest	471	185	194	300	32	473	100	11	3	9,234
Other receipts	-	-	-	-	-	-	-	1,327	-	2,540
TOTAL RECEIPTS	37,922	15,616	13,216	7,562	12,366	49,676	79,533	13,400	3,904	1,035,267
DISBURSEMENTS										
Current										
General government	32,099	21,056	7,463	15,802	-	-	-	-	-	349,723
Judicial	-	-	-	-	-	-	-	-	-	6,350
Public safety	-	-	-	-	11,000	13,114	78,853	6,994	3,901	527,313
Capital outlay	-	-	-	-	-	-	-	-	-	137,749
TOTAL DISBURSEMENTS	32,099	21,056	7,463	15,802	11,000	13,114	78,853	6,994	3,901	1,021,135
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	5,823	(5,440)	5,753	(8,240)	1,366	36,562	680	6,406	3	14,132
OTHER FINANCING (USES)										
Operating transfers (out)	(6,200)	-	-	-	-	(10,000)	-	-	-	(89,645)
TOTAL OTHER FINANCING (USES)	(6,200)	-	-	-	-	(10,000)	-	-	-	(89,645)
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	(377)	(5,440)	5,753	(8,240)	1,366	26,562	680	6,406	3	(75,513)
FUND BALANCE, January 1	88,099	35,796	31,820	54,261	1,001	63,207	7,863	-	498	1,536,718
FUND BALANCE, December 31	\$ 87,722	\$ 30,356	\$ 37,573	\$ 46,021	\$ 2,367	\$ 89,769	\$ 8,543	\$ 6,406	\$ 501	\$ 1,461,205



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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

Laclede County Commission
Laclede County
Lebanon, Missouri

We have audited, in accordance with the 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Laclede County, Missouri, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Laclede County, Missouri's basic financial statements and have issued our report thereon dated June 24, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Laclede County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 over financial reporting that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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Laclede County Commission
Laclede County
Lebanon, Missouri

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. 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 deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. It is identified as item 2013-1.

Compliance and Other Matters

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

Laclede County, Missouri's Response to the Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Laclede County, Missouri's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laclede County, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 24, 2014



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Laclede County Commission
Laclede County
Lebanon, Missouri

Report on Compliance for Each Major Federal Program

We have audited Laclede County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2013. Laclede County, Missouri's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of the Laclede County, Missouri's major federal program based on our audit of the types of compliance requirements referred to above. 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.

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We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on Laclede County, Missouri's compliance.

Opinion on the Major Federal Program

In our opinion, Laclede County, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of Laclede County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 over compliance 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, on a timely basis. *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, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Laclede County Commission
Laclede County
Lebanon, Missouri

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 24, 2014

LACLEDE COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2013

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Missouri Office of Administration Schools and Roads - Grants to States	10.665	N/A	\$ 135,457
TOTAL U.S. DEPARTMENT OF AGRICULTURE			135,457
<u>OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE</u>			
Missouri Emergency Response Commission Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program	66.810	N/A	4,456
TOTAL OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE			4,456
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Missouri Department of Transportation Highway Planning and Construction	20.205	BRO-B053 (12) BRO-B053 (11)	19,425 23,579
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			43,004
<u>GENERAL SERVICES ADMINISTRATION</u>			
Missouri Office of the Secretary of State Federal Voting Equipment Maintenance and Security Grant State Office of Administration Surplus Property	39.011 39.003	N/A N/A	3,333 1,420
TOTAL GENERAL SERVICES ADMINISTRATION			4,753
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Missouri Department of Economic Development Community Development Block Grant	14.228	2008-DI-62	8,054
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			8,054
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
State Emergency Management Agency Public Assistance Grant Missouri Department of Public Safety Emergency Management Performance Grant	97.036 97.042	FEMA-4144-DR-MO N/A	543,762 46,910
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			590,672

LACLEDE COUNTY, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
 Year ended December 31, 2013

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<u>ELECTION ASSISTANCE COMMISSION</u>			
Missouri Office of the Secretary of State Help America Vote Act	90.401	N/A	<u>5,778</u>
TOTAL ELECTION ASSISTANCE COMMISSION			5,778
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Direct Payment in Lieu of Taxes	15.226	N/A	<u>40,162</u>
TOTAL U.S. DEPARTMENT OF THE INTERIOR			40,162
<u>ADMINISTRATION FOR COMMUNITY LIVING</u>			
Missouri Office of the Secretary of State Voting Access for Individuals with Disabilities, Grants to States	93.617	N/A	<u>4,435</u>
TOTAL ADMINISTRATION FOR COMMUNITY LIVING			<u>4,435</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 836,771</u>

N/A - Not Applicable

LACLEDE COUNTY, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2013

1. Summary of Significant Accounting Policies

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 federal 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 Laclede 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 cash basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

The County did not provide funds to subrecipients in the current year.

LACLEDE COUNTY, MISSOURI
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2013

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the basic financial statements prepared on the cash basis of accounting.
2. One material weakness disclosed during the audit of the financial statements is reported in the Independent Auditor'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*. No significant deficiencies were reported.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies or material weaknesses were disclosed during the audit of the major federal award program.
5. The auditors' report on compliance for the major federal award program expresses an unmodified opinion.
6. There were no findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The program tested as a major programs was:

Public Assistance Grant	97.036
-------------------------	--------
8. The threshold for determining Type A programs was \$300,000.
9. Laclede County, Missouri, was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

2013-1 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

LACLEDE COUNTY, MISSOURI
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2013

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings or questioned costs for the major federal award programs.

LACLEDE COUNTY, MISSOURI
SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended December 31, 2013

There were no prior year Circular A-133 audit findings.



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

Laclede County Commission
Laclede County
Lebanon, Missouri

In planning and performing our audit of the basic financial statements of Laclede County, Missouri, for the year ended December 31, 2013, we considered the County's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. As discussed in the Independent Auditor'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*, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

In addition to the material weakness discussed in the 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*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and suggestions regarding these matters.

1. Tax Maintenance Fund and Prosecuting Attorney Delinquent Tax Fund

The County currently maintains a Tax Maintenance Fund for the benefit of the Collector's office, and the Prosecuting Attorney Delinquent Tax Fund. Although the monies are to be used for the benefit of the Collector's office and the Prosecuting Attorney's office, these monies represent County funds. Therefore, the same policies of the County regarding budgeting, receipts, and disbursements should be followed for these funds as with other funds of the County.

We Recommend:

The County require receipts and disbursements from these funds to be budgeted and the approval process for receipts and disbursements out of these funds should follow the same procedures as with other County funds.

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2. Payroll Processing

The County utilizes direct deposit to employees for all payroll disbursements and the payroll is processed by one person who does the direct deposit without having someone not involved in the process review the direct deposit listing.

We Recommend:

The County assign someone not involved in the payroll process to review the listing for direct deposit payroll and initial the listing prior to the disbursement of funds. The approved listing should be retained to indicate the approval of the disbursement of funds.

3. Sheriff Inmate Trust Account

During our audit, we noted the Sheriff's Department was not performing monthly bank reconciliations in a timely manner on the Sheriff's Inmate Trust account. The Sheriff maintains commissary commissions along with inmate monies in this account. Commissary commissions are to be used for the benefit of the Sheriff's Department and represent County funds, however they should be turned over to the County Treasurer on a monthly basis to ensure disbursements paid with these funds are properly budgeted and approved by the County Commission. While the Sheriff's Department turned over commissions to the County Treasurer during 2013, the Sheriff's Department clerk was unable to explain how the commissions were identified and did not do so on a monthly basis. The Sheriff's Department should also maintain a listing of inmate balances held in the account.

We Recommend:

The County along with the Sheriff's Department establish policies and procedures to ensure the Sheriff Inmate Trust account is reconciled on a monthly basis to determine commissary commissions to be turned over to the County Treasurer each month. We further recommend the Sheriff's Department maintain a listing of inmate balances held in the account.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as Laclede County's independent auditor and the courtesies and assistance extended to us by the County's employees.

KPM CPAs, PC



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

Laclede County Commission
Laclede County
Lebanon, Missouri

We have audited the financial statements of the governmental activities, the discretely presented component unit, and the major fund of Laclede County, Missouri, for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 12, 2014. Professional standards also require that we communicate to you the following information related to our audit.

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 Laclede County, Missouri, are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2013. 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.

The financial statement disclosures are neutral, consistent, and clear.

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We noted no misstatements regarding assets or net position.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 June 24, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Laclede County Commission
Laclede County
Lebanon, Missouri
Page Three

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
June 24, 2014