



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Lewis County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Lewis 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 2 years ended December 31, 2013, 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 black ink, reading "Thomas A. Schweich".

Thomas A. Schweich
State Auditor

August 2014
Report No. 2014-067

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2013 AND 2012

**THE COUNTY OF LEWIS
MONTICELLO, 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 Lewis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Lewis ("County"), Missouri, which comprise cash and unencumbered cash for each fund as of December 31, 2013, and 2012, and the related statements of cash receipts and disbursements and disbursements-budget and actual for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting, a financial reporting framework prescribed or permitted by Missouri law as described in Note I of the accompanying financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I of the financial statements, the financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Missouri.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County as of December 31, 2013, and 2012, or changes in financial position or cash flows thereof for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The County was unable to provide bank reconciliations for the Collector’s accounts. We were unable to determine the book cash balance as a reconciliation between cash balance and bank balance. Since we were unable to determine the cash balance of the Collector’s account, we used the bank balances of \$4,067,554.75 and \$3,236,304.02 for the years ended December 31, 2013, and December 31, 2012, respectively. Bank statements are now being reconciled on a monthly basis.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on Regulatory Basis of Accounting paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the County as of December 31, 2013, and 2012, and their respective cash receipts and disbursements, and budgetary results for the years then ended in accordance with the financial reporting provisions prescribed or permitted by Missouri law described in Note I.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Lewis’ basic financial statements. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedule of expenditures of federal awards 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 17, 2014, on our consideration of the County of Lewis' 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 County of Lewis' internal control over financial reporting and compliance.

Daniel Jones & Associates

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

June 17, 2014

FINANCIAL STATEMENTS

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2013

FUND	CASH AND INVESTMENTS JANUARY 1, 2013	RECEIPTS 2013	DISBURSEMENTS 2013	CASH AND INVESTMENTS DECEMBER 31, 2013
General Revenue Fund	\$ 417,856.59	\$ 1,730,986.50	\$ 1,668,286.07	\$ 480,557.02
Special Road and Bridge Fund	122,011.05	941,391.67	936,378.63	127,024.09
Assessment Fund	260.97	170,376.80	166,453.39	4,184.38
Road and Bridge Capital Improvement Fund	50,892.43	731,108.36	718,980.81	63,019.98
County Farm Fund	50,915.28	50,423.35	56,755.26	44,583.37
Domestic Violence Fund	3,747.00	3,548.00	3,747.00	3,548.00
Law Enforcement Training Fund	14,257.31	4,418.28	3,377.24	15,298.35
Law Enforcement Operating Fund	18,932.30	630,550.70	645,150.59	4,332.41
Sheriff Civil Fees Fund	16,727.70	18,783.87	18,657.80	16,853.77
D.A.R.E. Fund	2,854.67	825.00	2,416.75	1,262.92
Law Enforcement Restitution Fund	53,626.84	53,384.63	47,042.90	59,968.57
Law Enforcement Revolving Fund	9,069.76	9,964.45	5,918.34	13,115.87
Prosecuting Attorney Training Fund	5,348.57	764.74	1,786.15	4,327.16
Prosecuting Attorney Bad Check Fund	6,986.29	2,912.38	2,462.03	7,436.64
D.W.I. Fund	2,746.79	1,921.00	-	4,667.79
Election Service Fund	17,859.50	7,054.65	13,851.45	11,062.70
Records Preservation Fund	9,917.94	3,591.98	3,856.08	9,653.84
Records Technologies Fund	1,692.93	2,116.25	-	3,809.18
Collector's Tax Maintenance Fund	10,075.16	13,201.87	13,866.86	9,410.17
Total	<u>\$ 815,779.08</u>	<u>\$ 4,377,324.48</u>	<u>\$ 4,308,987.35</u>	<u>\$ 884,116.21</u>

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

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2012

FUND	CASH AND INVESTMENTS January 1, 2012	RECEIPTS 2012	DISBURSEMENTS 2012	CASH AND INVESTMENTS December 31, 2012
General Revenue Fund	\$ 241,197.78	\$ 1,862,956.32	\$ 1,686,297.51	\$ 417,856.59
Special Road and Bridge Fund	96,025.33	968,485.49	942,499.77	122,011.05
Assessment Fund	5,429.85	157,489.35	162,658.23	260.97
Road and Bridge Capital Improvement Fund	65,622.83	274,980.69	289,711.09	50,892.43
County Farm Fund	35,306.27	45,080.89	29,471.88	50,915.28
Domestic Violence Fund	4,454.50	3,747.00	4,454.50	3,747.00
Law Enforcement Training Fund	16,343.76	5,167.13	7,253.58	14,257.31
Law Enforcement Operating Fund	6,189.78	644,925.62	632,183.10	18,932.30
Sheriff Civil Fees Fund	12,401.28	18,868.33	14,541.91	16,727.70
D.A.R.E. Fund	1,902.69	2,690.00	1,738.02	2,854.67
Law Enforcement Restitution Fund	54,228.43	49,009.64	49,611.23	53,626.84
Law Enforcement Revolving Fund	4,621.18	8,563.57	4,114.99	9,069.76
Prosecuting Attorney Training Fund	5,424.20	914.00	989.63	5,348.57
Prosecuting Attorney Bad Check Fund	5,298.23	3,601.29	1,913.23	6,986.29
D.W.I. Fund	3,790.29	956.50	2,000.00	2,746.79
Election Service Fund	13,085.54	7,829.68	3,055.72	17,859.50
Records Preservation Fund	10,084.07	3,611.32	3,777.45	9,917.94
Records Technologies Fund	645.31	2,108.75	1,061.13	1,692.93
Collector's Tax Maintenance Fund	8,623.26	13,107.95	11,656.05	10,075.16
Total	<u><u>\$ 590,674.58</u></u>	<u><u>\$ 4,074,093.52</u></u>	<u><u>\$ 3,848,989.02</u></u>	<u><u>\$ 815,779.08</u></u>

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

THE COUNTY OF LEWIS
MONTICELLO, 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, 2013 AND 2012

	GENERAL REVENUE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 324,400.00	\$ 341,195.07	\$ 321,960.00	\$ 322,606.10
Sales Taxes	773,000.00	919,785.92	737,050.00	925,640.65
Intergovernmental	126,878.00	123,906.88	172,103.14	171,142.81
Charges for Services	230,900.00	228,477.80	229,200.00	246,213.16
Interest Income	5,300.00	6,587.50	7,600.00	6,295.44
Other	190,000.00	111,033.33	214,000.00	191,058.16
Transfers In	5,021.00	-	11,605.23	-
TOTAL RECEIPTS	1,655,499.00	1,730,986.50	1,693,518.37	1,862,956.32
DISBURSEMENTS				
County Commission	95,790.55	94,819.95	93,970.14	93,188.57
County Clerk	72,740.46	72,522.32	71,054.19	69,137.50
Elections	27,833.44	16,372.24	50,235.92	41,402.44
Buildings and Grounds	173,422.96	170,824.65	94,250.40	62,101.47
Employee Fringe Benefits	192,100.00	183,844.58	191,255.44	192,449.47
County Treasurer	47,486.12	46,717.51	46,245.02	45,591.00
Collector	78,838.36	76,768.45	82,147.52	79,673.84
Recorder of Deeds	63,984.12	62,791.85	62,862.86	61,667.01
Circuit Clerk	22,000.00	17,148.39	21,100.00	18,633.73
Court Administration	7,734.00	9,109.12	7,734.00	5,716.40
Public Administrator	53,160.68	47,672.57	52,286.94	47,338.17
Prosecuting Attorney	92,110.38	82,549.73	89,755.90	80,603.19
Juvenile Officer	56,471.61	55,459.50	57,169.10	56,749.46
Coroner	23,081.62	20,178.61	18,779.04	15,211.35
Drug Court Grant	36,548.00	24,254.00	81,757.78	58,074.98
Other	404,111.65	277,396.38	410,482.80	362,591.93
Health and Welfare	8,600.00	7,356.22	-	-
Transfers Out	402,500.00	402,500.00	396,167.00	396,167.00
Emergency Fund	100,000.00	-	80,000.00	-
TOTAL DISBURSEMENTS	1,958,513.95	1,668,286.07	1,907,254.05	1,686,297.51
RECEIPTS OVER (UNDER) DISBURSEMENTS	(303,014.95)	62,700.43	(213,735.68)	176,658.81
CASH AND INVESTMENT BALANCES, JANUARY 1	417,856.59	417,856.59	241,197.78	241,197.78
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 114,841.64	\$ 480,557.02	\$ 27,462.10	\$ 417,856.59

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

THE COUNTY OF LEWIS
MONTICELLO, 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, 2013 AND 2012

	SPECIAL ROAD AND BRIDGE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Property Taxes	\$ 304,500.00	\$ 328,319.66	\$ 306,000.00	\$ 332,504.66
Sales Taxes	141,000.00	136,152.23	141,950.00	138,862.18
Intergovernmental	423,400.00	449,661.82	447,046.38	439,945.26
Charges for Services	-	-	-	-
Interest Income	2,900.00	2,838.99	4,100.00	3,131.84
Other	42,989.10	21,551.94	48,000.00	43,392.04
Transfers In	3,500.00	2,867.03	-	10,649.51
TOTAL RECEIPTS	918,289.10	941,391.67	947,096.38	968,485.49
DISBURSEMENTS				
Salaries	278,800.00	267,350.30	275,231.90	255,357.44
Employee Fringe Benefits	152,900.00	141,575.79	149,100.00	145,115.12
Supplies	184,000.00	159,265.58	193,250.00	140,727.69
Road and Bridge Materials	307,800.00	288,445.40	310,050.00	315,774.80
Insurance	8,200.00	7,831.00	8,000.00	7,970.00
Equipment Repairs	76,350.00	42,560.10	78,700.00	70,526.67
Equipment Purchases	21,835.00	19,956.34	1,300.00	1,250.00
Other	10,400.00	9,394.12	27,485.00	5,778.05
Transfers Out	-	-	-	-
TOTAL DISBURSEMENTS	1,040,285.00	936,378.63	1,043,116.90	942,499.77
RECEIPTS OVER (UNDER) DISBURSEMENTS	(121,995.90)	5,013.04	(96,020.52)	25,985.72
CASH AND INVESTMENT BALANCES, JANUARY 1	122,011.05	122,011.05	96,025.33	96,025.33
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 15.15	\$ 127,024.09	\$ 4.81	\$ 122,011.05

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

THE COUNTY OF LEWIS
MONTICELLO, 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, 2013 AND 2012

	ASSESSMENT FUND				ROAD AND BRIDGE CAPITAL IMPROVEMENT FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ 211,000.00	\$ 204,422.81	\$ 213,250.00	\$ 208,640.70
Intergovernmental	132,200.00	145,906.61	132,979.00	129,390.87	537,021.00	514,335.22	455,000.00	59,969.24
Charges for Services	-	1,650.00	580.00	-	-	-	-	-
Interest Income	200.00	320.19	-	340.12	500.00	614.63	1,200.00	724.35
Other	-	-	-	591.36	7,000.00	11,735.70	7,000.00	5,646.40
Transfers In	34,250.00	22,500.00	27,167.00	27,167.00	-	-	-	-
TOTAL RECEIPTS	166,650.00	170,376.80	160,726.00	157,489.35	755,521.00	731,108.36	676,450.00	274,980.69
DISBURSEMENTS								
Assessor	32,175.00	36,352.07	33,425.00	36,160.58	-	-	-	-
Salaries	86,307.63	86,307.63	84,063.64	84,063.64	-	-	-	-
Fringe Benefits	48,425.00	43,793.69	43,999.72	42,434.01	-	-	-	-
Contract Labor	-	-	-	-	11,500.00	8,915.50	10,900.00	11,100.00
Bridges	-	-	-	-	501,000.00	498,552.57	405,000.00	46,680.77
Bridge Materials	-	-	-	-	124,210.00	100,455.18	127,300.00	78,514.37
Equipment Purchases	-	-	-	-	118,789.81	101,310.15	138,360.07	111,517.10
FEMA	-	-	-	-	29,895.00	-	37,000.00	16,657.45
Other	-	-	4,667.00	-	11,000.00	9,747.41	13,500.00	14,591.89
Transfers Out	-	-	-	-	10,000.00	-	10,000.00	10,649.51
TOTAL DISBURSEMENTS	166,907.63	166,453.39	166,155.36	162,658.23	806,394.81	718,980.81	742,060.07	289,711.09
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(257.63)	3,923.41	(5,429.36)	(5,168.88)	(50,873.81)	12,127.55	(65,610.07)	(14,730.40)
CASH AND INVESTMENT								
BALANCES, JANUARY 1	260.97	260.97	5,429.85	5,429.85	50,892.43	50,892.43	65,622.83	65,622.83
CASH AND INVESTMENT								
BALANCES, DECEMBER 31	\$ 3.34	\$ 4,184.38	\$ 0.49	\$ 260.97	\$ 18.62	\$ 63,019.98	\$ 12.76	\$ 50,892.43

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

THE COUNTY OF LEWIS
MONTICELLO, 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, 2013 AND 2012

	COUNTY FARM FUND				DOMESTIC VIOLENCE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ 3,650.00	\$ 3,548.00	\$ 4,460.00	\$ 3,747.00
Interest Income	320.00	313.15	-	343.39	-	-	-	-
Other	47,473.00	50,110.20	43,278.00	44,737.50	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	47,793.00	50,423.35	43,278.00	45,080.89	3,650.00	3,548.00	4,460.00	3,747.00
DISBURSEMENTS								
Farm Expenses	8,500.00	5,554.93	6,170.00	8,499.14	-	-	-	-
Other Maintenance	75,000.00	32,789.64	48,500.00	-	-	-	-	-
County Programs	15,100.00	15,543.66	23,500.00	20,972.74	-	-	-	-
Domestic Violence Expenses	-	-	-	-	3,747.00	3,747.00	4,454.50	4,454.50
Transfers Out	-	2,867.03	-	-	-	-	-	-
TOTAL DISBURSEMENTS	98,600.00	56,755.26	78,170.00	29,471.88	3,747.00	3,747.00	4,454.50	4,454.50
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(50,807.00)	(6,331.91)	(34,892.00)	15,609.01	(97.00)	(199.00)	5.50	(707.50)
CASH AND INVESTMENT								
BALANCES, JANUARY 1	50,915.28	50,915.28	35,306.27	35,306.27	3,747.00	3,747.00	4,454.50	4,454.50
CASH AND INVESTMENT								
BALANCES, DECEMBER 31	\$ 108.28	\$ 44,583.37	\$ 414.27	\$ 50,915.28	\$ 3,650.00	\$ 3,548.00	\$ 4,460.00	\$ 3,747.00

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

THE COUNTY OF LEWIS
MONTICELLO, 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, 2013 AND 2012

	LAW ENFORCEMENT TRAINING FUND				LAW ENFORCEMENT OPERATING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$166,000.00	\$147,053.71	\$142,200.00	\$139,098.81
Intergovernmental	1,600.00	1,331.19	1,700.00	1,648.29	124,500.00	89,629.35	109,580.00	125,506.50
Charges for Services	3,200.00	2,920.00	3,600.00	3,276.00	3,200.00	4,349.00	3,700.00	3,150.50
Interest Income	188.00	167.09	340.00	242.84	250.00	158.58	300.00	289.10
Other	-	-	-	-	7,305.00	9,360.06	7,785.71	7,880.71
Transfers In	-	-	-	-	380,000.00	380,000.00	369,000.00	369,000.00
TOTAL RECEIPTS	4,988.00	4,418.28	5,640.00	5,167.13	681,255.00	630,550.70	632,565.71	644,925.62
DISBURSEMENTS								
Public Safety	14,500.00	3,377.24	10,900.00	7,253.58	-	-	-	-
Salaries	-	-	-	-	218,826.96	209,818.22	201,532.99	203,397.81
Salaries - Jail	-	-	-	-	176,205.52	162,090.55	159,369.04	153,865.12
Fringe Benefits	-	-	-	-	149,996.00	138,492.72	157,688.88	150,501.25
Office Expenses	-	-	-	-	36,700.00	36,185.90	30,200.00	31,416.23
Equipment Expenses	-	-	-	-	56,100.00	49,147.08	43,200.00	47,514.72
Prisoner Board Expenses	-	-	-	-	57,692.00	49,416.12	46,692.00	45,487.97
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	14,500.00	3,377.24	10,900.00	7,253.58	695,520.48	645,150.59	638,682.91	632,183.10
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,512.00)	1,041.04	(5,260.00)	(2,086.45)	(14,265.48)	(14,599.89)	(6,117.20)	12,742.52
CASH AND INVESTMENT BALANCES, JANUARY 1	14,257.31	14,257.31	16,343.76	16,343.76	18,932.30	18,932.30	6,189.78	6,189.78
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 4,745.31</u>	<u>\$ 15,298.35</u>	<u>\$ 11,083.76</u>	<u>\$ 14,257.31</u>	<u>\$ 4,666.82</u>	<u>\$ 4,332.41</u>	<u>\$ 72.58</u>	<u>\$ 18,932.30</u>

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

THE COUNTY OF LEWIS
MONTICELLO, 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, 2013 AND 2012

	SHERIFF CIVIL FEES FUND				D.A.R.E. FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ 18,000.00	\$ 18,550.49	\$ 20,000.00	\$ 18,668.68	\$ 3,150.00	\$ 825.00	\$ 2,250.00	\$ 2,690.00
Charges for Services	-	-	-	-	-	-	-	-
Interest Income	190.00	233.38	290.00	199.65	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	18,190.00	18,783.87	20,290.00	18,868.33	3,150.00	825.00	2,250.00	2,690.00
DISBURSEMENTS								
Office	18,500.00	18,657.80	18,260.00	14,541.91	-	-	-	-
D.A.R.E. Expenses	-	-	-	-	4,000.00	2,416.75	2,000.00	1,738.02
Other	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	18,500.00	18,657.80	18,260.00	14,541.91	4,000.00	2,416.75	2,000.00	1,738.02
RECEIPTS OVER (UNDER) DISBURSEMENTS	(310.00)	126.07	2,030.00	4,326.42	(850.00)	(1,591.75)	250.00	951.98
CASH AND INVESTMENT BALANCES, JANUARY 1	16,727.70	16,727.70	12,401.28	12,401.28	2,854.67	2,854.67	1,902.69	1,902.69
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 16,417.70</u>	<u>\$ 16,853.77</u>	<u>\$ 14,431.28</u>	<u>\$ 16,727.70</u>	<u>\$ 2,004.67</u>	<u>\$ 1,262.92</u>	<u>\$ 2,152.69</u>	<u>\$ 2,854.67</u>

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

THE COUNTY OF LEWIS
MONTICELLO, 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, 2013 AND 2012

	LAW ENFORCEMENT RESTITUTION FUND				LAW ENFORCEMENT REVOLVING FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	\$ 48,100.00	\$ 52,950.29	\$ 43,000.00	\$ 48,484.50	\$ 6,500.00	\$ 9,820.00	\$ 4,000.00	\$ 8,450.00
Interest Income	500.00	434.34	1,000.00	525.14	80.00	144.45	5.00	113.57
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	48,600.00	53,384.63	44,000.00	49,009.64	6,580.00	9,964.45	4,005.00	8,563.57
DISBURSEMENTS								
Restitution Expenses	52,450.00	47,042.90	84,000.00	49,611.23	-	-	-	-
Law Enforcement Expenses	-	-	-	-	9,000.00	5,918.34	4,500.00	4,114.99
TOTAL DISBURSEMENTS	52,450.00	47,042.90	84,000.00	49,611.23	9,000.00	5,918.34	4,500.00	4,114.99
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,850.00)	6,341.73	(40,000.00)	(601.59)	(2,420.00)	4,046.11	(495.00)	4,448.58
CASH AND INVESTMENT BALANCES, JANUARY 1	53,626.84	53,626.84	54,228.43	54,228.43	9,069.76	9,069.76	4,621.18	4,621.18
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 49,776.84</u>	<u>\$ 59,968.57</u>	<u>\$ 14,228.43</u>	<u>\$ 53,626.84</u>	<u>\$ 6,649.76</u>	<u>\$ 13,115.87</u>	<u>\$ 4,126.18</u>	<u>\$ 9,069.76</u>

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

THE COUNTY OF LEWIS
MONTICELLO, 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, 2013 AND 2012

	PROSECUTING ATTORNEY TRAINING FUND				PROSECUTING ATTORNEY BAD CHECK FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	\$ 800.00	\$ 730.08	\$ 900.00	\$ 837.92	\$ 3,400.00	\$ 2,833.01	\$ 3,600.00	\$ 3,513.35
Interest Income	75.00	34.66	130.00	76.08	70.00	79.37	140.00	87.94
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	875.00	764.74	1,030.00	914.00	3,470.00	2,912.38	3,740.00	3,601.29
DISBURSEMENTS								
Prosecuting Attorney Expenses	6,223.57	1,786.15	6,430.00	989.63	10,456.29	2,462.03	9,038.23	1,913.23
Other	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	6,223.57	1,786.15	6,430.00	989.63	10,456.29	2,462.03	9,038.23	1,913.23
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,348.57)	(1,021.41)	(5,400.00)	(75.63)	(6,986.29)	450.35	(5,298.23)	1,688.06
CASH AND INVESTMENT BALANCES, JANUARY 1	5,348.57	5,348.57	5,424.20	5,424.20	6,986.29	6,986.29	5,298.23	5,298.23
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ -	\$ 4,327.16	\$ 24.20	\$ 5,348.57	\$ -	\$ 7,436.64	\$ -	\$ 6,986.29

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

THE COUNTY OF LEWIS
MONTICELLO, 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, 2013 AND 2012

	D.W.I. FUND				ELECTION SERVICE FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 6,800.00	\$ 6,874.71	\$ 15,475.00	\$ 7,458.03
Charges for services	500.00	1,921.00	700.00	956.50	-	-	-	-
Interest Income	-	-	-	-	230.00	179.94	320.00	239.02
Other	-	-	-	-	-	-	-	132.63
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	500.00	1,921.00	700.00	956.50	7,030.00	7,054.65	15,795.00	7,829.68
DISBURSEMENTS								
Expenses	3,246.79	-	4,490.00	2,000.00	20,350.00	13,851.45	26,450.00	3,055.72
Other	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	3,246.79	-	4,490.00	2,000.00	20,350.00	13,851.45	26,450.00	3,055.72
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,746.79)	1,921.00	(3,790.00)	(1,043.50)	(13,320.00)	(6,796.80)	(10,655.00)	4,773.96
CASH AND INVESTMENT BALANCES, JANUARY 1	2,746.79	2,746.79	3,790.29	3,790.29	17,859.50	17,859.50	13,085.54	13,085.54
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ -	\$ 4,667.79	\$ 0.29	\$ 2,746.79	\$ 4,539.50	\$ 11,062.70	\$ 2,430.54	\$ 17,859.50

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

THE COUNTY OF LEWIS
MONTICELLO, 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, 2013 AND 2012

	RECORDS PRESERVATION FUND				RECORDS TECHNOLOGIES FUND			
	2013		2012		2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS								
Charges for Services	\$ 3,300.00	\$ 3,482.00	\$ 3,300.00	\$ 3,446.00	\$ 2,000.00	\$ 2,116.25	\$ 2,012.00	\$ 2,108.75
Interest Income	100.00	109.98	201.00	165.32	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
TOTAL RECEIPTS	<u>3,400.00</u>	<u>3,591.98</u>	<u>3,501.00</u>	<u>3,611.32</u>	<u>2,000.00</u>	<u>2,116.25</u>	<u>2,012.00</u>	<u>2,108.75</u>
DISBURSEMENTS								
Recorder Expenses	10,500.00	3,856.08	9,500.00	3,777.45	2,650.00	-	2,650.00	1,061.13
Other	-	-	-	-	-	-	-	-
TOTAL DISBURSEMENTS	<u>10,500.00</u>	<u>3,856.08</u>	<u>9,500.00</u>	<u>3,777.45</u>	<u>2,650.00</u>	<u>-</u>	<u>2,650.00</u>	<u>1,061.13</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,100.00)	(264.10)	(5,999.00)	(166.13)	(650.00)	2,116.25	(638.00)	1,047.62
CASH AND INVESTMENT BALANCES, JANUARY 1	<u>9,917.94</u>	<u>9,917.94</u>	<u>10,084.07</u>	<u>10,084.07</u>	<u>1,692.93</u>	<u>1,692.93</u>	<u>645.31</u>	<u>645.31</u>
CASH AND INVESTMENT BALANCES, DECEMBER 31	<u>\$ 2,817.94</u>	<u>\$ 9,653.84</u>	<u>\$ 4,085.07</u>	<u>\$ 9,917.94</u>	<u>\$ 1,042.93</u>	<u>\$ 3,809.18</u>	<u>\$ 7.31</u>	<u>\$ 1,692.93</u>

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

THE COUNTY OF LEWIS
MONTICELLO, 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, 2013 AND 2012

	COLLECTOR'S TAX MAINTENANCE FUND			
	2013		2012	
	BUDGET	ACTUAL	BUDGET	ACTUAL
RECEIPTS				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	12,000.00	13,110.58	13,500.00	12,980.57
Interest Income	100.00	91.29	300.00	127.38
Other	-	-	-	-
Transfers In	-	-	-	-
TOTAL RECEIPTS	12,100.00	13,201.87	13,800.00	13,107.95
DISBURSEMENTS				
Election Expenses	-	-	-	-
Collector's Expenses	22,174.50	13,866.86	22,423.26	11,656.05
TOTAL DISBURSEMENTS	22,174.50	13,866.86	22,423.26	11,656.05
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,074.50)	(664.99)	(8,623.26)	1,451.90
CASH AND INVESTMENT BALANCES, JANUARY 1	10,075.16	10,075.16	8,623.26	8,623.26
CASH AND INVESTMENT BALANCES, DECEMBER 31	\$ 0.66	\$ 9,410.17	\$ -	\$ 10,075.16

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

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2013

	Lewis County Fire Department	Ewing Fire Department	Lagrange Special Road	City of Lewistown	School Building Revolving	Tax Sale Surplus
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 925.00	\$ 153.06
Investments	-	-	-	-	-	-
TOTAL ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>925.00</u>	<u>153.06</u>
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	-	-	-	-	925.00	153.06
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 925.00</u>	<u>\$ 153.06</u>

	County School	City of Lagrange	Collector	Election Authority	Benjamin Cemetery Trust	Recorder of Deeds
ASSETS						
Cash and Cash Equivalents	\$ 22,672.42	\$ -	\$ 4,067,554.75	\$ 29.56	\$ 20,011.79	\$ 483.36
Investments	-	-	-	-	20,774.25	-
TOTAL ASSETS	<u>22,672.42</u>	<u>-</u>	<u>4,067,554.75</u>	<u>29.56</u>	<u>40,786.04</u>	<u>483.36</u>
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	22,672.42	-	4,067,554.75	29.56	40,786.04	483.36
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 22,672.42</u>	<u>\$ -</u>	<u>\$ 4,067,554.75</u>	<u>\$ 29.56</u>	<u>\$ 40,786.04</u>	<u>\$ 483.36</u>

	Prosecuting Attorney	Sheriff	Unclaimed Property	Total Agency Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,265.87	\$ 6,236.86	\$ 5,037.62	\$ 4,126,370.29
Investments	-	-	-	20,774.25
TOTAL ASSETS	<u>3,265.87</u>	<u>6,236.86</u>	<u>5,037.62</u>	<u>4,147,144.54</u>
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	3,265.87	6,236.86	5,037.62	4,147,144.54
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,265.87</u>	<u>\$ 6,236.86</u>	<u>\$ 5,037.62</u>	<u>\$ 4,147,144.54</u>

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

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
AGENCY FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2012

	Lewis County Fire Department	Ewing Fire Department	Lagrange Special Road	City of Lewistown	School Building Revolving	Tax Sale Surplus
ASSETS						
Cash and Cash Equivalents	\$ 0.30	\$ 0.32	\$ 0.10	\$ 0.49	\$ -	\$ 153.06
Investments	-	-	-	-	-	-
TOTAL ASSETS	<u>0.30</u>	<u>0.32</u>	<u>0.10</u>	<u>0.49</u>	<u>-</u>	<u>153.06</u>
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	0.30	0.32	0.10	0.49	-	153.06
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 0.30</u>	<u>\$ 0.32</u>	<u>\$ 0.10</u>	<u>\$ 0.49</u>	<u>\$ -</u>	<u>\$ 153.06</u>

	County School	City of Lagrange	Collector	Election Authority	Benjamin Cemetery Trust	Recorder of Deeds
ASSETS						
Cash and Cash Equivalents	\$ 27,227.91	\$ 0.25	\$ 3,236,304.02	\$ 29.55	\$ 20,121.34	\$ 312.31
Investments	-	-	-	-	19,142.97	-
TOTAL ASSETS	<u>27,227.91</u>	<u>0.25</u>	<u>3,236,304.02</u>	<u>29.55</u>	<u>39,264.31</u>	<u>312.31</u>
LIABILITIES AND FUND BALANCES						
TOTAL LIABILITIES	-	-	-	-	-	-
UNRESERVED FUND BALANCES	27,227.91	0.25	3,236,304.02	29.55	39,264.31	312.31
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 27,227.91</u>	<u>\$ 0.25</u>	<u>\$ 3,236,304.02</u>	<u>\$ 29.55</u>	<u>\$ 39,264.31</u>	<u>\$ 312.31</u>

	Prosecuting Attorney	Sheriff	Unclaimed Property	Total Agency Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,435.33	\$ 9,096.57	\$ 4,881.70	\$ 3,300,563.25
Investments	-	-	-	19,142.97
TOTAL ASSETS	<u>2,435.33</u>	<u>9,096.57</u>	<u>4,881.70</u>	<u>3,319,706.22</u>
LIABILITIES AND FUND BALANCES				
TOTAL LIABILITIES	-	-	-	-
UNRESERVED FUND BALANCES	2,435.33	9,096.57	4,881.70	3,319,706.22
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,435.33</u>	<u>\$ 9,096.57</u>	<u>\$ 4,881.70</u>	<u>\$ 3,319,706.22</u>

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Lewis, Missouri (“County”), which is governed by a three-member board of commissioners, was established in 1833 by an Act of the Missouri Territory. In addition to the three Commissioners, there are 11 elected Constitutional Officers: County Clerk, Treasurer, Collector, Circuit Clerk, Recorder of Deeds, Sheriff, Assessor, Coroner, Surveyor, 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, public safety, transportation, economic development, and social and recreation services.

The financial statements referred to above include only Lewis 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 Missouri law, 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:

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

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.

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 similarly 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 officeholders.

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. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

As a result of using 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.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget included estimated revenues and proposed expenditures for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated unencumbered fund balance at the beginning of the year as well as estimated revenues to be received. The budget to actual comparisons in these financial statements, however, do not present encumbered fund balances, but only compare budgeted and actual revenues and expenditures.
4. A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is available for public inspection.
5. Prior to February 1, the budget is legally enacted by a vote of the County Commission.
6. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information in the financial statements.

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

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

State law requires that budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. Section 50.740 RSMo prohibits expenditures in excess of the approved budgets.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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 assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2013 and 2012, for purposes of taxation, was:

	<u>2013</u>	<u>2012</u>
Real Estate	\$ 68,693,510	\$ 64,892,950
Personal Property	33,969,800	34,725,320
Railroad and Utilities	<u>16,226,896</u>	<u>14,020,245</u>
	<u>\$ 118,890,206</u>	<u>\$ 113,638,515</u>

During 2013 and 2012, the County Commission approved a \$0.7777 and \$0.7672, respectively, tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2013 and 2012, for purposes of County taxation, as follows:

	<u>2013</u>	<u>2012</u>
General Revenue Fund	\$ 0.2950	\$ 0.2940
Special Road and Bridge Fund	<u>0.4827</u>	<u>0.4732</u>
	<u>\$ 0.7777</u>	<u>\$ 0.7672</u>

F. Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash and investments applicable to a particular fund are readily identifiable. Some County offices also hold cash and investments 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.

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.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

II. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed as "Cash and Equivalents" under each fund's caption. Deposits with maturities greater than three months are considered investments. In addition, cash and investments are separately held by several of the County's funds. Investments of the County consist of certificates of deposit with local banking institutions.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2013, and 2012, the carrying amount of the County's deposits was \$884,116.21 and \$815,779.08, and the bank balance was \$5,157,717.45 and \$4,211,758.24, respectively. The total bank balances as of December 31, 2013, and 2012 were insured through the Federal Deposit Insurance Corporation and securities set by the County's financial institutions.

SUMMARY OF CARRYING VALUES

The carrying values of deposits and investments shown above are included in the financial statements at December 31, 2013, as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances - Deposits	\$ 884,116.21
Total Deposits and Investments as of December 31, 2013	<u>\$ 884,116.21</u>

The carrying values of deposits and investments at December 31, 2012, are as follows:

Included in the following fund financial statement captions:

Statement of Receipts, Disbursements and Changes in Cash and Investment Balances - Deposits	\$ 815,779.08
Total Deposits and Investments as of December 31, 2012	<u>\$ 815,779.08</u>

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

II. CASH AND INVESTMENTS (concluded)

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, 2013, and 2012.

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.

Concentration of Investment Credit Risk

Concentration of investment 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 investments were not exposed to concentration of investment credit risk for the years ended December 31, 2013, and 2012.

III. CAPITAL LEASES

In April 2009, Lewis County purchased a 2009 John Deere Backhoe in the amount of \$79,950. The County entered into an annually renewable lease purchase agreement with Bank of Monticello to finance \$39,950 of the purchase. The lease purchase agreement calls for eight semi-annual payments of \$5,517.28. The lease purchase agreement carries an interest rate of 4.00%. As of December 31, 2013, and 2012, the outstanding balance on this lease purchase agreement was \$0.00 and \$10,696.82, respectively. Lease purchase payments are made out of the Special Road and Bridge Fund.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

III. CAPITAL LEASES (continued)

In May 2009, Lewis County purchased a 2010 Mack truck in the amount of \$78,450. The County entered into an annually renewable lease purchase agreement with Bank of Monticello to finance \$65,000 of the purchase. The lease purchase agreement calls for 16 quarterly payments of \$4,519.01. The lease purchase agreement carries an interest rate of 4.00%. As of December 31, 2013, and 2012, the outstanding balance on this lease purchase agreement was \$0.00 and \$17,440.35, respectively. Lease purchase payments are made out of the Special Road and Bridge Fund.

In October 2011, Lewis County purchased a 2011 Ford truck in the amount of \$25,135. The County entered into a one year lease purchase agreement with Bank of Monticello to finance \$12,135 of the purchase. The lease purchase agreement calls for one annual payment of \$12,514.34. The lease purchase agreement carries an interest rate of 3.50%. As of December 31, 2012, the lease was paid off. Lease purchase payments are made out of the Special Road and Bridge Fund.

In June 2012, Lewis County purchased a 2012 John Deere Motor Grader in the amount of \$199,236. The County entered into an annually renewable lease purchase agreement with John Deere Financial to finance \$158,236 of the purchase. The lease purchase agreement calls for seven annual payments of \$25,241.21. The lease purchase agreement carries an interest rate of 2.80%. As of December 31, 2013, and 2012, the outstanding balances on this lease purchase agreement were \$137,482.72 and \$158,236, respectively. Lease purchase payments are made out of the Special Road and Bridge Fund.

In April 2013, Lewis County purchased a 2013 Ford truck in the amount of \$33,293. The County entered into a one year lease purchase agreement with Bank of Monticello to finance \$16,293 of the purchase. The lease purchase agreement calls for one annual payment of \$17,026.18. The lease purchase agreement carries an interest rate of 4.50%. As of December 31, 2013, the outstanding balance on this lease purchase agreement was \$16,293.00. Lease purchase payments are made out of the Special Road and Bridge Fund.

In September 2013, Lewis County purchased a 2013 John Deere Tractor in the amount of \$74,751.36. The County entered into an annually renewable lease purchase agreement with Bank of Monticello to finance \$59,000 of the purchase. The lease purchase agreement calls for three annual payments of \$20,858.83. The lease purchase agreement carries an interest rate of 3.00%. As of December 31, 2013, the outstanding balance on this lease purchase agreement was \$59,000.00. Lease purchase payments are made out of the Special Road and Bridge Fund.

As of December 31, 2013, the unpaid principal balances for capital leases were \$212,775.72. The payments for the lease purchase agreements of the County are as follows:

Capital Leases	Balance 12/31/12	Additions	Payments	Balance 12/31/13	Interest Paid
2009 John Deere Backhoe	\$ 10,696.82	\$ -	\$ 10,696.82	\$ -	\$ 323.25
2010 Mack Truck	17,440.35	-	17,440.35	-	437.26
2012 JD Motor Grader	158,236.00	-	20,753.28	137,482.72	4,487.93
2013 JD Tractor	-	59,000.00	-	59,000.00	-
2013 Ford Truck	-	16,293.00	-	16,293.00	-
	<u>\$186,373.17</u>	<u>\$75,293.00</u>	<u>\$48,890.45</u>	<u>\$212,775.72</u>	<u>\$5,248.44</u>

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

III. CAPITAL LEASES (concluded)

The future payments for capital leases as of December 31, 2013, are as follows:

Year Ending December 31,	Interest	Principal	Total
2014	\$ 6,402.47	\$ 56,723.75	\$ 63,126.22
2015	4,491.35	41,608.69	46,100.04
2016	3,280.68	42,819.36	46,100.04
2017	2,031.40	23,209.81	25,241.21
2018	1,373.12	23,868.09	25,241.21
2019	696.19	24,546.02	25,242.21
	<u>\$ 18,275.21</u>	<u>\$ 212,775.72</u>	<u>\$ 231,050.93</u>

As of December 31, 2012, the unpaid principal balances for capital leases were \$186,373.17. The payments for the lease purchase agreement of the County are as follows.

Capital Leases	Balance 12/31/11	Additions	Payments	Balance 12/31/12	Interest Paid
2009 John Deere Backhoe	\$ 20,993.89	\$ -	\$ 10,297.07	\$ 10,696.82	\$ 737.49
2010 Mack Truck	34,424.94	-	16,984.59	17,440.35	1,091.45
2011 Ford Truck	12,135.00	-	12,135.00	-	379.34
2012 JD Motor Grader	-	158,236.00	-	158,236.00	-
	<u>\$67,553.83</u>	<u>\$158,236.00</u>	<u>\$39,416.66</u>	<u>\$186,373.17</u>	<u>\$2,208.28</u>

The future payments for capital leases as of December 31, 2012, are as follows:

Year Ending December 31,	Interest	Principal	Total
2013	\$ 5,248.44	\$ 48,890.45	\$ 54,138.89
2014	3,899.29	21,341.92	25,241.21
2015	3,294.01	21,947.20	25,241.21
2016	2,671.53	22,569.68	25,241.21
2017	2,031.40	23,209.81	25,241.21
2018-2019	2,069.31	48,414.11	50,483.42
	<u>\$ 19,213.98</u>	<u>\$ 186,373.17</u>	<u>\$ 205,587.15</u>

IV. OPERATING LEASES

On September 14, 2012, Lewis County Recorder entered into an operating lease agreement with CIT Finance LLC for a Toshiba Copier. The lease agreement calls for 48 monthly payments of \$125.26. The County made lease payments of \$1,503.12 and \$375.78 for the years ended December 31, 2013, and 2012, respectively.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

IV. OPERATING LEASES (concluded)

The future payments for operating leases as of December 31, 2013, are as follows:

Year Ending December 31,	Lease Payments
2014	\$ 1,503.12
2015	1,503.12
2016	<u>1,127.34</u>
	<u>\$ 4,133.58</u>

The future payments for operating leases as of December 31, 2012, are as follows:

Year Ending December 31,	Lease Payments
2013	\$ 1,503.12
2014	1,503.12
2015	1,503.12
2016	<u>1,127.34</u>
	<u>\$ 5,636.70</u>

V. INTERFUND TRANSFERS

Transfers between funds for the years ended December 31, 2013, and 2012 are as follows:

	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue Fund	\$ -	\$ 402,500.00	\$ -	\$ 396,167.00
Special Road and Bridge Fund	2,867.03	-	10,649.51	-
Assessment Fund	22,500.00	-	27,167.00	-
Road and Bridge Capital Improvement Fund	-	-	-	10,649.51
County Farm Fund	-	2,867.03	-	-
Law Enforcement Operating Fund	<u>380,000.00</u>	<u>-</u>	<u>369,000.00</u>	<u>-</u>
TOTAL	<u>\$ 405,367.03</u>	<u>\$ 405,367.03</u>	<u>\$ 406,816.51</u>	<u>\$ 406,816.51</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 Revenue Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

VI. 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, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 1-573-632-9203.

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, 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. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. Total contributions remitted to CERF for the years ended December 31, 2013, and 2012 were \$48,000.82 and \$49,970.16, respectively.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS)

A. Plan Description

Lewis County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and governed by statute, Section RSMO 70.600 - 70.755. 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 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

B. Funding Status

Full-time employees of Lewis County do not contribute to the pension plan. The June 30th statutorily required contribution rates are 9.7% (General) and 13.0% (Police) for 2013 and 8.7% (General) and 13.5% (Police) for 2012, of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current years 2013 and 2012 were as follows:

2013

Annual required contribution	\$ 120,110
Interest on net pension obligation	4,242
Adjustment to annual required contribution	<u>(3,899)</u>
Annual pension cost	120,453
Actual contributions	<u>109,540</u>
Increase (decrease) in NPO	10,913
NPO beginning of year	<u>58,508</u>
NPO end of year	<u><u>\$ 69,421</u></u>

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

The annual required contribution (ARC) was determined as part of the February 28, 2011, and February 29, 2012, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011, was 30 years for the General division and 16 years for the Police division. The amortization period as of February 29, 2012, was 30 years for the General division and 15 years for the Police division.

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 110,030	77.7%	\$ 39,686
2012	114,374	83.5	58,508
2013	120,453	90.9	69,421

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
2/28/2011	\$2,052,360	\$2,379,434	\$ 327,074	86%	\$1,088,341	30%
2/29/2012	2,158,160	2,352,037	193,877	92	1,063,019	18
2/28/2013	2,260,735	2,293,192	32,457	99	1,075,500	3

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (continued)

2012

Annual required contribution	\$ 114,024
Interest on net pension obligation	2,877
Adjustment to annual required contribution	(2,527)
Annual pension cost	114,374
Actual contributions	95,552
Increase (decrease) in NPO	18,822
NPO beginning of year	39,686
NPO end of year	<u>\$ 58,508</u>

The annual required contribution (ARC) was determined as part of the February 28, 2010, and February 28, 2011, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2010, was 30 years for the General division and 19 years for the Police division. The amortization period as of February 28, 2011, was 30 years for the General division and 16 years for the Police division.

THREE-YEAR TREND INFORMATION

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 90,774	83.3%	\$ 15,159
2011	110,030	77.7	39,686
2012	114,374	83.5	58,508

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

VII. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM (LAGERS) (concluded)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (concluded)

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a) / c] UAL as a Percentage of Covered Payroll
2/28/2010	\$2,065,634	\$2,198,329	\$ 132,695	94%	\$1,098,369	12%
2/28/2011	2,052,360	2,379,434	327,074	86	1,088,341	30
2/29/2012	2,158,160	2,352,037	193,877	92	1,063,019	18

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with February 28, 2011, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

VIII. 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. The County had zero COBRA participants at December 31, 2013, and December 31, 2012.

IX. 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, 2013, and 2012.

X. CLAIMS COMMITMENTS AND CONTINGENCIES

A. Litigation

The County is not involved in pending litigation as of the audit report date.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

X. CLAIMS COMMITMENTS AND CONTINGENCIES (concluded)

B. Compensated Absences

The County provides employees with up to 15 days of paid vacation based upon the number of years of continuous service. Employees receive five days of vacation after the first year of service, ten days of vacation per year after two years of employment, 15 days of vacation per year after seven years of employment. Vacation days do not carry forward if they are unused. Upon termination, an employee is reimbursed for any unused vacation days. Employees accrue one sick day per month. The County allows employees to have a maximum of thirty days. However, upon termination, employees do not get reimbursed for sick leave. These have not been subjected to auditing procedures.

C. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as 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.

XI. 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. Insurance is obtained from commercial insurance companies. 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.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

XII. SUBSEQUENT EVENTS

On April 21, 2014, the County purchased a 2014 Ford Police Interceptor Utility vehicle in the amount of \$26,703. The County entered into an annually renewable lease purchase agreement with Ford Motor Credit to finance \$12,896.88 of the purchase. The lease purchase agreement calls for one annual payment of \$13,806.12. The lease purchase agreement carries an interest rate of 7.05%.

SUPPLEMENTARY SCHEDULES AND AUDITOR'S REPORT

STATE COMPLIANCE SECTION

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SCHEDULE OF STATE FINDINGS
YEARS ENDED DECEMBER 31, 2013 AND 2012

SCHEDULE OF STATE FINDINGS

- A. For the year ended December 31, 2013, expenditures exceeded those budgeted for the following:
Sheriff Civil Fees 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*

Independent Auditor's Report

To the County Commission
The County of Lewis, 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 County of Lewis ("County") as of and for the years ended December 31, 2013, and 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 opinion 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 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 certain deficiencies in internal control that we consider to be material weaknesses and 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. [FS 13/12-04]

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 described in the accompanying schedule of findings and questioned costs to be significant deficiencies. [FS 13/12-01, FS 13/12-02, FS 13/12-03, FS 13/12-05]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

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

June 17, 2014



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

To The County Commission
The County of Lewis, Missouri

Report on Compliance for Each Major Federal Program

We have audited the County of Lewis' ("County") 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 each of the County's major federal programs for the years ended December 31, 2013, and 2012. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs 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.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2013, and 2012.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item SA 13/12-01. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the County 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 the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 over compliance, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item SA 13/12-01, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Daniel Jones & Associates

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

June 17, 2014

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

<u>FEDERAL GRANT/PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY NUMBER</u>	<u>Grant or Identifying Number</u>	<u>FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2013</u>	<u>FEDERAL SHARE OF EXPENDITURES DECEMBER 31, 2012</u>
US DEPARTMENT OF DEFENSE					
PASSED THROUGH DEPT OF ARMY					
Payments to States in Lieu of Real Estate Taxes	12.112	Office of the Chief Engineers	Flood Control Lease	750.00	750.00
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
PASSED THROUGH THE STATE					
Community Development Block Grant	14.228	Northeast MO Regional Planning and Economic Development Corporation	2008-EM-10	1,000.00	-
DEPARTMENT OF INTERIOR					
DIRECT PROGRAM					
PILT - Payment in Lieu of Taxes	15.226	N/A		1,903.00	1,949.00
US DEPARTMENT OF JUSTICE					
DIRECT PROGRAM					
Bulletproof Vest Partnership Program	16.607			-	416.55
PASSED THROUGH STATE					
Drug Court Discretionary Grant Program	16.585	State of Missouri	2009-DC-BX-0036	24,211.25	58,074.97
DEPARTMENT OF TRANSPORTATION					
PASSED THROUGH STATE					
Highway Planning and Construction	20.205	Highway and Transportation Commission	BRO-B056 (13)	482,868.01	40,025.94
HIGHWAY SAFETY CLUSTER					
PASSED THROUGH STATE					
State and Community Highway Safety	20.600	University of Central Missouri	13-OP-05-008	286.90	-
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	University of Central Missouri	12-OP-05-002	-	300.00
				<u>286.90</u>	<u>300.00</u>
Drive Sober or Get Pulled Over DWI Enforcement Campaign	20.607	University of Central Missouri	12-154-AL-083	-	778.26
St. Patrick's Weekend DWI Enforcement Campaign	20.607	University of Central Missouri	12-154-AL-083	-	300.00
St. Patrick's DWI Enforcement	20.607	University of Central Missouri	13-154-AL-074	361.90	-
Youth DWI Enforcement Campaign	20.607	University of Central Missouri	13-154-AL-074	361.90	-
July 4th DWI Enforcement	20.607	University of Central Missouri	13-154-AL-074	365.42	-
Drive Sober or Get Pulled Over DWI Enforcement	20.607	University of Central Missouri	13-154-AL-074	361.90	-
Holiday DWI Enforcement	20.607	University of Central Missouri	13-154-AL-074	-	389.13
				<u>1,451.12</u>	<u>1,467.39</u>
GENERAL SERVICES ADMINISTRATION					
PASSED THROUGH STATE OFFICE OF ADMINISTRATION					
Election Reform Payments	39.011			1,254.00	-
ELECTION ASSISTANCE COMMISSION					
PASSED THROUGH STATE					
Help America Vote Act	90.401	Office of Secretary of State		1,422.00	1,872.25
Requirements Payments					
US DEPARTMENT OF HOMELAND SECURITY					
PASSED THROUGH STATE					
Presidentially Declared Disasters	97.036	State Department of Public Safety FEMA-1934-DR-MO		24,105.04	23,289.66
Emergency Management Performance Grants	97.042	State Emergency Management Agency EMW-2011-EP-00004		825.00	-
				<u>825.00</u>	<u>-</u>
Total				<u><u>540,076.32</u></u>	<u><u>128,145.76</u></u>

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 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 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 Lewis 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, if applicable, noncash awards.

C. Basis of Accounting

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

NOTE 2 – SUB-RECIPIENTS

The County provided no federal awards to sub-recipients during the years ended December 31, 2013, and 2012.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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. Material weakness(es) identified? 2013 X Yes No
2012 X Yes No
 - b. Significant deficiencies identified? 2013 X Yes None Reported
2012 X Yes None Reported
3. Noncompliance material to financial statements noted? 2013 Yes X No
2012 Yes X No

B. Federal Awards

1. Internal control over major programs:
 - a. Material weakness(es) identified? 2013 Yes X No
2012 Yes X No
 - b. Significant deficiencies identified? 2013 X Yes None Reported
2012 X Yes None Reported
2. Type of auditor's report issued on compliance for major programs: 2013 - Unmodified
2012 - Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of *Circular A-133*? 2013 X Yes No
2012 X Yes No

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 13/12-02 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 discussions with management, we noted there were no formal fraud risk assessments implemented.

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.

Views of responsible officials and planned corrective actions: The County is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The County Clerk is Sharon Schlager, and her office phone number is (573)767-5205.

FS 13/12-03 Criteria: Formal bank reconciliations must be prepared monthly on a timely basis by the Treasurer's office.

Condition: We noted that bank reconciliations were not being documented, though the general ledger was being reviewed and reconciled to the bank statements.

Context: This deficiency became apparent through our testing of the Treasurer's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management's software does not place adequate emphasis upon creating bank reconciliations that allow the reviewing of cash transactions and preparing accurate reconciliations.

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

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

II. FINANCIAL STATEMENT FINDINGS (continued)

FS 13/12-03 Views of Responsible Officials and Planned Corrective Actions: The Treasurer already documents the bank reconciliations on a monthly basis. The Treasurer has asked the software designer to provide bank reconciliations with outstanding check lists and currently maintain a separate spreadsheet until the software is updated. The Treasurer is Kim Porter and her office number is (573)767-5446.

FS 13/12-04 Criteria: Formal bank reconciliations and check registers must be prepared on a timely basis by the Collector's office.

Condition: We noted that bank reconciliations or check registers were not being maintained by the Collector's office by the former Collector.

Context: This deficiency became apparent through our testing of the Collector's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions. Negative balances may occur if outstanding items are not documented.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Collector prepare monthly bank reconciliations and adjustments to the cash accounts while maintaining an accurate check register.

Views of Responsible Officials and Planned Corrective Actions: The new Collector has begun a check register subsequent to the audit report date and is working to maintain accurate bank reconciliations. The new County Collector took office in November 2013 and has been working diligently to reconcile all bank accounts. The County Collector is Denise Goodwin, and her office number is (573)767-5438.

FS 13/12-05 Criteria: SAS No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* and SAS No. 110, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained* which supersede SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*.

Condition: Lack of segregation of duties and lack of controls over information technology.

Context: During our testing of internal controls and the cash for the Collector's office, we noted a lack of segregation of duties in the areas of receipts and disbursements as well as a software issue that allowed unmonitored changes to be made within the system.

Effect: Potential errors and changes could be made within the Collector's office financial records due to a lack of segregation of duties and internal control over the informational technology.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

II. FINANCIAL STATEMENT FINDINGS (concluded)

FS 13/12-05 Cause: The Collector's office assigned a limited number of personnel with insufficient segregation of duties between staff to review and manage cash for this account. Also, the software allows unauthorized changes to be performed.

Recommendation: These areas should be reviewed periodically by management and consideration should be given to the improving of segregation of duties.

Views of responsible officials and planned corrective actions: The Collector's office will work to strengthen internal controls to mitigate the risks of a segregation of duties issue. The new County Collector took office in November 2013 and has been working diligently to strengthen internal controls within the office. The County Collector is Denise Goodwin, and her office number is (573)767-5438.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012

The following findings, recommendations, and questioned costs are the results of the single audit of Lewis County, Missouri for the fiscal years ended December 31, 2013, and 2012. Each finding is referenced with a two-digit number representing the fiscal years audited, an "SA" to indicate that it is a single audit finding, and a sequential number. The findings are presented by federal program and are classified according to federal and state department, type of compliance requirement, category of internal control weakness, and category of noncompliance.

A. Category of Internal Control Weakness

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

1. Significant Deficiency: A significant deficiency 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.
2. Material Weakness: 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.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (continued)

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 13/12-01	Federal Grantor:	U.S. Department of Defense, U.S. Department of Interior, U.S. Department of Transportation, Election Assistance Commission, U.S. Department of Homeland Security, U.S. Department of Justice, U. S. Department of Housing and Urban Development, General Services Administration
Other Information	Pass-Through Grantor:	Office of Chief Engineers, State of Missouri, Highway and Transportation Commission, University of Central Missouri, Office of Secretary of State, State Department of Public Safety, State Emergency Management Agency, Northeast Missouri Regional Planning and Economic Development Commission
Significant Deficiency	Federal CFDA Number:	12.112, 14.228, 15.226, 16.607, 16.585, 20.205, 20.600, 20.601, 20.607, 39.011, 90.401, 97.036, 97.042
	Program Title:	Payments to States in Lieu of Real Estate Taxes, PILT - Payment in Lieu of Taxes, Bulletproof Vest Partnership Program, Drug Court Discretionary Grant Program, Highway Planning and Construction, State and Community Highway Safety, Alcohol Impaired Driving Countermeasures Incentive Grants I, DWI Enforcement, Help America Vote Act Requirements Payments, Presidentially Declared Disasters, Emergency Management Performance Grants, Community Development Block Grant, Election Reform Payments

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012 (concluded)

C. Federal Award Findings and Questioned Costs (concluded)

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: 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 Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

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 correctly prepared going forward. In order for the County Clerk to prepare an accurate SEFA all officeholders must submit detailed documentation of federal awards received and expended. The County Clerk is Sharon Schlager, and her office phone number is (573)767-5205.

THE COUNTY OF LEWIS
MONTICELLO, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no prior year financial statement findings to report.

II. PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year federal award findings to report.



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

June 17, 2014

To the Board of Commissioners
County of Lewis

In planning and performing our audit of the regulatory based financial statements of the County of Lewis (the "County") as of and for the years ended December 31, 2013, and December 31, 2012, 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 audit procedures that are appropriate in the circumstances 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. 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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 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 following deficiencies in the County's internal control to be material weaknesses as noted in section II:

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 following deficiencies in the County's internal control to be significant deficiencies as noted in section I:

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

- I. Deficiencies Considered to be Significant
- II. Deficiency Considered to be a Material Weakness
- III. Information Required by Professional Standards

The County's management has provided written responses to the findings 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 Office Holders, the Missouri State Auditor and federal agencies 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
ARNOLD, MISSOURI

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT

FS 13/12-01 Criteria: Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, 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 discussions with management, we noted that internal control documentation has not been prepared.

Effect: SAS 122 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.

Views of responsible officials and planned corrective actions: The County is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The County Clerk is Sharon Schlager, and her office phone number is (573)767-5205.

FS 13/12-02 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 discussions with management, we noted there were no formal fraud risk assessments implemented.

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.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

FS 13/12-02 Views of responsible officials and planned corrective actions: The County is in the process of preparing the needed documentation to document their internal control structure in conformity with the COSO framework. The County Clerk is Sharon Schlager, and her office phone number is (573)767-5205.

FS 13/12-03 Criteria: Formal bank reconciliations must be prepared monthly on a timely basis by the Treasurer's office.

Condition: We noted that bank reconciliations were not being documented, though the general ledger was being reviewed and reconciled to the bank statements.

Context: This deficiency became apparent through our testing of the Treasurer's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions.

Cause: Management's software does not place adequate emphasis upon creating bank reconciliations that allow the reviewing of cash transactions and preparing accurate reconciliations.

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

Views of Responsible Officials and Planned Corrective Actions: The Treasurer already documents the bank reconciliations on a monthly basis. The Treasurer has asked the software designer to provide bank reconciliations with outstanding check lists and currently maintain a separate spreadsheet until the software is updated. The Treasurer is Kim Porter and her office number is (573)767-5446.

FS 13/12-05 Criteria: SAS No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* and SAS No. 110, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained* which supersede SAS No. 55, *Consideration of Internal Control in a Financial Statement Audit*.

Condition: Lack of segregation of duties and lack of controls over information technology.

Context: During our testing of internal controls and the cash for the Collector's office, we noted a lack of segregation of duties in the areas of receipts and disbursements as well as a software issue that allowed unmonitored changes to be made within the system.

Effect: Potential errors and changes could be made within the Collector's office financial records due to a lack of segregation of duties and internal control over the informational technology.

Cause: The Collector's office assigned a limited number of personnel with insufficient segregation of duties between staff to review and manage cash for this account. Also, the software allows unauthorized changes to be performed.

I. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT (continued)

FS 13/12-05 Recommendation: These areas should be reviewed periodically by management and consideration should be given to the improving of segregation of duties.

Views of responsible officials and planned corrective actions: The Collector's office will work to strengthen internal controls to mitigate the risks of a segregation of duties issue. The new County Collector took office in November 2013 and has been working diligently to strengthen internal controls within the office. The County Collector is Denise Goodwin, and her office number is (573)767-5438.

SA 13/12-01	Federal Grantor:	U.S. Department of Defense, U.S. Department of Interior, U.S. Department of Transportation, Election Assistance Commission, U.S. Department of Homeland Security, U.S. Department of Justice, U.S. Department of Housing and Urban Development, General Services Administration
Other Information	Pass-Through Grantor:	Office of Chief Engineers, State of Missouri, Highway and Transportation Commission, University of Central Missouri, Office of Secretary of State, State Department of Public Safety, State Emergency Management Agency, Northeast Missouri Regional Planning and Economic Commission
Significant Deficiency	Federal CFDA Number:	12.112, 14.228, 15.226, 16.607, 16.585, 20.205, 20.600, 20.601, 20.607, 39.011, 90.401, 97.036, 97.042
	Program Title:	Payments to States in Lieu of Real Estate Taxes, PILT - Payment in Lieu of Taxes, Bulletproof Vest Partnership Program, Drug Court Discretionary Grant Program, Highway Planning and Construction, State and Community Highway Safety, Alcohol Impaired Driving Countermeasures Incentive Grants I, DWI Enforcement, Help America Vote Act Requirements Payments, Presidentially Declared Disasters, Emergency Management Performance Grants, Community Development Block Grant, Election Reform Payments

Information on the federal program: The Schedule of Expenditures of Federal Awards contained errors.

Criteria: OMB Circular A-133 requires the auditee to prepare the Schedule of Federal Expenditures and Awards.

Condition: 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 Schedule of Expenditures of Federal Awards (SEFA) was prepared with incorrect financial information.

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)

SA 13/12-01 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 correctly prepared going forward. In order for the County Clerk to prepare an accurate SEFA all officeholders must submit detailed documentation of federal awards received and expended. The County Clerk is Sharon Schlager, and her office phone number is (573)767-5205.

II. DEFICIENCY CONSIDERED TO BE A MATERIAL WEAKNESS

FS 13/12-04 Criteria: Formal bank reconciliations and check registers must be prepared on a timely basis by the Collector's office.

Condition: We noted that bank reconciliations or check registers were not being maintained by the Collector's office by the former Collector.

Context: This deficiency became apparent through our testing of the Collector's cash accounts.

Effect: Errors may go undetected if proper controls are not in place to review cash transactions. Negative balances may occur if outstanding items are not documented.

Cause: Management does not place adequate emphasis upon reviewing cash transactions and preparing accurate reconciliations.

Recommendation: We recommend that the Collector prepare monthly bank reconciliations and adjustments to the cash accounts while maintaining an accurate check register.

Views of Responsible Officials and Planned Corrective Actions: The new Collector has begun a check register subsequent to the audit report date and is working to maintain accurate bank reconciliations. The new County Collector took office in November 2013 and has been working diligently to reconcile all bank accounts. The County Collector is Denise Goodwin, and her office number is (573)767-5438.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

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

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, 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 31, 2014. Professional standards also require that we communicate to you the following information related to our audit.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (continued)

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 are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2013-2012 fiscal years. 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. Due to the County applying the regulatory basis of accounting, no estimates are made during the preparation of financial statements.

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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 17, 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 County'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.

III. INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (concluded)

Other Matters

We were engaged to report on the schedule of expenditures of federal awards which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, 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.