



THOMAS A. SCHWEICH
Missouri State Auditor

To the County Commission
and
Officeholders of Audrain County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Audrain 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 Nichols, Stopp & VanHoy, Certified Public Accountants, is attached.

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

Thomas A. Schweich
State Auditor

September 2014
Report No. 2014-077

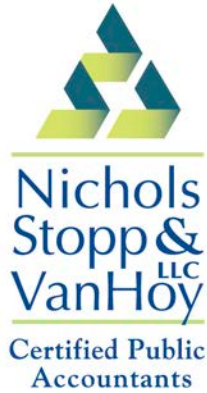
**The County of Audrain
Mexico, Missouri
Independent Auditor's Report and Financial Statements
For the years ended December 31, 2013 & 2012**



**The County of Audrain
Mexico, Missouri
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INDEPENDENT AUDITOR'S REPORT



To the County Commission and
Officeholders of Audrain County, Missouri

We have audited the accompanying financial statements of Audrain County, Missouri, as of and for the years ended December 31, 2013 and 2012, which collectively comprise the County's basic financial statements and the related notes to the financial statements as identified in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by Missouri law, which practices differ from accounting principles generally accepted in the United States of America. 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 error or fraud.

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 1, the financial statements are prepared by Audrain County, Missouri, using accounting practices prescribed or permitted by Missouri law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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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 in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Audrain County, Missouri, as of December 31, 2013 and 2012, or the changes in its financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the funds of Audrain County, Missouri, as of December 31, 2013 and 2012, and their respective cash receipts and disbursements, and budgetary results of these funds for the years then ended, on the basis of accounting described in Note 1.

Other Matters

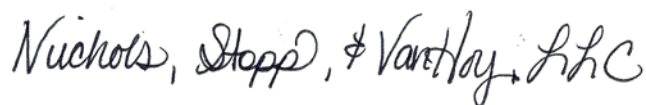
Other Information

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

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 26, 2014, on our consideration of Audrain County, Missouri’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Audrain County, Missouri’s internal control over financial reporting and compliance.



Creve Coeur, Missouri
June 26, 2014

The County of Audrain
Mexico, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2013

<u>Fund</u>	Cash and Equivalents January 1, 2013	Receipts 2013	Disbursements 2013	Cash and Equivalents December 31, 2013
General Revenue	\$ 2,805,185	\$ 4,413,882	\$ 3,866,515	\$ 3,352,552
Special Road and Bridge	967,473	2,331,025	2,374,871	923,627
Assessment	376,401	334,563	302,421	408,543
Bridge Trust	880,200	173,426	678,496	375,130
Law Enforcement Sales Tax	62,670	2,192,709	2,242,791	12,588
Law Enforcement Training	926	4,926	4,987	865
Sheriff Civil Fees	4,815	65,645	53,684	16,776
Prosecuting Attorney Training	1,550	844	445	1,949
Prosecuting Attorney Administrative	19,332	11,522	11,685	19,169
Prosecuting Attorney Delinquent Tax	9,355	10,733	1,198	18,890
Law Enforcement Bond	711,706	610,708	447,013	875,401
Election Services	20,293	5,550	3,504	22,339
Recorder User Fee	13,339	8,149	4,023	17,465
Recorder Technology	7,542	9,257	5,467	11,332
Collector's Tax Maintenance	15,836	35,484	32,657	18,663
Local Emergency Planning Commission (LEPC)	2,381	5,088	4,254	3,215
Shelter for Victims of Domestic Violence	4,310	4,369	4,883	3,796
Sheriff Revolving	3,690	24,929	12,640	15,979
Inmate Security	3,260	32,834	15,212	20,882
Law Enforcement Restitution	9,535	24,754	29,034	5,255
Federal Forfeiture	27,023	3,958	4,290	26,691
Election	194	31,377	31,377	194
Community Development Block Grant (CDBG)	-	46,293	46,293	-
Total	<u>\$ 5,947,016</u>	<u>\$ 10,382,025</u>	<u>\$ 10,177,740</u>	<u>\$ 6,151,301</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Statement of Receipts, Disbursements, and Changes in Cash
All Governmental Funds: Regulatory Basis
For the year ended December 31, 2012

<u>Fund</u>	Cash and Equivalents January 1, 2012	Receipts 2012	Disbursements 2012	Cash and Equivalents December 31, 2012
General Revenue	\$ 2,424,923	\$ 4,389,512	\$ 4,009,250	\$ 2,805,185
Special Road and Bridge	755,017	2,408,565	2,196,109	967,473
Assessment	301,120	369,782	294,501	376,401
Bridge Trust	1,478,431	30,273	628,504	880,200
Law Enforcement Sales Tax	29,413	2,170,677	2,137,420	62,670
Law Enforcement Training	863	4,568	4,505	926
Sheriff Civil Fees	14,921	45,118	55,224	4,815
Prosecuting Attorney Training	1,897	822	1,169	1,550
Prosecuting Attorney Administrative	21,311	18,756	20,735	19,332
Prosecuting Attorney Delinquent Tax	5,923	7,626	4,194	9,355
Law Enforcement Bond	572,933	589,535	450,762	711,706
Election Services	19,030	8,109	6,846	20,293
Recorder User Fee	7,920	7,952	2,533	13,339
Recorder Technology	7,211	5,615	5,284	7,542
Collector's Tax Maintenance	13,320	30,578	28,062	15,836
Local Emergency Planning Commission (LEPC)	16,139	9,364	23,122	2,381
Shelter for Victims of Domestic Violence	4,832	4,310	4,832	4,310
Sheriff Revolving	10,430	14,078	20,818	3,690
Inmate Security	3,273	5,148	5,161	3,260
Law Enforcement Restitution	6,701	15,637	12,803	9,535
Federal Forfeiture	31,560	5	4,542	27,023
Election	27,135	95,224	122,165	194
Community Development Block Grant (CDBG)	-	279,398	279,398	-
Total	<u>\$ 5,754,303</u>	<u>\$ 10,510,652</u>	<u>\$ 10,317,939</u>	<u>\$ 5,947,016</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	General Revenue Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ 897,000	\$ 866,168	\$ 870,000	\$ 954,150
Sales Taxes	2,400,000	2,441,935	2,400,000	2,352,565
Intergovernmental	526,200	417,246	519,700	381,028
Charges for Services	514,000	530,633	492,500	538,564
Interest	1,000	1,077	1,000	969
Other Receipts	25,800	46,823	30,825	52,236
Transfers In	110,000	110,000	110,000	110,000
Total Receipts	<u>\$ 4,474,000</u>	<u>\$ 4,413,882</u>	<u>\$ 4,424,025</u>	<u>\$ 4,389,512</u>
Disbursements				
General County Government:				
County Commission	\$ 129,275	\$ 126,313	\$ 117,245	\$ 114,774
County Clerk	146,520	140,377	140,596	137,317
Elections	35,400	15,414	233,500	197,716
Buildings and Grounds	1,030,555	577,065	627,000	402,179
Employee Fringe Benefits	279,500	238,524	291,500	205,227
Treasurer	63,435	57,370	60,496	56,175
Collector	106,280	95,091	104,848	94,579
Recorder of Deeds	114,320	101,416	110,856	101,263
Circuit Clerk	50,500	43,308	48,420	33,783
Court Administration	36,900	19,782	36,900	8,990
Public Administrator	60,015	57,059	54,176	52,791
Public Safety:				
Prosecuting Attorney	490,945	488,640	482,452	457,150
Juvenile Officer	344,000	276,104	343,500	260,774
Coroner	34,854	34,008	28,527	28,580
Other:				
Emergency Management	189,200	76,750	149,500	82,523
Other Disbursements	1,152,500	496,906	1,131,150	553,974
Health and Welfare	5,100	2,388	112,000	111,455
Transfers Out	1,375,000	1,020,000	1,210,000	1,110,000
Emergency Fund	135,000	-	132,000	-
Total Disbursements	<u>\$ 5,779,299</u>	<u>\$ 3,866,515</u>	<u>\$ 5,414,666</u>	<u>\$ 4,009,250</u>
Receipts Over (Under)				
Disbursements	\$ (1,305,299)	\$ 547,367	\$ (990,641)	\$ 380,262
Cash and Equivalents, Jan 1	<u>2,805,185</u>	<u>2,805,185</u>	<u>2,424,923</u>	<u>2,424,923</u>
Cash and Equivalents, Dec 31	<u>\$ 1,499,886</u>	<u>\$ 3,352,552</u>	<u>\$ 1,434,282</u>	<u>\$ 2,805,185</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Special Road and Bridge Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ 1,549,000	\$ 1,490,936	\$ 1,571,000	\$ 1,553,586
Sales Taxes	-	-	-	-
Intergovernmental	835,500	817,242	841,300	824,717
Charges for Services	-	-	-	-
Interest	1,500	1,803	2,000	1,853
Other Receipts	25,000	21,044	26,500	28,409
Transfers In	-	-	-	-
Total Receipts	\$ 2,411,000	\$ 2,331,025	\$ 2,440,800	\$ 2,408,565
Disbursements				
Salaries	\$ 335,000	\$ 335,652	\$ 337,000	\$ 303,450
Employee Fringe Benefits	121,000	107,448	126,000	91,768
Supplies	263,000	214,119	261,000	173,627
Insurance	35,000	23,793	35,000	28,842
Road & Bridge Materials	137,500	52,365	135,000	69,206
Equipment Repairs	130,000	112,797	130,000	110,627
Equipment Purchases	425,000	292,738	425,000	136,300
Road & Bridge Construction	450,000	308,787	450,000	313,530
Apportionments to Road Districts	700,000	615,957	700,000	653,853
Other Disbursements	334,505	241,215	336,800	244,906
Transfers Out	70,000	70,000	70,000	70,000
Emergency Fund	-	-	-	-
Total Disbursements	\$ 3,001,005	\$ 2,374,871	\$ 3,005,800	\$ 2,196,109
Receipts Over (Under)				
Disbursements	\$ (590,005)	\$ (43,846)	\$ (565,000)	\$ 212,456
Cash and Equivalents, Jan 1	967,473	967,473	755,017	755,017
Cash and Equivalents, Dec 31	\$ 377,468	\$ 923,627	\$ 190,017	\$ 967,473

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Assessment Fund				Bridge Trust Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	3,304	-	1,361
Intergovernmental	361,350	328,869	302,115	361,339	1,600,000	166,868	1,000,000	26,316
Charges for Services	-	-	-	-	-	-	-	-
Interest	-	107	120	95	2,000	1,984	2,000	2,596
Other Receipts	5,000	5,587	2,750	8,348	-	1,270	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 366,350	\$ 334,563	\$ 304,985	\$ 369,782	\$ 1,602,000	\$ 173,426	\$ 1,002,000	\$ 30,273
Disbursements								
Salaries	\$ 214,285	\$ 191,871	\$ 209,446	\$ 174,170	\$ 134,840	\$ 98,914	\$ 130,500	\$ 127,073
Employee Fringe Benefits	58,600	51,658	64,200	43,819	62,000	32,628	49,000	36,685
Materials and Supplies	19,000	14,774	23,000	13,938	16,500	2,219	31,500	5,785
Services and Other Disb.	44,650	16,200	68,700	32,050	500	823	1,500	-
Capital Outlay	39,000	27,918	44,000	30,524	2,225,000	503,912	2,160,000	418,961
Transfers Out	-	-	-	-	40,000	40,000	40,000	40,000
Total Disbursements	\$ 375,535	\$ 302,421	\$ 409,346	\$ 294,501	\$ 2,478,840	\$ 678,496	\$ 2,412,500	\$ 628,504
Receipts Over (Under)								
Disbursements	\$ (9,185)	\$ 32,142	\$ (104,361)	\$ 75,281	\$ (876,840)	\$ (505,070)	\$ (1,410,500)	\$ (598,231)
Cash and Equivalents, Jan 1	376,401	376,401	301,120	301,120	880,200	880,200	1,478,431	1,478,431
Cash and Equivalents, Dec 31	\$ 367,216	\$ 408,543	\$ 196,759	\$ 376,401	\$ 3,360	\$ 375,130	\$ 67,931	\$ 880,200

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Sales Tax Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
Receipts				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	590,000	610,583	600,000	588,578
Intergovernmental	350,000	407,220	500,500	325,630
Charges for Services	85,000	134,700	80,000	132,422
Interest	-	5	-	11
Other Receipts	10,000	20,201	12,500	14,036
Transfers In	1,375,000	1,020,000	1,210,000	1,110,000
Total Receipts	<u>\$ 2,410,000</u>	<u>\$ 2,192,709</u>	<u>\$ 2,403,000</u>	<u>\$ 2,170,677</u>
Disbursements				
Public Safety:				
Sheriff	\$ 1,010,390	\$ 891,095	\$ 1,020,360	\$ 874,172
Jail	1,070,593	1,030,150	1,067,000	987,873
Fringe Benefits	382,000	321,546	343,000	275,375
Other Disbursements	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 2,462,983</u>	<u>\$ 2,242,791</u>	<u>\$ 2,430,360</u>	<u>\$ 2,137,420</u>
Receipts Over (Under)				
Disbursements	\$ (52,983)	\$ (50,082)	\$ (27,360)	\$ 33,257
Cash and Equivalents, Jan 1	<u>62,670</u>	<u>62,670</u>	<u>29,413</u>	<u>29,413</u>
Cash and Equivalents, Dec 31	<u>\$ 9,687</u>	<u>\$ 12,588</u>	<u>\$ 2,053</u>	<u>\$ 62,670</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Training Fund				Sheriff Civil Fees Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,500	1,627	1,500	1,350	-	-	-	-
Charges for Services	3,500	3,299	3,000	3,218	50,000	40,881	50,000	40,047
Interest	-	-	-	-	-	5	50	4
Other Receipts	-	-	-	-	-	24,759	-	5,067
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 6,000</u>	<u>\$ 4,926</u>	<u>\$ 4,500</u>	<u>\$ 4,568</u>	<u>\$ 50,000</u>	<u>\$ 65,645</u>	<u>\$ 50,050</u>	<u>\$ 45,118</u>
<u>Disbursements</u>								
Public Safety:								
Sheriff	\$ 6,900	\$ 4,987	\$ 5,300	\$ 4,505	\$ 54,800	\$ 53,684	\$ 64,900	\$ 55,224
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 6,900</u>	<u>\$ 4,987</u>	<u>\$ 5,300</u>	<u>\$ 4,505</u>	<u>\$ 54,800</u>	<u>\$ 53,684</u>	<u>\$ 64,900</u>	<u>\$ 55,224</u>
Receipts Over (Under)								
Disbursements	\$ (900)	\$ (61)	\$ (800)	\$ 63	\$ (4,800)	\$ 11,961	\$ (14,850)	\$ (10,106)
Cash and Equivalents, Jan 1	<u>926</u>	<u>926</u>	<u>863</u>	<u>863</u>	<u>4,815</u>	<u>4,815</u>	<u>14,921</u>	<u>14,921</u>
Cash and Equivalents, Dec 31	<u>\$ 26</u>	<u>\$ 865</u>	<u>\$ 63</u>	<u>\$ 926</u>	<u>\$ 15</u>	<u>\$ 16,776</u>	<u>\$ 71</u>	<u>\$ 4,815</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Training Fund				Prosecuting Attorney Administrative Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	1,000	844	1,000	822	18,000	4,646	14,000	6,384
Interest	-	-	-	-	-	8	20	6
Other Receipts	-	-	-	-	-	6,868	-	12,366
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 1,000</u>	<u>\$ 844</u>	<u>\$ 1,000</u>	<u>\$ 822</u>	<u>\$ 18,000</u>	<u>\$ 11,522</u>	<u>\$ 14,020</u>	<u>\$ 18,756</u>
<u>Disbursements</u>								
Public Safety:								
Prosecuting Attorney	\$ 2,500	\$ 445	\$ 2,800	\$ 1,169	\$ 37,000	\$ 11,685	\$ 35,300	\$ 20,735
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 2,500</u>	<u>\$ 445</u>	<u>\$ 2,800</u>	<u>\$ 1,169</u>	<u>\$ 37,000</u>	<u>\$ 11,685</u>	<u>\$ 35,300</u>	<u>\$ 20,735</u>
Receipts Over (Under)								
Disbursements	\$ (1,500)	\$ 399	\$ (1,800)	\$ (347)	\$ (19,000)	\$ (163)	\$ (21,280)	\$ (1,979)
Cash and Equivalents, Jan 1	<u>1,550</u>	<u>1,550</u>	<u>1,897</u>	<u>1,897</u>	<u>19,332</u>	<u>19,332</u>	<u>21,311</u>	<u>21,311</u>
Cash and Equivalents, Dec 31	<u>\$ 50</u>	<u>\$ 1,949</u>	<u>\$ 97</u>	<u>\$ 1,550</u>	<u>\$ 332</u>	<u>\$ 19,169</u>	<u>\$ 31</u>	<u>\$ 19,332</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Prosecuting Attorney Delinquent Tax Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	10,000	10,009	5,000	7,163
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other Receipts	-	724	-	463
Transfers In	-	-	-	-
Total Receipts	<u>\$ 10,000</u>	<u>\$ 10,733</u>	<u>\$ 5,000</u>	<u>\$ 7,626</u>
<u>Disbursements</u>				
Public Safety:				
Prosecuting Attorney	\$ 19,300	\$ 1,198	\$ 10,500	\$ 4,194
Other Disbursements	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 19,300</u>	<u>\$ 1,198</u>	<u>\$ 10,500</u>	<u>\$ 4,194</u>
Receipts Over (Under)				
Disbursements	\$ (9,300)	\$ 9,535	\$ (5,500)	\$ 3,432
Cash and Equivalents, Jan 1	<u>9,355</u>	<u>9,355</u>	<u>5,923</u>	<u>5,923</u>
Cash and Equivalents, Dec 31	<u>\$ 55</u>	<u>\$ 18,890</u>	<u>\$ 423</u>	<u>\$ 9,355</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Bond Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	590,000	610,583	600,000	588,578
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Interest	1,000	125	3,000	957
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ 591,000</u>	<u>\$ 610,708</u>	<u>\$ 603,000</u>	<u>\$ 589,535</u>
 <u>Disbursements</u>				
Debt Service	\$ 450,000	\$ 444,070	\$ 450,000	\$ 447,351
Other Disbursements	6,000	2,943	6,000	3,411
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ 456,000</u>	<u>\$ 447,013</u>	<u>\$ 456,000</u>	<u>\$ 450,762</u>
 Receipts Over (Under)				
Disbursements	\$ 135,000	\$ 163,695	\$ 147,000	\$ 138,773
 Cash and Equivalents, Jan 1	<u>711,706</u>	<u>711,706</u>	<u>572,933</u>	<u>572,933</u>
 Cash and Equivalents, Dec 31	<u>\$ 846,706</u>	<u>\$ 875,401</u>	<u>\$ 719,933</u>	<u>\$ 711,706</u>

See Notes to the Financial Statements

**The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012**

	Election Services Fund				Recorder User Fee Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	20,000	3,985	20,000	2,570	-	-	-	-
Charges for Services	1,500	1,556	5,000	5,533	9,000	8,144	9,000	7,948
Interest	-	9	50	6	-	5	10	4
Other Receipts	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 21,500</u>	<u>\$ 5,550</u>	<u>\$ 25,050</u>	<u>\$ 8,109</u>	<u>\$ 9,000</u>	<u>\$ 8,149</u>	<u>\$ 9,010</u>	<u>\$ 7,952</u>
<u>Disbursements</u>								
General County Government:								
Elections	\$ 41,000	\$ 3,504	\$ 44,000	\$ 6,846	\$ -	\$ -	\$ -	\$ -
Recorder of Deeds	-	-	-	-	22,000	4,023	16,500	2,533
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 41,000</u>	<u>\$ 3,504</u>	<u>\$ 44,000</u>	<u>\$ 6,846</u>	<u>\$ 22,000</u>	<u>\$ 4,023</u>	<u>\$ 16,500</u>	<u>\$ 2,533</u>
Receipts Over (Under)								
Disbursements	\$ (19,500)	\$ 2,046	\$ (18,950)	\$ 1,263	\$ (13,000)	\$ 4,126	\$ (7,490)	\$ 5,419
Cash and Equivalents, Jan 1	<u>20,293</u>	<u>20,293</u>	<u>19,030</u>	<u>19,030</u>	<u>13,339</u>	<u>13,339</u>	<u>7,920</u>	<u>7,920</u>
Cash and Equivalents, Dec 31	<u>\$ 793</u>	<u>\$ 22,339</u>	<u>\$ 80</u>	<u>\$ 20,293</u>	<u>\$ 339</u>	<u>\$ 17,465</u>	<u>\$ 430</u>	<u>\$ 13,339</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Recorder Technology Fund				Collector's Tax Maintenance Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	6,000	9,253	6,000	5,613	25,000	28,067	25,000	24,171
Interest	-	4	10	2	-	9	-	7
Other Receipts	-	-	-	-	6,000	7,408	6,000	6,400
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 6,000</u>	<u>\$ 9,257</u>	<u>\$ 6,010</u>	<u>\$ 5,615</u>	<u>\$ 31,000</u>	<u>\$ 35,484</u>	<u>\$ 31,000</u>	<u>\$ 30,578</u>
<u>Disbursements</u>								
General County Government:								
Collector	\$ -	\$ -	\$ -	\$ -	\$ 46,800	\$ 32,657	\$ 44,000	\$ 28,062
Recorder of Deeds	13,500	5,467	6,010	5,284	-	-	-	-
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 13,500</u>	<u>\$ 5,467</u>	<u>\$ 6,010</u>	<u>\$ 5,284</u>	<u>\$ 46,800</u>	<u>\$ 32,657</u>	<u>\$ 44,000</u>	<u>\$ 28,062</u>
Receipts Over (Under)								
Disbursements	\$ (7,500)	\$ 3,790	\$ -	\$ 331	\$ (15,800)	\$ 2,827	\$ (13,000)	\$ 2,516
Cash and Equivalents, Jan 1	<u>7,542</u>	<u>7,542</u>	<u>7,211</u>	<u>7,211</u>	<u>15,836</u>	<u>15,836</u>	<u>13,320</u>	<u>13,320</u>
Cash and Equivalents, Dec 31	<u>\$ 42</u>	<u>\$ 11,332</u>	<u>\$ 7,211</u>	<u>\$ 7,542</u>	<u>\$ 36</u>	<u>\$ 18,663</u>	<u>\$ 320</u>	<u>\$ 15,836</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Local Emergency Planning Commission (LEPC) Fund				Shelter for Victims of Domestic Violence Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Receipts								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	15,000	-	-	-	-	-
Charges for Services	-	-	-	-	5,000	4,367	5,000	4,309
Interest	-	2	50	4	-	2	20	1
Other Receipts	10,000	5,086	500	9,360	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	\$ 10,000	\$ 5,088	\$ 15,550	\$ 9,364	\$ 5,000	\$ 4,369	\$ 5,020	\$ 4,310
Disbursements								
Travel and Training	\$ 9,800	\$ 1,754	\$ 25,500	\$ 20,613	\$ -	\$ -	\$ -	\$ -
Equipment Purchases	2,500	2,500	5,000	2,509	-	-	-	-
Professional Services	-	-	-	-	9,300	4,883	9,800	4,832
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 12,300	\$ 4,254	\$ 30,500	\$ 23,122	\$ 9,300	\$ 4,883	\$ 9,800	\$ 4,832
Receipts Over (Under)								
Disbursements	\$ (2,300)	\$ 834	\$ (14,950)	\$ (13,758)	\$ (4,300)	\$ (514)	\$ (4,780)	\$ (522)
Cash and Equivalents, Jan 1	2,381	2,381	16,139	16,139	4,310	4,310	4,832	4,832
Cash and Equivalents, Dec 31	<u>\$ 81</u>	<u>\$ 3,215</u>	<u>\$ 1,189</u>	<u>\$ 2,381</u>	<u>\$ 10</u>	<u>\$ 3,796</u>	<u>\$ 52</u>	<u>\$ 4,310</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Sheriff Revolving Fund				Inmate Security Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	18,000	24,929	14,000	14,078	6,000	31,888	6,000	5,147
Interest	-	-	-	-	-	3	-	1
Other Receipts	-	-	-	-	-	943	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 18,000</u>	<u>\$ 24,929</u>	<u>\$ 14,000</u>	<u>\$ 14,078</u>	<u>\$ 6,000</u>	<u>\$ 32,834</u>	<u>\$ 6,000</u>	<u>\$ 5,148</u>
<u>Disbursements</u>								
Public Safety:								
Sheriff	\$ 21,600	\$ 12,640	\$ 24,000	\$ 20,818	\$ -	\$ -	\$ -	\$ -
Jail	-	-	-	-	9,200	15,212	9,000	5,161
Other Disbursements	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 21,600</u>	<u>\$ 12,640</u>	<u>\$ 24,000</u>	<u>\$ 20,818</u>	<u>\$ 9,200</u>	<u>\$ 15,212</u>	<u>\$ 9,000</u>	<u>\$ 5,161</u>
Receipts Over (Under)								
Disbursements	\$ (3,600)	\$ 12,289	\$ (10,000)	\$ (6,740)	\$ (3,200)	\$ 17,622	\$ (3,000)	\$ (13)
Cash and Equivalents, Jan 1	<u>3,690</u>	<u>3,690</u>	<u>10,430</u>	<u>10,430</u>	<u>3,260</u>	<u>3,260</u>	<u>3,273</u>	<u>3,273</u>
Cash and Equivalents, Dec 31	<u>\$ 90</u>	<u>\$ 15,979</u>	<u>\$ 430</u>	<u>\$ 3,690</u>	<u>\$ 60</u>	<u>\$ 20,882</u>	<u>\$ 273</u>	<u>\$ 3,260</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Law Enforcement Restitution Fund				Federal Forfeiture Fund			
	2013		2012		2013		2012	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<u>Receipts</u>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	60,000	24,749	60,000	15,635	-	-	-	-
Interest	-	5	-	2	-	5	-	5
Other Receipts	-	-	-	-	25,000	3,953	-	-
Transfers In	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 60,000</u>	<u>\$ 24,754</u>	<u>\$ 60,000</u>	<u>\$ 15,637</u>	<u>\$ 25,000</u>	<u>\$ 3,958</u>	<u>\$ -</u>	<u>\$ 5</u>
<u>Disbursements</u>								
Professional Services	\$ 69,500	\$ 29,034	\$ 65,000	\$ 12,803	\$ 52,000	\$ 4,290	\$ -	\$ 4,542
Transfers Out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 69,500</u>	<u>\$ 29,034</u>	<u>\$ 65,000</u>	<u>\$ 12,803</u>	<u>\$ 52,000</u>	<u>\$ 4,290</u>	<u>\$ -</u>	<u>\$ 4,542</u>
Receipts Over (Under)								
Disbursements	\$ (9,500)	\$ (4,280)	\$ (5,000)	\$ 2,834	\$ (27,000)	\$ (332)	\$ -	\$ (4,537)
Cash and Equivalents, Jan 1	<u>9,535</u>	<u>9,535</u>	<u>6,701</u>	<u>6,701</u>	<u>27,023</u>	<u>27,023</u>	<u>-</u>	<u>31,560</u>
Cash and Equivalents, Dec 31	<u>\$ 35</u>	<u>\$ 5,255</u>	<u>\$ 1,701</u>	<u>\$ 9,535</u>	<u>\$ 23</u>	<u>\$ 26,691</u>	<u>\$ -</u>	<u>\$ 27,023</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Election Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	31,377	-	95,224
Interest	-	-	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 31,377</u>	<u>\$ -</u>	<u>\$ 95,224</u>
<u>Disbursements</u>				
General County Government:				
Elections	\$ -	\$ 31,377	\$ -	\$ 122,165
Public Safety:				
Sheriff	-	-	-	-
Other Disbursements	-	-	-	-
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ 31,377</u>	<u>\$ -</u>	<u>\$ 122,165</u>
Receipts Over (Under)				
Disbursements	\$ -	\$ -	\$ -	\$ (26,941)
Cash and Equivalents, Jan 1	<u>194</u>	<u>194</u>	<u>27,135</u>	<u>27,135</u>
Cash and Equivalents, Dec 31	<u>\$ 194</u>	<u>\$ 194</u>	<u>\$ 27,135</u>	<u>\$ 194</u>

See Notes to the Financial Statements

The County of Audrain
Mexico, Missouri
Comparative Statement of Receipts, Disbursements, and Changes in Cash
Budget and Actual, All Governmental Funds: Regulatory Basis
For the years ended December 31, 2013 & 2012

	Community Development Block Grant Fund			
	2013		2012	
	Budget	Actual	Budget	Actual
<u>Receipts</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Taxes	-	-	-	-
Intergovernmental	-	46,293	-	279,398
Charges for Services	-	-	-	-
Interest	-	-	-	-
Other Receipts	-	-	-	-
Transfers In	-	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 46,293</u>	<u>\$ -</u>	<u>\$ 279,398</u>
<u>Disbursements</u>				
General County Government:				
Buildings and Grounds	\$ -	\$ 6,769	\$ -	\$ 208,421
Professional Services	-	39,524	-	70,977
Transfers Out	-	-	-	-
Total Disbursements	<u>\$ -</u>	<u>\$ 46,293</u>	<u>\$ -</u>	<u>\$ 279,398</u>
Receipts Over (Under)				
Disbursements	\$ -	\$ -	\$ -	\$ -
Cash and Equivalents, Jan 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Equivalents, Dec 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to the Financial Statements

**The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012**

Note 1 - Summary of Significant Accounting Policies

The County of Audrain, Missouri (the "County"), which is governed by an elected three-member board of commissioners, was established in 1836 by an Act of the Missouri Territory. In addition to the three board members, there are ten elected Constitutional Officers: Assessor, Circuit Clerk, County Clerk, Collector of Revenue, Coroner, Prosecuting Attorney, Public Administrator, Recorder of Deeds, Sheriff, and Treasurer.

As discussed further in Note 1, 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).

Reporting Entity

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

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

The financial statements referred to above include only the primary government of Audrain County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise Audrain County's legal entity. The financial statements do not include financial data for the County's legally separate component unit, which accounting principles generally accepted in the United States of America, as applicable to the regulatory basis of accounting, require to be reported with the financial data of the County. The Senate Bill 40 Board is separately audited by an independent certified public accountant, and therefore, is not included in this audit report. Copies of the Senate Bill 40 Board's audit report may be obtained by writing to Audrain County Developmental Disability Services, 222 East Jackson, Mexico, MO 65265 or by calling (573) 581-8210.

Certain elected County officials, such as the County Collector, Treasurer, and Sheriff, collect and hold monies in a trustee capacity as an agent of an individual, taxing units, or other government. These assets, which are held by these officeholders for the sole benefit of external parties, are not reported on the accompanying financial statements and are unaudited.

Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of all funds of Audrain County, Missouri, and the comparisons of such information with the corresponding budgeted information for all funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the County's general operation fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

Basis of Accounting

The financial statements were prepared using accounting practices prescribed or permitted by Missouri law, which differ from accounting principles generally accepted in the United States of America. The effects of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012**

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

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

If Audrain 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.

Budget and Budgetary Accounting

In accordance with Chapter 50 RSMo, Audrain County adopts a budget for each governmental fund.

On or before January 15th, each elected official and department director will transmit to the County Clerk, who serves as budget officer, the budget request and revenue estimates for his or her office or department for the budget year.

The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes 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.

A public hearing is conducted to obtain public comment. Prior to its approval by the County Commission, the budget document is made available for public inspection.

Prior to February 1, the budget is legally enacted by a vote of the County.

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 financial statements.

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

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

During our audit, we noted that the County was not in compliance with Missouri budgetary state statute Chapter 50 RSMo. The Inmate Security Fund had expenses exceeding the budget in 2013. Also, the County did not prepare a budget for the Federal Forfeiture Fund for 2012, the Election Fund for 2013 and 2012, and the Community Development Block Grant Fund for 2013 and 2012.

**The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012**

Note 1 - Summary of Significant Accounting Policies (continued)

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 Audrain County's boundaries for the calendar year 2013 and 2012, respectively, for the purposes of County taxation, was as follows:

	2013	2012
Real Estate	\$ 199,147,700	\$ 190,921,430
Personal Property	78,936,926	73,314,170
Railroad and Utilities	84,685,189	90,216,685
	\$ 362,769,815	\$ 354,452,285

The tax levy per \$100 assessed valuation of tangible taxable property for the calendar year 2013 and 2012, respectively, for the purpose of County taxation, was as follows:

	2013	2012
General Revenue Fund	\$ 0.2406	\$ 0.2180
Special Road and Bridge Fund	0.3021	0.3015

The County also receives sales tax collected by the State and remitted based on the County's sales tax rate to the total sales tax collected in the County.

Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer's funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, provided, however, that no such investments shall be purchased at a price in excess of par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in Audrain County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

Interfund Transactions

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing.

Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. However, interfund reimbursements have been eliminated from the financial statements in order that reimbursed expenditures are reported only in the funds incurring the costs.

**The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012**

Note 2 - Deposits and Investments

Audrain County maintains a cash and temporary investment pool that is available for use by all funds. Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the statement of receipts, disbursements, and changes in cash arising from cash transactions as "Cash and Equivalents".

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of December 31, 2013, 100% of Audrain County's deposits and investments were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized.

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

	<u>Bank Balances</u>	<u>Carrying Value</u>
Deposits	\$ 320,088	\$ 5,383,738
Investments	767,563	767,563
Restricted Cash	-	-
	<u> </u>	<u> </u>
Total Deposits and Investments as of December 31, 2013	<u>\$ 1,087,651</u>	<u>\$ 6,151,301</u>

The bank balances and carrying values of deposits and investments shown below are included in the financial statements at December 31, 2012, as follows:

	<u>Bank Balances</u>	<u>Carrying Value</u>
Deposits	\$ 709,121	\$ 5,181,427
Investments	765,589	765,589
Restricted Cash	-	-
	<u> </u>	<u> </u>
Total Deposits and Investments as of December 31, 2012	<u>\$ 1,474,710</u>	<u>\$ 5,947,016</u>

Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Audrain County's investment policy does not include custodial credit risk requirements. Audrain 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 that sold the security to Audrain County or its agent but not in the government's name. Audrain 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 Audrain County or of a type that are not exposed to custodial credit risk.

**The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012**

Note 2 - Deposits and Investments (continued)

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. Audrain 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 Audrain 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). Audrain County has no policy in place to minimize the risk of loss resulting from over concentration of assets of a specific maturity, specific issuer or specific class of securities. Audrain County's deposits were not exposed to concentration of investment credit risk for the years ended December 31, 2013 and 2012.

Note 3 - Interfund Transfers

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

<u>Fund</u>	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General Revenue	\$ 110,000	\$ 1,020,000	\$ 110,000	\$ 1,110,000
Special Road and Bridge	-	70,000	-	70,000
Bridge Trust	-	40,000	-	40,000
Law Enforcement Sales Tax	1,020,000	-	1,110,000	-
Total	<u>\$ 1,130,000</u>	<u>\$ 1,130,000</u>	<u>\$ 1,220,000</u>	<u>\$ 1,220,000</u>

Note 4 - Long-Term Debt

Bond Indebtedness:

In 2010, the County issued Series 2010 Missouri Public Facilities Corporation Leasehold Revenue Refunding Bonds (Audrain County, Missouri Law Enforcement and Correctional Facility Project) in the amount of \$2,380,000. Interest rates are variable ranging between 1.15% and 3.70% with the bonds maturing on March 1, 2017. Bond principal and interest payments are recorded in the Law Enforcement Bond Fund. These bonds are held by the Commerce Trust Company.

<u>Debt</u>	Balance at Jan. 1, 2013	Amount Borrowed	Amount Repaid	Balance at Dec. 31, 2013	Interest Paid During Year
Series 2010 Bonds	2,065,000	-	(390,000)	1,675,000	58,182
Total	<u>\$ 2,065,000</u>	<u>\$ -</u>	<u>\$ (390,000)</u>	<u>\$ 1,675,000</u>	<u>\$ 58,182</u>

**The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012**

Note 4 - Long-Term Debt (continued)

Bond Indebtedness (continued):

<u>Debt</u>	<u>Balance at Jan. 1, 2012</u>	<u>Amount Borrowed</u>	<u>Amount Repaid</u>	<u>Balance at Dec. 31, 2012</u>	<u>Interest Paid During Year</u>
Series 2010 Bonds	2,450,000	-	(385,000)	2,065,000	66,229
Total	<u>\$ 2,450,000</u>	<u>\$ -</u>	<u>\$ (385,000)</u>	<u>\$ 2,065,000</u>	<u>\$ 66,229</u>

2013 Amortization
Series 2010 Leasehold Revenue Refunding Bonds Schedule

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 400,000	\$ 48,498	\$ 448,498
2015	405,000	37,121	442,121
2016	415,000	23,890	438,890
2017	455,000	8,418	463,418
	<u>\$ 1,675,000</u>	<u>\$ 117,927</u>	<u>\$ 1,792,927</u>

2012 Amortization
Series 2010 Leasehold Revenue Refunding Bonds Schedule

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 390,000	\$ 58,182	\$ 448,182
2014	400,000	48,498	448,498
2015	405,000	37,121	442,121
2016	415,000	23,890	438,890
2017	455,000	8,418	463,418
	<u>\$ 2,065,000</u>	<u>\$ 176,109</u>	<u>\$ 2,241,109</u>

Capital Leases:

In February 2009, the County entered into a lease purchase agreement with Diversified Lenders, Inc. for an INCODE Software System. The terms of the lease required three annual payments of \$13,770 (including principal and interest) beginning February 5, 2010 and maturing on February 5, 2012. The interest rate is 3.95%

<u>Lease</u>	<u>Balance at Jan. 1, 2012</u>	<u>Amount Borrowed</u>	<u>Amount Repaid</u>	<u>Balance at Dec. 31, 2012</u>	<u>Interest Paid During Year</u>
INCODE Software	13,235	-	(13,235)	-	535
Total	<u>\$ 13,235</u>	<u>\$ -</u>	<u>\$ (13,235)</u>	<u>\$ -</u>	<u>\$ 535</u>

**The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012**

Note 4 - Long-Term Debt (continued)

Capital Leases (continued):

In October 2013, the County entered into a lease purchase agreement with the First National Bank of Audrain County for improvements in the county courthouse for the amount of \$700,000. Interest is payable semi-annually at a rate of 2.90%. Future minimum lease payments are as follows:

2013 Amortization			
Capital Lease - Courthouse Improvements Schedule			
Year	Principal	Interest	Total
2014	\$ 135,933	\$ 20,582	\$ 156,515
2015	137,937	16,585	154,522
2016	139,970	12,564	152,534
2017	142,033	8,413	150,446
2018	144,127	4,238	148,365
	<u>\$ 700,000</u>	<u>\$ 62,382</u>	<u>\$ 762,382</u>

Capital leases do not include \$1,400,000 for a lease-purchase agreement entered into in February 2009 with a local bank in Audrain County for the acquisition, construction and installation of an emergency operations and communications center and related facilities and equipment for the Emergency 911 Board. The Board, with the County Commission as co-signer, entered into a commercial loan agreement with the bank to lease the land and building to the County Commission and the County Commission to sublease to the Board. The loan is payable in monthly payments of \$14,897 through February 2019 with interest payable at 5.00%. The Emergency 911 Board is the primary debtor responsible for these payments.

Note 5 - Missouri Local Government Employees Retirement System (LAGERS)

Plan Description

Audrain County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multi-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 statutes 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 (800) 447-4334.

**The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012**

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

Funding Status

Full-time employees of Audrain County do not contribute to the pension plan. The June 30th statutorily required contribution rates are 7.4% (General) and 6.6% (Police) of annual covered payroll for the year ended December 31, 2013. The June 30th statutorily required contribution rates are 7.6% (General) and 5.6% (Police) of annual covered payroll for the year ended December 31, 2012. 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.

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

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2013 was as follows:

	2013
Annual required contribution	\$ 180,561
Interest on net pension obligation	-
Adjustment to required contribution	-
Annual pension cost	180,561
Actual contributions	180,561
Increase (decrease) in NPO	-
NPO beginning of year	-
NPO end of year	\$ -

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 7 years for the General division and 12 years for the police division. The amortization period of February 29, 2012 was 14 years for the General division and 12 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	\$ 130,933	100.0%	\$ -
2012	151,904	100.0%	-
2013	180,561	100.0%	-

**The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012**

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

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

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	\$ 3,611,337	\$ 3,179,258	\$ (432,079)	114%	\$ 2,280,865	
2/29/2012	3,809,986	3,248,623	(561,363)	117%	2,404,336	
2/28/2013	4,211,748	3,581,239	(630,509)	118%	2,655,280	

The subdivision's annual pension cost and net pension obligation for the year ended December 31, 2012 was as follows:

	2012
Annual required contribution	\$ 151,904
Interest on net pension obligation	-
Adjustment to required contribution	-
Annual pension cost	151,904
Actual contributions	151,904
Increase (decrease) in NPO	-
NPO beginning of year	-
NPO end of year	\$ -

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 5 years for the General division and 14 years for the police division. The amortization period of February 28, 2011 was 7 years for the General division and 12 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	\$ 107,530	100.0%	\$ -
2011	130,933	100.0%	-
2012	151,904	100.0%	-

**The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012**

Note 5 - Missouri Local Government Employees Retirement System (LAGERS) (continued)

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

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	\$ 3,869,749	\$ 3,317,277	\$ (552,472)	117%	\$ 2,115,247	
2/28/2011	3,611,337	3,179,258	(432,079)	114%	2,280,865	
2/29/2012	3,809,986	3,248,623	(561,363)	117%	2,404,336	

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.

Note 6 - County Employees' Retirement Fund (CERF)

Plan Description

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

It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Section 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994. The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two may retire with full benefits with eight or more years of creditable service. The monthly benefit for county employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar amount, targeted replacement ratio formula, and the prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active eligible member upon his or her death. Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age fifty-five with reduced benefit is allowed. Any member with less than eight years creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions. The County Employees' Retirement Fund issues audited financial statements.

Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65102, or by calling 1-877-632-2373.

**The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012**

Note 6 - County Employees' Retirement Fund (CERF) (continued)

Funding Policy

In accordance with state statutes, the plan is funded through various fees collected by counties and remitted to the CERF. Eligible employees hired before February 2002 contribute 0% of their annual salary, while employees hired after February 2002 are required to contribute 4% of their annual salary in order to participate in CERF. During 2013 and 2012, the County collected and remitted to CERF, employee contributions of \$81,807 and \$77,094, respectively, for the years then ended.

Note 7 - Prosecuting Attorney Retirement Fund

In accordance with state statute Chapter 56.807 RSMo, Audrain County contributes monthly to the Missouri Office of Prosecution Services for deposit to the credit of the Missouri Prosecuting Attorneys' and Circuit Attorneys' Retirement System. Once remitted, the State of Missouri is responsible for administration of this plan. Audrain County has contributed \$2,244 and \$2,244, respectively, for the years ended December 31, 2013 and 2012.

Note 8 - Post-Employment Benefits

Audrain 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 Audrain County.

Note 9 - Claims, Commitments and Contingencies

Litigation

Audrain County is involved in pending litigation as of December 31, 2013. The extent of the liability, if any, cannot be determined at this time.

Compensated Absences

The County provides employees with up to 20 days of paid vacation based upon the number of years of continuous service. Upon termination from county employment, an employee is reimbursed for unused vacation and overtime, if applicable. Vacation time can be accumulated up to a maximum of 200 hours of which only 40 hours may be carried over each calendar year. Full-time employees may accumulate sick leave up to a maximum of 480 hours; however, no compensation is made upon separation of employment. These have not been subjected to auditing procedures.

Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

The County of Audrain
Mexico, Missouri
Notes to the Financial Statements
For the years ended December 2013 & 2012

Note 10 - Risk Management

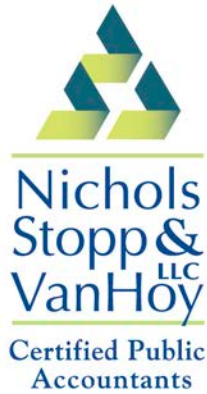
The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There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

The County is also a member of the Missouri Association of Counties Self-Injured 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.

Note 11 - Subsequent Events

The County has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through June 26, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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



To the County Commission and
Officeholders of Audrain County, 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 accompanying financial statements of Audrain County, Missouri, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Audrain County, Missouri's basic financial statements and have issued our report thereon dated June 26, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies: 13/12-2, 13/12-3, 13/12-4, & 13/12-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Audrain County, Missouri'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

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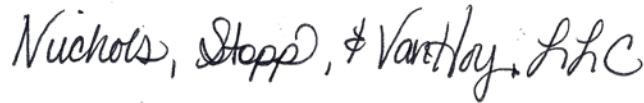
opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 13/12-1.

Audrain County, Missouri's Response to Findings

Audrain County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Audrain County, Missouri's response was 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 results 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.



Creve Coeur, Missouri
June 26, 2014

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



To the County Commission and
Officeholders of Audrain County, Missouri

Report on Compliance for Each Major Federal Program

We have audited Audrain County, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Audrain County, Missouri's major federal programs for the years ended December 31, 2013 and 2012. Audrain County, Missouri'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 Audrain County, Missouri'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 Audrain County, Missouri'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 Audrain County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Audrain County, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year 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 13/12-6. Our opinion on each major federal program is not modified with respect to these matters.

Audrain County, Missouri's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Audrain

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County, Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

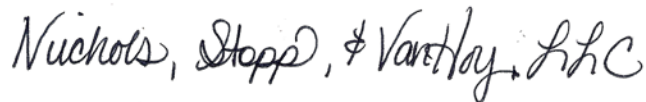
Report on Internal Control Over Compliance

Management of Audrain County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Audrain County, Missouri'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 Audrain County, Missouri'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Creve Coeur, Missouri
June 26, 2014

**The County of Audrain
Mexico, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31,	
			2013	2012
U.S. Department of Housing and Urban Development				
Passed through state:				
Department of Economic Development -				
Community Development Block Grants	14.228	2009-PF-12	\$ 6,769	\$ 208,421
Community Development Block Grants	14.228	08-DI-052	39,524	70,976
Total Community Development Block Grants			46,293	279,397
Total U.S. Department of Housing and Urban Development			46,293	279,397
U.S. Department of Justice				
Direct Award:				
Organized Crime Drug Enforcement Task Forces	16.XXX	WC-MOE-0339	-	7,747
Passed through state:				
Missouri Sheriffs' Association -				
Domestic Cannabis Eradication/Suppression Program	16.XXX	OCDETF-WD-MOE339	1,095	-
JAG Program Cluster				
Passed through state:				
Department of Public Safety -				
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-JAG-2009	-	76,744
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-JAJ-031	60,898	36,395
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-LLEBG-100	-	5,630
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-JAG-028	44,503	-
Total Edward Byrne Memorial Justice Assistance Grant			105,401	118,769
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	2009-JAG-RA-095	-	28,026
Total JAG Program Cluster			105,401	146,795
Total U.S. Department of Justice			106,496	154,542
U.S Department of Transportation				
Passed through state:				
Highway and Transportation Commission -				
Highway Planning and Construction	20.205	BRO-B004(37)	220,361	-
Alcohol Open Container Requirements	20.607	13-154-AL-074	266	-
Total U.S. Department of Transportation			220,627	-

**The County of Audrain
Mexico, Missouri
Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures Year Ended December 31,	
			2013	2012
General Services Administration				
Passed through state:				
Office of Secretary of State - Election Reform Payments	39.011	N/A	1,428	-
Total General Services Administration			1,428	-
U.S. Department of Health and Human Services				
Passed through state:				
Department of Social Services - Child Support Enforcement	93.563	ER10212004	109,417	103,948
Total U.S. Department of Health and Human Services			109,417	103,948
U.S. Department of Homeland Security				
Passed through state:				
Department of Public Safety - Disaster Grants - Public Assistance	97.036	FEMA-1809-DR-MO	-	9,591
Emergency Management Performance Grants	97.042	N/A	19,842	20,425
Total U.S. Department of Homeland Security			19,842	30,016
Total Expenditures of Federal Awards			<u>\$ 504,103</u>	<u>\$ 567,903</u>

**The County of Audrain
Mexico, Missouri
Notes to Schedule of Expenditures of Federal Awards
For the years ended December 31, 2013 & 2012**

Note 1 - Summary of Significant Accounting Policies

Purpose of Schedule and Reporting Entity

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

This schedule includes all federal awards administered by Audrain County, Missouri.

Basis of Presentation

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.

Basis of Accounting

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

Note 2 - Subrecipients

The County passed through \$39,524 and \$70,976 of federal funds related to the Community Development Block Grants (CFDA# 14.228) to another organization for the years ended December 31, 2013 and 2012, respectively.

**The County of Audrain
Mexico, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2013 & 2012**

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified Regulatory Basis

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? X Yes _____ None Reported

Any noncompliance material to financial statements noted? X Yes _____ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? X Yes _____ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? X Yes _____ No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes X No

**The County of Audrain
Mexico, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2013 & 2012**

Section 2 - Financial Statement Findings

13/12-1 **Condition:** During our audit, we noted one fund with actual expenditures that exceeded the budgeted expenditures and three funds for which no budget was prepared.

Effect: Missouri statutes requires Counties to prepare an annual budget and expenditures are not to exceed the budget. Due to exceeding budget or not preparing a budget in certain funds, the County is in violation of Missouri Revised Statutes.

Cause: Oversight

Recommendation: We recommend that the County adopt a budget for all funds, and periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: A budget was prepared for Federal Forfeiture in 2013 and 2014 and we will continue to prepare a budget for this fund. The CDBG Fund and Election Fund are pass thru funds. The CDBG Fund is no longer open and it is not anticipated the county will have this grant funding anytime in the near future. The Election Fund is set up per RSMo 115.077(3) and is a pass-through fund. Preparing budgets for these funds would inflate revenues and expenditures. It is management's opinion that preparing budgets for these funds is unnecessary.

13/12-2 **Condition:** During our audit, we noted that cash and fund balance was not being accurately tracked within the accounting system. The County is however, tracking cash and fund balance on spreadsheets outside the accounting system.

Effect: If cash and fund balance is not accurate within the accounting system, it is possible that revenue and expenses are not accurate. This may lead to management making decisions based on inaccurate information.

Cause: This has been an ongoing issue since the initial setup of the accounting system and has never been corrected.

Recommendation: We recommend management work with the software vendor to correct issues related to the fund and account structure within the accounting system to allow for accurate tracking of cash and fund balance within the accounting system.

Management's Response: The Treasurer has been in contact with the vendor to correct these issues and they are working on a correction. We do feel, however, that there has always been an accurate tracking of cash by the treasurer's manual account books. At no time did the audit team make an effort to visit with the Treasurer to review her account books, as all other past auditors have done.

13/12-3 **Condition:** Documentation of the County's internal controls has not been prepared.

Effect: Without documented internal controls, the County may not be able to ensure that controls are in place, communicated and operating effectively.

Cause: Management has not prepared documentation of internal control.

The County of Audrain
Mexico, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2013 & 2012

Section 2 - Financial Statement Findings (continued)

13/12-3 *Recommendation:* We recommend that the County develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: Management is currently reviewing an internal control policy and will consider putting a policy in place.

13/12-4 *Condition:* During our audit, we noted there is no formal fraud risk assessment in place.

Effect: Lack of an appropriate fraud 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 identifying risks and mitigating controls.

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

Management's Response: Management is currently reviewing an internal control policy which includes a fraud risk assessment, and will consider putting a policy in place.

13/12-5 *Condition:* The County did not record in their general ledger federal pass-through funds for the Community Development Block Grant Fund in the amounts of \$39,524 and \$70,976 for the years 2013 and 2012, respectively. Also, revenues and expenditures for the Federal Forfeiture Fund and Law Enforcement Bond Fund were not recorded in the general ledger properly.

Effect: Failure to record all revenues and expenditures makes it difficult to track federal pass-through funds and leads to inaccurate financial reporting.

Cause: The County signed the pass-through grant checks and forwarded them to the subrecipients without recording in the general ledger.

Recommendation: We recommend the County deposit all pass-through grants and record them in the general ledger. When the grant monies are passed on to a subrecipient, an expense would then be recorded. We also recommend all monies be receipted for tracking purposes. Currently, such a system does not permit the preparation of accurate and reliable financial statements. Without adequate financial records, management's decisions may be based on incomplete and/or inaccurate information during the year.

Management's Response: As stated in 13/12-2 we are currently working with our software vendor to correct the problems in the General Ledger. The pass-through checks were receipted in and disbursed to the subrecipients. This was recorded in the General Ledger and the manual fund books. At no time were these checks endorsed and sent on without properly receipting and disbursing them through the system.

**The County of Audrain
Mexico, Missouri
Schedule of Findings and Questioned Costs
For the years ended December 31, 2013 & 2012**

Section 3 - Federal Award Findings and Questioned Cost

13/12-6 Federal Grantor: All Programs
Pass-Through Grantor: All Programs
Federal CFDA Number: All Programs
Program Title: All Programs

Condition: The Schedule of Expenditures of Federal Awards (SEFA) contained errors.

Criteria: OMB Circular A-133 requires auditees to prepare an accurate SEFA containing awards expended, CFDA title and number, award number, name of the Federal agency, and name of the pass-through entity.

Cause: Management was unaware of the reporting requirements related to the Schedule of Expenditures of Federal Awards.

Effect: Federal expenditures reported on the SEFA were incorrect.

Recommendation: We recommend that management develop internal controls over reporting and consult with outside accountants when needed to ensure an accurate SEFA is prepared.

Management's Response: The county clerk will strive to obtain all necessary information to correctly report information on the SEFA. Management will not seek outside accountants and incur costs.

**The County of Audrain
Mexico, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

In accordance with Government Auditing Standards, this section reports the auditor's follow-up on action taken by Audrain County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2011.

Prior Year Financial Statement Findings

11/10-1 **Criteria:** Strong internal controls over financial statements require that monthly bank reconciliations be accurately performed to ensure the bank accounts properly reconcile to the County's fund balances.

Condition: The County Treasurer has not performed proper monthly bank reconciliations to agree reconciled cash balances to various funds maintained under her control. Bank reconciliations performed during the audit at December 31, 2011 showed unreconciled differences between the bank accounts and various county funds which could not be properly identified during July for \$(136,114.26); August \$9; September \$100.53; October \$100.53; November \$100.53 and December \$100.53. The reconciliations showed less monies available in the bank accounts than what was shown in the total book balances for these various funds except for the month of July which showed more monies available in the bank accounts. Also, the Collector's Tax Maintenance fund budget balance was \$400 less than the actual cash balance.

Context: During our audit of cash, we noted that proper reconciliations were not being prepared for the months of July-December 2011 and the Collector's Tax Maintenance fund cash balances did not tie to the budget.

Effect: The cash balances of various county funds are not accurately stated.

Cause: The County Treasurer's office has bank reconciliations with unreconciled differences.

Recommendation: The County Treasurer should properly prepare monthly bank reconciliations between the bank accounts and the appropriate county funds to ensure no differences exist. Any differences noted should be located and corrected immediately.

Views of responsible officials and planned corrective actions: Regarding the difference in the fund and budget balance in the Collector's Tax Maintenance Fund, the County Clerk compiled the budget before the Treasurer finished the yearly settlement. The error with the fund was discovered and corrected. The financial statement reflected the correct amount. The difference with the cash balance in the month of July 2011 was due to the County switching financial institutions on July 1. The Treasurer will work to reconcile all other differences.

Status: Management has corrected this issue.

11/10-2 **Criteria:** Section 50.550, RSMo, requires that budget documents be prepared for all county funds.

Condition: The County Commission did not prepare or require a budget document to be prepared for the Federal Forfeiture Fund maintained by the County Treasurer with funds received and disbursed on behalf of the County Sheriff.

Context: During our audit, we noted that no budget was prepared for the Federal Forfeiture Fund.

Recommendation: The County Commission and County Clerk should require a budget document from the County Sheriff for the Federal Forfeiture Fund.

**The County of Audrain
Mexico, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Prior Year Financial Statement Findings (continued)

11/10-2 *Views of responsible officials and planned corrective actions:* In the future, the county will prepare a budget for (cont.) the Federal Forfeiture Fund.

Status: Management has not corrected this issue and the finding is repeated in the current year as 13/12-1.

11/10-3 *Criteria:* Strong internal controls over financial reporting require that all revenues and expenditures be accurately recorded.

Condition: The County did not record in their general ledger pass-through emergency shelter grants in the amounts of \$9,180 and \$9,000 for the years 2011 and 2010, respectively. This also was the case for the homeless prevention and rapid rehousing grant in the amounts of \$24,898.84 and \$50,342.50 for the years 2011 and 2010, respectively. It was also noted that the Recorder's office was not completing receipts for all monies received in that office.

Context: During our audit of the schedule of expenditures of federal awards, it was noted that the County did not record pass-through grants in the general ledger. We also noted a lack of completing receipts in the Recorder's office during our walk through.

Effect: Failure to record pass-through grants and receipts understates the County's revenues and expenditures and makes it difficult to track for federal reporting purposes and financial reporting purposes in general.

Cause: The County signed the pass-through grant checks and forwarded them to the subrecipients without recording in the general ledger. The Recorder does not receipt all monies received in that office.

Recommendation: We recommend the County deposit all pass-through grants and record them in the general ledger. When the grant monies are passed on to a subrecipient, an expense would then be recorded. We also recommend all monies be receipted for tracking purposes. Currently, such a system does not permit the preparation of accurate and reliable financial statements. The importance of a good accounting system cannot be overemphasized. Without adequate financial records, management is basing its decision on incomplete and/or inaccurate information during the year, and excessive time is spent at year end in preparing and auditing the financial statements.

Views of responsible officials and planned corrective actions: In order to track the pass through grants, the County will receipt and disburse them through the general ledger.

Status: Management has not corrected this issue and the finding is repeated in the current year as 13/12-5.

11/10-4 *Criteria:* Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, under Statement on Auditing Standards (SAS) No. 115, Communicating Internal Control Related Matters Identified in an Audit, which is effective for periods ending on or after December 15, 2009, conditions necessitating the entity's auditor to provide such assistance is at least indicative of a significant deficiency. SAS No. 115 supersedes SAS No. 112.

**The County of Audrain
Mexico, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Prior Year Financial Statement Findings (continued)

11/10-4 *Condition:* During the current year, auditors of the County assisted with the preparation of the financial statements and the notes to the financial statements.
(cont.)

Context: During discussions with management, we noted that we will be assisting the County with the preparation of its audited financial statements and footnotes.

Effect: Auditors may continue to assist clients with the preparation of the financial statements now and in the future. However, SAS 115 indicates that conditions necessitate the entity's auditor to provide such assistance is at least indicative of a significant deficiency in internal control over financial reporting.

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

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

Views of responsible officials and planned corrective actions: The County Clerk does prepare the financial statement as required by State statute; and as required by statute has the financial statements published in the newspaper. As far as I know state statute does not require the County to prepare financial statements under SAS rules. The County is willing to review this recommendation with the auditor. The County questions if county governments of its size are required to comply with SAS standards.

Status: This is no longer considered a significant deficiency.

11/10-5 *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, 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 115 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.

**The County of Audrain
Mexico, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Prior Year Financial Statement Findings (continued)

Views of responsible officials and planned corrective actions: The County is willing to review this recommendation with the auditor.

Status: Management has not corrected this issue and the finding is repeated in the current year as 13/12-3.

11/10-6 *Criteria:* Antifraud programs and controls are the policies and procedures an organization puts in place by an organization to 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 currently complying with all state statutes relating to the preparation of the financial statements with the preparation of the County's annual budget document and annual financial statement. The County was not aware of the SAS requirements and questions if county governments of its size are required to comply with SAS standards. We will take this under advisement.

Status: Management has not corrected this issue and the finding is repeated as finding 13/12-4.

11/10-7 *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 sufficient segregation of duties.

Context: During our testing of internal controls, we noted a lack of segregation of duties in the areas of receipts and disbursements in the Recorder, Collector, Sheriff and Treasurer's offices.

**The County of Audrain
Mexico, Missouri
Follow-Up to Prior Audit Findings for an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Prior Year Financial Statement Findings (continued)

11/10-7 *Effect:* The design of the internal control over financial reporting could adversely affect the ability to record, (cont.) process, summarize and report financial data consistent with the assertions of management in the financial statements.

Cause: Size and budget constraints limiting the number of personnel within these offices.

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

Views of responsible officials and planned corrective actions: The County is currently following all state statutes regarding segregation of duties. Budget restraints make it impossible to add additional personnel when work load does not require.

Recorder's Response: I have one full time and one part time employee in my office. My full time or myself do daily deposits while we all share the duties of recording, receipting money, and taking care of our customers. It is very important to me that we all can do these jobs as at times I am gone to training, meetings, etc. I know my office is able to continue as usual. I do the month end books myself the first day of the month while my employees are working with customers and doing daily recordings. I only write checks once a month to the same payees every month. I zero out the account every month with these same payees

Treasurer's Response: My office works closely with the County Clerk's Office. We balance monthly and I perform settlement every six months as required by statute. Due to budget constraints it is not feasible to have a full time employee in my office.

Status: This is no longer considered a significant deficiency.

Section 3 - Federal Award Findings and Questioned Cost

None